Evaluating the Influence of Financial Planning Approaches on Project Outcomes – Northern Diocese

Lucy G. Maleko, Nyanjige Mbembela Mayala, Ladis Komba

Abstract: Financial planning encompasses a variety of practices aimed at helping individuals and businesses effectively manage their resources to achieve their goals. This study sought to determine how financial planning techniques affected the Evangelical Lutheran Church in Tanzania, Northern Diocese (ELCT ND) Projects' financial performance. The Printing Press, Umoja Hostel, and Uhuru Hotel were these endeavors. Data were collected using qualitative and quantitative methods in a concurrent research design. The study's population consisted of 85 employees directly involved in the projects. As a result, the survey included 31, 27, and 27 respondents for each of the three projects. Because the population was small, a census technique was used in the study to choose all 85 respondents from all the projects. Data were collected using a self-administered semi-structured questionnaire and a guide for key informant interviews. Test-retest reliability was employed to check for reliability, while face-to-face and content validity was utilized to confirm validity. Frequencies and other descriptive statistics were used to present the data results. Correlation and regression analyses were conducted to determine how financial planning practices affected the projects' performance. The study's conclusions indicate that working capital management, inventory management, budgeting, and cash planning strategies all significantly and favorably impact ELCT ND's financial performance. It is concluded that financial planning practices improve project performance. It is recommended that projects keep their liquidity to make sure they can pay their short-term debts.

Keywords: Financial Planning, Financial Practices, Financial Performance, Evangelical Lutheran Church, Projects.

I. INTRODUCTION

Organizations with a religious foundation, doctrine, or community are called faith-based [6, 9]. Every organization and business aspires to be successful and make development regardless of whether it is faith-based or otherwise [17, 37].

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*Correspondence Author(s)

Ms. Lucy Maleko*, Department of Economics and Business Studies (DEBS), Mwenge Catholic University (MWECAU), Moshi (Tanzania), East Africa. Email ID: lucymaleko@gmail.com ORCID ID: 0009-0008-0961-9754

Dr. Nyanjige Mayala, Department of Economics and Business Studies (DEBS), Mwenge Catholic University (MWECAU), Moshi (Tanzania), East Africa. Email ID: nyanjigem@yahoo.co.uk ORCID ID: 0000-0003-4468-3950

Dr. Ladis Komba, Department of Economics and Business Studies (DEBS), Mwenge Catholic University (MWECAU), Moshi (Tanzania), East Africa. Email ID: laadiskomba@gmail.com ORCID ID: 0009-0006-1244-4583

In business operations, financial performance refers to evaluating the outcomes of its policies and operations in terms of monetary value. Financial performance can also be used to compare similar enterprises across the same industry, industries or sectors in aggregate [7]. It measures a project's overall financial health over a specific period. According to Ingle et al. [16], the sound financial performance of a company is contingent upon implementing financial planning. On the other hand, financial planning entails analyzing the financial flows of an organization as a whole, anticipating the ramifications of various decisions regarding investments, financing, and dividends, and weighing the effects of numerous alternatives.

Proper financial planning is one of the most critical factors determining any organization's success. It is the foundation upon which a workable business plan is built, measurable, and attainable within a specific time. These factors contribute to the necessity of working towards predetermined goals from a financial point of view. As a result, the Chief Executive Officer can establish financial goals for the organization and assign those goals to employees. To boost employee motivation, prizes, and recognition are awarded to individuals who meet the targets set in the budget [5]. Consequently, this results in the financial performance of companies as a result of motivation and the desire to accomplish predetermined goals.

The study by Salamin & Hermawan [32], which evaluated the financial performance of Blue Ocean Restaurants, concluded that economic planning was an essential variable in analyzing the financial flows of a company as a whole, forecasting the consequences of various decisions regarding investments, financing, and dividends, and weighing the effects of multiple alternatives. The restaurant industry's performance was considered satisfactory during the study period. (2015 - 2019), as stated by [2]. However, the sector performed poorly throughout the remaining years (2020 - 2022). According to [29], the trend in non-financial performance is driven by the impact of the COVID-19 pandemic worldwide, particularly in the kinds of businesses associated with tourism, like restaurants, hotels, and companies. According to the study, restaurants still offered outstanding services but could not maintain their financial viability because they relied more on tourist clients. Poorly performing economies in Africa were also a contributing factor in the low financial sustainability in the region.

According to [21], financial planning translates an organization's overarching goals, strategies, and other plans into terms expressed in terms of finances.

According to [14], financial planning is an ongoing activity that involves directing and allocating financial resources to achieve strategic goals and objectives. Budgets are the product that ultimately results from the process of financial planning. To maximize shareholder value, it is crucial to thoroughly analyze past performance and use those insights to set forward-looking goals that align company outcomes with the overall corporate strategy. There are several different sets of financial statements that make up a financial plan. These statements estimate the resource consequences of various business actions. For instance, a business that is contemplating expanding, for example, by purchasing and constructing a new factory, will design a financial plan that considers the resources that will be necessary as well as the financial performance that will justify the utilization of those resources [35].

Budgeting, financing planning, inventory planning, and working capital management are the four practices in the financial planning process. It is said by [18] that a budget is a plan for the fulfillment of programs that are related to the following: objectives and goals, a specific period, an estimate of resources necessary, an estimate of resources available, a comparison with one or more previous periods, and a demonstration of future requirements. Because of this, the process of budgeting ensures that the operations of an organization are organized in a logical fashion that ultimately contributes to the organization's overall growth and prosperity. How investments and costs are paid for is the primary focus of decisions on financing planning. Existing capital, borrowing money, or selling shares are all business options. When a company has decided on an investment and is committed to it, it is necessary to determine the most effective means of financing these commitments. Because organizations frequently undertake new investments, there is a requirement for financing and decisions on finances.

On the other hand, cash planning entails predicting and controlling cash inflows and outflows inside a business for a defined timeframe, usually spanning a month, quarter, or year. According to [28], companies must comprehend their cash situation comprehensively to guarantee the fulfillment of their financial responsibilities, including paying bills, employees, and suppliers. Additionally, they must maintain sufficient liquidity to accommodate possible investments or unforeseen catastrophes.

Inventory planning, as part of budgeting, entails the process of calculating the most advantageous amount and timing of inventory to satisfy consumer demand while reducing expenses and maximizing productivity [15]. acknowledge that maintaining sufficient inventory to meet requests and avoiding surplus stock is critical to supply chain management. Efficient inventory planning necessitates interdepartmental teamwork involving sales, marketing, operations, and finance to synchronize inventory levels with corporate objectives and customer demand [13]. Regularly monitoring and making necessary adjustments to inventory planning is crucial for adapting to dynamic market conditions and maximizing performance.

According to [2], inventory management entails recording and monitoring stock levels, forecasting future demand, and deciding when and how supplies should be ordered. On the other hand, Working Capital Management is concerned with the challenges that arise while attempting to manage current assets, current liabilities, and the link between these three types of assets and liabilities [10]. Adequate working capital planning is essential for a company's performance since it directly influences its liquidity, efficiency, and overall financial well-being. Sufficient working capital guarantees that a company can fulfill its immediate financial responsibilities, such as compensating suppliers, employees, and creditors [11]. Furthermore, efficient strategic planning guarantees sufficient cash flow to meet these expenses, preventing liquidity shortages that might negatively impact operations. Adequate working capital planning is crucial to a company's success. It ensures sufficient cash flow, enhances operational efficiency, reduces costs, boosts profitability, manages risks, builds investor confidence, and supports strategic decision-making. It is an essential component of financial management that necessitates meticulous attention and continuous monitoring.

A. Statement of the Problem

Financial planning has been said to affect the operations of business entities negatively if care is taken, resulting in efficient performance levels [36]. According to, developing favorable financial planning procedures is essential for achieving excellent business performance records [37]. There must be responsibility to the firm and individuals supporting the work of such organizations for them to get continuous improvement [38]. Good financial performance is a direct result of careful financial preparation [39]. The report of the annual audit report by the Finance Department conducted by ELCT ND [8] indicates that the financial management practices of projects under the study partially correspond to the processes that are outlined in the financial policies but also with the International Financial Reporting Standards. According to [24], the failure of church-owned projects might be attributed to inadequate financial planning procedures. These kinds of organizations can successfully manage their units' existing and future status with the assistance of financial planning methods [40].

Most church-owned projects have yet to be very successful in their operations. According to [24], most projects have failed or are operating at lower levels due to over-dependence on donor funding. This results from a lack of financial planning, lousy budgeting, and improper prioritization of their activities. The poor performance is because most projects cannot effectively implement standard financial planning techniques, even though these practices benefit long-term decision-making and planning. More knowledge is needed regarding the contribution of financial planning to the financial performance of church-owned projects like the current ones in Tanzania. To fill this gap, the purpose of this study was to investigate the contribution that financial planning practices have on the financial performance of church-owned projects in Moshi Municipality, Tanzania, considering four practices, i.e., budgeting, cash planning, inventory control, and working capital management for the studied projects.

B. Objective of the Study

The study aimed to examine financial planning practices' contribution to ELCT ND projects' performance in the study area.

It was hypothesized that:-

H_1 – Budgeting practices have no significant contribution to the performance of ELCT ND Projects.

H_2 – Cash planning has no significant contribution to the performance of ELCT ND Projects.

H_3 – Inventory control has no significant contribution to the performance of ELCT ND Projects.

H_4 – Working capital management has no significant contribution to ELCT ND Projects.

II. THE AGENCY THEORY

The study was guided by the agency theory, created by Jensen and Meckling, two economists, in 1976 and served as a source of inspiration for this work. The theory they developed was presented in an essay titled "Theory of the Firm: Managerial Behaviour, Agency Costs, and Ownership Structure." The theory explains the link between principals and agents. Within the realm of financial management, the shareholder is considered to be the principal, while the manager is considered to be the agent. The theory of agency is based on the assumption that the interests of the principal and the agent are not always matched, which can result in issues with those relationships. In financial planning, the moral hazard problem is among the most prevalent agency difficulties that might arise. In this scenario, the agent possesses more information about the company than the principal, and the agent uses this information to their advantage to make decisions that benefit themselves at the expense of the principal for their benefit. The application of agency theory to the process of financial planning encompasses a variety of consequences. A consequence that can be drawn from this is that the principal needs to establish procedures to align the principal's interests with the agent's. It is something that can be accomplished through the use of incentive structures, performance measures, and compensation methods.

The agency theory has several implications, one of which is that the principal needs to have access to knowledge regarding the] activities of the agent. It is something that can be accomplished through the use of auditing, financial reporting, and other monitoring systems. Even though the Agency theory is a complicated idea, it is essential to comprehend the difficulties associated with financial management. Principals can put in place procedures to alleviate agency difficulties and safeguard their interests in the success of their businesses if they grasp the agency problems that can occur [30]. Within the scope of the present investigation, all of the staff members working on the three projects act as representatives of the owner, ELCT-ND. It ensures that the agent safeguards the interests of the principal. When financial planning principles are understood and implemented, projects are protected regarding growth, liquidity, and capital management.

III. FINANCIAL PLANNING PRACTICES AND PROJECT PERFORMANCE

Various scholars have studied this area concerning project performance worldwide in the literature on financial planning. (8) conducted a study to establish a connection between budgeting and results. The study utilized a comparative analytical approach to gather evidence regarding performance budgets in European municipalities. This study employed a causal research design to determine the nature of the cause-and-effect relationship. In this study, the population consisted of 105 listed enterprises. However, only 103 of those companies were determined to be still active as the study's data included qualitative and quantitative information, and descriptive and content analysis methods were utilized in the analytical process. The study was able to describe the data and establish the amount to which it was used with the assistance of descriptive statistical tools. In addition, the researcher utilized multiple regression to measure the degree to which the variables are related. The study found that budgeting participation significantly impacts both return on assets and return on capital employed. Additionally, it was discovered that participation in the budgetary process has a moderate impact on both the return on investment and the commitment to the budget. As a result, it was concluded that budgeting, a financial planning method, had a favorable relationship with the economic success of the companies listed on the NSE. This study, however, was based on listed companies, while in the current study, the entities are not listed in a stock market, which could bring a difference in how they are operated.

[20], Conducted their study on the insights into performance-based budgeting in the public sector. Primary data were gathered through questionnaires by performing a literature analysis and developing a research agenda on the contribution of budgets to the financial performance of institutions in Ghana. In contrast, secondary data was obtained from the institutions' records. The research design utilized in this study was a cross-sectional research design. The results of the research investigation led the researchers to conclude that the size of the coefficients of the independent variables indicated the degree of influence these variables have on the dependent variable, which was the financial performance as evaluated by ROA. Based on the findings, it was determined that the utilization of budget and managerial performance significantly contributed to the economic performance measures, specifically the ROA. This particular study, on the other hand, was carried out at public institutions, which suggests that they are not to make a profit. On the other hand, the current study is centered on profit-making projects for ELCT ND in the study area.

[3], Investigated utilizing capital budgeting techniques by small and medium firms in Sri Lanka. To determine the influence of the budgetary process on the overall performance of the apparel industry in Sri Lanka, the fiscal process of the garment sector, as well as variables such as planning, coordination, control, communication, and assessment, were utilized at various points.

Return on Assets was used to investigate the performance of the garment sector. Both correlation coefficients and regression analysis were performed on the data retrieved from the garment sector's financial statements. The results of both studies demonstrated that the budgetary process has substantial relationships with the economic performance of the apparel business in Sri Lanka. The findings indicate that garment companies strive to maintain a robust fiscal process, contributing to higher financial success and a positive association between the two. This particular study, on the other hand, mainly focused on the garment industry. In contrast, the current research is conducted in various businesses, including a hotel, a printing press, and a hostel.

[22], Studied the contribution of company financing decisions on corporate performance in the absence of taxes using panel data from the Kuwait stock market [23]. The purpose of this study was to investigate the connection between the characteristics of the company and the choice of financing strategies, which included capital structure, capital budgeting approaches, and dividend policy. The study used panel data from eighty publicly traded Kuwaiti companies to investigate the relationship between the economy's performance and the various industrial sectors. In contrast to the Trade-off Theory of capital structure, this study's findings indicate a negative correlation between the degree of debt and financial performance. This finding contradicts the conclusion of the Trade-off Theory. Given the one-of-a-kind tax environment in Kuwait, it does not appear that the use of debt is adequate to justify the expenses of utilizing debt, including the high interest rate. In the current study, multiple indicators regarding financial planning are of concern, including budgeting practices, working capital management, inventory management, and cash planning.

[34], Conducted research to determine the effect cash planning strategies have on the financial performance of public hospitals in the Kajiado North Sub-County of Kenya. A descriptive survey design was used as the methodology for this research endeavor. The study's objective was to investigate how cash planning affects financial performance, and the study's results demonstrated that cash planning did jeopardize the achievement of economic success. The results of the survey indicated that the majority of respondents were in agreement that the public hospitals in issue had effective cash flow management. This conclusion was reached based on the findings of the survey. Regarding the performance of the company's finances, the total mean attained was 3.95, which suggests a strong mean likely to agree on a scale that extends from one to five points. The combined effect model that was computed explained the variation in the financial performance of public hospitals in Kajiado North Sub County. The model supplied this explanation. As a result of the emergence of M-pesa and cash payments to banks, which can be audited to ensure that they are appropriate payment systems, the study recommended a need to reinforce cash collection channels. It may be accomplished by encouraging payment in other forms and moving away from cash payments. To reach this goal, we can promote using alternative payment methods. This study will explore additional options throughout the financial planning process.

[4], Conducted a study to examine inventory management practices by supermarkets in Nairobi County, Kenya. The study focused on implementing strategic inventory management methods and evaluated their performance. The research methodology involved gathering data using a questionnaire and traditional in-person interview questions. The questions were formulated by assessing inventory management's impact on profitability and liquidity. The investigation revealed that supermarkets employed various practices, from manual and informal methods without written instructions to computerized inventory management systems capable of tracking stock movement and setting re-order thresholds. Supermarkets linked to the extranet often experienced issues with excessive inventory, and occasionally, many suppliers would provide goods for the same automated request. The study's shortcoming is its exclusive focus solely on inventory management within supermarkets, whereas the present study explores a range of activities undertaken by the ELCT ND.

[1], Carried out a research project on the effectiveness of lean inventory management systems implemented in supermarkets in Nairobi County, Kenya. According to the study's findings, the primary focus was inventory management strategies' contribution to supermarkets' operational performance. A descriptive statistical approach was used with the Statistical Package for the Social Sciences (SPSS) to analyze the data. This study established that a unit increase in ABC Analysis would lead to increase in the operational performance of supermarkets by a factor of 0.683, a unit increase in economic order quantity would lead to increase in operational performance of supermarkets by a factor of 0.702, unit increase in Vendor managed inventory would lead to increase in operational performance of supermarkets by a factor of 0.793, a unit increase in Demand focus inventory would lead to increase in operational performance of supermarkets by a factor of 0.699 and a unit increase in Automatic replenishment would lead to increase in operational performance of supermarkets by a factor of 0.612. In comparison to the other inventory management strategies that were investigated, it was discovered that vendor-managed inventory brought about a more significant contribution to the operational performance of supermarkets in Kenya. The study concluded that effective inventory control management is recognized as one of the areas in which the management of any organization should have capability. On the other hand, the current study focuses on four different areas of financial planning. In contrast, the previous research only focused on one part of financial planning: inventory.

[26], Examined the impact of Working Capital Management Practices (WCMPs) on the Financial Performance of Small and Medium Enterprises in Machakos Sub-County, Kenya. The study used a cross-sectional survey research approach. The acquisition of primary data was conducted via structured surveys and interviews [27]. The study focused on a specific group of individuals, namely 159 Owners/Managers of Small and Medium Enterprises (SMEs) who were engaged in trading activities within Machakos Sub-County. A random sampling technique was employed to acquire a sample of 22 small and medium-sized enterprises (SMEs) involved in trade within Machakos Sub-County. Analyzed data employed both descriptive and inferential statistics. The coefficient of determination (R^2) revealed that 50.7% of the fluctuations in financial performance could be accounted for by the changes in enterprise content management (ECM), enterprise risk management (ERM), and enterprise information management (EIM). The findings of this study indicate that Working Capital Management Practices (WCMPs) significantly

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contribute to the financial performance of Small and Medium Enterprises (SMEs).

Their research (27) examined the impact of working capital management methods on the financial performance of agricultural enterprises listed on the Nairobi Securities Exchange. They also investigated how government regulations have a moderating influence on this relationship. The study used data from fifty-five companies listed on the Nairobi Stock Exchange (NSE) in Kenya as of December 31, 2009. Pertinent data was gathered from the audited financial reports of the selected companies for five years spanning from 2005 to 2009. Analyzed data was used to determine each firm's annual working capital policy, which was subsequently categorized into aggressive, conservative, and moderate policies. The study employed simple regression analysis to investigate the association between working capital regulations and return on total assets (ROTA), a metric used to assess profitability. The study revealed a positive correlation between the firm's profitability and gross working capital efficiency. The study found that contrary to popular belief, adopting a conservative working capital policy does not sacrifice profits in favor of liquidity. There is a positive correlation between a conservative working capital policy and a firm's profitability.

IV. METHODOLOGY

The study was conducted in Kilimanjaro Region in Tanzania, covering three ELCT ND Projects (Uhuru Hotel, Printing Press, and Umoja Hostel). The choice of the study area is attributed to the fact that the Diocese has projects in operations that have not been doing well in terms of performance, as explained by the Audit reports of the Diocese (ELCT-ND Annual Report, [19]. The situation makes it essential to research how financial planning practices contribute to the performance of the said projects. The population of the study consisted of 85 permanent employees across three projects: Uhuru Hotel (31), Printing Press (27), and Umoja Hostel (27). As the study focuses on the contribution of financial planning practices, some permanent employees could not give information about the study. For that matter, such employees were eliminated in the sample size determination. As the study population was small (85), a census sampling technique was used, which involved collecting data from every member of the population [9].

Data was collected using a questionnaire and key informant interviews. Content and face-to-face validity were used for the data collection instrument, while a test re-test was used to ensure the instrument's reliability. Some closed-ended/structured questions were used to obtain specific answers to the study. The key Informant Interview (KII) guide was used to collect information. Five officials of the ELCT ND, including the General Secretary, Finance Manager, Chief Internal Auditor, and two Finance Department members, were used as key informants. Interviews were used in the study, especially to gather more qualitative information [12].

SPSS was used as an aid tool to analyze data to produce frequencies and descriptive and inferential statistics, which were used to derive conclusions and generalizations regarding the population. Descriptive statistics such as mean and frequencies were used for data analysis. The analysis of variance (ANOVA) was used to test the overall significance of the model. In particular, the calculated f statistic was compared with the tabulated f statistic. A critical p-value of 0.05 was also used to determine whether the overall model was significant. A multivariate regression model was used to link the independent variables to the dependent variable, as each practice was measured independently. The equation used is presented as follows;

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \mu$$

Where;

Y =Financial Performance

X1 =Budgeting Practices

X2 = Cash planning

X3 = Inventory Management

X4 = Working Capital Management

In the model, $\beta 0$ = the constant term while the coefficient βii = 1….4 was used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables X1, X2, X3, and X4. μ is the error term. Analyzed data was presented in statistical tables, with inferences from the results obtained. Demographic characteristics, descriptive statistics, and inferential statistics were presented in tables in line with the study's objectives.

V. FINDINGS AND DISCUSSION

A. Response Rate

The study's response rate was 85(97.70%) respondents out of 87 who were expected to be included in the study. The two staff members were not reached because one was on extended sick leave while the other was on annual leave. The results for the response rate are presented in Table 1.

Table 1: Response Rate

Response	Frequency	Percentage
Reached	85	97.70
Not reached	2	2.30
Total	87	100

Source: Field data, (2023)

B. Demographic Characteristics of Respondents

Four demographic characteristics of respondents were assessed, including gender, age, work experience, and education level. Results are shown in Table 2. Results indicate that 57.65% of the employees in the ELCT ND Project were male compared to their female counterparts, who were 42.35%. The results showed that the projects were male-dominated.

The results may be attributed to the activities that demand more male gender types than female. Results also indicated that the youth and middle-aged group dominated the respondents, accounting for about 57% of the respondents. The results imply that the projects are dominated by the age majority who can adopt technologies and understand financial standards and regulations in financial planning, expenditure, and reporting. The findings agree with that of [31], who found that financial stability or instability for smallholder business operators was successful in their golden years. Accordingly, the golden years were defined as 25-50.

Table 2: Demographic Characteristics of Respondents

Variable	Categories	Frequency	Percentage
Gender	Male	49	57.65
	Female	36	42.35
Age	18 -35	21	24.71
	36 – 45	36	42.35
	46 and above	28	32.94
Education Level	Form Four	16	18.82
	Form Six	19	22.35
	Certificate	16	18.82
	Diploma	7	8.23
	Degree	13	15.29
	Postgraduate Diploma	07	8.23
	Masters	07	8.23
Number of years in the Project	1 -10 years	32	37.64
	11 -20 years	31	36.47
	21 -30 years	13	15.29
	31 and above	9	10.58

Source: Field Data, (2024)

Regarding the education levels, the projects were dominated by secondary and tertiary education leavers. The results are attributed to the activities conducted at the hotel and hostel and even at the printing press, where most staff do not need to be highly educated in most sections. The experience of staff in the projects also indicated that most staff had experienced between 1-30 years, accounting for 51.11% of the entire staff base. This implication is two-fold: the projects lower staff attrition, which is good for the projects to retain staff and preserve experiences. The second aspect is that the projects have a good number of experienced staff who can plan and practice well with the finances of the projects.

C. Inferential Statistics Results

i. Pearson Correlation Analysis

Regarding financial planning practices, four independent variables were correlated with the performance of the projects being investigated, which served as the dependent variable. Results are presented in Table 3.

The findings indicate a favorable and significant correlation (r=0.187, p=0.012) between budgeting methods and performance. These findings are consistent with the research conducted by Nair et al. (2020) on the impact of budgets on the financial performance of small-scale industries in Yemen. The findings suggest that budget and managerial performance significantly impact the economic performance of the studied organizations assessed through Return on Assets (ROA). The results of the current study additionally demonstrated a favorable and substantial correlation (r=0.149, p=0.036) between knowledge of cash planning and performance. These findings corroborate the results of Tarus and Juma (2017), who discovered that cash management has a beneficial impact on performance.

Table 3: Correlation Results

Variable		Performance	Budgeting Practices	Cash Planning	Inventory Planning	Working Capital
Performance	Pearson correlation	1				
Budgeting practices	Sig. (Two-tailed) Pearson correlation	.187* 0.012	1			
Cash planning	Sig. (Two-tailed) Pearson correlation	.149* 0.049	0.073 0.182	1		
Inventory planning	Sig. (Two-tailed) Pearson correlation	.265** 0.000	0.03 0.339	-0.042 0.126	1	
Working capital	Sig. (Two-tailed) Pearson correlation	.482** 0.002	179* 0.06	361* 0.05	-0.01 0.673	1

Source: Field Data, (2023), **, *Significance levels at 10% and 5% respectively.

Further evidence from the study showed a strong and statistically significant positive correlation between inventory planning and performance (r=0.265, p=0.000). These findings are consistent with those of [33], who conducted a study on the influence of inventory management on the company's financial success. The study correlated the inventory turnover ratio and the organization's economic state. The results indicate a strong and positive correlation (r=0.482, p=0.002) between working capital and performance. These findings align with [19] research, which demonstrated a strong and significant positive correlation between the duration of accounts collection, the profitability inventory turnover ratio, and the company's financial state.

ii. Regression Analysis

The results in Table 4 present the fitness of the regression model in explaining the study phenomena.

Table 4: Model Fitness

Model	R	R Square	Adjusted R Square	Estimate Std. Error
1	.552	0.527	0.445	0.31132

Source: Field Data, (2023)

When explaining the performance of project suppliers, it was discovered that budget procedures, cash planning, inventory planning, and working capital were all satisfactory variables. The fact that the coefficient of determination, sometimes referred to as the R square, is 52.7% lends credence to this assertion. The results of this analysis indicate that the practices of budgeting, cash planning, inventory planning, and working capital explain 52.7% of the variability in the dependent variable, which is performance. This result further indicates that the model utilized to link the relationship between the variables was successful.

Table 5: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	7.667	4	2.56	12.411	**0.000**
Residual	23.06	147	0.176		
Total	30.727	149			

Source: Field Data, (2023)

The results of the variance analysis (ANOVA) are presented in Table 5. The overall model was statistically significant, as evidenced by a p-value of 0.000, lower than the essential p-value of 0.05. The results indicate that the model was statistically significant.

The fact that this was corroborated by an F statistic of 12.411 infers that financial planning practices are good predictors of performance.

Table 6: Coefficients from Regression Analysis

Financial Planning Practices	B	Std. Error	t	Sig.
(Constant)	-0.077	0.482	-0.158	0.775
Budgeting Practices	0.137	0.059	2.877	0.003
Cash planning	0.168	0.063	2.571	0.004
Inventory planning	0.189	0.058	2.998	0.000
Working capital management	0.397	0.061	3.672	0.000

Source: Field Data, (2023)

The regression coefficients result in Table 6 indicate a positive and statistically significant relationship between budgeting practices and performance (β=0.137, p=0.003). The findings presented here agree with those produced by [25], who discovered that the utilization of budget and managerial performance significantly impacted financial performance as evaluated by ROA. According to the data presented in the table, a positive and statistically significant relationship exists between cash planning and performance (β=0.168, p=0.007). According to [34], who discovered that effective cash management positively impacts performance, these findings agree with their conclusions.

The study further demonstrated a positive and statistically significant relationship between inventory management planning and performance (β=0.189, p=0.000). An investigation on the influence of inventory management on the company's financial success was carried out by [33], and these findings agree with these conclusions. Based on the study's findings, it was discovered that there is a connection between the inventory turnover ratio and the financial state of the projects under the survey. In conclusion, it was found that there exists a positive and statistically significant relationship between the practices of working capital management and performance (β = 0.397, p=0.000). [19], Those who suggested a significant negative association between the accounts collection period, profitability inventory turnover ratio, and the firm's financial state agree [19]. found that there is another relationship between the two.

Most respondents indicated that all departments create budget plans before the start of the budget year. The department heads oversee budgetary activities. The departmental heads regularly conduct follow-ups on budget plans and provide regular reports to evaluate budget performance. The correlation analysis revealed a strong and statistically significant positive association between budgeting habits and performance. The regression analysis showed a statistically significant and positive correlation between budgeting methods and performance, as evidenced by a p-value of 0.003 and a Beta coefficient of 0.137. The results indicate that a single increment in budget procedures leads to a corresponding enhancement in performance by 0.137 units.

The findings are also supported by the key informants where one of them mentioned that;

Budgetary activities usually start with the sections under the respective Departments and are carried out by the department heads. As a requirement for fiscal activities, this part is generally done by the department heads who make up the entire project budget. Being done correctly and at an optimal level is a different thing, and it requires testing for authenticity—an interview conducted on February 22, 2024.

The information provided by the key informants is evidence that budgetary practices are done on the ELCT ND Projects, an indicator of an organization's financial planning.

The second indicator sought to evaluate the impact of cash planning techniques on the financial performance of projects in the study area. Most respondents observed that finance managers consistently develop an optimal organizational capital structure. Effective control is characterized by rigorous oversight of cash inflows, deposits, outflows, and balances. The projects utilize internally generated revenues to finance their operations. The findings also indicated that most respondents acknowledged the utilization of rigorous accounting principles and practices of accountability. The correlation analysis revealed a strong and statistically significant positive association between cash planning and performance. The regression analysis showed a statistically significant positive association between cash planning and performance, as evidenced by a p-value of 0.004 and a beta coefficient of 0.168. Results indicate that a single increment in cash planning techniques leads to a performance enhancement of 0.168 units. The findings were further corroborated by the responses in the questionnaire, with the majority of the participants agreeing with the claims.

The other indicator examined aimed to determine the contribution of inventory planning techniques on the financial success of ELCT ND projects in Moshi Municipality. Most respondents indicated that they had implemented mechanisms in their projects to evaluate the utilization of stocks. Inventory planning minimizes the time it takes to supply goods. Organizations possess well-defined inventory policies. The systems can avert deficiencies and expenses associated with depleted stock, and inventory management directly impacts the organization's performance. The correlation analysis revealed a strong and statistically significant positive relationship between inventory planning and performance. The regression analysis showed a statistically significant positive association between inventory planning and performance, as indicated by a p-value of 0.000 and a beta coefficient of 0.189. Results suggest that a single increment in inventory planning procedures leads to a performance enhancement of 0.189 units. The findings were corroborated by the questionnaire responses, with most of the respondents agreeing with the claims.

The findings also were supported by the key informants where one of them said that;

Inventory management is critical for managers to ensure optimal inventory keeping and buying. Results support it as one of the audit components that shows that inventory management practices help to leverage project performance. The interview was conducted on February 23, 2024.

The key informants' comments indicate that the project management understands and insists on inventory management as part of the financial management practices.

The fourth variable examined aimed to determine the contribution of working capital procedures on the financial performance of the ELCT ND projects in Moshi

Municipality. Most respondents observed that accounts receivables are promptly collected in the projects being investigated. Accounts payable are promptly disbursed. The duration of inventory holding is brief. Efficient management of working capital facilitates the attainment of goals and objectives, whereas excessive working capital leads to unnecessary depletion of cash resources. The correlation analysis revealed a strong and statistically significant positive relationship between inventory planning and performance. The regression analysis indicated a statistically significant positive link between inventory planning and performance, as evidenced by a p-value of 0.000 and a beta coefficient of 0.397. Results suggest that a one-unit increase in working capital procedures leads to a 0.397-unit improvement in performance. The conclusions were corroborated by the claims in the questionnaire, which most respondents concurred with.

VI. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

The study findings indicate a strong and significant correlation between budget planning and financial performance for the ELCT ND projects. Furthermore, pros who prepare their budgets before the budget year can maintain their long-term viability. The study additionally revealed that most projects undergo consistent budget plan monitoring by the budget committee, and frequent reports on budget performance are prepared. The study's findings indicate that budget practices, cash planning, inventory planning, and working capital management significantly correlate with the financial performance of the mentioned projects under the study.

Furthermore, robust control is characterized by stringent oversight of cash inflows, deposits, cash outflows, and balances. Every project utilizes internally generated revenues to finance its activities. The analysis found a strong and statistically significant correlation between inventory planning and the financial performance of the projects. Additionally, it was seen that the initiatives have mechanisms in place to assess inventory utilization. These systems can avert deficiencies and expenses incurred due to depleted stock, and inventory management plays a significant role in enhancing project performance.

The analysis determined a strong and meaningful correlation between working capital and the financial performance of the three projects examined. Furthermore, it was observed that accounts receivables are promptly collected in specific initiatives, and accounts payable are promptly disbursed. Furthermore, effective working capital management facilitates achieving goals and objectives, whereas excessive working capital leads to squandering funds.

B. Recommendations

According to the study's findings, it is recommended that all departments of individual projects should prepare budget plans before the beginning of the budget year. It is the responsibility of the heads of departments to regulate the activities related to the budget. In addition to ensuring that departmental heads follow up on budget plans, it is also essential to ensure that regular budget performance review reports are prepared. The planning of a project will be improved, which will ultimately result in better yearly performances. In addition, budgeting enables administrators to plan, make appropriate decisions, and determine the projects' objectives and direction.

The study also recommends that the financial manager constantly plan an optimal project capital structure. Additionally, there ought to be a robust control that has stringent budgetary control over cash that is brought down, money that is banked, cash that is paid out, and cash that is received. Projects should make appropriate use of the funds that are generated internally to finance their operations. Because how the financial plans are made is directly related to the success of any firm, this was discovered to be of great significance.

The study suggests that the projects should have established inventory policies and processes to reduce shortages and stock-out expenses. It is widely acknowledged that one of the areas of capability that the management of any organization ought to develop is the ability to manage inventory control responsibilities effectively. Therefore, efficient management of inventory control will assist organizations in gaining a multitude of benefits, some of which include maximization of resource utilization, reduction of costs, enhancement of profitability, enhancement of sales effectiveness, reduction of waste, transparency, and accountability, simple storage and retrieval of stock, and high inventory utilization, amongst other advantages.

The study's findings suggest that working capital, including both short-term and long-term assets, should be managed because this leads to accomplishing goals and objectives. As a result of the fact that it immediately contributes to the maximization of a company's profitability, liquidity, and overall performance, the management of short-term assets is just as significant as the management of long-term financial investments. Similarly, the study recommends that the projects maintain their liquidity to ensure they can fulfill their short-term obligations when they are due. Increasing profits at the expense of liquidity puts the projects at risk of significant problems like insolvency and bankruptcy. It is the reason why earnings should be increased.

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AUTHORS PROFILE

Ms. Lucy Maleko, is a qualified Accountant working for the Evangelical Lutheran Church in Tanzania – Northern Diocese (ELCT ND). She is currently an MBA student at Mwenge Catholic University. She has been working in the Internal Audit Department at the ELCT ND for the past fourteen years as an internal auditor. She has gained a lot of experience with the operations of the projects for the Diocese.

Dr. Nyanjige Mayala, is a Senior Lecturer in the Economics and Business Studies Department at Mwenge Catholic University in Tanzania. She has a PhD in Investment Analysis, an MBA, and a Bachelor of Commerce and Management from Sokoine University of Agriculture and the University of Dar es Salaam, respectively. She has more than 15 years of experience in the field, working with international projects in most parts of Africa, and more than 10 years as an instructor in higher learning institutions in Tanzania.

Dr. Ladis Komba, is a Lecturer in the Department of Economics and Business Studies at Mwenge Catholic University in Tanzania. He has PhD in Marketing from KU Leuven in Belgium, an MBA and a Bachelor of Commerce and Management from the University of Dar es Salaam. He have worked as Secretary General at the Ministry of Works and as a Tanzania Ambassador in Uganda Consulate. He has also worked as Lecturer at the University of Dar es Salaam, Kampala International University and Mwenge Catholic University for more than 30 years.