

BUDGET IMPLEMENTATION AND FINANCIAL SUSTAINABILITY OF CATHOLIC CHURCH-OWNED HOSPITALS IN THE NAIROBI ARCHDIOCESE, KENYA

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ABSTRACT

Financial sustainability is a persistent challenge for faith-based health institutions because they must maintain financial viability while fulfilling a social and mission-oriented healthcare mandate. This study examined the relationship between budget implementation and financial sustainability among Catholic Church-owned hospitals in the Nairobi Archdiocese, Kenya. A quantitative correlational design was used, targeting 19 Catholic Church-owned Level 4 and Level 5 hospitals in Nairobi and Kiambu counties. Data were collected from heads of finance or equivalent officers through a structured questionnaire, yielding 18 usable responses and a 94.7% response rate. Budget implementation was assessed through expenditure adherence, implementation monitoring, enforcement of expenditure limits, management of deviations, resource allocation, timeliness of implementation and disbursements, adherence to implementation schedules, and the effects of funding delays. Financial sustainability was assessed through operational self-sufficiency, cash flow, financial reserves, revenue diversification, and perceived improvement in financial position. Budget implementation recorded a moderate overall mean of 3.13 (SD = 0.391) and acceptable internal consistency ($\alpha = .747$). Timely allocation of resources according to the approved financial plan was the strongest implementation indicator (M = 4.06), whereas protection of service delivery from funding delays was the weakest (M = 1.67). Regression analysis showed that budget implementation had a positive and statistically significant effect on financial sustainability (B = .9634, SE = .319, t = 3.024, p = .010). The findings indicate that financial sustainability depends on translating approved budgets into timely, disciplined, and responsive financial action. Catholic hospitals should therefore strengthen cash-flow forecasting, timely disbursement, expenditure alignment, response to variances, and accountability for budget execution.

Keywords: Budget implementation; financial sustainability; Catholic hospitals; faith-based health organizations; budget execution; healthcare finance; Kenya

INTRODUCTION

Financial sustainability has become an increasingly important concern for healthcare organizations because the continuity and quality of healthcare services depend on the availability and effective utilization of financial resources. Hospitals require continuous expenditure on personnel, medicines, medical equipment, utilities, infrastructure, technology, and other operational inputs. Financial pressure is

particularly significant for faith-based healthcare organizations because they are expected to maintain institutional viability while providing affordable, compassionate services to communities, including vulnerable populations. Catholic Church-owned hospitals occupy an important position within Kenya's healthcare system. Their operations are influenced not only by conventional financial and managerial

considerations but also by the social and pastoral mission of the Catholic Church. Consequently, financial management within these institutions involves balancing financial sustainability with service, stewardship, and institutional mission. Budget implementation translates approved financial commitments into operational action. Its effectiveness depends on the timely availability of resources, alignment of actual expenditure with approved allocations, prompt response to deviations, and adherence to implementation schedules. In hospitals, these execution conditions directly influence liquidity, continuity of essential services, and the capacity to preserve financial resilience. Even where an institution has an approved budget, financial sustainability may remain weak when funds are released late, expenditure exceeds approved limits, deviations are not corrected, or funding interruptions affect service delivery. In healthcare institutions, such failures can disrupt procurement, staffing, medicines, utilities, maintenance, and other services required for continuous operations.

Existing literature has established the importance of budgeting in organizational performance and healthcare management. However, much of the literature treats budgeting as a broad financial management process, with relatively little attention to the implementation stage as an independent mechanism by which budgeting affects financial sustainability. The gap is especially important in faith-based healthcare organizations, where hospitals may operate under multiple financial pressures, including donor funding, government reimbursements, patient revenues, and church support. The present study addresses this gap by examining budget implementation and financial sustainability among Catholic Church-owned hospitals in the Nairobi Archdiocese. The article draws on primary data collected from finance officers or equivalent officials in Catholic hospitals located in Nairobi and Kiambu counties and treats budget

implementation as the central explanatory variable.

Statement of the Problem

In Kenya, hospitals owned by the Catholic Church are under serious financial threat because of poor budgeting, financial mismanagement, and lack of accountability, among others, which leads to a lack of funds to sustain their operations and consequently the process of downsizing. This is a risk to their capacity to provide vital health care services, particularly in less served communities, due to hospital closures, the strain on the public health system, and to Kenya's Vision 2030 and Sustainable Development Goals (SDGs) (State Department for Economic Planning, 2022). They are an important part of the country's health sector and provide 11%-12% of the country's total health facilities and about 40% of the country's private health requirements. But, at 82 percent, a majority of hospitals are shrinking in response to critical cash flow challenges, and financial sustainability is a growing issue (Linnet, 2025). This challenge has been attributed to financial mismanagement, a lack of accountability, and weak budgeting practices (Bosire & Miroga, 2024; Renz et al., 2024).

The Catholic Church-owned hospitals in Kenya are experiencing serious financial unsustainability, mainly due to poor budgeting, lack of financial accountability, and limited accountability, which has led to severe cash flow constraints and downsizing (Parotto et al., 2024). This puts their capacity to provide key healthcare services at risk, particularly in rural areas, puts hospitals at risk of closing, overloads the public health system, and threatens to delay progress towards universal health coverage, Sustainable Development Goals, and Kenya's Vision 2030. This is a situation that poses risks to the continuity of basic health and social services, especially in areas with limited access to services where these are the main providers of healthcare. The latest is the closure of St. Mary's Mission Hospital in Mumias in August 2025, due to financial problems (Citizen Digital,

2025).As Catholic hospitals become less prevalent, the public healthcare system could become more challenged, the quality of services would lessen, and inequalities in healthcare access would increase even further. Failure to address this problem compromises the realization of Sustainable Development Goal 3 (good health and well-being), Sustainable Development Goal 10 (reduced inequalities), and Kenya's Vision 2030 of providing a high quality of life for all Kenyans. Finally, the ongoing financial insecurity of these hospitals threatens their closure, undermining progress towards universal health coverage, the health system of the country, and inclusive social and economic development.

The existing literature has focused on the contextual, conceptual, and empirical findings of the connection between budget practices and financial sustainability, but there are some gaps. For example, Wanga (2022) discussed only budgetary control components (planning, monitoring, and controlling) among local NGOs and among CBOs in Kibera slums. Maina and Ochiri (2019) examined a wider range of determinants but again limited their analysis to CBOs in the Kibera slums, reducing generalizability. Bosire and Miroga (2024) examined only budget planning in Kisii County, without covering any other aspect of budget practice. On the other hand, Alimardanov et al. (2019) and Cuadrado-Ballesteros and Bisogno (2022) provided macro-level views that were blind to grassroots realities of organizations (Alimardanov et al., 2019; Cuadrado-Ballesteros & Bisogno, 2022). Thus, this study focused on examining how effective budget implementation strengthens the financial sustainability of Catholic Church-owned hospitals in the Nairobi Archdiocese. This focus is important because financial sustainability directly affects the hospitals' capacity to meet recurrent obligations, maintain liquidity and adequate reserves, absorb financial shocks, and continue delivering essential

health services in fulfillment of their social and pastoral mission.

LITERATURE REVIEW

The study is anchored on stewardship theory. Stewardship Theory is associated with Donaldson and Davis (1991) and Davis, Schoorman, and Donaldson (1997). The theory holds that managers may act as stewards whose conduct is motivated by responsibility, professional commitment, identification with organizational goals, and the achievement of collective rather than narrowly personal interests. Whereas agency reasoning emphasizes control because managers may pursue self-interest, stewardship reasoning emphasizes trust, goal alignment, intrinsic motivation, and governance arrangements that enable managers to protect and deploy organizational resources in pursuit of institutional objectives.

The central assumption of Stewardship Theory is that organizational outcomes improve when the interests of managers and the institution are aligned and when managers are given clear responsibility, adequate authority, reliable information, and appropriate accountability structures. Stewardship does not imply the absence of control. Rather, budgets, reporting routines, variance analysis, authorization procedures, and governance oversight provide a framework within which entrusted resources can be used faithfully, transparently, efficiently, and consistently with the organization's mission. This combination of managerial discretion and accountability is especially relevant to Catholic Church-owned hospitals, whose leaders must protect scarce financial resources while sustaining an affordable and compassionate healthcare mandate.

In this study, budget implementation is the independent variable and constitutes the practical expression of financial stewardship. Managers demonstrate stewardship when they allocate resources in accordance with approved financial

plans, release and utilize funds on time, keep expenditures within authorized limits, monitor implementation, document and investigate deviations, and take corrective action where actual performance departs from the budget. These practices convert an approved budget from a formal plan into disciplined operational action. Conversely, delayed disbursements, persistent expenditure variances, weak enforcement of limits, and failure to respond to funding interruptions indicate weaknesses in stewardship because entrusted resources are not being translated reliably into planned services and institutional priorities.

Financial sustainability is the dependent variable and represents the institutional outcome expected from effective stewardship. In the hospital context, sustainability is reflected in the capacity to meet recurrent obligations, maintain positive cash flow, preserve adequate financial reserves, support stable and diversified revenue, withstand financial shocks, and continue providing essential healthcare services. Stewardship Theory, therefore, links managerial conduct to these outcomes: timely and accountable implementation protects liquidity, limits avoidable expenditure, preserves resources for priority services, and enables management to identify and correct emerging financial pressures before they threaten continuity of operations.

The theory consequently provides a direct explanation of the relationship examined in this study. When hospital managers implement approved budgets with timeliness, expenditure discipline, continuous monitoring, transparent treatment of deviations, and responsiveness to resource constraints, they safeguard organizational assets and strengthen the hospital's ability to remain financially viable. The study, therefore, expects a positive relationship between budget implementation and financial sustainability. This expectation is consistent with the empirical result that budget implementation significantly predicts

financial sustainability and explains a substantial proportion of its variation.

Several empirical studies examining the relationship between study variables were reviewed. Homauni et al. (2023), in a systematic review of healthcare budgeting, identified resource allocation and cost management as central functions of budgeting and emphasized that the suitability of a budgeting approach depends on organizational and system conditions. This evidence supports the operationalization of budget implementation through timely resource allocation, expenditure control, monitoring, and corrective action. At the health-system level, Musiega et al. (2024) found that public financial management influences efficiency through the alignment of resources with health needs, the cost of inputs, workforce motivation, and the mix of inputs used in service delivery. These mechanisms indicate that weak execution can erode efficiency even where adequate funds have been formally budgeted.

Kenyan evidence further demonstrates that budget credibility, cash release, procurement, autonomy, and accountability jointly shape implementation outcomes. Musiega et al. (2023) reported that weaknesses in budget execution processes constrained county health-system efficiency, particularly where delayed disbursement and rigid procedures prevented facilities from matching expenditure to service needs. Barasa et al. (2017) similarly showed that hospital priority-setting and budgeting are affected by institutional arrangements and the extent to which plans can be translated into actual resource decisions. Adjagba et al. (2024) identified planning and budgeting bottlenecks within decentralized health financing, while Adjagba et al. (2025) found that delayed fund disbursement, rigid budget structures, and limited facility autonomy constrained implementation of Kenya's universal health coverage pilot. Kairu et al. (2021) likewise found that unpredictable funding amounts and timing,

weak budget credibility, and limited hospital financial autonomy impeded the translation of plans into actual resources. Tsofa et al. (2021) further reported that program-based budgeting improved alignment, transparency, and accountability in Kenyan county health systems, although inadequate guidance, limited capacity, and incompatible financial systems restricted effective implementation. Collectively, these studies establish timeliness, adherence to approved allocations, monitoring, management of deviations, and responsiveness to funding disruptions as empirically defensible dimensions of budget implementation.

Financial Sustainability

Empirical literature treats financial sustainability as an institution's continuing capacity to finance operations, meet obligations as they fall due, maintain service delivery, and withstand revenue or expenditure shocks. In mission hospitals, this capacity is reflected not only in short-term liquidity but also in operational self-sufficiency, positive cash flow, adequate reserves, and stable and diversified revenue. Mwangi and Simiyu (2024) found significant positive relationships between financial sustainability and financial planning and control, financing and funding practices, and working-capital management among mission hospitals in Kiambu County; together, these practices explained 39.2% of the variation in sustainability. The study is directly relevant because it locates sustainability within Kenyan mission hospitals and demonstrates that liquidity, financing choices, and financial controls are complementary rather than isolated dimensions of institutional viability.

Evidence from faith-based organizations reinforces the importance of disciplined financial management. Njoroge and Wanyoike (2023) associated financial management practices with the sustainability of faith-based health institutions in Kenya, while Shigi et al. (2025) linked financial control to the financial sustainability of

Catholic Church-owned institutions. Taken together, these findings suggest that positive cash flow is necessary but insufficient: an institution may meet immediate obligations yet remain vulnerable where reserves are inadequate, revenue is concentrated, or expenditure commitments are poorly controlled. Accordingly, the present study assesses financial sustainability through operational self-sufficiency, cash flow, financial reserves, revenue diversity and stability, and perceived improvement in financial position.

More recent evidence sharpens this relationship. Nakhungu et al. (2025), studying the same institutional setting of Catholic Church-owned hospitals in the Nairobi Archdiocese, found that financial reporting had a positive but statistically insignificant effect on financial sustainability. Their result suggests that reporting alone is unlikely to secure sustainability unless it is accompanied by effective controls, implementation discipline, financial literacy, and independent assurance. At the broader regional level, Oki (2025) concluded that faith-based organizations in sub-Saharan Africa remain exposed to donor volatility, narrow internally generated income, weak governance, and limited financial planning, and therefore require stronger accountability systems, internal financial capability, partnerships, and revenue diversification. Gultian (2025) similarly argues that financial stewardship in faith-based health systems must combine managerial accountability with mission fidelity, particularly where organizations serve underserved populations under resource constraints. These recent studies reinforce the treatment of reserves, revenue diversity, liquidity, accountability, and continuity of service as complementary dimensions of financial sustainability.

Conceptual Framework

From this perspective, budget implementation is an expression of responsible stewardship: managers are expected to use approved resources

faithfully, transparently, and efficiently in pursuit of the hospital's service mandate. Budget implementation is the independent variable, and

financial sustainability is the dependent variable, as indicated in Figure 1.

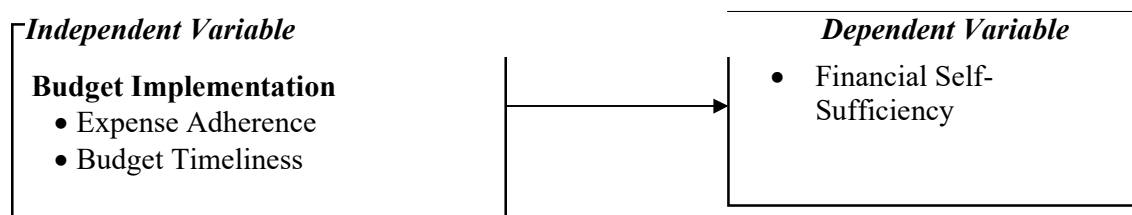


Figure 1: Conceptual Framework

Research Methodology

The study employed a quantitative correlational research design to examine the effect of budget implementation on the financial sustainability of Catholic Church-owned hospitals in the Nairobi Archdiocese. The target population comprised 19 Catholic Church-owned hospitals in Nairobi and Kiambu counties (Archdiocese of Nairobi, 2025). A census approach was adopted, with one head of finance or equivalent finance officer targeted at each hospital, resulting in 19 respondents. Self-administered structured questionnaires were used to collect primary data on budget implementation and financial sustainability using Likert-scale items. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize the data, while simple linear regression was employed to assess the effect of budget implementation on financial sustainability. The regression model was specified as $FS = \beta_0 + \beta_1 BI + \epsilon$. The correlational design was appropriate for estimating the direction, strength, and statistical significance of the relationship between the study variables without manipulating the hospital setting (Creswell & Creswell, 2023).

Results and Discussion

This section outlined the analysis and discussion of the descriptive results, and hypothesis testing.

Budget Implementation Descriptive Results

Budget implementation was assessed in terms of resource allocation, expenditure adherence, monitoring, deviation management, and timeliness. The overall mean was 3.13 (SD = 0.391), indicating moderate implementation. Resource allocation according to the approved financial plan recorded the highest mean (M = 4.06), followed by management of budget deviations (M = 3.83) and implementation monitoring (M = 3.72). However, expenditure alignment with budgeted amounts (M = 2.33) and timely disbursements (M = 2.67) were relatively weak, while funding delays affected service delivery (M = 1.67). This suggests that although budget controls were in place, weaknesses in expenditure alignment and timely fund flows constrained implementation. The finding supports Musiega et al. (2023), who observed that effective budget monitoring and accountability are important for improving efficiency in Kenyan health systems. Thus, the present findings suggest that formal budget controls are more effective when supported by timely resource disbursement and expenditure discipline.

The pattern accords with the wider healthcare-budgeting literature. Homauni et al. (2023) identify resource allocation, cost control, monitoring, and adaptation to organizational conditions as central to effective healthcare budgeting, while Barasa et al. (2017) show that the value of hospital budgets depends on whether institutional arrangements permit priorities to be

translated into actual resource decisions. The comparatively strong scores for allocation and monitoring therefore indicate that formal stewardship mechanisms are functioning, but the weaker expenditure alignment and disbursement results reveal an execution gap. Similar constraints have been reported in Kenya's devolved health system, where delayed releases, rigid procedures, and limited operational flexibility weakened the conversion of approved budgets into services (Adjagba et al., 2024; Adjagba et al., 2025). Kairu et al. (2021) similarly documented unpredictable funding flows and weak budget credibility in Kenyan health facilities, while Tsofa et al. (2021) showed that the benefits of program-based budgeting depend on clear implementation tools, managerial capacity, and supportive financial systems. The present evidence extends this literature to Catholic hospitals by showing that mission-based institutions experience comparable implementation pressures even though their governance and financing arrangements differ from those of public hospitals.

Financial Sustainability Descriptive Results

Financial sustainability was assessed through operational self-sufficiency, cash flow, financial reserves, and revenue diversity and stability. The overall mean was 3.70 (SD = 0.550), indicating a moderately positive position. Positive cash flow recorded the highest mean ($M = 4.06$), while operational self-sufficiency ($M = 3.33$), revenue diversity and stability ($M = 3.28$), and financial reserves ($M = 3.22$) were moderate. The findings suggest that hospitals were able to meet short-term obligations but had limited capacity to absorb financial shocks. This finding is consistent with Mwangi and Simiyu (2024), whose study of mission hospitals in Kiambu County linked sound financial management practices with financial sustainability. The moderate scores for reserves and revenue stability therefore suggest that

maintaining liquidity alone may not guarantee long-term sustainability.

This liquidity–resilience distinction is supported by prior evidence. Mwangi and Simiyu (2024) found that financial planning and control, financing practices, and working-capital management jointly influenced sustainability in Kenyan mission hospitals, demonstrating that the capacity to meet current obligations must be reinforced by longer-term financial buffers. Likewise, Njoroge and Wanyoike (2023) associate financial management practices with the sustainability of faith-based health institutions, and Shigi et al. (2025) link financial control with the sustainability of Catholic Church-owned institutions. The current results therefore suggest that positive cash flow is a necessary but incomplete indicator of sustainability: moderate reserves and revenue stability may leave hospitals exposed to reimbursement delays, donor volatility, and unexpected operating costs. This interpretation is also consistent with Catholic healthcare guidance that treats financial stewardship as the preservation of both present service capacity and long-term mission continuity (Catholic Health Association of the United States, 2024).

Simple Linear Regression

A simple linear regression analysis was conducted to examine the relationship between budget implementation and the dependent variable. The correlation coefficient (R) was 0.766, indicating a strong positive relationship. The model explained 58.7% of the variation in the dependent variable, as shown by an R^2 of 0.587. The adjusted R^2 was 0.561, indicating that the model retained substantial explanatory power after adjustment for the predictor. The overall model was statistically significant, $F(1,16) = 22.71$, $p < 0.001$, suggesting that budget implementation significantly predicted the dependent variable. The model fit results are presented in Table 1.

Table 1. Model Fit Measures

Model	R	R ²	Adjusted R ²	F	df1	df2	p
1	0.766	0.587	0.561	22.71	1	16	<0.001

Note: Model estimated using a sample size of N = 18.

The regression coefficients were further examined to determine the direction and significance of the relationship between budget implementation and the dependent variable. As presented in Table 2, the coefficient for budget implementation was 1.08 (SE = 0.23, $t = 4.77$, $p < 0.001$), while the intercept was 0.33 (SE = 0.71, $t = 0.46$, $p = 0.65$).

Table 2. Regression Coefficients

Predictor	β	SE	t	P
Intercept	0.33	0.71	0.46	0.65
Budget Implementation	1.08	0.23	4.77	<0.001

The simple linear regression equation was expressed as:

Dependent Variable = 0.33 + 1.08(Budget Implementation)

The coefficient for budget implementation was positive and statistically significant ($\beta = 1.08$, $p < 0.001$), indicating that improvements in budget implementation were associated with higher levels of financial sustainability. Specifically, a one-unit increase in budget implementation was associated with a 1.08-unit increase in financial sustainability. The finding suggests that effective implementation of approved budgets, including timely allocation and utilization of financial resources, is important in achieving the desired organizational outcomes.

The relatively high R^2 of 0.587 further indicates that budget implementation accounted for 58.7% of the variation in the dependent variable. This substantial explanatory power suggests that effective budget implementation may provide organizations with a stronger basis for aligning financial resources with planned activities and service delivery. The finding is also consistent with the view that effective budget implementation facilitates the translation of approved plans into actual programs and activities.

The magnitude and direction of the relationship are consistent with evidence that public financial management affects health-system performance through the alignment of resources with needs, control over input costs, managerial incentives, and the timely combination of inputs required for service delivery (Musiega et al., 2024). They also reinforce Musiega et al. (2023), who associate budget monitoring and accountability practices with efficiency in Kenyan county health systems. Although those studies examined broader public-sector settings, the present model demonstrates that budget implementation alone has substantial explanatory relevance within Catholic hospitals. The result is further compatible with evidence on medium-term expenditure frameworks in Kenya, which emphasizes the importance of translating fiscal plans into credible and disciplined budget performance (Kambi et al., 2024), and with reviews that identify transparency and execution discipline as central to effective budgeting in developing economies (Islam, 2025).

The null hypothesis stated that there was no statistically significant relationship between budget implementation and financial sustainability. The results showed that the coefficient for budget implementation was

statistically significant ($p < 0.001$), leading to rejection of the null hypothesis. The findings therefore establish a significant positive relationship between budget implementation and financial sustainability. In contrast, the intercept was not statistically significant ($p = 0.65$), indicating that the intercept itself did not make a significant contribution to the model.

From a theoretical perspective, the supported relationship accords with Stewardship Theory, which proposes that organizational outcomes improve when managers exercise responsibility, align their conduct with institutional objectives, and operate within enabling accountability structures (Donaldson & Davis, 1991; Davis et al., 1997). In the present context, timely allocation, expenditure discipline, monitoring, and corrective action represent stewardship behaviors through which entrusted financial resources are converted into liquidity, reserves, revenue stability, and continuity of healthcare services. The finding therefore contributes empirical support for applying Stewardship Theory to budget execution in mission-oriented hospitals rather than treating stewardship only as a general governance principle.

Conclusion and Recommendations

The study concluded that budget implementation has a statistically significant and positive relationship with the dependent variable. The regression results showed that budget implementation explained 58.7% of the variation in the dependent variable, while the regression coefficient of 1.08 indicated a positive and significant contribution. The study therefore established that effective implementation of approved budgets is important in translating financial plans into desired organizational outcomes.

Based on the findings, the study makes several recommendations. First, Catholic Church-owned hospitals should strengthen budget execution by establishing clear timelines for the release,

allocation, and utilization of approved funds. Hospital management should monitor budget implementation on a monthly or quarterly basis and compare actual expenditure with approved budgets. Significant variances should be investigated promptly and corrective action taken to ensure that financial resources remain aligned with planned activities and service delivery priorities.

Second, hospital management should strengthen internal controls over budget implementation. Clear authorization procedures, segregation of duties, expenditure controls, and regular internal audits should be integrated into the budget execution process. Finance officers should prepare periodic budget performance reports showing approved budgets, actual expenditure, commitments, and variances. These reports should be reviewed by management and relevant governance committees to improve accountability and reduce inefficient use of financial resources.

Third, Catholic Church-owned hospitals should improve coordination between hospital management, finance departments, departmental managers, and Church leadership during budget implementation. Departments responsible for implementing programs should be involved in monitoring their respective budgets and held accountable for approved expenditure. Regular budget review meetings would enable management to identify funding gaps, implementation delays, and emerging expenditure pressures before they adversely affect financial sustainability.

Fourth, hospitals should strengthen financial planning by linking budgets to realistic revenue projections and cash-flow requirements. Particular attention should be given to delays in donor funding, insurance reimbursements, government payments, and other sources of revenue that may affect the availability of funds. Hospitals should develop cash-flow forecasts and contingency measures to maintain essential operations during periods of delayed or inadequate funding.

Fifth, hospitals should invest in digital financial management systems that allow management to monitor budget implementation in real time. Integrated systems can link budgeting, procurement, expenditure, revenue, and financial reporting, thereby improving the accuracy and timeliness of financial information. Management dashboards could also be used to identify budget variances, delayed expenditure, and emerging cash-flow pressures and facilitate timely corrective action.

Sixth, hospital management and Church authorities should strengthen revenue diversification to reduce excessive dependence on a single source of funding. Hospitals could explore additional revenue streams consistent with their institutional mission, including expanded specialized services, strategic partnerships, training programs, research activities, and appropriate investment opportunities. Diversification would provide greater flexibility when donor funding, reimbursements, or other expected revenues are delayed.

Seventh, continuous capacity building should be provided to finance officers, hospital administrators, departmental managers, and members of relevant governance committees. Training should focus on budget preparation and execution, financial forecasting, variance analysis, financial controls, procurement procedures, and financial reporting. Strengthening these competencies would improve the ability of responsible officers to implement budgets effectively and respond to emerging financial challenges.

Limitations of the Study

This study employed a cross-sectional research design and simple linear regression analysis, which limits the ability to establish causal relationships between budget implementation and the dependent variable. Although the findings demonstrate a statistically significant association, they do not establish temporal precedence or

completely rule out the influence of other factors. Future studies could employ longitudinal designs to examine how changes in budget implementation affect organizational outcomes over time.

The study also focused on budget implementation as a single predictor. Although the variable explained a substantial proportion of the variation in the dependent variable, 41.3% remained unexplained. Future studies should therefore incorporate other relevant predictors, such as budgetary control, financial accountability, management practices, resource availability, internal controls, and organizational capacity. Such models may provide a more comprehensive explanation of variations in the dependent variable.

Finally, the study was based on a relatively small sample of 18 observations. Although the response rate was high, the small sample limits the generalizability of the findings. Future research could use larger samples covering more organizations or institutions to provide stronger evidence and enhance the applicability of the findings across different organizational settings.

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