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Effect of Budgetary Control on Financial Performance: A Comparative Study of Sugar Manufacturing Companies in Western Kenya

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Abstract:
Manufacturing sector plays a vital role in providing livelihoods and national revenues, incomes, employment and foreign exchange savings to Kenya. The core problem affecting Kenya sugar industry is the persistent deterioration in profitability and liquidity. At the moment, five public-owned mills are indebted to the tune of over One hundred billion shillings. Budgetary control is one of the major technic used in planning and control function of any organization. Previous research has been done on the effect of budgetary control on financial performance of other institutions. However, no research has been done on its effect on financial performance of sugar manufacturing companies. The general objective was to investigate the effect of budgetary control on financial performance through a comparative study of sugar manufacturing company in western Kenya. The specific objectives were: to examine the effect of budgetary planning, budgetary implementation, budgetary variance analysis and budgetary evaluation on financial performance of sugar manufacturing companies. A descriptive survey research design was applied. Purposive sampling was used to select individual respondents to participate in the study; respondent was staff dealing with finance and budgeting cost centers. A sample of respondents was collected from Butali and Nzoia Sugar Company (this represents public and private sector in western region). Primary data was used while the instrument of data collection was questionnaires. Descriptive statistics and inferential statistics analyses were used. The survey under descriptive analysis revealed that, budgetary planning had a direct positive impact on financial performance, budgetary implementation had a direct positive impact on financial performance, budgetary variance analysis had a direct positive impact on financial performance and budgetary evaluation had a direct positive impact on financial performance. In conclusion, budgetary control is key to financial performance process of the firms analyzed in the survey and therefore the survey recommends that all the budgetary control processes should apply as a tool for financial control. The study recommends that there is a gap to focus on other factors that could influence financial performance after having looked at budgetary control that is well functional but the industry is still persistent deterioration in profitability and liquidity accompanied with a lot of debts.
Key Word *budgetary planning, budgetary implementation, budgetary variance analysis and budgetary evaluation, financial performance, Sugar manufacturing Companies*

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I. Introduction

Budgetary control is the process that involves the continuous comparison of actual performance against the budget to ensure the plan is achieved or to provide a basis for its revision (Nwanyanwu & Ogbonnaya, 2018). It is through budgetary control that the management can ensure the activities of the organization are well guided to the attainment of the long run goals of the organization. This eventually affects the firm's performance therefore in the long run and the budgetary control enables an organization to enhance the achievement of better results thus generating good performance. Budgetary Control can be viewed as a system of controlling costs which embraces the preparation of budget, coordinating the departments and establishing responsibility, comparing actual performance with budgeted and acting upon results to achieve maximum profitability (Frow, Marginson & Ogden, 2019). Financial performance is a general term applied to a part or to all the conducts of activities of an organization over a period of time often with reference to past or projected cost efficiency, management responsibility or accountability (Abdullahi, Kuwata & Muhammad, 2015). Thus, not just the presentation, but the quality of results achieved refers to the performance. Performance therefore, is used to indicate a firm's success, conditions, and compliance.

In UK, USA, Canada, Brazil, India and China, the positive Impact of budgetary control practices on the profitability of manufacturing firms has been pointed out in recent studies (Patro &Arpita, 2009). A budgetary control practice in these countries has helped to improve the profitability position of the concern with the help of strongly budgetary control devices such as capital structure and liquidity practices (Patro & Arpita, 2009). (Dawson, J.F, 2013) revealed that the budgetary control selections and finance performance capabilities are shown to influence the advancement of rapidly growing firms along the globalization process. The more efficient budgetary control practices, the higher profitability. By raising the efficiency of budgetary control practices, most SMEs and Blue-Chip companies (manufacturing companies, banking Industries and telecommunication companies) have proved to improve their profitability(Abu-Rub, 2012).

Many African developing countries have engaged in extensive planning exercises of various types in the post-independence period, resulting in a large corpus of planning literature. Budgetary control has received little attention, yet it is generally acknowledged as the principal tool to allocate resources to specify recurring and development activities. However, the budgetary system has garnered increased attention in recent years and more literature is now available on public expenditure management. The budget is more and more acknowledged as the most important tool for economic management (Kiringai, 2002). It is also acknowledged that a country can have a sound budget and financial system, and that its original objective can still be met. This shows that the rules of the game with regard to the formulation and implementation of the budget are equally significant and influence the results. This recognition has resulted in a series of budget reforms that focus more widely on the management of public spending. Budget reforms in Kenya from the early 1970s have been undertaken, but the outcomes aren't positive. A key recommendation in recent years has been to move away from annual budgeting and toward a medium-Term Expenditure Framework (MTEF) approach to budgeting. In 1999, Kenya embraced the MTEF concept and initially applied it in the June 2000 budget (Kiringai.2002). He further said that the MTEF method aimed to establish fiscal discipline expenditure each line agency, to meet budget ceilings so that the total resource constraints remain.

According to Kahreman (2010), the biggest reason behind insolvency in Ghana is poor financial performance techniques. Whether an owner-manager or hired manager, the profitability of the company is adversely affected when the budgeting management techniques are erroneous; As a result of inefficient financial Performance practices, a corporate organization's profitability may suffer. Due to a lack of understanding of effective budgetary control, many businesses have failed. Furthermore, the uncertain economic environment drives businesses to rely excessively on equity and retain high liquidity, both of which have an impact on profitability (Redman, 2010). Harelimana (2017), carried out a study on the Effect of Budgetary Control on Financial Performance of Kigali Serena Hotel in Rwanda. It sought to; assess techniques of budgetary controls used in Kigali Serena Hotel, analyze the indicators of financial performance of Kigali Serena Hotel and to establish the relationship between budgetary control techniques and financial performance indicators in Kigali, Serena Hotel. The study adopted analytical research design. The study findings depicted a positive relationship between Budgeting and Budgetary Control system and Financial Performance of the Hotel. The study considered both planning and control as measures of budgetary control but left out coordination of activities amongst various departments which is equally important.

Many companies utilize the budget primarily as an internal tool to allocate resources efficiently and effectively. Budget support organizations compare actual and expected performance for efficient inferences and assessments Budgeting involves establishing predetermined targets, reporting on actual performance outcomes and evaluating such achievements with regard to default targets, according to (Rebeccah Nyambura Kimani 2014).William J. Riley (2012) argues that budgets are a form of income control utilized for setting objectives and aims to guide and coordinate. So corporate targets can be made practicable, budgetary owners (managers) accountable, resources allocated, management objectives communicated, staff motivated, efficiency improved and performance monitored. Ifra Ahmed Mohamed et al. (2015) suggests that management in different organisations, such as improved understanding of the budgetary control approaches, their behavior and institutional dynamics among employees, take actions to resolve budgetary control systems difficulties, To build solid financial integration with performance management, to re-orient the financial plan quarterly to often interface resources and to enhance the engagement between business leaders, managers and financial employees on a timely basis.

In Kenya, the sugar company with the biggest market share, and most efficient production, is the one with the least degree of state ownership (20% ownership) compared with the others with the exception one new but small, fully private mill (Kegode. 2010). Kegode (2010) points out that in Kenya's sugar industry there are financial scarcities, financial deprivation (investment, liquidity, capital maintenance and debt management) and unable to compete with imports of sugar, lasting losses and fluctuations in economic conditions that have a cumulative effect on the industry's economic performance.

Statement of the Problem

The main issue confronting Kenya's sugar sector is a long-term decline in profitability and liquidity. Nzoia Sugar Company has a debt of ksh. 37 billion, Miwani Sugar Company (in receivership) has a debt of Ksh.

28 billion, Muhoroni Sugar Company (in receivership) has a debt of Ksh 27 billion, Chemelil Sugar Company has a debt of Ksh 5 billion, and South Nyanza Sugar Company has a debt of Ksh 3 billion. For cane delivery, the money is owing to the Kenyan government, suppliers, banks, the Sugar Directorate, and farmers. As a result, almost 50 percent of sugar companies in Kenya endure annual declines, despite the large investments made by government and the private sector in the development of a financial environment that allows companies to conduct business in Kenya (Momany & Mugenda, 2014). This current challenge of financial inefficiency is distinct from prior research topics in that it concerns both public and private factories (KSB Annual report, 2015). This may necessitate more stringent fiscal controls. Sugar corporations generate annual budgets, which are then presented to the parent ministry for approval. If these budgets are to be adopted we should, according to the budgeting theory, have a favorable influence on budgetary control. No research on the financial performance of sugar producing enterprises has yet been carried out despite prior research on the impact of budgetary controls on other institutions' financial performance. As a result, the researcher conducted a comparative study focusing on the sugar industry, where optimal practices in budgetary controls have yet to be examined by other researchers. In light of this, the researcher conducted a comparative study of sugar manufacturing enterprises in western Kenya to determine the impact of budgetary control on financial performance.

Objectives of the Study

i) To examine the effect of planning on financial performance
ii) To examine the effect of implementation on financial performance
iii) To establish the effect of variance analysis on financial performance
iv) To assess the effect of evaluation on financial performance.

II. Literature Review

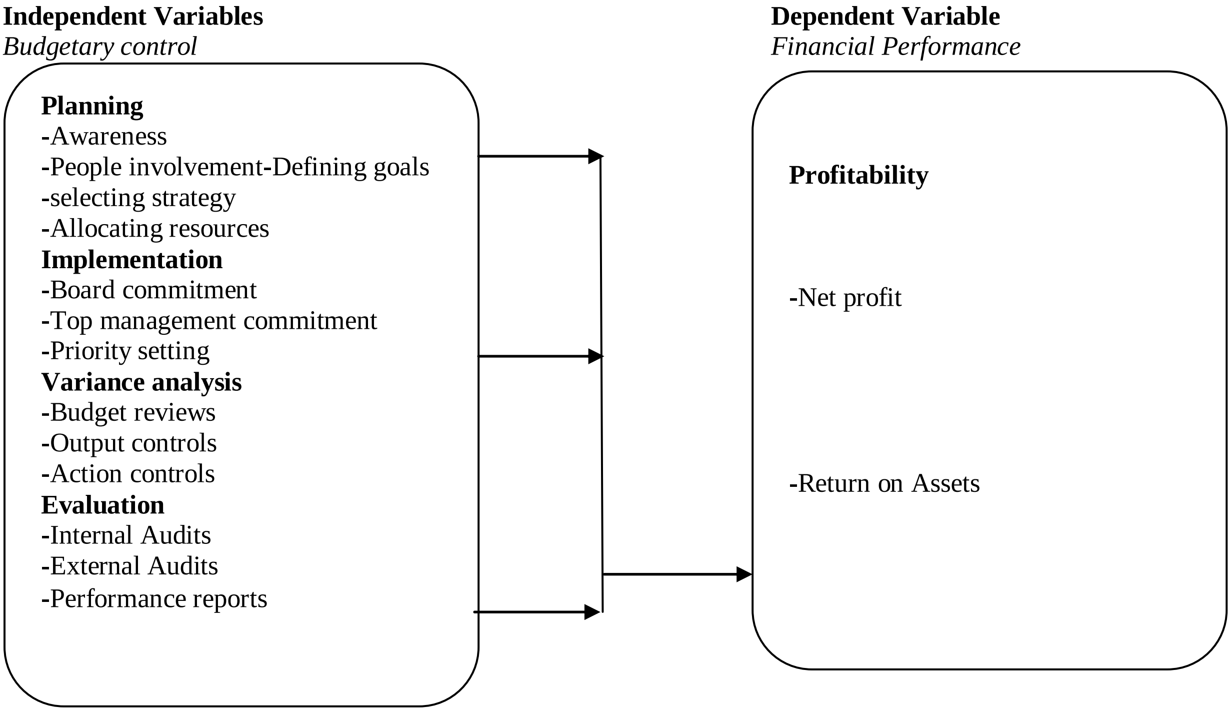
Theoretical Framework

This study was guided by the following theories, budgetary control theory and stakeholder theory. Robinson & Last (2009) states that, corporations are using their budgeting as a means of collecting and spending revenues. In order to ensure that the resources of your company are not wasted, an organization should establish an effective budgeting system. Budgeting systems help to ensure that the given results and services achieve the targets specified. Financial viability is measured by the volume of revenue which a company may retain at any time (Robinson, 2009). In order to explain and minimize variance as much as feasible, the firm must have sufficient controls to ensure budget is kept and allocated as necessary and rigorously monitored. Robin and Last (2009) asserts that if a company however has lower income it could need to find a solution to finance its budget through borrowing and tax restructuring. The budgets can be used as indication for gauging the performance of governing governments according to Sawhill and Williamson (2001). Budgets show if these governments are competent to implement their national objectives by means of good utilization of resources. Consequently, it is very important for a business to understand its budgeting processes and to make critical issues that demand attention to the control instruments of the company a priority.

The stake holders' theory comes from Freemans (1984) now a standard definition, which is that stakeholders are a group or persons who can affect, or are impacted by, an organizational objective Theory is cited in literature (freeman 1984 p.46). The stakeholders' theory says that an organization is a social construction consisting of the interaction of several parties, a complex system of knowledge, influence and resources exchanges (Freeman 1984, Labia 2000, Mersland and Strom, 2009). Stakeholders' theory, which is concerned with the nature of the interaction between the firm and the stakeholders, has become one of the key paradigm shifts of the previous century (Amaseshesh and crane.2006) (Ayuso Rodriguez and recert, 2006). The stakeholder model requires an organisation, including employees, consumers and suppliers, to be aware of the different requirements of its components and responded to them as well as the local community. In other words, the organization has a duty to pay attention to the links it must build with its stakeholders. The theory further urges that an organizations value is created when it meets the needs of the important stakeholders

Conceptual Review

The conceptual framework has been developed from existing empirical studies and theoretical underpinning. Independent variable includes; planning, implementation, variance analysis and evaluation while the dependent variable in this study is Financial performance. Figure 1.0 presents the conceptual framework.



Source: Researcher (2020)

Figure 1.0: Conceptual Framework

Empirical Review

In the Social Sciences & Management Research Journal (Volume: 04, No: 01, May 2014), the report looked at the possible effect of budgeting plans on the performances of the selected Nigerian manufacturing businesses; In the fields of management and operational, the researcher looked at budgetary planning and set out future planning. Check if the plans were implemented or not and take remedial action where there was a defect or a deficiency. The impact of budgetary planning on NGO's financial performance in Kenya has been examined by Sammy Kimunguyi (2015). Regression data demonstrated that budgetary planning had an enormous impact on the financial performance of health sector NGOs in Kenya and significant testing also showed a statistically significant influence (r=0.419). Wonder Agbeny, Frank Osei Danquah & Wang Shuang (2018) examined the financial performance of listed industrial companies in the Ghana Börse in the course of their case study. The study found that the financial performance of listed manufacturing companies is subject to budget planning. Again, the study revealed that the connection between budgeting and financial success is strongly favorable. The study also finds that budget planning plays a key role and has a favorable influence on manufacturing companies' financial success.

Mwangi, (2014) pointed out that vehicle firms that had taken on budgetary planning strategies had a positive performance ratio, and those who had not followed such approach, in evaluating the financial performance of registered public service vehicle businesses in Kenya. It also showed that most people in the business were not conscious of such approaches and even those who were did not make good use of them. A factor affecting the performance of the listed businesses of the NSE was examined by Mwaura (2010). The study revealed that budgeting execution has a significant impact on capital returns and asset returns. Furthermore, the budgetary execution has a minor effect on investment returns and budgetary commitment. Faith (2013) also carried out a study on "the impact of the budgeting process on Kenya's financial performance of commercial parastatals and manufacturers." The main conclusions were that more formal budgeting executions provide higher increase in parastatal revenues and a larger rise in parastatal profit. The study improves the knowledge of researchers with relation to budgeting. Mbugua (2013) reviewed a sample of 60 companies using a transversal research design and found that budgetary practice aspects had a positive impact on the income collection efficiency of water service providers whilst budget implementation and the budgeting approach had no major impact on income collection for the industry under consideration.

The study by Kabiru and Abuh (2013) aimed at determining the significance of the analysis of budgetary variance in management control of costs in the context of Nigeria. The aim of the study is to review and analyze the literature in order to find out what is an effective standard in a manufacturing organization in order to disclose realistic variances for cost management and to evaluate the usefulness of budgetary cost variance analysis for cost management, so as to provide for improved profitability. Aruomoaghe and Agbo (2013) studied budgetary variance analysis as an instrument for performance assessment with an emphasis on the costs and benefits of its use as a tool for evaluating performance. The goal of the research was to verify that the management of the departments does not vary from the budget standards established in the overall company to ensure that budgetary approaches meet the organization's objectives. The researchers used financial and non-financial metrics and discovered that the application of budgetary variance analyses in performance assessments may be cost-effective and beneficial for the overall company. The study found that managers should be careful to use the analysis of the budgetary variance to make the right judgments.

Kipkemboi (2013) carried out an impact assessment of the financial performance of NGOs in Kenya. In his study, the funds for assessment and monitoring were created. He also observed that the link between budgetary assessment and performance is poorly favorable. He believes that the main reason for excellent performance may not be fiscal evaluation; many other aspects may impact the success of an NGO. Gilbert Mutai Koech (2015) evaluated the financial performance of several manufacturing businesses in Kenya using budgetary review. His results demonstrate that there is a substantial link between manufacturing businesses' financial success and the Budget Assessment Variable is now achieved. In the International Journal of Academic Research and Reflections, Pimpong and Laryea (2016) released a report on the budgeting evaluation and its impact on financial performance for non-bank financial organizations in Ghana. They have shown a good connection with business performance in the budget assessment. Furthermore, companies have made greater use of established budgetary assessment methods and have shown a statistically modest favorable association with firm results in the assessment and coordination of the budget. Roy and Segun (2000) are convinced that the budgetary control practice according to institutional theories is not adopted as an approach to increased productivity of the public sector as a technically efficient approach, but mainly as an approach of symbolic importance to meet the expectations of external stakeholders. Wilson believes that there are higher restrictions and incentives for better efficiency than private sector rivals (Wilson 2000)

Research Gaps

Budgets have proven to be vital for the control of processes and, thus, important component for good local and worldwide management. Researchers have shown that all sectors in the industry do not have an uniform budget technique. Pimpong and Laryea, (2016) showed that the link between budgeting and business success is good. In addition, the businesses have made better use of the established budget processes, and the statistically modest positive link between budget coordination and company performance. Maina Charles Mwangi (2014) noted that vehicle companies that used budgetary planning techniques have good ratios, and that those who have not used such techniques have a negative ratio of performance in evaluating the impact on financial performance of Kenya by budgetary planning tools on registered companies. The research also indicated that most business people knew no such techniques, and not even those who knew them were effective in implementing them. Onduso (2013) has investigated the influence of budgets on production companies' financial performance in the county of Nairobi. The research also showed that employees hired were not well qualified to disregard the company's operations and, thus, companies had to recruit people from outside the company to assist in budget development. Nevertheless, the aforesaid topics of research were Ghana's non-bank financial institutions, Nairobi County producing firms and Kenya's registered public vehicle operating organizations' financial performances. Although numerous local and international studies have focused on budgetary control technology and the extent to which budgeting impacts organizational performance in both public and private sectors the importance of budgetary control over the financial performance of sugar manufacturing companies has been neglected. The study addressed this literature gap.

III. Material And Methods

A comparative descriptive survey methodology was employed by the researcher to assess the impact of budgetary control systems on sugar manufacturing businesses' financial performance. The study limited itself to effects of budgetary control on financial performance in two manufacturing companies in western Kenya, one private (Butali sugar), one public (Nzoia sugar). There are 1050 production companies from 47 counties in Kenya (Kenya Manufacturer Association, 2015). In the 12 (twelve) sugar production enterprises in Kenya there were 12, 500 people / employees (Kenya sugar Board 2017). Purposive sampling was used to select individual respondents to participate in the study. The sampling unit took account of representation of all functional areas of the departments namely: Agriculture, Factory, Human resource and Finance. A sample of 285 respondents was collected from Butali and Nzoia Sugar Company (this represented public and private sector in western region) with a target population of 810 respondents. This represented 35% of the population (Mugenda & Mugenda, 2003). Both primary and secondary data was used. The primary data was collected by use of a questionnaire. Secondary data was obtained from the Kenya Sugar Board Annual reports, Finance departments of the sugar companies and the Sugar survey manuals/financial reports using the secondary data collection sheet. Out of the 285 administered questionnaires, 283 were returned duly filled ready for coding and analysis. This represents 99% response rate. The regression and correlation analyses were based on the association between two (or more) variables. SPSS version 23 is the computer analysis tool that was used in this study. Analyzed data was organized into models and tables for easy reference.

$$Y = \beta o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + €$$

Where:-Y = Financial Performance X_1 = Budgetary planning X_2= Budgetary Implementation
X_3 = Budgetary Variance analysis X_4= Budgetary Evaluation βo = Intercept, β = Coefficient of independent variables, and €= error term

IV. Result and Discussion

Analysis for budgetary control objectives

From the questionnaire, the researcher further presented the above data in a pictogram form of analysis in figure 2.0 below.

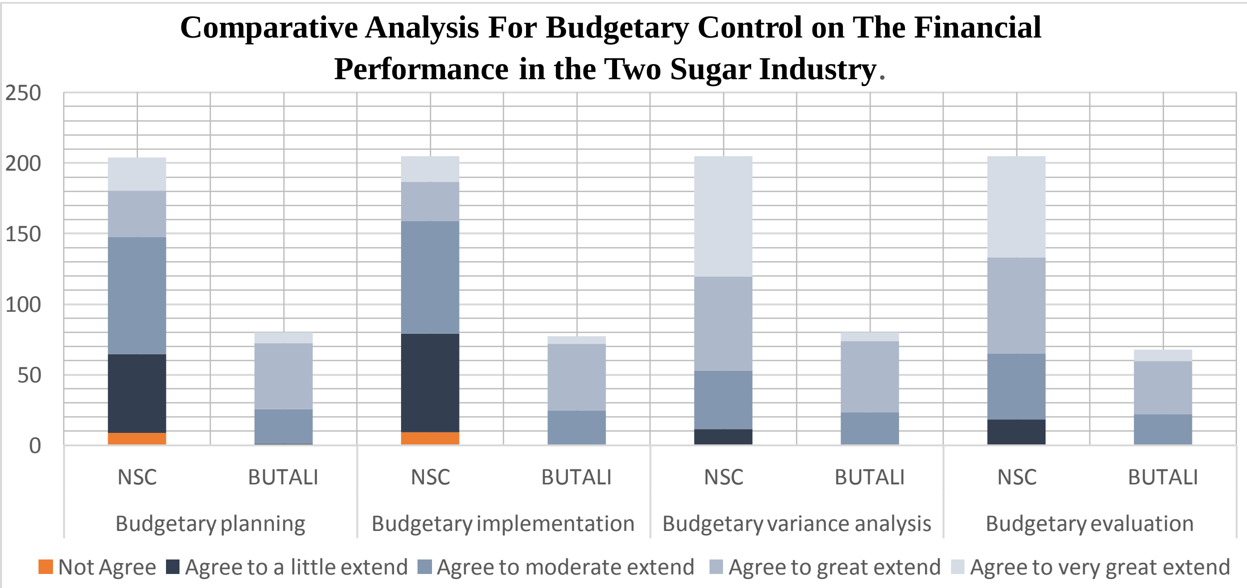


Figure 2.0: Showing pictogram comparative analysis for budget Control
Source (Author 2020)

From the Figure 2.0, above, Budget planning and Budget implementation both Nzoia and Butali sugar had a positive response with the statement except a small percentage of 10% from Nzoia had a negative respond From the questionnaire, the researcher wanted to know whether the respondent agreed with the statement or not. The Likerts scale has been further subdivided in to two possible outcomes: these are either we agree with the statement or don't agree. Based on these categories Nzoia had 20% agreement to a little extend for both planning and implementation while Butali had none in that category. This shows the level of information awareness across the two sugar companies Butali having upper hand information that best practices in budgetary control have been practiced better than it is done in Nzoia. On budgetary variance analysis and evaluation, both companies Nzoia and Butali are in full agreement that best budgetary practices are applied in the sugar manufacturing companies.

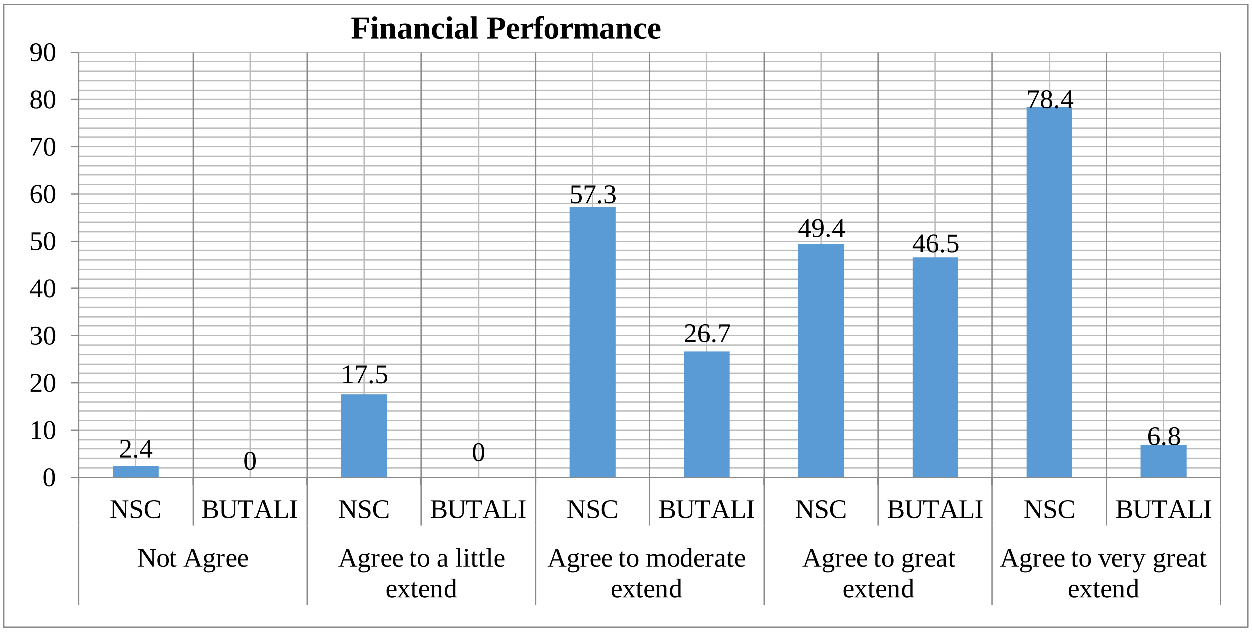


Figure 3.0: Showing the above analysis of Financial Performance (histogram presentation)
Source (Author 2020)

From the Figure 3.0, NSC and Butali recorded 2.4 and 0 respectively on average for those respondent who did not agree with Financial Performance, this means that butali has no objection to the ratio and that its financial performance resulting from budgetary control put in place works perfectly, the same applied to 17.5 and 0 response from NSC and Butali respectively agreed to a little extent with Financial Performance. 57.3 and 26.7 respondent on average agreed to a moderate extent from NSC and Butali respectively. The percentage of agreement in NSC was half the percentage in Butali on moderate agreement which is in direct proportion to the financial performance of the two sugar manufacturing companies. The same to 49.4 and 46.5 respondent on average agreed to a great extent from NSC and Butali respectively. Lastly, 78.4 and 6.8 respondent on average agreed to a very great extent from NSC and Butali respectively on with Financial Performance ratios of the sugar manufacturing companies. This brings out the clear picture of financial performance how it is best in Butali sugar a private manufacturing company compared to poor performance of NSC a public manufacturing company. To conclude only an average of 2.4 did not agree with the statement on Financial Performance while a total average of 282.6 agreed with the statement that budgetary control has an effect on Financial Performance.

Inferential Statistics

Inferential analysis comprised of correlation and regression analysis at 5% significant level.

Correlation Coefficient analysis

Correlation analysis was conducted to establish linear relationship between independent and dependent variables. The results are as show in table 1.0

Table 1.0: Correlation Coefficient analysis

	Constant	Budgetary planning	Budgetary implementation	Budgetary variance analysis	Budgetary evaluation
Constant	1				
Budgetary planning	0.82399	1			
Budgetary implementation	0.754608	0.673274	1		
Budgetary variance analysis	-0.66892	-0.98467	-0.7778	1	
Budgetary evaluation	-0.71017	-0.79539	-0.78812	0.894271	1

Source (Author 2020)

From the correlation Table 1.0, Budgetary planning is positively correlated to financial performance the coefficient is 0.823 (p value < 0.01) this is significant at 99% confidence level. Thus increase in budgetary planning would make performance to increase in same direction. Similarly, the correlation coefficient for budgetary implementation was 0.754, P=0.000, suggesting that there is significant positive relationship between budgetary implementation and financial performance of sugar manufacturing companies. Increase in budgetary implementation would results to increase in financial performance. Nevertheless, a correlation coefficient of 0.668** implied that there is significant positive relationship between budgetary variance analysis and financial performance. This implies that increase in budgetary variance analysis would results to decrease in financial performance. Lastly, there is significant positive relationship between budgetary evaluation and financial performance of sugar manufacturing companies as indicated by -0.710 **, p=0.000. This implies that increase in budgetary evaluation would results to decrease in financial performance.

Regression Analysis

The study carried out a multiple regression on budget control (budgetary planning, budgetary implementation budgetary variance analysis, budgetary implementation and budgetary evaluation) on financial performance. Summary of the results were as shown in Table 2.0.

Table 2.0: Regression Results of Social Distancing Measures on Financial Risk Management

Model Summary[b9]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.943[a]	.889	.789	2.819	.889	80.091	4	284	8.94E-06	.426

a. Predictors: (Constant), BP, BI, BVA, BE

b. Dependent Variable: FP

ANOVA

	Df	SS	MS	F	Significance F
Regression	8	2072.523	259.0654	4.087182	0.000a
Residual	6	3042.472	507.0787		
Total	14	5114.995			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			
		B	Std. Error	Beta	t	Sig.	P-Value
1	(Constant)	2.582	7.305		.353	.734	0.0019
	Budgetary Planning and Budgetary	.122	.134	.347	.913	.392	
	Budgetary implementation	-.041	.103	-.149	.920	.706	
	Budgetary Variance analysis	.015	.089	.144	.569	.223	
	Budgetary evaluation	.102	.088	.074	.449	.687	

a. Dependent Variable: Financial performance

Table 2.0 above reveals that for all variables investigated, the value of the determining coefficient (Adjusted R square) is 0.789 (planning, implementation, Variance analysis and budgetary evaluation). This thus means that the independent variable (planning, execution, analysis of variance, Budget assessment) and dependent variable variance vary by 78.9 percent (financial performance in sugar manufacturing companies). As a result, (planning, implementation, variance analysis, and budgetary evaluation) accounted for 78.9% of the financial performance of sugar production firms. The study used F-statistics to determine the adequacy of the regression model in order to produce accurate results. A p=0.000 F-significance value was determined. This indicates that the regression model has a less than 0.001% chance of making an incorrect prediction.

From the Regression coefficient, the model therefore become

$Y = \beta o + 0.82399X_1 + 0.754608X_2 -0.66892X_3 -0.71017X_4 + €$ where:-

Y = Financial Performance, X1 = Budgetary planning, X2 = Budgetary Implementation,

X3 = Budgetary Variance analysis, X4= Budgetary Evaluation, βo = Intercept, β = Coefficient of independent variables, and €= error term (+ 2.819) as evident in Table 2.0

The standardized coefficients of regression are based on changes in standard deviation devices. This is the incline coefficient that emerges when x and y are both normalized before the analysis takes place (i.e. turned into z scores). The model for regression shows that budget planning and budget implementation are closely related to financial performance whereas budgetary variance and budgetary evaluation are strongly detrimental to financial performance. Results of the studies reveal a good connection between the financial performance and predictors in the sugar industry (planning, implementation, analysis of variance and budget evaluation) and financial performance. Unstandard regression coefficients illustrate how the dependent variable varies by x units in each unit of the independent variable. This suggests that a unit increase in budget planning would lead to a financial performance boost of 0.82399 in production enterprises. A comprehensive action plan for a particular company is also provided by the findings agreed with Mwangi (2001) who highlights the necessity of financial performance planning instruments with a positive performance ratio. Problems and solutions are predicted via planning. This contributes to cost reduction and the attainment of objectives is improved. He also discovered that most people in the business had no knowledge of such approaches and even those who knew had no effective use of these. Despite this, the organizations experience financial challenges. However, there is doubt whether the organizations conserve cash for long time before deciding on its application and if the organization experiences cash surplus

An increase in units of budget implementation in the sugar production industry would have an effect of 0.75461 on financial performance. The results agree with Mwaura (2010) investigated unto the effect of budgetary implementation a factor that affects performance of the NSE listed companies and found that budgetary implementation affects return on capital employed, return on assets as well as return on investment.to a great extent. Faith (2013) was also in agreement that; more formal budgetary implementation earn higher growth of sales revenues in the parastatals, higher growth of profit in parastatals and also leads to better managerial performance, same to Mbugua, (2013) who established that budgetary implementation practices have a positively significant effect on the revenue collection efficiency. It was however uncertain if implementation of budgetary plan was followed to the later so as to achieve the objectives set in line with the company short term and long term goals

An increase in unit budgetary variance analysis would reduce sugar-manufacturing businesses' financial performance by a factor of -0.6689. The study shows that the budgets and results were continuously compared. This could arise because differences can always exist. This might also be due to the difference in precision among several employees working on the budget. Therefore it was important to continuously compare budgets to guarantee that there were minimal variance between the organization's budgets and what was previously forecast. Consequently, any discrepancies are resolved to assure correct outcomes. This was consistent with the study conducted by Kabiru et al. (2013) to determine the importance of the budget variance analysis for managerial cost control in Nigeria and to observe that realistic standards should be established in order to achieve optimum results through operator participation and top-level management efforts. It also advised that budget differences lying within the predefined limit be studied and the report implemented appropriately and effectively at immediately in order to counter future differences. Aruomoaghe and Agbo (2013) also support the study that management should exercise precaution with respect to budget analysis in order to take the right decisions and to be careful in applying a standard cost system, and it was particularly important that not only the positive but also the negative were taken and that possible decisions were taken. However, there have been doubts as to whether businesses strive to improve financial performance, as indicated in the level of agreement between the respondents.

A rise in the unit budgetary evaluation would also reduce sugar manufacturing businesses' financial performance by –0.7102 and vice versa. In accordance with Koech (2015), the financial impact of the budget evaluation on the financial performance of selected manufacturing businesses in Kenya was examined and the financial performance variable for the manufacturers was shown to exist as a result of a substantial connection. Pimpong, and Laryea, (2016) findings revealed that, there was a positive relationship between budgetary evaluation and firm performance, Mohamed et al. (2015) also recommended that management in various organizations to put in place measures to solve the budgetary evaluation system problems, their behavior and institutional dynamics among the staff, developing strong financial integration with performance management and quarterly revision of financial plan to redirect resources at frequent intervals plan. Despite this, the organizations experience cash shortages and financial challenges. However, there is doubt whether action is taken in line with the financial reports produced as this would help improve the poor financial performance in ailing sugar manufacturing firms.

V. Conclusion and Recommendation

Budgetary planning is crucial for every given company's budgetary control procedure. In the budgetary management process, companies are required to adopt budgetary planning. This might reflect the fact that budgetary planning and control processes have an important role in the financial success of the business. Consequently, financial planning guarantees that companies are in a state of priority to satisfy the demands necessary. This guarantees that the financial performance and achievements of companies are constantly favorable. Return on profitability is part of a financial performance indicator in companies because profit generated by the firms shows a company's image and has taken the necessary measures to ensure its performance and therefore it is a financial performance indicator. The results are not limited by financial performance. The achievement of appropriate earnings can also result from an effective budgetary control procedure via coordinated collaboration between managers and staff. The profitability objective is therefore included in an indication of financial success utilized by companies.

The study recommended that top management should have budgetary conferences to evaluate its performance because the company's performance might be affected. Therefore, the organization of budget conferences with staff should be a fundamental aim in the financial management process. This study suggests that managers in the manufacturers of sugar products continue to value budgetary control (planning, implementation, analysis of variances, budgetary evaluation) in their policies and promote their participatory budgeting to a large level. As the survey showed, the yearly budgeting process must always be welcomed, encouraging managers to prepare for their future operations and to revise their strategic objectives. This promotes the prediction of issues by management in sugar-producing firms before they emerge and makes reasonable decisions. This research also suggests that managers in the organisation, in order to ensure budgetary compliance, should understand clearly the role they need to perform. This guarantees that the right people are held accountable for the implementation of the budget.

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