

## REVIEW ARTICLE

## LEVEL OF BUDGETING PRACTICES AND THE FINANCIAL PERFORMANCE OF A NON-GOVERNMENTAL ORGANIZATION IN LAGUNA PROVINCE

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## ABSTRACT

This study examined the relationship between budgeting practices and financial performance in a selected non-governmental organization (NGO) in Laguna Province. It focused on three core budgeting dimensions—preparation, implementation, and monitoring & evaluation—and assessed their impact on financial indicators such as fundraising efficiency, working capital, and program service delivery. Employing a descriptive-correlational design, the researcher collected data from 27 finance personnel at the International Rice Research Institute (IRRI) using a validated Likert-scale questionnaire. The results indicated consistently high levels of budgeting practices and financial performance. Budget preparation showed the strongest correlation with fundraising efficiency, while budget implementation had a significant influence on both fundraising and working capital. Monitoring and evaluation demonstrated a moderate but positive effect across all financial indicators. The findings highlighted the importance of strategic, participatory, and transparent budgeting processes in enhancing financial sustainability and operational effectiveness. Based on these insights, the study recommended strengthening staff training, improving cost-effectiveness assessments, and integrating data-driven monitoring tools to enhance overall effectiveness. Overall, the research contributed to the broader discourse on NGO financial stewardship and provided practical recommendations for organizations seeking to optimize their budgeting systems and enhance financial outcomes.

## KEYWORDS

budgeting practices, financial performance, non-governmental organizations (NGOs), fundraising efficiency, working capital management

## 1. INTRODUCTION

In non-profit organizations/non-governmental organizations (NGOs) throughout the world, organizations are addressing many societal needs. Typically, in developing countries, NGOs help fill the gaps left by governments in delivering services and promoting sustainable development. (Abiddin et al., 2022) In the Philippines, NGOs have proven to be a valuable resource in community development, agricultural innovation, environmental protection, and poverty alleviation (Child Hope Philippines, 2022). The viability of NGOs and their ability to achieve their mission heavily depend on effective financial management, particularly budgeting (Morris, 2024).

Budgeting is a crucial tool for defining, managing, and evaluating financial resources (Schmidt, 2023). Budgetary practices are essential to financial management for NGOs, particularly when funding is limited and dependent on donors, to ensure accountability, transparency, and the effective use of the organization's resources. Budgeting best practices at NGOs should include developing budgets that support strategic objectives, implementing them with discipline, and monitoring and evaluating outcomes. Weakness in any of these areas can affect financial performance and impede successful program and service delivery.

The objective of this study was to explore budgeting practices and their relation to the financial performance of a selected NGO located in Laguna Province. The study examined three aspects of budgeting: preparation, implementation, and monitoring. Financial performance was assessed based on three key indicators: efficiency of fundraising, working capital

position, and delivery of programs or services. The organization studied is not named due to ethical reasons, but it provides substantial support to agricultural research and development in the region.

By studying the budgeting practices of this NGO, we aim to gain insights that can inform their thinking on financial sustainability, success, and operational efficiency. The results will contribute to the broader discussion about NGO finances and practices, helping to generate ideas and a process for other NGOs regarding budgeting systems and financial success.

## 2. LITERATURE REVIEW

## 2.1 Budget Preparation

Budgeting is the foundation for fiscal responsibility in organizations and serves as a reflective tool for structured planning, resource allocation, and performance monitoring. An adequate budget assists both for-profit and nonprofit organizations in matching fiscal responsibilities to organizational goals, propagating sustainability and accountability. It is essential to remember, as notes, that budgeting is neither an activity solely based on finances nor a fixed statement; it is a process that guides an organization's decision-making and fosters transparency among stakeholders (Stobierski, 2021). In the case of non-profit organizations, they must also demonstrate accountability, as they are typically funded by donors and grants. Thus, budgeting is fundamental for NGO's to demonstrate accountability and viability of programs as it relates to

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spending donor and grant funds. Budgets require the use of data, which can take the form of historical data to develop projections. Aligning accounting within a financial strategy should involve seeking to align plans with the organization's strategy. Being able to budget should enable organizations to anticipate challenges, build risk into the budget, and provide organizational flexibility to conduct business even in uncertain times (Forecasting and Budgeting Techniques, 2025).

In budget preparation, there are generally several steps: (1) understand organizational goals, (2) estimate income and expenses, (3) prioritize action, and (4) review and approve the final budget. Stobierski (2021) lists four steps in their process: (1) set goals, (2) forecast financially, (3) compare actuals vs projections, and (4) revise plans as necessary. NGOs tend to follow a vital process as well, but have to comply with an increased focus on allocating costs and donor compliance. Budworth (2023) mentions that starting early, conducting initial research, and being flexible for the unexpected are good budgeting practices. Nonprofits have a greater emphasis on narrative justification in budgeting, particularly when preparing grant requests and reporting to donors, as they must articulate how the organization will utilize the funds (Alba, 2025). In general, budget preparation is more than a technical task for NGOs; it is a strategic endeavor that further supports mission work and adds credibility to the organization.

## 2.2 Budget Implementation

The success and sustainability of NGOs largely depend on the effective execution of budgets during the budget implementation process. The study participatory budgeting, budget controls, and compliance with donor financing regulations all affect budget execution (Mudeheli et al., 2020). Together, they explained more than 76% of the variance in the budget implementation of the NGOs in Kenya. This indicates a greater need for financial planning participation and donor compliance procedures when budget execution is required. Similar research established that budget preparation, budget control, and budget implementation are key factors in relation to budget variance, and that effective budget processes contribute to both predictability and operational efficiency by (Gacheru, 2012). Structural organization, staff motivation, and stakeholder involvement were also identified as key system-related factors contributing to budgeting execution success in studies conducted in Uganda (Katooro et al., 2017).

Transparency and accountability are equally crucial for the effective use of budgets by NGOs. The analysis states that a clear breakdown of budgets and regularly sent financial reports builds trust with donors and stakeholders, thereby building credibility and assets toward getting funding as an NGO (WPAB, 2025). Transparency with financial statements proves ethical stewardship of resources and builds confidence in the organization's decision-making and credibility. Best practices around this include the use of an accurate line item budget breakdown with participatory planning from all departments and the use of summaries of historical financial records to report forecasts. These practices also solidify support from donors and confidence in the community while effectively linking budget practice to goals and objectives for program success.

## 2.3 Budget Monitoring and Evaluation

Within the domain of financial management, budget monitoring and evaluation have become increasingly important for organizational financial management, and these tools can be used to promote accountability, transparency, and operational efficiency within organizations. Budget monitoring, or "the systematic comparison of actual financial performance to planned budgets" enables organizations to compare the budget to actual performance so that deviations can be detected and corrected (Government Finance Officers Association, 2018). Government Finance Officers Association (2018) argued that effective budget monitoring should attempt to include a broad range of indicators—including revenues and expenses, as well as whether municipalities are providing the expected services to residents—that can provide a more complete picture of overall organizational performance. Furthermore, by promoting fiscal discipline, budget monitoring should enable organizations to detect trends and significant variances before they are committed to the next cycle or operational period, thereby ideally supporting strategic decision-making during the ongoing periods.

Evaluation, by contrast, complements monitoring by ascertaining the effectiveness and impact of funded programs, policies, or operations within the budget. Evaluation provides evidence-based insights that can be learned from and improved upon, making it a considered investment in an organization. The study budgeting for evaluation needs to correspond

to the complexity of the program, and the research questions need to be undertaken so that resources can be used effectively in pursuit of outcomes (Homauni et al., 2023). By integrating budget monitoring and evaluation, organizations create a continuum of continuous improvement that will allow them to respond to new circumstances, allocate resources, and achieve their goals.

## 2.4 Fundraising Efficiency

Fundraising efficiency is an important measure for NGOs as it provides insight into how successfully an organization turns fundraising expenditures into contributions. Fundraising efficiency is most commonly calculated using the fundraising efficiency ratio, described as total contributions divided by total fundraising expenses. A ratio greater than 1 indicates that the organization raises more than it spends - this is an ideal level of efficiency. Efficiency not only helps an organization reach financial sustainability, but it also builds donor trust, as organizations are measured on efficiency as an indicator by platforms like Charity Navigator (Jarvis, 2023). In addition to fundraising efficiency, NGOs are also tracking critical fundraising performance indicators such as cost per dollar raised, donor retention rate, and donor acquisition cost to evaluate and improve fundraising efforts (WPAB, 2025).

While fundraising efficiency is vital, there are numerous challenges faced by NGOs. A lack of resources, sidelined donors, and competition for funding sources are the major barriers (Luther, 2024). Often, NGOs operate under narrow budgets that limit their ability to purchase current fundraising technology or hire qualified staff. Possible best practices to address barriers include diversifying funding by building grants, sponsorships, and charitable donations, and leveraging technology for donor engagement (Kumar, 2009). Building rapport through personal outreach and deciphering transparency on impact through funding use all stem from better outputs that can secure more efficient funding and ensure a long-term return on fundraising efforts. By utilizing strategic planning and assessing organizational performance metrics, referring to the stronger outputs, NGOs can achieve better fundraising results to enhance their mission sustainability (NGOs Info, 2024).

## 2.5 Working Capital

Working capital is an important financial term for an NGO, as it is for any for-profit organization. An organization's working capital is the margin between current assets and current liabilities, and indicates a level of liquidity to meet a financial obligation on a short-term basis. For any NGO, the implications of working capital mean operational liquidity, to maintain a site of reliability to meet regular payments, to maintain staff and suppliers, and, importantly, an ability to take action when an unforeseen need arises - all without jeopardizing the work conducted in the service of the organization's mission. Hawley (2015) writes that working capital management is the same as a heart is to a human being - running on nothing, working capital management remains ensuring liquidity throughout the whole organization, even when there are no profits. This is an incredibly important aspect for NGOs that rely heavily upon civil, operational, projects, and services that are funded through grants and donations that are irregular and/or subject to restrictions in the way they can be used or employed.

In addition to dynamic capabilities, working capital provides NGOs with flexibility to seize opportunities and manage risk. For example, if an organization has sufficient working capital, it can start emergency relief efforts or ramp up programs when additional funding is available. Further, a working capital cushion can provide protection during funding delays and economic contraction. noted that working capital represents a financial buffer; when organizations face financial stress, the working capital may allow them to keep the doors open and continue operations (Boehlje and Langemeier, 2015). In the nonprofit environment, this means continuing to serve beneficiaries when outside funding is not known. Therefore, ensuring effective working capital management can help ensure that NGOs are sustainable and resilient.

## 2.6 Program Service

Non-government organizations (NGOs) typically provide valuable program services that help address social, environmental, and humanitarian challenges with a wide variety of program services. Some of these program services range from: health care delivery, education programs, disaster relief, poverty alleviation, and environmental stewardship. NGOs operate independently of government structures; however, they often work with partners in the private and public sectors to enhance their impact and/or delivery. The funding base for each NGO

program/s will typically include funding sources from all three sectors, including government grants, private donations, corporate donations, and grants from foundations. Grants.gov is one source of federal funding opportunities, where NGOs in health, education, and many other sectors can search for thousands of applicable opportunities (Jamaludin et al., 2023). NGOs can use grant aid, as outlined above, to develop an organizational program for subsequent funding that relates to community needs and policy priorities (Besançon et al., 2022).

The positive impact of NGO program services is both easy to demonstrate, as they often have significant and measurable impacts. Health care access has improved immensely in underserved areas due to the work of NGOs while literacy and school enrollment have increased as a result of education-based NGOs focused on community work (Kumar et al., 2024). We also see a contribution from the partnerships NGOs developed with corporates. Corporate partnerships can help NGOs through much more than just funding by enhancing their capacity through technical knowledge and expertise, and providing them with volunteer hours. All of these partnerships, with both the bank and the community, also work to extend the reach of NGOs and the people they touch. NGOs that align their missions with the priorities of their funders and public policy objectives are more likely to receive continued funding, which may lead to more sustainable outcomes long term (Ibrisevic, 2020). Overall, this level of engagement demonstrates how NGOs have been and continue to be effective facilitators for change in local and global developments.

Based on the literature reviewed, budgeting practices, including preparation, implementation, and evaluation, are central to ensuring the fiscal sustainability and operational effectiveness of NGOs. Studies suggest that strategic budget preparation can align an NGO's resources and activities with its goals, while participative and clear implementation practices can foster trust with donors and accountability internally. In addition, following through on budgets using meaningful monitoring and evaluation can contribute to flexible decision-making, reflections, and learning. The literature also established the relationship between an NGO's financial performance and budgeting practices, with fundraising efficiency, solid performance with working capital, and delivery of program services. NGOs that are successful in fundraising, managing working capital well, and delivering programs with budgets are in a stronger position to deal with funding constraints, continue to deliver programs, and achieve greater good. Using this information as guidance, this study explores the level of budgeting practices and the budgeting relationship to the financial performance of a selected NGO in Laguna Province. Furthermore, the study aims to provide implementable recommendations that could enhance financial stewardship and outcomes.

Specifically, the study sought to describe the mean level of budgeting practices of a select NGO in terms of budget preparation, implementation, and monitoring and evaluation. It also measured and presented the financial performance of the NGO in terms of fundraising efficiency, working capital, and program service. Ultimately, the study determined if there is a significant relationship between the level of budgeting practices and the financial performance of the selected NGO.

## 2.7 Conceptual Framework

This study's conceptual framework is built upon the connection between budgeting practices and the financial performance of non-governmental organizations (NGOs), which are our dependent variables. Budgeting practices are our independent variables, which encompass three categories of budgeting practices: budget preparation, budget implementation, and budget monitoring and evaluation. These three categories incorporate the processes that NGO's follow to plan how they want to allocate their funds, use their allocated funds to better use financial resources, and assess the value of their spending resources. Budget preparation is the practice of aligning an organization's financial plans and goals. Budget implementation concerns whether the NGO spent its funds according to its budget. Budget monitoring and evaluation explores the analysis of how its financial activities were tracked and how successfully the budget was implemented. All three budgeting practices are useful for keeping an organization accountable, staying compliant with

the reporting requirements of funders, and enhancing transparency.

Figure 1: Research Paradigm		
Independent Variables		Dependent Variables
<b>Budgeting Practices</b> <ul style="list-style-type: none"> <li>- budget preparation</li> <li>- budget implementation</li> <li>- budget monitoring and evaluation</li> </ul>		<b>Financial Performance</b> <ul style="list-style-type: none"> <li>- fundraising efficiency</li> <li>- working capital</li> <li>- program service</li> </ul>

The dependent variable for this study is the financial performance of the nonprofit organization, measured through three indicators: fundraising efficiency (how much more the organization generates from fundraising initiatives as opposed to spending on fundraising activities), working capital (the organization's ability to access liquid funds or respond to short-term financial obligations), and program service delivery (considering not only how effective the organization is at implementing and sustaining the program for beneficiaries, but also how the organization has established its fundraising and funding endorsement to support its ability to operate and fund its service delivery). These indicators highlight the financial performance and operational capacity of the nonprofit organization. A high level of financial performance indicates that the organization is able to effectively utilize resources to meet objectives and deliver social impact within the organization.

The research paradigm displayed in Figure 1 presents a direct link from budgeting practices to financial performance. The conceptual framework stipulates that budgeting practices lead positively to financial performance. When an NGO implements formalized and transparent budgeting practices in its organization, it will most likely work within its budgetary limits, foster donor trust, and properly allocate resources for different programs. Accounting for this framework will help guide this study to see if any of the effective budgeting practices are indicative of financial performance with respect to a chosen NGO in Laguna Province. The goal is to discover which part of the budgeting process most influences financial performance so evidence-based recommendations can be provided to organizations seeking to improve financial efficiency and performance.

## 3. METHODS

### 3.1 Design

The purpose of this research study is to employ a quantitative research design. Specifically, the study used a descriptive-correlational research design in order to explore the budgeting practices of a selected NGO in Laguna Province and their association with the financial performance of the NGO. Descriptive research systematically and relentlessly gathers quantifiable data in order to precisely describe a phenomenon. In contrast, correlational research is used to determine the relationship between two or more variables when there is no manipulation under study (Creswell & Creswell, 2018). This research design is relevant because it allows for a quantitative, objective, and statistical study on the extent to which budgeting practices are related to the financial performance of the NGO. Due to the structured and measurable processes of organizations, quantitative approaches ensure the quality and trustworthiness of data, provide justification for comparisons, and promote the generalization of results with other government agencies (Saunders et al., 2019).

Using a survey questionnaire allows information to be collected from the NGO employees while standardizing the data collection process, and offers efficiency and consistency with the replicability of data collection (Bryman, 2016). A quantitative survey has a structured quantitative approach through its fixed-response measurement, allowing a structured and uniform measurement of variables about knowledge management and documentation practices to minimize the effects of subjectivity in the interpretation (Bryman, 2016). A quantitative approach is suitable because NGOs such as IRRI have standard regulations and workflows. It also allows pattern, trend, and possible improvement analysis within the data. A quantitative approach also provides the study with a stronger level

of validity based on the fact that the study collected numerical data, which can lend itself to measurement and statistical analysis and assist with identifying any significant correlations. This study's methodology ensures that it is structured, data-driven, and systematic, and can be used for future administrative policies and improvements of organizational arrangements.

### 3.2 Respondents of the Study

This study was based on a random sample, choosing 27 of 44 personnel in the Financial Department of the International Rice Research Institute (IRRI), a prominent NGO located in Los Baños, Laguna. A sampling method suited to the appropriate access to reliable and representative data and to the limits of logistics was random sampling. A random sample allowed for a fair participant selection among those who could respond without bias on behalf of other selected participants, while giving coverage to the different roles and functions in the department.

There was a large enough population for random sampling to provide sufficient data for analysis without being overly complicated. There would not only be a manageable number of 27 participants, but it would also provide enough data. Each of the selected participants worked directly in budgeting-related activities such as preparing, implementing, or monitoring and evaluating procedures. This helped to make sure that the participants were qualified to provide relevant and valid responses. This was also a responsible method to ensure credible and relevant findings while ensuring adequate time and resources for data collection.

In addition, due to the intricate financial structure of IRRI and the institution's obligation to manage donor-funded agricultural programs, it was important to get input from employees who have considerable oversight of finances. Random sampling is useful for this study's objective of making generalizable conclusions regarding budgeting practices and influence on financial performance—not only for IRRI, but more generally as a potential example for other NGOs seeking to improve their financial management systems.

### 3.3 Data Gathering Procedures

For this study, the researcher used a survey questionnaire that was made by the researcher to measure the budgeting practices and financial performance of the International Rice Research Institute (IRRI) located in Los Baños, Laguna. The questionnaire was in the form of a 5-point Likert scale, which allowed participants to indicate their level of agreement or disagreement with a wide selection of statements regarding the preparation, implementation, monitoring, and evaluation of budgets, as well as financial performance measures such as fundraising efficiencies, capital budgeting, and program service delivery. The Likert scale had an interval scale, where Participants could provide standardized responses for eventual statistical analysis. The Likert scale started from 1 (Strongly Disagree) to 5 (Strongly Agree).

Before collecting data, the researcher sought and was granted permission from the appropriate person/authority at IRRI (Office of the Finance Director or equivalent administrative unit) to collect all of the data. The researcher submitted a formal letter of request including the purpose, scope and value of the study, as well as the confidentiality and voluntary nature of the study, and once permission was granted, the researcher made arrangements with departmental heads on a mutually agreeable time for staff to complete the questionnaire with the least amount of impact on current work operations.

To enhance the clarity and relevancy of the survey, the questionnaire was face and content validated by experts in financial management and research, which was also pilot tested with various respondents outside the actual sample. After the researchers were satisfied with the updates made, the questionnaire could be distributed as printed and/or digital secure forms, chosen by the respondents depending on preference and availability. The participants were given plenty of time to complete the questionnaire, and the researcher was able to make clarifications when necessary, while remaining neutral as an observer. All responses were maintained confidentially and were used for academic and research purposes only.

### 3.4 Data Analysis

For the analysis of the data collected in this study, mean, standard deviation (SD), and Pearson product-moment correlation coefficient (Pearson  $r$ ) were selected as the primary statistical techniques. These

specific steps were justified in addressing the study's objectives within the context of the whole study, particularly as relates to describing the level of budgeting practices and financial performance, in determining the nature of the relationship between budgeting practices and financial performance.

Mean was selected as it allowed for the determination of the average response of participants for each indicator associated with budgeting practices and financial performance. In simple terms, the mean is a measure of central tendency allowing the reader to summarize the overall level of extent to which the respondents agreed with the statements of the Likert-scale questionnaire, and the standard deviation was able to quantify dispersion or variability of responses around the mean. A low standard deviation can be interpreted as responses were tightly clustered around the average, and a high standard deviation suggests higher variability in participants' perceptions or experiences.

The Pearson  $r$  statistic was utilized to evaluate the strength and direction of the relationship between budgeting practices (independent variable) and financial performance (dependent variable). The Pearson correlation was the most suitable for this study as both variables were measured using Likert-scale items that provided interval-scale data, and the focus was on measuring a linear relationship between the two variables. The use of Pearson's  $r$  allowed the researcher to assess if improvements in budgeting practices coincided with improvements in financial performance with the selected NGO. Given the objectives of the study and the means of making evidence-based findings and recommendations for practice in the financial management of organizations in the non-governmental sector, the use of this statistical methodology seemed appropriate.

## 4. DATA ANALYSIS

**Table 1:** Level of Budget Practices as to Budget Preparation Statement Mean St. Dev Interpretation

Statement	Mean	St. Dev	Interpretation
a. Our organization involves key departments in the budget preparation process.	4.3284	.79190	Very High
b. Budget preparation is guided by strategic plans and organizational goals.	4.3050	.80491	Very High
c. We use historical financial data to inform our budget estimates.	4.3930	.78092	Very High
d. Budget preparation is completed before the start of the fiscal year.	4.2141	.85642	Very High
e. Staff receive adequate training and guidance on budget preparation procedures.	4.3109	.79899	Very High
Overall	4.3103	.74315	Very High

The responses in Table 1 showed a consistently very high level of budget practices in the organization, specifically in the area of budget preparation, as all five statements were at a mean above 4.2 on a 5-point scale, indicating agreement with the statements. Among the five statements, the highest rated item, "We use historical financial data for estimating our budgets" (Mean = 4.3930), indicated the organization is data-driven in its decision making. This is a hallmark of good financial planning.

At a mean of 4.3284, the second-highest rated item of "Our organization involves key departments in the budget preparation process." Not only does this practice improve the accuracy of budget estimates, but it also brings together departments and accountability and enhances the transparency of data and communication. The relatively low standard deviation (.79190) indicates a high degree of consensus among the respondents and strengthens this practice.

Another significant finding is the importance placed on aligning budget preparation with strategic plans and organizational objectives (Mean = 4.3050). Aligning budget preparation with strategic plans and organizational objectives ensures that financial resources are allocated according to strategic long-term objectives, which is essential in building organizational sustainability. In addition, the timely completion of budget preparation prior to the agreed-upon fiscal year start date (Mean = 4.2141) indicates proactive financial management as timely budget preparation is another important plank of the budget preparation process. The lowest mean score of all the items indicates potential for improvement in this area, but still received a very high score overall.

The composite mean score of 4.3103 and standard deviation of .74315 supports the conclusion that organizational budget preparation practices are very high. Overall, the organization appears to have established strong processes and a culture that supports budget development. However, ongoing improvement should be pursued in budget preparation practices, particularly in regard to training, and completion of the budget preparation process prior to the start of the fiscal year.

Statement	Mean	St. Dev	Interpretation
a. Budget allocations are followed as planned during implementation.	4.3783	.76350	Very High
b. Department heads are accountable for adhering to their budget limits.	4.3636	.76102	Very High
c. Budget implementation is regularly reviewed to ensure alignment with objectives.	4.3871	.75713	Very High
d. Adjustments to the budget are made transparently when necessary.	4.3490	.76978	Very High
e. There is a clear process for authorizing expenditures during implementation.	4.4135	.74102	Very High
Overall	4.3783	.71464	Very High

Table 2 shows a very high level of budgeting practices concerning budget implementation, with mean scores of all statements above 4.34. The highest-rated item "There is a clear process to authorize expenditures during implementation." (Mean = 4.4135) suggests that the organization has very good internal controls and procedures to manage their spending and this clear authorization helps to mitigate misuse of funds and ensure that spending aligns with approved budgets.

Following closely behind is the statement, "Budget implementation is regularly reviewed to ensure alignment with the objectives." (Mean = 4.3871) which confirms that the practice of regularly reviewing the budget implementation is a commitment to continuous monitoring and evaluation of the budget. Regularly reviewing and evaluating budget

implementation progress mitigates the risk of misalignment with the overall objectives and allows for timely adjustments. Strongly aligned expenditure management improves the organization's ability to respond to an evolving environment, without compromising discipline on spending.

The findings suggest that department heads are responsible and accountable for working within budget limits (Mean = 4.3636), indicating decentralization of budget management. The accountability aspect enhances department leaders' ownership and accountability, potentially encouraging better financial decisions. Additionally, being transparent in making budget adjustments in a timely manner (Mean = 4.3490) shows trust and transparency in the financial function that is critical for an integrated organization.

In total, with a composite mean score of 4.3783 and standard deviation of .71464, we have a very high degree of consistency and effectiveness in budget implementation practices. The organization appears efficient in terms of not only budgeting/planning but also in implementing budgets in a disciplined and transparent manner. Moving forward, it may be useful to enhance feedback and introduce more real-time-data analytics into the implementation lessons learned reviews to support continuous improvement.

Statement	Mean	St. Dev	Interpretation
a. Our organization conducts regular budget performance reviews.	4.2317	.78347	Very High
b. Budget variances are analyzed and addressed promptly.	4.2111	.80586	Very High
c. Monitoring reports are shared with relevant stakeholders.	4.3578	.74430	Very High
d. Evaluation of budget outcomes informs future planning.	4.3050	.76366	Very High
e. There is a dedicated team or personnel responsible for budget monitoring.	4.2903	.79012	Very High
Overall	4.2792	.72919	Very High

Table 3 shows very high budget practices in regard to budget monitoring and evaluation with all five statements receiving mean ratings greater than 4.21. The statement with the highest mean, "Monitoring materials are shared with relevant stakeholders" (Mean = 4.3578) shows that the organization is committed to sharing monitoring and evaluation results with all relevant parties in the interests of transparency and communication. When monitoring reports are shared with stakeholders, decision-makers are informed to respond in appropriate ways to financial developments. The statement "Evaluation of budget outcomes informs future planning" (Mean = 4.3050) also had a strong mean indicating the organization uses information from the analysis of past performance to help inform future budget decisions. This practice supports continuous improvements and strategic alignment to help the organization improve its budgeting strategies over time. The presence of a budget monitoring team or staff (Mean = 4.2903) also suggests a more formalized structure and professional approach to budget accountability, which suggests possibilities of communicating consistency.

Regular budget performance reviews (Mean = 4.2317) and timely analysis of budget variances (Mean = 4.2111) provide the organization with a proactive approach to financial management. This with the idea that when issues arise, the organization can identify and take corrective action sooner than when the effects of management are observed later in the

financial state of the organization. It is also important for the organization to be able to minimize risk if the specific measures for budget performance and budget variance analysis continue to reinforce financial goals. Despite these two items having the lowest mean score, they are still framed in the Very High category, which indicates strong performance particularly having some opportunity for improvement.

The overall composite of a mean score of 4.2792 and a standard deviation of .72919 clearly indicates a very high effectiveness of budget monitoring and evaluation practices. These findings suggest that the organization has developed a solid structure for its financial activities, with the opportunity for additional evaluation tools and central stakeholder engagement in evaluation would help to ground the current budget evaluation work.

**Table 4: Financial Performance of the NGO in terms of Fundraising Efficiency Status**

Statement	Mean	St. Dev	Interpretation
a. Our organization meets its fundraising targets consistently.	4.3519	.77416	Very High
b. The cost of fundraising is proportionate to the funds raised.	4.0293	1.34570	High
c. We use diverse fundraising strategies to ensure financial stability.	4.3402	.77562	Very High
d. Donor retention and engagement are actively managed.	4.3578	.76380	Very High
e. Fundraising activities are regularly evaluated for effectiveness.	4.3460	.78059	Very High
Overall	4.2850	.83210	Very High

The findings in Table 4 suggest an exceedingly high level of financial achievement in terms of fundraising effectiveness for the NGO. Most of the items received mean scores over 4.34 suggesting a strong degree of consensus within the group based on their agreement on how the NGO is effective in fundraising. The best-rated item, "Donor retention and engagement are managed in an active way" (Mean = 4.3578), reflects the NGO's investment into funder and project relationships. Successful fundraising is reliant on building effective, long-term relationships with donors for ongoing support and funding.

The item "Fundraising activities are evaluated for effectiveness on a regular basis" (Mean = 4.3460) also received a very high mark which reflects that the NGO is engaged in a process of continual improvement when exploring its fundraising strategies. This enables it to consider how fundraising activities fit into the wider organization and its resource management objectives. Likewise, the apparent reliance on multiple fundraising strategies (Mean = 4.3402) reinforces the view that the NGO is actively identifying ways to support financial stability, while also mitigating its reliance on any one funding source thus enhancing the NGO's resilience.

The item "The cost of fundraising is proportional to the funds raised" had a mean score that was slightly lower than the other items with a mean score of 4.0293 and the standard deviation was significantly higher, 1.34570, resulting in a "High" not "Very High" interpretation. The standard deviation may suggest that respondents had differing perceptions which could indicate that fundraising is generally effective, however there are questions or other inconsistencies with cost. This area would warrant further analysis and consideration of targeted improvement options to optimize return.

The collective mean score of 4.2850 and standard deviation of .83210 support a very high level of fundraising efficiency. The data suggests that the NGO is effectively managing its fundraising targets, reporting on relationships with its donors, and the evaluation of fundraising since the respective event. The organization may want to further review fundraising costs and identify novel approaches to improve their cost effectiveness for future contracts to look towards additional improvements.

**Table 5: Financial Performance of the NGO in terms of Working Capital Status**

Statement	Mean	St. Dev	Interpretation
a. Our organization maintains sufficient cash flow to meet short-term obligations.	4.3959	.73476	Very High
b. We have a reserve fund to manage unexpected financial needs.	4.3460	.73798	Very High
c. Accounts receivable and payable are managed efficiently.	4.3666	.73800	Very High
d. Financial planning ensures a healthy working capital ratio.	4.1026	1.32333	High
e. Delays in funding disbursements do not disrupt operations.	4.3871	.73345	Very High
Overall	4.3196	.80367	Very High

The findings presented in Table 5 highlight a very strong level of financial performance for the NGO in relation to working capital management. For the majority of statements, the mean was greater than 4.34, signifying strong agreement on behalf of the respondents that the organization was capable of managing its short term finances. Furthermore, the item deemed most favorable was "Our organization has sufficient cash flow to meet short-term obligations" (Mean = 4.3959), indicating that they were performing quite well in terms of liquidity, which is critical to functional continuity and long-term financial viability.

The statement "Delays in funding disbursements do not disrupt operations" (Mean = 4.3871) was also very favorable, which suggests that the NGO has methods in place to deal with delays when they are realized. In addition to their reporting of both cash flow, and the lack of disruption funding delays have on operations, the organization also has a reserve fund available for unforeseen circumstances (Mean = 4.3460), which shows prudent financial planning and management of risk. Furthermore, management of accounts receivable and accounts payable (Mean = 4.3666) completes the foundation for managing cash flow, along with operational control of financial processes to manage obstacles to financial resources.

The item "Financial planning ensures a healthy working capital ratio" had a lower mean score of 4.1026 and a higher standard deviation of 1.32333, resulting in a "High" interpretation rather than a "Very High" interpretation. Respondents were likely all over the board regarding perceptions of whether financial planning can sustain a healthy working capital ratio. Again, financial planning does seem to be effective but we must acknowledge the limitation in financial capacity due to the word "ensure".

All in all, the combined mean score of 4.3196 and standard deviation of .80367 confirm a very high working capital performance. Overall respondent perceptions of working capital performance suggest the NGO

is reasonably strong in meeting short-term obligations and is able to operate sustainably even in a climate of funding uncertainties. To strengthen this aspect of financial performance, it may be appropriate for the NGO to strengthen its planning might be further enhanced, as well as through regular analysis of working capital measures.

Table 6: Financial Performance of the NGO in terms of Program Service Status			
Statement	Mean	St. Dev	Interpretation
a. A significant portion of our budget is allocated to program services.	4.3529	.81224	Very High
b. Program expenditures are aligned with our mission and goals.	4.3431	.81323	Very High
c. We regularly assess the cost-effectiveness of our programs.	4.3079	.84483	Very High
d. Financial resources are sufficient to maintain program quality.	4.2815	.82064	Very High
e. Program outcomes are tracked and reported to funders and stakeholders.	4.3021	.81869	Very High
<b>Overall</b>	4.3150	.77257	Very High

The findings presented in Table 6 indicate a high level of financial performance for the NGO with respect to program service delivery. The mean scores were above 4.28 for each of the five statements, indicating respondents were in strong agreement that the organization prudently allocates and manages resources to support its program. The highest rated item, "A substantial portion of our budget goes to providing program services" (Mean = 4.3529), provides evidence that the NGO continues to prioritize its mission, and that available resources are directed to activities that promise to demonstrate impact.

The statement "our program expenditures align with our mission and goals" (Mean = 4.3431) was a close second and suggests the organization has the opportunity to demonstrate strategic coherence in all financial activities. Being strategic in financial matters and ensuring that expenditures are reasonable not only helps to ensure resources are well spent, but also that the expenditures support the NGO's intended impacts. The organization regularly evaluates the cost position of programs (Mean = 4.3079), which also reflects a level of financial efficiency and accountability that support maximizing every peso spent.

The item "The financial resources available to us are adequate to ensure program quality" (Mean = 4.2815) indicates that the level of service delivery provided by the NGO is high, despite working with limited financial resources, while "The tracking and reporting that we do regarding program outcomes to our funders and other stakeholders" (Mean = 4.3021) reveals that definitely, a great deal of transparency and culture of measuring performance is present in the organization. This is significant for ongoing development of trust at all levels, and for maintaining the support of donors and partners. Overall, the composite mean score of 4.3150 and standard deviation of .77257 suggests very high levels of program service performance, thereby confirming the NGO's financial viability, strategic focus, and operational capacity to fulfil its mission. In consideration of increasing program impact, the organization may want to embrace more complex evaluation frameworks for measuring outcomes or find new funding models for program growth.

Table 7: Significant Association between the Level of Budgeting Practices and the Financial Performance of a Non-Governmental Organizations in Laguna Province							
I.V.	D.V.	Standardized Coefficient B	t	Sig. (p)	Lower Bound	Upper Bound	Interpretation
Budget Preparation	Fundraising Efficiency Status	.481	8.35	.000	.383	.618	Significant
	Program Service Status	.336	6.234	.000	.232	.446	Significant
	Working Capital Status	.156	2.79	.006	.049	.282	Significant
Budget Implementation	Fundraising Efficiency Status	.442	7.390	.000	.292	.503	Significant
	Program Service Status	.259	4.875	.000	-.083	.338	Significant
	Working Capital Status	.281	5.375	.000	.160	.377	Significant
Budget Monitoring and Evaluation	Fundraising Efficiency Status	.161	2.690	.008	-.102	.113	Significant
	Program Service Status	.259	4.459	.000	.040	.257	Significant
	Working Capital Status	.292	3.421	.000	.221	.533	Significant

The results in Table 7 illustrate a statistically significant relationship between budgeting practices and the financial performance of NGOs in Laguna Province. All relationships indicated a p-value < .01, which provides ample evidence that budgeting practices—specifically preparation, implementation, and monitoring and evaluation—have a positive influence on key performance indicators related to financial performance including fundraising efficiency, program service status, and capital status.

Budget preparation was the strongest predictor of fundraising efficiency

(Standardized Coefficient B = .481, t = 8.35, p < .001), indicate that careful and effective planning of budgets is crucial for successful fundraising outcomes. The relationship between budget preparation and program service status (B = .336) and capital status (B = .156) was much less impactful (although still positive), indicating that careful budgeting can ensure program implementation and liquidity, but with a much weaker relationship to the ability to rely on capital figures at any given point in time.

The results of budget implementation showed considerable effect in

operational fundraising efficiency ( $B = .442$ ), and working capital status ( $B = .281$ ). These findings suggest that careful implementation of budgets leads to more effective fundraising and better cash flow. Notably, while the association was significant with program service status ( $B = .259$ ), the lower bound of the confidence interval is negative ( $-.083$ ), which could indicate there may be additional variability or a moderating influence affecting this association.

The results of budget monitoring and evaluation reflect the weakest, yet still significant, associations across all indicators of financial performance. The strongest association was with working capital status ( $B = .292$ ), followed by program service status ( $B = .259$ ) and fundraising efficiency ( $B = .161$ ). The findings in this study suggest that ongoing oversight and feedback mechanisms are valuable in maintaining financial performance, but their relative importance may be less direct compared to preparation and implementation.

## 5. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The study aimed to look into the extent of budgeting practice and budgeting and its relationship to financial performance of non-governmental organizations (NGOs) in Laguna Province. Budgeting was broken down into three areas: budget preparation, budget implementation, and budget monitoring & evaluation. The financial performance indicators used in this study were fundraising efficiency, working capital, and program service delivery. Overall, very high mean scores above 4.2 were found as a representation of all participants' even higher level of budgeting practice and financial performance. The results also indicate that NGOs in the study area exhibit a significant degree of financial discipline, a level of purposeful navigational alignment to mission objectives rather than simply having a plan or budget, and the efficient operational management of stakeholder resources used to implement their respective missions and improve or enhance service delivery.

The study established that budgeting practice is positively and statistically significant across all measures of financial performance. Whether the area of budgeting practice was budget preparation which had the most pronounced association with fundraising efficiency, or budget implementation turned in some noteworthy effects in both fundraising efficiency and working capital, or budget monitoring and evaluation which was of somewhat of lesser value, but still represented some value with respect to financial performance indicators; the study reinforces the basic principle that a comprehensive, interconnected budgeting process, consideration by all guides budgetary/allocation relevance to mission objectives, modifies behavior by enhancing accountability during a budget year and will better positively categorize the relationship between budgeting and financial performance.

In light of these findings, it is recommended that NGOs continue their trend towards enhancing their budgeting process, particularly with regards to adding greater specificity to their financial planning and exploring better methods of assessing cost-effectiveness for their programs. For this reason, NGOs could focus on capturing a great deal of attention towards staff training (in capacity building terms) on budgeting, as well as to make sure their M/E in what they do is both data-driven and participatory. There may be greater advantages to NGOs exploring more contemporary financial practices and using tools and analytics even further down the road to yield a greater level of transparency, responsiveness, and strategic decision-making. All of this will position organizations to continue performing effectively and in a manner that builds long-lasting financial sustainability.

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