BUDGETING AND FINANCIAL PERFORMANCE OF TORORO CEMENT LTD-TORORO (U)

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UGANDA CHRISTIAN UNIVERSITY
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DECLARATION

I **Mbusa Kakusa Samuel** hereby declare to the best of my knowledge that the work presented in this project is mine and has never been submitted before by anyone in this institution or in any other institution of higher learning. Throughout the entire work, I have acknowledged all the sources used in its compilation and have obeyed the rules of Uganda Christian University on plagiarism.

Mbusa Kakusa Samuel

APPROVAL

This is to certify that this research project done by Mbusa Kakusa Samuel was carried out under my supervision and is now ready for submission to the examiners with my approval.

Assoc. Prof. Mabonga Eric

University Supervisor

DEDICATION

I dedicate this report to my dear mother Kabugho Janet and father, Mr. Kuule Yokasi who recognized the value of my education from childhood and have devoted a lot of their efforts to seeing that I get to the top.

Also to my dear Wife, Biira Annet brothers, Sisters and friends who have been there for me whenever I needed them through the compilation of this piece of work.

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LIST OF ACRONYMS

BFP	Budget Framework Paper
CIMA	Charted Institute of Management Accounting
IMF	International Monetary Fund
M&E	Monitoring and Evaluation
MFPED	Ministry of Finance, Planning and Economic Development
NBC	National Budget Conference
TCL	Tororo Cement ltd
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
UCU	Uganda Christian University
URA	Uganda Revenue Authority
USAID	United States Agency for International Development

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ABSTRACT

The study investigated the effect of budgeting on financial performance using a case study of Tororo Cement Ltd. The study objectives were; to examine the effect of Budget Planning on the performance of Tororo Cement Ltd, to examine the effect of Budget Control on the performance of Tororo Cement Ltd, and to examine the effect of Budget Participation on the performance of Tororo Cement Ltd. The study used survey and case study designs which triangulated quantitative and qualitative approaches. The sample size of 80 respondents was selected using the Krejcie & Morgan (1970) table. Data was analyzed using mixed methods with the content technique of analysis for qualitative and SPSS for quantitative data. The latter included descriptives and inferential statistical analysis. The findings revealed that budget planning has positive significant effect on financial performance of Tororo cement factory Limited, that budget control has a positive significant effect on financial performance of Tororo cement factory Limited and that budget participation has a significant effect on financial performance of Tororo cement factory Limited. The coefficient regression results indicated that budget participation had the most significant influence on financial performance (ß=0.341; t=20.1188; sig=0.088), followed by budget planning (ß=0.335; t=17.783; sig=0.000) and then Training (ß =0.324; t=15.146; sig=0.000). The study concluded that budgeting in general terms has a significant effect financial performance of Tororo cement limited. The study recommended that; management should ensure that budget planning is properly and that it should be done early enough. That Management of the factory should ensure that budget controls are strictly followed and adhered to by all officers and finally, management of the factory should ensure that the heads of departments in the organization are not left out in the budgeting process.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The research addressed the effect of budgeting on the financial performance of Manufacturing Concerns in Uganda, a case of Tororo Cement Limited. This chapter gives details on the study background, research problem, research objectives, and scope of the study, the conceptual framework and significance of the study.

1.1 Background of the study

1.1.1. Historical perspective

The history of budgeting goes back to the beginning of the 19th century where policies and procedures on budgeting processes had started taking shape. This is traced to the early French deeds to streamline own financial system that budgeting became a part of the practical solution (Goldstein, 2019). By the middle of the 1800's the government in France had developed guidelines for conducting audits and they had also standardized a fiscal year as well established accountable reporting. In the due process the government in Paris would demand that all ministries departments and other agencies provided written reports on the revenues and expenditures for the fiscal year whilst providing reconciliation of the origin of funds and the means of dispersal. Meanwhile in the same period, knowing what was happening, the American Government embarked on the expedition to sensitize and make businesses to know the meaning of a balanced budget. Although the meaning varied, the accepted notion was that it explained the control of expenditures and limiting expenses and payment of debts. History also shows that a number of studies have been carried in the line of budgeting systems (Cornick et al., 2008). These studies have mostly paid

attention on the budgeting systems and their values in regards to the financial management and disciplines of organizations.

In a globalizing world, Manufacturing Concerns the application of budgets in the strategic planning and prioritizations by assigning the financial resources on the things that bring back value to the Corporations Goldstein, 2019). Among Manufacturing Concerns, budgeting acts as an instrument for planning (Flamholtz, 2020). Indeed manufacturing orgnizations that fail to carry out budgeting have experienced high failure rates as soon after they are established.

According to one research study, it was stated that the present day budgeting in Africa is traced to Egyptian civilization where merchants believed that by coming up with expenditure and income plans they would determine their value where the latter would be the primary concern of their business as expressed in the Journal of Business Management and Social Sciences Research by Siyanbola (2018).This same study further emphasized that the actual formal preparation and presentation of a budget started in England in the mid 1800's when the chancellor of the exchequer who is considered the ministry finance today was responsible for preparing for and read such incomes and expenses to parliament.

Poor budgeting is given as one of the major reasons causing this phenomenon. According to Warue and Wanjira (2013), since the budgets indicate the plan of action the organization is taking, organization managers ought to maintain proper, updated and reviewed budgets lack of which makes their Manufacturing Concerns remain small, stagnant and even close down.

1.1.2 Theoretical Perspective

The theories on which this study was anchored include: budget incremental theory, the priority-based theory of budgeting and the risk-based theory. The budget incremental theory suggests that the organizations' incoming budget allocations must be based on today's budget to enhance efficiency

and improvement in organization performance (Wildavsky, 2015). The priority-based budgeting theory has an underlying assumption of priority driven budgeting (Kavanagh, Johnson & Fabian, 2011). This affects the organization investment decision hence financial performance. Risk based theory alternatively suggests that when budgeting, the managers also consider the risks (Maillard, Roncalli & Teilethe, 2010).

According to the theories mentions, budgets involve coordination such that the process brings the various organizations resources and departments in one fold. This involves spells out the plan for spending the various resources that may be available and the plan should then be used for determining the progress registered from time to time by looking at planned and comparing with actual. The outcome of which can be valuable for deciding on whether to make changes or not (Hancook, 2009). The theories call for increased communication among various stakeholders so that each one's roles is clearly defined and well communicated. The benefit is to ensure compliance towards the budget and to appreciate the role when it comes to budget evaluation (Hancock, 2009).

1.1.3 Conceptual perspective

Anymous Mclean, (2012), budgeting is the process in which an institution, firm or corporation develops a systematic plan that details the income against planned expenditure which is expressed in monetary terms and with view to operationalize it. Egan Maxville (2007) refers to budgeting as the plan on how expenditure will be exercised with plans to for corrective measures in the event of shortfalls.

Financial performance according to Batra and Nash (2013) is the ability of a company or firm to get value for the money invested. It details the planned expenditure on activities to meet the goals of the organization in a given period of time (Mclean Frorenzo, 2008). Therefore performance extends from presentation to quality of results attained. In this regard therefore, performance

describes the success of the organization, the level of compliance and the conditions that exist in the organization. The financial performance of an organization should always be at the forefront of decision making because it is the basis of both short and long term investment within the organization. The financial decisions taken are also a basis for which return on investment is subjected too. According to Dawali (2014), a well-designed financial management system and implementation is a means for which value for money invested can be determined. But as Lazaridis (2006) puts it, the challenge in financial management stems from the inability to attain the desired tradeoff between solvency, liquidity and profitability. Indeed this explains why the financial performance subject has been a matter of interest for scholars in the field of business and management. This is because the performance of the organizations financial sector has major implications to the health, survival and sustainability of the organization. Naser and Mokhtar (2004) believe that if performance is noticed to be high then the element of finance is usually at play in terms of efficiency and effectiveness. In this study the independent variable is conceptualized as budget planning, budget control and budget participation, while financial performance is understood to mean timely reporting, target achievement and revenue performance.

1.1.4 Contextual Perspective

According to Ambrose (2011), Tororo cement limited transformed into an incorporation in 1952 but changed ownership to Uganda Development Corporation in the year 1953. Following a period of challenges after independence, the corporation became privatized in 1995. It has since transformed into a multibillionaire company with supporting the construction industry in Uganda and beyond. The company has since diversified its production line to include cement production, steel manufacturing, and production of barbed wires among others. With this kind of operation, an effective budget is vital and management invests time and money to go through an elaborate

budgeting every fiscal year and there is an existence of a budget calendar and an elaborate budgeting process.

1.2 Statement of the Problem

According to Uganda Manufactures Association (UMA) report of 2021, that was presented by UMA's chairperson Deo Kayemba heighted a drop of sales from 204 trillion in 2018 to 132 trillion in 2021, members registered a fall in profitability, failure to meet financial targets, with reduced market share. Despite having employed various strategies to enhance better financial conditions of the company, Tororo Cement limited (TCL) has persistently experienced a decline in its financial status as evidenced from the company's financial statement for the year ended 31st December 2021. In 2019 it achieved 12.1 billion, in 2020 only 9.2 billion and 8.1 billion in 2021 (Tororo Cement ltd annual financial reports 2019-2021). In 2019, the company's turn over (sales) was 45 trillion, in 2019, its turnover was Ugx 35 trillion and in 2020, it only achieved 29 trillion in 2021. The company's impairment losses on credit sales and advances are still high that is 1.2 billion in 2021 and yet in 2019 it had 201 million (TCL annual report 2019). The failure to recover credit sales even past their due date indicates a severe adverse effect on the financial status of the Tororo Cement Ltd. The Company has tried all strategies in attempting to sustain its financial status but these seem not to have worked for them. If this problem is not attended to and proper financial strategies are designed and implemented by Tororo Cement Ltd, attaining sustainable financial conditions will be a dream and it will end in waddle and never achieve the desired financial status.

It's not yet known whether it's due to managerial inadequacies, or, other factors. This has prompted the researcher to establish the effect of budgeting on financial performance using Tororo Cement Ltd as a case study.

1.3. General objective of the study

Generally, the study aimed at establishing the effect of budgeting on financial performance of Tororo cement limited.

1.3.1. Specific objectives of the study were:

i. To establish the effect of budget planning on the financial performance of Tororo Cement Limited.

ii. To examine the effect of budget control on the financial performance of Tororo Cement Ltd.

iii. To examine the effect of budget participation on the financial performance of Tororo Cement Limited.

1.4 Research questions

i. What is the effect of budget planning on the financial performance of Tororo Cement Limited?

ii. What is the effect of budget control on the financial performance of Tororo Cement Limited?

iii. What is the effect of budget participation on the financial performance of Tororo Cement Limited?

1.5 Scope of the Study

1.5.1 Content Scope

The study focused on the effect of budgeting on the financial performance of Tororo Cement Ltd. Budgeting as the independent variable covers; budget Planning, budget control and budget participation while the dependent variable is financial performance which covers timely reporting, and target achievement and revenue performance.

1.5.2 Geographical Scope

The study was carried out at Tororo Cement Limited which is located in the eastern part of Uganda in Tororo district, about 230 Km from the capital Kampala. It is 10Km before the Uganda/Kenya border town of Malaba. It's a long Tororo to Kampala Road, 800 Meters from Tororo town.

1.5.3 Time Scope

The study was conducted at different time intervals. March 2022, concept presentation was done, April to March 2023, the proposal was presented while data collection and analysis was done in April, 2023 and the presentation of this study was conducted in December 2023.

1.6 Justification of the study

This study was justified because of the fact that first and foremost businesses that fail to plan for the finances and resources only plan to fail (Chidi & Shadare, 2011; Bradstreet reports, 2020). The second rationale for this study is the fact that there is study that has been carried out regarding budgeting and financial specifically focusing on Tororo Cement limited. And by so doing this adds to the knowledge findings. Lastly this study is justified because its focus is varying dimensions which include planning, control and participation which offer a different glimpse of budgeting in relation to financial performance of organizations.

1.7. Significance of the study

First and foremost, the study is to contribute to the improvement in financial performance of Tororo cement limited by adopting better budgeting processes.

The findings from the study are expected to be useful to the company by enhancing the attainment of the company goal through the timely budget process by the company as this would enable the forward movement of the organization and its growth.

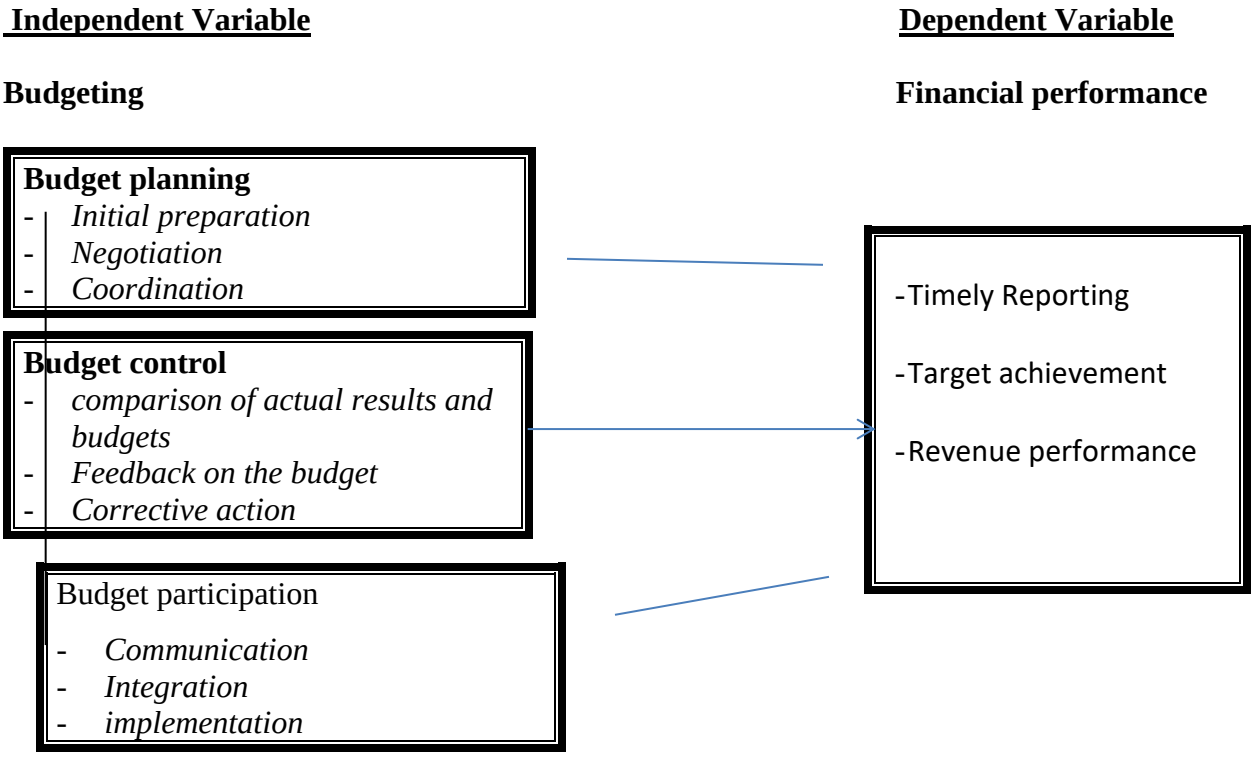
To the researchers and academician, the findings of this study would contribute to both theoretical and

practical knowledge on the effect of budgeting on the financial performance of manufacturing companies.

1.8 Conceptual Framework

As emphasized by Odiya (2021), a conceptual framework is a figurative model that links up or conjoins identified concepts in their different variations.

Fig 1. Conceptual framework showing budgeting and financial performance



Source: Adapted with modification from Bryman and Bell (2019).

From the above figure, budgeting is the independent variable and its broken down into budget planning, budget control and budget participation. The independent variable is financial performance which is measured in terms of timely reporting, target achievement and revenue performance. The framework shows that when budgeting aspects of budget planning, control and participation are well executed, then the result is financial performance

1.9 Definition of key terms

Budgeting

According to Tracy (2008), budgeting refers to the systematic process by which a company or business entity develops, implements and evaluates its plan in order to provide services and and capital assets like money in a given period of time. But for this study, it will be considered as planning, participation and control.

Budget planning

This according to Harifar (2012) is about identifying sources of income, recording the amounts from the sources and determining the current and future expected expenses of the organization.

For purposes of this study, budget Planning will be seen as the process by which a company allocates revenue to different cost centers or activities for a specific period of time, usually a year although it can be quarterly, monthly or weekly.

Budget control

This is defined by Routledge (2008) as the process of determining planned budget and actual budget used in relation to set objectives of the organization in a given period of time. For the purposes of this study, budget control will be seen as the act of comparing the results with the set budget, receiving feedback regarding the budget and taking corrective measures.

Budget Participation

According to Yuen (2007) this is the act of engaging the various stakeholders to have a say and influence on the budget setting process. Inspite of the above definition, this study will look at budget participation as where the different parties like board members, top managers, middle managers and other stake holders indulge in formulation and implementation of a financial Year's budget.

Financial performance

According to McGill (2020), is the quantitative measure of the performance of the business entity or firm in terms of its ability to use its existing assets without borrowing to generate more revenue. In this study however this will considered as the ability to report on time, meet set targets and improve revenue performance.

1.10. **Chapter summary**

The introductory chapter included an introduction, background to the study, statement of the problem, purpose and objectives of the study, research questions, significance of the study, scope of the study and conceptual framework.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter entails a critical analysis of past studies relating to this specific study to find gaps that formed the basis for continuing with this study. The theory used for this study was diagnosed in detail while the study variables were examined objectively. Additionally, it presented the related literature of the conceptual framework.

2.2 Theoretical Review

Several theories have been used to explain the link between budgeting and financial performance. In this study the budget incremental theory, the priority-based budgeting theory and the risk-based budgeting theory will be selected as the guiding theories because the three relate directly to on the budgeting and financial performance. As discussed below in detail.

2.2.1. Incremental budgeting theory

Developed by Wildavsky in 2000s, the theory asserts that budgeting should be conducted basing on the previous one. This theory is based on expenditure increases or reductions depending on economic growth and not from resource redistribution. It assumes that budgeting should start with the expected finances that the organization holds in a given financial year so that planning for the following year can commence with ease. However, the absence of expected amount, its present that organization uses provisional funds. Accordingly, this budgeting is said to be the best approach to conducting budgets given its prescription of functioning budget. Therefore, this approach enables organizations to base their planning with existing finances.

This approach is used mostly by Northern Ireland and the UK among other countries. The countries carried forward the previous year's budget to the next annual budget then do some adjustment to

them for known factors for instance; additional resources, new legislative requirements, change in priorities, service developments or anticipated inflations (Pidgeon, 2010). This theory is however criticized on the following grounds; that it does not consider the fact the resource allocation is based on established plans such that changes bring challenges, an indication that this approach discourages developing new programs since it fails to consider change in circumstances (Pidgeon, 2010). Secondly, the theory is prone to unplanned expenditures by the company in that departments often strive to spend all finances allocated to them in anticipation that more will be allocated in the next financial year. According to this theory, budgets have to increase each passing year although this is not realistic in most of the organizations given the dynamics of business and the environments in which they operate. Thirdly, this theory is criticized on basis of its ability to innovate and produce more because of the expectation to have more in the coming year. The increasing figures each year means that staff does not have reason to be innovate in order to increase earnings on behalf of the organization. The theory basically does not consider unforeseen circumstances within the business environment. Despite the above limitations, this theory is found to be relevant for this study because of the fact that increasing budgets from time to time is correlated with the production capacity and livelihood for the business organization.

2.2.2. Priority based budgeting

This theory was developed by Johnson and Fabien in 2011. It a developed on the back of zero based budgeting which aimed on the allocation of resources based on priority with the view increasing organizational growth. Priority theory is inclined on the desire to determine the work that the budget is intended for which according to Pidgeon (2010) includes the attainment of goals and meeting standards of the services.

Priority based budgeting theory suggest that profit organizations, just like other organizations, the focus should be about ensuring effectiveness, accountability and openness at all levels. The theory is significant as it explains the reason for prioritization. Nonetheless, it has a number of limitations which include; one, it starts from nothing which meals that it's time consuming. Secondly, because it does not benchmark from anywhere, its likelihood for mistakes is high and can be very costly if specialize knowledge is missing and because of that most organizations shun this budgeting method and therefore only a few employees can do this, hence more time and resources for hiring gurus.

2.3. Review of related literature

The actual review of related literature was based on objective by objective setting as follows.

2.3.1 Budget Planning and financial performance

Bodie and Merton (2010) describe budgeting planning as the act of coming up with quantifiable values for the organizational planned activities to achieve set goals. Budget plans are often used by business entities as a means for achieving organizational strategy in line with set mission and vision Gitman, 2016). Big businesses focus on long term budgets such as capital budgets which is often emphasized in organizations as way of planning for the long term. But in some instances, businesses will only focus on conducting short term budgets to meet day to day pressures of work or simply put operations whereas long term planning is needed for strategic operations or goals.

According to Izar (2012), in the process of planning budgets, a number of steps may be taken with step one involving determination of key aims , step two limiting factors, step three preparation, step four implementation, step five coordination, step six consolidation and the last step is the presentation to management and approval. However according to Dunk (2010), budgeting is done

in different stages or phases which include, the planning phase, coordinating phase, communication phase controlling phase and evaluation phase.

Today, it has been realized almost everywhere in the world even Uganda that drawing out a budget and planning in general are essential procedures for the successful and sustainable existence of an organization or company coupled with its efficient financial performance thus emphasizing the existence of budgeting processes (Mulani, Chi and Yang, 2015). It was said that the Implementation of these was greatly spearheaded by prominent international agencies such as International Monetary Fund (IMF), United Nations (UN), United States Agency for International Development (USAID) and World Bank which all gradually encouraged both developed and underdeveloped countries to adopt the usage of budgets especially in their organization financial procedures (Siyanbola, 2013).

For Okpanachi and Muhammed (2013), budgets are significant in organizational planning and control of resources as they project the plan on how activities are to be conducted in relation to the cost. In manufacturing for instance, Budgeting is used a tool for planning while in various organizations, it is more of a guide on activities will be executed and it also helps in determining priority areas which require resources now the process of budgeting starts with needs assessment, followed by situational analysis, strategy selection and preparation of objectives and implementation planning for various activities (Maitland, 2001). The process is iterative in nature and in numerous occasions, it is cyclic in nature. The process requires establishment of a budget committee who look at the charter and determine the needs, goals and activities for which the budget must be established (Lau, 2013). Prior to the actualization of the budget, different managers are issued with budgetary forms which they feel in response to their departmental needs and activities and it is from this that a main budget is drawn for the organization. Management is

responsible for overseeing the implementation of organizational projects and programs but must do so with support of the budget because the main budget spells out the strategic plan of the organization for the financial year.

Budgets are important for organizations because of they help to quantify the targets in the short term and long term in the form of operational budgets and or strategic budgets. For Rhelter (2011), there is need for organizations to come up with promising administrative mechanisms for effective organization of budgets based on the needs of the projects so that they influence the determination of good budgets and how they can be controlled in case of any required changes. In run through, the procedures must be tailor-made to the requirements of the organization, but as a general rule, a business entity must ensure, processes and procedures are well established for budget approval and the right staff must be available to support management in preparing and controlling budgets in due process of meeting financial performance and to attain targets. This can help in evaluating management performance and the financial performance of the organization in question. Indeed venol (2012) is of the view that for the budget planning to be a success, there is need to streamline management from lower levels to executives with clearly defined roles and responsibilities and the establishment of a department to oversee and monitor the entire budgetary process. The department should communicate the budget policy and expectations to respective units for consideration in their activity formulation as the foundation of budgeting.

2.3.2 Budgeting control and financial performance

Budgetary control is the process in which costs are controlled, it entails comparing the actual outcomes of the budget in relation to the planned budget with the view of assessing the performance from time to time until the project closes (Cooper, 2014; Fang, 2014). Control in specific terms is about making sure activities are carried out in line with the plan and stated

objectives (Dury, 2008; Anthony, 2009). Control can be conducted at strategic level, management level and operational level (Anthony, 2009).

Budget control as the establishment of budgets that correlate with executive responsibilities at policy level through comparing actual against planned and providing a baseline for revision (Drury (2008).

Having a system that is effective in controlling budgets is significant for its ability to support the organization accomplishing its purpose. This is because through effective budgets, there is a possibility to determine the future activities which is viewed as key step in financial performance. The view is that when you have basis for which to measure what is panned and what is actually spent along the way you are able to diffuse any upcoming challenges by way of making critical decisions. Action can be taken to determine reasons for over expenditure and or under expenditure. However the decision on over expenditure is measured because the objective may fail to be attained while under expenditure may mean compromising quality.

According to Sallis (2014), the reasons for undertaking budgetary controls is to ensure that the short term plans are evaluated, to ensure accountability and responsibility of purpose, to promote authority of purpose and to make sure resources are put to the best use so that the outcomes of the proposed project for the resources are clearly attained. When budgets are set, it's the responsibility of management to ensure the projects or programs are started with the motive at their back so that various departments carry out their tasks without complacency. Total quality management must be ensured by the quality management office and the resources must be readily available to cater for quality. Delegation to the various authorities must be applied with caution and continuous monitoring and evaluation must be employed at all means.

Management must be accorded the necessary authority and be motivated to through being able to

make decisions in regards to the financial resources at their disposal. This is one way in which they will find themselves responsible and liable for the mistakes which they may at all times try to avoid so as to stay relevant. Managers must also be rewarded for their works, failure of which may result in feeling that they are being misled and taken advantage of by the relevant authorities within the organizational set up.

Indeed, according to Phyrr (2000) managers have the task ahead after the budgets have been read and passed and this may take the form of the actualization of the budget. This means that they have the responsibility to measure the actual against the planned at all times to avoid mistakes through either sticking to the original plan or making relevant changes. Besides they must ensure that they put in place necessary budgetary controls as a way of attaining clear and satisfactory financial performance within the organization. The benefit of doing this is because it results in reduction doubts among top management and restores confidence in other employees. By so doing, they may be required to seek clarifications from top management who may guide them in sticking to plans as a necessary means to attaining organizational goals and improved financial performance. As Turyakira (2004) puts it, the financial performance of organizations should be evaluated through measuring its planned budget against the actual budget and comparing them budget with the set objectives to see if all fell within the budget and the overall goal was attained.

For Resbery and Lormorie (2011), conflict of planning and control arises when the planned budget does not correlate with actual budget which ultimately affects the financial performance of the organization. Therefore it is important that organizations smoothly implement budgetary planning and controls such that evaluation is well appraised to determine performance as means of measuring the individual and other departmental contributions towards general performance (Seldin, 2007). This may be conducted with the view of taking the right action in instances where

financial performance may be poorly recorded necessitating corrective action (Emmanuel and Otley, 2010).

Meanwhile Cyert and March (2013) are of the view that evaluation standards must be well articulated statements in line with the budgetary planning out comes from the previous budget and must compare the current to the previous with a view of improving performance from base year set. It sonly by setting clear baseline evaluation measurement points that performance can be realized or not realized based on one was set.

2.2.3 Budget Participation and Financial performance

Participation is a process that can be used for planning and goal setting when there is environmental uncertainty, for motivating subordinates when there is task uncertainty, and for coordinating interdependence when there is task interdependence (Lin & Chang, 2005).

According Parker and Kyi (2006), budgetary process offers the benefit of sharing of information within members of the organization or within departments. It offers the basis for what is what is meant to happen and this can help in measuring what is planed against actual financial performance in details and this mainly depends on the skills level of personnel entrusted with the assessment task. It is prudent that in the process of setting the budget, staff within the organization take part in the budgeting activities so that project tasks are well aligned with the budgetary activities. Indeed according to Chalos and Poon (2000), in the process of determining the variance of the budget, it is important that participation and engagement by the various stakeholders take center stage in determining the reason for variance so that the possibility of corrective action can be planned based on majority decisions. The participation by various stakeholders in budgeting should be viewed as a collective management process so that decisions affect everyone and to eliminate accusations and counter accusations (Subramaniam and Ashkanasy, 2011).

The process of budgetary participation has been subject of interest to the various stakeholders given that its viewed as a tool for negotiation which helps to connect the various stakeholders. The number of scholars has stated that in the process of budgetary participation, information sharing is accomplished. This is because, it offers managers a platform for which information can be exchanged and also in the same manner, ideas can be shared so that effective budgetary planning and control can be attained.

The correlation between budgeting participation and performance is one which has been carried out by many scholars and this has resulted in various findings including the emergency of many theories (Becker and Green, 2010; Tsui, 2001). For instance there was a theory that was developed by Murray in 1990 known as the psychological theory which states that when an opportunity is accorder to the participant of budgetary process, the benefit is the stimulation of motivation and the ability to commit is usually high and this has the impact of improving job satisfaction to management and subordinates which ultimately results financial performance of the organization (Chenhall and Brownell, 2016). To determine the relevancy of this theory, Shields and Shields (2008) assessed the significance of budgetary participation in relation to financial performance using the same theory and their conclusion was that participation results in enhanced trust, participation, commitment, acceptance, control and better decisions by subordinates. This in turn results in improved financial performance. Besides they also conclude that subordinates were able to gain the necessary knowledge from the various supervisors that help in clarifying organizational goals and the roles and responsibilities of various staff.

A study by Brownell (2009) established that there existed a positive effect between budget participation and financial performance. Indeed recent studies have pointed to the need for participatory budgeting for organizations with the plan to achieve set goals. Fisher et al (2016)

advocated for participation in budgeting given that it offers numerous opportunities to management especially in creating slack.

Therefore the process of participation in Budget process creates opportunities for subordinates to become involved in the planning and performance management process that traditionally is the province of top management. Indeed varying degrees of participation by subordinates in the budget setting process have been found; Merchant Van Der Stede and Zheng (2003), found that the degree of participation increases with organizational size, diversification and decentralization and that participative budgeting has a large influence in large organizations. He continues to assert that once employees receive budget process with possibility and embrace it from its start, as they are they to place requests within the budget frames, monitor the budget, appraise the budget and communicate to management about the possible budget variances, participate in closing the budget gaps and thus financial performance of an organization, is achieved.

2.3 Research gaps

The literature presented above covers studies done from developed economies. Little or no studies have been conducted in relation to budgeting and financial performance in under developed countries like Uganda. This study is therefore set out to close such a gap by carrying out a study on budgeting and financial performance of Tororo Cement Factory.

Budgeting processes are core drivers of a manufacturing concern's financial performance in a factory settings as suggested by many scholars like (Okapnachi and Muhammed, 2013; Margah, 2005 and Kpedor, 2012) have tried to exhaust the field of budgeting and budgetary controls but mostly focusing on non-profit making entities and few scholars have taken a deep step into the operations of the profit making organizations in terms of budgeting and budgetary controls and those that have tried have been more of consultancy type and explorative in nature hence the

motivation of this study. Charles (2014) stresses that budget process is costly to many organizations although its relevance towards cost management exceeds the costs incurred. However, majority of them used qualitative research design and their studies concentrated on impact of budgetary controls on organization financial performance with little emphasize on budgeting. This therefore necessitated a study to stream line the implementation of budget and budgetary control using quantitative approach since there is no study so far carried out in the case study organization.

2.4. Chapter summary

This chapter included the introduction, theoretical review, review of related literature and summary of the literature including the research gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is to present the methodology that was used in the study. It covers the research design, study population, sample population, size, sampling procedures, data collection methods and their corresponding data collection instruments, data management and analysis procedures, reliability and validity and the ethical considerations.

3.2 Research Design

The study used a mixed methods research design. A case study design and survey design considered triangulating both quantitative and qualitative approaches using structured questionnaire interviews. Therefore, the case study and survey designs were used because they provide an in-depth study of the problem with in a limited time scale. Qualitatively, the collected data provided detailed information.

3.2 Study focus area

This study was carried out in Tororo cement Factory in Tororo district in Eastern Uganda. The district borders Kenya's southern Teso and to date the district operates as a municipality where Tororo cement factory operates as a limited company under the Ugandan laws.

3.3 Area of Study

The study considered specifically Tororo Cement Ltd which is strategically located in East Africa, Eastern part of Uganda in Tororo District in Tororo municipality.

3.4 Study Population

The unit of analysis was Tororo Cement Ltd. The study had to consider a target population of 100 respondents from different departments including; Finance, Human resource, procurement, production & Operations, Marketing, Quality Assurance, Mechanical, research & Development.

Table 3.1: Study population

Department	**Total population**
Human Resource	10
Procurement	10
Production and Operations	15
Marketing	10
Finance Department	18
Quality Assurance	12
IT Department	10
Mechanical & Maintenance	7
Research & Dev't	8
Total	**100**

(Tororo Cement Human Resource Manual 2021)

3.5 Sampling size and Procedure

The study used a sample of 80 respondents derived from a population of 100 using the morgan table as follows

Table 3.2: Showing composition of the sample size

Department	**Total population**	**Sample size**	**Percentage (%)**
Human Resource	10	8	10
Procurement	10	8	10
Production and Operations	15	13	16

Marketing	10	8	10
Finance Department	18	15	19
Quality Assurance	12	9	11
IT Department	10	8	10
Mechanical & Maintenance	7	5	6
Research &Dev't	8	6	8
Total	**100**	**80**	**100**

(Tororo Cement Human Resource Manual, 2021)

3.6 Sampling Techniques

The researcher used random sampling as well as purposive sampling. Purposive sampling is to be used for issues that need technical knowledge since the researcher will able to decide who to include in the sample. And for the areas that are not technical, random sampling will prevail. Sekaran (2003) asserted that this technique ensures that all elements in the population have equal chances of being selected. Purposive sampling is the process where the researcher will decide who to include in the sample frame (Oso and Onen, 2008).

3.7 Sources of data

Due to nature of the study, only primary data was used. This is because the study had to base on both first-hand information that was collected from respondents and study participants.

3.6.1 Primary data

In this study, the researcher used self-administered questionnaires that are both closed and open-ended questions. This helped the researcher in getting the first-hand information and to cover a large population quickly.

3.8 Data Collection Methods and Instruments.

Primary data was obtained directly from respondents using interviews and questionnaires.

3.7.1 Questionnaire method

The researcher provided questionnaires for the respondents to fill in answers basing on the questions that were to be asked. The researcher analyzed the answers from respondents that helped him to get the accurate information about budgeting and performance of manufacturing concerns. The respondents were able to observe the questions basing on their experience. This method helped the researcher to get first hand, additional accurate information about budgeting and performance of manufacturing concerns in the study area and Uganda at large

3.7.2 Questionnaires

A questionnaire refers to a form to be filled by respondents, researchers or research assistants. This was used because of its efficiency and effectiveness in the study. The method was used to gather first hand data from respondents. The questionnaires were hand delivered to selected respondents and these contained closed ended questions with the respondent expected to select the statement based on the liker scale.

3.7.3. Interview method

This method was useful in conducting in-person interviews with respondents. The method used semi-structured interviews for this study. The method was used in the collection of primary data because of its interactive nature which enabled collection of large portions of data in a short time from key informants (Oso and Onen, 2008).

3.7.4. Interview guide

This was a tool for on face to face interaction with the respondent this tool enables the researcher to gather firsthand information and it consists of preset questions upon which the respondent is able to respondent in form of a discussion. The guide was flexible enough to enable the interviewer collect in-depth responses from the interviewee.

3.9 Quality Control

This focused on establishing how valid and reliable the tools were as described below.

3.8.1 Validity

Validity is the accuracy and meaningfulness of inferences, which are based on the research results. The questionnaires and interview guides are approved by experts to avoid ambiguity of the questions that needs several answers**.** The focus on finding out whether the instruments could achieve the required result. The validity of the tool was determined by use of the content validity index which was derived as follows

$$\text{CVI}=\frac{No\ of\ items\ relevant}{Total\ number\ of\ items}=\frac{27}{29}=0.9259$$

Given that the CVI was 0.93 or 93% greater than 0.7 or 70% recommended by Mugenda and Mugenda (2003), the tool was found to be validity for this study.

3.8.2 Reliability

Reliability refers to the degree to which a set of variables are consistent with what they are intended to measure. It is the ability of the research tools to collect data that can be replicated that is where different other people can go to the field to carry out the same research being carried out and get the same results that the researcher got (Amin,2005). When the items on an instrument are not scored right versus wrong, Cronbach's alpha will be often used to measure the internal consistency which is often the case with attitude instruments that use likert scale. Mugenda and Mugenda, (2003) stresses that a coefficient of 0.70 or more implies that there is a high degree of reliability of the data, and that's what the researcher concur.

Table 3.3.: Reliability results

Variables	Items	Cronbach Alpha

Budget planning	7	0.976
Budget control	7	0.976
Budget participation	7	0.983
Financial performance	8	0.836
Total	29	0.942

The cronbach alpha value was found to be 0.942 or 94% which is above the 0.70 value recommended by Mugenda and Mugenda (2003). This makes the tool reliable for this study.

3.10 Measurements of variables

Demographic data was measured by use of nominal scale and the study variables were measured by use of ordinal scale. The latter was placed on a 5 point Likert scale in which respondents had t state between 1 and 5 where the former meant strongly disagree and the latter strongly agree. This information was useful in SPSS in which frequencies were easily generated together with the mean and standard deviations.

3.11 Data collection procedure

The researcher obtained a letter from UCU department of business and management after successfully defending the research proposal. The letter was used to introduce him to the authorities in Tororo district and to management of Tororo cement to enable him carry out data collection. The researcher prepared a consent letter which was presented to respondents so that they would not forcefully coerced to take part in this study but act according to their wishes. The authorization was given green light by both district officials and Tororo cement management before data collection commenced.

3.12. Data analysis and presentation

When data had been collected, quantitative data was sorted, cleaned and captured in SPSS for analysis while qualitative data was organized in themes and equally analyzed using content approach. The former started with descriptive analysis, presentation and interpretation was made. This took the form of percentages, means and standard deviation. It was followed by inferential statistics which included correlations and regression analysis

3.13. Ethical considerations

First the researcher had to seek permission from UCU to carry out data collection after successfully defending the proposal. UCU gave the researcher a letter seeking permission from respondents to conduct research. Secondly, the researcher promised to keep information from respondents confidential and that he would not reveal their identity meaning they would be anonymous. The researcher also promised to respect the privacy of respondents from the very beginning. The information in the report did not reveal the names of respondents. And while reporting, the researcher focused on academic writing and did not use the information outside academics and participants were informed in advance that information they provide would be strictly for academic purposes

3.14 Limitations of the study

Some respondents were not willing to participate, but the researcher explained to them that the study is entirely for educational purposes and convinced them to actively participate.

3.15. Chapter summary

This chapter included the introduction, research design, study population and sampe size and data collection methods and research tools; the quality control and procedure of data collection; the

methods of data analysis, measurement variables, ethical considerations and limitations of the study.

CHAPTER FOUR

PRESENTATION, ANAYSIS AND DISCUSSION OF FINDINGS

4.1. Introduction

In this chapter data collected is presented, analysis and discussions on the findings. This chapter was organized under sub-sections beginning with descriptive findings followed by inferential findings. Under descriptive analysis, findings on respondents' demographic information are presented using frequencies and percentages by use of tables followed by inferential findings. In objective by objective set up.

4.2. Response rate

A sample of 80 respondents were issued questionnaires of which 77 were fully attended too and returned while 3 were not attended too and were therefore not returned. This is presented in the table below

Table 4.1: Response rate

Instrument	Sample	Percentage
Questionnaire returned	77	96.25%
Not returned	03	3.75%
Total Questionnaires	80	100%

The table indicates that the response rate was 96.25% which was high enough given that the outcomes represented majority views.

4.3. Demographic information of respondents

This subsection focused on the demographic characteristics of respondents such as gender, age, education, Period on job and position held

4.3.1.. Respondents gender

Table 4.2: Respondents gender

Gender	frequency	Percent	Cumulative percent
Male	44	57.1	57.1
Female	33	42.9	100
Total	77	100.0	

Source: Primary data, 2023

According to the data presented in table 4.1 above, 57.1% were male respondents and 42.9% were female respondents. The implication is that there not big margin in the number of both males and females who participated in the study, meaning that opinions of both sexes were strong regarding the issue under investigation. Also the results indicate that Tororo Cement ltd offers equal employment opportunities for both males and females.

4.3.2. Respondents Age

Table 4.3: Age of respondents

Category	Frequency	Percent	Cumulative Percent
20-25 years	07	9.09	9.09
26.30 years	14	18.18	27.27
31-35 years	25	32.47	59.74
36-40 years	21	27.27	87.01
Above 40 years	10	12.99	100.0

Total	77	100.0	

Results reveal that 32.4% were in the age group of 31 to 35 years, 27.27% between 36 to 40 years, 18.18% between 26 to 30 years, 12.99% were above 40 years and 9.09% were between 20 and 25 years. The implication is that most all respondents were above 18 years and therefore mature enough to make informed decisions. In addition by age 31 to 40 years most people have gained enough experience at work to be informed on the subject. Findings imply that all the age groups were represented hence the company can exploit the advantages of varying ages like hard work and experience

4.3.3. Respondents education

Table 4.4: Showing education level of respondents

Education level		Frequency	Percent	Cumulative Percent
	Certificate	9	11.69	11.69
	Diploma	4	5.19	16.88
	Degree	35	45.45	62.33
	Masters	24	31.17	93.5
	Others	5	6.50	100.0
	Total	77	100.0	

Source: Primary data, 2023

From the above data tabulated, the results indicated that the majority of the respondents had a bachelors'degree35(45.45%) followed by 24respondents(31.17%)who were masters holders, 9 respondents (11.69%) were certificate holders, 5 respondents (6.5%) whose their education levels was not listed among and finally 4respondents (5.19%)had diploma. This implied that all respondents had a recognizable level of education thus were knowledgeable enough to provide relevant responses to the study questions.

4.3.4. Respondents years in the organization

Table 4.5: Showing number of years worked for the organization

Years		Frequency	Percent	Cumulative Percent
	1-2 Years	7	9.1	9.1
	3-4 Years	17	22.7	31.8
	5 Years and above	53	68.2	100.0
	Total	77	100.0	

Source: Primary data, 2023

The findings in table 4.5 above revealed that, majority 68.2% of the respondents had been working with Tororo Cement ltd for a period of 5 years and above, 22.7% have been working with the organization for 3-4 years while 9.1% of the respondents have been in the factory for a period between 1-2years. The above results imply that most the employees have spent a reasonable period of time with the organization, therefore, had sufficient data necessary for the study.

4.3.5 Position in the organization

Table 4.6: Showing position in the organization

	Response	Frequency	Percent	Cumulative Percent
	Finance and Accounting	14	18.2	18.2
	Research	25	31.8	50.0
	Factory Workers	16	20.5	70.5
	Data / M&E	5	6.8	77.3
	Procurement	10	13.6	90.9
	Support staff	7	9.1	100.0
	Total	77	100.0	

Source: Primary data, 2020

Findings presented in the table above revealed that25 respondents (31.8%) were research officers, 14 respondents (18.2%) were finance and accounting officers, 16respondents (20.5%) were community service officers, while10 respondents (13.6%) were procurement officers, 7 respondents (9.1%) were support staff and lastly 5 respondents (6.8%) were data officers or M&E

officers. These results show that the study considered various positions to gather exhaustive data from the organization. Again, this indicates that the respondents were fairly representative of all the various categories of staff in the organization.

4.4. Findings per objectives

The explanation for the findings below was based on a Likert scale of 1-5 with mean ranges for interpretation of the results as shown below:

Table 4.7: showing definition of scale

Description	Mean Range	Scale	Interpretation
Strongly disagree	0.0-1	1	Very low
Disagree	1.1 - 2.0	2	Low
Not sure	2.1 - 3.0	3	Average
Agree	3.1 - 4.0	4	High
Strongly agree	4.1 - 5.00	5	Very high

4.4.1. Findings of budget planning and financial performance

Objective one of this study aimed at examining the effect of budget planning on financial performance of Tororo cement limited. Findings are presented in the table below.

Table 4.8: Descriptive statistics on budget planning and financial performance of manufacturing concerns

Budget planning	SD		D		N		A		SA			
	F	%	F	%	F	%	F	%	F	%	Mean	St/D
All the activities under taken in the factory are budgeted and planned for	6	13.6	5	11.4	1	2.3	13	29.5	19	43.2	3.77	1.461
Past data is used as a starting point to develop budget plans	2	4.5	5	11.4	4	9.1	21	47.7	12	27.3	3.82	1.105
Initial preparation is a key tool in the formulation of an effective budget	3	6.8	1	2.3	0	0.0	25	56.8	15	34.1	4.09	1.030

Prior meetings are held in all departments to engage actively in the budget process	1	2.3	4	9.1	3	6.8	20	45.5	16	36.4	4.05	1.011
All revenue sources are identified upon which revenue budget is developed	4	9.1	2	4.5	4	9.1	14	31.8	20	45.5	4.00	1.258
All departments set priorities prior the formulation of budgets.	5	11.4	3	6.8	4	9.1	22	50.0	10	22.7	3.66	1.238
All departments are requested to submit their expenditure priorities before the budgeting process starts	8	18.2	10	22.7	1	2.3	12	27.3	13	29.5	3.27	1.546

Source: Primary data, 2023

Basing on the findings, most of the respondents agreed that the entirety of the activities within the company is well budgeted and panned for as supported by high mean of 3.77 and standard deviation of 1.461. This implies that all activities undertaken in Tororo Cement Ltd are budgeted and planned for.

It was also revealed that the organization's previous data acts as a basis for which budgets are derived as seen from the majority who agreed to the statement with the mean of 3.82 and Standard deviation of 1.105 which means that majority were in agreement to the statement with a very small variance. It was also presented that most of the participants supported the view that initial preparation is a key tool in the formulation of an effective budget given the high mean of 4.09 and high standard deviation of 1.030.

Additional to this, findings from the study revealed that the respondents agreed that budget planning ensures coordination of all departments to engage actively in the budget process with the mean score of 4.05 and standard deviation of 1.011. Findings also revealed that the respondents strongly agreed that budget planning helps to put resources to better use towards achieving targets given high mea of 4.00 and standard deviation of 1.258. This shows that budgeting facilitate better

resource allocation to achieve organization targets since budgeting create a future plan to spend/ allocate resource/funds. Budgeting facilitate effective allocation and utilization of resources which is the key towards organization sustainability. On regards with whether "budget planning links the factory activities to the objectivities of the organization", the respondents were in agreement with the statement with a mean value of 3.66 and a standard deviation of 1.238. On identifying whether "negotiation among superiors, subordinates and management are carried out while developing budgets", the respondents strongly agreed with the statement with a mean value of 3.27 and standard of 1.546.

4.4.1.1. Regression analysis of budget planning and financial performance of Tororo Cement Limited

Simple linear regression analysis was used to achieve objective one and results are presented as follow

Table 4.9 showing model summary of budget planning and financial performance

Table 4.12 a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.898[a]	.806	.804	.29307

a. Predictors: (Constant), Budget planning

Table 4.9 show results of the first objective of the study, the results in the model summary table shows how budget planning explain the variation in financial performance. The results suggest that budget planning explains about 80.6% variation in financial performance of Tororo cement factory.

4.4.1.2. Analysis of Variance for of variance for budget planning and financial performance of Tororo Cement Limited

Table 4.10 showing Analysis of variance of budget planning and financial performance

Table 4.12 b)ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.161	1	27.161	316.232	.000[b]
	Residual	6.528	76	.086		
	Total	33.688	77			
a. Dependent Variable: Financial performance						
b. Predictors: (Constant), Budget planning						

The table of ANOVA shows that budget planning has a significant effect on financial performance, this is indicated by the sig. value of 0.000<0.05.

4.4.2. Findings on Budget Control and financial Performance of Tororo cement factory

The second objective of the study was to examine the effect of budget control on financial performance below are the descriptive statistics and interpreted in percentages, and frequencies.

Table 4.11: Descriptive statistics on budget control and performance of Manufacturing Companies

Budget Control	SD		D		N		A		SA			
	F	%	F	%	F	%	F	%	F	%	Mean	St/D
All expenditures are aligned to the activities as set in the budgets	2	4.5	1	2.3	1	2.3	21	47.7	19	43.2	4.23	0.961
Through the budget the organization is able to achieve its set targets	7	15.9	9	20.5	4	9.1	10	22.7	14	31.8	3.34	1.509
All departmental expenditures are inline are in line with the priorities set in the budget	4	9.1	6	13.6	2	4.5	20	45.5	12	27.3	3.68	1.272
Budgeted activities are monitored throughout in line with budget consumption	3	6.8	2	4.5	5	11.4	13	36.4	14	40.9	4.00	1.161
Only budgeted activities are carried out in accordance to the budget guidelines	1	2.3	3	6.8	5	11.4	23	52.3	12	27.3	3.65	0.939

Management regularly checks to ensure there is no diversion between the planned and actual results	3	6.8	1	2.3	2	4.5	18	40.9	20	45.5	4.16	1.098
Corrective action is taken of any variance between the actual performance and budget	3	6.8	3	6.8	4	9.1	24	54.5	10	22.7	3.80	1.091

Source: Primary data, 2023

Findings reveal that most respondents supported the view that budget control permits management to align project outcomes to actual budget results with mean high at 4.23 and standard deviation of 0.961. This implies that budget controls have been quite important in giving reliable estimations in the budgeting process.

Findings also revealed that controlling budgets is one way of linking the strategic plan of the organization with the operations control as supported with mean of 3.34 and standard deviation of 1.509. This implies that many were in agreement but with a significant variance in the responses. Results also show that respondents mainly agreed for effective use of the budgetary control approaches, management needs to get proper training as this was supported by a high mean of 3.68 and standard deviation of 1.272. It implied that a relatively bigger number agreed though the standard deviation shows that there is a significant variance in the responses. More so, the findings showed that the respondents strongly agreed that management uses budget control as a technique to assess the level of organization performance with the mean mark of 4.00 and standard deviation of 1.161 and this implied that management must use budget control as a technique to assess the level of organization performance. Findings revealed that the respondents agreed that under budget control then management seeks feedback from superiors and subordinates to guide the next step forward with the mean value of 3.65 and the standard deviation of 0.939. This therefore means that it limits confusion by developing clear plans and this was in conformity with one of the respondents who said that;

We have to make sure that under budget control, management seeks feedback from superiors and subordinates to guide the next step forward during budgeting process (interview 13th Mar 2023).

Results revealed that most respondents agreed that respondents strongly agreed that management regularly checks to ensure there is no diversion between the planned and actual results supported with high mean value of 4.16 and standard deviation of 1.088, an implication that it is necessary that the management should regularly check to ensure there is no diversion between the planned and actual results (Sharma and Gupta, 2010). According to the study findings, respondents supported the statement with a high mean of 3.80 and standard deviation of 1.091. This implies that budget control ensures a corrective action of any variance between the actual financial performance and standard financial performance.

4.4.2.1. Regression analysis of budget control on the financial performance of Tororo Cement Ltd

The second objective of the study was to find out the effect of budget control on financial performance. To achieve this objective simple linear regression analysis was employed. The results are shown below.

Table 4.12 showing model summary of budget control and financial performance

Table 4.13 a) Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867[a]	.751	.748	.33212
a. Predictors: (Constant), Budget control (BC)				

Results above suggest that budget control explains 75.1% variation in financial performance in Tororo cement factory.

4.4.2.2. Analysis of variance of budget control and financial performance

Table 4.13 showing analysis of variance of budget control and financial performance

Table 4.13 b) ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.305	1	25.305	229.414	.000[b]
	Residual	8.383	76	.110		
	Total	33.688	77			
a. Dependent Variable: Financial performance						
b. Predictors: (Constant), Budget control						

Findings indicate that budget control has a significant effect on financial performance, this is according to results from the ANOVA table, the sig value 0.000<0.05 signifies that the effect is significant.

4.4.3 Findings on Budget Participation and financial Performance of Manufacturing concerns

Objective three aimed at the examination of the effect of budget participation on financial performance of Tororo cement limited and the findings are presented as follows

Table 4.14: Descriptive statistics on budget participation and financial Performance

Budget participation	SD		D		N		A		SA			
	F	%	F	%	F	%	F	%	F	%	Mean	St/D
Departments are encouraged to draft their own activity budgets which guide the implementation process	9	20.5	1	2.3	6	13.6	16	36.4	12	27.3	3.48	1.455
Information is shared among all levels of management during budget formulation	4	9.1	6	13.6	8	18.2	12	27.3	14	31.8	3.59	1.317
Departmental budgets after approval are integrated by the budget committee to come up with a master budget of the organization	4	9.1	2	4.5	0	0.0	22	50.0	16	36.4	4.00	1.181

All responsible employees participate by forwarding their ideas and as well as criticisms during the budgeting process	5	11.4	3	6.8	1	2.3	12	27.3	23	52.3	4.02	1.372
The organization ensures transparency in the budgeting process by updating different departments on their burn up and way forward	1	2.3	6	13.6	2	4.5	20	45.5	15	34.1	3.95	1.077
The organization ensures budgeting process inclusivity by employees enhances the success of budgeting	3	6.8	1	2.3	2	4.5	20	45.5	18	40.9	4.11	1.083
Management communicates the budget to all departments so that they all know their cap and put in necessary efforts to make it a success	5	11.4	2	4.5	4	9.1	14	31.8	19	43.2	3.91	1.326

Source: Primary data, 2023

According to the study findings, it was indicated that the respondents agreed that employees are encouraged to draft their own activity budgets which guide the implementation process with the mean score of 3.48 and standard deviation 1.455. This implies that a relatively bigger number was in agreement though with a small variance in the responses. This implies in pursuance of the budget, the executive together with the various stakeholders ought to be involved in defining widely clearly the budget goals and to take part in re-examination of the set goals from time to time.

The study findings revealed that the respondents strongly agreed that, emphasis should be placed on the organization to exchange and share data in all levels of the organizations' management as supported by high mean of 3.59 and standard deviation of 1.317. This implies that many were in agreement but with a significant variance in the responses. Results of the study further show that participants agreed that departmental budgets after approval are integrated by the budget committee to come up with a master budget of the organization with a mean score of 4.00 and

standard deviation 1.18, an implication that a relatively bigger number agreed though the standard deviation shows that there is a significant variance in the responses. Findings revealed that the respondents strongly agreed that all employees participate by forwarding their ideas and as well as criticisms during the budgeting process as supported with high mean of 4.02 and standard deviation of 1.372. The implication was that a relatively bigger number were in agreement to the statement. However a standard deviation of 1.0 shows a significant variance in the responses.

More to the above, results revealed that participants supported the view that the organization ensures transparency in the budgeting process by updating different departments on their burn up and way forward with a mean score of 3.95 and the standard deviation of 1.077. This implied that that all employees participate by forwarding their ideas and as well as criticisms during the budgeting process

From the above findings tabulated, on identifying with "TCL ensures budgeting process participation by employees enhances the success of budgeting, it can be clearly shown that the respondents agreed upon this with the statement.Thisisaccompaniedbyameanvalueof4.11anda standard deviation of 1.083which suggests variations in responses by the various respondents one respondent remarked.

> *Through interviewing a respondent, she said that TCL ensures budgeting process participation by employees enhances the success of budgeting (13th May, 2020)*

Merging the findings in the table presented above, it was revealed that management communicates the budget to all departments so that they all know their cap and put in necessary efforts to make it a success. This is showed by the respondents who strongly agreed with the mean of 3.91 and a standard deviation of 1.326 under tests varied responses from the respondents questioned implying that majority of the respondents were in agreement to the statement with a small variance

in the responses. This implies that the "top down" imposition of budget targets led to higher organization performance amongst the recipients as opposed to those managers who, more or less set their own targets.

4.4.3.1. Regression analysis of budget participation and financial performance of Tororo Cement Limited

To achieve objective three, simple linear regression analysis was employed and results were as below.

Table 4.15 showing model summary of budget participation and financial performance

Table 4.14 a) Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.918[a]	.842	.840	.26472
a. Predictors: (Constant), Budget participation (BPT)				

Results in the model summery table shows that budget participation explains about 84.2% variation in financial performance in Tororo cement factory.

4.4.3.2. Analysis of variance of budget participation and financial performance of Tororo Cement Limited

Table 4.16 showing model summary of budget participation and financial performance

Table 14 b) ANOVA[a]						
Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	28.362	1	28.362	404.720	.000[b]
	Residual	5.326	76	.070		
	Total	33.688	77			
a. Dependent Variable: Financial performance						
b. Predictors: (Constant), Budget participation						

The ANOVA table reveals that budget participation significantly influences financial performance as sig. value is 0.000<0.05 standard values of significance when using regression analysis.

4.4.4 Findings on financial performance of Tororo cement Limited

The findings on financial performance of Manufacturing Companies and the findings were presented, analyzed and interpreted in percentages, and frequencies as indicated below.

Table 4.17 Descriptive statistics of financial performance

Financial Performance of Manufacturing Companies	SD		D		N		A		SA		Mean	Std Dev
	F	%	F	%	F	%	F	%	F	%		
Periodic financial reports are made by the organization	4	9.1	1	2.3	3	6.8	28	63.6	8	18.2	3.80	1.06
Stakeholders are always informed about the financial position of the organization	3	6.8	1	2.3	2	4.5	25	56.8	13	29.5	4.00	1.034
Weekly, monthly and quarterly reports about performance are always presented.	5	11.4	2	4.5	3	6.8	10	22.7	24	54.5	4.05	1.363
The Company is able to achieve the set targets with a sound budgeting process in place	4	9.1	2	4.5	1	2.3	15	34.1	22	50.0	4.11	1.243
The company always achieves its revenues target during the period	2	4.5	3	6.8	7	15.9	20	45.5	12	27.3	3.84	1.055
The company production targets are well known to all employees	3	6.8	1	2.3	2	4.5	25	56.8	13	29.5	4.00	1.034
The revenue received corresponds with the set targets	5	11.4	2	4.5	3	6.8	10	22.7	24	54.5	4.05	1.363
There has been a normal progress in revenue collected by the company	4	9.1	2	4.5	3	6.8	12	27.3	23	52.3	4.09	1.273

Source: Primary data, 2023

According to the study findings, it was indicated that the respondents agreed that Periodic financial reports are made by the organization with a mean of 3.80 and a significant standard deviation of 1.069. This implies that periodic reports have helped the TCL to assess their financial progress and increase in making informed timely decisions in conjunction with Ali et al (2008) who said that,

'organizations that exercise production of timely reports to the stakeholders have a positive impact on financial performance and overall organizational functioning.

Respondents agreed that with a sound budget financial information flow, organization staff are enumerated on time which motivates them to deliver output effectively and efficiently with a high mean value of 4.00 and standard deviation of 1.034. This implied that a relatively bigger number were in agreement to the statement. This was in line with Tracy, (2008) who said that financial reporting and dissemination provides managers with the opportunity to match carefully the goals of the organization with the resources necessary to accomplish those goals.

Besides, results show most agreed that the sharing of weekly reports helps to access departmental weekly, monthly, quarterly and annual budgets with the mean score of 4.05 and standard deviation 1.363. This implies that a relatively bigger number agreed though the standard deviation shows that there is a significant variance in the responses. This was in conjunction with Kelly (2015) who suggested that the timely reporting motivates employees through ensuring the participation of managers in striving to achieve the annual targets hence weekly, monthly, quarterly and annual budgets are achieved.

Findings revealed that the respondents strongly agreed that the organization is able to achieve the set targets with a sound budgeting process in place with a mean score of 4.11 and standard deviation 1.243 shows a very significant variance in the responses. This was in line with Kydland and Prescott, (2015) who stated that budgets show a goal or set of goals should be achieved at a given level of spending and defines all activities, direct and indirect required by a program for support in addition to estimating activity costs.

It was also indicated that the respondents agreed with the statement that the Company is able to achieve the set targets with a sound budgeting process in place a key role in retention of investors

with mean high at 3.84 and standard deviation of 1.055. This was in line with Schmidt, (2016) who mentioned that budgeting process helps in summarizing and communicating the need for funds to the relevant authorities which approves budgets. This implies that budgets at the organization are approved by different donors, thus influence its effective implementation. Donors include person, organization or government which donates something voluntarily, they are funders of the TCL in Uganda and their engagement in budget predicts successful project implementation in terms of funding and supervision. Finally on finding out whether the organization is able to win new grants with a proper budgeting process in place, findings revealed that participants supported the statement with mean high at 4.09 and standard deviation of 1.273, implying that a relatively bigger number was in agreement though with a small variance in the responses. This was in line with Goldstein, (2005) who said that organizations use budgeting process for determining priority areas to invest given the scarce resources such that the most important are prioritized so that resources are effectively managed.

4.5. Multiple Regression coefficient

Table 4.18 showing multiple regression coefficient analysis results

Coefficients[a]						
		Unstandardardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	.63723	.425		3.95	.001
	Budget planning	.33723	.46	.335	17.783	.000
	Budget control	.34956333	.056	.324	15.146	.000
	Budget participation	.31323	.037	.341	20.118	.088
a. Dependent variable: Staff Training						

The coefficient results in the table show that budget participation was the most significant predictor of financial performance (ß=0.341; t=20.1188; sig=0.088), followed by budget planning (ß=0.335;

t=17.783; sig=0.000) and lastly by budget control (ß =0.324; t=15.146; sig=0.000). This implies that financial performance in Tororo cement factory largely depends on budget participation.

4.6. Chapter summary

This chapter included an introduction, characteristics of respondents, empirical findings and multiple regression results.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1. Introduction

This chapter focuses on the discussions of findings presented in the objective by objective basis and in line with literature reviewed as follows

5.1.1. Budget planning and financial performance of Tororo cement limited.

Basing on the results of the first objective, it is evident that, there was a positive significant effect between budget planning and financial performance of Tororo cement factory (Beta=.816, sig=0.000). The r^2=.806 indicated a high variation of the dependent variable being explained by the independent variable. This implies that budget planning is significant towards financial performance if Tororo cement limited. This was in line with Okpanachi and Muhammed, (2013) who stated that in terms of planning, budgets are central in most organizations and therefore acts as a key driver and a driver of organizational activities. Findings were also in line with Hubbard (2010) who asserted that in the process of budgetary planning, management is responsible for strategic plans by forecasting the expected conditions in the future. Also it was in conjunction with Dunk (2010) who stated that budget planning process considers the determination of the aims and the strategies for attaining them; the approaches of implementation and the monitoring aspect in the due course leading to implementation such founded projects, an implication that past data offers baseline data for future budget plans. Besides findings were in line with Goldstein (2005) who stated that initialization preparation of budget starts with selection of a budget committee which will have the ultimate responsibility of preparing the budget and other related works. Results further aligned with Horngreen, (2009) who mentioned that budgetary planning gives hope for best

judgment of the financial performance position of the company and this helps in promoting coordination and communication in the various departments of the organization. This implied that if not administered wisely, there is the likelihood that managers may be tempted not to plan for future operations because of day-to-day pressures and operating challenges (Cherrington and Luthy, 2012).

Furthermore, findings were in line with Blucher and Chen (2002) who opine that budgets help to allocate resources, coordinate operations and provide a means for performance measurement.

This concurs with the findings of Blocker and Weltmer (2008) who denoted that a budget in its nature acts as a reference point for managing the ongoing activities and also keeps the team united in the pursuit of the organizations project objectives. In addition, the study findings corresponded with Horngren's perspective (2004) who asserted that budget shows a numerical set up of the plan for action by executives, management and subordinates for a set period of time and the actions that has to be undertaken to support the implementation of the plan. This therefore means that the budgeting process is a strategy adopted by the organization to execute its projects (Foley, 2009).

5.1.2. Budget control and financial performance of Tororo cement limited

The findings from the second objective revealed that budget control positively influences financial performance in Tororo cement limited. The Beta value of 0.853 and the sig value 0.000 signify a positive and significant effect. The r^2=.751 suggests the 75.1% variation in financial performance is explained by budget control. The findings are in conjunction with study findings of Cooper & Fang, (2014) who stated that budget control incorporates the preparation, recording of actual attainment , determination of the differences between planned and actual financial performance of the organization and taking active action where needed so that organizational objectives are achieved. Findings also align with the study by Drury, (2008) who argued that strategic planning

is concerned with developing long term organizational strategies and goals which can be attained through operational control as a means for executing such tasks. Therefore this ensure s that proposed funds run counter to the corporate strategic plans and goals which enables eases of execution, monitoring and control (Schmidt, 2016).

Besides, the findings are in conjunction with Lockyer (2003), whose findings indicated that budgetary control is a system which is part of the of the organizations responsible accounting which enables costs and revenues to be analysed in line with those areas of personal responsibilities for those who hold, monitor and control the budget. This therefore enables the institution to carry out its duty of good organization financial management.

In addition, findings relate with that by Kelly, (2015) who stated that under budgeting process, there should be flow of information between the different lines of operations within the organization. The benefit of such an arrangement is the ability to ensure valuable information is transformed into valuable performance for the organization. Last but not least, the findings align with studies by Drury (2008) who stated that the control of budget is an establishment for dealing with the control of budgets that relate to executive responsibilities in terms of policy and carrying out of checks between planned and actual and comparing with the projects activities and determining the best policy action. And lastly, findings relate to the study Emmanuel and Otley, (2010) who asserted that budget control assesses the financial results of the organization in relation to budget set standards and the general performance of the organization such that the necessary corrective action is taken where the superiors in particular are promoted because of the advancing organizational aspirations.

5.1.3. Budget participation and financial performance of Tororo cement limited

As far as the third objective was concerned, finings revealed the existence of a positive significant effect between budget participation and financial performance of Tororo Cement limited. The beta coefficient of 0.744 with a significance value of 0.000 justifies the positive significant effect of the independent variable on the dependent variable. The r2=0.842 suggests that budget participation explain about 84.2% variation in financial performance. The findings were in line with the study findings by McLaney and Atrill(2000) who argued that the worth of the budget which details what is to be done and which is also a standard for measuring performance of the organization is measured on the basis of negotiation levels of the organization. The results also related with the findings by Fisher (2013) who suggested that involvement provided prospects for leaders to generate budgeting relaxes, while limited engagement resisted such openings and further states that participation is a key indigent in the budgeting process. Further, results related with the study by Chalos and Poon, (2018) who mentioned that budgetary participation may be viewed as means of negotiation that connects the executives and lower management staff such that in the event of an occurrence of the variance, involvement and discussions by the various management staff in different levels is able to define the reasons for the emergence of such variances such that corrective approaches are sought. Furthermore findings correlated with the findings by Shields & Shields, (2019) who stated that by carrying out participation in the budget, the information within can be shared and comprehensive and conclusive manner and this sets a ground for which management is able to share information and make informed decision too as agreed by Brownell and McInnes,(2011) alluding that the chance that is given to staff to partake in the process of budgeting has the ripple effect of changing their motivation positively towards work and they tend to commit with extra roles of budgeting which results in employee satisfaction and organizational financial position. In addition findings related with study results by Shields and Shields (2008) who indicated that budgeting process participation

to the downward information sharing) enhances employees' potential to build confidence and trust in the organization and are able to develop a sense of self control and belonging which in the end leads commitment towards organizational decisions and communication from top to the bottom is enhanced and the budgeting process is made successful. And lastly reults related with findings of the study by Kelly (2015) who suggested that the organization's budgeting process can motivate employees through ensuring the participating of managers in the whole process and by providing enticements to mangers to focus on and attain the objectives and goals of the business.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1. Introduction

This chapter presents the summery, discussion, and recommendations of the findings that are presented objective by objective. The study was guided by the following objectives.

i. To examine the effect of Budget Planning on the performance of Tororo Cement Ltd

ii. To examine the effect of Budget Control on the performance of Tororo Cement Ltd

iii. To examine the effect of Budget Participation on the performance of Tororo Cement Ltd

6.2 Summary of key findings

6.2.1 Budget planning and financial performance of Tororo cement factory

There was a positive significant effect between budget planning and financial performance of Tororo cement factory (Beta=.816, sig=0.000). The r^2=.806 indicated a high variation of the dependent variable being explained by the independent variable. Therefore with budget planning, initial preparation is a key tool in the formulation of an effective budget, budget planning ensures coordination of all departments to engage actively in the budget process, budget planning helps to put resources to better use towards achieving targets, existing data is used as baseline data for budget planning for all the activities under taken in the organization.

6.2.2 Budget control and financial performance of Tororo cement factory

The findings indicate that budget control positively influences financial performance in Tororo cement limited. The Beta value of 0.853 and the sig value 0.000 signify a positive and significant effect. The r^2=.751 suggests the 75.1% variation in financial performance is explained by budget control. This implies that budget control enables the managers to align the actual results to the budgeted results, management regularly checks to ensure there is no diversion between the planned and actual results; management uses budget control as a technique to assess the level of

organization performance.

6.2.3 Budget participation and financial Performance of Tororo cement factory

The study also revealed the existence of a positive significant effect between budget participation and financial performance of Tororo Cement limited. The beta coefficient of 0.744 with a significance value of 0.000 justifies the positive significant effect of the independent variable on the dependent variable. The r2=0.842 suggests that budget participation explain about 84.2% variation in financial performance. This implies that budgeting process participation by employees enhances the success of budgeting, all employees participate by forwarding their ideas during the budgeting process, and the departmental budgets after approval are integrated by the budget committee to come up with a master budget of the organization.

6.3 Conclusions

6.3.1 Budget planning and financial performance of Tororo cement factory

In line with the first objective, it is concluded that Budget planning has a positive and significant effect on financial performance of Tororo cement factory. It is thus paramount that Tororo cement factory adequately conducts budgetary planning as especially because it helps in formulation of an effective budget, it ensures coordination of all departments to engage actively in the budget process, helps to put resources to better use towards achieving targets, baseline line data offers the beginning point for planning budgets and that projects within the organization all come under budgets and helps in linking company activities to the objectivities of the organization which negotiation among superiors, subordinates and management are carried out while developing budgets. Therefore, if budget planning is prioritized at Tororo cement factory, then financial performance will be improved.

6.3.2 Budget control and financial performance of Tororo cement factory

In regards to the second objective, budget control was found to positively and significantly influence financial performance of Tororo cement factory. As such it is of paramount importance to prioritize budget control as enables the managers to align the actual results to the budgeted results, helps management to carry out regularly check to ensure there is no diversion between the planned and actual results, helps management to assess the level of organizational financial performance, also budget control ensures a corrective action of any variance between the actual financial performance and standard performance, calls for clear training of management prior to use of the methods of budget control, under budget control then management seeks feedback from superiors and subordinates to guide the next step forward, as well as budget control helps link the organization strategic planning and operational. Therefore, more emphasis should be placed on budget control to enhance financial performance of Tororo cement factory.

6.3.3 Budget participation and financial performance of Tororo cement factory

As regards the third and last objective, its concluded that budget participation positively and significantly influences financial performance of Tororo cement factory. This is because Budgeting process participation by employees enhances the success of budgeting, it allows all employees participate by forwarding their ideas and as well as criticisms during the budgeting process, it enables the departmental budgets after approval are integrated by the budget committee to come up with a master budget of the organization, also ensures transparency in the budgeting process by updating different departments on their burn up and way forward, management communicates the budget to all departments so that they all know their cap and put in necessary efforts to make it a success, emphasizes on exchanging and sharing information among all levels of management and finally employees are encouraged to draft their own activity budgets which

guide the implementation process. Therefore placing more emphasis in the budget participation will enhance financial performance of Tororo cement factory.

6.4 Recommendations

The study has drawn the recommendations based the study findings and conclusions.

1. The study therefore, recommends that management should ensure that budget planning should be properly done early enough to allow all departments to set out their priorities in the budget to enable them to achieve the financial targets.

2. The study also recommends to the management of the factory to ensure that budget controls are strictly followed and adhered to by all officers. When controls are followed, there is always minimal wastages of materials and money which leads to good financial performance.

3. Further, the management of the factory should ensure that the head of departments in the organization are not left out in the budget process in order for them to get more understanding and knowledge about the budget they are going to operate with. Once every department head is involved in the budget process, the activities in the organization become easier to carry out.

6.5 Areas for further research

The study focused on the effect of budgeting on financial performance, for comprehensive and exhaustive study to draws conclusion, the study suggested the following for research.

- The relationship between budgeting process and employee performance of organizations in Tororo district.
- The relationship between budgeting process and financial performance of organizations.

6.6.Chapter summary

This chapter included the introduction, summary of findings and discussions

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APPENDICES

APPENDIX I: KREJCIE AND MORGAN TABLE

Table 3.1

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

APPENDEX II: WORK PLAN AND BUDGET OF THE RESEARCH

S/N	ACTIVITY	DURATION										ESTIMATED BUDGET (UGX)
		Mar 2022	April 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022 to April 2023	
1	Concept Presentation & its approval	■										50,000
2	Proposal Writing, presentation and it's defense		■	■	■	■	■	■	■			350,000
3	Reconnaissance Visits											360,000
4	Data collection									■		150,000
5	Data entry and analysis									■		200,000
6	Progress Report writing										■	170,000
7	Dissertation Drafting										■	120,000
8	Submission of Final Dissertation										■	100,000
	GRAND TOTAL											1,500,000

APPENDIX III: QUESTIONAIRE

Dear Respondent,

I am **Mbusakakusa Samuel** a student of Uganda Christian University and pursuing a Masters degree in Business Administration. This questionnaire is entirely for academic purpose designed for obtaining information about **"effect of budgeting on the Performance of Tororo cement limited.''** The information that you provide will be fully confidential. Please spare some time and help me complete this questionnaire.

SECTION A: BACKGROUND INFORMATION

Personal data (Tick where appropriate).

Tick / fill in the most appropriate answer.

1. Gender:

a) Male ☐ b) Female ☐

2. Age

a) 20 – 25 years ☐ b) 26 – 30 years ☐ e) Above 40 years ☐

c) 31 – 35years ☐ d) 36 – 40 Years ☐

3). Highest level of education Qualification

a) Certificate ☐ b) Diploma ☐ c) Degree ☐ d) Masters ☐

e) Others (specify) …….....

4) How long have you worked for the organization?

a) 1-2years ☐

b) 3-4 years ☐

c) 5 and above ☐

Please indicate the extent to which you agree or disagree to the following statements' by ticking the appropriate number.

Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
1	2	3	4	5

SECTION B: BUDGET PLANNING

No	Budget planning	1	2	3	4	5
1	All the activities under taken in the factory are budgeted and planned for					
2	Past data is used as a starting point to develop budget plans					
3	Initial preparation is a key tool in the formulation of an effective budget					
4	Prior meetings are held in all departments to engage actively in the budget process					
5	All revenue sources are identified upon which revenue budget is developed					
6	All departments set priorities prior the formulation of budgets.					
7	All departments are requested to submit their expenditure priorities before the budgeting process starts					

SECTION C: BUDGET CONTROL

No	Budget control	1	2	3	4	5
1	All expenditures are aligned to the activities as set in the budgets					
2	Through the budget the organization is able to achieve its set targets					
3	All departmental expenditures are inline are in line with the priorities set in the budget					
4	Budgeted activities are monitored throughout in line with budget consumption					
5	Only budgeted activities are carried out in accordance to the budget guidelines					
6	Management regularly checks to ensure there is no diversion between the planned and actual results					
7	Corrective action is taken of any variance between the actual performance and budget					

SECTION D: BUDGET PARTICIPATION

No	Budget participation	1	2	3	4	5
1	Departments are encouraged to draft their own activity budgets which guide the implementation process					
2	Information is shared among all levels of management during budget formulation					
3	Departmental budgets after approval are integrated by the budget committee to come up with a master budget of the organisation					
4	All responsible employees participate by forwarding their ideas and as well as criticisms during the budgeting process					
5	The organization ensures transparency in the budgeting process by updating different departments on their burn up and way forward					
6	The organization ensures budgeting process inclusivity by employees enhances the success of budgeting					
7	Management communicates the budget to all departments so that they all know their cap and put in necessary efforts to make it a success					

SECTION E: FINANCIAL PERFORMANCE

SECTION F: TIMELY REPORTING

No	Statement	1	2	3	4	5
1	Periodic financial reports are made by the organization					
2	Stakeholders are always informed about the financial position of the organization					
3	Weekly, monthly and quarterly reports about performance are always presented.					
4	Relevant information is readily available when needed for decision making and when require by external stakeholders					
5	Financial and audit reports are always readily available as and when need					
6	The organization always file it returns in time					

SECTION G: TARGET ACHIEVEMENTS

No	Statement	1	2	3	4	5
1	The company always achieves its revenues target during the period					
2	The company production targets are well known to all employees					
3	Top management always helps employees to attain the set targets					
4	Production targets are always achieved by the company					
5	All departments achieve their set targets during the period					
6	The targets set by the company are achievable by all departments					

SECTION H: REVENUE PERFORMANCE

No	Statement	1	2	3	4	5
1	The revenue received corresponds with the set targets					
2	There has been a normal progress in revenue collected by the company					
3	The company always realizes revenue growth as planned					
4	The organization receives appropriate revenue to ensure sustainability					
5	All brands are able to yield desired revenue according to plans					

Thank You for Your Time

APPENDIX IV: INTERVIEW GUIDE TO KEY INFORMANTS

Dear respondent,

I am **Mbusa Kakusa Samuel** a student of Uganda Christian University and pursuing a Master's degree in Business Administration. This questionnaire is entirely for academic purpose designed for obtaining information about **"the effect of budgeting on the Performance of Tororo cement limited.''**

The information that you provide will be confidential. Please spare some time and help me complete this interview guide.

1. Does the Company do budget planning?
2. How does budget planning affect financial performance?
3. Does the company have budgetary controls in place?
4. How do the controls affect financial performance?
5. Does the organization involve relevant employees in the budgeting process?
6. How does their participation affect financial performance in this company?
7. Apart from budgeting, what other factors affect financial performance of this company?

"Thanks for your cooperation"

APPENDIX V: DOCUMENTARY REVIEW CHECKLIST

Administrative documents

a. Tororo Cement ltd Payroll for FY 2021 /2022

- For Provision of information on methodology population

b. Client Charter

- Information guiding on reporting standards and cooperation with other stakeholders

c . Important meeting minutes (that are not confidential)

d. Circulars and memos published on Notice boards.

e. Human resource planning and Policy manuals

f. Financial Manuals

g. Performance Appraisal reports

h. Presentations: Staff Budget trainings, symposium, conferences, workshop presentations

i. Revenue performance, plans and other Tororo cement frameworks

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SCHOOL OF RESEARCH & POSTGRADUATE STUDIES

DISSERTATION CORRECTION COMPLIANCE REPORT BY THE CANDIDATE (POST VIVA FORM)

Date: 01.08.2024

Name of Candidate: Mbusa Kakusa Samuel **Reg. No:** J21/MUC/MBA/008

Title of Dissertation: **BUDGETING AND FINANCIAL PERFORMANCE OF TORORO CEMENT LTD-TORORO (U)**

COMMENTS BY EXTERNAL EXAMINER	ACTION TAKEN	INDICATOR
Improve the study abstract to indicate clearly the knowledge contribution	Abstract of the study improved clearly indicating the knowledge contribution	p. xiv
Reduce the length of the table of contents	Table of contents length reduced	p. xi
In the background, indicate the linkage between budgeting and financial performance	Linkage between budgeting and financial performance indicated	p.1-3
State the study problem clearly with relevant evidence	Problem statement clearly stated with evidence from statistics	p.5
Explain the conceptual framework with evidence	Conceptual framework explained with evidence	p.8
Explain clearly a credible gap in literature that your study addressed	Credible literature gap explained	p.20
"Valid" column for some tables in chapter four should be deleted	Valid column in chapter 4 deleted	p.30-32
Delete the cumulative percent column for table 4.6	Cumulative percentage columns deleted in table 4.6	p.30-32
Write a clear title for sub-section 4.2	Clear title for sub section 4.2 provided	p.30
Indicate an authentic basis for scale interpretation for table 4.7	Authentic basis for scale interpretation for table 4.7 indicated	p.34
Present multiple regression results and discuss them	Multiple regression results presented and discussed	p.46
Make critical discussions of the study findings	Critical discussion of findings made	p.47
Generate logical conclusions	Logical conclusions generated	p.54
Include all citations in the final reference list	All citations included in the reference list	p.57-62

Introduce and conclude every chapter; and	All chapters introduced and concluded	All chapters
Edit all the English mistakes in the dissertation	Report edited	Whole document
COMMENTS BY INTERNAL EXAMINER	**ACTION TAKEN**	**INDICATOR**
Improve the study abstract to indicate clearly the knowledge contribution	Abstract of the study improved clearly indicating the knowledge contribution	p. xiv
Explain the conceptual framework with evidence	Conceptual framework explained with evidence	p.8
Present multiple regression results and discuss them	Multiple regression results presented and discussed	p.45
Introduce and conclude every chapter; and	All chapters introduced and concluded	All chapters
Edit all the English mistakes in the dissertation	Report edited	Whole document
Explain the conceptual framework with evidence	Conceptual framework explained with evidence	p.8
Present multiple regression results and discuss them	Multiple regression results presented and discussed	p.45
Introduce and conclude every chapter; and	All chapters introduced and concluded	All chapters
Edit all the English mistakes in the dissertation	Report edited	Whole document
COMMENTS BY VIVA VOCE PANNEL	**ACTION TAKEN**	**INDICATOR**
Link budgeting and financial performance in a well-articulated manner	Budgeting and financial performance linked in a well-articulated manner	p.1-3
Justify scope of the study	Scope of the study Justified	p.6
Explain the framework with supporting evidence	Framework explained with supporting evidence	p.8
Explain clearly a credible gap in literature that your study addressed	A credible gap in literature of the study clearly explained	p.20
Design of the study should be explained and justified	Research design explained and justified	22
Expound on the ethical considerations	ethical considerations expounded	p.28
"Valid" column for some tables in chapter four should be deleted	"Valid" column for some tables in chapter four deleted	p.30-32
Write a clear title for sub-section 4.2	Write a clear title for sub-section 4.2	p.29
Indicate an authentic basis for scale interpretation for table 4.7	Indicate an authentic basis for scale interpretation for table 4.7	p.33
Present multiple regression results and discuss them	Present multiple regression results and discuss them	p.45
Generate logical conclusions	Generate logical conclusions	p.53
Include all citations in the final reference list	Include all citations in the final reference list	p.56

Mbusa Kakusa Samuel (Candidate's Name)  (Signature)

Prof. Mabonga Eric (Supervisor's Name)  (Signature)

NEW ROCK BRAND

TORORO CEMENT

Build for Generations

Date: 13th May 2023

Attn: Mr. Mbusa Kakusa Samuel
Uganda Christion university

RE: **ACCEPTANCE LETTER**

Following your request to conduct research and furtherance to the UCU introductory letter, I am pleased to inform you that your request under the study **Budgeting and financial performance** has been granted.

You are strictly directed to use the information gathered for your study purposes only.

You are further advised to observe the safety rules for the factory.

Wishing all the best,

HUMAN RESOURCE MANAGER
TORORO CEMENT LIMITED