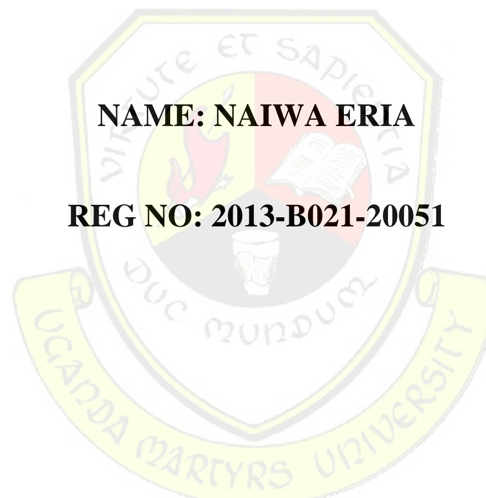
# FINANCIAL CONTROL AND ORGANISATIONAL FINANCIAL PERFORMANCE

## A CASE STUDY OF CROWN BEVERAGES LIMITED

**BY**




**NAME: NAIWA ERIA**

**REG NO: 2013-B021-20051**

**A DISSERTATION SUBMITTED TO THE FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT AS A PARTIAL FULFILLMENT OF THE STUDY FOR THE AWARD OF A BACHELORS DEGREE IN BUSINESS ADMINISTRATION AND MANAGEMENTUGANDA MARTYTRS UNIVERSITY**

**APRIL 2016**

# ACKNOWLEDGEMENT

My first appreciation and thanks go to the Almighty God who has given me the life and strength to accomplish this research. With special thanks, I would like to extend my appreciation to my Supervisor DR. Mukokoma Maurice for giving me her valuable time, dedication, guidance, valuable suggestion and ideas throughout the course of this project. Without her enormous support this study would not have been successful. Thanks to my family who always inspired me in every step to accomplish this study. I am eternally grateful for your love, encouragement and support in all my endeavors.

# TABLE OF CONTENTS

**Contents**

Declaration ........ i

Approval ........ ii

Acknowledgement ........ iii

Table of Contents ........ iv

Abstract ........ ix

**CHAPTER ONE ........ 1**

**GENERAL INTRODUCTION ........ 1**

1.0 Introduction ........ 1

1.1 Background of the study ........ 1

1.1.1 Company background ........ 3

1.2 Problem statement ........ 3

1.3 Purpose of the study ........ 4

1.4 Research objectives ........ 4

1.5 Research questions ........ 4

1.6 Scope of the study ........ 4

1.6.1 Geographical scope ........ 4

1.6.2 Content scope ........ 4

1.6.3 Time scope ........ 5

1.7 Significance of the study ........ 5

1.8 Justification ........ 5

1.9 Definition of key terms ........ 6

1.10 Conceptual frame work .......... 7

**CHAPTER TWO .......... 9**

**LITRATURE REVIEW .......... 9**

2.0 Introduction .......... 9

2.1 Understanding of financial control .......... 9

2.2 Understanding financial performance .......... 9

2.3 Budgetary control and financial performance .......... 10

2.4 Accurate record keeping and financial performance .......... 14

2.5 Strategic planning and financial performance .......... 19

2.6 Conclusion .......... 23

**CHAPTER THREE .......... 24**

**METHODOLOGY .......... 24**

3.0 Introduction .......... 24

3.1 Research design .......... 24

3.2 Area of the study .......... 24

3.3 Study population .......... 25

3.4 Sample size and selection .......... 25

3.5 Sampling techniques .......... 26

3.6 Data sources .......... 26

3.7 Data collection instruments .......... 26

3.8 Data management and analysis .......... 27

3.9 Validity and Reliability. .......... 27

3.10 Quality control methods .......... 28

3.11 Ethical consideration. 28

3.12 Limitations of the study 28

**CHAPTER FOUR 30**

**DATA PRESENTATION AND DISCUSSION 30**

4.0 Introduction 30

4.1 Background information of the respondents. 30

4.2 Budgetary Control and Financial Performance. 33

4.2.1 The Relationship between Budgetary Control and Financial Performance. 40

4.3 Record Keeping and the Company's Financial Performance. 40

4.3.1 Organization carries out Record Keeping and Management. 41

4.3.2 Record keeping is a tool of financial control. 41

4.3.3 Record keeping enables to know the financial position of the company 42

4.3.3 Lack of accounting records can lead to failure of the company 42

4.3.4. Management bases on records to make decisions in the company 42

4.3.5 Trend and Schedule of Record Keeping in the Company. 43

4.4 Strategic Planning and organizational financial performance. 45

4.4.1 Time Period Covered by Strategic Plans. 45

4.4.2 Periodical Review of the strategic plans. 46

4.5.1 Management team services regularly the implementation of strategic plans of the company. 46

4.5.2 Organizational stakeholders are engaged in strategic planning process. 47

4.5.3 Strategic plans are a basis of decisions making. 47

4.5.4 Emphasis on Strategic plans yields higher financial performance of the company. 47

**CHAPTER FIVE** ... 49

**SUMMARY FINDINGS, CONCLUSION AND RECOMMENDATION** ... 49

**5.0 Introduction** ... 49

**5.1 Summary Findings.** ... 49

5.1.1 Summary of Findings on Budgetary Control and Organizational Performance ... 49

5.1.2 Record Keeping and the Company's Financial Performance. ... 50

5.1.3 Strategic Planning and organizational financial performance. ... 51

5.2 Conclusions ... 52

5.3 Recommendations ... 53

5.4 Further area of study. ... 54

REFERENCES ... 55

QUESTIONNAIRE ... 60

# LIST OF TABLES

**Contents**

Table 1: Showing the staff that were sampled ........................................................................ 25

Table 2: Gender Composition of the respondents........................................................................ 31

Table 3: Marital Status of the respondents. ............................................................................... 31

Table 4: Education Level of the respondents.............................................................................. 32

Table 5: Duration spent with Crown Beverages limited............................................................... 33

Table 6: Time Period covered by Budgets.................................................................................. 34

Table 7: Period for Budgetary Reviews in Crown Beverages Limited. ...................................... 34

Table 8: Management normally reviews budgets. ...................................................................... 35

Table 9: Stakeholders are engaged in budgetary decisions of the company................................ 36

Table 10: Regular Audit is conducted on estimated and actual budgets. .................................... 37

Table 11: Management Team Reviews regularly implementation of budget plans prior to budget years. ........................................................................................................................................ 37

Table 12: Organizational Departments prepare budget plans prior to budget year. ..................... 38

Table 13: The Company has both short term and long term budgets. ......................................... 39

Table 14: Relationship between Budgetary Control and Financial Performance......................... 40

Table 15: Record Keeping and the Company's Financial Performance....................................... 41

Table 16: Trend and Schedule of Record Keeping....................................................................... 43

Table 17: Relationship between Record Keeping and Financial Performance............................ 44

Table 18: Time and Periodical Assessment of Strategic Plans in the organization...................... 45

Table 19: Arguments on the impact of Strategic Management Financial Performance. .............. 46

Table 20: Relationship between Strategic Planning and Organisational Financial Performance. 48

## ABSTRACT

The purpose of the study was to establish the relationship between financial control and financial performance with specific emphasis on budgetary control, record keeping and strategic planning.

The research design adopted in this study was a case study design. The study population included the staff of crown beverages limited a total of 86 respondents were selected for the study. Simple random sampling was used to select respondents in the field. The questionnaires were used and administered to the employees working with the company.

Data from the questionnaires was coded, entered, edited for consistency and easiness in and later analyzed using Statistical Package for Social Scientists (SPSS) where correlation was used to establish the relationship between financial control and financial performance. Regarding the study findings, it was revealed that budgetary control affects financial performance with a correlation of ($r = 0.764$, $p \leq 0.01$). . The findings also showed that record keeping also has an impact on the financial performance of the company with a positive correlation of ($r = 0.930$, $p \leq 0.01$). And finally the research also revealed a relationship between strategic planning and financial performance with a positive correlation of ($r = 0.744$, $p \leq 0.01$)

The researcher recommended that the management of the company should increase on the supervisory level and monitoring in order to ensure full record keeping with relativity to accuracy in order to enhance proper decision making process basing on the available and reliable records, ensure proper collective decision making and feedback management that explores participation of stakeholders which enhances appropriateness in suggestions.

Areas of further research were as follows; impact of employee training on organizational financial performance of manufacturing companies, impact of job rotation on employee performance and impact of integrated financial management systems of level of service delivery.

# CHAPTER ONE

# GENERAL INTRODUCTION

## 1.0 Introduction

Under this chapter the following aspects were looked at; the background of the study which involved looking at both variables that is to say financial control (independent variable) and financial performance (dependent variable) , history of the case study (crown beverages ltd), statement of the problem, the purpose of the study, research objectives, research questions scope of the study ( content scope, geographical scope and the time scope) , significance of the study, definition of key terms, and the conceptual frame work.

## 1.1 Background of the study

Hendricks (2008) says that financial control should include keeping accurate and organized records of all financial transactions, linking of the budget to the strategic and operational plans for comparison purposes, producing timely management reports, producing financial statements that represent a true and fair view , having an active internal control system in place in order to safe guard the organization's assets and to manage risks and having an audit committee to assist in the quality and reliability of financial and other information used.

According to Besley (2005) financial control is a segment in which financial plans are implemented, control deals with the feedback and adjustment process required to ensure devotion to plans and modifications plans because of unfore seen changes.

Financial control also ensures that all the finances of an organization are well handled. Without control, assets of an organization are at risk and that funds may not spent in accordance with the organization's intended objectives.

According to Staner at el (2003), financial control focuses on discovering the best operations decisions. Financial control also focuses on the overall assessment of how well operations control is functioning to improve the financial performance. It also singles out when operations control is not running well and hence needs to be evaluated and improved.

Financial performance of an organization is gauged via the degree of realization of its goals and objectives both in short term and long term and whenever they fall due. Optimal utilization of resources should ensure maximum output in the project named in the organization's objectives. Organizations cannot afford to waste their restricted financial and skilled power, resources on fruitless ventures. (Serem, 2013).

Financial performance refers to the ability to operate efficiently, profitably and react to the environment opportunities and threats. Performance can also be measured by how efficient an organization is in use of its resources so as to achieve the desired goals and objectives. It is also a measure of attainment achieved by an individual, team or an organization. Mawada (2008)

Hit (1996) argues that most of the firms' low performance is because of poorly performing assets. Low performance from poorly performing assets is related to strategic errors made in acquisition process in earlier years. For example some firms acquire businesses with unrealistic expectations of achieving synergy between the acquired assets and their current set of assets. A common reason for such errors is managerial hubris over valuation of managerial capability of acquisition process.

### 1.1.1 Company background

Crown beverages limited was founded and incorporated as Lake Victoria bottling company on 29th march 1950. In 1965, Lake Victoria bottling company became Pepsi franchise and started bottling global soft drinks including Pepsi, Mirinda, gingerly among others. It was the first company to be privatized by the national resistance movement government on 28th February 1993 and being owned by three indigenous Ugandans namely; Amos Nzyi, Engineer Dan Kigozi (Maggie kigozi) then it was named crown bottling company with a new line with brands like 7up, mirinda fruity, everness and mountain dew. In 1977, crown beverages went into a joint ownership with internal Pepsi cola bottling investments of South Africa who bought 51% of the shares and there after it took the name Crown Beverages Limited.

## 1.2 Problem statement

Odindo(2009) argues that many manufacturing companies use different strategies to control their finances which ultimately enhance their financial performance. Therefore financial control is a very crucial area in an organization. Even though there exists many financial control tools for example budgetary control, record keeping among others, manufacturing companies still face financial difficulties to manage their day to day operations due to lack of accountability in the use of their funds or lack of a record on how funds are used which makes it difficult to trace the expenditures thus affecting the companies' financial performance negatively. Therefore the purpose of this research is to examine the extent to which financial control contributes to the organization's financial performance.

### 1.3 Purpose of the study

The purpose of this study was to examine the relationship between financial control and financial performance of an organization.

### 1.4 Research objectives

i. To assess the relationship between budgetary control and financial performance

ii. To assess the relationship between record keeping and financial control

iii. To assess the relationship between strategic planning and financial performance

### 1.5 Research questions

**i.** What is the relationship between budgetary control and financial performance?

**ii.** What is the relationship between record keeping and financial performance?

iii. What is the relationship between the strategic planning and financial performance?

### 1.6 Scope of the study

#### 1.6.1 Geographical scope

The research was carried out at the premises of crown beverages limited located at Nakawa industrial area off Kampala- Jinja road. This area was chosen because of its convenience for the researcher and also the willingness of staff to provide data to help in the research study.

#### 1.6.2 Content scope

The study concentrated on the effect of financial control on the financial performance of an organization with specific reference to relationship between budgetary control and financial

performance, record keeping and financial performance and strategic planning and financial performance. Financial control being the independent variable whereas financial performance is the dependent variable.

### 1.6.3 Time scope

The study focused on the period from 2014 to 2015.

## 1.7 Significance of the study

i. The research is essential and highlights the effect of financial control on the organizational financial performance. With reference to the findings of the study, the organization will be able to use the results from the study as a basis for reviewing their financial control tools so as to improve on their performance financially.

ii. The study will also act as a basis for research especially the future researchers and academicians interested in the same area of study so as to enhance the knowledge and great understanding in the field.

iii. The study will also be undertaken as an academic undertaking with practical benefits that is the findings of the study will therefore lead to compilation of the research report which is partial fulfillment of the award of a Bachelors degree in Business Administration and Management.

## 1.8 Justification

Financial control is most important aspects in business operation, therefore companies/ organizations are facing a lot problems for example lack of financial control tools. Financial control is done to control organizational funds from things like; theft, wastage and

embezzlement. Therefore if financial control is neglected in organization, there will be reduction in financial performance thus the researcher tended to cover knowledge gap about financial control by providing information that would be used by organizations in order to enhance financial performance.

## 1.9 Definition of key terms

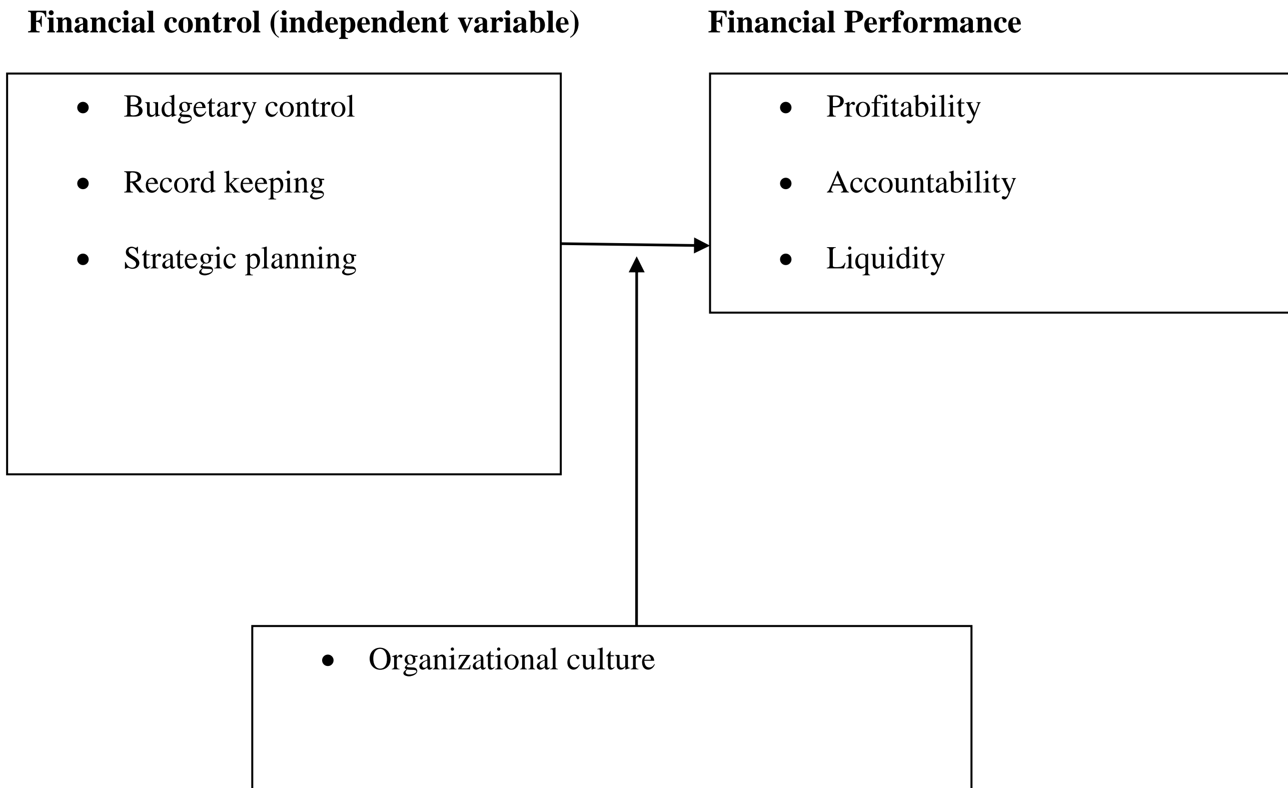
### Financial control

Financial control is an integral part of financial management which is concerned with acquisition, financing and management of assets with some overall goal in mind. (Besley and Bringham 2005)

### Financial performance

Mawada (2008) defines financial performance as the ability to operate efficiently, profitably and react to the environment opportunities and threats.

**1.10 Conceptual frame work**




**Source; Hendricks (2008), Hitt, et al (1996), Hayes, et al., 2005, Emasu (2010) and modified by the researcher.**

The figure above it attempts to explain the relationship between independent variables, intervening variables and dependent variables. In the framework the components under the independent variable included budgetary control, record keeping and strategic planning, those under the dependent variable include; Profitability, Accountability, Liquidity and the intervening variables are organizational culture.

Financial control should include keeping accurate records of all financial transactions, linking the budget to the strategic and operational plans for comparison purposes, producing management reports, producing financial statements, having an internal control system in place

in order to safe guard the organization's assets and to manage risks and having an audit committee to assist in the quality and reliability of financial and other information used.

Hitt, et al (1996) mention current ratio that is to say; current assets divided by current liabilities as a standard measure of liquidity in organizations. Other measures of Liquidity according to Association of Chartered Certified Accountants ACCA are; Acid test ratio that is say; Current Assets less Inventory/Current Liabilities

According to Hayes, et al., 2005, Managers need regular financial reports so as to make informed decisions. Financial reporting is one way through which managers make accountability for the resources entrusted to them. Emasu (2010) adds on that Accountability can be political, social or financial accountability.

# CHAPTER TWO

# LITRATURE REVIEW

## 2.0 Introduction

This chapter of the research covers the following areas; understanding of financial performance, understanding of financial control, relationship between budgetary control and financial performance, relationship between strategic planning and financial control, and finally the relationship between accurate record keeping and financial control.

## 2.1 Understanding of financial control

According to Besley (2005) financial control involves ways in which financial plans are implemented, control deals with the feedback and adjustment process required to ensure adherence to plans and modifications plans because of unfore seen changes. According to Staner at el (2003), financial control focuses on finding the best operations decisions. Financial control focuses on the overall assessment of how well operations control is working to improve the financial performance. It also singles out when operations control is not working well and hence needs to be evaluated and improved.

## 2.2 Understanding financial performance

According to Ashok (2009) financial performance is subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term (financial performance) measures firm's general financial health over a given period of time and can be used to compare similar firms. Different methods used to measure financial performance as indicated by Needles, (2011) include; Profitability – Return on Investment (ROI), earnings

before interest and tax (EBIT), gross profit margins. Growth - market share growth, Sales Growth. Efficiency – return on sales (ROS), return on equity (ROE).

Mawada (2008) defines financial performance as the ability to operate efficiently, profitably and react to the environment opportunities and threats. Performance can also be measured by how efficient an enterprise is in use of its resources in achieving the desired goals and objectives. It is also a measure of attainment achieved by an individual, team or an organization.

### 2.3 Budgetary control and financial performance

Budgetary control refers the process of developing a plan for spending and periodically comparing actual expenditures against the planned in order to determine if it is as planned and if not then adjustments need to be made in order to keep on track. This process is of importance to control spending thus meeting various financial goals. Organizations rely heavily on budgetary control in order to manage their spending activities, and this technique is also used by the public and the private sector as well as private individuals, such as heads of household who want to make sure they live within their means (Dunk, 2009).

According to suberu (2010), it's the responsibility of management of the organizations to implement budgetary control in order to prevent losses that come as a result of theft, fraud and technological malfunction. Budgetary control consists of instructions that help management to ensure that expenses remain within budgetary limits. The importance of budgetary control is that it can be implemented by three departments in an organization to enhance effectiveness. These departments include the; accounting department, statistical department and management department and each of these departments has a role it plan in budgetary control which include; Accounting department provides old data. Statistical department provides the tools and

techniques of forecasting like probability, time series other sampling methods. Management department uses both department services to estimate the expenditures and revenue of business under the normal conditions of business.

According to Robinson at el (2009), the organization has to put proper controls that ensure that the budget is properly maintained and allocated. A company that is able to run its operations efficiently is able to allocate more revenues for the organization. This can be achieved through cutting costs in order to increase the quality and quality of goods and service offered by the firm. However, if an organization has lesser income they might have to find a way to fund their estimated budget by borrowing and tax restructuring (Robinson and Last, 2009). That is why the budget is mostly regarded as the control of expenditure .As the total amount of the annual expenditure; the organization must not exceed the allocation of budget.

Scarlett, (2008) defines budgetary controls as principles, procedures and practices of achieving given objectives through budgets. The budgetary control system assists in fixing the goals for the organization as a whole and concerted efforts made for its achievements. It enables economies in the enterprise. Preetabh (2010) highlighted the benefits of budgetary control as profit maximization; a budgetary control aims at maximizing of profits of an organization through, proper planning and co-ordination of different functions, proper control over various capital and revenue expenditures and putting resources into best use. Coordination; achieved through working of different departments and sectors.

Waren, (2011) says that within an organization, different departments have a bearing on one another; this therefore makes coordination of various executive and subordinates necessary in achieving of budgetary targets. Other budgetary benefits as indicated by preetabh (2010) include;

Specific time aims; the plans, policies and goals are decided by the top management. All efforts are put together to reach the common goal of the organization. Every department is given a target to be achieved. The efforts are directed towards achieving come specific aims. If there is no definite aim then the efforts will be wasted in pursuing different aims. As a tool for measuring performance, budgetary controls provide comparisons between the budget targets and actual targets and deviation determined; performance of each department is reported to the top management which enables introduction of management by exception.

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

Osoro (2001) in his research establishes how perfectly budgets predict the point and direction of real results. The study found established that more stringent controls exist in relief programs than in developmental ones. It is established that more complex control techniques are required in developmental programs than in relief, they need monthly accountability in the later as opposed

to the former whose funding is not followed with strict reporting requirements. Several other factors were found to influence the lack of effective control in developmental organizations.

Surajkumar (2005) argues that budgetary control has a set of defined features of which when met are likely to have a financial implication for the company. The feature of budgetary control is its ability to be used as an instrument of economic policy, a tool for economic management and an instrument for accountability.

Gosh (2005) outlines four steps that are undertaken during the development of a budgetary control system that is to say; set up plans and budgets for each functional area, measuring actual performance against the standard and if there are any deviations then corrective measures are taken. This provides a bench mark against which actual performance is an excellent starting point to performance appraisal.

Budgetary practices are being used as a standard for financial performance are used and are used to evaluate managerial performance. Douglas (1994) used a case study approach and found out that budgeting practices place high importance on budget to actual comparison for performance evaluation purposes both at corporate and subsidiary levels.

Anderson (1993) was also in favor of the above paragraph stating that in most companies of the United States of America, the development of Budgets is still used as the main financial performance measurement system. Budgetary standards and targets tend to be the criteria upon which the performance of organizations is evaluated. These standards and targets provide a starting point for identifying and appraising selected aspects of financial performance, since they are the criteria used to guide and motivate it.

### 2.4 Accurate record keeping and financial performance

According to Gabriel at el (2012), bookkeeping which is a tool for financial control which enables managers to know the financial positions of their businesses and to take certain control measures to improve corporate performance. It provides information that is used by different groups of people such as; managers, investors, leaders, customers among others. An analysis of its statements can highlight a company's strengths and shortcomings, and managers use this information to improve performance. If management is to maximize a firm's value, it must take advantage of the firm's strengths and correct its weaknesses. This is done through the analysis of the financial statements. Financial statement analysis which can be obtained through bookkeeping involves comparing the firm's performance with that of other firms in the same industry and evaluating trends in the firm's financial position over time. These studies help managers identify deficiencies and then take corrective actions to improve situation. From the manager's standpoint, financial statements analysis is useful both to help anticipate future conditions and, more important, as a starting point for planning actions that will improve the firm's future performance

Records involve entries from day to day transactions of business for example transactions in respect to receipts and expenditures of the company. Records may also include a list of organizational assets and liabilities. They help the companies to evaluate their performance in a particular period of time and this is usually at the end of a financial period. Proper record keeping provides evidence of how the transactions were handled and substantiates the steps that

Were taken in order to comply with company's standards. Record keeping is the foundation on which a compliance program should be built upon measures should be put in place to capture the

documentation and events that take place throughout a transaction commencing from deliveries and payments (Reed 2010).

Peacock (1988) found that the inefficient and/or lack of accounting records have led to the failure of many companies. Along similar lines, McCannon (2002) argues that, many companies and organizations fail because owners could not make timely and key managerial decisions resulting from the lack of adequate records. Given the benefits of record keeping, one would therefore wonder why some owners of businesses fail to maintain books of accounts. It appears many businesses are unaware of the contributions of record keeping to the bottom line. Indeed, many have not seen the relevance. McMahon (1998) for instance argues that even the basic form of record keeping deters many owners because to them, keeping records do not provide a trend of their current operations and thus impact less on financial performance.

It is often argued that theory underpins decisions and actions of individuals and businesses. As such, the record continuum theory provides the theoretical justification for keeping business records. The Australia Standard 4390 argues that the records continuum theory involves a consistent and coherent regime of management processes of accurate records from the time of the creation of these records through to the preservation and use of those records. According to Atherton (1985), all the stages of records keeping are interrelated thereby forming a continuum where both record keepers and archivists are involved in the management of these records. Because it involves a broader context of archival science that relates the past to the present and the present to the future, this theory is assumed to be the best for managing or keeping both electronic and paper records with the view of improving efficiency as well satisfying users thus having an impact on the financial performance of a business.

Ikechukwu (1993) argues that keeping records is crucial for the successful performance of an organization. A comprehensive record keeping system makes it easy for an organization to develop accurate and timely financial reports that detail the progress and current condition of the organization. With the financial report generated from a good recordkeeping system, performance during one period of time that is after every financial year with another period can be compared. An accurate record of the organization’s' financial performance is vehicle to monitor performance in specific areas.

Accounting records provide a basis for complete and accurate income tax computation, a basis for sound planning for the future and basis for discussion with partners, potential investors, and lenders all these are important aspects which enhance performance of the organization. The organization also depends on correct accounting records to make good decisions about the firm. Decisions that be made include; as expansion decisions of product lines, make or buy decisions. Therefore if proper records are kept they will facilitate efficient, proper timely decision making and enhance performance the organization.

Bookkeeping convey substantial information about the financial strength and current performance of an enterprise. Although they are prepared primarily for users outside the organization such as the banks and non-banks institutions, managers also find their organization’s financial statements useful in making decisions. As managers develop operating plans, they think about how those plans will affect the performance of the organization, as conveyed by the financial statements. From the bookkeeping, financial statements such as the Balance sheet, Income statement, Retained earnings statement and Statement of cash flows are obtained. The balance sheet is the statement that shows the assets, liabilities and equity of an organization at a point in time. Thus, the balance sheet of an organization portrays the financial

position of that firm at a point in time. The income statement reports the income for the period between two balance sheet dates. The retained earnings statement shows how income and dividends for the period have changed the organization's retained earnings. The statement of cash flows shows how cash was obtained during the period and how it was used. All these statements help in the decision making process of the firm or organization.

Bellardo (1992) defined records as documents created or received and maintained by an organization or individual in pursuance of an obligation which is legal or in transacting business. He argues that record management includes the application of systematic and scientific control to all information that an organization needs in order to conduct its business in a sustainable manner. This definition is embracing, commercial as well as sustainability considerations. These are key features and happenings in the ever changing business environment.

Record keeping itself has a long history dating back to 3600 BC (Mairura, 2011) where clay tablets were always used to maintain records. Several books of records have come to pass as civilization permits to every corner across the globe. Currently, different books of records are used. The choice of a book among others depends on the type of business ownership. Record keeping involves the capturing, maintaining and provision of authentic and readily available records of business activities. There are different reasons for maintaining records and these vary depending on the type of business. ASA & RIM (2011) argue that the primary motive for keeping records is at least to provide evidence of and information about business activities. Thus the existence of records underpins individual, organization and social accountability as well as providing a back-up memory. The practice of records keeping and management involves record keeping systems, creation of record control as well as automated management information systems (Walters, 1995).

McLean (1999) explains that good record management involves the control and creation of records as well as assimilation of new records management technologies. Maintaining business records includes but not limited to entries of day-to-day transactions of business regarding its receipts and payments. It may also include the list of assets and liabilities, number of employees among other things concerning the business. However, a basic record keeping system should be simple to; use, e understands, relies on and designed to provide information on a timely basis. In conventional accounting terminology, these are generally referred to as the qualitative characteristics of financial statements. These characteristics underscore the importance of accounting and business records, and breaking information down to levels that meet the user requirements of a variety of stakeholders.

In practice, record keeping can be manually or electronically done. Manual recording is where owners or employees perform all transactions manually on periodic basis. Under this system, majority if not all the transactions usually recorded are the sales and/or purchase of merchandise either on credit or cash basis. Many say that manual recording has the advantage of being relatively cheaper as compared to the electronic method. According to them, this is because the manual recording of transactions does not involve the use of computers and hiring skilled personnel.

Many have called for the need of keeping records in enhancing business performance. For instance, Hughes (2003) argues that keeping business records is an important driver for the success of a business and he goes on and says that a comprehensive record or book keeping system enables business owners to develop accurate and timely financial reports that detail the progress and prospects of the business. Thus, the financial performance of a business is contingent on the existence of book keeping system. Arguing along the same line, Fitzgerald et

al. (1991) views performance indicators to include but not limited to profitability, business competitiveness, sales growth, customer base, liquidity and capital structure, relative market Share, quality of services and staff competence as well as resource utilization and productivity.

Okoli (2011) links proper record keeping to profitability of businesses and argues that the absence of proper record keeping makes it impossible business owners to do a critical assessment of their performance. He therefore calls for the maintenance of proper record keeping in enhancing their profitability and performance. Whilst the importance and role of record keeping is widely acknowledged, the drivers of record keeping itself are at best anecdotal. , Mairura (2011) assessed the relationship between record keeping and performance of companies and found that level of education, type of ownership, number of employees and age of business were the drivers of record keeping. He however failed to properly establish the correlation between record keeping and business performance.

### 2.5 Strategic planning and financial performance

Strategic planning has been explained by various writers and scholars in different but complementary ways. Drucker (1954) contends that strategic planning is management by plans, an analytical process and is focused in making optimal strategic decisions. Other writers have expanded on Drucker's definition. Ansoff (1970) conceptualizes strategic planning as the process of seeking a better match between a firm's products or technology and its increasingly turbulent markets. He looks at it in terms of change from a familiar environment to an unfamiliar world of strange technologies, strange competitors, new consumer attitudes, new dimensions of social control and above all, a questioning of the firm's role in society. Sharing this view, Hofer and Schendel (1978) define strategic planning as an evolution of managerial response to

environmental change in a focus moving from internal structure and production efficiency, to the integration of strategy and structure and production innovation, multinational expansion and diversification. Wendy (1997) explained strategic planning as the process of developing and maintaining consistency between the organization's objectives and resources and its changing opportunities. Wendy further argues that strategic planning aims at defining and document an approach to doing business that will leads to satisfactory profits and growth.

According to Perce and Robinson1994, the strategic planning process consists of three major components that is to say; formulation, implementation and control. The major focus of strategic planning activities in organizations is these components. The study conducted by Hopkins 1987 indicates that financial performance tended to be higher where only a smaller difference existed between the amounts of incremental emphasis placed on various strategies planning effort.

In the study conducted by Eastlack and Mc Donald (1970) found that performance was better in those firms where managers were heavily involved in strategic planning process. While their results do not prove that strategic planning results are superior in financial performance, the findings indicate that managers believed strategic planning produced enough benefits in their firms to devote substantial proportion of their time engaging in the process with greater intensity. The results perceived importance of strategic planning and financial performance has been the focus of several studies (Guynes 1969, Leontiades and Tezel 1980). In spite of the mixed results findings of these studies generally suggested that the greater the perceived importance of strategic planning, the greater the management's satisfaction with the firm's financial performance

Henderson 1979, Greenely 1986, miller 1994 argued that firms record improved financial performance once they effectively embrace strategic planning. Carrying out various steps in strategic planning process is expected to facilitate realization of organizational effectiveness. By defining a company's purpose and goals, strategic planning provides direction to the organization and enhances coordination and control of organizational activities.

It is argued that strategic planning results in a viable match between the firm and its external environment. Strategy concerns an analysis of the firm's environment, leading to what the firm, given its environment, should achieve. Environmental scanning and analysis allows the firm to be connected to its environment and guarantees the alignment between the firm and its environment. Environmental analysis reveals the market dynamics, business opportunities and challenges, customer expectations, technological advancements and the firm's internal capacities and this provides the basis for strategy selection.

A study conducted by Samson and Tegandan (2003) focused on the configuration theory and firm's research based view to understand the relationship between strategic planning and the firms performance. Their findings also provide partial support for the positive between the two variables. However they concluded that this relationship is mandated by the organizational stage of development and it's beneficial to early stage firms. The underlying premise for these conclusion are based on development of competitive advantage provided by the structure and the future thinking incorporated into the strategic process and the sustainability and erosion of these advantages in late stage firms whose process are more prone to imitation.

Strategic planning applies a system approach by looking at a company as a system composed of subsystems. It permits managers to look at the organization a whole and the interrelationships of

parts, rather than deal with each separate part alone without reference to others. Therefore, it provides a framework for improved coordination and control of an organization's activities. Strategic planning provides a basis for other management functions. Steiner (1979) observes that strategic planning is inextricably interwoven into the entire fabric of management. It provides a framework for decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance. Managers are able to spend time, efforts and resources in activities that pay off. Setting of goals and targets on the other hand facilitate evaluation of organization performance. Individuals in an organization will strive to achieve clear objectives that are set.

Thompson, Strickland and Gamble (2007) suggest that the core of good strategy making is to build a market position strong enough and an organization capable enough to produce successful performance despite unforeseeable events, potent competition, and internal difficulties.

Quinn (1980) explain that well formulated strategies help allocate an organization's resources into a unique and viable posture based upon its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents.

Ohmae (1983) argues that strategic planning enables a company to gain as effectively as possible a sustainable edge over its competitors. Bryson (1989), Stoner (1994) and Viljoen (1995) share Ohmae's argument, pointing out that strategic planning assists organizations to develop a comparative advantage or an edge over competitors and creates sustainable competitive advantage.

## 2.6 Conclusion

Financial controllers and managers need financial and accounting data provided by the accounting information system to evaluate the organization's past financial performance and map it with its future plans. Therefore the organizational financial performance is measured in terms of returns on assets and return on equity of which these are financial measuring ratios.

Financial literature suggests that optimal application and commitment towards financial control practices result into an increased company's financial performance. A financially well controlled organization is operationally efficient and effect in form of performance.

# CHAPTER THREE

# METHODOLOGY

## 3.0 Introduction

This chapter majorly looked at the methodology and among the things included in this in it include the following; research design, area of the study, instruments of data collection, data processing and management, sources of data, sample size, sampling techniques, quality control methods, data analysis, ethical considerations and finally limitations of the study.

## 3.1 Research design

The study used a case study research design. Basically, a case study is a depth study of a particular situation rather than a sweeping statistical survey. It is a method used to narrow down a very broad field of research into an easily researchable topic. This type of research design provides more realistic responses than a purely statistical survey. The research design exploited both qualitative and quantitative approaches. These approaches enabled the researcher to get and analyze relevant information concerning people's opinions about the relationship between financial control and financial performance.

## 3.2 Area of the study

This study was carried at crown beverages limited located in Nakawa along Kampala jinja high way. The company is one of the leading manufacturers of soft drinks in Uganda with brands ranging from; mirinda (pineapple, fruity and orange), mountain dew, Pepsi, everness among other soft drinks. The company was chosen as a case study because it's accessible and the topic

of the study is in line with manufacturing companies of which crown beverages limited is among them.

### 3.3 Study population

The study population is a complete set of individual with some observable characteristics. The researcher obtained data from crown beverages staff of who included; senior managers, accountants, auditors, cashiers of which their total population goes up to 110 employees.

### 3.4 Sample size and selection

This study used convenient sample of 86 employees out of the total population of 110 according to the Krejcie and Morgan (1970). The reason for using 86 employees was due to the limitation of time, resources and distance to travel because the questionnaires were not filled and completed on the same day.

**Table 1: Showing the staff that were sampled**

| | **Response** | **Total Population** | **Sample** | **Percentage** |
|---|---|---|---|---|
| | Auditors | 19 | 16 | 19% |
| | Accountants | 34 | 28 | 33% |
| | Managers | 12 | 8 | 9% |
| | Cashiers | 45 | 34 | 40% |
| | **Total Sample** | **110** | **86** | **100%** |

***Source : Primary Data***

### 3.5 Sampling techniques

The study only used the simple random technique. Random sampling involved the selection of respondents from the study population at random. In this way each respondent had an equal chance of being included in the sample.

### 3.6 Data sources

Both primary and secondary data were used as main sources of data to be used in the study.

**Primary sources**

This is the data that is collected for the first time first time. Primary data obtained from the staff of the crown beverages limited. Primary data was necessary because the staff had most of the information needed in the research.

**Secondary sources**

This is the data from already existing materials for example previous researchers' reports, textbooks, magazines, management reports and internet materials. Secondary data was important because it contained good information from previous studies regarding performance of companies, organizations and businesses.

### 3.7 Data collection instruments

The study employed questionnaires during the process of data collection. This was in form of both open ended and closed ended questions and these were self administered where the researcher allowed filling the questionnaire in the study field as per respondent's responses. The

questionnaire method was used because of being cheap and that the method collects responses with minimum errors and high level of confidentiality.

### 3.8 Data management and analysis

The collected data was first edited which involves sorting of the collected information in order to get information that is relevant to the study variables. At this stage all responses were looked into by the researcher while giving codes to the answered options. Data was then be entered into the computer and analyzed by use of statistical package for social scientists program (SPSS) that was used to develop results in form of tables.

### 3.9 Validity and Reliability.

Validity refers to the quality of being true or correct. Validity is also defined as the degree to which data collected using a particular instrument represents a specific domain or content of particular concept. Reliability refers to the consistency of measurement and is frequently assessed using test and re-tests reliability method. To establish the validity of this research, the researcher got the opinions of experts in the field of study especially the researcher's supervisor and Lecturers which helped in modification of research Instrument in order to enhance validity. Also, the respondents were briefed one on one before giving them questionnaires by the researcher on the need and importance of the study. Guidance on how to answer the questionnaire was provided by the researcher. This ensured high completion rate and accuracy of the information provided.

### 3.10 Quality control methods

Quality control was done by ensuring the right respondents were the only ones providing data. Also quality was ensured where by the analysis tools were accurate and the correct conclusions were made through testing validity and reliability.

### 3.11 Ethical consideration.

At a high level, clearance and approval was obtained from Uganda martyrs university faculty of business administration and management. The researcher also asked and received authorization from the general manager of crown beverages limited.

At individual level verbal consent was received from each participant before data collection. Respondents received a detailed description of research, confidentiality provisions and the fact that their participation was voluntarily and they would withdraw at any point if they deemed so. And finally the principle of privacy and confidentiality was upheld.

### 3.12 Limitations of the study

Some respondents did not fill the questionnaires in time and some were not willing to take part in the study. This problem was tackled by motivating them by convincing them how their involvement in the research was of great importance

Resources in terms of money were not enough. Financial constraints, one of the major problems that the researcher encountered was inadequate financial support which consequently slowed down the process of data collection and production of the final report of the study in time. The problem of resources was solved by using the money while minding in order to enable successful completion of the data collection and analyzing process.

The time was also limited to fully assess and analyze all the information that is relevant for the study. This problem was minimized by solved by utilizing any free time available in order to that the limited time was used profitably.

# CHAPTER FOUR

# DATA PRESENTATION AND DISCUSSION

## 4.0 Introduction

This chapter presents analysis and findings of the study as earlier on set out in the research methodology. The study findings were presented to establish the relationship between financial control and financial performance of crown beverages limited. The data was gathered exclusively from the questionnaire as the research instrument which was designed in line with the objectives of the study

## 4.1 Background information of the respondents.

In this sub section the following background information was analysed and presented, gander of the respondents, the positions they hold in the company, time period since they begun working in crown beverages limited, their marital status, and finally their highest level of education.**Table 1: Position Held in Organization**

| | **Response** | **Frequency** | **Percentage** |
|---|---|---|---|
| Valid | Auditors | 16 | 19% |
| | Accountants | 28 | 33% |
| | Managers | 8 | 9% |
| | Cashiers | 34 | 40% |
| | **Total** | **86** | **100%** |

**Source: Primary Data.**

19% of the respondents were auditors, 33% were accountants, 9% of the respondents were managers and 40% were cashiers.

**Table 2: Gender Composition of the respondents**

The study assessed the gender composition of the respondents and the following findings were revealed.

| | **Gender** | **Frequency** | **Percentage** |
|---|---|---|---|
| Valid | Male | 60 | 70% |
| | Female | 26 | 30% |
| | **Total** | **86** | **100%** |

***Source : Primary Data***

Findings presented in table above, 70% of the respondents were males and 30% were females. This implies that more males were used in the study respondents than females.

**Table 3: Marital Status of the respondents.**

| | **Marital Status** | **Frequency** | **Percentage** |
|---|---|---|---|
| Valid | Married | 55 | 64% |
| | Single | 31 | 36% |
| | **Total** | **86** | **100%** |

***Source: Primary Data***

Out of the 86 respondents used in the study, 64% were married and only 36% were single. This implies that majority of the study respondents were married since they composed a bigger percentage.

**Table 4: Education Level of the respondents.**

The research study went ahead to examine the education level of respondents and the following findings were revealed.

| | **Education Level** | **Frequency** | **Percentage** |
|---|---|---|---|
| Valid | Certificate | 23 | 27% |
| | Diploma | 35 | 41% |
| | Degree | 26 | 30% |
| | Masters and above | 2 | 2% |
| | **Total** | **86** | **100%** |

***Source: Primary Data***

According to the findings presented in the table above, 27% of the respondents had certificates, 41% had diplomas, 30% were degree holders, and 2% had masters and above. This implies all respondents had a recognizable level of education thus were knowledgeable enough to provide relevant responses to the study questions.

**Table 5: Duration spent with Crown Beverages limited.**

The study researcher went ahead to the asses the years employees had worked with crown beverages limited and the following findings were revealed.

| | Duration with Crown Beverages | Frequency | Percentage |
|---|---|---|---|
| Valid | 0 - 5yrs | 17 | 20% |
| | 6 - 10yrs | 49 | 57% |
| | 10yrs and Above | 20 | 23% |
| | **Total** | **86** | **100%** |

***Source: Primary Data***

According to the findings presented in the table above revealed that 20% of the respondents had served crown beverages for 0 – 5 years, 57% had worked for 6 – 10 years of service and 23% of the respondents had worked for 10 years and above. This implies that all respondents used in the study had worked for enough period of time and were capable of providing valid responses to the study questions.

**4.2 Budgetary Control and Financial Performance.**

The tables below go on to show the results that were obtained as the researcher went on to assess the relationship between budgetary control and financial performance.

**Table 6: Time Period covered by Budgets.**

| | Time Period covered by budgets | Frequency | Percentage |
|---|---|---|---|
| Valid | Less 1 yr | 45 | 52% |
| | 1-5yrs | 40 | 47% |
| | 5yrs and above | 1 | 1% |
| | **Total** | **86** | **100%** |

***Source: Primary Data***

From the table above, 52% of the respondents proclaimed that their budgets cover less than a year, 47% mentioned 1 – 5 years, and 1% of the respondents presented a period of 5 years and over. This implies that majority of the budgets used by crown beverages limited run in less than a year when it exceeds does not go beyond five years of operation.

**Table 7: Period for Budgetary Reviews in Crown Beverages Limited.**

| | Periodical Review of budgets | Frequency | Percentage |
|---|---|---|---|
| Valid | Annually | 23 | 27% |
| | Monthly | 46 | 53% |
| | Quarterly | 14 | 16% |
| | None | 3 | 4% |
| | **Total** | **86** | **100%** |

***Source: Primary Data***

Findings revealed that 27% that budgetary reviews are done annually, 53% revealed monthly reviews, 16% proclaimed quarterly reviews, and only 4% had no option on the above question. This implies that budgetary reviews in crown beverages limited are normally carried out at monthly, followed by annual reviews and lastly quarterly reviews.

**Table 8: Management normally reviews budgets.**

| | **Response** | **Frequency** | **Percentage** |
|---|---|---|---|
| Valid | Strongly Agree | 29 | 34% |
| | Agree | 40 | 47% |
| | Not Sure | 3 | 3% |
| | Disagree | 8 | 9% |
| | Strongly Disagree | 6 | 7% |
| | **Total** | **86** | **100%** |

**Source: Primary Data**

The results in the table above shows that 34% of the respondents strongly agreed that management normally reviews budgets of the company in order to ensure sustainability and support capacity, 47% also agreed, 3% were not sure, 9% disagreed and 7% of the respondents strongly disagreed. This implies that the management of Crown Beverages Limited reviews its budgets.

**Table 9: Stakeholders are engaged in budgetary decisions of the company.**

| | Response | Frequency | Percentage % |
|---|---|---|---|
| Valid | Strongly Agree | 43 | 50% |
| | Agree | 24 | 28% |
| | Not Sure | 2 | 2% |
| | Disagree | 6 | 7% |
| | Strongly Disagree | 11 | 13% |
| | **Total** | **86** | 100% |

**Source: Primary Data.**

Findings presented in the table above revealed that 50% of the respondents strongly agreed that stakeholders are involved in the budgetary decisions of the company, 28% agreed, 2% were not sure, 7% disagreed and 13% also strongly disagreed. Respondents proclaimed that the company seeks and considers advice provided by clients, supervisors, and subordinate workers since they also hold their personal view over organizational programs in a given perspective. This normally enable the management of crown beverages to get wide range of options to take thus suggestion of the most appropriate is fostered and boosted via collective decision making. This implies that the management seeks for ideas and opinions from its stakeholders while preparing budgets for proper conclusive decisions.

**Table 10: Regular Audit is conducted on estimated and actual budgets.**

| | Response | Frequency | Percentage % |
|---|---|---|---|
| Valid | Strongly Agree | 37 | 43% |
| | Agree | 32 | 37% |
| | Not Sure | 0 | 0% |
| | Disagree | 11 | 13% |
| | Strongly Disagree | 6 | 7% |
| | **Total** | **86** | 100% |

**Source:** ***Primary Data***

The results in the table above revealed that 43% of the respondents strongly agreed that regular audits is conducted on estimated and actual budgets, 37% agreed, none of the respondents were not sure, 13% of the disagreed and 7% strongly disagreed. This implies that regular audit is conducted on estimated and actual budgets.

**Table 11: Management Team Reviews regularly implementation of budget plans prior to budget years.**

| | Response | Frequency | Percentage % |
|---|---|---|---|
| Valid | Strongly Agree | 26 | 30% |
| | Agree | 40 | 47% |
| | Not Sure | 3 | 3% |
| | Disagree | 17 | 20% |
| | Strongly Disagree | 0 | 0% |
| | **Total** | **86** | 100% |

**Source:** ***Primary Data***

Of the 86 respondents, 30% (26) of the respondent strongly agreed that management teams review regular implementations of the budget plans prior to years, 47% agreed, 3% were not sure, 20% disagreed and none of the respondents strongly disagreed. Some respondents asserted that there always audit activities done against progress of budgetary implementation and planned approach for assuring success.

**Table 12: Organizational Departments prepare budget plans prior to budget year.**

| | Response | Frequency | Percentage % |
|---|---|---|---|
| Valid | Strongly Agree | 48 | 57% |
| | Agree | 23 | 27% |
| | Not Sure | 6 | 7% |
| | Disagree | 6 | 7% |
| | Strongly Disagree | 3 | 3% |
| | **Total** | **86** | 100% |

**Source:** ***Primary Data***

57% of the respondents strongly agreed that organizational department plan for budgets that are prior to a budget year, 27% agreed, 7% were not sure, 7% disagreed and 3% strongly disagreed. This implies that organizational departments of Crown Beverages do prepared budgets plan prior to the budget year.

**Table 13: The Company has both short term and long term budgets.**

| | Response | Frequency | Percentage % |
|---|---|---|---|
| Valid | Strongly Agree | 54 | 63% |
| | Agree | 20 | 23% |
| | Not Sure | 6 | 7% |
| | Disagree | 3 | 3% |
| | Strongly Disagree | 3 | 3% |
| | **Total** | **86** | 100% |

**Source:** ***Primary Data***

Findings presented in the table above revealed that 63% of the respondents strongly agreed that the company has both short term and long term budgets, 23% agreed, 7% were not sure, 3% disagreed, and 3% of the respondents strongly agreed. This implies that the company has both short term and long term budgets.

In response question(6) in the study questionnaire, respondents managed suggest a few ways how budgetary control systems can be improved in Crown Beverages Limited that included; initial consultation to subordinate workers, assessment of macroeconomic factors, inventory assessment and price updates.

#### 4.2.1 The Relationship between Budgetary Control and Financial Performance.

**Table 14: Relationship between Budgetary Control and Financial Performance.**

| | | Budgetary Control | Financial Performance |
|---|---|---|---|
| Budgetary Control | Pearson Correlation | 1 | .764** |
| | Sig. (2-tailed) | | .000 |
| | N | 86 | 86 |
| Financial Performance | Pearson Correlation | .764** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 86 | 86 |

**. Correlation is significant at the 0.01 level (2-tailed).

Table above, the results revealed that there is a correlation between Budgetary Control and Financial Performance with a positive and significant relationship ($r = 0 .764$, $p \leq 0.01$). This means that budgetary control is a strong in enhancing Financial performance of the company. These findings are in line with the arguments from the study of Anderson (1993) in the literature review.

### 4.3 Record Keeping and the Company's Financial Performance.

The study went on to assess the relationship between record keeping and financial performance and the following results were got as shown in the table below.

**Table 15: Record Keeping and the Company's Financial Performance.**

| | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|
| Organization carried out record keeping and management | 86 | 0 | 2 | 1.84 | 0.51 |
| Record keeping  is a tool of financial control | 86 | 0 | 2 | 1.94 | 0.28 |
| Record keeping enables to know the financial position of the company | 86 | 0 | 2 | 1.98 | 0.15 |
| Lack of accounting records can lead to failure of the company | 86 | 0 | 2 | 1.77 | 0.48 |
| Management bases on records to make decisions in the company | 86 | 0 | 2 | 1.81 | 0.45 |

**Source: Primary Data**

### 4.3.1 Organization carries out Record Keeping and Management.

From the information revealed by table 14, respondents believe that the company exercises have enough book keeping and management. This is revealed by a mean value of 1.84. However, a significant standard deviation value of 0.51 under the same test revealed varied responses from the respondents questioned. This implies that the Crown beverages limited has normally exercises record keeping and management while managing financial resources of the enterprises.

### 4.3.2 Record keeping is a tool of financial control.

Basing on the findings presented in the table 14, it can be clearly showed that record keeping in the company is considered as a tool of financial control. This is revealed by the mean value of 1.94. A significant standard deviation value of 0.28 under the same tests varied responses from

the respondents questioned. This implies that the company normally uses financial record keeping as a financial control in the enterprise.

### 4.3.3 Record keeping enables to know the financial position of the company

Merging the findings presented in the table 14, it is evident that record keeping enables the company to know its financial position a given period of time. This is revealed by the mean value of 1.98. A significant standard deviation value of 0.15 under the same tests varied responses from the respondents questioned. This implies that through record keeping, the management of the company is able to assess its financial position.

### 4.3.3 Lack of accounting records can lead to failure of the company

From the findings presented in the table 14 above, it is clearly evident that lack of accounting records can lead to failure of the company. This is revealed by the mean value of 1.77 revealed by the study, a significant standard deviation value of 0.48 under the same tests varied responses from the respondents questioned. This implies that accounting records are a key basis for to the survival of the firm.

### 4.3.4. Management bases on records to make decisions in the company

From the findings presented in the table 14, it can be revealed that the management of the company normally bases on the records to make decisions in the industry. This is verified on the mean value of 1.81. A significant value of standard deviation of 0.45 under the same tests varied responses from the respondents questioned. This implies that the company makes its decisions basing on the records that are achieved from records kept by the management.

### 4.3.5 Trend and Schedule of Record Keeping in the Company.

**Table 16: Trend and Schedule of Record Keeping.**

| | **Response** | | |
|---|---|---|---|
| Valid | **Recording schedule** | **Frequency** | **Percentage %** |
| | Daily | 69 | 80% |
| | Weekly | 15 | 17% |
| | None of these | 2 | 2% |
| | **Total** | **86** | **100%** |
| | **Recording System** | | |
| | Computerized | 26 | 30% |
| | Manual | 60 | 70% |
| | None of these | 0 | 0% |
| | **Total** | **86** | **100%** |

**Source: Primary Data**

80% of the respondents revealed that records in the company are registered daily, 17% suggested weekly and only 2% had no option to the above. This implies that the company normally takes its records on a daily basis with a great percentage of 80% of the respondents who suggested daily recording.

Further 30% of the respondents revealed that the company uses computerized recording systems, 70% revealed manual system. It is evident that the company mainly uses manual systems while recording the company records. Some of the respondents proclaimed that organizational transactions are entered in the books of records that include sales day books, daily journals, petty

cash books, and others which are regularly crosschecking by senior accountants, supervisors and auditors for verification purposes.

### 4.3.6 The relationship between Record Keeping and Financial performance.

**Table 17: Relationship between Record Keeping and Financial Performance.**

| | | Record Keeping | Financial Performance |
|---|---|---|---|
| Record Keeping | Pearson Correlation | 1 | .930** |
| | Sig. (2-tailed) | | .000 |
| | N | 86 | 86 |
| Financial Performance | Pearson Correlation | .930** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 86 | 86 |

**. Correlation is significant at the 0.01 level (2-tailed).

Table above, the results revealed that there is a correlation between record keeping and Financial Performance with a positive and significant relationship ($r = 0\ .930$, $p \leq 0.01$). This means that record keeping is a strong in enhancing financial performance of the company.

Findings were in line with the argument of Gabriel at el (2012), bookkeeping which is a tool for financial control which enables managers to know the financial positions of their businesses and to take certain control measures to improve corporate performance. This presents book keeping being very essential while dealing with prosperous financial performance of any business.

### 4.4 Strategic Planning and organizational financial performance.

In trying to assess the relationship between strategic planning and financial performance the following results were revealed as shown in the tables below

**Table 18: Time and Periodical Assessment of Strategic Plans in the organization.**

| | **Response** | | |
|---|---|---|---|
| Valid | **Duration** | **Frequency** | **Percentage %** |
| | Less than 1 year | 28 | 33% |
| | 1 - 5 year | 53 | 62% |
| | 5 and Above | 5 | 6% |
| | **Total** | **86** | **100%** |
| | **Assessment period** | | |
| | Annually | 47 | 55% |
| | Monthly | 28 | 33% |
| | Quarterly | 8 | 9% |
| | None of these | 3 | 3% |
| | **Total** | **86** | 100% |

**Source: Primary Data**

#### 4.4.1 Time Period Covered by Strategic Plans.

From the findings presented in the table 16; it is evident that 33% of the respondents suggested that strategic plan of the company are scheduled to a period of less than a year, 62% mentioned 1 – 5 years, and 6% suggested that they normally cover over 5 years. This implies that the company strategic plan covers 1 – 5 years with a high percentage of 62% of the respondents.

#### 4.4.2 Periodical Review of the strategic plans.

55% of the respondents revealed that strategic plans of the company are assessed every after a year, 33% suggested that are reviewed monthly, 9% revealed quarterly and 3% suggested none of the options was true to them.

**Table 19: Arguments on the impact of Strategic Management Financial Performance.**

| | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|
| Management team reviews regularly the implementation of strategic plans of the company | 86 | 1 | 5 | 4.09 | 0.79 |
| Organizational stakeholders are engaged in strategic planning process | 86 | 1 | 5 | 3.22 | 1.38 |
| Strategic plans are a basis for decision making | 86 | 1 | 5 | 3.70 | 1.20 |
| Emphasis on strategic plans yield higher financial performance | 86 | 1 | 5 | 3.87 | 1.25 |

**Source: Primary Data**

#### 4.5.1 Management team services regularly the implementation of strategic plans of the company.

From the information collected from respondents according to table 17, it clear that the management of the company reviews implementation of the strategic plans. This is revealed by a mean value of 4.09 which lies in the agreement scale of the Linkert Scale. A significant value of a standard deviation of 0.79 presented a variation in the responses from the respondents interviewed over the same test. This means that the management of the company reviews the implementation.

### 4.5.2 Organizational stakeholders are engaged in strategic planning process.

From table 17, it is clearly evident that, respondent were indifferent as to whether the organizational stakeholders are engaged in the decision making process. This is revealed by a mean value of 3.22 which is the “not sure” position according to the Likert scale. However, the standard deviation of 1.38 reveals that, respondents varied in their responses to the test. This implies that respondents were not sure whether the company involves stakeholders in the strategic planning process or not.

### 4.5.3 Strategic plans are a basis of decisions making.

From the findings presented in the table 17, it is evident that respondents asserted that strategic plan are basis for decision making in the company. This is revealed by a mean value of 3.70 which nearly underlies in the agreement scale of the Linkert scale. A significance value of standard deviation 1.20 revealed that respondents varied in their responses to the same test.

### 4.5.4 Emphasis on Strategic plans yields higher financial performance of the company.

From the information collected from respondents according to table 17, it clear that the management of the company tend to yield higher financial performance via implementation of strategic plans. This is revealed by a mean value of 3.87 which lies in the agreement scale of the Linkert Scale. A significant value of a standard deviation of 1.25 was also revealed, that shows a variation in the responses from the respondents interviewed over the same test. This means that the management of the company reviews the implementation of its strategic plans.

### 4.3.6 The relationship between Strategic Planning and Organizational Financial performance.

**Table 20: Relationship between Strategic Planning and Organisational Financial Performance.**

| | | Strategic Planning | Financial Performance |
|---|---|---|---|
| Strategic Planning | Pearson Correlation | 1 | .744** |
| | Sig. (2-tailed) | | .000 |
| | N | 86 | 86 |
| Financial Performance | Pearson Correlation | .744** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 86 | 86 |

**. Correlation is significant at the 0.01 level (2-tailed).

Table above, the results revealed that there is a correlation between strategic planning and Financial Performance with a positive and significant relationship ($r = 0\ .744$, $p \leq 0.01$). This means that strategic planning is a strong in enhancing financial performance of the company.

Findings were in line with the study conducted by Samson and Tegandan (2003) focused on the configuration theory and firm's research based view to understand the relationship between strategic planning and the firm's performance. The findings provided partial support for the positive relationship between the two variables. The underlying premise for these conclusion are based on development of competitive advantage provided by the structure and the future thinking incorporated into the strategic process and the sustainability and erosion of these advantages in late stage firms whose process are more prone to imitation.

# CHAPTER FIVE

# SUMMARY FINDINGS, CONCLUSION AND RECOMMENDATION

## 5.0 Introduction

This chapter presents summaries of the study findings as per the study objectives, conclusions based on those findings and recommendations which are based on both the study findings and other relevant literature considered necessary and vital to be used in future to improve the study situation.

## 5.1 Summary Findings.

This part presents the summarized results and interpretation (findings) based on the study objectives as established at the beginning of the study.

### 5.1.1 Summary of Findings on Budgetary Control and Organizational Performance

Findings revealed that the company budgets are mainly designed for less than a year and some for 5 with a least of those which do over a period of 5 years of coverage. It was noticed that the management of the company reviews budgets basically on a monthly and annual basis with a limited of proclamation about a quarterly review scale as presented in the findings.

It was revealed that the management of the organization review budgets in order to ensure their sustainability and support capacity which is a good managerial practice for full utilization of organizational resources as supported by suberu (2010) in his argument that it's the responsibility of management of the organizations to review and implement budgetary control in order to prevent losses that come as a result of theft, fraud and technological malfunction.

Findings revealed that stakeholders are engaged in budgetary decisions of the entity and respondents asserted that the company seeks and considers advice provided by clients, supervisors, and subordinate workers since they also hold their personal view over organizational programs in a given perspective. This normally enable the management of crown beverages to get wide range of options, new idea generations, proper assessment and thus taking of the most appropriate is fostered and boosted via collective decision making.

There are regular audits at the company conducted on estimated and actual budgets which track progress by monitoring and evaluating resources injects and promising output to avoid wastage of resources in the due course. It was revealed that the budget assessment of implementations are carried out according prior to the years of operations by the defined management team thought to be holding competent skills of expertise in the exercise.

It was revealed that the company has got both short term and long term budgets depending on the department or section being designed. The study went ahead to suggest ways of improving budget control systems of the company that encompassed; initial consultation to subordinate workers, assessment of macroeconomic factors, inventory assessment and price updates.

Findings revealed a significant relationship between budgetary control and organizational financial performance of $r = 0\ .764$, ($p \leq 0.01$). This means that budgetary control is a strong in enhancing Financial performance of the company. These findings are in line with the arguments from the study of Anderson (1993) in the literature review

**5.1.2 Record Keeping and the Company's Financial Performance.**

Findings revealed that the management of the company carries record keeping as a financial control tool with different records kept such as inventory records, accounting records, purchases

records, sales records and others. These enable the management of Crown Beverages to realize its financial position and its absence can be cause to failure basing on the fact that the management bases of such records kept to make further strategic and operational decisions of the company.

It was revealed that the records of the company are basically recorded on a daily basis and operations and transactions commence and only a few proclaimed a weekly record and majority of such information is recorded manually. Records are kept in physical ledger books, sales books, journals, receipt books and others.

The results revealed that there is a correlation between record keeping and Financial Performance with a positive and significant relationship ($r = 0.930$, $p \leq 0.01$). This means that record keeping is a strong in enhancing financial performance of the company.

Findings were in line with the argument of Gabriel at el (2012), bookkeeping which is a tool for financial control which enables managers to know the financial positions of their businesses and to take certain control measures to improve corporate performance. This presents book keeping being very essential while dealing with prosperous financial performance of any business.

### 5.1.3 Strategic Planning and organizational financial performance.

It was revealed that the strategic plans of the company normally cover a period of 1 – 5 years followed by those less than a year. Strategic plans must have a time frame of operation under which organizational strategies are to be conducted and implemented.

Findings revealed that the management of the company has got teams that regularly implement strategic plans of the enterprise; stakeholders are fully engaged in the process of development

and implementation. The strategic plans of the enterprise are used as a basis for decision making and thorough emphasis on them can yield a better financial position of the enterprise as revealed by the study findings.

The results revealed that there is a correlation between strategic planning and Financial Performance with a positive and significant relationship ($r = 0.744$, $p \leq 0.01$). This means that strategic planning is a strong in enhancing financial performance of the company.

Findings were in line with the study conducted by Samson and Tegandan (2003) focused on the configuration theory and firm's research based view to understand the relationship between strategic planning and the firm's performance. The findings provided partial support for the positive relationship between the two variables. The underlying premise for these conclusion are based on development of competitive advantage provided by the structure and the future thinking incorporated into the strategic process and the sustainability and erosion of these advantages in late stage firms whose process are more prone to imitation.

**5.2 Conclusions**

Findings revealed that the company budgets are designed for less than a year with monthly and annual reviews conducted which are intended to ensure sustainability and support capacity of the enterprise. The company managers involve stakeholders in budgetary decisions for new idea generation and collective decision making, audits are carried on actual and estimated budgets, short and long budgets, and positive significant relationship of $r = 0.764$ between budgetary control and organizational performance was are revealed.

Findings revealed that the management of the company carries record keeping as a financial control tool with different records kept such as inventory records, accounting records, purchases

records, sales records and others. These enable the management of Crown Beverages to realize its financial position and its absence can be cause to failure basing on the fact that the management bases of such records kept to make further strategic and operational decisions of the company.

It was revealed that the strategic plans of the company normally cover a period of 1 – 5 years followed by those less than a year. Strategic plans must have a time frame of operation under which organizational strategies are to be conducted and implemented. Findings revealed that the management of the company has got teams that regularly implement strategic plans of the enterprise; stakeholders are fully engaged in the process of development and implementation. The strategic plans of the enterprise are used as a basis for decision making and thorough emphasis on them can yield a better financial position of the enterprise as revealed by the study findings.

### 5.3 Recommendations

Basing on the findings, the following are the recommendations the study throws that need improvement to foster organizational performance and financial controls effectiveness.

There is a need to train workers of the organization control systems in order to ensure effective and principally conduct to control activities.

The management of the company must increase on the supervisory level and monitoring in order to ensure full record keeping with relativity to accuracy in order to enhance proper decision making process basing on the available and reliable records.

The management of the company should ensure proper collective decision making and feedback management that explores participation of stakeholders which enhances appropriateness in suggestions.

## 5.4 Further area of study.

The following studies can be carried out in order to thoroughly hypothesize the organizational performance factors.

i. The impact of employee training on organizational financial performance of manufacturing companies.

ii. The impact of job rotation on employee performance.

iii. The impact of integrated financial management systems of level of service delivery.

# REFERENCES

Adongo, K.O. (2012). The relationship between budgetary control and financial performance of State cooperation in Kenya. *Unpublished MBA Project*: Kenyatta University.

Anderson, R.E. (1993). Can stage to stage deliver goods? *Financial Executive*, 9, 34-35.

Ashok. K, and Mishra, C.W., (2009), factors affecting financial performance

Badu, D. (2011an investigation of budgeting and budgetary control at Ernest Chemist Laurea, *Published BBA Degree*, University of Applied Sciences

Besley. S, Brigham. E. F. (2005) Essentials of managerial finance. 13th edition, USA; southwestern publishing company.

Bryson, J. M. (1989). *Strategies planning for public and nonprofit organizations* New York: Jossey Bas.

Bryson, J. M., & Roering, W. D. (1987). Applying private sector strategic planning in the public sector. *APA Journal*, winter, 7-20.

Callahan, C. M., & Waymire, T. R. (2007). An examination of budgetary control on performance.

Chakravarthy, B. (1986. Measuring strategic planning *Strategic Management Journal*, 7(5), 437-458.

David. F. R, (1997), Strategic management. Newyork; Prentice hall

Donald, R. C. (2008).*Business Research Methods (6th edition)*.Boston Irwin. McGraw-Hill.

Douglas, B.R. (1994).The budget process in a multinational firm. *The multinational business review*. 2, 58-63.

Drury, C. (2006). *Cost and Management Accounting* (6th edition). Boston Irwin. McGraw-Hill, 422-471.

Dunk, A. S., Hopwood, A. G., & Shields, M. D. (2001). Role of Budgeting and Budget process *Journal of Management Accounting,* 1(2):1-8

Dunk, A.S. (2009). Budget emphasis, budgetary participation and managerial performance: *.Accounting, Organization and Society*, 14(4): 321- 324.

Fitzgerald, L. Performance measurement. London.

Gacheru, N. (2012). The effect of budgeting process on Budget Variance in NGOs in Kenya. *Unpublished MBA Project*. University of Nairobi.

Greenly (1986), Does strategic planning improve company performance? Long range planning, 19(2), April 101-109

Hax, A. C., & Majluf, N. S. (1996). *The Strategy Concept and Process: A Pragmatic Approach* (2nd Edition). New Jersey, Prentice-Hall.

Henderson. B, (1972), Long range planning and organizational performance, Academy of management journal, 15, March, pp 91-102.

Hirst, M.K. (1987). *The Effects of Setting Budget Goals and Task Uncertainty on Performance*: A Theoretical Analysis. *The Accounting Review*, 62(4), 774-784.

Hitt. M. (1996). The Market for Corporate Control and Firm Innovation.

Horngren, C. Forster, & Dater, D. (2005). *Cost Accounting: A managerial Emphasis*. San Francisco, Simon and Schuster co.

Horngren, C.T. (2002). *Management and Cost Accounting, Harlow (2nd edition)*: Financial Times, Prentice Hall.

http://www.crownbeverageslimited.com

Hufer. C. w, Schendel. D, (1978), strategic formulation: analytical concept, west publishing company.

Hughes, L. (2003). Opportunities of record managers working in private sector. Records management society of Great Britain. Records management journal. 13(3) pp117-122.

Hughes. L, (2003) opportunities of record mangers working in private sector records management society of Great Britain. Record management journal. 13 (3) pp117-122

Ikechukwu C. (1993). Success Key Point Book Keeping and Accounts. Onitsha: Hybrid Publisher Limited.

Joshi, J., & Abdulla, M. (1996). Budgetary Control and Performance Evaluation Systems in Corporations in Bahrain, *Asian Review of Accounting*, 4 (I) 2:125 – 144.

Mairura, C.J., (2011). The influence of business records on the organizational performance, journal of language, technology and entrepreneurship in Africa, 3(1).

Marcormick, G., & Hardcastle, N. (2011). Budgetary Control and Organizational Performance, *Journal of Finance and Accounting*, 2(1):1-8.

Marcormick, G., & Hardcastle, N. (2011). Budgetary Control and Organizational Performance, *Journal of Finance and Accounting*, 2(1):1-8

Mawanda, S. P. (2008). Effects of Internal controls on the financial performance in Uganda's Institution of higher Learning. Dissertation for award of MBA in Uganda Martyrs University.

Mc lean, R.J., (1999). Record management. The bus case records management bulletin. 90, 3-9

McLean, J. 1999, Record management, the bus case records management Bulletin, 90, 3-9

Miller. C.C, Cardinal. L.B, (1994), Strategic planning and firm performance, 37,pp 1649-1665

Mwaura, N. (2010). The relationship between budgetary participation and financial performance of companies quoted at the Nairobi Stock Exchange, *Unpublished MBA*, University of Nairobi.

Needles, S, C, (2011), managerial accounting, USA; South western

Nickson, J., & Mears S. (2012). Budgetary Control and Performance, *Journal of Finance*, 7(3):78-98

Nickson, J., & Mears S. (2012). Budgetary Control and Performance, *Journal of Finance*, 7(3):78-98.

Ohmae, K. (1983). *The Mind of the Strategist*. Harmondrworth: Penguin Books.

Osoro, P.M. (2001*). Budgetary Control in Kenya*: A Case of World Vision. *U*npublished MBA Project. University of Nairobi.

Otley, D.T., Pollanen, R.M. (2000). *Budgetary Criteria in Performance Evaluation*: A Critical Appraisal Using New Evidence. Accounting, Organization and Society, 25(4/5), 483-496.

Preetabh. (2010, August 27th). *Advantages of Budgetary Control.* Retrieved February 26th, 2012, from http://expertscolumn.com/content/advantages-budgetary-control.

Quinn, J. B. (1980). *Strategies for Change: Logical Incrementalism*. Homewood IL: Irwin.

Rebecca, N. K. (2014). *The effect of budgetary control on effectiveness of nongovernmental organizations in Kenya.* Unpublished MBA Project. University of Nairobi.

Robinson, M. (2009). *Budgetary control model: The Process of Translation.* Accounting, Organization and Society, 16(5/6), 547-570.

Scarllet, R. (2008). *Official learning system.* Oxford: CIMA Publishing.

Serem, S. K. (2013). *Effects of budgetary control on performance*. Unpublished MBA Project. University of Nairobi.

Steiner, G. A. (1979). Strategic planning. New York: free press.

Stoner, J. A. F. (1994). Management. Prentice-Hall.

Suberu, S.B. (2010). Budgeting strategies in selected federal polytechnic libraries in Nigeria. Samaru, *Journal of Information Studies*, 10(1):1-7.

Tourangeau, K. W. (1987).*Strategic management: How to Plan, Execute, & Control Strategic Plans for Your Business.* New York: McGraw-Hill.

Viljoen. J, (1995), strategic management: planning and implementing corporate strategies. Longman.

## QUESTIONNAIRE

Dear respondent,

I am third year student at Uganda Martyrs University pursuing a Bachelor's degree in Business Administration and Management. As part of my academic requirement, I am carrying out research on a topic **"Financial control and financial performance"**, with a case study being **Crown Beverages Limited**. You have therefore been identified as a resourceful person in providing the required information. The purpose of this research is purely academic and the information you give will be anonymously treated with confidentiality.

**SECTION A**: personal data

1. Position held in organization…………………………………………………………………..

2. Sex: a) Male ☐ b) Female ☐

3. Marital status: a) Married ☐ b) Single ☐

4. Highest level of academic qualification

a) Certificate ☐ b) Diploma ☐

c) Degree ☐ d) Masters and above ☐ e) other levels ☐

5. Years worked with Crown beverages limited

a) 0-5 years ☐ b) 6-10 years ☐ c) 10 years and above ☐

**Section B: budgetary control and organizational financial performance**

**Please tick in the appropriate box provided.**

1. Please indicate, generally, the time period covered by your budgets?

(a) Less than 1 year (b) 1-5 years (c) 5 and above years

2. How often is the budget reviewed?

(a) Annually (b) Monthly (c) Quarterly (d) None

Please indicate the level of agreement with the statements below where; **strongly Disagree (i) Disagree (ii) Not Sure (iii) Agree (iv)** and **strongly agree (v).**

1. The management of the organization reviews the budget

i ☐ ii ☐ iii ☐ iv ☐ v ☐

3. The organization engages its stakeholders in making key budget decisions

i ☐ ii. ☐ iii. ☐ iv ☐ v ☐

4. The organization conducts regular audit of the estimated and actual budget

i ☐ ii ☐ iii ☐ iv ☐ v ☐

5. The management team reviews regularly the implementation of budgetary control measures in the organization

i ☐ ii ☐ iii ☐ iv ☐ v ☐

Organizational departments prepare budget plans prior the budget year

i ☐ ii ☐ iii ☐ iv ☐ v ☐

The company has both short term and long term budgets

I ☐ ii ☐ iii ☐ iv ☐ v ☐

6. Suggest any ways in which the budgetary control system can be improved in your organization?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

**Section C: record keeping and the company's financial performance**

Please indicate; yes, **no** or **not sure** as far as record keeping is done in your organization.

1. Your organization carries out record keeping and management

Yes ☐ No ☐ not sure ☐

2. Record keeping is a tool of financial control

Yes ☐ no ☐ not sure ☐

3. Record keeping enables managers to know the financial position of your company

Yes ☐ no ☐ not sure ☐

4. Lack of accounting records can lead to failure of your company

Yes ☐ no ☐ not sure ☐

5. Management bases on records to make decisions in your company

Yes ☐ no ☐ not sure ☐

Choose any of the statements you think is correct in the statements below about record keeping in your organization.

1. How often are records taken in your company?

Daily ○ Weekly ○ None of the above ○

2. Which type of system is used in your company to take records?

Computerized ○ Manual ○ None of the above ○

3. In your own opinion suggest ways in which record keeping can improve on the financial performance of an organization

…………………………………………………………………………………………………

**Section D: strategic planning and organizational financial performance**

1. Please indicate the time period covered by your strategic plans

Less than 1 year ☐ 1-5 years ☐ 5 and above years ☐

2. How often are those plans reviewed to check the progress?

Annually ☐ Monthly ☐ Quarterly ☐ None ☐

**Indicate** the level of agreement with the statements below where; Strongly Disagree (i) Disagree (ii) not sure (iii) Agree (iv) Strongly Agree (v).

1. The management team reviews regularly the implementation of strategic plans in the organization

i ☐ ii ☐ iii ☐ iv ☐ v ☐

2. The organization engages its stakeholders in the strategic planning process

i ☐ ii ☐ iii ☐ iv ☐ v ☐

3. The management of your company bases of the strategic plans to make decisions

i ☐ ii ☐ iii ☐ iv ☐ v ☐

4. There is increased financial performance if emphasis is placed on various strategic planning activities.

i ☐ ii ☐ iii ☐ iv ☐ v ☐

In your own words describe ways in which strategic planning can improve on your financial performance in your company.

…………………………………………………………………………………………………

***Thank you for your time and participation.***