

Financial Planning And Organisational Profitability. A Case Study of Mtn Uganda.

Nalukenge Pauline¹, Kabanda Richard²

1, 2 Metropolitan International University

Abstract

It has been collaborative effort of individuals, organization in the study and the mercy of the almighty god in order to come up with this study, the study looked at financial planning and organizational profitability Taking MTN as the case study. Due to requirement to gather both quantitative and qualitative data, it used both quantitative and qualitative methodologies. The survey included 25 staff department, 35 customers, and 10 executive directors this constituted to a sample population of seventy (70). The targeted population was sixty-three (63) respondents that were specifically chosen from the MTN company. Quantitative data was analyzed using frequencies, percentages, and correlations, whereas qualitative analysis involved distilling data into insightful themes. From the findings, very few respondents (2%) opposed that MTN presents sustainability plans to financiers before funding compared to 98% who concurred, very few respondents (4%) opposed that the district must use financial systems developed by financiers for accountability compared to 94% who concurred while a small percentage (2%) neither opposed nor concurred and no respondent (0%) opposed that Company's budgeted administrative costs must not exceed financiers' fixed percentage compared to 96% who concurred while a small percentage (4%) neither opposed nor concurred. MTN's financial objectives should always be aimed at achieving the pre-determined objectives; its strategies to achieve financial objectives should be adequate; and diversification of its income resource base and financial activities should be properly accorded to schedule.

Keywords: Financial, Planning, Organisational and Profitability

Background of the Study

Effective financial planning is critical to business sustainability and success in any competitive industry (Turyatamba & Turyasingura, 2024). As the largest telecommunications provider in Uganda, MTN Uganda is strategically important to the continued expansion of connectivity and facilitating digital inclusion across the country (Ivan et al., 2023). However, in order to successfully implement ambitious growth strategies while satisfying multiple stakeholders, prudent short-term and long-term budgeting in line with the organization's goals is essential. Recent statistics show that while the mobile phone penetration rate in Uganda exceeds 60%, Internet usage lags far behind at only 28%, indicating that a large market potential remains untapped (Alex & Moses, 2024). The use of innovative technological solutions and the financing of large-scale infrastructure investments require careful projection of revenues, costs, cash flows and capital requirements for years ahead. At the same time, evolving regulatory frameworks introducing taxes on mobile money transactions and spectrum license fees have increased operational complexity and uncertainty (Ramadhan et al., 2023). Previous academic literature emphasizes that properly linking financial strategies with a firm's broader vision, mission, and tactical plans strengthens competitive position while optimizing value creation in the long term (Abiodun & Christopher, 2024). As MTN Uganda aims not only to serve more Ugandans but also to provide profitable returns to shareholders, an analysis of whether budgets,

Received: 18.06.2024

Accepted: 23.06.2024

Published on: 30.06.2024

forecasts and capital structure decisions are systematically aligned to achieve these twin objectives will offer useful insight (Julius, 2024). Examining specific links between financial variables such as profit margins, return on assets and debt-to-equity ratios with strategic outcomes such as customer growth and firm data usage could therefore yield valuable lessons (Winny et al., 2023). Given Uganda's aim to further develop its knowledge-based economy through expanded nationwide connectivity and digitization, understanding best practices in financial management will be key to maintaining the leadership position of telecommunications operators (Moses & Nancy, 2024).

Statement of the problem

Despite the objectives of MTN Uganda Limited's financial planning policy such as increasing profitability and improving the company's liquidity due to emphasis on financial planning, MTN Uganda Limited spends most of its time implementing and reacting to unexpected changes and problems instead of anticipating and preparing for them (David et al., 2023). When caught off guard, MTN management can spend a lot of time and energy playing catch-up (Christopher, 2022). They use their energy to deal with immediate problems and have little energy left to anticipate and prepare for future challenges (Internal Auditor Report 2022). According to (Ivan et al., 2023), it has been shown that there is a need to have a comprehensive budget control system to minimize budget variances, costs and maximize efficiency while improving their financial stability in organizations (Paul et al., 2023).

Lack of important tools for proper financial planning, control and coordination for high stability and difficulties in interpreting and implementing detailed to support operational efficiency and other reasonable results to meet estimated or planned goals (Polycarp et al., 2023). This vicious cycle locks MTN into a reactive position, affecting its profitability and liquidity performance, thereby threatening its survival and competitiveness (Isaac et al., 2023).

Objectives of the study

1. To assess how financial planning methods, help MTN Uganda ltd to increase on its profitability.
2. To establish how financial planning has enabled MTN Uganda Limited to improve its liquidity.
3. To identify the impact of financial planning on the profitability of MTN Uganda

Methodology

The research used both qualitative and quantitative research approaches. A quantitative research design was used in the form of mathematical numbers and statistics assigned to variables that cannot be easily measured using statements or theme (Maiga et al., 2021). These approaches were adopted to enable the researcher to obtain and analyze relevant information regarding people's views on the role of financial planning and the performance of SMEs a case study of MTN Uganda Ltd (Turyatamba et al., 2022). The study was conducted in MTN Uganda Limited from a population that consisted of both males and females. The target population of 130 consisted of; entrepreneurs, local leaders and farmers. The key informants are workers/employees of MTN Uganda Ltd (Alex & Kazaara, 2023).

The sample size consisted of a representative sample of a total of fifty-five (55) employees with a random selection of 30 employees (key informants), 15 from the employee department and 25 from customers (Faridah et al., 2023). The study

Received: 18.06.2024

Accepted: 23.06.2024

Published on: 30.06.2024

involved using different methods in the data collection process in an attempt to come up with the sound. A questionnaire instrument collected data from employees of MTN Uganda Limited and employees of MTN Uganda Limited were also selected from the study population (Musaibah et al., 2023). The questionnaire data collection tool was chosen because it is cheap to administer to respondents scattered over a large area and at the same time the method provides information with maximum error rate (Nafiu et al., 2013). Data were collected from the field and carefully edited, sorted and coded to eliminate inconsistencies and errors incurred during data collection (Nafiu, 2012). After processing the data, it was subjected to further analysis for easy understanding and interpretation and was presented using frequency tables in raw numbers and percentages of the results, then it was calculated using tools like SPSS and Spearman correlation was used to analyze the data (Nelson et al., 2022).

RESULTS

Table 1: Descriptive Statistics On Financial planning attitudes:

Scale 1- strongly disagree, 2-disagree, 3- Neutral, 4-Agree, 5- strongly Agree.

Statement on financial planning attitudes	1	2	3	4	5	Total
Staff departments are key in formulating financial policies	28%	4%	0%	32%	36%	100%
MTN has strategic plan to support financial planning	22%	8%	0%	32%	38%	100%
CRPs in MTN are involved in planning	36%	6%	2%	36%	20%	100%
Employees are involved in guiding stakeholders in Formulating financial planning objectives.	6%	6%	0%	36%	52%	100%
Executive Directors approve finances of my organization	6%	2%	0%	36%	56%	100%
Executive Directors often share financial information with Stakeholders	24%	2%	2%	28%	4%	100%
MTN has financial policies & guidelines for stakeholders	38%	38%	0%	0%	24%	100%
Financial objectives of my organization are always achieved in time	38%	38%	4%	10%	10%	100%

Received: 18.06.2024

Accepted: 23.06.2024

Published on: 30.06.2024

Project objectives are in line with organizational policies	34%	6%	0%	38%	22%	100%
Organizational strategies to achieve set goals are adequate	38%	12%	2%	32%	16%	100%
My organization finds difficulty in mobilizing resources	10%	16%	2%	38%	34%	100%
Budget activities are properly implemented according to schedule	38%	14%	0%	38%	10%	100%
Financial practices are properly evaluated in my organization	36%	6%	2%	36%	20%	100%

Source: Primary data, 2022

To analyze the findings, the total of the respondents who strongly agreed and agreed were combined into one category who concurred to the Statement. In addition, the total of the respondents who strongly disagreed and disagreed were also combined into one category who were opposed to the Statements. The percentages of the categories who neither agreed nor disagreed were then compared to aid in the analysis of the findings. From the statistical data presented in Table 7 on the previous page, the following analytical observations can be made; 32% of the respondents did not concur that Customers were key in formulating financial policies compared to 68% who concurred. 30% of the respondents however, rejected the idea that their organization had and used strategic plan to support financial planning compared to 70% who concurred (David et al., 2023). On involvement of /CRPs in MTN especially in the area of planning, 42% opposed the idea compared to 56% who concurred while a very small percentage (2%) neither opposed nor concurred. Very few respondents (12%) opposed that employee were involved in guiding stakeholders in planning process compared to 88% who concurred. Very few respondents (8%) opposed that executive directors approved finances of their organizations compared to 92% who concurred. Few respondents (26%) opposed that executive directors often shared financial information with stakeholders compared to 72% who concurred while a small percentage (2%) neither opposed nor concurred. Most respondents (76%) opposed that their organization had financial policies and guidelines for stakeholders compared to 24% who concurred. Most respondents (76%) opposed that financial objectives of their organization were always achieved in time compared to 20% who concurred while a very small percentage (4%) neither opposed nor concurred. Few respondents (40%) opposed that project objectives were in line with organizational policies compared to 60% who concurred. Half of the respondents (50%) opposed that organizational strategies help to achieve financial objectives compared to 48% who concurred while a small percentage (2%) neither opposed nor agreed. Few respondents (26%) opposed that their organization found difficulty in mobilizing resources compared to 72% who concurred while a small percentage (2%) opposed not agreed. More respondents

Received: 18.06.2024**Accepted: 23.06.2024****Published on: 30.06.2024**

(52%) opposed that financial practices were properly implemented according to schedule compared to 48% who concurred. Few respondents (42%) opposed that financial practices were properly evaluated in their organizations compared to 56% who concurred while a small percentage (2%) neither opposed nor concurred.

Financial planning system/methods and profitability of MTN**Table 2: Descriptive Statistics On Financial systems****Scale 1- strongly disagree, 2-disagree, 3- Neutral, 4-Agree, 5- strongly Agree.**

Financial methods/ systems	1	2	3	4	5	Total
Staff department monitor organizational systems / methods	38%	12%	2%	34%	14%	100%
Accountants identify financial variances for corrective actions	22%	8%	0%	38%	32%	100%
Accountants give feedback to stakeholders about financial Variances	24%	8%	2%	22%	44%	100%
Customers participate in financial control during activity Implementations	6%	2%	0%	50%	42%	100%
Employees give feedback to the Directors & Accountants about financial Variances	14%	6%	0%	36%	44%	100%
Executive Directors use budgets as management tool for planning & coordinating	24%	38%	0%	0%	38%	100%
Executive Directors communicate financial salient issues to Stakeholders	42%	4%	0%	34%	20%	100%
As a stakeholder, I am informed when revising district plans & budgets	34%	0%	0%	50%	16%	100%
The staff often consult Board Members when making financial Revisions	38%	8%	4%	30%	20%	100%

The staff often consult financiers when making budget revisions	4%	2%	8%	54%	32%	100%
The staff often consults the Duty Bearer while making financial revisions	44%	4%	2%	40%	10%	100%

Source: Primary data, 2022

From the descriptive statistics in the **Table above**, the following is the analysis of the findings can be made: Half of the respondents (50%) opposed that staff departments monitored organizational systems/ methods compared to 48% who concurred while a small percentage (2%) neither opposed nor concurred. Few respondents (30%) opposed that accountants identified financial variances for corrective actions compared to 70% who concurred. Few respondents (32%) opposed that accountants gave feedback to stakeholders about financial variances compared to 66% who concurred while a small percentage (2%) neither opposed nor concurred. Very few respondents (8%) opposed that employees participated in financial control during activity implementations compared to 92% who concurred. Few respondents (20%) opposed that employees gave feedback to directors and accountants about financial variances compared to 80% who concurred. More respondents (62%) opposed that executive directors used budgets as management tool for planning and coordinating compared to 38% who concurred. Few respondents (46%) opposed that executive directors communicated financial salient issues to stakeholders compared to 54% who concurred while a small percentage (2%) neither opposed nor concurred. Few respondents (34%) opposed that as a stakeholder, they were informed when revising district plans and budgets compared to 66% who concurred. Few respondents (46%) opposed that the staff often consulted board members when making financial revisions compared to 50% who concurred while a small percentage (4%) neither opposed nor concurred. Few respondents (6%) opposed that the staff often consulted financiers when making financial revisions compared to 86% who concurred while a small percentage (8%) neither opposed nor concurred. Few respondents (48%) opposed that the staff often consulted the duty bearer while making financial revisions compared to 50% who concurred while a small percentage (2%) neither opposed nor concurred.

Financial planning objectives on the profitability of MTN**Table 3: Descriptive Statistics**

Scale 1- strongly disagree, 2-disagree, 3- Neutral, 4-Agree, 5- strongly Agree.

Financial planning objectives	1	2	3	4	5	Total
MTN must present sustainability plans to financiers before funding	0%	2%	0%	34%	64%	100%

Received: 18.06.2024

Accepted: 23.06.2024

Published on: 30.06.2024

MTN use financial systems developed by financiers for accountability	0%	4%	2%	34%	60%	100%
The company's budgeted administrative costs must not exceed financiers' fixed percentage	0%	0%	4%	40%	56%	100%
Financiers demand for local contributions from the district	2%	12%	0%	30%	56%	100%
Financiers demand district to procure assets from particular sources or countries	2%	12%	4%	34%	48%	100%

Source: Primary data, 2022

To facilitate the required analysis, the total of the respondents who strongly agreed and agreed were combined into one category who concurred to the items. In addition, the total of the respondents who strongly disagreed and disagreed were also combined into another category opposed to the items. The percentages of the categories (who concurred, who neither agreed nor disagreed and who opposed) were then compared to enhance the analysis whose output runs as follows:

Very few respondents (2%) opposed that MTN presents sustainability plans to financiers before funding compared to 98% who concurred. Very few respondents (4%) opposed that the district must use financial systems developed by financiers for accountability compared to 94% who concurred while a small percentage (2%) neither opposed nor concurred. No respondent (0%) opposed that the company's budgeted administrative costs must not exceed financiers' fixed percentage compared to 96% who concurred while a small percentage (4%) neither opposed nor concurred. Few respondents (14%) opposed that financiers' demanded for contributions from the company compared to 86% who concurred. Few respondents (14%) opposed that financiers demanded MTN to procure assets from particular sources or countries compared to 82% who concurred while a small percentage (4%) neither opposed nor concurred.

Discussion of the findings

The findings on financial planning attitudes; 32% of the respondents did not concur that Customers were key in formulating financial policies compared to 68% who concurred. 30% of the respondents however, rejected the idea that their organization had and used strategic plan to support financial planning compared to 70% who concurred. On involvement of CRPs in MTN especially in the area of planning, 42% opposed the idea compared to 56% who concurred while a very small percentage (2%) neither opposed nor concurred. Very few respondents (12%) opposed that employee were involved in guiding stakeholders in planning process compared to 88% who concurred. Very few respondents (8%) opposed that executive directors approved finances of their organizations compared to 92% who concurred. Few respondents (26%) opposed that executive directors often shared financial information with stakeholders compared to 72% who concurred while a small percentage (2%) neither opposed nor concurred. Most respondents (76%) opposed that their organization had

Received: 18.06.2024**Accepted: 23.06.2024****Published on: 30.06.2024**

financial policies and guidelines for stakeholders compared to 24% who concurred (Nelson et al., 2023). Most respondents (76%) opposed that financial objectives of their organization were always achieved in time compared to 20% who concurred while a very small percentage (4%) neither opposed nor concurred. Few respondents (40%) opposed that project objectives were in line with organizational policies compared to 60% who concurred. Half of the respondents (50%) opposed that organizational strategies help to achieve financial objectives compared to 48% who concurred while a small percentage (2%) neither opposed nor agreed. Few respondents (26%) opposed that their organization found difficulty in mobilizing resources compared to 72% who concurred while a small percentage (2%) opposed not agreed. More respondents (52%) opposed that financial practices were properly implemented according to schedule compared to 48% who concurred. Few respondents (42%) opposed that financial practices were properly evaluated in their organizations compared to 56% who concurred while a small percentage (2%) neither opposed nor concurred.

According to the descriptive table of findings on financial planning method /systems, half of the respondents (50%) opposed that staff departments monitored organizational systems/ methods compared to 48% who concurred while a small percentage (2%) neither opposed nor concurred.

Few respondents (14%) opposed that financiers“ demanded for contributions from the Company compared to 86% who concurred. Few respondents (14%) opposed that financiers demanded the company to procure assets from particular sources or countries compared to 82% who concurred while a small percentage (4%) neither opposed nor concurred.

Conclusions

There was a strong positive relationship attitudes towards financial planning and profitability of MTN whereby an improvement in planning would lead to a great improvement in the financial performance of MTN, and vice versa.

There was also strong positive relationship between financial planning systems and the profitability of MTN whereby an improvement in financial systems/methods was related to a great improvement in MTN, vice versa. Most MTN“s financial systems were below the standard and this contributed to their poor performance.

Recommendation

In order to improve on its financial performance, MTN should improve its planning by focusing on the following major drawbacks that company experience in financing. It should have financial policies and guidelines for all its business activities

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Received: 18.06.2024

Accepted: 23.06.2024

Published on: 30.06.2024

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Received: 18.06.2024

Accepted: 23.06.2024

Published on: 30.06.2024

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