An investigation of the use of budgeting as a financial management tool by community based organisation: A case of Ngong Township, Kenya

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AN INVESTIGATION OF THE USE OF BUDGETING AS A FINANCIAL MANAGEMENT TOOL BY COMMUNITY BASED ORGANISATIONS: A CASE OF NGONG TOWNSHIP, KENYA

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ABSTRACT

The purpose of this study is to examine the extent to which community based organizations use budgeting as a financial management tool and the challenges faced in preparing such budgets. This study objectives include examining the extent to which community based organizations use budgeting as a financial management tool to so as to enhance their performance and examine the particular challenges that face community based organizations in the use of budgeting as a financial management tool. Findings from this research will assist academicians in broadening of the syllabus with respect to budgeting as a financial management tool hence providing a deeper understanding. The findings may as well attract other researchers to venture into budgeting as a financial management tool that have not been studied in the African context. The findings of this study will help the community based organizations' managers and other decision – makers with an insight into the benefits of budgeting as a financial management tool in service delivery. This was a case study on the use of budgeting as a financial management tool in community based organizations in Kenya particularly those operating in Ngoing Township. The target population was all community based organizations in Kenya but the accessible population was the 9 CBOs operating in Ngoing Township namely; NIA, NCDO, Kebute, Kemanko, Osotua Emanyi, Sikonge, and MGEP. The study utilized census sampling thus the two key officials of the CBOs dealing with financial matters i.e. secretary and treasurer were involved in the study. This gave a total of 18 respondents. These are the key parties involved in budgeting and financial management in most community based organisations. This study relied on both primary and secondary data. Primary data focused on the use of budgeting as a financial management tool. Primary data was collected using interview schedules. Data analysis was done along the research objectives. Descriptive statistics i.e. percentages were used to analyze the data and will be presented using tables. It was found out from the study that majority of the respondents have insufficient formal education. The study revealed that the management of community based organisations ha insufficient training on management of CBO. This goes a long to affect their ability to manage the affairs of CBOs ranging from financial management of human resources management. The study found out from the respondents that all CBOs prepare budgets. However majority indicated that their budgets run for a period of between 1 and 3 years. It was also found out that majority of the CBOs prepare annual budgets. The study recommends that the management of community based organisations undergo sufficient training on management of CBO. Based on research findings, the study suggests that research be done on factors determining source of funding for community based organizations.