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**Budgeting Process and Financial Performance in Cooperative Societies: A Case Study of Bugisu Cooperative Union Ltd, Mbale**

The study sought to examine the relationship between the budgeting process and financial performance in Bugisu Cooperative Union Ltd. It was guided by the following objectives: to examine full employee participation in the Budgeting Process, to examine the level of budgetary control and, to establish the relationship between the budgeting process and financial performance in Bugisu Cooperative Union Ltd. The study used a case study design where both quantitative and qualitative approaches were applied. Both primary and secondary data were used in the study and data were collected using self-administered questionnaires. The instruments used were given to two experts to comment on the ambiguity, difficulty and relevancy of questions to ensure construct content and face validity. Data collected from the field were edited, coded, and categorised into themes. Thereafter, it was entered into a computer programme known as the Statistical Package for the Social sciences (SPSS). The population was selected using the Sloven's formula on 80 staff who actively participate in the budgeting process of Bugisu Cooperative Union Ltd. These were selected using a proportionate stratified and simple random sampling technique and determined using the data from responses to 67 questionnaires which were analysed using SPSS Version 10 and Regression analysis. From the results in the regression coefficient table it was observed that financial performance is influenced by budgeting process. This was indicated by (Beta of 0.268) and (Sig = 0.033 < 0.05), meaning that financial performance is influenced by employee participation by 26.8%. This implies that other factors that affect financial performance are 73.2%. The results suggest that the budgeting process was appropriate, financial performance was acceptable and that there was a positive relationship between the budgeting process and the financial performance. Basing on the findings the researcher recommended the following: the level of participation be upheld and strengthened, have regular and periodic meetings to provide feedback, budgeting process for the different units be conducted in a workshop/meeting to enhance participation, much emphasis to be put on budgetary control and creation of a self-governance framework that subdivides the hierarchical structure into a smaller self-managing unit.

Key words: Financial, Budgeting, Cooperative, Process