

# **THE IMPACT OF BUDGETING PRACTICES ON THE FINANCIAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN UGANDA**

**ANNAMISCA NAMBUYA**

**S22BO5/057**

**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF  
BUSINESS ADMINISTRATION OF UGANDA CHRISTIAN UNIVERSITY**

**September, 2025**



**UGANDA CHRISTIAN  
UNIVERSITY**

*A Centre of Excellence in the Heart of Africa*

**DECLARATION**

I, Nambuya Annamisca, declare that this dissertation is my original work and has not been submitted or published to any University or institution of higher learning for any partial fulfillment award. I can also confirm that the intellectual content of the work is the results of my efforts and no other person's and that all sources used have been properly cited and acknowledged.

Nambuya Annamisca

S22B05/057

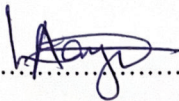
Signature.  .....

Date. 09<sup>th</sup>/09/2025 .....

**APPROVAL**

This research dissertation titled “The impact of budgeting practices on the financial performance of Small and Medium Enterprises in Uganda ” has been done and concluded under the guidance and supervision and met dissertation requirements of Uganda Christian university is now ready for submission with my approval.

Ms. Akinyi Lorraine Otieno

SIGNATURE:  .....

DATE: 09/09/2025 .....

## **ACKNOWLEDGEMENT**

I would like to thank the Almighty God for enabling me accomplish this academic requirement with the knowledge, wisdom and provision throughout this journey.

I extent my sincere gratitude to my academic supervisor Ms. Akinyi Lorraine whose guidance, feedback and unwavering support have been instrumental and have helped shape this research to its final form.

I am also grateful to the business owners in Municipality for their willingness and cooperation to participate by sharing their deep insights about their businesses regarding budgeting which helped me get a deeper understanding of its impact on the financial performance of these businesses.

Finally I would like to thank my family especially my brother Mr. Muzini Maurice for his unwavering support financially, emotionally, his encouragement and patience that have been a constant throughout this endeavor. May the Almighty bless him in abundantly. To everyone that has been a part of this journey I am sincerely grateful and your support has been appreciated

## TABLE OF CONTENTS.

DECLARATION .....	i
APPROVAL .....	ii
ACKNOWLEDGEMENT .....	iii
TABLE OF CONTENTS.....	iv
ABSTRACT.....	vii
CHAPTER ONE .....	1
1.0 Introduction.....	1
1.1 Background of the study .....	1
1.3 Main objective. ....	4
1.4 Specific Objectives. ....	4
1.6 Significance of the study.....	5
CHAPTER TWO .....	6
LITERATURE REVIEW .....	6
2.0 Introduction.....	6
2.1 Theoretical Review. ....	6
2.2 Resource Based View. (RBV) .....	6
2.3 Conceptual Framework.....	8
2.4 The effect of budgetary control on the financial performance of SMEs.....	8
2.5 To find out the impact of record keeping on the financial performance of SMEs in Bugujju.....	9
2.6 To identify challenges faced by SME owners in implementing effective budgeting. ....	10
2.7 Conclusion .....	10
CHAPTER THREE .....	12
RESEARCH METHODOLOGY.....	12
3.0 Introduction.....	12

3.1 Research Design.....	12
3.2 Study population .....	12
3.3 Sample size .....	12
Table 1.1 Sample Size.....	12
3.4 Sampling Techniques.....	13
3.5 Data Sources .....	13
3.5.1 Primary Sources.....	13
3.5.2 Secondary Sources .....	13
3.6 Data Collection Methods .....	13
3.7.1 Questionnaires.....	14
3.8 Quality Control .....	14
3.8.1 Validity and Reliability.....	14
3.9 Data collection Procedure .....	14
3.9 Ethical Considerations .....	15
3.10 Limitations of the study .....	15
<u>CHAPTER FOUR</u> .....	16
<u>PRESENTATION OF DATA, ANALYSIS AND INTERPRETATION OF FINDINGS.</u> .....	16
4.0 Introduction.....	16
4.1 Response Rate.....	16
Table 4.2 Respondent Demographics .....	16
Table 4.2.2 Education Level.....	17
Table 4.2.7 Percentage of SMEs keeping specific records .....	19
4.3 Challenges in Implementing Effective Budgeting.....	21
4.4 Inferential Statistics and Relationship Analysis.....	22
4.4.2 Impact of record keeping on financial performance .....	24
4.2.3 Impact of challenges on budgeting practices .....	25

CHAPTER FIVE .....	32
DISCUSSION, CONCLUSION AND RECOMMENDATIONS .....	32
5.0 Introduction.....	32
5.1 Discussion of Findings.....	32
5.2 The Effect of Budgetary Control on Financial Performance. ....	32
5.3The Effect of Record Keeping on Financial Performance. ....	33
5.4Challenges Faced by SME Owners in Implementing Effective Budgeting.....	33
5.6 Conclusion. ....	34
5.7 Recommendations.....	34
REFERENCES.....	36
APPENDIX 1: QUESTIONNAIRE.....	38

## **ABSTRACT**

This study examined the impact of budgeting practices on the financial performance of small and medium enterprises in Uganda a case study of Bugujju village in Mukono Municipality central division, with specific objectives to examine the effect of budgetary control, the impact of record keeping and the challenges faced by SME owners in implementing effective budgetary practices.

The study was carried out to establish why most Small and Medium Enterprises continue to perform poorly financially despite management efforts to improve performance through motivation, government initiatives to support private sector programs and market opportunities.

To collect relevant data the researcher used questionnaires, short interviews and library research on relevant material. Data was analyzed by the use of descriptive methods such as percentage distribution and frequency distribution.

The findings revealed that budgetary control has a significant positive effect on financial performance, enabling SMEs to manage resources better, reduce costs and make informed decisions. Furthermore, accurate and timely record keeping was found to have a significant positive impact of the financial performance facilitating financial reporting, analysis and decision making. However, the study also identified several challenges faced by SME owners in implementing effective budgeting which were limited financial expertise, inadequate resources like money and failure to keep up with the ever changing market conditions like price fluctuations. The area of further study suggested was the impact of financial management practices on SME sustainability and investigate ways to improve access to finance SMEs in Uganda.

## **CHAPTER ONE**

### **1.0 Introduction.**

This chapter shall talk about the background of the research topic, the statement problem, the purpose of the study, its objectives and the research questions. The study shall investigate the impact of budgeting practices on the financial performance of small and medium enterprises (SMEs) given that they represent a significant portion of the economy contributing to employment and economic growth. The research shall focus on the key financial practices including budgeting, cash flow management accounting practices and access to credit and their relationship with the financial performance of SMEs.

### **1.1 Background of the study**

Globally Small and Medium Enterprises (SMEs) are considered the backbone of the global economy ,as they represent approximately 90% of business and provide employment to more than 50%of the global workforce, underlining their pivotal role in driving economic growth, fostering innovation, and contributing to job creation across nations ( Turyatamba et al, 2022). SMEs by their very nature often face unique challenges due to their size and limited resources, yet their financial management practices are integral to their ability to survive, grow and ultimately contribute significantly to national economies (Annet Nyanzi, 2023). These financial practices when implemented effectively, are not only essential for improving an SMEs profitability and sustainability but they also allow businesses to navigate economic downturns ,optimize resource utilization and make informed decisions regarding expansion and investment .Despite their importance , SMEs around the world face considerable barriers when it comes to effectively applying sound financial management practices , with many businesses struggling with inadequate financial planning, insufficient capital access and poor financial literacy leading to substantial challenges in terms of their performance and long term viability.(Lydia Ariyo 2023). These issues are particularly pronounced in developing countries where limited access to financial resources and the absence of robust financial education system further hinder the ability of SMEs to thrive and succeed in an increasingly competitive global market.

In Africa, SMEs have proven to be a significant driver of job creation and poverty reduction estimating that SMEs contribute to 80% of employment on the continent and generate up to 40% of Africa's Gross Domestic Product (GDP). These statistics highlight the critical role that SMEs

play in the economic development of the region, providing employment opportunities in economies where formal employment is scarce.( Frank Nelson Kazara, 2023). However, despite their undeniable importance, SMEs in Africa continue to face numerous challenges that prevent them from reaching their full potential. A major obstacle is limited access to finance which restricts their ability to invest in technology, hire skilled labor and expand operations. Additionally, many SMEs in Africa grapple with poor management practices, including lack of proper accounting records, inefficient budgeting processes and inadequate cash flow management. Furthermore a 2019 survey by the African Union revealed that approximately 70% of SMEs across the continent fail within the first three years of operation with poor financial management practices cited as a leading cause of these failures (David et al., 2023). This situation is compounded by the informal nature of many SMEs in Africa, where businesses often operate without formal accounting systems or proper financial oversight, which not only hampers their growth prospects but also limits access to credit and financing options.( Kazara and Christopher , 2023)

The challenges faced by SMEs in Africa are also mirrored in the East African region, which includes countries such as Kenya, Tanzania, Uganda and Rwanda. East Africa is a home to a rapidly growing population, high unemployment rates and an urgent need for economic diversification to ensure long-term prosperity. The (Ivan kyazze, 2023) estimates that SMEs account for approximately 80% of the total employment in the region and contribute around 30% to its collective GDP indicating their importance to the economic stability of East African nations. However, similar to the broader African continent , SMEs in East Africa face substantial barriers including lack of access to finance, insufficient financial management expertise and the existence of unstable macroeconomic conditions ,all of which hinder their ability to scale up and improve their financial resources effectively ,further limiting their growth and sustainability prospects.

In Uganda SMEs are integral parts of the national economy, providing employment to over 2.5 million people representing approximately 90% of the private sector workforce, and contributing about 20% of the country's GDP (Frank, Nelson, and Ariyo2023). Despite their significant contribution to the economy, many SMEs in Uganda continue to face numerous

financial management challenges that hinder their potential to grow and succeed. Studies conducted by the Uganda Bureau of Statistics (UBOS) and various financial institutions show that a considerable proportion of SMEs in Uganda lack formal accounting systems, sound financial planning and effective cash flow management fundamental components of financial sustainability. As a result, these businesses often struggle with profitability, are unable to access credit and fail to expand their operations due to poor financial decision making. In fact, a 2018 report by the Bank Of Uganda found that over 60% of SMEs in the country faced challenges in managing their finances with many experiencing low profitability and an inability to scale up to their operations effectively, despite their substantial role in the national economy. Furthermore, a significant portion of Ugandan SMEs operate in the informal sector, where financial record-keeping is typically absent, further contributing to inefficiencies in financial decision making and poor financial performance of these businesses.

## **1.2 Problem Statement**

Small and Medium Enterprises (SMEs) play a vital role in Uganda's economy, contributing significantly to job creation, poverty alleviation, and economic development. According to (Frank, Nelson, Kzaara, 2023), SMEs account for approximately 90% of the country's private sector employment, providing livelihoods for over 2.5 million people and contribute around 20% of Uganda's Gross Domestic Product (GDP).

Numerous studies have highlighted the critical role in that financial management practices such as budgeting, cash flow management, financial planning, access to credit and proper accounting play in the success of SMEs globally, and more specifically in developing countries. (Kyazze Derrick 2023).

Despite their importance, SMEs in Uganda continue to face substantial challenges, particularly in the management, which negatively affects their performance, growth and sustainability.

Many Ugandans in the informal sector continue to operate without formal financial management systems or sound financial strategies which hamper their ability to manage

resources effectively, make informed decisions and scale their operations. The (Polycarp, 2023) has reported that a significant percentage of SMEs in the country lack basic financial systems ,with over 60% facing challenges in managing finances effectively resulting in poor profitability, low competitiveness and an inability to access credit growth.

However, many Uganda SMEs particularly those in the informal sector, continue to operate without formal financial management systems or sound financial strategies, which hamper their ability to manage resources effectively, make informed decisions and scale their operations. The (Polycarp, 2023) has reported that a significant percentage of SMEs in the country lack basic financial systems, with over 60% facing challenges in managing finances effectively resulting in poor profitability, low competitiveness and an inability to access credit for growth. Furthermore, a 2018 report by the Bank of Uganda revealed that many Ugandan SMEs do not adequately plan their finances leading to cash flow problems, poor investment decisions and inefficient cost management, all of which contribute to their financial under performance and in many cases business failure.

Therefore, the problem this study seeks to address is the inefficient application of financial / budgeting practices among SMEs in Uganda and the consequent impact on their financial performance

### **1.3 Main objective.**

The main research objective of this study will be to evaluate the overall impact of budgeting practices on the financial performance of small and medium enterprises in Uganda.

### **1.4 Specific Objectives.**

1. To find out the effect of budgetary control on the financial performance of SMEs.
2. To find out the impact of record keeping on the financial performance of SMEs in Bugujju

3. To identify the challenges faced by SME owners in implementing effective budgeting.

### **1.5 Research Questions**

1. How do different budgeting practices affect the financial performance of small and medium enterprises in Uganda?
2. What are the specific budgeting practices adopted by small and medium enterprises in Uganda and how do they correlate with improved financial outcomes?
3. What are the challenges faced by SMEs in implementing effective budgeting practices and how they affect their financial performance?

### **1.6 Significance of the study**

The study focused on the impact of budgeting practices used in small and medium enterprises in Uganda, for example cash flow management, book keeping/ record keeping and how they influence the financial performance of SMEs. This will help most business owners to incorporate budgeting practices that will improve their profitability and aid in the proper growth and development of their businesses.

### **1.7 Scope and Limitation of the study**

The geographical scope of the study is Mukono town which is found in Mukono municipality focusing on the areas of Bugujju, Nabuti and Anthony area. The study focuses on how budgeting practices relate to the financial performance, growth and development of SMEs. It aims to examine the different budgeting practices like book keeping, cash flow management of SMEs in Mukono

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter provides an extensive review of the existing literature on the impact of budgeting practices on the financial performance of small and medium enterprises(SMEs) in Uganda It comprises of theoretical frameworks, budgeting practices like cash flow management, record keeping, challenges faced by SMEs and the relationship between budgeting practices and SME growth. The main aim is to establish a deep understanding of how budgeting practices influence SME performance, growth, resource allocation and development and to identify the gaps in the current literature.

#### **2.1 Theoretical Review.**

A theoretical review of budgeting practices on the financial performance of SMEs in Uganda reveals that effective budgeting significantly improves performance by enabling resource allocation, financial planning and control. Various theories have been advanced to explain what influences performance of businesses. Some of the theories that have been put forward to explain business performance in this study is Resource Based View of the firm (Locket, O'shea, &Wright 2008). The theories try to explain business performance irrespective of their limitations.

#### **2.2 Resource Based View. (RBV)**

This theory states that the role of a firm's internal resources and capability are the drivers of performance and competitive advantage. RBV posits that organizations achieve superior performance by leveraging unique, valuable and difficult-to-imitate resources and capabilities in order to sustain long-term performance. In the context of SMEs, Resource Based Theory emphasizes how internal resources such as financial management practices can be leveraged to enhance efficiency, innovation, and overall financial performance especially in resource

constrained environments like developing economies. Company resources can be divided into three types namely, tangible intangible and human resources (Wenerfelf 1984)

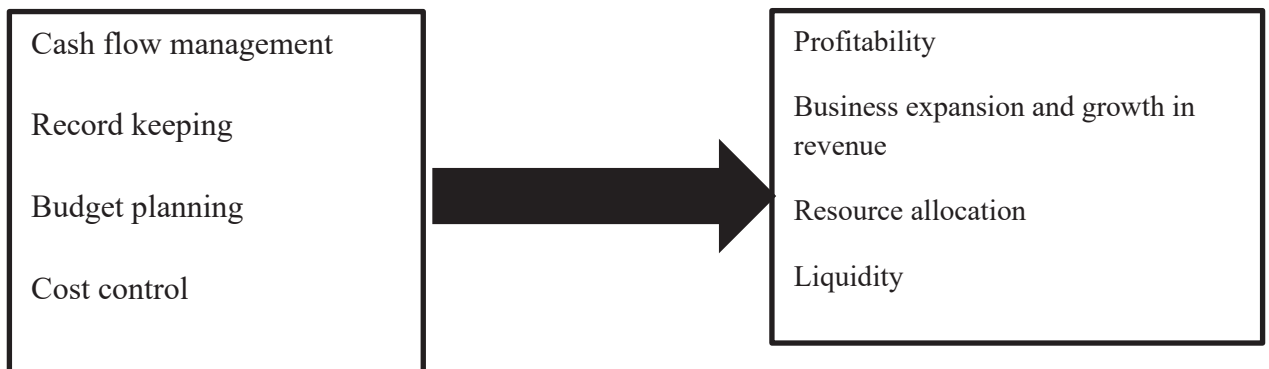
Resource Based View is among the most influential cited view in as far as management theorizing is concerned. This theory as postulated by (Locket et al., 2008) suggests that in business, resources and products are two sides of the same coin. Resources that are valuable, rare, difficult to imitate and no substitutable best position a firm for long-term success. In addition, these strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time. This theory also suggests that enterprises should look inside the company to find the resources of competitive advantage through the use of their resources. Resource Based View considers businesses to be profit maximizing entities and that they are directed by managers who are objective and can work in distinctive markets which are predictable.(Bromiley et al., 2015)

RBV has several criticisms which have been raised by scholars on various grounds. The theory suggests to managers to acquire and control valuable, rare, inimitable and non-substitutable resources and develop an appropriate organization, however it is silent on how should be done (Connor, 2018; Miller, 2003). Similarly the VRIN criteria are neither sufficient nor necessary to explain sustained competitive advantage (Armstrong et al, 2016.) In a related view another criticism comes out on illusion of total control, trivializing the property rights issues, exaggerating the extent to which managers can control organizational resources (McGuinness, 2018).On the same issue, Lado et al (2018) points out that RBV suffers tension between descriptive and prescriptive theorizing.

RBV does not give due attention in addressing most critical differences in how different types of resources may contribute in a different manner to a business' sustained competitive advantage .Whereas RBV recognizes different types of resources for example human capital ,organizational capital and physical capital(Barney 2016) it treats the resources in the same way .Thus it makes the RBV theory somehow inadequate since it does not specify the resources at hand to be used by the firm and it also ignores the knowledge of the owners and managers of SMEs calling for an additional theory.

### 2.3 Conceptual Framework.

**Figure 1.1: Conceptual framework showing the impact of budgeting practices on the financial performance of small and medium enterprises.**



**Source: Adopted from Dr.Turyahebwa Abanis and Dr. Arthur Sunday (2013) and modified by the researcher (2025)**

The conceptual framework of this study illustrates the relationship between budgeting practices and the financial performance of Small and Medium Enterprises in Mukono. The frame work is structured to show how key budgeting practices like book keeping, cash flow management directly influence the financial performance of SMEs in terms of profitability, market share and business expansion.

### **2.4 The effect of budgetary control on the financial performance of SMEs**

Budgeting provides a framework for decision making. An effective budget assists managers in choosing between multiple projects .Management should be allocating funds and resources to the projects highlighted in the budget. It also helps to inform the staff and the board what the financial goals are for the year ahead. According to Horngren (2015), budgetary control is vital in organizations since it helps to monitor be financial activities of the organization. On a monthly or quarterly basis, management should compare actual income and expenses to their budgets to ensure that spending is in line with the revenues. If expenses exceed revenues then steps can be taken to prevent financial losses including reduced spending.

Through budgetary control, the management can be able to identify fraud by determining unusual gaps between planned spending and actual expenses and thus assist the organization's capital expenditure projects. Comprehensive budget will set the organization's financial goals for the year in order to fund designated projects (Siddika, 2018)

Becchetti (2017) noted that budgeting forces early consideration of basic policies. It requires an adequate and sound organizational structure, that is, there must be definite assignment of responsibility for each function of the enterprise. Budgeting compels all the members of the management from top to bottom to participate in the establishment of goals and plans.

According to McMahon (2017), a major benefit to using budgetary control is the ability to limit how much money is spent on certain operations. Budgets usually count expense accounts to ensure that capital is not wasted on unessential items or the organization does not over pay for economic resources used in the business. Limiting the amount of capital spent by the business and may require owners and managers to find new vendors or suppliers for acquiring business inputs, saving money and meeting budget limits.

## **2.5 To find out the impact of record keeping on the financial performance of SMEs in Bugujju.**

Several Small and Medium Enterprises keep records if they are to perform efficiently and effectively and ensure profitability (Ozatambgo, 2015). Good financial records can greatly improve many of the management decisions a business owner or manager takes, including decisions about marketing, borrowing, pricing, inventory and product development (Muchira, 2012). Such financial records include ; income statement, statement of financial position, statement of cash flows and the financial internal control systems that check the accuracy of business transactions (Ssekajugo, Tuyishime & Kasnene, 2013) .It is widely known that record keeping has significant impact on financial performance of a given business. Onaolapo & Adegbite (2014) assert that record keeping gives substantial information about the financial strength and current performance of an enterprise and therefore managers find those records useful in making decisions

Complementarily, Muchira (2013) emphasizes that good record keeping will make any business partner or investor be more aware of what is going on in their businesses and it will make them

invest in the businesses. A study by Salamatu& Muhammad, (2021) indicated a positive relationship between record keeping and financial performance of savings and credit cooperatives (SACCOs). It is also shown in different studies that about 60% of SMEs fail within the first three years due to management inefficiencies brought by poor record keeping. This is in line with Ademola et al (2012) whose study agrees that poor record keeping can lead to financial inefficiency of small and medium enterprises hence leading to poor organizational performance.

## **2.6 To identify challenges faced by SME owners in implementing effective budgeting.**

SMEs face several specific challenges in the budgeting process, which can affect the efficiency of their financial performance .These challenges are mostly internal which include management competency and skills, limited financial knowledge and lack of business management training and technological capabilities. Managerial competencies like budgeting have a positive influence on the performance of SMEs.

Lack of financial literacy has been a major challenge in budget implementation in SMEs and this is because majority of small business owner-managers have very basic understanding of financial and accounting information and have serious problems with financial planning literacy. On the other hand, Small and Medium Enterprises owners have little knowledge about financial matters and those with little or limited financial planning skills do not even value the information extracted from financial statements (Daily Monitor 2023)

SMEs in Mukono and Uganda at large are still hindered by their lack of technological implementation despite great technological advancements globally. Without technology, SMEs find it difficult to prepare and implement budgets and therefore it is upon business managers to up their game and adapt to the ever changing technological requirements to be able to compete favorable

## **2.7Conclusion**

This chapter provided a detailed review of the literature on budgeting practices and their impact on the financial performance of SMEs. The review has highlighted the impact of budgetary control on the financial performance of SMES, and the impact of record keeping on the financial

performance of SMEs.. It has also identified the critical role of record keeping and cash flow management in ensuring financial stability and business success. Additionally the chapter has discussed the challenges faced by SMEs including access to finance, financial management skills and economic instability. Empirical evidence supports the positive relationship between sound budgeting practices and SME performance. The next chapter will detail the research methodology used in this study to investigate the impact of budgeting practices on the financial performance of SMEs in Mukono Municipality.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter outlines the research methodology employed to investigate the impact of budgeting practices on the financial performance of small and medium enterprises in Uganda. It describes the research design, data collection methods, sampling strategy, study population and data analysis techniques used to achieve the research objectives.

#### 3.1 Research Design

This study adopts primary data, secondary data which has been collected over a period of time.

The study will be cross-sectional where data will be collected from a population.

It will be a mixed approach which will combine both qualitative and quantitative research methods to achieve a more comprehensive understanding of the research topic

#### 3.2 Study population

The study population comprised of 50 SMEs in Mukono Municipality. SMEs such as retail, agriculture, and manufacturing as these are common in Mukono. These were selected for the study because they had the relevant information that resonates with the topic of study

#### 3.3 Sample size

The sample size of this study was conducted using the Krejcie and Morgan table (1970) for determining samples of a given population. For this study the population size was of 50 SMEs and the recommended and sample size was 44 SMEs. Furthermore, for a better representation a standard confidence level of 95% was used with a 5% margin of error. This sample will be drawn proportionally from different kinds of SMEs to ensure representation from agriculture, retail, service and manufacturing.

#### Table 1.1 Sample Size

<b>Industry</b>	<b>Population Size</b>	<b>Sample Size(95%confidence 5%margin of error</b>
Retail	12	11
Services	12	11
Manufacturing	13	11
Agriculture	13	11
<b>Total</b>	<b>50</b>	<b>44</b>

### **3.4 Sampling Techniques**

For the purpose of this study, probability sampling techniques was used; in particular the researcher used simple random sampling to select SMEs in Mukono Municipality into non-overlapping groups called strata which included retail, services, agriculture and manufacturing. This minimized selection bias and made sure that the sample is the representative of the population-a fact that is essential in generalizing the research findings.

### **3.5 Data Sources**

#### **3.5.1 Primary Sources.**

Primary data was collected directly from 66 SMEs in Mukono municipality through structured questionnaires and short interviews to cover an in-depth insight on the impact of budgeting practices on the financial performance of SMEs. Questionnaires were administered to SME owners or managers to fill and also short interviews to provide numbers.

#### **3.5.2 Secondary Sources**

Secondary data was sourced from past academic literature, media outlets and government records which provided contextual and comparative insights into the impact of budgeting practices in the financial performance of small and medium enterprises.

### **3.6 Data Collection Methods**

This is a systematic process of collecting research data on a given phenomenon (Amin, 2005). This study utilized both primary and secondary data collection methods to gather information

through structured questionnaires administered to a sample size as determined by the Krejcie and Morgan table

### **3.7.1 Questionnaires**

Questionnaires were administered to SMEs managers and owners across manufacturing, retail, services and agriculture sectors. Respondents recorded their answers in closely defined alternatives and it covered all aspects of budgeting practices like budgetary control, planning and among others and the responses were arranged in a five-point likert scale

## **3.8 Quality Control**

### **3.8.1 Validity and Reliability**

To ensure validity of this research study the following measures were taken

Pilot study, where a small group of SMEs was taken to ensure that the instrument is clear and relevant

Statistical Analysis, was used to test the validity and reliability of the chosen SMEs

Pre- testing, this is where an expert is given an instrument and rates it and sees whether the responses given portray the intended answers.

### **3.9 Data collection Procedure.**

Observation, here sight was used to observe a phenomenon as things unfold and this took the participant form.

Interviewing, an interaction between the interviewer and the interviewee is held in order to have an in-depth interaction where the respondent must have lived or had an SME and knows its experience

Focus Group Discussions, a group of people from eight to twelve who have information about the subject of the impact of budgeting practices on the financial performance of small and medium enterprise will be chosen to discuss freely about the subject matter in order to obtain information

### **3.9 Ethical Considerations**

The study was conducted in accordance with the principles of research ethics which include;

Informed consent Participants were informed about the purpose and procedure of the study and their consent was obtained before data collection.

Confidentiality, the confidentiality and anonymity of the participants was ensured and their personal information was protected.

Voluntary participation, participation of the study was voluntary and a person was allowed to withdraw at any time.

During this study no harm, threats and discomfort was imposed on any participant.

### **3.10 Limitations of the study**

The study acknowledges potential limitations, such as the possibility of biased responses from SME owners who may not wish to present their budgeting practices in light or transparency. Additionally, the study's findings may be limited by the availability and accuracy of financial records kept by SMEs.

## CHAPTER FOUR

### PRESENTATION OF DATA, ANALYSIS AND INTERPRETATION OF FINDINGS.

#### 4.0 Introduction

This chapter presents the findings of the study on the impact of budgeting practices on the financial performance of small and medium enterprises in Bugujju which is found in Mukono Municipality. It explains how budget control, cash flow management and book keeping affect the financial performance of SMEs. The chapter presents discussions on how the study findings relate to the existing theory and findings from empirical studies.

#### 4.1 Response Rate

The sample of the study consisted of 44 respondents from a population (N) of 50 respondents among whom self-administered questionnaires were distributed. Out of the 50 respondents, 43 were filled yielding a response rate of 88%.The rate was considered sufficient because according to Mugenda and Mugenda any response rate above 50% is considered sufficient and adequate for analysis and reporting.

#### Table 4.2 Respondent Demographics

Table 4.2.1 Age Distribution.

Age bracket	Percentage (%)
21-30 years	53.9
Below 20 years	20.93
31-40 years	20.93
40 and above	2.33
N/A	2.33

Source: field data (2025)

From the above table, its indicated that most of the respondents are between the age of 21-30 years with 53,9%, followed by those below 20 years with 20.93 years, respondents of 31-40 years were also 20.93%, and respondents of 40 and above years were 2.33%

**Table 4.2.2 Education Level.**

Education Level	Percentage (%)
Certificate	48.84
1 <sup>st</sup> Degree	25.58
Diploma	11.63
No formal Education	6.98
Others	2.33

Source: primary data 2025

The results in Table 4.2.3 show that 48.84% had a certificate, 25.58% of the respondents had 1<sup>st</sup> Degree, 11.63% had a diploma, 6.98 had no formal education and those in the category of others were 2.33% which means certificates had the most respondents.

**Table4.2.3 Business Longevity**

Time in Operation	Percentage (%)
1-5 years	65.12
6-10 years	30.23
More than 10 years	2.33

Source: primary data.

Table 4.2.4 shows that businesses that have been in existence a from 1-5 years are 65.12%, 6-10 years 30.23% and those more than 10 years are 2.33%

**Table 4.2.4 Frequency of Budgeting practices**

This shows the percentage of SMEs that prepare budgets based on “we often prepare budgets in our organization”

Response	Percentage (%)
Strongly Agree(5)	37.21
Agree(4)	27.91
Neutral(3)	20.93
Disagree(2)	9.30
Strongly Disagree(1)	2.33

Source: primary data 2025

The above table shows that 37.21% of the respondents strongly agree that they prepare budgets, 27.91% agree, 20.93 are neutral, 9.30% disagree and the 2.33% strongly disagree to prepare budgets in their SME

Table 4.2.5 Frequency of comparing Actual results with Budgeted Amounts

<b>Response</b>	<b>Percentage (%)</b>
Strongly Agree	13.95
Agree	37.21
Neutral	27.91
Disagree	11.63
Strongly Disagree	9.30

Source: primary data 2025

In table 4.2.5 above findings show that 13.95% of respondents strongly agree that they compare actual results with budgeted amounts, 37.21% agree, 27.91% are neutral, 11.63% disagree and 9.30% strongly disagree.

**How often Variances are Handled based on “Handle variances between budgets and financial stability”**

<b>Response</b>	<b>Percentage (%)</b>
Strongly Agree(5)	20.93
Agree(2)	39.53
Neutral(3)	16.28
Disagree(2)	11.63
Strongly Disagree(1)	11.63

Source: primary data 2025

The table above shows that 20.93% of the respondents strongly agree that they often handle variance between budgets and financial stability, 39.53% agree, 16.28% are neutral, 11.63% disagree and the same percentage strongly disagree.

**Table 4.2.6 Frequency of Monitoring and handling budgets**

<b>Response</b>	<b>Percentage (%)</b>
Strongly Agree	34.88
Agree	16.28
Neutral	25.58
Disagree	6.98
Strongly Disagree	11.63

Source: primary data 2025.

**Record Keeping Practices.**

**Table 4.2.7 Percentage of SMEs keeping specific records.**

<b>Record Type</b>	<b>Percentage (%)</b>
Cash book	41.86
Payroll records	55.81
Expense records	64.44

Source: primary data2025

From the above table, the highest percentage of SMEs keep expense records with 64.44%, followed by payroll records which is 55.81% and least kept record was a cash book with 41.86%

**Table 4.2.8 Frequency of maintaining up-to-date financial records. (Based on “maintain up-to-date records for comparison”):**

<b>Response</b>	<b>Percentage (%)</b>
Strongly Agree(5)	20.93
Agree(4)	37.21
Neutral(3)	20.93
Disagree(2)	16.28
Strongly Disagree(1)	4.65

Source: primary data 2025.

Table 4.2.8 presents the descriptive statistics of SMEs that maintain up-to-date financial records and a notable proportion of respondents agreed with 37.27%, 20.93% of the respondents strongly agreed, 20.29% were neutral, 16.28 disagreed while least percentage of 4.67% strongly disagreed.

**Table 4.2.9 Perception of the Accuracy and Reliability of Financial Records (based on “keep thorough, accurate and reliable financial records”)**

Response	Percentage (%)
Strongly Agree(5)	23.26
Agree(4)	25.58
Neutral(3)	37.21
Disagree(2)	16.28
Strongly Disagree(1)	4.65

Source: primary data 2025.

The table above shows findings that majority of the respondents in SMEs are neutral about keeping thorough, accurate and reliable financial records with 37.21% followed by 25.25% who agree, 23.26 strongly agree, 16.28% disagree and the least 4.65% that strongly disagree.

**Accurate Financial Records help identify areas to increase revenue.**

**Table 4.2.10**

Response	Percentage (%)
Strongly Agree	20.93
Agree	37.21
Neutral	20.93
Disagree	16.28
Strongly Disagree	4.65

Source: primary data 2025

From the table above, majority of the respondents with a percentage of 4.65% strongly disagree that accurate financial records help identify the areas to increase revenue in the SME, the second

highest percentage of 37.21 agree, followed by 20,93% who are neutral and the least 16.28% who disagree with that perception.

### 4.3 Challenges in Implementing Effective Budgeting.

**Table 4.3.1 Level of Agreement on Difficulty of Forecasting Accurately.**

<b>Response</b>	<b>Percentage (%)</b>
Strongly Disagree(1)	13.88
Disagree(2)	18.60
Neutral(3)	20.93
Agree(4)	3.88
Strongly Agree(5)	13.95

Source: primary data 2025

The table above shows finds from respondents that agree that they find it difficult to forecast revenues accurately and 13.88% strongly disagree, 18.60% disagree, 20.93% are neutral, 3.88% agree and 13.95% strongly agree.

**Table 4.3.2 Market Fluctuations Making Budgeting Difficult**

<b>Response</b>	<b>Percentage (%)</b>
Strongly Disagree(1)	23.26
Disagree(2)	2.33
Neutral(3)	16.28
Agree(4)	23.26
Strongly Agree(5)	34.88

Source: primary data 2025

Table 4.3.2 above shows findings that 23.26% of the respondents strongly disagree that market fluctuations make budgeting difficult, 2, 33% disagree, 16.28% are neutral, 23.26% agree while 34.88% strongly agree.

**Table 4.3.3 Unpredictable Cash Flows making budget implementation Difficult.**

<b>Response</b>	<b>Percentage (%)</b>
Strongly Disagree(1)	6.98
Disagree(2)	9.30
Neutral(3)	30.23
Agree(4)	23.26
Strongly Agree(5)	30.23

Source: primary data 2025

**Table 4.3.4 Level of Agreement on Insufficient Resources Hindering Effective Budgeting.**

<b>Response</b>	<b>Percentage (%)</b>
Strongly Disagree(1)	6.98
Disagree(2)	9.30
Neutral(3)	30.23
Agree(4)	23.26
Strongly Agree(5)	30.23

Source: primary data 2025

The table above shows that 6.98% of the respondents strongly disagree that insufficient resource like money hinders budget implementation, 9.30% disagree, 30.23% are neutral, 23.26% agree and 30.23% strongly agree.

#### **4.4 Inferential Statistics and Relationship Analysis**

##### **4.4.1 Correlation between Budgetary Control and Financial Performance.**

The following table shows Pearson’s correlations between budgeting practices (section B) and financial performance indicators (e.g., influence on stability and improved performance). Positive correlation indicate that better budgeting practices are associated with better perceived performance.

Significant correlations ( $p > 0.05$ ) are noted.

<b>Budgeting Practice</b>	<b>Vs Financial Performance Indicator</b>	<b>Correlation</b>	<b>p-value</b>
Often prepare budgets	Budgetary control influences financial stability	0.337	0.014
Often prepare budgets	Regular budget reviews improved financial performance	0.337	0.029
Compare budgeted and actual results	Budgetary control influences financial stability	0.346	0.023
Compare budgeted and actual results	Regular budget reviews improved financial performance	0.254	0.100
Handle variances	Budgetary control influences financial stability	0.134	0.393
Handle variance	Regular budget reviews improved financial performance	0.375	0.013
Regularly monitor and adjust budgets	Budgetary control influences financial stability	0.268	0.090
Regularly monitor and adjust budgets	Regular budget reviews improved financial performance	0.470	0.002

From the table above, regular budget monitoring correlates positively with higher perceived financial stability (correlation=0.268, p=0.090) and significantly with improved performance (correlation=0.470, p=0.002)

#### 4.4.2 Impact of record keeping on financial performance

Pearson's correlations between record keeping practices (Section C) and perceived financial performance. Positive correlations suggest that better record keeping is linked to better outcomes.

<b>Record –Keeping Practice</b>	<b>Vs Financial Performance Indicator</b>	<b>Correlation</b>	<b>p-value</b>
Maintain up-to-date records	Budgetary control influences financial stability	0.225	0.146
Maintain up-to-date records	Regular budget reviews improved financial performance	0.280	0.069
Maintain up-to-date record	Accurate records help increase revenue	0.229	0.140
Keep thorough, accurate and reliable records	Budgetary control influences financial stability	0.281	0.068
Keep thorough, accurate and reliable records	Regular budget reviews improve financial performance	0.130	0.407
Keep thorough, accurate and reliable records	Accurate records help increase revenue	0.169	0.279

For instance, SMEs with up- to- date records report slightly better financial outcomes, though most correlations are not statistically significant at  $p < 0.05$

### 4.2.3 Impact of challenges on budgeting practices

Pearson's correlations between challenges (Section D) and budgeting practices (Section D). Positive correlations indicate that greater agreement with challenges is associated with higher budgeting practice scores (potentially counter intuitive; may reflect awareness).

<b>Challenge</b>	<b>Vs. Budgeting practice</b>	<b>Correlation</b>	<b>p-value</b>
Difficult to forecast revenues	Often prepare budgets	0.085	0.591
Difficult to forecast revenues	Compare budgeted and actual results	-0.069	0.662
Difficult to forecast revenues	Handle variances	0.326	0.033
Difficult to forecast revenues	Regularly monitor and adjust budgets	0.176	0.003
Market fluctuations challenging	Often prepare budgets	0.264	0.271
Market fluctuations challenging	Compare budgeted and actual results	0.163	0.298
Market fluctuations challenging	Handle variances	0.680	0.001
Market fluctuations challenging	Regularly monitor and adjust budgets	0.073	0.651
Limited financial expertise	Often prepare budgets	0.052	0.746
Limited financial expertise	Compare budgeted and actual	-0.048	0.760

	results		
Limited financial expertise	Handle variances	0.443	0.003
Limited financial expertise	Regularly monitor and adjust budgets	0.421	0.006
Unpredictable cash flows	Often prepare budgets	-0.010	0.949
Unpredictable cash flows	Compare budgeted and actual results	0.020	0.900
Unpredictable cash flows	Handle variances	0.202	0.194
Unpredictable cash flows	Regularly monitor and adjust budgets	0.075	0.642
Insufficient resources	Often prepare budgets	0.129	0.416
Insufficient resources	Compare budgeted and actual results	0.304	0.047
Insufficient resources	Handle variances	0.411	0.006
Insufficient resources	Regularly monitor and adjust budgets	0.312	0.047

For example Small and Medium Enterprises agreeing with limited financial expertise show higher frequency of handling variances (correlation=0.443, P=0.003) and monitoring budgets (correlation=0.421,p=0.006), possibly indicating compensatory behaviors.

## Cross Tabulation Analysis

### Education level and Budgeting

Cross tabulation of education level with budgeting preparatory frequency;

Education Level	Strongly Disagree(1)	Disagree(2)	Neutral(3)	Agree(4)	Strongly Agree(5)
1 <sup>st</sup> Degree	1	0	4	1	5
Certificate	1	0	4	6	9
Diploma	0	0	0	4	1
No formal Education	1	1	0	1	0
Others	1	0	1	0	1

Chi-square test for association:  $\chi^2=35.636, p=0.077$  (marginally significant ;higher education may link to better budgeting adoption)

Average agreement with challenges by education level.

Challenge	1 <sup>st</sup> Degree	Certificate	Diploma	No formal Education	Others
Difficult to forecast revenues	3.35	3.19	4.00	3.00	1.50
Market fluctuations changing	3.73	3.57	4.20	4.33	1.00
Limited financial expertise	3.91	3.67	3.60	1.00	3.00
Insufficient	3.45	3.71	4.20	2.67	3.50

resources					
-----------	--	--	--	--	--

Lower education level e.g. no formal show lower agreement with expertise challenges but higher with market fluctuations.

### **Business Longevity and Practices**

Cross-tabulation of business longevity with budgeting preparation frequency;

<b>Time in operation</b>	<b>Strongly Disagree(1)</b>	<b>Disagree(2)</b>	<b>Neutral(4)</b>	<b>Agree</b>	<b>Strongly Agree</b>
1-5 years	3	1	6	7	10
6-10 years	1	0	3	4	5
More than 10 years	0	0	0	1	0

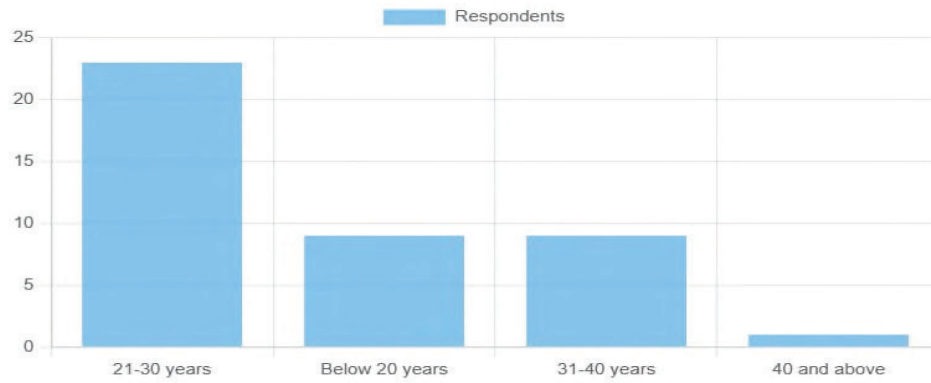
No significant association with financial performance.

Cross-tabulation of business longevity with maintaining up-to date records:

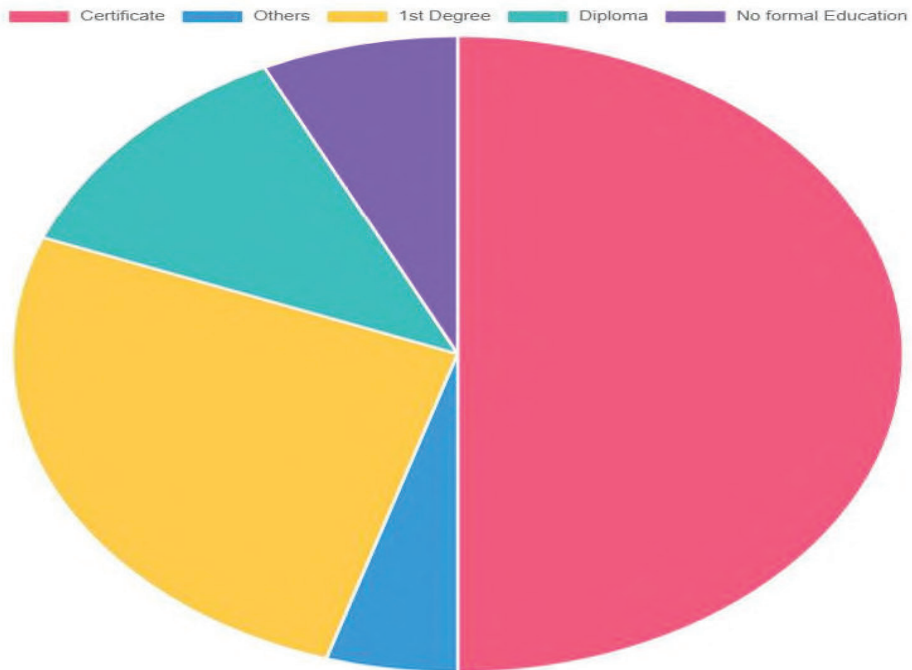
<b>Time in operation</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	
1-5 years	3	1	6	7	10	
6-10 years	1	0	3	4	5	
More than 10 years	0	0	0	1	0	

### **SME Budgeting Interactive Dashboard.**

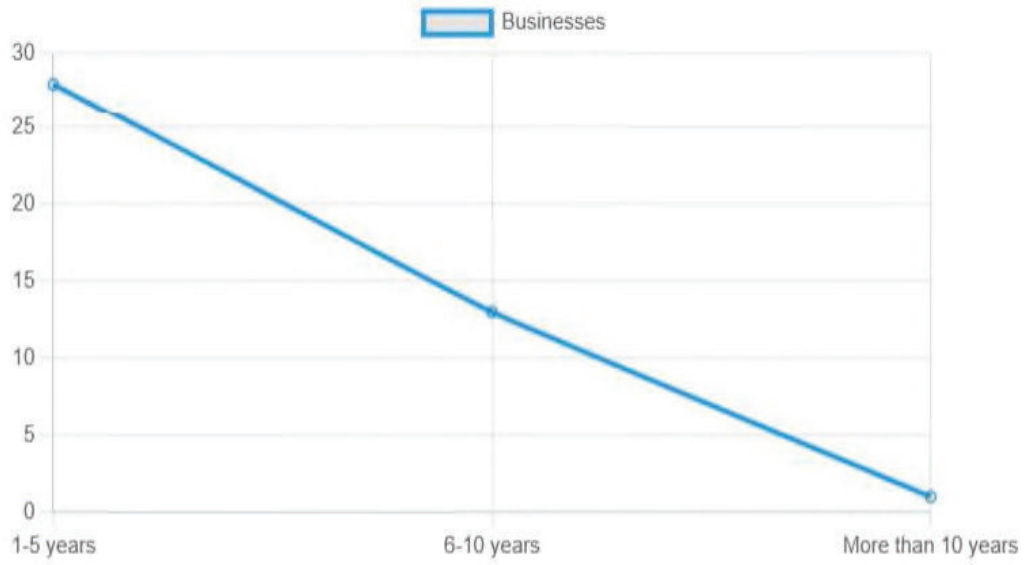
### Age Distribution of SME Owners



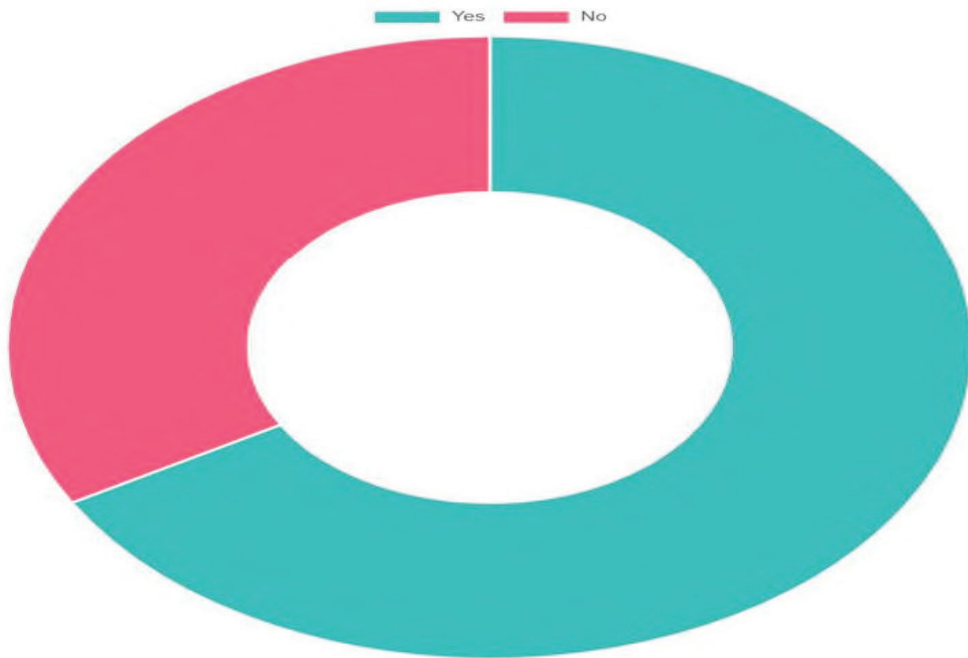
### Highest Level of Education



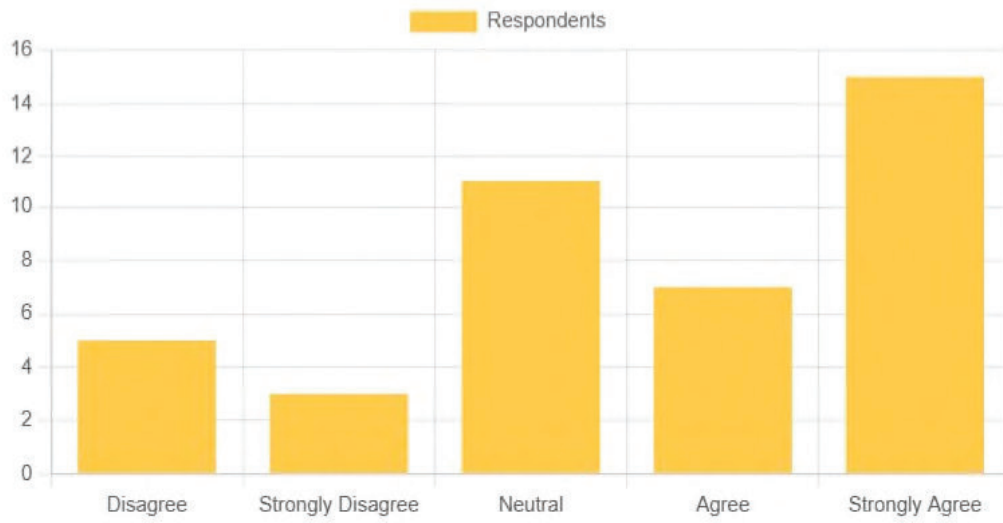
### Business Longevity



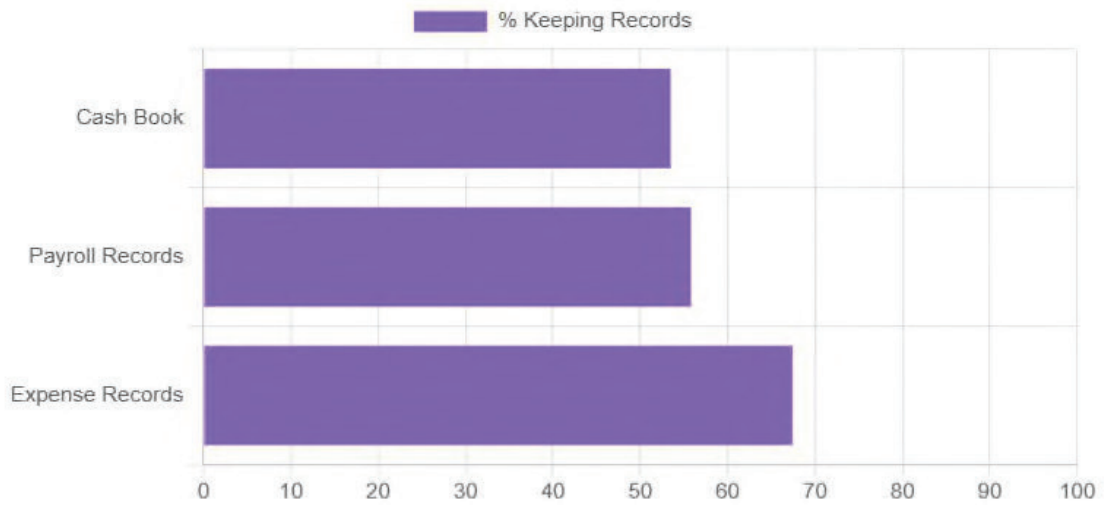
### Budget Preparation



### Budget Monitoring Frequency



### Record Keeping Practices



## CHAPTER FIVE

### DISCUSSION, CONCLUSION AND RECOMMENDATIONS.

#### 5.0 Introduction

This chapter presents a comprehensive summary of the key findings from the study on the impact of budgeting practices on the financial performance of small and medium enterprises in Uganda. This chapter synthesizes the research outcomes, draws meaningful conclusions and provides actionable recommendations for SMEs, policy makers, and stake holders .Furthermore it identifies potential areas for future research, contributing to the already existing literature that that has contributed to the financial performance of Small and Medium Enterprises .

#### 5.1 Discussion of Findings.

The discussion of the findings seeks to provide a deeper insight on how budgeting practices impact the financial performance of Small and Medium Enterprises in Bugujju village Mukono Municipality by comparing the results of the study with the theoretical framework and prior empirical evidence. The analysis interprets the extent to which budgetary control, monitoring and record keeping contribute to sustainability, stability and positive financial performance.

The results also showed that most SMEs compare their actual spent amounts with the budgeted amounts by handling the variances or differences through discovering the gap. This was done by regular monitoring and adjusting them where necessary.

#### 5.2 The Effect of Budgetary Control on Financial Performance.

The findings of this study revealed that budgetary control practices like variance analysis, comparing actual amounts to budgeted figures to find differences ,monitoring and adjusting budget amounts to achieve financial goals has improved their financial performance. The findings reveal that majority of the respondents strongly agreed that when they pre-determine their expenses and budgeted for them achieved, they achieved better financial results and therefore they avoided unnecessary spending.

The results also showed that most SMEs compare their actual spent amounts with the budgeted amounts by handling the variances or differences through discovering the gap. This was done by

regular monitoring and adjusting of the budgets where necessary. Overall, the discussion indicates that budgetary control plays a critical role on the financial performance of most SMEs in Bugujju.

### **5.3 The Effect of Record Keeping on Financial Performance.**

The study examined the role of record keeping in impacting the financial performance of Small and Medium Enterprises in Bugujju. The findings indicated that a significant proportion of SMEs kept expense records and payroll records which helped in monitoring their cash out flows.

Furthermore, the findings revealed that notable percentage of SMEs maintained up-to-date financial records especially expense records which contributed to their sustainability and spending power and this fostered their long-term operation. However, the findings revealed that majority of these SMEs do not maintain thorough, accurate and reliable records due to challenges like lack of expertise and insufficient resources to do so.

In summary the study establishes that record keeping affected the financial performance of SMEs positively and gave them a chance to access credit from financial institutions like Saccos as such institutions require a business' finance history in order to obtain loans.

### **5.4 Challenges Faced by SME Owners in Implementing Effective Budgeting.**

The study also sought to examine the challenges faced by SME owners in implementing effective budgeting in order to improve financial performance. The findings revealed that the failure of Small and Medium Enterprises sustain themselves for longer than five years is due to challenges they face when implanting effective budgeting.

One of the challenges was the difficulty to forecast revenues and budget for them appropriately. A notable percentage of respondents agreed that they could not forecast their future and hence failed to budget for it. The findings also revealed that keeping up with the ever changing market conditions like price fluctuations made effective budgeting in SMEs impossible for better management.

Additionally, lack of financial expertise, resources like money and ignorance about financial and budgeting practices made effective budget implementation a challenge. This is because majority

of SME owners hold an o-level certificate, and others have no formal education hence making it difficult for them to implement budgeting practices in their businesses.

## **5.6 Conclusion.**

The purpose of this study was to investigate the impact of budgetary practices on the financial performance of Small and Medium Enterprises in Uganda in Bugujju, Mukono Municipality. The study focused on three main objectives, the impact of budgetary control, record keeping on the financial performance of SMEs and the challenges faced by SME owners in implementing budgeting.

In relation to budgetary control, the study concluded that handling variances between actual amounts and budgeted amounts helps improve on expenditure and better planning and also monitoring budgets for comparisons improved financial performance.

Concerning record keeping, the study concluded that majority of SMEs kept payroll records and expense records in order to monitor their out flows. The study also revealed that majority of the SMEs does not maintain thorough, accurate and reliable financial records and this has hindered them from having access to financial institutions due to their inconsistent and incomplete records. This in the end had blocked the expansion and growth of these businesses

In regards to budget implementation, the study findings revealed that most SME owners do not have the financial expertise to implement budgeting due to mainly their low level of education and also lack of resources like money to outsource the services. The ever changing market conditions like price fluctuations has also been a challenge faced by business owner's to implement effective budgeting.

## **5.7 Recommendations.**

Based on the findings, the following recommendations were made.

**Training in financial management;** SME owners should gain training in financial management to improve their skills in record keeping, budgeting and cost control.

**Use of Technology;** SMEs are encouraged to adopt digital financial management tools to improve efficiency in record keeping and cash flow monitoring.

#### **5.4 Areas Further Study**

Future research could also explore the impact of financial management practices on SME sustainability and investigate innovative ways to improve access to finance SMEs in Uganda

## REFERENCES

Ademola, I. S., et al. (2012). *Impact of poor record keeping on organizational performance of small and medium enterprises.*

Amin, M. E. (2005). *Social science research: Conception, methodology and analysis.* Kampala: Makerere University Printery.

Armstrong, C. E., et al. (2016). *Critiques of the Resource-Based View.*

Barney, J. B. (2016). *Resource-Based View and types of resources.*

Becchetti, L. (2017). *Budgeting and organizational policy considerations.*

Bromiley, P., et al. (2015). *Resource-Based View and business performance.*

Connor, T. (2018). *Critiques of the Resource-Based View*

Daily Monitor. (2023). *Financial literacy challenges among SME owners in Uganda.* [Source not fully specified in the document].

David, et al. (2023). *SME failure rates in Africa.*

Frank, Nelson, & Ariyo. (2023). *Role of SMEs in Uganda's economy.*

Frank, Nelson, & Kazara. (2023). *SMEs and job creation in Africa.*

Horngren, C. T. (2015). *Cost accounting: A managerial emphasis.*

Ivan Kyazze. (2023). *SMEs in East Africa: Employment and GDP contribution*

Kazara & Christopher. (2023). *Challenges of informal SMEs in Africa*

Lado, A. A., et al. (2018). *Tensions in Resource-Based View theorizing.*

Lockett, A., O'Shea, G., & Wright, M. (2008). *The Resource-Based View of the firm*

- Lydia Ariyo. (2023). *Financial management challenges in SMEs*.
- McGuinness, T. (2018). *Critiques of managerial control in Resource-Based View*.
- McMahon, R. G. P. (2017). *Benefits of budgetary control in SMEs*.
- Miller, D. (2003). *Critiques of the Resource-Based View*.
- Muchira, B. W. (2012). *Record keeping and management decisions in SMEs*. [Source not fully specified in the document].
- Muchira, B. W. (2013). *Impact of record keeping on SME investment*.
- Onaolapo, A. A., & Adegbite, T. A. (2014). *The role of record keeping in financial performance of enterprises*.
- Ozatambgo, A. (2015). *Record keeping and efficiency in SMEs*.
- Polycarp. (2023). *Financial management challenges in Ugandan SMEs*.
- Salamatu, & Muhammad. (2021). *Record keeping and financial performance of savings and credit cooperatives*.
- Siddika, A. (2018). *Role of budgeting in organizational financial goals*.
- Ssekajugo, D., Tuyishime, E., & Kasenene, P. (2013). *Financial records and internal control systems in SMEs*.
- Turyatamba, et al. (2022). *Role of SMEs in global economic growth*. Turyahebwa, A., & Sunday, A. (2013). *Conceptual framework on budgeting practices and SME performance*. [
- Wenerfelt, B. (1984). *A Resource-Based View of the firm*. *Strategic Management Journal*, 5(2), 171-180.

## APPENDIX 1: QUESTIONNAIRE

Dear respondent,

You have been uniquely selected to participate in this study “**The impact of Budgeting Practices on the financial performance of Small and Medium Enterprises in Uganda**, a case of Bugujju village Mukono Municipality” the study is purely for academic purposes and the information you share will be treated with utmost confidentiality and your participation is voluntary

Background information

- 1) What is your age bracket?
  - a) Less than 20 years
  - b) 21-30 years
  - c) 31-40 years
  - d) Over 40 years
- 2) What is your highest level of education attained?
  - a) Certificate
  - b) Diploma
  - c) 1<sup>st</sup> Degree
  - d) No formal education
  - e) Others
- 3) How long have you operated this business?
  - a) 1-5 years
  - b) 6-10 years
  - c) More than 10 years

**SECTIONB: To find out the effect of budgetary control on the financial performance of SMEs in Bugujju.**

**Instructions: Please indicate your level of agreement with each statement below using the following scale:**

**1=Strongly Disagree, 2= Disagree, 3= Neutral,4=Agree, 5 Strongly Agree**

	Statement	1	2	3	4	5
1	We often prepare budgets in our organization					
2	In our organization we compare actual financial results with budgeted amounts					
3	We handle variances between budgeted and actual financial results					
4	Budgetary control influences financial stability in my business					
5	We regularly monitor and adjust budgets to achieve our financial goals					

**SECTION C: To find out the impact of record keeping on the financial performance of SMEs in Bugujju.**

**Instructions: Please indicate your level of agreement with each statement below using the following scale**

**1=Strongly Disagree, 2=Disagree, 3=Neutral, 4 Agree, 5=Strongly Agree**

	Statement	1	2	3	4	5
1	Regular budget reviews have improved our financial performance in the past months					
2	I keep the following records in my business					
a)	Cash book					
b)	Payroll Records					
c)	Expense Records					
3	We maintain up-to-date records for better financial comparisons.					
4	Our organization keeps thorough, accurate and reliable financial records.					
5	Accurate financial records help us identify areas to increase revenue in our SMEs					

**SECTION D: To identify the challenges faced by SME owners in implementing effective budgeting.**

**Instructions: Please indicate your level of agreement with each statement below using the following scale:**

**1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree**

	<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>1</b>	We find it difficult to forecast revenues accurately for budgeting in our SME					
<b>2</b>	Keeping up with market changing conditions like fluctuations makes budgeting challenging in my SME					
<b>3</b>	Limited financial expertise is a challenge in implementing effective budgeting					
<b>4</b>	Unpredictable cash flows make budgeting difficult especially outflows					
<b>5</b>	Insufficient resources like time and money hinder effective budgeting in my SME					

**Thank you for your precious time.**