BUDGETING PRACTICES AND FINANCIAL PERFORMANCE OF PUBLIC INSTITUTIONS IN RWANDA THE CASE OF RWANDA SOCIAL SECURITY BOARD

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BUDGETING PRACTICES AND FINANCIAL PERFORMANCE OF PUBLIC INSTITUTIONS IN RWANDA THE CASE OF RWANDA SOCIAL SECURITY BOARD

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ABSTRACT

The budget plays a crucial role in implementing an organization's strategic plan, projecting future financial performance, and assessing the financial viability of chosen strategies. This study explored the correlation between budgeting practices and the financial performance of public institutions in Rwanda, specifically focusing on budget planning, control, and participation within the Rwanda Social Security Board (RSSB). The research employed a descriptive survey design with quantitative methods, utilizing a stratified random sampling method.The study revealed positive consensus among respondents regarding long-term budget preparation (Capital budgets), indicating organizational proficiency in crafting long-term financial plans. However, opinions vary concerning the alignment of budgets with strategic plans, suggesting a diverse range of perspectives. Short-term budget utilization for day-to-day operations receives favorable feedback, though with some variability. The quarterly review of budgets and analysis of budget variances also shows positive sentiments but with diverse opinions on their effectiveness.Examining the involvement of functional heads in the budgeting process, the study finds positive views on defining budgetary goals, but opinions differ on the role of functional heads and negotiating budget estimates. Budget variance analysis and corrective measures receive positive feedback with moderate variability in opinions.Correlation analysis demonstrates a strong positive relationship (Pearson correlation of 0.944) between budget planning and financial performance, emphasizing the critical role of strategic budget planning in achieving favorable financial outcomes. Additionally, a moderately positive correlation (0.514) is identified between budget control and financial performance. Both correlations are statistically significant at the 0.01 level, affirming the reliability of the observed connections.In summary, the study underscores the importance of budgeting practices in enhancing the financial performance of public institutions, emphasizing the need for strategic budget planning, effective control mechanisms, and active participation in the budgeting process.

Key Words: *Budgeting,Practices,Financial,Performance,Public Institutions*

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INTRODUCTION

A budget practice is a procedure that assists in accomplishing a principle and element of the budget process. It is appropriate for all governments and in all circumstances and situations. Budget practices can be hierarchical that is, one practice can help accomplish another practice. All public institutions avoid a practice hierarchy of more than one level. A budget element typically has multiple practices associated with it (Nqobile & Ogo, 2019). Globally all over the government's budget practices must be clearly related to activities identified in the budget process definition. According to Szymanski (2010), a practice is not a budget practice unless it specifically contributes to the development, description, understanding, implementation and evaluation of a plan for provision of services and capital assets.

Budgeting practices in the public sector is a complex exercise. It involves the combination of information from multiple sources, bringing together different perspectives and dealing with diverse interest groups, all influencing complex decisions. Fragmentation is inevitable between the center and the line, between planners and financial managers, between budgeting and implementation, and between different types of spending. Over time, methods to deal with difficult choices, complexity, and fragmentation have developed within budgeting systems (Nqobile & Ogo, 2019).

Thus this research provides a perspective on the problems of budgeting practices that may influence the performance of public institutions specifically in Rwanda Social Security Board and then discusses a number of approaches that have developed over the past 30 years to address these problems. Budgeting practices in the public sector is fundamentally different from budgeting practices in the private sector. At the heart of the difference are the absence of a bottom line and the presence of a shared and limited source of funding. The dynamics that surround public budgeting practices play out in a financing context in which the aim is not to make money by spending money, but to reach a wide range of public objectives, some of them intangible. In a public budget, the goals of spending are complex and difficult to measure, and they may relate only indirectly to cite another research study in addition the activities that are being funded (Nqobile & Ogo, 2019).

Public budgeting practices, therefore, occurs in a politically fraught environment where different public objectives compete for a share of limited available funding in the absence of a relatively objective yardstick, such as contribution to profit, by which to choose among them; where the incentive to keep costs low in order to maximize profit is not present; where performance is difficult to measure; and where sanction and reward systems operate in the context of longstanding public service practices. This context of public budgeting gives rise to ubiquitous problems. The first revolves around the incentive of individual claimants to maximize their claim on budgetary resources (Klimaitiene & Ramanauskaite, 2019).

Whenever many spending units depend on one source of income, each dependent unit will consider its own expenditure increases to be too small to affect the total significantly and will feel free to pursue its own interests without considering the effect of its actions on the source. In public finance, the tax burden of a spending program is spread across many groups and individuals, and claimants to resources are therefore likely to perceive a much lower cost to their proposed spending programs than the actual social cost, (Sudhashimi & Osamah, 2020).

Consequently, claimants for example, spending ministries or external interest groups will therefore almost always demand a higher level of spending than is socially optimal. This phenomenon is known as the tragedy of the commons. It prevails between central ministries of finance and spending agencies, as much as it occurs at the level of the spending agency between different subunits and the agency itself. It is for this reason that constraints on the aggregate level of spending are critical. Without such constraints, just adding together the total

claims of ministries to produce a budget would result in unsustainable deficits or tax burdens, (Voigt, 2010).

Choosing among the different claimants, however, introduces a whole separate set of budgeting problems. There is not a single objective measure or reliable objective methodology by which tradeoffs can be made. Ultimately the choice between funding roads or schools, between funding region A or region B, or between funding services to poorer beneficiary groups rather than middle-income and rich groups is a political choice. And politicians often (although not exclusively) make funding choices on the basis of what they believe will keep them in office, (Dahana & Ermawati (2020)

In mature political systems, where the connection between public policy, budgetary performance, and political survival is stronger, politicians make choices that are based on their constituencies' preferences. In countries where this connection is weak, the budget shares for which politicians fight may have more to do with power, political deal making, and access to resources than with optimal policy outcomes related to stated country priorities. In these, budgeting and spending outturns remain misaligned with stated priorities. Dahana and Ermawati (2020) viewed this problem in terms of the transaction costs associated with budgeting. Mapping expenditures to perceived preferences and getting feedback from civil society on whether the mapping is true carry high transaction costs. Parliament is an important institution in this regard, but recent practice in many developing countries includes feedback mechanisms that operate directly between the citizenship and the executive (Nqobile & Ogo, 2019).

The costs of mapping, however, are not the only transaction costs associated with negotiating tradeoffs. Decisions about budgets are rarely made in a single office by a single individual. Budget processes involve complex institutional arrangements for sequenced and often collective decision making. Invariably the tragedy of the commons will create demands by individual claimants in excess of the constraints. The result is that the cost of collective decision making increases as individuals and groups strive to structure and restructure coalitions to enlarge their share of limited funds, (Dahana & Ermawati, 2020).

In a functioning budget system, this tendency to increase costs is countered by institutional arrangements that help build consensus among the competing groups on the relative expenditure allocations. This consensus is not always easy to achieve. For one, it requires good information on what tradeoffs are being made, including what everyone has to give and will gain in relation to their expenditure mandates. These losses and gains are not always apparent to budget decision makers. An important feature of budgeting in the public domain is that those who hold the best information on spending programs are not those who decide whether one program or another should be funded, (Voigt, 2010).

This information asymmetry is at the root of many policy failures in government. Traditionally, budgeting systems have coped with these problems. Nqobile & Ogo, (2019) called Budget Methods and Practices satisficing. Instead of evolving budgeting practices that meet these problems head on to produce the best possible outcomes, budget decision makers satisfice that is, they satisfy and suffice. Instead of maximizing, the strategy is to behave in ways that allow the system to get by, come out all right, and avoid the worst. Incremental line-item budgeting practices offer well established methods for satisficing within a time-delimited budget process (Szymanski,2010).

By this research a specific attention henceforth to local perspective deserve a short review towards performance of public institutions. Although Rwanda inherited a budget management system inspired largely by the Belgium colonial power, this system was codified in 1979 by Decree-Law No. 23/79.2. Further, the inherited budget management practices had a number of similarities with the French budget management. However, there were also some differences emanating from the very high

degree of fragmentation of different actors in budget execution and accounting processes. After the 1994 Genocide in Rwanda, the first budget was approved by parliament in 1997 basing on administrative and economic classifications. In 2000 the budget automated system was replaced by a new Budget Management Information System called Système Informatisé de Gestion du Budget d'Etat (SIBET). In 2001 the Rwandan government introduced Medium Term Expenditure Framework with program output and activity based budgeting (Ikenna; *et al*, 2017).

In 2003, another system Called Classification of Functions of Government was introduced. In 2006, the Government of Rwanda created the Inter-governmental Fiscal Transfer Unit with the objective of ensuring sustainable fiscal decentralization in Rwanda, (Ndakengerwa, 2013). The budget had been modified to comply with Government Finance Statistics Manual and Classification of Functions of Government requirements with respect to programmatic, functional and economic classification. During the same year it was prepared and issued to all districts and a unified MTEF for districts was designed. All the budgets of the districts now have similar Medium Term Expenditure Framework (Ndakengerwa, 2013).

An effective budget pursues three partially competing objectives that is maintaining fiscal discipline, allocating resources in accordance with policy priorities and efficiently delivering services. Budgets should be comprehensive, transparent and realistic. In order to promote these PFM objectives, a budget should contain the following elements: a macroeconomic framework and revenue forecast, a discussion of budget priorities, planned expenditure and past outturns, a medium-term outlook and details on budget financing, debt and the government's financial position (Ndiritu, 2007).

Problem Statement

The importance of the budget cannot be overlooked considering its role in operationalizing an organization's strategic plan. Sulaymonov (2018) defined budgeting as a forward looking set of numbers which projects the future financial performance of a business, and which is useful for evaluating the financial viability of the business's chosen strategy or deciding whether changes to the overall plan are required. Some of the important budget practices include choice of budgeting approach which are broadly categorized as either modern or traditional, Budget planning procedures, budget control procedures to ensure unfavorable variances are minimized and participation of staff members in budget development and implementation (Sulaymonov, 2018).

Rwanda Social Security Board (RSSB) has not only undergone a number of reforms aimed at ensuring efficiency and enhanced performance in the delivery of this essential service, but is one of the biggest financial institution in Rwanda. According to a performance review of Rwanda's insurance and security sector 2010/2011 report, it is reported if there is one lesson to be learnt over the past eight years, it must be that reform efforts envisaged in the social security sector must be supported by a change in attitudes, managerial practices and organizational capacities (Ndakengerwa, 2013).

Globally, a number of studies have been done in the area of budgeting. Voigt (2010) did a study on the theory of budgeting and its practical applications in German independent hotels and found that a significant difference exists between budgetary procedures defined theoretically and actually applied ones. Sulaymonov (2018) reviewed literature on Practice Developments in Budgeting and concluded that there is a considerable level of concern with budgeting in practice, indicating its potential for continued scholarly research. A study by King *et al* (2010) on budgeting practices and performance in small healthcare businesses found that factors identified by contingency-based research are useful for predicting a business's budgeting practices.

Regionally, some studies have also been done in the area of budgeting. Oanh and Nguyen (2020) did a study on management efficiency of budgeting. They

found that the factors that influence the achievement of budgets include adequate planning and accurate projections, Bureaucracy in purchasing hinder units to affect their budgets and Clear policies regarding resource utilization influence budget targets. Although a number of studies have been done in the area of budgeting and focused on the government financial institutions. The RSSB is a key player in management social security funds. To play this role effectively places it in a unique position where it has to ensure competitive management, and an effective funds utilization strategy that will result into optimal finance costs.

To the best of the researcher's knowledge, no more studies have been carried out on the relationship between budgetary practices and financial performance. This study seeks to bridge this research gap by focusing on the relationship between budgeting practices and financial performance at Rwanda Social Security Board. The question that this study sought to answer therefore was, "is there a relationship between the budgeting practices and performance of government financial institutions in Rwanda?

Objectives of the Study

This study was composed with one general objective and three specific objectives as follows:

General Objective

The general objective of this study was to investigate the relationship between budgeting practices and financial performance of public institutions in Rwanda.

Specific Objectives

- To investigate the role of budget planning on financial performance at Rwanda Social Security Board
- To examine the contribution of budget control on financial performance at Rwanda Social Security Board
- To determine the effects of budgetary participation on financial performance at Rwanda Social Security Board

REVIEW OF RELATED LITERATURE

Theoretical Literature Review

Budgeting Practices

Klimaitiene and Ramanauskaite (2019) defined the Budgeting as a process of measuring and converting plans for the use of real into financial values. It is the classic problem of how to add together quantities of apples and oranges into a meaningful economic measurement, the only practical way for everyday use is to express their economic values in terms of monetary costs and revenues. Through the process of budgeting the finance function provides the essential relationship to current study.

Ikenna *et al* (2017) defined budgeting as a forward looking set of numbers which projects the future financial performance of a business, and which is useful for evaluating the financial viability of the business's chosen strategy or deciding whether changes to the overall plan are required. It is clear from these definitions that budgeting and planning are closely interlinked. Budgets represent the expression in financial terms of an organization's policies and constitute a statement of intent against which any achievements or for that matter failings can be compared.

Anthony (2007) categorized organizational controls at three levels: strategic, management and operational. Strategic planning involves the use of information on the environment and information on internal service capabilities to determine the future strategy of the organization. Management control systems entail the implementation of strategy and the effective use of resources. In most organizations budgetary control is one of the most important forms of management control. Budget practices involve all those processes and procedures that are followed in budget development and implementation. They include choice of budget theory, budget planning, budget control and review, performance measurement among others. Below is a breakdown of some of the budget practices.

Contingency-based research proposes that there is no single theory to budgeting suitable for all businesses. Instead, the suitability of a particular theory is argued to be contingent upon characteristics of a business including its size, strategy, structure, and also management's perception of the uncertainty of the environment within which the business operates to best link the core functions of budgeting, (King *et al*, 2010).

According to an Article published in the European Journal of Economics. Ishola and Akintoye (2008) stated that the Budget practices and budgeting for Improved Performance: A Consideration for Selected Food and Beverages Companies in Nigeria; budget and budgeting are concepts traceable to the Bible days, precisely the days of Joseph in Egypt. It was reported that nothing was given out of the treasure without a written order. History has it that Joseph budgeted and stored grains which lasted the Egyptians throughout the seven years of famine (Ishola & Akintoye, 2008).

Budgets were first introduced in the 1920s as a tool to manage costs and cash-flows in large industrial organizations. Ikenna *et al* (2017) stated that it was the 1960s that companies began to use budgets to dictate what people needed to do. In the 1970s performance improvement was based on meeting financial targets rather than effectiveness, companies then faced problems in the 1980s when they were not willing to spend money on innovations in order to stay with the rigid budgets, they were no longer concerned about how customers were being treated, only meeting sales targets became essential. Budgeting in business organization is formally associated with the advent of industrial capitalism for the industrial revolution of the eighteenth century, which presented a challenge for industrial management (Ikenna *et al*, 2017).

However, budgeting at the early stage of its development was concerned with preparing and presenting credible information to legitimize accountability and to permit correct performance evaluation and consequently, rewards. Over the years, the function and focus of budgeting has shifted considerably and business organization become more complex and their environment becomes dynamic coupled with the emergence trend, the term budget and budgeting have been differently defined and examined by various scholars in several ways, (Sudhashimi & Osamah, 2020).

Klimaitiene and Ramanauskaite (2019) defined a budget as a plan of dominant individuals in an organization expressed in monetary terms and subject to the constraints imposed by the participants and the environments, indicating how the available resources may be utilized, to achieve whatever the dominant individuals agreed to be the organization's priorities. The impressive thing about this definition is that, it recognizes the constraints imposed on the budget by the other participants who are to ensure that the objectives and targets enunciated the budget are achieved.

Budget is a short-term or long-term of financial plan, it is an action plan to guide managers in achieving the objectives of the firm. Owolabi *et al* (2020), in their formal definition defines budget as a qualitative statement, for a defined period of time, which may include planned revenue, expenses, assets, liabilities and cash-flows. A budget provides a focus for the organization; aids the coordination of activities and facilitates control whereas control is generally exercised through the comparison of actual and flexible budget.

Owolabi *et al* (2020) defined budget as a quantitative expression of a plan of action prepared for the business as a whole for departments, for functions such as sales and production or for financial resource items such as cash, capital expenditure, manpower purchase, etc. The process of preparing and agreeing budgets is a means of translating the overall objectives of the organization into detailed, feasible plans of action. They opined that budgeting, is the only comprehensive approach to managing so far developed that, if utilized with sophistication and good judgment, fully recognizes the dominant role of the manager and provides a

framework for implementing such fundamental aspects of scientific management as management objectives, effective communication, participative management, dynamic control, continuous feedback, responsibility accounting, management by exception and management flexibility.

Budgeting, both at management level and operational level looks at the future and lays down what has to be achieved. Control checks whether the plans are being realized and put into effect corrective measures, where deviation or short-fall is occurring. (Munyao, 2009).) Egan emphasized that without effective controls, an enterprise will be at the mercy of internal and external forces that disrupts its efficiency, and be unaware; such enterprise will be able to combat such forces. When a budgeting and control system is in use, budgets are established which set out in financial terms, the responsibility of managers in relation to the requirement of the overall policy of the company.

Financial Performance

According to Hauner and Pieris (2015) stated that Financial performance is the capability of success of an authorized for specific timeframe and acknowledged as all-purpose achievements or loss suffered for that period as in appraisal. They defined the achievement as the administration's proficiency to succeed its goals using properties in an adequate and suitable system. The author concentrated on the administrator's duties is to manage assets in most proper and adequate system to achieve administrative goals, (Hauner & Pieris, 2015).

The successful assessment comprises of valuation of the amount of the success applying mixed approaches, (Hernando & Nieto, 2016). These writers used the two possible means of examination that are both quantitative and qualitative methods. Financial performance may be assessed by seeing elements of financial statements of equity adjustments. These elements support to identify the true picture of transaction related with items of elements of financial statements.

Moreover, all public institutions target at maximum level of productivity (Lee & Chen, 2015) but, a return did not indicate that institutions no other goals. Public institutions may bear extra socio-economic targets (Lee & Chen, 2015). However, the objectives of the present research is associated with the budgeting practices and financial performance (Kumbhar, 2012). To measure the financial performance of public institutions, most nature of ratio employed of return on assets, return on equity and other profitability essential elements (Kumbhar, 2012).

Empirical Literature

Budget planning and financial performance

The empirical review draws on both international and local studies. In a study conducted by Gupta and Jain (2016) on capital budgeting practices among SMEs in Haryana, it was found that only 12.5% of units in SMEs registered as private/public limited companies prepared capital budgets for making long-term investment decisions. The research also revealed that a majority of the surveyed units did not invest significantly in fixed assets after starting their business. Among the units that considered some aspects of capital budgeting, many did not prepare proper capital budgets from a technical standpoint.

The study further highlighted that 80% of the SMEs prepared capital budgets by prioritizing projects as either postponable or non-postponable. Among the SMEs reviewed, three-quarters used the Payback Period (PBP) method, while the remaining quarter utilized the accounting rate of return (ARR) method for evaluating capital budgeting projects.

Kimunguyi (2015) conducted an evaluation of how the budgetary process affected the financial performance of health sector NGOs in Kenya, employing the Priority Based Budgeting theory. The findings indicated a significant impact of the budgetary process on the financial performance of the NGOs. The study concluded that effective budgetary management practices positively influenced the financial performance of the NGOs.

Consequently, the researcher recommended that both the government and NGO management should collaborate to examine and implement regulations and policies that enhance budgetary management, ultimately leading to improved financial performance of NGOs.

In their study, Rabiu, Goni, Alhaji, and Aliyu (2015) investigated the impact of budgetary control on the performance of Tahir Guest House in Kano State, Nigeria. The researchers utilized both primary and secondary data sources, employing a questionnaire for the collection of primary data. Secondary data were obtained from Tahir Guest Palace financial statements spanning the period 2007-2012. The findings revealed that factors such as target budget setting, budget administration, and the budget process significantly influenced the firm's performance.

Salva and Jayamaha (2013) conducted an assessment to determine whether the budgetary process of the Apparel Industry in Sri Lanka had a significant impact on organizational performance. The researchers employed variables such as planning, coordination, control, communication, and evaluation to evaluate the budgetary process in the apparel industry. Return on Assets (ROA) was used as a metric to assess the performance of the apparel industry in Sri Lanka.

Based on the data extracted from financial statements, the researchers established a significant relationship between the budgetary process of firms and their performance. The study's conclusion suggested that apparel companies maintaining an effective budgetary process experience improved performance levels.

Warue and Wanjira (2013) investigated the budgeting process in small and medium-sized enterprises (SMEs) in the hospitality industry in Nairobi. The researchers adopted a descriptive research design for their study, targeting a population of 98,608 registered small enterprises within the Central Business District (CBD). From this population, a sample of 526 SMEs was selected.

The findings of the study indicated that the computerized accounting system made the highest contribution to the budgeting process, followed by firm size, participation of workers, skills and powers of managers, and ownership structure. As a recommendation, the study suggested that workers should be involved at all levels of the budgeting process.

Maritim (2013) conducted an evaluation of the relationship between budgeting processes and the financial performance of commercial and manufacturing Parastatals in Kenya. The study employed a descriptive research design and utilized questionnaires for data collection.

The study done Hamed, (2016) revealed that common budgeting practices among manufacturing Parastatals in Kenya included budget planning, budget participation, and budgetary sophistication. Furthermore, the researcher found that the participation of employees in the budgeting process enhanced the success in the actualization of budget plans. As a recommendation, the study suggested the implementation of a participatory budgeting process involving all cadres of staff through their sectional heads, ensuring that their views are incorporated in the budgeting process.

The contribution of budget control on financial performance

The study revealed that the top 100 SME firms in Kenya extensively practice budget control, as indicated by the aggregate mean of (M=3.97, SD= 0.751). The statements receiving the highest ratings were "The budget control starts from the lowest levels of management and is refined and coordinated at the higher levels" and "Budget control helps in understanding budget variance, which helps in dismissing some aspects and concentrating on important issues," with mean scores of (M=4.27, SD= 0.626) and (M=3.95, SD= 0.714) respectively, indicating a high extent of agreement. Also rated to a great extent was the statement that "Budget operational control in the firm involves evaluating the actual cost expenses against the plan and taking the corrective measures

necessary" with a mean score of (M=3.89, SD= 0.950). The least rated statement was that "Budgeting control enables the managers to align the actual results to the plan" with a mean score of (M=3.84, SD= 0.741). The recorded standard deviations indicate a difference of opinions among respondents regarding the extent to which budget control is practiced by the top 100 SMEs in Kenya.

The study done by Chando (2018) discovered that budgeting controls account for only 48.8% of the financial performance of the top 100 SME firms. In light of this finding, the management of these firms is strongly advised to remain vigilant and identify additional factors influencing their financial performance. This proactive approach will enable them to recognize new threats and opportunities in the ever-changing business environment. Additionally, management should consider seeking the expertise of consultants well-versed in the determinants of a firm's financial performance. Engaging such consultants can assist in addressing these factors promptly and effectively.

The study done by Serem (2017) concluded that there is a strong(R-value = 0.721) relationship between financial performance and budgeting processes, with financial performance accounting for 49% of the total variance in top 100 SME firms financial performance. Further, the study concluded that budget planning, budget control; budget coordination, budget communication and budgetary evaluation process have a positive effect which is significant to the financial performance of the top 100 SME firms in Kenya.

Joshi and Abdulla (2016) investigated certain aspects of budgetary control and performance valuation systems through a questionnaire survey of 42 medium and large-sized companies in the State of Bahrain. The study revealed that the conventional form of budget controllability principle was extensively practiced. The conclusion drawn was that the bonus is influenced by budget performance and new assignments, but not by salary.

The effects of budgetary participation on financial performance

Mwaura (2010) conducted an investigation into the impact of participatory budget setting and budget commitment on the performance of NSE-listed companies. The study utilized a causal research design to identify cause-and-effect relationships. The population of interest comprised 55 listed companies, with a focus on the 53 still in operation. Both quantitative and qualitative data were collected, and descriptive and content analysis techniques were employed. Descriptive statistical tools were used to describe the data and determine the extent of usage. Furthermore, to quantify the strength of the relationship between the variables, the researcher employed multiple regression. The study concluded that budgetary participation significantly affects return on capital employed and return on assets. Additionally, it was found that budgetary participation moderately affects return on investment and budget commitment.

According to Dahana and Ermawati, (2020), the value of the budget as a plan of what is to happen and as a standard against which actual performance will be measured, depends largely on whether and how skillfully this negotiation is conducted. When setting a budget, members of the organization are supposed to participate in defining explicit budgetary goals and to be involved in subsequent revisions to these goals with the management (Sudhashimi & Osamah, 2020). And when budget variance occurs, participation and discussion among different levels of management facilitate and enable accurately identifying the possible reasons for such variance and also the corresponding corrective actions to be taken. Therefore, budgetary participation (BP) refers to the involvement of managers in the budgetary process and their influence over the setting of budgetary targets (Ikenna; *et al*, 2017). Budgetary participation has always received considerable interest among researchers.

The relationship budgeting practices and financial performance of public institutions

The correlation between Organizational effectiveness and Planning was 0.9927, the correlation between Organizational effectiveness and Monitoring and Control was 0.9111, the correlation between Organizational effectiveness and Evaluation was 0.9775, the correlation between Organizational effectiveness and Adequate availability of financial resources was 0.9183, the correlation between organizational effectiveness and cost reduction was 0.8437 and lastly the correlation between organizational effectiveness and performance was 0.9273 (Gacheru,.2012).

The study Epstein (2018) analysis reveals that the coefficient of determination (R square), representing the percentage of variation in the dependent variable explained by changes in independent variables, is 0.326. This indicates that 32.6% of the total variation in organizational effectiveness can be attributed to variations in planning, monitoring and control, evaluation, sufficient financial availability, cost reduction, and performance. Additionally, the Analysis of Variance (ANOVA) was employed to assess For effective budgetary control, it is imperative that financial resource allocation is grounded in programs and plans (Nyageng'o, 2013).

Planning demonstrates a highly favorable correlation (0.993) with organizational effectiveness, underscoring its crucial role. Moreover, it is essential to establish clear result targets, aligning budgetary goals and objectives with programs. Consensus-building among stakeholders is valuable in making decisions aligned with budgeted plans and programs. This collaborative approach aids in identifying the necessary resources to attain objectives and goals (Nickson and Mears,2012).The study identified a positive correlation (0.9183) between the adequate availability of financial resources and organizational effectiveness.

The budgeting system, encompassing long-range, strategic, and short-term planning, plays a pivotal role in this process. Advocates for budgeting argue that it facilitates resource allocation, operational coordination, and serves as a metric for performance measurement. This sentiment is echoed by Mwaura (2010), who emphasizes budgeting as the most widely utilized technique for planning and control purposes.

Effective budget monitoring, particularly through budget reviews, is crucial as it facilitates necessary budget adjustments, as evidenced by a correlation of 0.9111. This process enables continuous evaluation of budget variances by comparing actual performance against the budgeted figures. In the context of budget conferences, any disparities between actual and budgeted performance are thoroughly examined and explained (Karanja, 2011).

However, the study indicates significant negative perceptions among staff regarding monitoring and control in non-governmental organizations (NGOs). A substantial majority expressed uncertainty about the implementation of monitoring and control measures. Notably, the agreement on budget priorities and the conduct of budget reviews, essential for determining budget variances, were found to be lacking in the budget conference processes. This highlights potential areas for improvement in ensuring effective budgetary oversight and control within NGOs.

Marcormick and Hardcastle (2011) argue that financial control and monitoring play a crucial role in ensuring the efficient and cost-effective implementation of programs within a framework of accountability. This approach, coupled with continuous program implementation, contributes to improved budget implementation in alignment with agreed-upon plans. The emphasis on financial control and monitoring underscores the importance of oversight mechanisms in achieving both effectiveness and fiscal responsibility in program execution.

Critical review and research gap Identification

Budgeting and Financial Management have been at the core of economic reform programs in most nations around the world, (Nqobile & Ogo, 2019). They have also been the principal instruments of transformation and restructuring of public sector organizations. With the growing challenges posed by financial mismanagement and budgeting, the need for enhanced budgeting processes and innovative financial management techniques are increasingly felt in developing countries and transition economies. Budgets can be used to allocate funds optimally by funding projects that promise the highest returns which indicates the financial performance to the project (Sulaymonov, 2018).

There has been a variety of previous studies with many focusing on budgeting practices of private sector organizations and their effect on performance while others have dwelt on specific aspects of budgeting. Ikenna; *et al*, (2017) found that difficult goals generate higher performance than setting specific moderate goals, specific easy goals, and general goals. Oanh and Nguyen (2020) believed that a "tight but attainable" budget approach is the most effective way to motivate managers to perform better. They found that management budgeting systems led to effective managerial decisions

Owolabi; *et al,* (2020) examined the budgetary control and financial performance of insurance companies in Nigeria. They concluded that the need for these performance resulted in the principals' role changing to a management role and the teaching staff having to spend more time on measuring and quantifying what they do. Of more relevance are the papers that focus on secondary education and the consequential effect of the budgetary practices. Consequently, due to the lack of research into the relationship between budgetary practices and performance in the public organizations, this research's objective is to document the relationship between the budgeting practices and performance at Rwanda Social Security Board as one of the emphatic Rwandan government financial institutions.

The RSSB is a key player in the management of social security funds. To play this role effectively places it in a unique position where it has to ensure competitive sourcing of services, and an effective funds management strategy that will result into optimal finance costs. Several studies have been conducted on budgeting region wide organizations, with many focusing on budgeting practices of private sector organizations while others have dwelt on specific aspects of budgeting. Ndakengerwa, (2013) conducted a case study on the National Budget System and its Effectiveness on Public Financial Management within Ministries in Rwanda, which are a public institutions. To the best of the researcher's knowledge, no study has been carried out on the relationship between budgetary practices applied by the Rwandan government financial institution and their effect on performance. This study seeks to bridge this research gap by focusing on the relationship between budgeting practices and performance at RSSB.

Theoretical framework

Traditional verses modern theory to budgeting

The traditional theory to budgeting usually focuses on a fixed timed period, usually coinciding with the company's fiscal year. Forecasting values remain static, and are not changed during the life of the budget-cycle (Bryan, 2010). Nqobile and Ogo (2019) further emphasized the forecasting process as the core differentiating element between traditional and modern theory. The traditional incremental budgeting process begins with last year's continuing budget figures as the base budget. These numbers are then adjusted to reflect inflation, growth, changing conditions and other information gathered from financial forecasts for the upcoming fiscal year (Ikenna; *et al,* 2017). Goals according to which performance evaluation is completed are set top-down. Senior management for example sets performance objectives such as revenue and

profitability ratios and imposes these goals on the rest of the organization (Ikenna; *et al*, 2017).

Modern budgeting creates a rolling budget. A budget that is continuously updated so that the time frame remains stable while the actual period covered by the budget changes. As each month passes, a one-year rolling budget would be extended by one month so that there would always be a one-year budget in place, (Owolabi; *et al,* 2020). Forecasting values remain flexible. Budgeted revenues and costs are adjusted during the budget period according to predetermined variances between the budgeted and actual output and revenue (Bryan, 2010).

The key difference in forecasting is signified through the employed zero-based budgeting (ZBB) theory. According to Bryan, (2010), ZBB or just in-time budgeting, tries to counter today's extreme uncertainty. Zero Based BudgetinG was developed during the inflationary environment of the mid-1970s to avoid the trap of only building up upon last year's budget, as traditionally done (Owolabi; *et al*, 2020). Thereby the budgeting process begins from the ground up, as though the budget was being prepared for the first time. ZBB employs a "bottom-up" theory. This method starts with a bas e budget of zero and calculates the costs of running each program from scratch. On an annual basis, each cost associated with running a program must be justified before it can be included in the budget.

In theory, it is expected that modern budgeting approach should result in a better performance, both financial and non-financial. Traditional accounting literature stresses the technical and rational roles of budgeting in organization. They view budgeting as a technical process to reflect and promote rationality in decision-making or as a technical device for coping with an objective world and to rationally foster efficiency, order, and stability (Bryan, 2010). Accordingly, the rational level of budgeting decisions is based on the degree of information accuracy.

Owolabi; *et al* (2020) however, stated that the adoption of more sophisticated budgeting, including greater use of computer, technical staff, and financial modeling, enhances the correctness of budgetary plan, and in turn, results in higher performance in firms.

Psychological theories state that the opportunity given to subordinates through participation in budgeting process can stimulate their motivation and commitment with budget-setting, which in turn improves the subordinates' job satisfaction and performance. They state that participation enhances a subordinate's trust, sense of control and ego-involvement with the organization, which leads to more acceptance and commitment to the budget decisions and in turn lead to improved performance, (Owolabi; *et al*, 2020).

Conceptual framework

According to Dickson; *et al* (2018), a concept is an abstract or general idea inferred or derived from specific instances. A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. They defined a conceptual framework as hypothesized model identifying the relationship between the dependent and independent variables. They defined an independent variable also known as the explanatory variable which is the presumed cause of the changes of the dependent variable, while a dependent variable refers to the variable which the researcher wishes to explain.

The goal of a conceptual framework is to categorize and describe concepts relevant to the study and map relationships among them. Such a framework would help researchers define the concept, map the research terrain or conceptual scope, systematize relations among concepts, and identify gaps in literature, (Dickson; *et al*, 2018)

This diagram illustrated below shows the components of budgeting practices such as established broad goals to guide government decision making; develop approaches to achieve goals; develop a budget consistent with approaches

to achieve goals and lastly evaluate performance and make adjustments as per below figure 1.

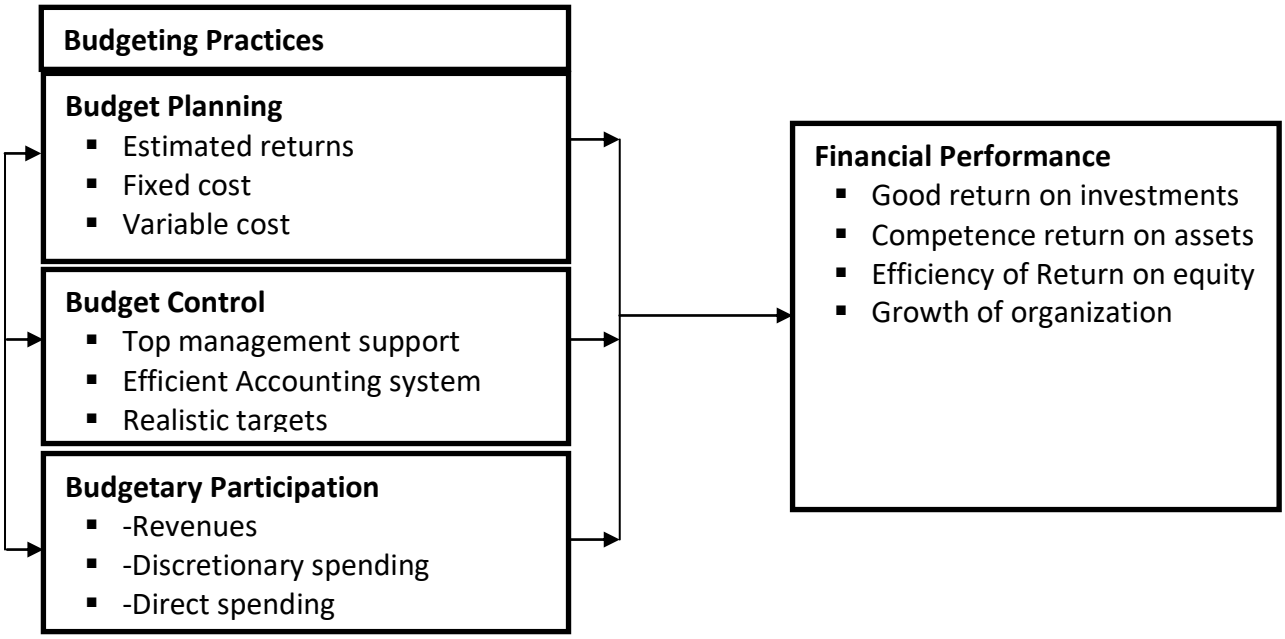

Figure 1 Conceptual Framework

METHODOLOGY

Research Design

This study used a descriptive research design to investigate the relationship between budgeting practices and financial performance, outlining the plan for collecting and analyzing data to achieve the research objectives. The quantitative method was employed to analyze and interpret the findings, with a confidence level of 95%. According to Phyllis (2014), a correlational research design involves assessing the relationship between dependent, independent, and intervening variables. It relies on evidence to determine if a significant relationship exists between two variables, making it possible to estimate one variable based on the available evidence for other variables. Through this analysis, the study examined the correlation between variables and the ways in which they affect the dependent variable (Phyllis, 2014).

Cooper and Schindler (2011) defined descriptive studies as those aiming to explain a phenomenon, estimate a proportion of a population with similar characteristics, and ascertain the relationship between variables under study. In the quantitative approach, the research collected data using questionnaires in the form of numbers from the Rwanda Social Security Board (RSSB) head office.

Target Population

The target population in statistics refers to the specific population about which information is desired. According to Hamed (2016), a target population is a well-defined set of people, services, elements, events, groups of things, or households that are being investigated. The target population for this study comprises 150 staff and managers of the Rwanda Social Security Board (RSSB) Head office. The study chose to include both staff and managers because they are the individuals responsible for the finance and contributions department at the Rwanda Social Security Board (RSSB).

Sampling Design

Sampling Size

A sample size of 110 respondents was determined from a total population of 150 individuals using Solvene's formula. The researcher employed the stratified random sampling technique to select the respondents. This technique ensures that different

groups of a population are adequately represented in the sample. In this section of the sampling design, the researcher focused on strategies related to sampling techniques for easy access to the right data from respondents.

$$n = \frac{N}{1 + N\,(e)^2}$$

Where n = Sample size, e= probability of error (i.e., the desired precision, e.g., 0.05 for 95% confidence level), N= Target population, $n = \frac{150}{1+150(0.05)^2} = 110$

The formula resulted 110 employees as sample size of target population of 150 employees of RSSB Head Office. The table 1 indicates both target population and sample size.

Table 1: Sample Size Determination

Area of Operation	Target population	Sample size
Directors	8	6
Senior Managers	30	16
Middle Managers	32	18
RSSB HQ Staff	80	70
Total	**150**	**110**

Source: RSSB Head Office (2022)

Sampling techniques

The sampling technique is a set of methods and a list of all the population subjects that the researcher targeted during the study. Using Slovene's formula, the proportions of the sample size for the computed sample strata are shown in Table 1. The researcher used stratified and random sampling techniques as defined.

Data collection methods

Data collection instruments

The researcher used a structured questionnaire written in easy language to facilitate the accumulation of specific statistics. It was a combination of interconnected questions designed in a definite order to collect findings from the sample size of the study. Importantly, it included both open and closed-ended questions directed to the respondents. For closed-ended questions, respondents were given different alternatives to choose from, while open-ended questions required respondents to provide their personal opinions according to the research variables.

A preliminary test was conducted on the data collection tools and procedures to identify potential problems. This test took place at RSSB, where questionnaires were administered to selected staff and managers. The filled questionnaires were later checked for consistency.

The pilot study enabled the researcher to become familiar with the research and its administration procedures, as well as identifying items that required modification. The results helped the researcher correct inconsistencies arising from the instruments to ensure that the instruments measured what was intended to be measured.

Procedures of Data Collection

During data collection, the researcher distributed the questionnaires to respondents after a well-explained presentation of the study objectives to them. The researcher waited at least 5 working days. The sample size was 110 respondents, and the researcher distributed the 110 questionnaires, actively following up and asking respondents to ensure that all given structured questionnaires were answered.

Validity

This study certified that the tools utilized to collect findings were logical, comprehensible, truthful, and appropriate. A validity index of 70% and above indicated a suitable validity coefficient. According to Hamed (2016), the validation instruments were recognized through the help of the departmental controller and other faculty specialists in the field of development studies who examined the study tools. Some modifications were made, especially in

the relevancy of the tools against the research objectives.

Reliability

According to Hamed (2016), reliability was concerned with the level to which the ration would yield consistent outcomes each time it was applied under the same circumstances with a correct representation of the study population. The tools were pre-tested applying the pilot method. The furthermost applied internal consistency measure was the Cronbach Alpha Coefficient. It was observed at the suggested quantity of reliability when Likert scales were used. There were no absolute rules existing for internal consistencies; most accepted a minimum internal consistency coefficient of 0.7. On the other hand, it was suggested that reliability should be equal to or above 0.6. There were four cutoff points for reliability, which contained excellent reliability (0.9 and above), high reliability (0.7-0.9), moderate reliability (0.5-0.7), and low reliability (0.5 and below).

Data Analysis Procedure

Data analysis was the process of processing data to derive meaningful information (Hamed, 2016). After data had been collected through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing, and keying into Statistical Package for Social Sciences (SPSS) software version 21 for analysis. SPSS software was used to produce frequencies in tables for interpretation. The study used inferential statistics, specifically correlation and regression analysis. The multiple linear regression analysis was applied, and the following formula was used;

$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \mu$

Y= Dependent variable – Financial Performance

α = Constant

μ= Error term which is assumed to be normally distributed with mean zero and constant variance

βi: i =1,2,3 = The Coefficients representing predictors variables

B0= The Y intercept

Xi: i=1, 2,3= Values of various independent variables; X1= budget planning, X2= budget control, and X3= budgetary participation.

Ethical Consideration

During the procedure of carrying out the study, the names and registration numbers of respondents were not recorded. The researcher ensured that the information given by respondents was well-kept with the highest level of confidentiality and used innocently for only academic purposes. The researcher was issued a data collection letter from the University, and the letter was submitted to the office of Rwanda Social Security Board. The researcher requested approval from them as official permission to conduct a research project. The two copies of the letter were reflected in the appendices of the final research project.

FINDINGS AND DISCUSSION

The data for this research were collected using a self-administered questionnaire, and 110 questionnaires were given to respondents. This resulted in a response rate of 100%, which was considered adequate for drawing conclusions.

This part includes the identification of RSSB staffs as gender, age, education, working experience as shown in table below;

Table 2: Distribution of Gender

I terms	Frequency	Percent
Male	41	37.3
Female	69	62.7
Total	110	100.0

Source: Primary data,2023

The table titled "Distribution of Gender" provides a comprehensive overview of the gender distribution within the context of budgeting practices and financial performance of public institutions in

Rwanda, with a specific focus on the Rwanda Social Security Board. The data presented in the table is organized into three categories: Male, Female

According to the table, out of the total sample size of 110 individuals, 41 are identified as male, representing 37.3% of the population under consideration. On the other hand, 69 individuals are classified as female, constituting 62.7% of the total population.

The distribution of gender within the Rwanda Social Security Board is a crucial aspect to consider in the broader discussion of budgeting practices and financial performance. Understanding the gender composition of the workforce is essential for various reasons, including but not limited to addressing issues of gender equity, promoting diversity and inclusion, and assessing potential impacts on organizational dynamics.

The fact that females constitute a larger percentage (62.7%) of the total population under study suggests that women play a significant role within the Rwanda Social Security Board. This observation could have implications for understanding the diversity of perspectives, skills, and experiences that contribute to the overall functioning of the institution.

It's important to note that the distribution of gender within an organization can have implications for decision-making processes, organizational culture, and overall performance. For instance, a diverse workforce is often associated with increased innovation and problem-solving capabilities.

In the context of budgeting practices and financial performance, understanding the gender distribution is relevant as it can influence how financial decisions are made, resources are allocated, and policies are developed. Organizations that prioritize gender diversity are more likely to benefit from a range of perspectives that can enhance their ability to adapt to changing circumstances and make informed financial decisions.

In this context, the "Distribution of Gender" table provides valuable insights into the gender composition of the Rwanda Social Security Board, contributing to a more comprehensive understanding of the organizational dynamics within the context of budgeting practices and financial performance in public institutions in Rwanda.

Table 3:Respondent's view on education level

I terms	F	%
Certificate A2	11	10.0
Diploma A1	9	8.2
Bachelor A	36	32.7
Masters	42	38.2
PhD	12	10.9
Total	110	100.0

The table 3 indicates the respondent's View on Education Level" provides a detailed breakdown of the educational qualifications of respondents within the scope of the study on budgeting practices and financial performance of public institutions in Rwanda, with a specific emphasis on the Rwanda Social Security Board. The data is presented in five categories: Certificate A2, Diploma A1, Bachelor A, Masters, and PhD.

According to the table, the largest proportion of respondents hold a Master's degree, constituting 38.2% of the total sample size of 110 individuals. Following closely, those with a Bachelor's degree make up 32.7% of the respondents. The distribution of education levels also includes 10.9% with a PhD,

10.0% with a Certificate A2, and 8.2% with a Diploma A1.

The diversity in educational qualifications among the respondents is significant as it reflects a range of expertise and knowledge levels within the Rwanda Social Security Board. The prevalence of Master's and PhD holders suggests a high level of educational attainment among the respondents, potentially indicating a well-educated and specialized workforce within the institution.

The distribution across various education levels is essential to consider when exploring the relationship between education and perspectives on budgeting practices and financial performance. Higher educational qualifications, such as Master's and PhD degrees, may bring a deeper understanding of financial principles, strategic planning, and policy analysis, influencing decision-making processes within the organization.

Furthermore, the presence of respondents with Certificate A2 and Diploma A1 qualifications indicates a diverse workforce, incorporating individuals with different levels of formal education. This diversity can contribute to a multifaceted approach in addressing financial challenges and developing budgeting strategies within the Rwanda Social Security Board.

The table provides valuable insights into the educational diversity of the respondents involved in the study. The distribution across various education levels, from Certificate A2 to PhD, underscores the importance of considering a broad spectrum of perspectives and expertise when evaluating budgeting practices and financial performance within public institutions, particularly the Rwanda Social Security Board.

Table 4: Working Experience

I terms	F	%
Less than 2 years	35	31.8
2-5 years	37	33.6
More than 5 years	38	34.5
Total	110	100.0

The table titled "Working Experience" offers a detailed breakdown of the working experience of respondents within the context of the study on budgeting practices and financial performance of public institutions in Rwanda, specifically focusing on the Rwanda Social Security Board. The data is categorized into three groups: Less than 2 years, 2-5 years, and More than 5 years.

According to the table, the largest group of respondents, constituting 34.5% of the total sample size of 110 individuals, has more than 5 years of working experience. This is closely followed by 33.6% of respondents who have accumulated 2-5 years of working experience, and 31.8% with less than 2 years of experience.

The distribution of working experience among respondents is crucial when examining their perspectives on budgeting practices and financial performance. Individuals with more than 5 years of experience may bring a wealth of institutional knowledge and historical context to their views, potentially providing insights into long-term trends and challenges faced by the Rwanda Social Security Board.

On the other hand, respondents with 2-5 years of experience might offer a balance between fresh perspectives and a growing understanding of the organization's operations. Those with less than 2 years of experience may provide insights into more recent developments, changes, and innovations within the institution.

The varied distribution across different experience levels also suggests a mix of seasoned professionals and individuals who are relatively new to their

roles. This diversity in experience levels can contribute to a dynamic organizational culture, fostering collaboration and knowledge sharing among employees with varying levels of expertise.

In conclusion, the "Working Experience" table adds a layer of depth to the understanding of the respondents involved in the study. It highlights the diverse range of experience levels within the Rwanda Social Security Board, indicating that the perspectives on budgeting practices and financial performance are likely influenced by a combination of historical knowledge and fresh insights from individuals at different stages of their professional journeys.

Presentation of Findings

This part includes specific objectives; to investigate the role of budget planning on financial performance at Rwanda Social Security Board. To examine the contribution of budget control on financial performance at Rwanda Social Security Board and to determine the effects of budgetary participation on financial performance at Rwanda Social Security Board and to establish relationship budgeting practices and financial performance of public institutions at Rwanda Social Security Board.

Budget planning and financial performance

The objective of budget planning and financial performance is to effectively manage an organization's financial resources to achieve its goals and objectives. This involves creating a detailed plan that outlines expected income and expenses over a specific period, typically a fiscal year. The budget serves as a roadmap for allocating resources and helps in making informed financial decisions.

Table 5: Budget planning and financial performance

I terms	Mean	Std. Deviation
We prepared long term budgets (Capital budgets)	4.36	.554
We prepare Budgets from Strategic plans	4.27	.985
We prepare short term budgets to guide day to day operations	4.18	.780
We develop master budget from separate interdependent budgets	4.53	.585
Capital projects are evaluated and selected based on value maximizing acceptance criterion	4.10	.985

Source: Primary data, 2023

Table 5 indicates the budget planning and financial performance. In the realm of budget planning and financial performance, a survey was conducted to gauge respondents' perspectives on various practices. The first aspect, preparation of long-term budgets (Capital budgets), received an average rating of 4.36 with a relatively low standard deviation of 0.554. This suggests a generally positive consensus among respondents, indicating that organizations are proficient in crafting long-term financial plans.

Moving on to the preparation of budgets from strategic plans, respondents provided an average rating of 4.27, though the higher standard deviation of 0.985 implies a more diverse range of opinions. While the overall sentiment is positive, there appears to be a broader spectrum of views regarding the alignment of budgets with strategic plans.

Regarding the utilization of short-term budgets to guide day-to-day operations, the mean was 4.18, and the standard deviation was 0.780. This suggests a moderate level of agreement among respondents, indicating that while there is a positive perception of short-term budget effectiveness, there is some variability in how this is perceived across the surveyed group.

The development of a master budget from separate interdependent budgets received the highest mean

in the table at 4.53, coupled with a low standard deviation of 0.585. This indicates a strong consensus among respondents, suggesting that organizations excel in creating a comprehensive master budget from interconnected components.

Lastly, the evaluation and selection of capital projects based on value-maximizing acceptance criteria received an average rating of 4.10, accompanied by a standard deviation of 0.985. While the sentiment is positive, the higher standard deviation implies a greater diversity of opinions among respondents, indicating varying perspectives on the effectiveness of this particular financial practice. In summary, the survey highlights notable strengths in master budget development and long-term budgeting, with more varied opinions on short-term budgeting and capital project evaluation.

Budget control and financial performance

The objective of budget control and financial performance is to ensure the effective management and optimization of an organization's financial resources. Budget control involves the meticulous monitoring and regulation of expenditures and revenues in accordance with the predetermined budget. This process enables a real-time assessment of actual financial outcomes against the planned budget, facilitating the identification of any variances. Concurrently, financial performance serves as a comprehensive evaluation of how efficiently an organization utilizes its financial assets to meet its objectives.

Table 6: Budget control and financial performance

I terms	Mean	Std. Deviation
We review budget quarterly	4.2545	.999
We analyze budget variances	4.2455	.796
We take corrective measures on budget variances	4.3455	.477
Before expenditure is incurred, it is approved by a budget officer	4.4364	.583
Before budgets are implemented, they are approved by the board of directors	4.4909	.570

This table indicates the responses on budget control and financial performance.
In the domain of budget control and financial performance, a comprehensive survey was conducted to gather insights into various practices. The first aspect, the quarterly review of budgets, received an average rating of 4.2545, suggesting a generally positive sentiment. However, the relatively high standard deviation of 0.999 indicates a diverse range of opinions among respondents, hinting at differing perspectives on the effectiveness of quarterly reviews. This variability may be attributed to different organizational contexts and approaches to budget management.

The analysis of budget variances garnered a mean of 4.2455, indicating a collective agreement on the importance of scrutinizing deviations from the budgeted figures. While the standard deviation of 0.796 suggests a more moderate level of variability compared to quarterly reviews, it still points to some diversity in how organizations approach the analysis of budget variances. The nuanced opinions on this aspect may reflect variations in the significance assigned to budget variances across different industries or organizational structures.

Taking corrective measures on budget variances emerged as a particularly positively rated practice, with a mean of 4.3455 and a low standard deviation of 0.477. This suggests a high level of consensus among respondents regarding the efficacy of implementing corrective actions. The narrow range of opinions implies that organizations generally view corrective measures as an integral part of effective budget control, contributing to enhanced financial performance.

The practice of pre-approval by a budget officer before incurring expenditures received a mean of 4.4364, indicating a favorable perception among respondents. The standard deviation of 0.583 suggests a moderate level of agreement, hinting at a relatively uniform understanding of the importance of securing budget officer approval before expenses are incurred. This aligns with established best practices in financial governance.

The highest mean in the table was attributed to the practice of board approval before budget implementation, with a mean of 4.4909 and a standard deviation of 0.570. This signifies a strong consensus among respondents on the critical role of board approval in the budget implementation process. The low standard deviation implies a high degree of uniformity in recognizing the significance of board involvement in financial decision-making, highlighting a shared understanding of governance principles within the surveyed group. In conclusion, while there is general agreement on the importance of budget control measures, the variability in opinions reflects the nuanced nature of financial practices across diverse organizational contexts.

Budgetary participation and financial performance

The relationship between budgetary participation and financial performance is a topic often explored in organizational studies and management research. Here are some key points that highlight the connection between these two elements:

Table 7: Budgetary participation and financial performance

Iterms	Mean	Std. Deviation
Members of the organization participate in defining budgetary goals	4.3273	.54367
Budget estimates come from functional heads of departments	4.3364	.63934
Budget estimates are negotiated between subordinates and superiors	4.3455	.53220
Members of the organization participate in budget variance analysis and propose corrective measures	4.2818	.60778
Members of the organization participate in revising budgetary goals	4.4909	.57062

The table under scrutiny illuminates key aspects of budgetary participation and its perceived impact on financial performance, employing mean values and standard deviations for nuanced analysis. The first dimension, involving members in defining budgetary goals, yields a mean of 4.3273 with a moderate standard deviation of 0.54367. This suggests a positive consensus among respondents regarding member engagement in goal-setting, as reflected in the shared perspective on its importance.

Moving to the second aspect, budget estimates from functional heads of departments garner a mean of 4.3364 and a higher standard deviation of 0.63934. The positive mean indicates favorable views, yet the elevated standard deviation implies a more diverse range of opinions within the surveyed group, highlighting variability in perceptions of the involvement of functional heads in the budgeting process.

The third dimension, negotiating budget estimates between subordinates and superiors, showcases a mean of 4.3455 with a low standard deviation of 0.53220. This suggests a strong consensus and consistent viewpoint among respondents regarding the positive impact of negotiation in the budgeting process.

Moving to budget variance analysis and proposing corrective measures, the mean of 4.2818 indicates a positive perception, while the moderate standard deviation of 0.60778 points to some variability in opinions. This reveals a range of perspectives on the effectiveness of involving members in these aspects of financial management.

The final dimension, involving members in revising budgetary goals, stands out with the highest mean

of 4.4909. The moderate standard deviation of 0.57062 implies a moderate level of agreement among respondents on the importance of member involvement in revising budgetary goals.

The survey results collectively paint a positive picture of budgetary participation across diverse dimensions. Strong consensus exists on involving members in revising budgetary goals and negotiating budget estimates. However, variability in opinions is observed, particularly in the involvement of functional heads in providing budget estimates, as elucidated by the standard deviations. These findings offer valuable insights into the level of consensus or diversity of perspectives within the surveyed group.

Financial Performance of Rwanda social security board

The objective of assessing the financial performance of the Rwanda Social Security Board (RSSB) is to evaluate how well the organization is managing its financial resources and achieving its financial goals. This analysis involves a comprehensive examination of the financial statements, reports, and other relevant financial indicators. The key objectives in evaluating the financial performance of RSSB may include:

Table 8: Financial Performance

I terms	Mean	Std. Deviation
RSSB has the good return on investments	4.3273	.54367
RSSB has an competence return on assets	4.3636	.55401
RSSB has good return on equity	4.3545	.53478
RSSB has an efficiency profitability	4.2818	.60778

Source: Primary data, 2023

The financial performance of RSSB is comprehensively assessed through mean values and standard deviations across four key dimensions, each shedding light on different facets of the organization's fiscal health.

Firstly, RSSB's return on investments is reported with a mean of 4.3273 and a standard deviation of 0.54367. The mean indicates an optimistic sentiment among respondents, reflecting a commendable performance in generating returns. However, the moderate standard deviation implies a diversity of opinions, suggesting that while there is a consensus on positive perception, individual viewpoints may vary.

Secondly, RSSB's competence in return on assets is evaluated, yielding a mean of 4.3636 and a standard deviation of 0.55401. This suggests a favorable outlook regarding the organization's efficiency in utilizing assets to achieve positive returns. The slightly higher standard deviation compared to return on investments indicates a more varied range of opinions within the surveyed group.

Thirdly, RSSB's return on equity is examined, revealing a mean of 4.3545 and a standard deviation of 0.53478. The positive consensus on the organization's ability to generate good returns on equity indicates a shared perception of financial strength. Similar to return on investments, there is a moderate level of agreement among respondents, but with some variability in individual opinions.

Lastly, the efficiency of RSSB's profitability is assessed with a mean of 4.2818 and a standard deviation of 0.60778. The positive overall perception implies a belief that the organization manages its profitability effectively. However, the slightly higher standard deviation suggests a more diverse range of opinions on the efficiency of RSSB's profitability.

The data depicts a generally positive perception of RSSB's financial performance, supported by mean values and nuanced by standard deviations. While there is consensus on favorable views, the variability in opinions underscores the complexity of assessing financial performance, providing valuable

insights for a more thorough understanding of respondent perspectives.

Those are financial performance of rssb in different years as well as the following; The financial statement for RSSB (presumably an entity) provides a comprehensive overview of its financial performance and position for the year ending in 2023, with a comparative analysis against the preceding year, 2022.

In terms of dealings with members, contributions from members amounted to Frw'millions 347,631 in 2023, compared to Frw'millions 284,444 in 2022. Conversely, benefits paid to members totaled Frw'millions (167,115) in 2023, as opposed to Frw'millions (143,583) in 2022. The net result from dealings with members showed a positive value of Frw'millions 180,516 in 2023, indicating a growth from the Frw'millions 140,861 recorded in 2022.

Returns on investments played a significant role, with investment income reaching Frw'millions 124,718 in 2023, compared to Frw'millions 95,128 in 2022. The detailed breakdown of changes in the fair value of financial assets, realized gains and losses on asset disposal, impairment losses, and investment management expenses resulted in net returns on investments amounting to Frw'millions 105,566 in 2023, slightly lower than the Frw'millions 106,620 reported in 2022.

Grants contributed Frw'millions 9,526 in income in 2023, reflecting an increase from Frw'millions 8,835 in 2022. Additionally, other income rose to Frw'millions 12,178 in 2023, compared to Frw'millions 8,056 in the previous year.

Expenditures were detailed in various categories, including staff costs, administrative expenses, depreciation and amortization charges.

The Statement of Financial Position for RSSB offers a detailed overview of the organization's financial standing, presenting a snapshot as of 2023 alongside a comparative analysis with the preceding year, 2022. This document delineates the distribution of assets, liabilities, and net assets available for benefits, providing valuable insights into the financial health and growth trajectory of the entity.

In terms of assets, the report outlines a diversified portfolio encompassing property and equipment, intangible assets, investment properties, equity investments, government and corporate bonds, and various financial instruments such as treasury bonds, bills, and commercial papers. Notably, there are substantial increases in the values of equity investments and various bonds from 2022 to 2023, underscoring the entity's active engagement in financial markets.

Loans and advances to third parties, along with other assets, further contribute to the comprehensive list of holdings. The organization also maintains significant amounts in deposits with financial institutions and holds substantial cash and bank balances, reinforcing its liquidity position. The total value of assets stands at Frw'millions 2,059,327 in 2023, reflecting substantial growth from the Frw'millions 1,776,413 recorded in 2022.

On the liability side, the statement delineates amounts retained on construction contracts, benefits payable, and other payables, including deferred income. The total liabilities amount to Frw'millions 57,812 in 2023, compared to Frw'millions 51,415 in 2022. This indicates the obligations and financial commitments of the organization.

The net assets available for benefits, a crucial metric indicating the organization's financial strength, amount to Frw'millions 2,001,515 in 2023, displaying notable growth from Frw'millions 1,724,998 in 2022. This net figure is composed of various components, including capital, retained earnings, accumulated member funds, and reserves such as the revaluation reserve, fair value reserve, unallocated pension contributions reserve, statutory reserves, and Ejo Heza member savings. The Statement of Financial Position paints a comprehensive picture of RSSB's financial landscape, portraying its asset diversity, obligations,

and the net assets available for fulfilling its commitments and providing benefits to its members. The positive growth trends underscore the organization's financial stability and strategic engagement in various financial instruments and markets.

The Statement of Changes in Members' Funds and Reserves for RSSB delineates the financial transformation spanning from July 1, 2021, to June 30, 2022. Throughout this period, key components underwent notable shifts. The capital remained steady at Frw 1,232, while occupational hazard reserves experienced a decrease from Frw 88,780 to Frw 75,732. Pension reserves saw a significant growth from Frw 615,973 to Frw 727,527, and accumulated member funds and retained earnings surged from Frw 711,207 to Frw 816,494. Ejo Heza member funds also witnessed an increase from Frw 14,837 to Frw 27,656. However, the fair value reserve decreased from Frw (30,281) to Frw (20,590), while the revaluation reserve maintained its value at Frw 85,688. The unallocated pension contributions reserve exhibited a slight increase from Frw 1,910 to Frw 1,964. Consequently, the total reserves and member funds culminated at Frw 1,724,998 by the end of June 2022.

In the subsequent period, spanning from July 1, 2022, to June 30, 2023, the capital retained its value at Frw 1,232. Occupational hazard reserves experienced a modest increase from Frw 75,732 to Frw 78,522, while pension reserves demonstrated substantial growth from Frw 727,527 to Frw 855,678. Accumulated member funds and retained earnings showcased a significant rise from Frw 816,494 to Frw 968,067, and Ejo Heza member funds increased from Frw 27,656 to Frw 38,835. However, the fair value reserve experienced a decrease from Frw (20,590) to Frw (37,837). The revaluation reserve maintained its value at Frw 94,982, and the unallocated pension contributions reserve increased from Frw 1,964 to Frw 2,036. This cumulative effect resulted in total reserves and member funds reaching Frw 2,001,515 by June 30, 2023.

The intricacies of this statement unveil the strategic financial decisions and adjustments made by RSSB, reflecting both the stability and dynamism within the organization's financial structure. The nuanced changes in each category underscore the entity's prudent management of funds and its commitment to optimizing financial resources to better serve its members.

The Statement of Cash Flows for RSSB outlines the organization's cash movements during the fiscal years 2023 and 2022, categorizing them into operating and investing activities.

Cash Flows from Operating Activities:The operating activities section begins with the net increase in net assets for the year, amounting to Frw 276,442 in 2023 and Frw 233,742 in 2022. Adjustments include depreciation and amortization, investment income, realized losses on disposal of assets, changes in fair value of equity investments and investment properties, write-backs/write-offs, foreign exchange losses, government grants, and impairment provisions.

Notable adjustments include a substantial change in fair value of equity investments, a decrease in investment income, and the impact of government grants. Adjustments of opening balances, in-kind expenditures, and income are also factored in. Operating income for changes in working capital, involving increases in advances to contractors, other assets, and medical/maternity claims payables, as well as decreases in inventory and other payables, contributes to net cash flows from operating activities, totaling Frw 160,448 in 2023 and Frw 120,809 in 2022.

Cash Flows Used in Investing Activities:The investing activities section covers dividend and rent income received, purchases for investment property under construction, acquisitions of property and equipment, intangible assets, investment properties, equity investments, and corporate bonds. Proceeds from the disposal of equity investments and receipts from the settlement of corporate bonds are also included.

In 2023, significant amounts were spent on the purchase of equity investments and investment properties, amounting to Frw 86,948 and Frw 27,155, respectively. Conversely, proceeds from Treasury bond interest and maturities, as well as from Treasury bill and commercial paper maturities, contributed positively to cash flows.

These detailed disclosures in the Statement of Cash Flows provide a transparent overview of how RSSB generated and utilized cash during the specified periods, shedding light on its operational efficiency, investment strategies, and overall financial health.

As of June 30, 2022, the financial position of the schemes within RSSB is presented through a comprehensive breakdown of fair values and carrying amounts for various financial assets and liabilities.

In terms of financial assets, the schemes hold a diverse portfolio, including corporate bonds, treasury bonds, treasury bills, commercial papers, loans and advances to third parties, mortgage loans, advances to contractors, dividend receivables, other assets, deposits with financial institutions, and cash and bank balances. Notably, the fair values for these assets are reported at a total of Frw 976,559, encompassing a range of instruments across different levels, primarily falling under Level 2 classification.

Specifically, investments like corporate bonds, treasury bonds, treasury bills, and commercial papers constitute a significant portion of the schemes' financial assets, contributing to a robust and diversified portfolio. The fair values and carrying amounts for each category reflect the schemes' strategic investment decisions and their commitment to maintaining a balanced and resilient financial position.

Conversely, the financial liabilities consist of amounts retained on construction contracts, benefits payable, and other payables. The fair values of these liabilities amount to Frw 50,577. These liabilities represent the schemes' financial obligations and commitments, including retained amounts related to construction contracts and payable benefits to members.

This snapshot of the financial position as of June 30, 2022, underscores the schemes' prudent financial management, strategic investment choices, and commitment to meeting their financial obligations. The transparency provided by the breakdown of fair values and carrying amounts enhances the understanding of the schemes' overall financial health and the composition of their investment and liability portfolios.

The Statement of Comprehensive Income per Scheme for the year 2023 provides a detailed breakdown of financial activities for various schemes within RSSB, including the Pension Scheme, Medical Scheme, CBHI Scheme, Maternity Leave Scheme, and Ejo Heza.

Dealings with Members: Contributions from members play a crucial role in the financial dynamics of the schemes. In 2023, contributions from members totaled Frw 347,631 million, a notable increase from the previous year's Frw 284,444 million. This increase was driven by significant contributions from the Pension Scheme, Medical Scheme, and Ejo Heza.

Benefits paid to members, outlined in Note 10, amounted to Frw 167,115 million, representing the financial support provided by the schemes to their members. The net additions from dealings with members in 2023 reached Frw 180,516 million, reflecting a positive impact on the schemes' financial position.

Returns on Investments: Returns on investments, a critical aspect of the schemes' financial performance, include investment income, changes in fair value of financial assets, realized gains or losses on asset disposal, impairment losses, and investment management expenses. In 2023, the net returns on investments amounted to Frw 105,566 million, showing a relatively stable performance compared to the previous year.

Grants and Other Income: Grants, an additional source of income, totaled Frw 9,526 million, reflecting external support to the schemes. Other income, including various sources such as fees and miscellaneous gains, contributed Frw 12,178 million to the total income in 2023.

Expenditures: Operating expenses, encompassing staff costs, administrative expenses, depreciation, and other expenses, amounted to Frw 31,344 million. These expenditures are essential for the schemes' day-to-day operations and service delivery to members.

Net Income and Other Comprehensive Income: The net income for the year, after accounting for all revenues and expenses, was Frw 276,442 million, demonstrating the financial success and sustainability of the schemes. Additionally, other comprehensive income, specifically revaluation gains on property and equipment, contributed Frw 2,126 million, adding to the overall financial health.

Scheme-wise Performance: The detailed breakdown of the statement highlights the individual contributions of each scheme to the overall financial performance. The Pension Scheme, Medical Scheme, CBHI Scheme, Maternity Leave Scheme, and Ejo Heza each play a distinct role, and their collective performance underscores the robust financial position of RSSB.

In conclusion, the Statement of Comprehensive Income per Scheme offers a comprehensive overview of the financial activities, revenues, and expenditures of the various schemes within RSSB for the year 2023, providing stakeholders with valuable insights into the organization's financial health and operational efficiency.

The Statement of Financial Position per Scheme for the year 2023 provides a detailed overview of the assets, liabilities, and net assets available for benefits for each scheme within RSSB, including the Pension Scheme, Medical Scheme, CBHI Scheme, Maternity Leave Scheme, and Ejo Heza.

Assets: The assets are categorized into various classes, including property and equipment, intangible assets, investment properties, equity investments, corporate bonds, treasury bonds, treasury bills, commercial papers, loans and advances, inventory, advances to contractors, dividend receivables, other assets, and cash and bank balances. The total assets for all schemes combined amount to Frw 2,059,327 million.

Liabilities: Current liabilities include amounts retained on construction contracts, benefits payable, other payables, and deferred income. The total liabilities stand at Frw 57,812 million. These liabilities represent the financial obligations and commitments of the schemes.

Net Assets Available for Benefits: The net assets available for benefits, calculated as the difference between total assets and liabilities, are Frw 2,001,515 million. This figure represents the schemes' capacity to meet their obligations and provide benefits to members.

Representation of Net Assets: The net assets are further represented by various components, including capital, accumulated member funds and retained earnings, revaluation reserve, fair value reserve, unallocated pension contributions reserve, statutory reserves, and Ejo Heza member savings. Each of these components contributes to the overall financial health of the schemes.

Capital: Represents the initial investment or capital contributed to the schemes.Accumulated Member Funds and Retained Earnings: Reflects the accumulated financial contributions from members and retained earnings over time.Revaluation Reserve: Accounts for changes in the fair value of certain assets.Fair Value Reserve: Reflects the fair value adjustments of specific assets.

Unallocated Pension Contributions Reserve: Represents contributions not allocated to specific members. Statutory Reserves: Set aside for statutory requirements. Ejo Heza Member Savings: Specific to the Ejo Heza scheme, representing member savings.Total Reserves: The total reserves,

including the components mentioned above, sum up to Frw 2,001,515 million, indicating the overall financial strength and stability of the schemes.

In conclusion, the Statement of Financial Position per Scheme offers a comprehensive snapshot of the financial standing of each scheme within RSSB, showcasing their assets, liabilities, and net assets available for benefits. This information is vital for stakeholders to assess the financial health and sustainability of the schemes.

Property and Equipment Overview:The financial statements present a comprehensive breakdown of the Property and Equipment section, delineating the cost, accumulated depreciation, and net book value for each scheme as of June 30, 2023, juxtaposed with the previous year.

Property and Equipment - Pension Scheme:Within the Pension Scheme, a granular breakdown of property and equipment is provided across distinct asset categories such as Land and Buildings, Motor Vehicles, Office Equipment, Furniture, Fixtures and Fittings, and Computers.Cost Analysis:Commencing July 2022, the aggregate cost stood at Frw 5,575 million.The period witnessed adjustments to opening balances, transfers from Property, Plant, and Equipment (PPE) to investment properties, revaluation adjustments, and transactions related to additions and disposals.

Accumulated Depreciation:The accumulated depreciation at the outset of July 2022 amounted to Frw 3,035 million.Notable activities encompassed adjustments to opening balances, revaluation adjustments, and the imposition of depreciation charges.

Accounting for disposals, the accumulated depreciation reached Frw 3,775 million by June 30, 2023.Net Book Value:Calculated as the difference between cost and accumulated depreciation, the net book value for the Pension Scheme's property and equipment was Frw 1,770 million at the close of June 2023.This marked a nuanced shift from the Frw 1,906 million reported in the prior year, reflecting alterations in individual asset categories.This detailed breakdown provides stakeholders with insights into the composition and financial standing of property and equipment within the Pension Scheme, aiding in a comprehensive understanding of the scheme's asset portfolio.

Property and Equipment - Medical Scheme:The financial statements provide a detailed overview of the property and equipment held by the Medical Scheme, presenting a comprehensive breakdown of various asset categories. These include Land and Buildings, Motor Vehicles, Furniture, Fixtures & Fittings, Computers, Office Equipment, Laboratory Equipment, and Kitchen Equipment.

Cost Analysis: The initial cost of property and equipment as of July 1, 2022, was reported at Frw 15,299 million. Throughout the fiscal year, various transactions impacted this figure, including transfers, reversals of cost upon revaluation, revaluation losses, and disposals. By the close of June 30, 2023, the total cost of property and equipment for the Medical Scheme amounted to Frw 17,028 million.

Accumulated Depreciation: The accumulated depreciation at the beginning of the fiscal year stood at Frw 4,250 million. Activities during the year encompassed transfers, reversals of accumulated depreciation on previously revalued assets, depreciation charges, and disposals. As of June 30, 2023, the accumulated depreciation totaled Frw 4,328 million.

Net Book Value: The net book value, calculated as the difference between the cost and accumulated depreciation, provides insights into the Medical Scheme's financial standing regarding property and equipment. As of June 30, 2023, the net book value amounted to Frw 12,700 million. This figure contrasts with the Frw 12,442 million reported in the prior year, reflecting changes in individual asset categories and illustrating the evolving financial position of the Medical Scheme's property and equipment.

The meticulous breakdown of costs, accumulated depreciation, and net book value in the financial

statements contributes to stakeholders' understanding of the composition and financial health of the property and equipment held by the Medical Scheme. This transparency facilitates informed decision-making and strategic planning for the future.

Property and Equipment - CBHI Scheme:The financial statements offer a comprehensive view of the property and equipment held by the CBHI (Community-Based Health Insurance) Scheme, focusing on key asset categories such as Land and Buildings, Motor Vehicles, Furniture, Fixtures & Fittings, Computers, and Office Equipment.

Cost Analysis: The cost analysis reveals the historical and current value of property and equipment for the CBHI Scheme. As of July 1, 2021, the initial cost was reported as Frw 705 million, with subsequent adjustments, additions, and disposals contributing to the total cost. By June 30, 2022, the total cost reached Frw 715 million. The following fiscal year saw additional additions, leading to a total cost of Frw 1,265 million by June 30, 2023.

Accumulated Depreciation: The accumulated depreciation, starting at Frw 629 million on July 1, 2021, underwent adjustments, charges for the year, and disposals. By June 30, 2022, the accumulated depreciation amounted to Frw 666 million. The subsequent fiscal year witnessed additional charges for the year and disposals, resulting in accumulated depreciation of Frw 824 million by June 30, 2023.

Net Book Value: The net book value, derived by subtracting accumulated depreciation from the cost, reflects the CBHI Scheme's financial position concerning property and equipment. As of June 30, 2023, the net book value stood at Frw 441 million. This figure contrasts with the Frw 49 million reported in the prior year, showcasing changes in individual asset categories and illustrating the evolving financial position of the CBHI Scheme's property and equipment.

The detailed breakdown of costs, accumulated depreciation, and net book value in the financial statements contributes to stakeholders' understanding of the composition and financial health of the property and equipment held by the CBHI Scheme. This transparency facilitates informed decision-making and strategic planning for the future.

Intangible Assets Overview:The financial statements provide a comprehensive overview of the intangible assets held by various schemes, including the Pension Scheme, Medical Scheme, CBHI (Community-Based Health Insurance), Maternity Leave Scheme, and Ejo Heza. The focus is on the cost, amortization, and closing net book value of these intangible assets.

Cost Analysis: As of June 30, 2023, the total cost of intangible assets across all schemes was Frw 3,572 million. The cost breakdown for individual schemes includes Frw 2,141 million for the Pension Scheme, Frw 833 million for the Medical Scheme, Frw 222 million for CBHI, Frw 11 million for the Maternity Leave Scheme, and Frw 365 million for Ejo Heza. Notably, there were no disposals or additions during the fiscal year.

Comparatively, as of June 30, 2022, the total cost of intangible assets was also Frw 3,572 million, with the Pension Scheme accounting for Frw 2,141 million, the Medical Scheme for Frw 833 million, CBHI for Frw 222 million, the Maternity Leave Scheme for Frw 11 million, and Ejo Heza for Frw 365 million. The year witnessed a disposal amounting to Frw 1,061 million and minor additions.

Amortization: The amortization of intangible assets reflects the systematic allocation of their costs over time. As of June 30, 2023, the cumulative amortization amounted to Frw 1,840 million. The amortization charges for the year were Frw 41 million, with the Pension Scheme incurring Frw 1 million, the Medical Scheme Frw 1 million, CBHI Frw 2 million, Maternity Leave Scheme Frw 0 million, and Ejo Heza Frw 36 million.

In comparison, as of June 30, 2022, the cumulative amortization was Frw 1,798 million. The amortization charges for the year were Frw 39 million, with the Pension Scheme incurring Frw 1

million, the Medical Scheme Frw 1 million, CBHI Frw 1 million, Maternity Leave Scheme Frw 0 million, and Ejo Heza Frw 36 million.

Closing Net Book Value: The closing net book value, representing the residual value of intangible assets after accounting for amortization, stood at Frw 1,732 million as of June 30, 2023. This reflects the remaining value of the intangible assets after considering their original cost and accumulated amortization.Similarly, as of June 30, 2022, the closing net book value was Frw 1,774 million.The detailed breakdown of cost, amortization, and net book value provides stakeholders with valuable insights into the financial health and value retention of intangible assets across the schemes. This transparency aids in informed decision-making and strategic planning.

Investment Properties in the Process of Construction Overview:

The financial statements detail the investment properties in the process of construction, specifically focusing on the Pension Scheme. The information includes carrying values, property descriptions, and changes in values over the reporting periods.

Carrying Values: As of 30 June 2023, the carrying value of investment properties in the process of construction for the Pension Scheme is Frw 22,668 million. This indicates the total value assigned to these properties as they undergo the construction phase.

Comparatively, as of 30 June 2022, the carrying value was Frw 12,031 million, illustrating a significant increase over the reporting period.

Investment Properties under Construction - Pension Scheme: The breakdown of the carrying values for the Pension Scheme investment properties under construction provides a detailed view of specific properties and their changes.

As of 30 June 2023:

Land For Development: The property had no carrying value at the beginning of the fiscal year, and there were no changes or additions during the year.

LOGEMENTS BATSINDA 2eme PHASE: This property started the year with a carrying value of Frw 12,031 million. During the fiscal year, there were significant additions amounting to Frw 10,638 million, resulting in a total carrying value of Frw 22,668 million. There were no reclassifications or adjustments during the year.

Investment in Catchup Investments Limited: This category had no carrying value, additions, or adjustments during the fiscal year.

As of 30 June 2022:

Land For Development: Similar to the current year, this property had no carrying value, additions, or adjustments during the fiscal year.

Logements Batsinda 2eme PHASE: The property began the year with a carrying value of Frw 7,684 million. During the fiscal year, there were additions amounting to Frw 4,347 million, resulting in a total carrying value of Frw 12,031 million. There were no reclassifications or adjustments during the year.

Investment in Catchup Investments Limited: This category had no carrying value, additions, or adjustments during the fiscal year.

Comparison: The detailed breakdown allows stakeholders to understand the composition and changes in carrying values for specific properties under construction. The significant increase in the carrying value from 2022 to 2023, particularly in the Logements Batsinda 2eme PHASE property, highlights the scale of investments and developments within the Pension Scheme's portfolio. This information is crucial for assessing the scheme's investment strategy and the potential impact on its financial position.

Pension Scheme Financial Assets and Liabilities Analysis: June 2023 vs. June 2022

In June 2023, the Pension Scheme's financial assets demonstrated a diversified portfolio with significant holdings in cash and bank balances, deposits with

financial institutions, treasury bonds, and corporate bonds, among others. Cash and bank balances stood at Frw 68,862 million, while deposits with financial institutions amounted to Frw 117,780 million, spread across various maturity periods. Treasury bonds, totaling Frw 316,745 million, and corporate bonds, amounting to Frw 58,503 million, contributed substantially to the investment portfolio. Additionally, commercial papers, mortgage loans, loans and advances to third parties, dividend receivables, advances to contractors, and other financial assets collectively contributed to a total financial asset value of Frw 650,201 million.

On the liabilities side, the Pension Scheme reported financial obligations such as retentions on construction contracts and other payables, totaling Frw 9,355 million. Notably, the net financial assets, calculated as the difference between financial assets and liabilities, resulted in a positive Frw 640,845 million, reflecting the scheme's overall financial strength.

Comparing June 2023 with June 2022, the scheme experienced fluctuations in its financial composition. Cash and bank balances reduced from Frw 105,474 million in 2022 to Frw 68,862 million in 2023. However, deposits with financial institutions and treasury bonds increased. The net financial assets for June 2023 were Frw 640,845 million, indicating a robust financial position compared to Frw 1,034,433 million in June 2022.

The interest rate exposure in June 2023 stood at Frw 68,862 million, reflecting the scheme's sensitivity to changes in interest rates. In contrast, the interest rate exposure in June 2022 was more diversified, with Frw 1,038,677 million across different assets with varying average rates.

This comparison provides valuable insights into the Pension Scheme's investment strategies and financial management, showcasing its adaptability to market conditions and commitment to maintaining a robust financial position.

Medical Scheme Financial Assets and Liabilities Analysis: June 2023

The Medical Scheme's financial position as of June 2023 is characterized by a diversified portfolio of assets across various categories. The cash and bank balances amounted to Frw 43,442 million, constituting a portion of the overall financial assets. Deposits with financial institutions were significant, totaling Frw 135,529 million, with varying maturities, demonstrating prudent liquidity management.

The scheme held investments in treasury bonds, amounting to Frw 129,890 million, with a maturity profile exceeding one year. Treasury bills, corporate bonds, loans and advances to third parties, advances to contractors, and other financial assets contributed to a total asset value of Frw 391,372 million.

On the liabilities side, the Medical Scheme reported financial obligations such as retentions on construction contracts, benefits payable, and other payables, totaling Frw 15,250 million. Notably, the net financial assets, calculated as the difference between financial assets and liabilities, resulted in a positive Frw 376,122 million, reflecting the scheme's overall financial strength.

The exposure to interest rate risk as of June 2023 was Frw 357,198 million, showcasing the scheme's sensitivity to changes in interest rates. This exposure is influenced by the varying rates associated with different financial instruments held within the portfolio.

This analysis provides valuable insights into the Medical Scheme's financial management strategies, indicating a balanced approach to asset allocation and risk mitigation. The scheme's ability to manage liquidity, invest in diverse financial instruments, and maintain a positive net financial position contributes to its financial resilience.

The financial position of the entity as of June 2022 reflects a substantial portfolio of assets and liabilities, providing insights into its liquidity, investments, and overall financial health.

Financial Assets Overview:

At Frw 73,211 million, cash and bank balances constitute a significant portion of the total financial assets. The entity holds deposits with financial institutions, amounting to Frw 131,318 million, which have varying maturities and an average rate of 10%. Treasury investments in bonds and bills contribute Frw 58,763 million and Frw 38,046 million, respectively, showcasing a diverse investment portfolio. Equity investments are valued at Frw 28,933 million, reflecting a strategic allocation to potentially higher-yielding assets. Loans and advances to third parties and contractors total Frw 28,795 million and Frw 30 million, respectively, indicating involvement in financing activities. Miscellaneous financial assets, including dividend receivables and amounts due from other schemes, add Frw 1,149 million to the portfolio.

Financial Liabilities Overview:The total financial liabilities amount to Frw 10,514 million and consist mainly of retentions on construction contracts, benefits payable, and other payables.

Net Financial Position:The net financial assets, calculated as the difference between financial assets and liabilities, result in a positive Frw 349,947 million. This signifies the entity's overall financial strength and liquidity.Exposure to Interest Rate Risk:The exposure to interest rate risk as of June 2022 is Frw 330,270 million, demonstrating the entity's vulnerability to fluctuations in interest rates.

This financial analysis underscores the entity's robust financial position, strategic investment decisions, and proactive approach to managing liabilities. The positive net financial assets indicate a healthy liquidity position, providing the entity with flexibility for future investments and obligations. However, the exposure to interest rate risk emphasizes the importance of vigilant risk management strategies to mitigate potential impacts on the entity's financial stability.

The financial statement of the scheme for the year ending June 2022 provides a comprehensive overview of its financial assets, liabilities, net position, and exposure to interest rate risk.

Financial Assets Overview:Cash and Bank Balances (5%): The scheme holds Frw 6,732 million in cash and bank balances, indicating its immediate liquidity position.

Deposits with Financial Institutions (10%): With Frw 23,260 million in deposits, including short and medium-term, the scheme exhibits prudent financial planning by diversifying its assets.

Treasury Bills (8%): The scheme has invested Frw 1,970 million in treasury bills, providing a balance between security and return.

Advances to Contractors (0%): The absence of advances to contractors suggests a conservative approach to project financing.

Other Financial Assets (0%): The scheme holds Frw 20 million in various financial assets, possibly indicating strategic investments.

Financial Liabilities Overview:Retention on Construction Contracts (0%): The scheme doesn't have any retention on construction contracts, reflecting a straightforward liability structure.

Benefits Payable (0%): Frw 368 million in benefits payable indicates the scheme's commitment to member welfare.

Due from/(Due to) Other Schemes (0%): Frw 278 million in due from/(due to) other schemes suggests reciprocal financial relationships.

Other Payables (0%): Frw 102 million in other payables includes various financial obligations.

Net Financial Position:The net financial position stands at Frw 31,234 million, signifying a robust financial standing with positive net assets.The exposure to interest rate risk as of June 2022 is detailed as Frw 31,982 million, reflecting the scheme's sensitivity to fluctuations in interest rates. A diversified portfolio of assets can be an effective strategy to manage this exposure.

This financial position analysis underscores the scheme's prudent financial management, with a

balanced portfolio of assets and a positive net financial position. The exposure to interest rate risk emphasizes the need for ongoing risk management strategies to navigate potential market fluctuations. Overall, the scheme's financial health positions it well to meet its obligations and pursue strategic initiatives.

The financial statement of june 2022 reported that 8% salary contribution rate of which 6% in respect of the pension branch and 2% is in respect of the occupational hazard branch.

The current pension branch contribution rate is expected to be sufficient to benefits on a PAYG basis until the year 2036. However, after 2036, the pension branch break-even contribution rate increases to 35.6% of pensionable salary in 2056/2057 assuming that there will be fewer active members in the future to bear the cost of benefit payments and expenses thereby clearly indicating that the current contribution rate of 6% would not be adequate over the projection period. The occupational hazard Branch break-even contribution rate is low for the duration of the projection period to reflect the low level of benefits currently claimed from this section of the Scheme.

In determining the investment return assumption, an allowance for the benchmark allocation set out in the Fund's Investment Policy (third edition) and expected returns on each asset class has been made. A long term expected investment return of 6.4% per annum was obtained. The previous valuation constructed the investment return assumption by adding a margin to the price

inflation assumption whereby a long-term margin of plus 2.0% p.a. in addition to price inflation was used to get an investment return assumption of 11% p.a. for the first year, 9% p.a. for the second year, 7% p.a. in the third year and for the remainder of the projection period.The net effective rate in service would be -0.6% in the long term which is lower than the previous valuation.

The previous valuation assumed that the rate of earnings inflation to be 10.0% p.a. for the first year; 8.0% p.a. for the second year; 6.0% p.a. for the third year; and remaining at 6.0% p.a. for the remainder of the projection period. This was equivalent to the price inflation assumption plus a 1.0% p.a. margin. The current valuation assumes that the rate of earnings inflation to be 12.0% p.a. for the first year; 8.0%. for the second year; 7.0% p.a. for the third year; and remaining at 7.0% p.a. for the remainder of the projection period. This is equivalent to the price inflation assumption plus a 2.0% margin. The higher margin was derived based on the data analysis.

The current valuation makes an allowance of 1% per annum for any increases in benefit payments or minimum pensions as such increases are provided on a discretionary basis based on our analysis of past increases and following a request by RSSB. The previous valuation did not include any allowance for periodic increases to benefit payments. The expense assumption is based on our findings from the Annual Report & Accounts during the inter-valuation period. The actuarial assumption is 7% p.a. of contribution income for the projection period.

This compares to the previous actuarial valuation expense assumption of 10% a year of contribution income for the projection period which reflected higher expenses recorded at that time. The current valuation assumes that the active membership of the Scheme increases by 12% in the first year reducing to a long term assumption of 2.0% over a 10-year period (i.e. using a declining scale from 12% to 2% at the end of the 10 years); and continuing at 2.0% for the remainder of the projection period. The long-term assumption reflects the combined effect of increases in the employed population and increases in coverage that might be expected during the period.

The previous valuation assumed that the active membership of the Scheme increases by 10% in the first year reducing to a long-term assumption of 2.5% over a 10-year period; and continuing at 2.5% for the remainder of the projection period. The short-term assumptions adopted reflect the high

numbers of new entrants to the Scheme in recent years. The long-term assumption reflects the combined effect of increases in the total population, total employed population and increases in the coverage of the Scheme.It is assumed that these high levels will not continue over the longer-term as Rwanda is the most densely populated country in East Africa (and Africa); and so it is likely that the population growth will begin to plateau during the projection period. However, it is expected that the formal sector will expand during the projection period; and therefore creating more gradual increase each year.

The current valuation assumes mortality experience in line with the 'Rwanda Mortality Table;

2012-2016' scaled by 60% with an allowance for future annual improvements of 0.8% for males

and 1.0% for females. A 60-year old male pensioner is assumed, on average, to live to age 84.4

years and under a 60-year old female pensioner is assumed, on average, to live to age 85.4 years.

The previous valuation assumed mortality experience in line with the 'Rwanda Mortality Table;

2012-2016' with an allowance for future annual improvements of 1.25% for males and 1.5% for females. The new Rwanda specific mortality table had been constructed using RSSB data.

The incapacity rates reflect the proportions of active, deferred and pensioner members who become eligible to (start to) receive Incapacity Benefits at each age as a result of occupational disease or accident. The valuation assumes an Incapacity Rate of 0.06% for both males and females between the ages of 20 and 60 based on a 10-year analysis of annual claim payments.

The previous valuation assumed a permanent incapacity rate of 0.005% for both males and females between ages of 20 and 60.The difference comes from the fact that all incapacity claims were considered instead of focusingonly on permanent incapacity since the data was relatively scarce for such benefits and unlikely to be credible.

The purpose of an actuarial valuation is to review the long-term financial sustainability of a scheme.RSSB therefore commissioned Zamara actuaries, administrators and consultants Limited to conduct actuarial valuation of the medical benefits insurance scheme as at 30 June 2020. Zamara Actuaries, Administrators and Consultants Limited have issued an actuarial report dated 03 February 2021.

To establish relationship budgeting practices and financial performance of public institutions at Rwanda Social Security Board

Table 9: Correlations

		Financial performance
Budget planning	Pearson Correlation	.944**
	Sig. (2-tailed)	.000
	N	110
Budget control	Pearson Correlation	.514**
	Sig. (2-tailed)	.000
	N	110

Budgetary participation	Pearson Correlation	.944**
	Sig. (2-tailed)	.000
	N	110

**. Correlation is significant at the 0.01 level (2-tailed).

The information provided offers a concise summary of statistical analyses centered around Pearson correlations, specifically exploring the interconnections between budget planning, budget control, budgetary participation, and financial performance. The analyses are based on a robust sample size of 110 observations, providing a solid foundation for drawing meaningful conclusions.

In the realm of budget planning and financial performance, a Pearson correlation of 0.944 is reported, indicating a strong positive relationship between effective budget planning and favorable financial outcomes. This correlation is deemed statistically significant at the 0.01 level (two-tailed), reinforcing the reliability of the observed association.The interpretation underscores the importance of strategic budget planning in achieving positive financial results.

Moving on to budget control and financial performance, a moderate positive correlation of 0.514 is identified. Similar to budget planning, this correlation is statistically significant at the 0.01 level (two-tailed), highlighting the meaningful connection between effective budget control and improved financial performance. The interpretation emphasizes that maintaining control over budgetary aspects contributes to better financial outcomes.

The examination of budgetary participation and financial performance reveals another strong positive correlation, with a Pearson correlation of 0.944. Once again, this correlation is statistically significant at the 0.01 level (two-tailed), emphasizing the robust link between active involvement in the budgetary process and positive financial outcomes. The interpretation underscores the importance of engaging stakeholders in the budgeting process for achieving financial success.

The inclusion of double asterisks (**) throughout the findings signifies the statistical significance of the correlations at the 0.01 level (two-tailed), underscoring the confidence in the observed relationships. In summary, the collective findings suggest that effective budget planning, control, and active participation in the budgetary process are all correlated with improved financial performance. These insights provide valuable guidance for organizations seeking to enhance their financial outcomes through strategic budgetary practices.

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963[a]	.927	.925	.09396

a. Predictors: (Constant), Budgetary participation ,Budget planning, Budget control

data,2023

The model summary encapsulates the essence of the regression analysis undertaken, offering a succinct glimpse into its key components and outcomes. Central to this analysis are multiple

predictors, encompassing a constant term, budgetary participation, budget planning, and budget control.

In assessing the model fit, the Multiple Correlation Coefficient (R) emerges as a robust 0.963, denoting a compelling positive correlation between the predictors and the dependent variable. This implies that the amalgamation of chosen predictors substantially elucidates the variance within the dependent variable. The Coefficient of Determination (R Square) further underscores the model's prowess, standing at an impressive 92.7%, indicating its high explanatory power. The Adjusted R Square, a more conservative estimate at 0.925, factors in the number of predictors, thereby providing a nuanced understanding of the model's explanatory strength.

Moving on to model accuracy, the Std. Error of the Estimate at 0.09396 becomes a pivotal metric. This value signifies the average disparity between observed and predicted values, with a lower standard error indicative of enhanced accuracy in predicting the dependent variable based on the designated predictors.

The considered predictors comprising the constant term, budgetary participation, budget planning, and budget control collectively contribute to the model's predictive capability. In summation, the model showcases a robust fit, elucidating a substantial proportion of the dependent variable's variance. The inclusion of budget-related factors emphasizes their relevance in predicting outcomes, while the low standard error of the estimate underscores the model's accuracy in capturing the intricate relationship between predictors and the dependent variable.

Table 11: Analysis of variance (ANOVA[b])

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.828	3	3.943	446.614	.000[a]
	Residual	.936	106	.009		
	Total	12.764	109			

b. Dependent Variable: Financial performance

a. Predictors: (Constant), budgetary participation, budget planning, budget control and financial performance, Budget control and financial performance

The provided table presents the results of an Analysis of Variance (ANOVA) conducted on a statistical model, presumably designed to understand the factors influencing financial performance. ANOVA is a powerful statistical technique used to assess the variation in a dependent variable by partitioning it into different sources. In this context, the model is divided into three main components: Regression, Residual, and Total.

The "Regression" section of the table indicates that the model's predictors, including Constant, Budgetary participation, Budget planning, and Budget control, collectively contribute significantly to explaining the variance in the dependent variable, Financial performance. The high F-statistic of 446.614 with a very small p-value (0.000) suggests that at least one of these predictors has a substantial impact on financial performance.

The "Residual" section captures the unexplained variance or the differences between the observed and predicted values. A low Sum of Squares and Mean Square value in this section (0.936 and 0.009, respectively) indicates that the model fits well, and most of the variance has been accounted for by the predictors.

The "Total" section provides an overview of the overall variance in the dependent variable without

considering the model. The Degrees of Freedom (df) for the total section is 109, which represents the total number of observations minus one.

The "Predictors" subsection clarifies the specific variables included in the model, such as Constant, Budgetary participation, Budget planning, and Budget control. Notably, "Budget control and financial performance" is listed twice, which may require further investigation to ensure accuracy in the model specification.

The "Dependent Variable" subsection specifies that the variable under scrutiny is financial performance. This is the outcome that the model aims to explain with the selected predictors.

In summary, the ANOVA table provides a comprehensive overview of the statistical model's performance. The highly significant F-statistic and low p-value in the Regression section suggest that the model, including the listed predictors, is a strong fit for explaining the variance in financial performance. The Residual section indicates a good fit, and the specific predictors outlined in the table can be further explored for their individual contributions to financial performance.

Table 12: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.183	.120		1.522	.131
	Budget planning	.236	.047	.375	4.992	.000
	Budget control	-.387	.058	-.588	-6.642	.000
	Budget participation	1.108	.038	1.158	29.182	.000

a. Dependent Variable: Financial performance

Source: Primary data, 2023

This table presents the results of a multiple regression analysis with the dependent variable being "Financial performance." The model includes three independent variables: "Budget planning," "Budget control," and "Budget participation." The coefficients in the table provide insights into how changes in these independent variables relate to changes in the financial performance.

The first paragraph highlights the general model information. The table structure includes columns for unstandardized coefficients (B), standardized coefficients (Beta), t-values, and significance levels (Sig.). The dependent variable, "Financial performance," is specified at the bottom of the table, indicating what the model aims to predict.

The second paragraph delves into the specific coefficients for each independent variable. "Budget planning" has a positive unstandardized coefficient of 0.236, suggesting that a one-unit increase in budget planning is associated with a 0.236 increase in financial performance. Similarly, "Budget control" has a negative unstandardized coefficient of -0.387, indicating that a one-unit increase in budget control is linked to a 0.387 decrease in financial performance. "Budget participation" boasts a substantial positive coefficient of 1.108, suggesting a significant positive impact on financial performance.

The third paragraph emphasizes the statistical significance of the coefficients. The t-values and significance levels (Sig.) indicate the reliability of the coefficients. In this case, all three independent variables exhibit highly significant effects on financial performance, with p-values close to zero.

In the final paragraph, the standardized coefficients (Beta) are discussed. These coefficients allow for a comparison of the relative importance of each independent variable. "Budget participation" stands out with a Beta value of 1.158, indicating its relatively higher impact compared to the other

variables. Overall, this table provides a comprehensive overview of the regression model, elucidating the relationships between budget-related factors and financial performance.

Discussion

The role of budget planning on financial performance

This part should be included the specific comparison findings with other studies ;

In a study conducted by Gupta and Jain (2016) on capital budgeting practices among SMEs in Haryana, it was found that only 12.5% of units in SMEs registered as private/public limited companies prepared capital budgets for making long-term investment decisions. The research also revealed that a majority of the surveyed units did not invest significantly in fixed assets after starting their business. Among the units that considered some aspects of capital budgeting, many did not prepare proper capital budgets from a technical standpoint.

The study further highlighted that 80% of the SMEs prepared capital budgets by prioritizing projects as either postponable or non-postponable. Among the SMEs reviewed, three-quarters used the Payback Period (PBP) method, while the remaining quarter utilized the accounting rate of return (ARR) method for evaluating capital budgeting projects.

Kimunguyi (2015) conducted an evaluation of how the budgetary process affected the financial performance of health sector NGOs in Kenya, employing the Priority Based Budgeting theory. The findings indicated a significant impact of the budgetary process on the financial performance of the NGOs. The study concluded that effective budgetary management practices positively influenced the financial performance of the NGOs. Consequently, the researcher recommended that both the government and NGO management should collaborate to examine and implement regulations and policies that enhance budgetary management, ultimately leading to improved financial performance of NGOs.

In their study, Rabiu, Goni, Alhaji, and Aliyu (2015) investigated the impact of budgetary control on the performance of Tahir Guest House in Kano State, Nigeria. The researchers utilized both primary and secondary data sources, employing a questionnaire for the collection of primary data. Secondary data were obtained from Tahir Guest Palace financial statements spanning the period 2007-2012. The findings revealed that factors such as target budget setting, budget administration, and the budget process significantly influenced the firm's performance.

Salva and Jayamaha (2013) conducted an assessment to determine whether the budgetary process of the Apparel Industry in Sri Lanka had a significant impact on organizational performance. The researchers employed variables such as planning, coordination, control, communication, and evaluation to evaluate the budgetary process in the apparel industry. Return on Assets (ROA) was used as a metric to assess the performance of the apparel industry in Sri Lanka.

Based on the data extracted from financial statements, the researchers established a significant relationship between the budgetary process of firms and their performance. The study's conclusion suggested that apparel companies maintaining an effective budgetary process experience improved performance levels.

Warue and Wanjira (2013) investigated the budgeting process in small and medium-sized enterprises (SMEs) in the hospitality industry in Nairobi. The researchers adopted a descriptive research design for their study, targeting a population of 98,608 registered small enterprises within the Central Business District (CBD). From this population, a sample of 526 SMEs was selected.

The findings of the study indicated that the computerized accounting system made the highest contribution to the budgeting process, followed by firm size, participation of workers, skills and powers of managers, and ownership structure. As a recommendation, the study suggested that workers

should be involved at all levels of the budgeting process.

Maritim (2013) conducted an evaluation of the relationship between budgeting processes and the financial performance of commercial and manufacturing Parastatals in Kenya. The study employed a descriptive research design and utilized questionnaires for data collection.

The study done Hamed, (2016) revealed that common budgeting practices among manufacturing Parastatals in Kenya included budget planning,budget participation,and budgetary sophistication. Furthermore, the researcher found that the participation of employees in the budgeting process enhanced the success in the actualization of budget plans.As a recommendation, the study suggested the implementation of a participatory budgeting process involving all cadres of staff through their sectional heads, ensuring that their views are incorporated in the budgeting process.

The contribution of budget control on financial performance

The study revealed that the top 100 SME firms in Kenya extensively practice budget control, as indicated by the aggregate mean of (M=3.97, SD= 0.751). The statements receiving the highest ratings were "The budget control starts from the lowest levels of management and is refined and coordinated at the higher levels" and "Budget control helps in understanding budget variance, which helps in dismissing some aspects and concentrating on important issues," with mean scores of (M=4.27, SD= 0.626) and (M=3.95, SD= 0.714) respectively, indicating a high extent of agreement. Also rated to a great extent was the statement that "Budget operational control in the firm involves evaluating the actual cost expenses against the plan and taking the corrective measures necessary" with a mean score of (M=3.89, SD= 0.950). The least rated statement was that "Budgeting control enables the managers to align the actual results to the plan" with a mean score of (M=3.84, SD= 0.741). The recorded standard deviations indicate a difference of opinions among respondents regarding the extent to which budget control is practiced by the top 100 SMEs in Kenya.

The study done by Chando (2018) discovered that budgeting controls account for only 48.8% of the financial performance of the top 100 SME firms. In light of this finding, the management of these firms is strongly advised to remain vigilant and identify additional factors influencing their financial performance. This proactive approach will enable them to recognize new threats and opportunities in the ever-changing business environment. Additionally, management should consider seeking the expertise of consultants well-versed in the determinants of a firm's financial performance. Engaging such consultants can assist in addressing these factors promptly and effectively.

The study done by Serem (2017) concluded that there is a strong(R-value = 0.721)relationship between financial performance and budgeting processes, with financial performance accounting for 49% of the total variance in top 100 SME firms financial performance. Further, the study concluded that budget planning, budget control;budget, coordination, budget communication and budgetary evaluation process have a positive effect which is significant to the financial performance of the top 100 SME firms in Kenya.

Joshi and Abdulla (2016) investigated certain aspects of budgetary control and performance valuation systems through a questionnaire survey of 42 medium and large-sized companies in the State of Bahrain. The study revealed that the conventional form of budget controllability principle was extensively practiced. The conclusion drawn was that the bonus is influenced by budget performance and new assignments, but not by salary.

The effects of budgetary participation on financial performance

Mwaura (2010) conducted an investigation into the impact of participatory budget setting and budget commitment on the performance of NSE-listed

companies. The study utilized a causal research design to identify cause-and-effect relationships. The population of interest comprised 55 listed companies, with a focus on the 53 still in operation. Both quantitative and qualitative data were collected, and descriptive and content analysis techniques were employed. Descriptive statistical tools were used to describe the data and determine the extent of usage. Furthermore, to quantify the strength of the relationship between the variables, the researcher employed multiple regression. The study concluded that budgetary participation significantly affects return on capital employed and return on assets. Additionally, it was found that budgetary participation moderately affects return on investment and budget commitment.

According to Dahana and Ermawati, (2020), the value of the budget as a plan of what is to happen and as a standard against which actual performance will be measured, depends largely on whether and how skillfully this negotiation is conducted. When setting a budget, members of the organization are supposed to participate in defining explicit budgetary goals and to be involved in subsequent revisions to these goals with the management (Sudhashimi & Osamah, 2020). And when budget variance occurs, participation and discussion among different levels of management facilitate and enable accurately identifying the possible reasons for such variance and also the corresponding corrective actions to be taken. Therefore, budgetary participation (BP) refers to the involvement of managers in the budgetary process and their influence over the setting of budgetary targets (Ikenna; *et al*, 2017). Budgetary participation has always received considerable interest among researchers.

The relationship budgeting practices and financial performance of public institutions

The correlation between Organizational effectiveness and Planning was 0.9927, the correlation between Organizational effectiveness and Monitoring and Control was 0.9111, the correlation between Organizational effectiveness and Evaluation was 0.9775, the correlation between Organizational effectiveness and Adequate availability of financial resources was 0.9183, the correlation between organizational effectiveness and cost reduction was 0.8437 and lastly the correlation between organizational effectiveness and performance was 0.9273 (Gacheru,.2012).

The study Epstein (2018) analysis reveals that the coefficient of determination (R square), representing the percentage of variation in the dependent variable explained by changes in independent variables, is 0.326. This indicates that 32.6% of the total variation in organizational effectiveness can be attributed to variations in planning, monitoring and control,evaluation, sufficient financial availability, cost reduction, and performance.

Additionally, the Analysis of Variance (ANOVA) was employed to assess For effective budgetary control, it is imperative that financial resource allocation is grounded in programs and plans (Nyageng'o, 2013).

Planning demonstrates a highly favorable correlation (0.993) with organizational effectiveness, underscoring its crucial role. Moreover, it is essential to establish clear result targets, aligning budgetary goals and objectives with programs. Consensus-building among stakeholders is valuable in making decisions aligned with budgeted plans and programs. This collaborative approach aids in identifying the necessary resources to attain objectives and goals (Nickson and Mears,2012).

In contrast,the budgeting system, encompassing long-range, strategic, and short-term planning, plays a pivotal role in this process. Advocates for budgeting argue that it facilitates resource allocation, operational coordination, and serves as a metric for performance measurement. This sentiment is echoed by Mwaura (2010), who emphasizes budgeting as the most widely utilized technique for planning and control purposes.

Similar findings indicates that effective budget monitoring, particularly through budget reviews, is

crucial as it facilitates necessary budget adjustments, as evidenced by a correlation of 0.9111. This process enables continuous evaluation of budget variances by comparing actual performance against the budgeted figures (Karanja, 2011).

CONCLUSION AND RECOMMENDATIONS

The findings from the study provide valuable insights into the organizational budgeting practices and their impact on financial performance. While the preparation of long-term budgets showcases a high level of proficiency among respondents, the alignment of budgets with strategic plans appears to elicit a more diverse range of opinions. Similarly, the utilization of short-term budgets for day-to-day operations indicates a positive sentiment but with a moderate level of variability.

In the context of budget control, the quarterly review of budgets and analysis of variances both receive generally positive evaluations, albeit with diverse perspectives among respondents. The involvement of functional heads in the budgeting process is viewed positively, but there is notable variability in opinions within this dimension.

The examination of budgetary participation reveals strong positive correlations with financial performance across different dimensions. The robust connection between budget planning, budget control, and active stakeholder involvement with favorable financial outcomes is statistically significant, emphasizing the critical role of strategic budgeting practices in achieving organizational success. These findings underscore the importance of not only crafting effective budgets but also actively involving stakeholders in the process for optimal financial performance.

Based on the research findings on budgeting practices and financial performance of the Rwanda Social Security Board (RSSB), several recommendations can be proposed to enhance the effectiveness of budgeting processes and ultimately contribute to improved financial performance:

RSSB should continue to encourage and facilitate active participation of relevant stakeholders at various stages of budget planning, execution, and evaluation.

RSSB should explore mechanisms to enhance collaboration, communication, and coordination among departmental heads during the budget preparation phase.

RSSB should continue to encourage and facilitate active participation of relevant stakeholders at various stages of budget planning, execution, and evaluation.

RSSB should invest in continuous training programs for staff involved in the budgeting process.

RSSB should foster a culture of knowledge sharing and best practices within the organization.

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