A Study On Budgetary Control As A Measure of Financial Performance

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Abstract - Budgetary control is the system of management control and account in which all operations are forecast so possible planned ahead and actual results compared with the forecast and planned ones. No system of planning can be successful without having an effective and efficient system of control. Budgeting is closely connected with control. The exercise of control in the organization with the help of budget is known as budgetary control. The process of budgetary control includes.

- ***Establishment of budget for each function and section of the organization.***
- ***Executive responsibility in order to perform the specific tasks so that objectives of the enterprise maybe attained.***
- ***Continuous comparison of the actual performance with that of the budget and placing the responsibility of executives for failure to achieve the desired results a given in the budget.***
- ***Taking suitable remedial action to achieve the desired objective if there is a variation of the actual performance from the budgeted performance.***
- ***Revision of budgets in the light of changed circumstances.***

I. OBJECTIVE OF THE STUDY

Primary Objective

Budgetary Control as a Measure of Financial Performance of Polaris Service and Consultancy .

Secondary Objectives

- To determine the relationship between salient features of budgetary controls and financial performance in Polaris consulting and services.
- To establish the factors affecting budgetary control systems and financial performance in Polaris consulting and services.
- To establish the relationship between budgetary process and financial performance indicators of Polaris consulting and services.
- Determine the relationship between challenges affecting budgetary controls in and financial performance of Polaris consulting and services.

Need For The Study

- This study sought to investigate the relationshipbetween budgetary controls and financial performance of Polaris consulting and services.
- The study sought to determine the salient features of budgetary controls in organization, establish the human factors within budgetary controls.
- Establish the process of budgetary control in the organizations, and determine the challenges affecting budgetary control.

Limitations of The Study

- Estimates are used as basis for budget plan and estimates are based on available.
- Budgetary control cannot reduce the managerial function to a formula. It is only a managerial.
- Tool which increase effectiveness of managerial control.
- The use of budget may lead to restricted use of resources.
- Efforts may therefore not be made to exceed the performance beyond the budgeted targets.
- Frequent changes may be called for in budgets to fast changing industries climate.
- In order that a system may be successful, budget education should be imparted at least through the formative period. Sufficient training programs should be arranged to make employees gibe positive response to budgetary activities.
- The study is the limited up to the date and information provided by kesoram cement industries limited and its annual reports.

II. REVIEW OF LITERATURE

Henry C Adams (1985)

This study was based on the budget theory by Henry C Adams (1985) which explains the social motivation behind government budgeting. “Budget” and “Budgeting” are concepts traceable to the bible days, precisely the days of Joseph in Egypt. It was reported that nothing was given out of the treasure without a written order. History has it that Joseph budgeted and stored grains which lasted the Egyptians throughout the seven years of famine. Budgets were first introduced in the 1920s as a tool to manage costs and cash flows in large industrial organizations .

Bartle (2008)

Bartle (2008) indicates that budgets today provide a focus for the organization, aid in the coordination of activities and facilitates control. Through budgeting, at both management level and operation level looks at the future and lays down what has to be achieved. Control checks whether the plans are being realized and put into effect corrective measures, where deviation or short-fall is occurring (Bartle, 2001). Bartle emphasized that without effective controls, an enterprise was at the mercy of internal and external forces who can disrupt its efficiency, and be unaware; such enterprise will not be able to combat such forces. When a budgeting and control system is in use, budgets are established which set out in financial terms, the responsibility of managers in relation to the requirement of the overall policy of the company. Continuous comparison is made between the actual and budgeted results, which are intended to either secure, thorough action of managers, the objectives of policy or to even provide a basis for policy revision.

Kenneth Odour Adongo (2013)

The study reveals the importance of financial stability in enabling an organization to function efficientlyand maximize the potential for service delivery cannot be underestimated. The quest for better service delivery under new public management in public organizations in Kenya necessitates the need for public organizations to have proper financial standing in order to run operations and motivate workers through better remuneration as well as improved working conditions. Critique of literature on factors affecting financial performance reveal that gaps remain on the influence of budgetary control on financialperformance of public institutions. This study sought toinvestigate the relationshipbetween budgetary controls and financial performance of state corporations in Kenya. The study sought to determine the salient features of budgetary controls in state corporations, establish the human factors within budgetary controls, establish the process of budgetary control in public organizations, and determine the challenges affecting budgetary control. A descriptive survey design was used to gather data from the state corporation's managers of the sampled state corporations. 14 corporations were selected from the 138 to participate in the study. Purposive sampling was used toselect 42 corporate services manager, finance manager and budget officer from each corporation to participate in the study. A questionnaire, whose content validity was checked through an expertise opinion and reliability through test pre-test methods, was used to gather information. Findings indicate that a positive significant relationship exists between budgetary control and financial performance of state corporations. Budgetary features reflect ability to predict financial milestones of organizations. Human factors within budgetary controls thus managerial commitment, employees' motivation, employee training, competence as well as the attitude affect the budget control process. Budgetary control process exhibited a positive significant influence on financial performance of state corporations through influence on financial objectives, the allocation of funds as well as investment ventures that organization undertakes. The study recommends sensitization of management and employees of state corporations on the importance of budgetary controls in enhancing financial performance, avoidance of political interference in the budgetary process and use of budgets as tools for management efficiency.

The literature review gave a rationale for development of budget concept, and highlights the development of the budget concept from a tool of directing actions within an organization to a more complex managerial tool that managers would use to provide focus for organizations, set objectives and undertake performance evaluations. This framework provides a basic perspective through which the researcher viewed budgetary controls as tool for influencing organizations financial performance.

III. RESEARCH METHODOLOGY

The process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information.

Research Design

The researcher used a descriptive survey design to examine the effect of budgetary control systems on financial performance of state corporations. A descriptive survey was suitable in this study owing the fact that several public organizations was sampled.

According to Kothari (2004) a descriptive study is concerned with finding what, where and how of a phenomenon. Descriptive surveys are used to develop a snapshot of a particular phenomenon of interest since they usually involve large samples which are characteristic of this study.

Descriptive Research Design

Descriptive study includes survey and fact-finding enquiries of different kinds. The major purpose of descriptive research is descriptive of the state of affairs as is exists present. The researcher has no control over the variables; he can only report what has happened or what is happening. These methods of research utilized in descriptive research are survey methods of all kinds, including comparative and correlation methods.

Sampling Size of The Study

The sample size for this study is 121 employees of finance department at Polaris consulting and services .

Sampling Techniques

Sampling techniques were used to select the respondents to get the result for the questionnaire was adopted because of the huge number of people. In study researcher used Random sampling technique.

Convenient Sampling

Convenient sampling method is used for data collection. The sample is selected from the targeted population of the budgetary department and the management of Polaris service and consultancy. A sampling of 10% was selected from the targeted population.

Data Collection Method

There are mainly two important sources through which the whole data is collected.

Primary Data

The primary data was collected through questionnaire from the employees of the finance department.

Secondary Data

The data collected from websites and annual report of Polaris consulting and services .

Statistical Tools Used

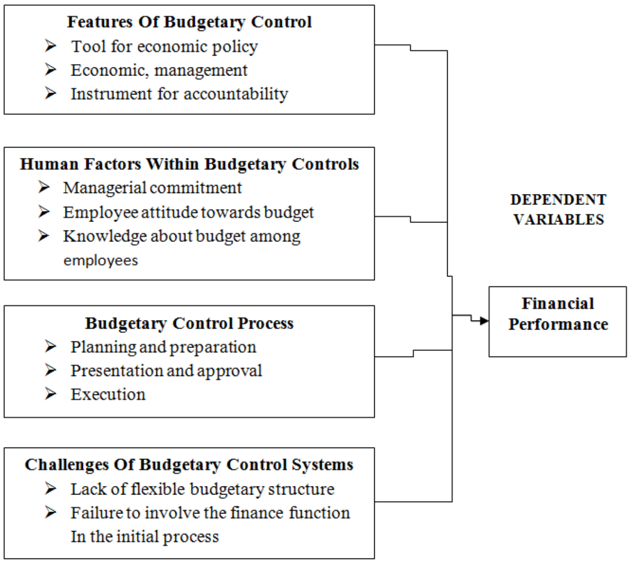
- Regression
- Descriptive Statistics

IV. ANALYSIS AND INTERPRETATION OF DATA

Conceptual Framework

Independent Variables

In this study the researcher interrelates budgetary control that an organization put's in place with financial performance. The financial performance of an organization in this study was defined as the subjective measure of how well a firm can use assets from its primary mode of business and generate revenue (Powers,2010). The measures of financial performance according to Venice, (2012) include company's total earnings or profit , share value and growth index. Similarly, Needles (2011) highlights non financial and financial measures of financial performance . In his classification , return on investment, net income as a percentage of sales as well as cost of poor quality as a percentage of sales is grouped as financial measures of an organization's financial performance . Non financial measures of financial performance according to his classification include number of times an activity occurs and the time taken to perform a task. For the purpose of this study , financial performance was examined through financial measures which will include ; net profit margin/surplus , return on investment and the development index.



Human Factors Within Budgetary Control And Financial Performance

Human factors within budgetary controls		Freq-uency	Perce-ntage %	Mean
Managerial commitment to budgetary controls has not increased profitability of our organization.	Strongly agree	29	23%	1.81
	Agree	86	68%	
	Neutral	6	5%	
	Disagree	0	0	
	Strongly disagree	0	0	
Complete acceptance of budget controls by management has not led to profits	Strongly agree	0	0	2.80
	Agree	37	56%	
	Neutral	71	10%	
	Disagree	13	95%	
	Strongly disagree	0	0	
Use of budgetary control to pressure employees has	Strongly agree	0	0	2.79
	Agree	49	38%	
	Neutral	48	36%	
	Disagree	24	19%	

led to mismanagement of funds	Strongly disagree	0	0	
Meaningful involvement of employees has not ensured increased productivity	Strongly agree	0	0	2.64
	Agree	37	29%	
	Neutral	67	53%	
	Disagree	17	13%	
	Strongly disagree	0	0	
Use of budgetary control to achieve organizational goals has led to increased profitability	Strongly agree	0	0	2.83
	Agree	37	29.1%	
	Neutral	67	52.8%	
	Disagree	17		
	Strongly disagree	0	0	
Management values employees in budgetary controls thus increased revenue	Strongly agree	1	0.8%	2.63
	Agree	59	46%	
	Neutral	47	37%	
	Disagree	12	9%	
	Strongly disagree	2	4.7%	
Profitability has been affected by use of budgets to blame employees	Strongly agree	0	0	2.84
	Agree	25	19.7%	
	Neutral	90	71%	
	Disagree	6	4.7%	
	Strongly disagree	0	0	
Profitability in our organization is affected by degree of top managements preoccupation by technical aspects of the budget	Strongly agree	0	0	2.93
	Agree	24	19%	
	Neutral	83	65%	
	Disagree	12	9.4%	
	Strongly disagree	2	1.6%	
Favorable cost variance is due insight and sensitivity by the administration	Strongly agree	0	0	2.81
	Agree	48	37%	
	Neutral	49	38%	
	Disagree	23	18%	
	Strongly disagree	1	0.8%	

Inference :

The findings reveal that majority (68%) respondents were agree on the assertion that managerial commitment to budgetary control has not increased profitability of our organization. This could mean that there was probability that management played a role in enhancing profitability of organization through budgetary control. The complete acceptance of budget controls by management has not led to profits where (56%) neutral were responded. Furthermore it was noted that the use of budgetary control to pressure employees has led to mismanagement of funds where majority (38%) responded were agree.

The majority of respondents were not sure that using of budgetary controls to achieve organizational goals had led to increased profitability. This would imply that budgetary controls may or may not necessarily be attributed to financial performance of the organization. The majority (52%) of the respondents asserted to be neutral.It was also noted that (71%) respondents were neutral to profitability has been affected by use of budgets to blame employees (i.e.), the profitability of the organization didn't not have a major impact from the employees. The favorable cost variance is due insight and sensitivity by the administration is noted to be (38%) neutral respondents. There were equal majority of respondents who were neutral and were not sure about this assertion. Ghosh (2005) notes that at times management of organization may be focus too much on technical budgetary aspects which can affects the organization profitability.

Features of Budgetary Control And Financial Performance

Features with budgetary control		**Freq-uency**	**Percen-tage %**	**Mean**
Budgetary control has led to cost effective procurement ,thus surplus revenue	Strongly agree	29	23.6%	1.93
	Agree	77	62.6%	
	Neutral	10	8.1%	
	Disagree	4	3.3%	
	Strongly disagree	1	0.8%	
Surplus revenue is not assured through increased budgetary control	Strongly agree	3	2.4%	2.81
	Agree	36	29.3%	
	Neutral	67	54.5%	
	Disagree	11	8.9%	
	Strongly disagree	4	3.3%	

Fitness of budgetary control to organization 's situation saves cost	Strongly agree	7	5.7%	2.78
	Agree	43	35%	
	Neutral	44	35%	
	Disagree	24	19.5%	
	Strongly disagree	3	2.4%	
Accurate budget prediction through budgetary control does not increased net profit margin	Strongly agree	4	3.3%	2.69
	Agree	22	17.9%	
	Neutral	84	68.3%	
	Disagree	6	4.9%	
	Strongly disagree	5	4.1%	
Budget controls provide cash expenditure tracking and reduces operational cost	Strongly agree	3	2.4%	2.92
	Agree	23	18.7%	
	Neutral	80	65%	
	Disagree	11	8.9%	
	Strongly disagree	4	3.3%	
Budgetary control provides an organizationa's with avenues to invest in income generating ventures	Strongly agree	7	5.7%	2.88
	Agree	43	35%	
	Neutral	44	35.8%	
	Disagree	24	19.5%	
	Strongly disagree	3	2.4%	
Budgetary controls do not necessary increased employee productivity through internal motivation.	Strongly agree	6	4.9%	2.69
	Agree	44	35.8%	
	Neutral	59	48%	
	Disagree	6	4.9%	
	Strongly disagree	6	4.9%	
As management tools budgets facilitate prediction of financial milestones by the company	Strongly agree	2	1.6%	2.87
	Agree	36	29.3%	
	Neutral	62	50.4%	
	Disagree	18	14.6%	
	Strongly disagree	3	2.4%	

Inference:

Accurate budget prediction act as a tool for measuring expected financial results of an organization against the achieved .(62.6%) of the respondents were however in agreement that it did not necessarily increase the profit margin of organizations examined. This was an indication that it can have either negative or positive implication on financial performance of an organization. An organizational operational cost is important in determining its financial performance. One of the budget features examined in this study is the ability of the budgetary controls to provide cash expenditure tracking and reduce operational cost. Majority (65%) were in neutral that operation costs for their organizations performance. Financial performance is subject to returns on investments. Budgetary controls have as a tool for economic efficiency was found to provide an organization's with avenues to invest in income generating ventures indicated (35.8%) of the respondents.

While budget are supposed to be tool for management and gauging of employees achievements verses the set targets , it was found from majority (48%) of respondents that it did not necessarily increase internal motivation among employees , an aspect that could positively or negatively affect employees performance. Budgetary control was however found to be a financial tool that facilitated prediction of financial milestones for organizations. This could imply that organizations could use budgetary controls to plan towards financial growth.

The Budgetary Control Process And Financial Performance

Budgetary control process		**Frequency**	**Percentage %**	**Mean**
Financial performance was based on budget goals in the planning stage.	Strongly agree	29	22.8 %	1.81
	Agree	86	67.7 %	
	Neutral	6	4.7%	
	Disagree	0	0	
	Strongly disagree	0	0	
Involving All players in budget planning had connection with favorable	Strongly agree	0	0	2.80
	Agree	37	29%	
	Neutral	71	55.9 %	

cost variances.	Disagree	13	10.2 %	
	Strongly disagree	0	0	
Relationship financial standing of the corporation and financial policy in the budget process	Strongly agree	0	0	2.79
	Agree	49	38.6 %	
	Neutral	48	37.8 %	
	Disagree	24	18.9 %	
	Strongly disagree	0	0	
Link between financial policy in the budget process was determined by financial standing of the corporation	Strongly agree	0	0	2.64
	Agree	49	38.6 %	
	Neutral	66	52%	
	Disagree	6	4.7%	
	Strongly disagree	0	0	
Budgetary process did affect financial goals of the company.	Strongly agree	37	29%	2.83
	Agree	67	52.8 %	
	Neutral	17	13%	
	Disagree	0	0	
	Strongly disagree	0	0	
Budget approval did not consider financial goals of the companies.	Strongly agree	1	0.8%	2.63
	Agree	59	46.5 %	
	Neutral	47	37%	
	Disagree	12	9.4%	
	Strongly disagree	2	1.6%	
Budget allocation was based on sector priorities and not necessarily financial needs of the organization	Strongly agree	0	0	2.84
	Agree	25	19.7 %	
	Neutral	90	70.9 %	
	Disagree	6	4.7%	
	Strongly disagree	0	0	
Politicizing of budget approval had led to unfavorable variances which could have	Strongly agree	0	0	2.93
	Agree	24	18.9 %	
	Neutral	83	65.4 %	

implications on the organizations financial performance.	Disagree	12	9.4%	
	Strongly disagree	2	1.6%	
Lack of monitoring tool for disbursed fund.	Strongly agree	48	37%	2.81
	Agree	49	38%	
	Neutral	23	18%	
	Disagree	1	0.8%	
	Strongly disagree	0	0	
Budgets allocated in organization acted as bench mark towards financial performance.	Strongly agree	0	0	2.80
	Agree	37	29.1 %	
	Neutral	71	55.9 %	
	Disagree	13	10.2 %	
	Strongly disagree	0	0	
Assertion that fixed allocation of funds for all projects had improved the organizations financial performance	Strongly agree	0	0	2.79
	Agree	49	38.6 %	
	Neutral	48	37%	
	Disagree	24	18.9 %	
	Strongly disagree	0	0	
Delink between budgetary control process and resource allocation which adversely affected profitability of organization studied.	Strongly agree	0	0	2.65
	Agree	49	38.6 %	
	Neutral	66	52%	
	Disagree	6	4.7%	
	Strongly disagree	0	0	

Inference:

Majority (67.7%) of respondents agreed with the assertion that financial performance was based on budget goals in the planning stage. It was also agreeable from majority of respondents that involving all players in budget planning had connection with favourable cost variances. Respondents were not sure of the relationship financial standing of the corporation and financial policy in the budget process. This was evidence by(55.9%) % majority of respondents who were neutral on the assertion that link between financial policy in the budget process was determined by financial standing of the corporation. There could be indication that budgetary process did affect financial goals of the company. This was agreeable by (38.6%) of the respondents who indicated that budget approval did not consider financial goals of the companies they worked for.(70.9%) majority of the respondents where neutral with the assertion that budget allocation was based on sector priorities and not necessarily financial needs of the organization.

It was noted that the budgetary control process lacked tools for monitoring disbursed funds. (38%)majority of respondent agreed with the assertion that lack of monitoring tool for disbursed fund has affected of our corporation. It was however neutral by (55.9)% of the respondents that budgets allocated in the organization acted as bench mark towards financial performance. Budgetary process is supposed to ensure that organization is allocated funds within which they could undertake their investment programs. (38.6%) majority of respondents agreed with the assertion that fixed allocation of funds for all projects had improved the organizations financial performance. It was agreeable that there was a delink between budgetary control process and resource allocation which adversely affected profitability of state corporations studied.

Challenges of Budgetary Control And Financial Performance

Challenges of budgetary control		**Frequency**	**Percentage %**	**Mean**
Budget process had led to undefined financial goals which could lead to negative financial performance	Strongly agree	1	0.8%	2.60
	Agree	60	49.6%	
	Neutral	47	38.8%	
	Disagree	12	9.9%	
	Strongly disagree	1	0.8%	
Lack of well functioning accountability framework was found to affect financial performance	Strongly agree	2	1.7%	2.81
	Agree	45	37.2%	
	Neutral	49	40.5%	
	Disagree	24	19.8%	
	Strongly disagree	1	0.8%	
The effectiveness of budgetary process was found to be derailed by lack of teamwork between the management and finance function	Strongly agree	2	1.7%	2.88
	Agree	24	19.8%	
	Neutral	82	67.8%	
	Disagree	12	9.9%	
	Strongly disagree	1	0.8%	
Financial performance was largely influenced by changes within the organization and washighly restricted to budgetarycontrols.	Strongly agree	30	24.8%	1.80
	Agree	85	70.2%	
	Neutral	6	5%	
	Disagree	0	0	
	Strongly disagree	0	0	

Inference :

Among the challenges identified in the study was failure of budget process to focus on organizational long term goals. Majority (49.6%) of the respondents said this had led to undefined financial goals which could lead to negative financial performance. Lack of well functioning accountability framework was found to affect financial performance as revealed by (40%) majority of respondents were neutral. Managerial commitment towards budgetary controls was found to increase operational costs and consequently the affected the organizations financial performance. The effectiveness of budgetary process was found to be derailed by lack of teamwork between the management and finance function, thus implicating on the organizations financial performance. (70.2%) majority of respondents agreed with the assertion that financial performance was largely influenced by changes within the organization and was highly restricted to budgetary controls.

Regression Analysis On The Relationship Between Budgetary Controls And Financial Performance

The regression analysis was conducted to find, how budgetary control affected financial performance. The respondent's overall mean score on financial performance was considered the dependent variable and budgetary controls the independent variables. Thus mean aggregate scores for respondents' opinion on features of budgetary controls, human factors within budgetary controls, the process of budgetary control and challenges facing budgetary controls were regressed on the overall score for financial performance. The beta coefficients provided the relative importance various budgetary control aspects. The highest beta coefficient value of budgetary control aspect was expected to have highest influence on financial performance, while the second highest beta coefficient stands second in terms of relative significance and so on. The overall model was also statistically significant, where (R2 = .8, p<.001), the adjusted R Square value 0.835, which shows that this model has accounted for 83.5% of the variance in the dependent variable. The Regression results are shown in tables below

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.914[a]	.835	.830	.19486

a. Predictors: (Constant), features of budgetary control, Human factors within budgetary control, process of budgetary control, challenges facing budgetary control

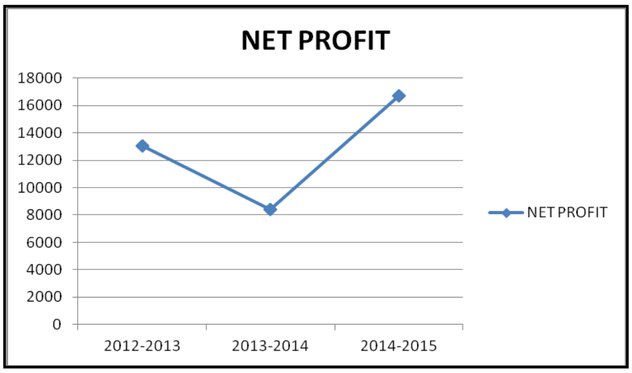
b. Dependent Variable: financial performance of the organization

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.038	.128		.294	.769
human factors	.561	.454	.529	1.237	.219
features of budgetary	.428	.245	.408	1.752	.082
challenges in budgetary	120	.270	-.020	-.077	.939
budgetary process	.021	.024	.033	.869	.387

Y (Financial performance) =0.038+0.428 (Features of budgetary control) +0.561 (Human factors within budgetary control) + 0.021 (The process of budgetary control) +0.510 (Challenges facing budgetary control) + €

On general aspects within budgetary controls were found to have positive influence on financial performance of the organization. Human factors within budgetary control had the highest beta coefficient of 0.561. Other factors with high influence on financial performance included challenges faced in budgetary controls which reflected a beta coefficient of 0.510, features of budgetary control with a beta coefficient of 0.428 and the process of budgetary controls with a beta coefficient of 0.021

Overall Trend In Net Profit/Surplus For Last 3 Years

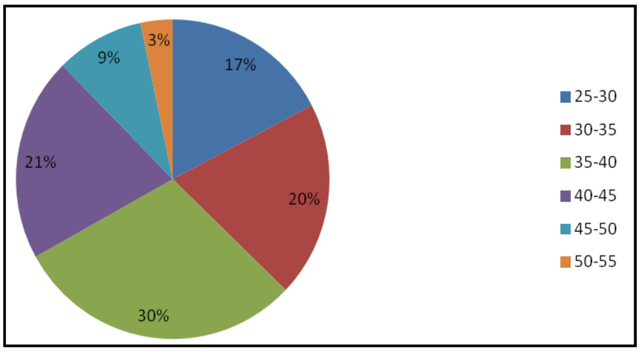


The trend of net profit increased in the year 2012-2013 and decreased in 2013-2014 and eventually it increased for the accounting year of 2014-2015.

Demographic of The Respondents

Age of The Respondents

Age of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-30	21	17.4	17.4	17.4
	30-35	24	19.8	19.8	37.2
	35-40	36	29.8	29.8	66.9
	40-45	25	20.7	20.7	87.6
	45-50	11	9.1	9.1	96.7
	50-55	4	3.3	3.3	100.0
	Total	121	100.0	100.0	

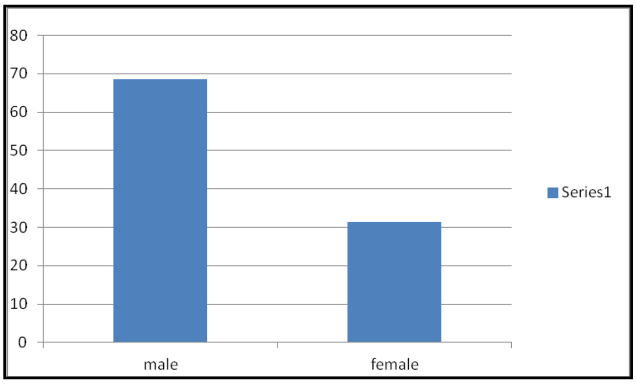


Inference:

In the above pie chart the age difference of the respondents at polaris is that (17%) of the respondents lie between 25-30.(20%) between 30-35 then majority (30%) between 35-40 and aslo (21%) from 40-45 .Majority (9%) between 45-50 and (3%) between the age of 50-55.

Gender of The Respondents

gender of the respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	83	68.6	68.6	68.6
	Female	38	31.4	31.4	100.0
	Total	121	100.0	100.0	

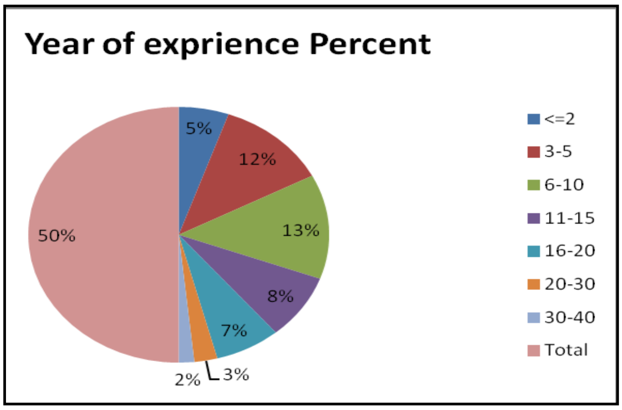


Inference:

The inference for the respondents of the gender majority (68.6%)where male and (31.4%) where female in the respondents

Years of Experience:

Year of experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<=2	13	10.7	10.7	10.7
	3-5	29	24.0	24.0	34.7
	6-10	32	26.4	26.4	61.2
	11-15	20	16.5	16.5	77.7
	16-20	17	14.0	14.0	91.7
	20-30	6	5.0	5.0	96.7
	30-40	4	3.3	3.3	100.0
	Total	121	100.0	100.0	



Inference:

The respondents were classified with the years of experience (5%) where less than 2 years of experience (12%) lies between 3-5 years of experience (13%) between 6-10 years and(8%) between 11-15 years then (7%)lies between 16-20 years of expreince (3%) between 20-30 years of experience in the field and (2%) where between 30-40 years of experience .

V. FINDINGS AND SUGGESTIONS

- The findings reveal that majority (68%) respondents were agree on the assertion that managerial commitment to budgetary control has not increased profitability of our organization.Though management of organization can accept the budget, it is not a guaranteed that complete acceptance would lead to profits and thus consequent implication on financial performance.
- Y (Financial performance) =0.038+0.428 (Features of budgetary control) +0.561 (Humanfactors within budgetary control) + 0.021 (The process of budgetary control) +0.510 (Challenges facing budgetary control) + €
- The complete acceptance of budget controls by management has not led to profits where (56%) neutral were responded.
- Furthermore it was noted that the use of budgetary control to pressure employees has led to mismanagement of funds where majority (38%) responded were agree a situation that could lead to negative financial performance.
- The majority of respondents were not sure that using of budgetary controls to achieve organizational goals had led to increased profitability. The majority (52%) of the respondents asserted to be neutral
- It was also noted that (71%) respondents were neutral to profitability has been affected by use of budgets to blame employees (i.e.), the profitability of the organization didn't not have a major impact from the employees. Ghosh (2005) notes that at times management of organizations may be focus too much on technical budgetary aspects which can affects the organizations profitability .There were equal majority of respondents who agreed and were not sure about this assertion .
- The favorable cost variance is due insight and sensitivity by the administration is noted to be (38%) neutral respondents.
- There were equal majority of respondents who were neutral and were not sure about this

assertion.Ghosh(2005) notes that at times management of organization may be focus too much on technical budgetary aspects which can affects the organization profitability.

- Accurate budget prediction act as a tool for measuring expected financial results of an organization against the achieved .(62.6%) of the respondents were however in agreement that it did not necessarily increase the profit margin of organization examined. T
- One of the budget features examined in this study is the ability of the budgetary controls to provide cash expenditure tracking and reduce operational cost. Majority (65%) were in neutral that operation costs for their organizations performance.
- Financial performance is subject to returns on investments. Budgetary controls have as a tool for economic efficiency was found to provide an organization's with avenues to invest in income generating ventures indicated (35.8%) of the respondents.
- While budget are supposed to be tool for management and gauging of employees achievements verses the set targets , it was found from majority (48%) of respondents.
- Majority (67.7%) of respondents agreed with the assertion that financial performance was based on budget goals in the planning stage.
- This was evidence by(55.9%) % majority of respondents who were neutral on the assertion that link between financial policy in the budget process was determined by financial standing of the corporation.
- There could be indication that budgetary process did affect financial goals of the company. This was agreeable by (38.6%) of the respondents who indicated that budget approval did not consider financial goals of the companies they worked for.
- Majority (70.9%)of the respondents where neutral with the assertion that budget allocation was based on sector priorities and not necessarily financial needs of the organization.
- It was noted that the budgetary control process lacked tools for monitoring disbursed funds. (38%)majority of respondent agreed with the assertion that lack of monitoring tool for disbursed fund has affected of our corporation.
  - It was however neutral by (55.9)% of the respondents that budgets allocated in the organization acted as bench mark towards financial performance. Budgetary process is supposed to ensure that organization is allocated funds within which they could undertake their investment programs.
- Budgetary process is supposed to ensure that organization is allocated funds within which they could undertake their investment programs. (38.6%) majority of respondents agreed with the assertion that fixed allocation of funds. for all projects had improved the organizations financial performance. It was agreeable that there was a delink between budgetary control process and resource allocation which adversely affected profitability of organizations studied.
- Among the challenges indentified in the study was failure of budget process to focus on organizational long term goals. Majority (49.6%) of the respondents said this had led to undefined financial goals which could lead to negative financial performance.
- Lack of well functioning accountability framework was found to affect financial performance as revealed by (40%) majority of respondents were neutral. Managerial commitment towards budgetary controls was found to increase operational Costs and consequently the affected the organizations financial performance.
- The organizations financial performance. (70.2%) majority of respondents agreed with the assertion that financial performance was largely influenced by changes within the organization and was highly restricted to budgetary controls.
- The overall model was also statistically significant, where (R2 = .8, p<.001), the adjusted R Square value 0.835, which shows that this model has accounted for 83.5% of the variance in the dependent variable.
- Human factors within budgetary control had the highest beta coefficient of 0.561. Other factors with high influence on financial performance
- Challenges faced in budgetary controls which reflected a beta coefficient of 0.510
- Features of budgetary control with a beta coefficient of 0.428
- The process of budgetary controls with a beta coefficient of 0.021
- Thestudy recommends sensitization of management and employees of state corporations onthe importance of budgetary controls in enhancing financial

performance, avoidance of political interference in the budgetary process and use of budgets as tools for management efficiency

VI. CONCLUSION

This study outlines that there is a increase in the level of sensitization among management and employees of the organization on the importance of budgetary controls in enhancing financial performance. The process of budgetary control should not only consider sector needs in the planning stage but also parameters within implementing organizations in order to facilitate sound financial standing. budget committee should include all unit/departmental heads, supervisor and sub-heads that have direct control with the organizational activities. This will create a forum for wider participation of all relevant stakeholders in the company's management process, thereby enhancing the exchange of ideas and views about how the operation of the business could be improved.

It is important not to over subject the process of budgetary control to political scrutiny as this may divert the core purposes of a budget. Budgets should not only be used as tool for management and indicators of management, they should also be viewed as practical tools within which organizations should used to enhance their financial goals.

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