EFFECT OF BUDGETARY CONTROL PROCESS ON FINANCIAL PERFORMANCE OF PUBLIC UNIVERSITIES IN MOUNT KENYA REGION, KENYA

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A Thesis Submitted to the School of Business and Economics in Partial Fulfillment of the Requirement for the Conferment of the Degree of Master of Business Administration (Finance) of Kenya Methodist University

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DECLARATION AND RECOMMENDATION

Declaration

This thesis is my original work and has not been presented for the award of a degree or any other award in any other University.

Signature……………………………………Date…………………………………

Lilian Kawira Kaithia

BUS-3-0573-2/2014

Recommendation

We confirm that the work reported in this thesis examination was carried out by the student under our supervision.

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DEDICATION

I dedicate this thesis to my husband Nephat Njeru, my daughter Renee Penelope and my sons Pablo Dos-Santos and Don Pedro whom I denied lots of time while busy with my studies. I can never thank you enough.

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ABSTRACT

Managers use budgetary control to match financial performance objectives with budgets, compare budgets with the actual outcomes and implement essential modifications. Attaining robust financial performance stands as a fundamental goal for any prosperous organization. Nonetheless, public universities in Kenya persist in encountering obstacles in their financial performance. The key intent of the research was to establish the effect of budgetary control on the financial performance of public universities located in the Mount Kenya Region. The specific objectives were; to establish the effect of budget planning, implementation, monitoring and participation on financial performance of the public universities in Mount Kenya region. This research majorly used the hypothesis of budgeting, the agency hypothesis and the stakeholder's hypothesis. The design used in the investigation was descriptive. The target population was 7 universities located in Mount Kenya Region. The specific respondents were the 284 heads of departments in both Academic and Administration divisions of the universities. Since the target population was small, all the 284 respondents were used in the study. Structured questionnaires were used to seek opinions from the 284 respondents. The researcher used drop and pick method to issue and collect filled in questionnaires after 2 weeks. Data analysis was performed to establish a link between theory and reality by examining the research hypothesis and addressing the study objectives. The clean data were entered in the SPSS for further analysis. These data were analyzed using descriptive techniques, correlations and regressions. The data was presented using charts and tables. The study results showed that budgetary planning, budget participation, monitoring and implementation had a positive and significant effect on financial performance of public universities. The study concluded that most public universities were not able to fully involve their employees in the budgetary process. Further most public universities employees are not committed to ensuring an effective budget process. The study concluded that though the public universities had budgetary committees the committees were not able to periodically meet and review the budget performance. In addition, most public universities budget policies were not able to help in monitoring budget spending limits. The study concluded that most public universities were not always able to audit their report. Further, the evaluation process of the budgets in most universities was not transparent. Further, budget auditing enhanced the performance of the institutions. Further, effective communication and transparency during the budgetary process enhanced the financial performance of the universities. Universities are urged to embrace budgetary control techniques since they play a key role in improving the financial performance of universities. Therefore, the research recommends university management to pay attention to proper planning, monitoring, and implementation of the budgets as well as allowing participation of employees in the budget process.

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LIST OF ABBREVIATIONS AND ACRONYMS

NIM	Net Interest Margin
ROE	Return on Equity
PAT	Profit After Tax
CUE	Commission for University Education
DEKUT	Dedan Kimathi University of Technology
MUST	Meru University of Science & Technology
SMEs	Small and Medium Enterprises
SEM	Structural Equation Modeling
GDP	Gross Domestic Product
PCE	Public Capital Expenditure
PRE	Public Recurrent Expenditure
PDS	Public Debt Servicing
POS	Perceived Organizational Support
M&E	Monitoring and Evaluation
PBC	Political Budget Cycle
CODs	Chairman of Department
HODs	Head of Department

CHAPTER ONE

INTRODUCTION

1.1Background of the Study

Performance is an institutions' capacity to carry out its goals. Managers in both the public and private sectors are interested in it globally (Handayani et al., 2023). When the planned objectives are accomplished by the chosen resources and activities involved in the management process within a certain timeframe, public institutions are said to have performed successfully (Shimawua, 2020). According to Aduralere (2019), public sector financial performance is the monetary reflection of the expenditures made or commitments made in a variety of sectorial considerations set by the policies of the government as well as other relevant authorities.

The budgetary control is able to give a comparison of the actual and the budget targets as well as the deviations in the budget. In this case, the economy of a nation benefits from budgetary controls. This is so that systematic spending may be made possible by allowing for expenditure planning (Maelah & Yadzid, 2018). The best possible utilization of funds expands the advantages to business and the national economy. According to his opinion, this lessens the waste of national resources. The discrepancies amongst budgeted and actual performance would make it possible to identify weak points. This makes it possible for an organization to concentrate on the areas where performance falls short of expectations (Mukah, 2018).

In order to manage operations and achieve improved performance, public institutions of higher learning must be in sound financial condition. Budgets offer uninterrupted way to divide meagre resources among competitive uses in the public institutions of higher learning. However, majority of public universities have not successfully used budgetary control measures to improve financial performance (Anziano, 2020).

For instance, the World Bank chose to establish an impartial oversight body in Bangladesh to keep an eye on how its funds were used and to prevent corruption in projects during the 2010–2011 fiscal year. Even though the bank had pledged to double its aid to Bangladesh over the following four years, it claimed that corruption was still a major issue in that nation, particularly with regard to highways, local government engineering, and the energy sector. When accusations of corruption were received, the Department of Institutional Integrity; a Washington-based oversight organization tasked with monitoring WB-funded projects, conducted an independent investigation. The World Bank took actions to combat corruption based on the findings of the investigation. It stopped supporting the project in question if the issue continued (Nzau & Njeru, 2018).

Despite the investment of the government in public universities in New England, public universities performance continued to decline over the years (Maksy & Rodriguez, 2018). The government of New Zealand put a lot of resources in the universities but the universities' management were always full of corruption scandals leading to poor performance. Enhancement in budget control practices had therefore been suggested to be the solution to the poor financial performance in the universities (Anziano, 2020).

Alemu (2019) states that for less developed continents such as Africa, higher education is a catalyst for social and economic advancement and one of the tactics of enhancing the financial performance of the public universities is through budgetary control measures. Despite this, universities in Africa have continued to be the most disadvantaged yet they are highly funded (Alemu, 2019). Apart from the structural barriers, there are also challenges in the conformance to standards as well as inadequate number of institutions (Quartz Africa, 2017). This report echoed that the state of affairs is further inflamed by reason that despite being made of 54 nations, to date, the continent has only over 28,000 institutions of higher learning for her fast growing population of more than a billion citizens. In a more detailed evaluation, the report further indicates that among the 10 countries leading in population, they have slightly higher than 740 universities serving their population of 660 million citizens. This is in comparison to countries such as the United States which has over 5,300 universities for her population of approximately 300 million.

In Nigeria Universities have continued to experience declining performance. Strikes for a variety of causes have become commonplace due to the government's and academia' increasingly callous approach to policymaking. The rate at which disputes in the budget are reported in Nigerian universities has influenced the standards as well as the performance of the institutions. Although it is seen to influence the Nigerian economy, the campuses are seen to be effortless in minimizing the disputes (Shimawua, 2020).

According to the Public Finance Act (2012), each public university has a statutory obligation to prepare a capital and a recurrent budget for a particular financial year. The study acknowledges that many public universities in Kenya face technical insolvency, with their current assets being less than the current liabilities as per the Auditor General's reports (Rajab & Nyaundi, 2018). Players in the higher education industry in Kenya concurred, according to Mukhwaya (2018) that colleges, particularly the large and older ones, are in a terrible financial crisis and would have significant effects on university education if they are not immediately bailed out. He asserted that there was no public institution of higher learning that had a stable financial foundation and that the larger institutions were particularly hard impacted since they implemented pricey academic programmes managed by sizable workforces.

1.1.1Budgetary Controls

Budgetary control is a system for cost control that encompasses multiple components, including budget preparation, departmental coordination, responsibility assignment, comparison of actual performance against the budget, and taking appropriate actions to maximize profitability (Otieno, 2019). Adongo and Jagongo (2019) highlight the importance of budgetary controls in assessing the realization of plans and implementing corrective measures when deviations occur. They emphasize that effective controls are essential for enterprises to withstand internal and external forces that may disrupt their efficiency. Without such controls, an enterprise may be unable to effectively combat these forces. Bhimani et al. (2017) emphasize that budgets have a far reaching consequence on an institution's financial performance and are essential for evaluation and control purposes.

Weygandt et al. (2019) note that different companies employ various approaches to budgeting, such as basing it on previous year figures or adopting Zero-based budgeting. Strict adherence to internal expenditure protocols is crucial for effective budget management, which is often used interchangeably with management control (Greve, 2019). Budget management entails several steps and tasks, including defining the budget, executing it, controlling it, monitoring it, implementing it and updating it, as outlined by Project Management for Development Organizations (2020). This investigation focused on budgetary planning, budgetary monitoring, budgetary implementation and budgetary participation.

1.1.2 Financial Performance

Performance stand for the measure that is used to evaluate and assess the ability of a firm to generate and remit value to its stakeholders. There are three sorts of performance which include financial, market and shareholder return. This can also be categorized into fical and the non-fiscal measures (Ipinazar et al., 2021). Financial performance mentions to the degree to which financial goals are attained (Otieno, 2019).

Fiscal performance is quantified in a number of ways. For some cases, Aduralere (2019) used return on assets (ROA) while Belás and Gabčová (2016) adopted customer loyalty, sales growth, profitability and return on investment to qualify performance. Apart from these ones, Net Interest Margin (NIM), Return on Equity (ROE) and profit after tax (PAT) have also been implemented to measure the same (Irungu, 2019; Pinto et al., 2017; Elshaday et al., 2018; Ouma & Ndede, 2020). Financial ratios, such as the liquidity ratio, leverage ratio, and profitability; are also helpful in gauging financial performance. Debt ratio and debt-equity ratio are two ways to quantify leverage. Inventory and debtor turnover usually are helpful measuring activity ratios. This also applies to Gross profit margin and ROI profitability ratios (Ngatia, 2018). Fiscal strength of the institutions of higher learning would be seen in terms of ability to pay expenses, revenue collected and timely payment of bills (Ngatia, 2018).

1.1.3 Public Universities

These are the public institutions of higher learning. They perform an indispensable role in providing higher education and contributing to the country's socioeconomic development. Kenya has several public universities that have experienced significant growth in recent years. The numerical growth of public universities has increased to match the ever growing need for higher education in the country. The Commission for University Education (CUE) is the regulatory body responsible for overseeing the establishment, commissioning, licensing and quality assurance of universities in the country. CUE ensures adherence to academic standards, approves new programs, and conducts periodic audits to maintain quality in university education (Nzau, & Njeru, 2014).

As mentioned by the Public Finance Act (2012), it is a statutory requirement for each public university to prepare a capital and a recurrent budget for a particular financial year. Immediately after the beginning of a new financial year, the budgeting process for the following year begins. The study focused on 7 public universities located in the Mount Kenya region.

1.2 Statement of the Problem

Managers use budgetary control to match financial performance objectives with budgets. They also depend on this tool to compare budgets with the actual outcomes and implement essential modifications. Attaining robust financial performance is a fundamental goal for any prosperous organization (Maina, 2017). Nonetheless, public universities in Kenya persist in encountering obstacles in their financial performances (Kithinji et al., 2023). These impediments encompass operating with negative working capital, a surplus of outstanding fees, unregulated capital expenditure and occurrences of fraudulent activities (Kithinji et al., 2022). According to a survey conducted by the Webometrics in January 2020, Kenyan universities continue to be ranked low internationally based on their performance across all the core objectives which include: teaching, research, knowledge transfer and international outlook.

The current scenario in Kenya's public institutions of higher learning portrays a picture of a deprived financial performance. In Kenya, nearly every year, workers in some public institutions of higher learning stop working for some time as a consequence of salary disagreements amongst the staff unions, the universities' managements and the government (Kithinji et al., 2022). Financial problems such as struggles with liquidity, delays in the financial reports, fraud and misuse of resources have majorly been experienced in most public institutions in Kenya (Kithinji et al., 2023).

According to Otieno (2019), few universities in the Mount Kenya region have successfully implemented budgetary control approaches to improve financial performance. The majority of them are unaware of the influence that budgets and budgetary control have on performance results.

Though studies have been done on budgetary controls and financial performance, they have focused on different contexts thus showing a contextual gap. Mbuthia and Omagwa (2019) study focused on selected commercial banks in Kenya. Kiiru et al. (2018) and Foster (2018) studies focused on small and medium enterprises. Further, past studies on budgetary controls and financial performance have used different methodologies. Dahana (2020), Amraee and Azar (2022) and Dirgahayu et al. (2021) studies employed a qualitative, ethnomethodology-based technique while the current study was quantitative. Macinati et al. (2018), Hutama and Yudianto (2019), Amir et al. (2021), Widiawati (2019), Jatmiko et al. (2020), Silva et al. (2022), Ardiansyah et al. (2019), Sofyani et al. (2020), Shen et al. (2023), Weiskirchner-Merten (2020) and Zonatto et al. (2020) focused on budget participation and financial performance leaving out other budgetary control practices which include budget monitoring , budget planning and budget implementation thus showing a contextual gap. This investigation focused on the effect of budgetary control on the financial performance of public institutions of higher learning located in Mt Kenya region.

1.3 Objectives of the Study

The following objectives gave the research a direction.

1.3.1 General Objective

The prime intent of the research was to establish the effect of budgetary control on financial performance of public institutions of higher learning located in the Mount Kenya Region, Kenya.

1.3.2 Specific Objectives

The specific objectives for the research were;

i. To establish the effect of budget planning on the financial performance of public universities located in the Mount Kenya region, Kenya.
ii. To assess the influence of budget implementation on the financial performance of public universities located in the Mount Kenya region, Kenya.
iii. To investigate the effect of budget monitoring on the financial performance of public universities located in the Mount Kenya region, Kenya.
iv. To determine the influence of budget participation on the financial performance public universities located in the Mount Kenya region, Kenya.

1.4 Research Hypotheses

i. $H0_1$: There is no statistically significant relationship between budget planning and the financial performance of public universities in the Mount Kenya region, Kenya.

ii. $H0_2$: There is no statistically significant relationship between budget implementation and the financial performance of public universities in the Mount Kenya region, Kenya.

iii. $H0_3$: There is no statistically significant relationship between budget monitoring and the financial performance of public universities in Mount Kenya region, Kenya.

iv. $H0_4$: There is no statistically significant relationship between budget participation and the financial performance of public universities in Mount Kenya region, Kenya.

1.5 Justification of the Study

Importance of Financial Performance. Firms' fiscal performance is a fundamental aspect in public institutions of higher learning. A public university's financial performance determines its ability to meet its financial obligations, invest in infrastructure and resources and remain sustainable in the long run. As such, understanding the factors that affect financial performance is extremely important.

Budgetary control as a key management tool. Budgetary control is an essential administration tool used by organizations to plan, monitor, and control their financial resources. In public institutions of higher learning, budgetary control is critical in promising that resources are allocated efficiently and effectively to meet the public institution's strategic objectives.

Policy implications. The study informed the development of guidelines and best practices for budgetary control in public universities. Additionally, practical implications in that the study provides insights into how universities can advance their budgetary control processes to augment financial performance. This, in turn, helps them make better-informed decisions about resource allocation and financial management.

1.6 Significance of the Study

Results of the study provide valuable knowledge on the effect of budgetary control on the financial performance of universities. The findings may be used by universities in designing appropriate budgetary control procedures such as budgetary preparation, budgetary monitoring, budgetary implementation and budgetary participation aiming at increasing financial performance.

1.7 Scope of the Study

The investigation was conducted in chartered public Universities located in Mount Kenya region. Mount Kenya region was selected since it has most of the universities in Kenya. The universities also have been performing poorly and thus the need for the study in the area. The data collected in this investigation covered the aspects of budget planning, budget monitoring, budget implementation and budget participation and public universities financial performance. Descriptive research design was used. The target population was 7 universities in Mount Kenya Region. The specific respondents were the Heads of Department in Academics Division and Heads of Departments in Administration Division from the seven universities. The total number of heads of departments in all the seven universities in the regions were 284 in total. The study took three months to complete various stages such as data collection, analysis and reporting of findings.

1.8 Limitations of the Study

Being an empiricist from a private university, some respondents from the public universities had some reservation in providing the requested data since they viewed my university as a competitor. Employees of public universities were justly busy and in consequence did not feel inspired to distract their time to participate in an interview. In addition, the lack of reliability of the measurement instrument hindered accuracy of the data obtained.

1.9 Delimitations of the Study

The responders received a guarantee from the researcher that the information they supplied would only be utilized for the research. This gave them confidence and assurance on their participation. In order to get adequate data despite the busy schedule respondents had, enough time was allocated and numerous follow-ups were done. The researcher controlled the lack of reliability by undertaking reliability tests to ascertain the internal consistency of each question.

1.10 Assumptions of the Study

The research was predicated on the premise that all the information gathered from different respondents in the study were factual and reliable, allowing the conclusions to be generalized. The researcher made the assumption that the data collection tool yielded the intended results and that the chosen design was adequate. Additionally, the researcher presumptively applied the study's findings to all public universities.

1.11 Operational Definition of Terms

Budget implementation is the procedure of carrying out tasks related to the management, oversight, control and auditing of budgetary spending. It entails predicting, carrying out, managing and assessing the budget's performance (Jacek & Sylwia, 2021).

Budget participation is a budgeting process that involves lower-level management personnel in the creation of the budget (Hutama & Yudianto, 2019).

Budget is a complete plan of deed for a firm in a specified frame of time (Nasri et al., 2022)

Budgetary Control is a technique of cost administration that comprises generating budgets, organizing departments and conveying roles, associating actual performance to what was planned, and substituting on the fallouts to maximize performance (Otieno, 2019).

Effective budget management involves the organization's ability to create, adopt, and implement a budget while implementing control measures to ensure the accomplishment of both short and long-term goals and responsibilities of the organization (Weygandt et al., 2019).

Financial performance: the evaluation of an organization's success in terms of its operations and policies expressed in monetary terms (Kisaka, 2021).

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

In this chapter, a thorough examination of the pertinent literature in the field of study is presented, along with a concise overview of previous research and related studies. The literature appraisal encompasses a wide variety of areas, including key concepts and theories that shed light on the topics being investigated.

2.2 Theoretical frame work

The theory of budgeting, agency, stakeholders' and Henry Adams Budget theories were used in the investigation.

2.2.1 The Theory of Budgeting

This hypothesis was proposed by Hirst in 1987. According to this Hirst, budgets are viewed as the essential component of a successful regulator procedure and, subsequently, as a significant facet of a lucrative monetary control. Budgets predict future financial results, putting financial managers at a better position to assess the financial feasibility of a certain operation. Nearly all business enterprises normalize this method by coming up with an annual budget and monitoring mechanisms against the set standard. A budget is thus nothing more than a collection of tactics and plans.

The financial implications of commercial tactics are reflected in budgets, which specify the quantity, quality, and effectiveness of resources required. The execution of financial processes. In order to provide predictions of the far future returns as well as the expenditures where the short term goals are set (Sharma, 2012). By interpreting corporate objectives and serving as a caliber for quantifying performance, budgets can further affect how people behave and make decisions. From the point of view of Hancock (2009), operational planning is the foundation of management.

Since analysis of another direction become an inherent component of the budget preparation procedures and increases rationality, the budgeting theory serves as a guide for the budget planning function in this study. With a budget, it is possible to set a goal and a performance standard, then contrast the aftermath results to the shaped standard. It demands that those intricate look advancing rather than backward (Scott, 2005). As a consequence, it has been demonstrated that resources oblige a range of purposes, including outlining goals, facilitating control, promoting coding education, and concluding agreements with third parties (Selznick, 2008).

This theory however, has some shortcomings which have been criticized. Kennoet al. (2018) underscores that the theorists only emphasizes just the financial components of a corporation, while neglecting the subjective and qualitative elements. For example, revenues and expenditures are not the only elements driving a company's growth. On the other side, the quality of the service or products also aids in the allocation of resources.

The theory therefore linked budget control practices (budget planning and budget monitoring) to performance of organizations (dependent variable). By linking recompense to success measures in contrast to the budget, the theory provides a representative case of how to make goals plain, communicate goals, code learning and define performance indicators for specific individuals of an organization.

2.2.2 Agency theory

Jensen and Meckling in 1976 were the authors of the first version of this hypothesis. The link between an agency and its principals is how the writers see an agency. Executives, stakeholders, and managers of the company are examples of such principals. According to the argument, stakeholders who are the proprietors of the corporation hire agents to do business on their behalf. As a result, the principals and the agents have a delegated framework for managing the business. Every time a decision needs to be made, it is expected that the agents would act in the principals' best interests. The interests of directors and stakeholders may not always align, and the majority of managers' focus on things like securing assets, job security and other incentives that are in their best interests. The theory's creators, Jensen and Meckling (1976) said that the idea of complete management oversight was impossible and that such mechanisms reduced the firm's income since they raised costs associated with monitoring and supervision.

This theory has however been criticized. Agency theory lacks a framework for examining the role of institutions, such as laws and regulations, in shaping the relationships between shareholders and management (Heath, 2009).

This theoretical perspective posits that budgetary control can serve as a menas to align the interests of various stakeholders, including students, faculty, government, donors and the university management. By providing incentives to achieve financial targets, budgetary control is believed to reduce agency costs and enhance financial performance. In their study titled an Agency Theory Perspective, Jiraporn et al. (2008) investigated the impact of chief executive duality, where the chief executive also serves as the chairman of the board, on the performance of the firm. This theory was admissible in this study since it links the independent variable (budgetary controls) and dependent variable (financial performance). Budgetary control was believed to reduce agency costs and enhance financial performance.

2.2.3 Stakeholder Theory

This is a model by Freeman 1994 who defined stakeholder as person(s) who directly or indirectly influence an organization's operations. Freeman contends that partner hypothesis starts with the presumption that morals are fundamentally and unequivocally working together. It wishes supervisors to verbalize the common sense from the worth they make and that which includes participants in its institutions. Freeman's partner hypothesis recognizes that organizations are answerable to the return on investments. The social responsibility of the business is entirely based on this stakeholder perspective (Freeman et al., 2004).

Stakeholder theory is about exploring different partners that the company seems to be able to identify. It is very much about ethics while working with an organization. According to this assumption, the company has different partners that are aware of them. Part of these partners are internal partners who are its employees. At a time when the company is concerned about the government assistance of its personnel, it would be participating in an internal commercial bond. It aims to explore the numerous circles in the company. A firm has a variety of different partners with different needs (Freeman & McVea, 2005). This theory models different partners into the multitudes with different interests that they should be thought about by the organization while conceiving a few different ways of consolidating their advantages. This view is usually pushed through partner hypothesis which goes on to say that businesses should reflect the impact of their operations on clientele, dealers, population, personnel and other individuals who are associated with the institution (Cheers, 2011).

The theory has however been criticized. The main complaints levelled at stakeholder theory include a lack of precise definition and assessment, as well as the propensity to prioritize certain stakeholders over others. Critics of stakeholder theory argue that its implementation mechanism is not practicable and that it does not consider all parties (Galant, 2017).

Stakeholder theory was considered applicable in this research to show the need of involving stakeholders in achieving organizational goals. In this case, public universities need to involve various stakeholders in budgeting (budgetary participation) in enhancing effective budgeting for financial performance of the public universities. Therefore, public universities are in a better position to give opportunities for their employees to participate hence winning their feeling of involvement. In account of this, the use of the university expenses can be well managed, especially when the relevant personnel feel they are part and parcel of each financial decision being adopted. Nonetheless, when some key shareholders feel neglected during making key decisions, they may later can hang back to make adjustments.

2.2.4 Henry Adams Budget Theory

The championship of the budget theory is credited to Henry Adams in 1985. The ideology behind the development of this hypothesis was to elaborate what moves public institutions to budget. The theory endorses that budget and budgeting originally are practices which appended long ago in bible history when the Israelites were taken captive by the Egyptians. Throughout the time, it is recorded that incoming and outgoing treasures were usually accounted for and any transaction happening was accompanied by a written order. For instance, during the seven years of famine period, the Egyptians and other neighboring nations endured the famine because Joseph has been mandated by the king to budget and amass food which was gathered over the plenty season. Budgeting and a budget tool have also been adopted among different firms to manage costs and dating back in the 1920s.

From the point of view of to Bartle (2008), development of scientific management philosophy brought into existence the need for evidence based decision-making. This subject stirred up the birth of management accounting and budgeting techniques through which, financial evidence could be provided. During the time of conception of the idea of budgeting, the essence and key responsibility for a firm taking this action was so that, they may be accountable (Hildereth, 2002). But despite that, with the coming into place of budget, revaluation has taken roots leading to regular changes, advancements, shifts and complexities owing the changing business operational environments.

Despite the said information about the ideologies of the theory, it possesses different weaknesses. One weakness found in this theory is the static than dynamic characteristic like in its application to organizational management (Bogt, 2008). This having said, it is therefore unlikely that the theory could fully analyses the discrepancies within the institutional framework, aside from the relative impact of the various institutional players and the tensions that can result from power interactions.

Irrespective of its weaknesses, the theory has strengths presented by its ability in relaying the importance of a budget in controlling, managing and forecasting organizations resources (Bartle, 2008). Therefore, its adoption can clearly illustrate how university financial and operation level managers could adopt budget control to forecast, allocate resource sparingly, account for and serve the institution transparently. Henceforth, this theoretical framework was adopted in the research to address how university enior managers adopt budgeting concept in developing a budget which is neither a mere tool but rather a very complex managerial instrument that enable universities to forecast their resources, stay in control of their financial situation, set goals and evaluate their performance. Therefore, the theory informed the variable; effect of budget implementation on financial performance.

2.3 Budget Planning and Financial Performance

Saputro et al. (2022) investigation which on how the Directorate General of Defense Planning's performance is affected by budget preparation, performance measurement systems and budget assessment. The research cross checked how each of the guiding variables impacted one another. Therefore, quantitative research approach was chosen to achieve the study intention. It was uncovered that each defense planning practices were important in success of an organization. The study focused on budget planning leaving out participation, implementation and monitoring practices. The study also focused on directorate general of defense planning and not public institutions of higher learning.

Kwarteng (2018) did research using a developing country's data to see how budgetary planning affects resource distribution. Top company executives and budget holders from the operating firms registered on the Ghana Stock Exchange were sampled. Also, a causal research design was utilized to actualize the study. The structural equation modeling (SEM) method, namely the PLS-SEM, was used to evaluate the data. The research underscore that the constructs of budgeting, performance management, and resource apportionment are statistically related. The findings suggested that performance administration intercedes the relationships between resource allocation and budget planning to some extent. This shows that businesses in Ghana behave well by distributing resources according to the rules of budgetary planning. The investigation used a causal design while the current investigation was descriptive in nature.

Sulistiyo and Pratiwi (2021) looked into how the district of Karawang's social services performed in relation to budget planning and evaluation. The goal of this investigation was to ascertain how the social service performance in Karawang Regency was impacted by budget planning and budget evaluation. The method of data collection employed was questionnaires and survey. The findings of the study demonstrated that budget preparation and budget assessment significantly affect the effectiveness of the regency. This was further supported by a statistical testing. Additionally, budget evaluation and planning were both found to significantly affect how well the Karawang Regency Social Service performs. The study focused on budget planning and evaluation leaving out budget participation, implementation and monitoring . The study also focused on social services and not public institutions of higher learning.

Using organizational commitment as a moderating variable, Oktari et al. (2020) looked at the impact of budget planning, budget execution, human resource competency and regulatory understanding on village financial budget absorption. The sample for this study was chosen using the Saturated Sampling approach. Causal research design was used. Using moderated regression analysis, data was examined. The findings of this study demonstrated how the village budget absorption is impacted by budget planning, budget execution, human resource competency, and regulatory awareness. Additionally, the outcomes demonstrates that organizational commitment enhances the impact of village financial budget absorption. The study used a causal research design while the current one adopted a descriptive survey research.

Romenska et al. (2023) concentrated on budget planning as Ukraine's budget procedure evolved. It disclosed the characteristics and benefits of medium-term budget planning based on the results. In Ukraine, budget planning was being implemented because Ukraine's budget process needed to be improved in order to: increase expectancy and transparency, balance the budget company, and address significant issues with effective and high-quality utilization. The study was done in Ukraine and not in Kenya.

Dahana (2020) scrutinized the budget planning and implementation processes. The goal of this investigation was to examine the budget preparation and implementation processes. The department mandated the responsibility of empowerment and protection of children and population control (DPPAPP) of the DKI Jakarta Province carried out this study. Qualitative and ethnomethodology-based technique were adopted. The study's conclusion was that the DPPAPP planned and implemented the budget in compliance with the rules and procedures already in place. Although everything was done in line with established rules and laws, the budget was still not utilized to its full potential because of both internal and external issues. Human resources were among the internal considerations, whereas the auction process and other external issues. The study however failed to link budget planning to performance which was the main focus on the current study.

Additionally, Metelitsa et al. (2020) did an analysis of the budgetary planning organization in Ukraine. It is said that the state budget serves as an efficient regulator of the nation's economy and social systems by showing how public monies are spent, how much money is being redistributed nationally, and how much GDP is being produced. It is stressed that budget and tax policy have an impact on how the state's budget is created as a financial strategy. The fact that state and municipal budgets, which take into account the developments of the budget sector, serve as the final product of budget planning is underlined. It is emphasized that the main spending units monitoring, which enables to obtain an integrated assessment of the implementation of budget programs, is the basis for making optimal management decisions regarding the planning of the state budget, developing appropriate financial and economic plans of activity, and preparation of budget requests. It was concluded that, at that time, it is critical to improve budget expenditure efficiency as a weapon for influencing the dynamics of economic growth. In conclusion, financial decentralization is essential for enhancing budget planning. The study however failed to link budget planning to performance which was the main focus of this study. In addition, the study was done in Ukraine and not in Kenya.

Additionally, Foster (2018) focused on budget planning and control, business age, and financial performance in small enterprises. The degree to which budget preparation, budget regulation and firm age predicted the value of success. The model's ability to forecast financial performance as a whole was noteworthy. Better preparation and development could aid managers in enhancing the financial steadiness of their small enterprises, thus lowering failure rates and job losses. Small enterprises that are financially sound and stable can boost local economies by creating jobs. The study focused on small businesses and not public universities which was the emphasis on the current investigation.

Nasri et al. (2022) also concentrated on the execution of collaborative development and budget success data for special provision endowment in budget development in the Rokan Hilir regency's regional development planning agency. Success is an administration technique for raising the standard of responsibility and decision-making. It is crucial to understand how budget development influences success evaluation and ministry of defense performance in order to establish a responsible government. This was achieved by undertaking a quantitative approach to obtain data from participants. The study's findings showed that there is a noteworthy impact of the development of budgets and success of firms. The study concentrated on budget planning leaving out budget participation, implementation and monitoring and evaluation. The study also focused on agency of Rokan Hilir regency and not public universities.

In addition, Maisaroh et al. (2019) investigated on the budget development determinant factors. The Yogyakarta Province State Primary School served as the study's sample. Cluster random sampling was the method used for sampling. A questionnaire was also used as the collection method. The findings demonstrated that the variables of school goal, school administration, school work preparation (SWP), and operational work preparation (OWP) have a substantial impact on the budget planning variable. The variable for work involvement had no impact on the variable for budget planning, but it had a considerable impact on the variables for school objective, school administration, and work engrossment in terms of overall work performance (OWP). The study however failed to link budget planning to performance which was the objective of this study.

Mbuthia and Omagwa (2019) determined in which ways budget development, budget accomplishment, budget administration, and budget review affected the financial performance of a few Kenyan commercial banks. Workers in the credit, accounting and finance, and operations departments from three banks were targeted to participate in the research. The investigation used a cross-sectional descriptive design. Utilizing trend examination, multiple regression examination, both secondary and primary data were utilized. According to the study's findings, budgeting planning significantly and favorably affects financial performance. The study also discovered that budget execution had a favorable and noteworthy impact on financial performance. Budget management also had a beneficial and considerable impact on financial results. The investigation also discovered that budget review has a positive and notable impact on financial performance. Budget execution, review and control were found to have less impact on the financial performance of selected commercial banks in Kenya than budget planning. This research settled down on commercial banks leaving out the aspect of public universities. In addition, the investigation focused on budget planning, execution, management and review leaving out budget participation and budget monitoring.

Kiiru et al. (2018) checked on impact of budget development on financial performance of SMEs in Nakuru city. The investigation was descriptive in nature. Multiple regressions and Pearson's correlation coefficient were the inferential statistics used. The investigations demonstrated that there is a statistically significant moderate positive association amongst budgeting and financial performance. The investigation suggested that in order to improve level of comprehension, budget reviews should be carried out as regularly as possible. Additionally, analyzing large projects should be prioritized because it improves dependability and accountability and educates staff members on budget planning techniques. The study zeroed on budget planning leaving out budget participation, implementation and monitoring. The research settled on SMEs and not public institutions of higher learning.

2.4 Budget Monitoring and Financial Performance

Amraee and Azar (2022) concentrated on offering a real methodology for tracking and accessing the worth of fiscal performance of the public sector in performance-based budgeting. The model considered issues related to technology and information, economics, politics and international relations, and cultural and social factors. The model also incorporated informational, economic, political and international issues as well as cultural and social ones as well as causative factors, context conditions, interventionist conditions, outcomes, and methods. There are undoubtedly additional factors and signs that, despite great effort, are still unknown and that can be found; in this regard, the present study has been constrained.

According to Dirgahayu et al. (2021), the development of the regional income and spending budget superiority of Indonesian provinces was the emphasis of the ministry of internal affairs' aid, monitoring, and assessment duties. The methodology used in this study comprised of; interviewing individuals and qualitative research which aimed to comprehend the singularity of the research topic holistically. Creswell's Phenomenology was the method of data analysis that was utilized to process the data. As a result, the APBD's quality was consistently improving under the direction of the Ministry of Home Affairs. Although the ministry conducts general oversight of regional budget management, the oversight is still insufficient. The study was qualitative while the current study adopted a quantitative perspective.

By implementing the programmes and performance budgeting, Dawood and Abdulahad (2023) concentrated on assessing the success of administrative health units. Since one of the modern methods for developing the general budget has many advantages whencomes to monitoring and evaluating performance, the goal of the current research w as to rate the significance of plans and performance accounting. This contemporary approach has been used successfully throughout the world in numerous nations. The traditional approach (budget items) is still used by most nations to create their general budgets. The investigation fixated on budget monitoring and evaluation leaving out participation, implementation and monitoring and evaluation aspects of the budget. The study also focused on agency of government health units and not public institutions of higher learning.

Beck and Możdżeń (2020) focused institutional causes of financial expenses. The findings corroborated a number of ideas that have been put to the test in the field of economic organization over the past few decades. Among this are the industrialized nations, particularly strongly supporting the concepts of route dependence and the calamity of the fiscal parks while only somewhat supporting the theory of veto players. In contrast, the radical economical series theory-based explanations are disregarded. Scandinavian nations show out to be the most monetarily judicious when other institutional features are taken into consideration, among the study's other fascinating conclusions.

Amraei et al.'s (2020) performance-based budgeting with a hybrid approach focused on the efficient aspects in the assessment of the financial performance of the public sector. Method analysis qualitative combined-meta was used. The study findings were clear that efficiency of monitoring and evaluating enhanced financial performance. The investigation focused on budget monitoring and evaluation leaving out budget participation, implementation and monitoring. The study also focused on public sector and not public institutions of higher learning.

Laili and Sari (2022) focused on the consequence of performance dimension on budget execution with the preparation of achievement pointers on financial plan application of KPPN Blitar Service Scope. Laili and Sari were guided by a qualitative perspective and a descriptive research design. The chief executives of Bappeda, served as the research's principal informants. Purposive sampling was used to choose the samples. The recent inquiry differs with that of Laili and the friend in that a quantitative perspective applying descriptive and inferential statistics was utilized.

Letsolo et al. (2022) focused on monitoring plan distribution on performance of socio-economic empowerment arrangements. In order to gain a thorough grasp of issue at hand and to enable a investigator to offer well-informed endorsements, the study employed quantitative methodologies. The study's overall findings showed that the response was greater than the composite mean, indicating that the study's goal of tracking budget allocation had a beneficial impact on the socioeconomic empowerment project's success. Findings suggested that the team should manage the M&E budget separately as part of best practices and encourage transparency by publishing the M&E budget presentation reports. The study focused on budget monitoring and evaluation leaving out budget participation, implementation and monitoring. The study also focused on agency of empowerment projects and not public institutions of higher learning.

Hussin et al. (2023) investigated how budgets enabled county governments achieve control and performance evaluation in Iraqi. Explanatory research design was used. One of the most significant conclusions of the researcher is the necessity of giving up the budget for traditional items and appropriations due to its flaws and application issues. The traditional budget lacks control over the services provided and its function in assessing performance and rationalizing government spending is diminished. The researcher suggested that, budget programs and performance should be applied more quickly due to their advantages in increasing efficiency and effectiveness and rationalizing spending, which have been mentioned by many institutions that have already adopted them. The study was also done in Iraq and not in Kenya.

Al Bayati (2022) investigated the degree of dependence on preparation plans in monitoring and success assessment. As the mother system for all accounting information, administration bookkeeping played a vital and significant role in supplying administration with information to support it in carrying out its duties, including planning, controlling, and making wise decisions. The degree to which the business is dedicated to budget planning while observing and rating success was also ascertained. The investigator came to a conclusion, that the company neither had a department that was specifically responsible for creating planning budgets, nor a monetary system that satisfied the standards for doing so.

Agostino et al. (2021) focused on use of budget as an assessment instrument and untenable of community agricultural plans reinforced by Caritas in Meru County. By putting comparable responses in one group, the qualitative data was analyzed to extract the key themes. The alternate hypothesis for the research study was either to be rejected or accepted based on the inferential statistics. According to the study, the sustainability of Caritas's community agriculture project in Meru County increased when project budgets were used more effectively and vice versa. The research recorded a strong correlation between community agricultural project sustainability and the use of project funds for monitoring and evaluation. The study focused on monitoring and evaluation on sustainability and not monitoring and evaluation and performance. This was investigated in this research.

Sikhosana and Nzewi (2019)' study was on an overview of Ugandan and Rwandan public sector budget assessment systems for gender equality. By assessing the extent to which these countries have taken the lead in the application of budget M&E to achieve particular gender consequences, this paper addressed the main concern by using desktop research. The findings revealed that, while many nations have changed their budget nursing systems, only a small number have been able to adapt these processes to gender fairness objectives. The study was done in Uganda and Rwanda and not Kenya.

Ezekiel and Obafemi (2022) conducted research on the impact of budget and financial control in a number of Nigerian administration parastatals. It was found that, budget implementation has a negligible positive impact on financial control, and that budget monitoring and evacuation have a negligible positive impact as well. Based on these results, the study came to the general conclusion that financial control would enhance success of the parastatals. The study was also done in Nigeria and not in Kenya.

A Case of Caritas, Catholic Diocese of Meru, Kenya, was the focus of Thambura et al.'s (2023) study. This research was constrained on monitoring and evaluation (M&E) and attendance of livelihood activities. Surveys, interviews and focus group discussions were among the tools that were dedicated in facilitating data gathering. Frequencies, percentages, averages and composite means were included in descriptive statistics, whereas correlation (r) and regression analysis were utilized. According to the report, Caritas Meru uses M&E data gathering practices successfully, scoring a composite mean of 3.98, and the livelihood programmes performed well, scoring a composite mean of 3.87. The findings showed a positive relationship between the performance of livelihood programmes and M&E. The study suggested using M&E data gathering best practices effectively and efficiently to generate accurate and trustworthy data to support project success. For the purpose of generalizing the findings, the paper suggested conducting additional research on projects in other industries using a similar methodology.

The study by Murei et al. (2017) on the performance of horticulture initiatives in Kenya's Nakuru County compared between monitoring and evaluation of budgets. The investigation used correlation, cross-sectional pragmatism research methodologies. Mixed methods approach helped in obtaining sufficient information among horticultural initiates in the county. According to results, a statistically substantial association coefficient between horticulture's outstanding performances and monitoring and evaluation budget was obtained. The investigation focused on budget monitoring and evaluation leaving out budget participation, implementation and monitoring and evaluation. The study also focused on agency of horticulture projects and not public universities.

2.5 Budget Participation and Financial Performance

Maelah et al. (2018) focused on budgetary regulator, corporate culture and success of SMEs in Malaysia. Through the use of corporate culture as a moderating variable, this investigation sought to appreciate the association between strict monetary regulator and organizational presentation in Malaysian SMEs. The study discovered a beneficial association between tight budgetary management and performance. Further research revealed that consensual, entrepreneurial, and competitive cultures performed poorly when financial controls were strict. In terms of bureaucratic culture, tight financial management did not lead to great organizational performance. Practically speaking, the study emphasized to management the significance of company culture and budgetary control on performance.

The intervening impacts of the job engagement and self-efficacy of medical managers were the subject of Macinati et al. (2018) study on budgetary involvement and performance. The outcomes implied that the knowledge gained through budgeting influences medical managers' discernment of their managerial responsibilities, which in turn motivates many parts of their performance.

Hutama and Yudianto (2019) combined a quantitative technique with a verification procedure. Through the use of questionnaires, data was gathered. In the study, path analysis was used. The findings displayed that the implementation of the internal regulator scheme, budget participation, and budget targets are all positively correlated with the performance of the Government of Karawang Regency, with a combined influence of 73.4%. Partially, budgetary participation had a positive influence on the government of Karawang Regency.

Amir et al. (2021 conducted an inquiry into the role of budget participation in improving managerial performance. This study was carried out among 41 regional work units under the Palu City Government's regional apparatus organization. The investigation made use of a non-experimental research design. The outcomes were clear that budget participation had a favorable impact on government officials' performance; a negative influence on budgetary slack. The findings of this study also suggested that budgetary slack played a little mediating factor in the association between the achievement of local government officials and the influence of budget participation.

Sofyani et al. (2020) investigated on the capacity of budgetary contribution and environmental ambiguity in persuading managerial success of village administration in Indonesia. Partially least squares (PLS) analysis of the data was used. The obtained results reasoned that management performance was highly impacted by budgetary participation and environmental uncertainty. Additionally, it was discovered that environmental uncertainty was a factor in the execution of budgetary involvement. This study provided evidence that the correlation betwixt environmental uncertainty and managerial performance was complicated by budgetary participation.

Choi and Liu (2019) focused on optimum billboard budget apportionment and harmonization in luxury style supply chains with manifold brand-tier products. When there are several brand-tier products on the market, the study analytically evaluated the best budget allocation approach for advertisements as well as the coordination difficulty. The study concentrated on the coordination mechanisms and various risk attitudes that the luxury fashion brand adopts in the fundamental model. The study demonstrated that, regardless of the luxury fashion brand's risk attitudes, a polarized advertising campaign is the most effective.

For the online advertising system, Shen et al. (2023) concentrated on cross-channel budget coordination. When the competition between other advertisers is taken into account, one advertiser only locally maximizes conversions derived from on its historical statistics, which lags considerably behind the maximization of conversions worldwide. This article introduced the cross-channel Advertising Coordinated budget allocation framework (AdCob), which attempts to globally maximize the financial plan provision method for the greatest possible total conversions.

Weiskirchner-Merten (2020) focused on association, alliance taking part and coordination in the budgeting process. The architecture of the financial planning process (top down vs. participatory budgets) and the information underpinning it were the main topics of discussion. A principal agent model was used to study this, in which two divisions (or agents) share in the profits. The business (principal) used the participatory budgeting method to develop an information system that gives the division managers access to private data. There were two monetary implications. First, by properly coordinating the divisions' operations, the corporation can gain from the confidential information of the division managers. The second step was for the business to encourage the managers to exert positive effort, participate and also report honestly. As a result, the business pays incentive expenses. These consequences are traded off differently by the two budgeting methods under consideration. Because the corporation places little value on coordination, it chose top-down budgeting rather to setting up a system that gives managers access to sensitive data. In all other cases, participatory budgeting was applied.

Zonatto et al. (2020) checked on impacts of financial plan involvement on managerial points of view, satisfaction and performance. Zonato and co-authors applies a descriptive, survey research which was quantitative in approach. The findings showed that managerial defiance toward planning, work happiness and controller performance in budget actions were all directly and favorably influenced by budgetary engagement. According to indirect linkages, the correspondence between budgetary involvement and managerial performance is mediated by managerial views. Moreover, it was opinioned that budgetary participation helps managers build their budgetary expertise as well as acting as an incredible tool for facilitating performance evaluation within the organization.

Lachner et al. (2021) investigation revealed that a safe robot behavior is not always guaranteed by the existing certification method. A rigorous causality governs the energy transfer from the task description to the physical interaction. The study provided the robot a safe energy budget. The provided controller automatically adjusts its parameters based on this energy budget to restrict the exchanged kinetic energy during a collision and the potential energy during clamping scenarios.

Budgeting and its impact on the financial performance of listed industrial firms listed on the Ghana Stock Exchange were the main topics of Agbenyo et al. (2018) study. Additionally, a cross-sectional design was adopted to implement the aim of the study. The investigation was clear that the success of the firm was as a result of good budgeting.

Widiawati (2019) study involved gathering quantitative data; questionnaires were given to 45 participants, of whom 36 returned responses were analyzed. The findings supported the hypothesis, showing that high budget contribution can impact administrative obligation, high budget participation can impact work satisfaction, and high budget participation can impact managerial performance. Additionally, the findings of the path analysis indicated that work satisfaction has a greater influence than organizational commitment.

The study by Silva et al. (2022) delved into the linkage between employee performance and budget participation in real estate firms and the mediating effects of job satisfaction, trust, and dedication to budget goals. In order to achieve this, a questionnaire was created, 116 employees who engage in real estate businesses' budgeting processes were selected as a sample. Data was then analyzed using structural equation modeling. The findings demonstrated that, employee performance is impacted by budget target commitment, trust, and job satisfaction during the budgeting process. However, there was little evidence to substantiate the involvement of financial slack in this process using statistics.

2.6 Budget Implementation and Financial Performance

In addition, Jacek and Sylwia (2021) investigated on the participatory budgets implementation on selected municipalities. The study explored the difficulties that accompanied the adoption of budgets that are participatory. The analysis relied on existing literature on Polish legislative amendments that define the concept of the participatory budget and create the groundwork for its operation. In the process of implementing the participatory budget in the analyzed communes, several components of the approach were contrasted. According to the research findings, the participatory budget model should be modified to maximize the use of local finances, boost local community satisfaction, and hasten commune development. The study was done in Poland and not in Kenya.

Effiom and Edet (2019) concentrated on issues with Nigeria's capital budget implementation. Both analytical and descriptive techniques were employed. The obtained data was analyzed using various regression and correlation methods. Findings reckoned, among other things, that Nigeria's capital budget implementation was hindered by poor budget monitoring and evaluation, leaks related to corruption, and interruptions in budget exhibition by the premiership and in national assembly approval. The research provided a number of endorsements, including establishment of the institutional procedures involved in budgeting as well as establishing formal deadlines for the administration's presentation and the legislature's adoption of the budget.

Pratolo et al. (2020) focused on the performance-based planning execution in advanced schooling institutions. This study intended to examine the influences that cause the employment of performance-based budgeting (PBB) in campuses in Indonesia as well as the effect that PBB has on HEI superiority. The investigation was carried out in private HEIs in Indonesia. The research hypotheses were evaluated using PLS-SEM based on variation. According to the study, PBB implementation benefits from managerial skill and reward structures, and PBB enhances the quality of HEIs. Additionally, the study discovered that PBB functions as an intervening variable in the association between managerial skill and reward structures and HEI quality.

A'yun and Hartaman (2021) focused their assessment of e-budgeting application in preparation of budget. The study for this paper was carried out via reading books and papers, using secondary sources, and documenting findings online. The information was gathered by keeping an eye on the official website and the program that the Maros Regency Government used to carry out the E-Budgeting process. The findings indicated that, while the electronic-based accounting arrangement had been successfully employed, it had not yet been fully optimum in producing the desired consequences and assistances.

Nwala and Bameyi (2020) checked on impact of budget implementation on economic growth in Nigeria. Capital spending, recurrent expenditure and debt were employed were assessed with the intention to understand what impact the possessed on gross domestic product. It was discovered using E-Views 10 that capital expenditures have a positive and considerable impact on Nigeria's GDP. Similarly, there was a negative and substantial association between government debt and GDP as well as a positive and significant relationship between ongoing expenses and GDP. On the basis of this, it was advised that the government work to set up efficient mechanisms that would guarantee the strict loyalty to due procedure, complete application of annual budget provisions and prevent alteration of public reserves to personal usages.

Kuntadi and Puspasari (2023) concentrated on the competence of budget absorption: commitment to budget execution, human resource capacity, and budget preparation precision. This study looked at the factors that affect budget fascination effectiveness, which depends on the precision of budget planning, the human resource potential, and the dedication to budget execution. The hypothesis formulated in this article showed how numerous variables interact with one another with the aid of additional research. This article's literature study illustrated the relationship between successful budget absorption, precise budget planning, and human resource skills. It also showed how efficacy budget absorption is correlated with dedication to budget execution. While the current study employed a descriptive research plan, the previous investigation adopted a desktop research design.

Postuła (2018) focused on performance budget implementation in Poland. The investigation adopted a desktop research plan. The investigation findings were clear that budget implementation had an influence on performance of firms. Postula findings provide insightful advice to the current study, hence the study results cemented a ground to do an investigation in Mount Kenya Region, Kenya.

Orji (2019) checked on the impact of budget application on the economic development of Nigeria (1999–2018). The public capital spending (PCE), public recurrent spending (PRE), and public debt overhauling (PDS) were employed as proxies for budget implementation, while the GDP was exploited as a proxy for economic upswing. For the year 1999 through 2018, secondary data from the CBN statistical bulletin was used. The study scrutinized the impact of budget implementation on economic growth both short and long terms. The study's findings indicated that none of the variables had any discernible short- or long-term effects on economic growth, and that they continued to have no discernible long-term effects. In order to accelerate the wheel of economic growth, the report advised the government to spend more money on capital projects. The study focused on budget implementation and economic growth. The recent study focused on budget implementation and financial performance.

Omosidi et al. (2019) researched on budget application plans and organizational efficiency in the faculty of education in Nigeria. In their study, organizational performance in Nigerian institutes of education was compared to budget implementation tactics. The results showed a substantial correlation between organizational performance in the institutions and budget implementation methodologies. In order to prepare realistic fiscal budgets, it was determined that units and departments need technical support.

Olaoye and Bankole (2019) focused on statutory allotment and budget implementation in Southwest Nigeria. The investigation was descriptive in nature. The findings indicated that there is no direct association amongst legal apportionment and actual spending in the southwest states of Nigeria, and that constitutional distribution only had a negligible beneficial impact on actual expenditure. According to the study's findings, statutory allotment to southwest states from earlier periods does not meaningfully reflect the level of inexpensive application in the current period: even though it's positive impact on actual spending is noteworthy in the context of those states. This investigation also found, among other things, that the rhetoric surrounding statutory distribution and budget application varies throughout southwest states.

Eton et al. (2019) investigated on internal review and budget implementation in Kabale, Uganda. The study employed a cross-sectional study design. The study discovered a moderate link between internal control and budget execution. According to the report, although the local government of Kabale district had internal controls systems and methods to manage risks, the management of risks and fraud was actually quite shoddy. There was little separation of roles and infrequent staff review. Otherwise, proposed initiatives would have been badly coordinated and, in some circumstances, abandoned before completion. The policy makers at Kabale district local governments show oversight to implementation of planned activities only for the sake of it. Although there seemed to be evidence of operational surplus budgets, many worried residents were unsure of when such budgets were passed. The fact that there were few internal control systems in place to oversee budget execution was largely due to management's inadequate enforcement of the controls that were already in place.

Handayani et al. (2023) focused on perception of organizational provision for budget application based on campuses. The association between perceived organizational support (POS) and the embracement of performance-based budgeting was investigated in this study. This study also featured the subjects on perceived fairness, perceived organizational rewards and perceptions of supervisor support using POS as a component of organizational psychology and in relation to the resource conservation hypothesis. To gauge acceptance and support for the execution of performance-based planning, the investigation used a questionnaire that was created using POS theory. The results of data analysis demonstrated a considerable positive support for the sense of fairness. Unlike the two POS dimensions, organizational reward perceptions, perceptions of organizational rewards and working conditions have no discernible impact, in contrast to the two POS dimensions.

Suwanda et al. (2021) investigated on the application of performance-based planning via a money follow program in exciting budget dishonesty. The scope of this investigation was to assess how well success-based costing with the money follow database idea is being implemented in local administration preparation and planning. In investigation, qualitative descriptive analysis method was applied. The enactment of organizational strategies, the selection of activities and the performance assessment of prior periods were the indicators used to gauge the effectiveness of performance-based budgeting. The outcomes demonstrated that the local government's planning and budgeting operations utilized a performance-based costing with money follow program idea.

The performance of the budget implementation plan was the focus of Zuarmi et al. (2023) whose locale of the research was the ministry of religion office in Muara Enim District. Data for the study was gathered using a qualitative descriptive methodology, which includes data analysis, documentation, interviews, and observation. The study's findings indicate that: Performance-based budgeting at the Muara Enim Regency's Office of the Ministry of Religion has not produced the best results. Some of the noted issues were: Communication, resources, people, attitudes and bureaucratic structure. Also, it was noted that implementing performance-based budgeting using the strengths and opportunities strategy impacted the accomplishment of performance-based budgeting. Some of the suggested mechanisms to bring change highlighted were strengthening HR practices by planning, stakeholder engagement and adopting SOPs when coming up with a budget.

Gambo et al. (2021) focused on influences impacting budget application for successful distribution. In order to successfully supply, this study evaluated the variables influencing budget execution. The findings showed that factors influencing budget implementation had little bearing on opportune accomplishment of PHC construction facilities in northern Nigeria. The fruitful distribution of PHC building amenities and budget application elements also had linear connections. On top of that, opined results pointed out standards for assessing how budget implementation concerns affect the nations that dealt with related issues. The report called for an increase in the PHC sector's budget implementation through proper funding.

2.7 Summary of Gaps

Past studies have been done but various gaps have been presented. These gaps include; methodological gaps, conceptual gaps, contextual gaps.

Though studies have been done on budgetary controls and financial performance, they have focused on different contexts thus showing a contextual gap. Mbuthia and Omagwa (2019) study focused on selected commercial banks in Kenya. Kiiru et al. (2018) and Foster (2018) studies focused on small and medium enterprises, Maisaroh et al. (2019) focused on state primary schools, Omosidi et al. (2019) focused colleges of education in Nigeria, (Murei et al., 2017) focused on horticulture projects, (Ezekiel & Obafemi,2022) focused on selected government parastatals in Nigeria, (Silva et al., 2022) focused on real estate companies. This research concentrated on public universities based in Mount Kenya Region.

Further, past studies on budgetary controls and financial performance have used different methodologies. Dahana (2020), Amraee and Azar (2022) and Dirgahayu et al. (2021) studies employed a qualitative, ethnomethodology-based technique while the current study was quantitative. Eton et al. (2019) study employed a cross-sectional study design. La Tjoke (2020) study utilized a survey approach. Kwarteng (2018) and Oktari et al. (2020) studies used a causal research design. Hussin et al. (2023) adopted an explanatory research design was used. Jacek and Sylwia (2021), Postuła (2018), Kuntadi and Puspasari (2023) and Sikhosana and Nzewi (2019) adopted a desktop research design. This one was based on a descriptive research design.

Past studies have also shown conceptual gaps. Kiiru et al. (2018), Saputro et al. (2022), Kwarteng (2018), Nasri et al. (2022) and Maisaroh et al. (2019) focused on budget planning and financial performance leaving out other budgetary control practices which include participation, implementation and monitoring thus showing contextual gaps.

Jacek and Sylwia (2021), Pratolo et al. (2020), A'yun and Hartaman (2021), Nwala and Bameyi (2020), Gambo et al. (2021), Omosidi et al. (2019), Olaoye and Bankole (2019), Eton et al. (2019) and Suwanda et al. (2021) focused on budget implementation and financial performance leaving out other budgetary control practices which include participation, planning and monitoring thus showing a contextual gap.

Amraee and Azar (2022), Murei et al. (2017), Dirgahayu et al. (2021), Sikhosana and Nzewi (2019), Dawood and Abdulahad (2023), Beck and Możdżeń (2020), Amraei et al. (2020), Letsolo et al. (2022) and Agosto et al. (2021) focused on budget monitoring and financial performance leaving out other budgetary control practices which include budget participation, budget planning and budget implementation thus showing a contextual gap.

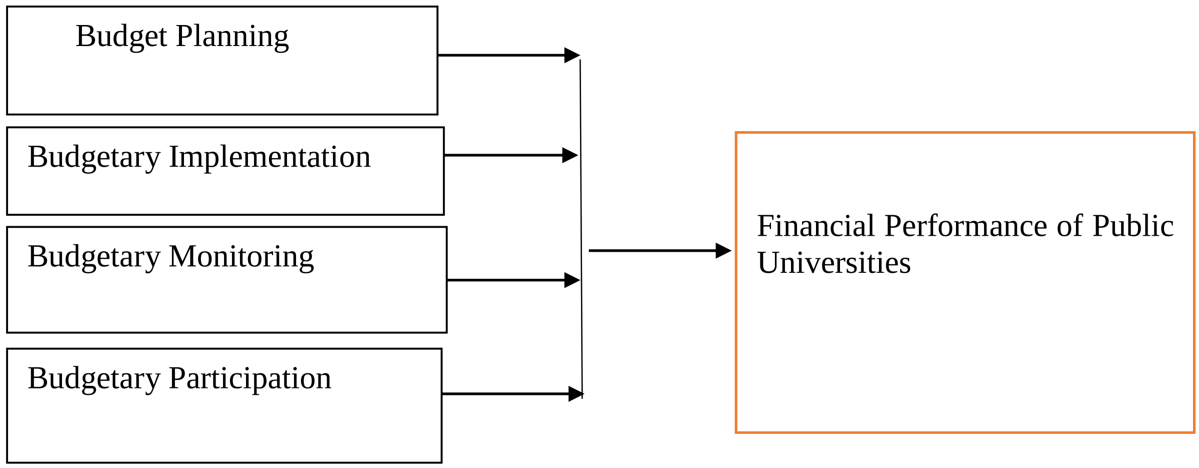
Macinati et al. (2018), Hutama and Yudianto (2019), Amir et al. (2021), Widiawati (2019), Jatmiko et al. (2020), Silva et al. (2022), Ardiansyah et al. (2019), Sofyani et al. (2020), Shen et al. (2023), Weiskirchner-Merten (2020) and Zonatto et al. (2020) focused on budget participation and financial performance leaving out other budgetary control practices which include budget monitoring budget planning and budget implementation thus showing a contextual gap.

2.8 Conceptual Framework

Below is a representation of the variables for exploration by this study figuratively.

Figure 2.1

Conceptual Framework



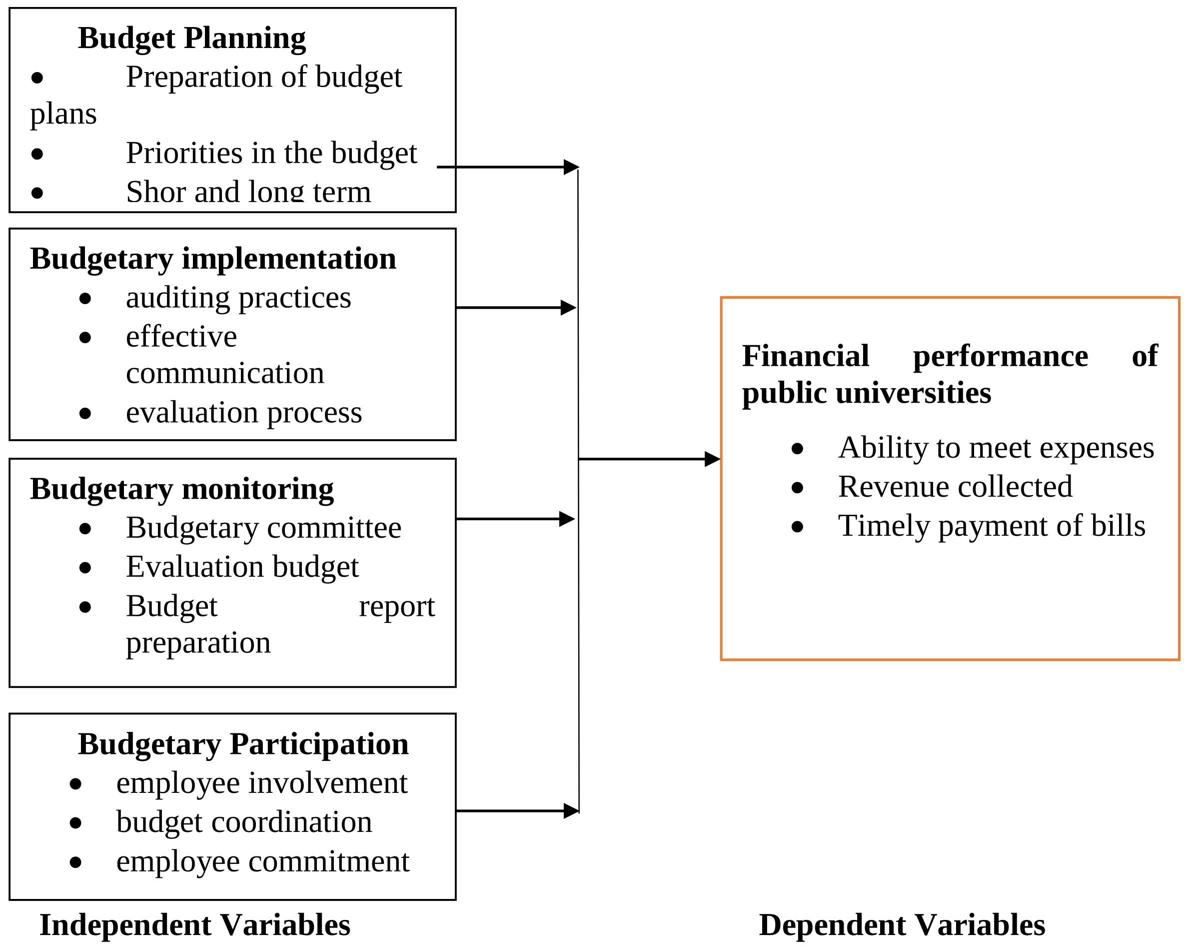
Independent Variables **Dependent Variables**

2.8.1 Operationalization Framework

The researcher developed measures of all the variables comprising independent and dependent variables. This was depicted in an operational framework.

Figure 2.2

Operational Framework



Budgeting is very important in the success of campuses and other institutions (Nasri et al., 2022). Effective budget management involves the organization's ability to create, adopt, and implement a budget while implementing control measures to ensure the accomplishment of both short and long-term goals and responsibilities of the organization. In the current study budget planning was measured in terms of budget preparation, short term budget plans and long term budget plans

The process of carrying out tasks related to the management, oversight, control, and auditing of budgetary spending is known as budget implementation. It entails predicting, carrying out, managing, and assessing the budget's performance (Jacek & Sylwia, 2021). Additionally, it necessitates proper and transparent communication with all significant participants. Commitments and payments are the two basic procedures involved in budget implementation. Payments are sums payable after the associated legal obligations and services have been created. Obligations are decisions to spend a specified amount from a certain budgetary line for a specific activity (Nwala & Bameyi, 2020). Implementing a budget can assist in achieving spend management objectives and preventing the crossing of approved levels. However, depending on the type and urgency of the goods or services, various places may have distinct expenditure control regulations (Gambo et al., 2021). In this study, budget implementation was measured by auditing practices, effective communication and evaluation process.

Another independent variable is budgetary monitoring. In the current study, budget monitoring was measured by budgetary committee, monitoring budget and budget report preparation. This also involves having participatory budgeting where low-level managers contribute their opinions towards enrichment of the set budget (Hutama & Yudianto, 2019). Budgetary participation was measured by level of employees' involvement, budget coordination and employee commitment

Performance entails meeting specified objectives through transforming availed raw materials and resources into finished products (Pinto et al., 2018). This variable was measured by ability to pay meet expenses, revenue collected and timely payment of bills.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a broad outline of the methodology utilized in achieving the intention of the research. The methodology includes the identification and selection of an appropriate research approach. It was organized into several sections and the sections included the research design, the study population, the sample design, the size of the sample, the procedure of data collection, the methods of data analysis, operationalization of variables, considerations of validity and reliability, as well as the ethical considerations.

3.2 Research Design

Vogt and Johnson (2011) defines a research design as a meticulously planned scientific approach that provides guidance on the appropriate implementation of research to achieve valid findings. Sekaran (2010) observes that a well-structured research design includes a clearly defined objective that aligns with the research questions or hypotheses and the chosen research methodology.

A descriptive research design was utilized for this research. This design emphasizes the establishment of priorities, the development of operational definitions, and the creation of a comprehensive framework for conducting the research. This is further emphasized by Cooper and Schindler (2013) who cite that descriptive studies enable a researcher to define phenomenon or characteristics attributed to population under study and finally identify the linkages between variables. The main focus of the design was to provide a detailed description of various aspects of the study. The purpose of employing a descriptive research design was to investigate a problem that had not been extensively explored and to describe the features of the variables under research.

3.3 Location of the Study

Seven public universities located in the Mount Kenya region were chosen as the locale for this research. The location was ideal since there are many public universities situated within the area.

3.4 Target Population

The term target population refers to the complete collection or set of objects, subjects, or members that constitute a specific group. It is the population under study (Politt & Hungler, 2013). Alternatively, as mentioned by to Kombo and Tromp (2010), the population is defined as a larger group from which samples are selected, encompassing all elements, such as individuals, items or objects, whose characteristics are being investigated. The target population was 7 universities in Mount Kenya Region. The specific respondents were Heads of Department in Academics Division and Heads of Departments in Administration Division from the seven universities. The total number of all the heads of departments was two hundred and eighty-four (284).

These heads of departments were focused since they had good information on budgeting practices and the financial performance among public universities. These individuals were deemed suitable to provide reliable information pertaining to the study's subject matter. Since the target population was small, all the 7 universities comprising of 284 respondents was included in the study. Since the population was small, a census approach was applied in the investigation. From the point of view of Kothari (2019), census is when all the respondents targeted are enumerated to take part in giving information to supplement the research.

Table 3.1

Target Population

University	HODs in Acad. Division	HODs in Admin Division	Total
1. Chuka university	32	15	47
2. Meru University of Science and Technology Methodist university	34	11	45
3. Dedan Kimathi University of Technology	28	14	42
4. Karatina University	28	13	41
5. Kirinyaga University	27	12	39
6. University of Embu	30	13	43
7. Tharaka University	18	9	27
TOTAL			284

3.5 Data Collection Instruments

To get opinions and views from the university workers, questionnaires were developed. According to Saunders et al. (2009), questionnaires are data collection tools in which individuals are presented with a series of similar questions in a predetermined order. To ensure effective questionnaire design, a combination of ratio scales, ordinal scales, and nominal scales was utilized as widely recognized classification measures. The questionnaire incorporated a mix of open closed-ended questions.

The use of Likert Scale questionnaires is instrumental in providing respondents with greater flexibility in their responses. As described by Stangor (2010), the Likert Scale allows individuals to express their opinions about a particular phenomenon through stand-alone responses that require measurement (McNabb, 2008). Questionnaires serve as valuable tools in data collection. They are efficient in consolidating responses from large samples. Their structured and standardized format lends itself well to the utilization of closed-ended questions, enabling the data to be used for quantitative analysis. The questionnaires employed had been partitioned into two sections. Section A encompassed general questions pertaining to the respondents' overall situation, while Section B consisted of categorized questions tailored to specific aspects under investigation.

3.6 Pre-Testing of Questionnaires

The researcher carried out a pre-test to find out if the questions captured the concept being investigated. Mugenda and Mugenda (2003) advised that when carrying out a pre-test, 10% of the sampled population is adequate. Pilot was done by administering questionnaire to 28 Head of Department in Academics Division and Heads of Department in Administration Division from Laikipia University who not part of the key sample chosen to give their opinions on the subjects investigated. According to Welman et al. (2015), pretesting enabled the researcher to issue the study instruments to different type of respondents whose responses indicated whether the instruments were reliable for the study or not.

3.6.1 Validity of Research Instruments

Validity can be described as the importance and accuracy of the conclusions drawn from research outcomes (Zohrabi, 2013). It is also recognized as the extent to which the outcome achieved from data analysis precisely depict the actual condition or circumstances related to the subject being studied. To establish validity, the questionnaire underwent a process of content validation. Content validity assesses how well the data collected through a particular instrument effectively represents the appropriate indicators within a specific concept (Mugenda & Mugenda, 2003).

The qualitative approach was used to measure the validity. The designed questionnaire was assessed by two auditors and two accountants in a physical one-on-one interview. All the noted areas and concerns which required improvement or rather corrective action were rectified as advised by the interviewees.

3.6.2 Reliability of Research Instruments

Reliability pertains the extent to which measurements are devoid of random errors and demonstrate consistency in measurement over time, utilizing a specific instrument (Zikmund, 2003). To ensure reliability in this study, two approaches were used. These are the Cronbach's alpha method and the test-retest method.

The Cronbach's alpha method is suitable for evaluating Likert scale responses. Data was considered reliable if it exhibits a Cronbach's alpha value of 0.7 or higher, suggesting a high level of internal consistency among the items in the questionnaire. On the other hand, the test-retest method applies to isuing out the same set of questions to the same respondents on two separate occasions. By examining the correlation between the data collected from the repeated administration of the questionnaire, an estimation of reliability can be obtained. The consistency observed in the repeated measurements serves as an indication of reliability. (Saunders et al., 2009). To carry out test-retest reliability, the questionnaires were administered to ten (10) accountants.

3.7 Data Collection Procedure

The process begun with the researcher requesting Kenya Methodist University for an introduction letter. When the letter was ready, the researcher used it to request for a NACOSTI permit. With the help and provision of these two important documents,, the researcher proceeded to issue questionnaires to the respondents while explaining the need for the study. The study did not use the research assistant due to the small number of the target population. The researcher used drop and pick method to issue and collect filled in questionnaires after 2 weeks. The questionnaires were analyzed and later on stored in a secure place. The researcher got the university reports from Ministry of Education and specific universities by physically visiting the offices and through emails.

3.8 Diagnostic Tests

The essence of carrying out diagnostic tests is so that the investigator get evidence based on data to make rue out if the computed assumptions have been violated or not. Diagnostic tests once computed give confidence to the researcher that the presented analysis is devoid of bias (Field, 2009). This assumptions also, determine the specific type of regression the investigator would conduct as advised by the convergence or divergence of the results from the tested assumptions. In this study, the diagnostic tests conducted included normality test, multicollinearity, and heteroscedasticity.

3.8.1 Normality Test

This diagnostic assumptions was analyzed and the interpretation of the results used both skewness and kurtosis to ascertain the level of significance. If the obtained results which is the significant figure is lower than that of the computed significant value, the residuals are said to be normally distributed.

3.8.2 Multicollinearity

The multiple regression model results are skewed by the multicollinearity. Multicollinearity tests the level of interrelatedness among the study variables. The Variance Inflation Factor (VIF) was adopted to ascertain the level of multicollinearity severity. There would be a 1 Variance Inflation Factor (VIF) if no multicollinearity is found. If the VIF indication is above 1, there was a moderate correlation showed by independent variables. A VIF between 5 and 10 indicates a multicollinearity problem.

3.8.3 Test of Autocorrelation

On the authority of Wooldridge (2003), to assess the correlation of indicators within independent variables (auto-correlation condition), SPSS was employed to compute the Durbin-Watson statistics. Typically, a Durbin-Watson value is anticipated to be close to two and not less than 0.8 to express non violation of autocorrelation condition (Taylor, 2023).

3.9 Data Analysis Methods and Presentation

Data analysis was performed to establish a link between theory and reality by examining the research hypotheses and addressing the study objectives. The study aimed to gather data related to the demographic characteristics of the population, such as the distribution of respondents based on age, education, and experience. These data was then analyzed using descriptive techniques, including the creation of frequency distribution tables, calculation of means, and identification of modes, specifically aligned with each research objective.

Quantitative data, on the other hand, underwent inferential statistical analysis. This involved the application of techniques such as correlation analysis, regression analysis, and ANOVA tests. The significance level for all analyses were set at 95% (α=0.05), and the degrees of freedom were determined based on the specific case. The analysis of data was done by the use of the SPSS.

The model was represented as follows:

$$Y=\alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon,$$

where: β represents the slope,

α represents the constant, and

Y represents financial performance.

In this case, the variables are defined as follows:

X1 represents budget planning

X2 represents budgetary implementation

X3 represents budgeting monitoring

X4 represents budget participation

The analyzed data was presented using figures and tables.

3.10 Ethical Considerations

The researcher obtained approval from both NACOSTI and the Kenya Methodist University first before distributing the questionnaires. Additionally, permission was sought from each of the participating universities. Each and every respondent was asked to show his or her willingness to take part in the study, and the researcher made sure that no sampled respondent was coerced. Primary data was collected from the participants, and strict measures were taken to maintain the anonymity and privacy of the respondents through sequential numbers on the questionnaires as an alternative of obscuring their identity. It should be noted that the received information was not linked to the identities of the respondent. Lastly the analyzed questionnaires were stored in a safe with a key and lock to ensure they are not tampered with.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This section covers the findings as organized based on the key variables of the study. Following the key findings is their discussion citing existing literature. The main research objectives included; to establish the impact of budget planning, budget implementation, budget monitoring and to budget participation on the financial performance of the public universities located in the Mount Kenya region of Kenya. The chapter also presents and discusses the results on response rates, followed by an assessment of the reliability of collected data, demographic details of participants and the outcomes of diagnostic tests.

4.2 Response Rate

Following the study sample 284 questionnaires were administered to Heads of Department in Academic Divisions and Heads of Department in Administration Divisions from every university in the region. The response rate for respondents who returned the tools is shown in Table 4.1.

Table 4.1

Response Rate

Tools	No.	Percentage
Returned	209	73.59%
Unreturned	75	26.41%
Total	284	100%

Table 4.1 shows that a total of two hundred and nine (209) instruments were answered which corresponds to a return rate of 70.77%. The overall recorded response rate is relatively good given that a majority of university workforce participating in the study.

This coincides with Babbie (2004) profession that a return rate of 50% are acceptable, for that reaching 60% is good and the one far reaching up to 70% is far much very good. Accordingly with the adopted assertions, 70.77% return rate was considered very good.

4.2.1 Response Rate per Institution

To have a concise picture of how each institution got represented in the region, the return rate was also analyzed per institution. The aforementioned universities return rate is given out in table 4.2.

Table 4.2

Institution

University	Response Rate	Percentage
Chuka University	24	11.48
Meru University Of Science And Technology	42	20.10
Dedan Kimathi University Of Technology	36	17.22
Karatina University	29	13.88
Kirinyaga University	31	14.83
University of Embu	34	16.27
Tharaka University	13	6.22
	209	100%

Table 4.2 demonstrates that majority of the respondents were from Meru University of Science and Technology (20.10%). This was followed by Dedan Kimathi University of Technology (17.22%), University of Embu (16.27%), Kirinyaga University (14.83%), Karatina University (13.88%), Chuka University (11.48%) and Tharaka University (6.22%). The results show that the research was not biased because the respondents were distributed evenly across institutions located in Mount Kenya Region.

4.3 Reliability Analysis

Pretesting happened at Laikipia University to help in determining the reliability of the data gathering tools. The data collected for each variable was assed to ascertain its fitness and dependability before the same was used in the analysis (Zinbarg, 2016). The Cronbach's Alpha coefficients were calculated for, budget planning, participation, monitoring, implementation and financial achievement. The findings of the study are indicated in Table 4.3.

Table 4.3

Reliability Analysis

Variable	Cronbach's Alpha	No. of items	Comment
Budgetary planning	0.834	4	Reliable
Budgetary participation	0.851	6	Reliable
Budgetary monitoring	0.819	5	Reliable
Budgetary implementation	0.857	5	Reliable
Financial performance	0.895	5	Reliable

Table 4.3 manifests that the coefficients obtained were more than 0.7 for the stated objectives. To illustrate this, budgetary planning had a coefficient of 0.834, participation 0.851, monitoring of 0.819 whereas implementation and financial performance had 0.857 0.895 respectively. This sheds light on the dependability of each construct that was considered in the research.

4.4 Demographic Characteristics of Respondents

Understanding the demographic information is essential in informing tailored interventions and budgetary practices to meet the diverse needs universities. The demographic characteristics here included the gender, level of education, employee position and duration worked.

4.4.1 Gender

The university administrative workforce indicated their gender as follows in table 4.4.

Table 4.4

Gender of respondents

	Frequency	Percent
Male	163	77.99%
Female	46	22.01%
Total	209	100

The results indicated that out of 209 respondents, 163 (77.99%) were male while 46 (22.01%) were female. That confirmed the findings in Muyaka (2019) who recognized that females were more marginalized in academics. The inclusion of gender in the study was important so as to obtain more inclusive and diverse results.

4.4.2 Level of Education

The same workforce proceeded and ticked their level of education and this is reported as indicated in Table 4.5.

Table 4.5

Level of Education

	Frequency	Percent
Diploma	10	4.8
Degree	14	6.7
Masters	63	30.1
PhD	122	58.4
Total	209	100

The results were certain that a bigger part of the respondents 122(58.4%), had a PhD, 63 (30.1%) had a master degree, 14 (6.7%) had an undergraduate degree while 10(4.8%) had a diploma. This hinted that a better part of the respondents were well educated and thus were knowledgeable enough to respond to the study appropriately.

4.4.3 Employee Position

Administrative staff were also needed to remark about their position of administration they hold from their respective university. Their remarks were recorded in Table 4.6.

Table 4.6

Employee Position

	Frequency	Percentage
Chairman of Department - Academic Division	131	62.7
Head of Department - Administration Division	78	37.3
	209	100

The results show that over a half of the administrators were chairmen of department academic division, 131(62.7%) while 78(37.3%) were heads of departments in administration division.

4.4.4 Duration Worked

The duration an administrator had served in their designated organization was also needed in order to establish their familiarity to processes on budgeting. To accomplish this both the CODs and HODs were requested to give out information regarding the number of years they have been serving the universities. Their answers were summarized and presented in Table 4.7.

Table 4.7

Duration Worked

	Frequency	Percent
1 - 3 years	6	2.9
4 - 6 years	17	8.1
7 - 10 years	166	79.4
Above 10 years	20	9.6
Total	209	100

From the findings, 7-10 years was the highest duration an administrator has served in the current institution as shown by166(79.4%. this was followed by 17(8.1%) who had worked for 4–6 years, 20(9.6%) had worked for more than 10 years and the least constituting 6(2.9%) that had worked for 1-3 years. This implies that most Heads of Department in Academics Division and Heads of Department in Administration Division from every university in the region had worked for a duration of 7 to 10 years.

4.5 Descriptive Results

Descriptive results for both the dependent and independent variables were presented.

4.5.1 Budgetary Planning

Several issues relating to the budget planning were addressed in the questionnaires to determine level of budget planning in the public universities. The rating of the statements was done using a five Likert scale.

Table 4.8

Descriptive for Budgetary Planning

Statement	Mean	Std. Dev
Each department of the University prepares budget plans prior to budget periods.	3.69	1.14
The University has both short- and long-term budget plans.	3.54	1.29
The University incorporates both development and recurrent plans in their budgets.	3.86	1.25
The University's budget at planning level factors in the priorities of different departments.	3.60	1.26

The results depict that most of the administrators are of the same mind with the statement that each department within the institution prepares budget plans precedent to budget periods (mean=3.69, std. dev=1.14). This implies that most universities are in a position to prepare budget plans. The study outcomes concede with Kiiru et al. (2018) who showed that there is a statistically significant moderate positive association amongst budgeting and financial performance.

The results were also clear that a bigger part of those of surveyed agreed with the statement that the University has both short-term and long-term budget plans (mean=3.54, std. dev=1.29). This infers that public universities are able to make both short and long time budgets. Findings also agreed with Saputro et al. (2022) whose investigation showed that each phase of budgeting were important in success of an organization.

To a greater extend also, results depicted that CODs and HODs consent with the statement that each department of the university incorporates both development and recurrent plans in their budgets (mean=3.86, std. dev=1.25). This infers that public universities have incorporated the necessary plans for the budgets. The study findings also agreed with Foster (2018) who found that better preparation and development could aid managers in enhancing the financial steadiness of their small enterprises, thus lowering failure rates and job losses.

Besides, larger part of the academic administrators felt that the during budget planning, the priorities of different departments were incorporated (mean=3.60, std. dev=1.26). This infers that the public universities are able to plan their budgets in order of priorities. This finding acknowledges Sulistiyo and Pratiwi (2021) who found that budget planning significantly affect how companies performs. The study findings also assent with those of Foster (2018) who found that better preparation and development could aid managers in enhancing the financial steadiness of their small enterprises, thus lowering failure rates and job losses. This also go along with Mbuthia and Omagwa (2019) who found that budgeting planning significantly and favorably affects financial performance.

4.5.2 Budgetary Participation

Several issues relating to the budgetary participation were addressed in the questionnaires to determine level of budget participation in the public universities. The rating of the statements was done using a five Likert scale.

Table 4.9

Descriptive for Budgetary Participation

Statement	Mean	Std. Dev(SD)
The budgetary process communicates to staff what is expected of them as it allows for a consensus of ideas, strategies and direction.	3.77	1.38
The University rationalizes budgets of various departments.	4.07	1.21
Employees are involved in the budget process	2.61	1.43
The budget committee carries out budget coordination	3.59	1.14
Employees are committed to ensuring an effective budget process	2.52	1.57
The proposals from the departments are fully incorporated in the budget	2.29	1.34

The results depicted that respondents agreed that the budgetary process communicates to staff what is expected of them as it allows for a consensus of ideas, strategies and direction with a mean of 3.77 and a S deviation of 1.38. This deduces that public universities allow their staff to give their ideas in the budgetary process. Further results indicated that the good number of the administrative staff admitted that the university rationalizes budgets of various departments with a mean of 4.07 and a SD of 1.21. This be in the same opinion that public universities were able to explain the budget of various departments of the universities. The study findings compare very well with the observations brought forward by Amir et al. (2021) that budget participation has a favorable impact on government officials' performance.

However, majority of the respondents disagreed that the employees were involved in the budget process (2.61 mean and SD 1.43). This implies that public universities did not fully engage employees in budgetary process. Other findings such as Widiawati (2019) showed that that high budget contribution can impact administrative obligation, high budget participation can impact work satisfaction, and high budget participation can impact managerial performance.

On the aspect of budget committee carrying out budget coordination, CODs and HODs majorly gave consenting opions that the budget committee carried out budget coordination with a mean of 3.59 and a S deviation of 1.14. This infers that more than half of the public universities have budget committees that carry out budget coordination. Other findings such as Widiawati (2019) showed that that high budget contribution can impact administrative obligation, high budget participation can impact work satisfaction, and high budget participation can impact managerial performance. In contradiction, findings report that majority of CODs and HODs disagreed that employees were committed to ensuring an effective budget process with a mean of 2.52 and a standard deviation of 1.57. This infers that most public universities employees were not very committed towards ensuring an effective budget process. The study findings were in tandem with what Silva et al. (2022) reported that employee performance is impacted by budget target commitment, trust, and job satisfaction during the budgeting process.

Furthermore, a better number of the responders disagreed that proposals from the departments were fully incorporated in the budget with a mean of 2.29 and a standard deviation of 1.34. This infers that more than half of the public universities were not able to fully incorporate all the department in the budgetary process. The study findings were conforming with Amir et al. (2021) that budget participation has a favorable impact on government officials' performance. This was the same case as expressed by Zonatto et al. (2020) echoing that budgetary participation had a significant effect on managerial performance.

4.5.3 Budgetary Monitoring

Several issues relating to the budget monitoring were addressed in the questionnaires to determine level of budget monitoring in the public universities. The rating of the statements was done using a five Likert scale.

Table 4.10

Descriptive for Budget Monitoring

Statement	Mean	Std. dev
There exists a budgetary committee that periodically meets to review budget performance	1.97	1.33
The Institution has budget policies that help in monitoring budget spending limits.	2.44	1.56
The institution periodically prepares reports for budget performance evaluation	3.81	1.21
At end of budget cycle, the institution compares actual and budgeted performance and tabulates variances.	3.58	1.15
The Universities adverse budget deviations are reported to budget committee or the council	3.88	1.38

The outcomes depicted that most of the respondents disagreed that there existed budgetary committees that periodically meet to review budget performance (mean=1.97, std. dev=1.33). This infers that most public universities did not have active budgetary committees that were used to review budget performance. Findings agreed with Murei et al. (2017) whose results were clear that monitoring of the horticulture's budget caused improvement in the overall performance; and when the norm was consistently applied, it brought forth outstanding performance.

In addition, most of the respondents disagreed that the institutions had budget policies that helped in monitoring budget spending limits (mean=2.44, std. dev=1.56). This infers that public universities have not put in place policies that enhance budget monitoring. This was also the case in the locale where Ezekiel and Obafemi (2022) did their research and reported that budget monitoring had a negligible positive impact on financial performance of firms.

Further outcomes depicted that most of the respondents agreed that there existed budgetary committees that periodically meet to review budget performance (mean=3.81, std. dev=1.21). This infers that the public universities had put in place budget committees that were used to review the budget. The study outcomes agreed with Thambura et al.'s (2023) whose findings showed that monitoring data collection procedures had an influence on performance of livelihood activities.

In addition, most of the respondents agreed that at end of budget cycle, the institutions compared actual and budgeted performance and tabulated variances (mean=3.58, std. dev=1.15). This implies that public universities had put in place mechanisms that enabled the comparison of the actual and the budgeted performance to be done. Results compate with Letsolo et al. (2022) in the sense that monitoring plan distribution impacts the performance of socio-economic empowerment arrangements. Further outcomes depicted that most of the administrators consented that universities adverse budget deviations were reported to budget committee or the council (mean=3.88, std. dev=1.38). This pointed out that most universities have ensured that the budget deviations were totally reported to the budget committee. This is in line with Letsolo et al. (2022) thread of thought, that monitoring plan distribution to a greater extend impacts the performance of socio-economic empowerment arrangements. In cocncensus was also the report of Ezekiel and Obafemi (2022) who found that budget monitoring had a negligible positive impact on financial performance of firms.

4.5.4 Budgetary Implementation

Several issues relating to the budget implementation were addressed in the questionnaires to determine level of budget monitoring in the public universities. The rating of the statements was done using a five Likert scale.

Table 4.11

Descriptive for Budgetary Implementation

	Mean	Standard Deviation
There is a structured system to enable reporting on progress of implementation	3.97	1.29
The budget is always audited	2.06	1.15
There is effective communication during the budgetary process	3.91	1.4
The evaluation process is always transparent	2.84	1.66
The university has a budget committee	3.83	1.35

The first theme which is inferred from the findings is on the presence of a structured systems which enables reporting the process progress. The results were clear as notified by a major part of the surveyed individuals who gave consenting opinions that there was a structured system to enable reporting on progress of implementation (mean=4.12, std. dev=1.12). This drives that most public universities had ensured that there was a structured system for budget implementation. Outcomes were in agreement with Zuarmi et al. (2023) who indicated that in order to make sure performance-based budgeting runs smoothly, improving structured system would improve the implementation process.

For the second parameter that was posed to the respondents regarding aspects of implementation, results indicated that majority of the participants gave dissenting opinions that budget was always audited in the universities (mean=2.06, std. dev=1.15). This implies that most public universities did not have budget audits. Further results indicated that a better number of the participants surveyed agreed that there was effective communication during the budgetary process (mean=3.91, std. dev=1.40). This infers that effective communication during the budgetary process was happening.

In addition, outcomes were clear that majority of the respondents disagreed that evaluation process was always transparent (mean=2.84, std. dev=1.66). This communicates that most public universities did not have a transparent budget implementation process. In addition, a good number of administrators were of the opinion that their university had a budget committee (mean=3.83, std. dev=1.35). This demonstrated that most public universities ensured that the implementation of the budget was transparent. The study findings agreed with Jacek and Sylwia (2021) who found that participatory budgets implementation had an impact on performance of firms. Comparably, stated results also agreed with Nwala and Bameyi (2020) who found that budget implementation had an impact on economic growth.

4.5.5 Financial Performance

Several issues relating to the financial performance were addressed in the questionnaires to determine level of financial performance in the public universities. The rating of the statements was done using a five Likert scale.

Table 4.12

Descriptive for Financial performance

Statement	Mean	Standard Deviation
The university revenue has been increasing	3.99	1.34
The university is able to meet all its expenses	2.81	1.33
The university has been able to pay all its bills in time	2.74	1.27
The liquidity level of the university has been increasing	2.86	1.41
Return on assets of the university has been increasing in the past five years	3.78	1.23

From Table 4.12, it is displayed that university participants professed that the university revenue has been increasing with a mean of 3.99 and a std dev of 1.34. This illustrates that most public universities revenue had been increasing. Further results were clear as represented by a huge part of the participants unanimously disagreeing that universities were able to meet all their expenses with a mean of 2.81 and a std dev of 1.33. This clarified that most public universities were having poor financial performance.

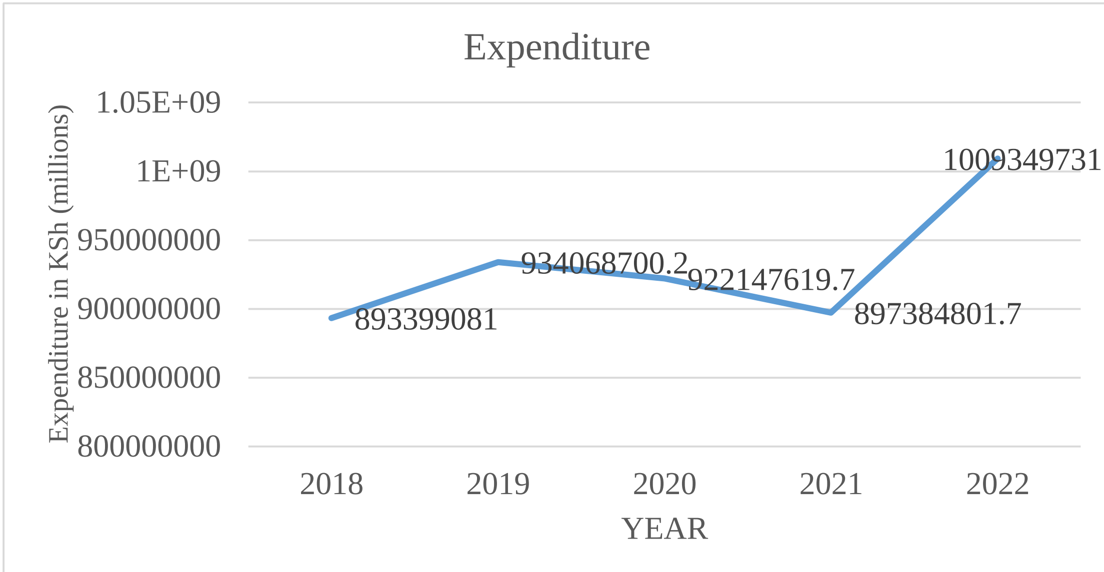
Following the third sentiment posed to the university CODs and HODs, it was also disagreed by a majority who did not feel that the universities had been able to pay all their bills in time with a mean of 2.74 and a std dev of 1.27. This painted a picture that most public universities were in debt and were not able to pay their bills in time.

Results were also clear that many of the sampled participants felt that liquidity level of the university had been increasing with a mean of 2.86 and a std dev of 1.41. This infers that the liquidity level of most universities had been decreasing. Therefore, the liabilities were increasing faster than the current assets. However, results were clear that return on assets of the universities had been increasing in the past five years with a mean of 3.78 and a standard deviation of 1.23. This infers that the return on assets of most universities has been increasing.

From the secondary data Figure 4.1 shows the trend of expenditure by public universities located in the Mount Kenya region, Kenya.

Figure 4.2

Trends on expenditure



The results showed that in the year 2018, universities in Mount Kenya region had an average expenditure of KSh 893,399,081. This expenditure increased to KSh 934,068,700 in the year 2019 but declined to KSh 922,147,619 and further declined to KSh 897,384,801 in the year 2021. The average expenditure however increased to KSh 1,009,349,731 in the year 2022. The decline in expenditure in the year 2021 and 2021 was mainly attributed to COVID 19 pandemic.

Table 4.13

Deficits in Universities in millions shillings

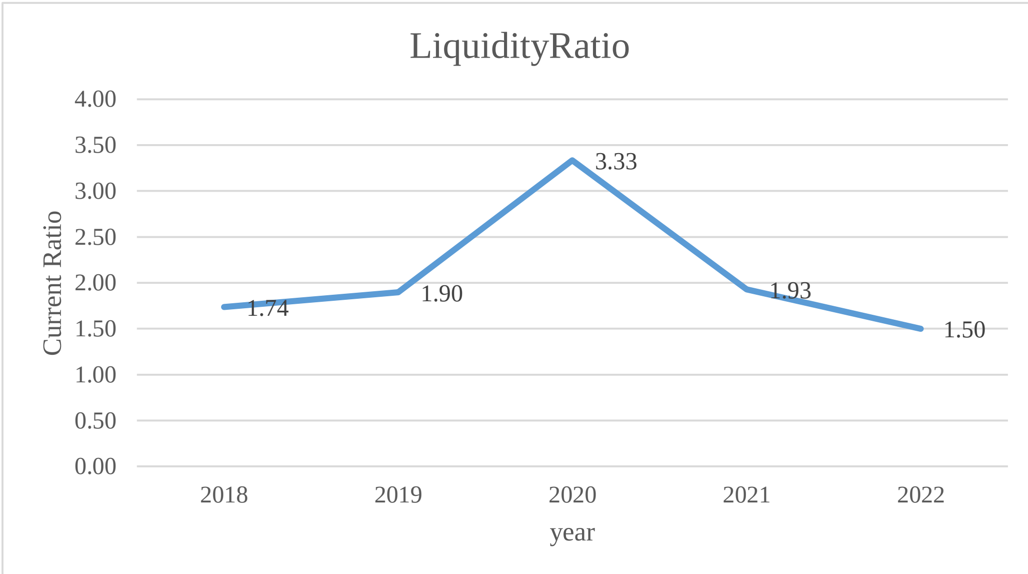
Details / Year	2018	2019	2020	2021	2022
Total Revenue	4,467	4,670	5,533	5,384	6,056
Total Expenditure	5,260	5,240	6,016	6,469	7,357
Deficit	(793)	(570)	(483)	(1,084)	(1,301)

From the secondary data, Table 4.13 indicates that on average, the public universities in Mt Kenya region reported deficits during the five years under consideration. In the year 2018, the deficit was KSh. 793 million. The deficit declined in the year 2019 to KSh. 570 million and further declined to KSh. 483 million in the year 2020. However, in the year 2021, the deficit increased to KSh. 1.084 billion and increased further to KSh. 1.301 billion.

From the secondary data, Figure 4.2 shows the trend of current ratio by public universities located in the Mount Kenya region. Current ratio in this study was used to measure liquidity and also as a measure of performance.

Figure 4.2

Liquidity Ratio



The results showed that in the year 2018, public universities based in Mount Kenya had an average current ratio of 1.99. The average liquidity increased to 2.99 in the year 2019 However, from the year 2020 to the year 2022, the current ratio continued to decline. The average liquidity in the year 2020 declined to 2.25 and further declined to 1.43 in the year 2021. In the year 2022, the liquidity ratio was at 1.01. The decline in liquidity was a clear indication of poor financial performance of the universities.

Table 4.14

Ranking of variables

Statement	Mean	Std. Dev
Budgetary Planning	3.67	1.24
Budgetary implementation	3.20	1.38
Budgetary participation	3.14	1.35
Budgetary monitoring	3.14	1.33

This infers that budget planning had the highest mean score. This was followed by budgetary implementation, budgetary participation and finally budgetary monitoring. This infers that the respondents highly agreed with the statements on budget planning.

4.6 Correlation Results

An inferential statistical analysis was conducted to establish the existence or non-existence of a relationship between budget planning, participation, monitoring implementation and financial achievement of universities. The study used Pearson Correlation to test the correlation between each budgetary practice and financial performance.

Table 4.15

Correlation Results

Variable		Financial performance	Budgetary Planning	Budgetary Participation	budgetary monitoring	budgetary implementation
Financial performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Budgetary Planning	Pearson Correlation	.817**	1			
	Sig. (2-tailed)	0.000				
Budgetary Participation	Pearson Correlation	.832**	.795**	1		
	Sig. (2-tailed)	0.000	0			
budgetary monitoring	Pearson Correlation	.805**	.801**	.847**	1	
	Sig. (2-tailed)	0.000	0	0		
budgetary implementation	Pearson Correlation	.784**	.739**	.811**	.778**	1
	Sig. (2-tailed)	0.000	0	0	0	

The study found that there was a positive and significant correlation between budgetary planning and financial performance of public universities (r=0.817, p=0.000). This infers that financial performance of public universities improved as budgetary planning improved. The was in line of thought with Mbuthia and Omagwa (2019) who found that budgeting planning significantly and favorably affects financial performance. Findings also agreed with Saputro et al. (2022) whose investigation showed that each phase of budgeting were important in success of an organization. The study findings further agreed with Foster (2018) who found that better preparation and development could aid managers in enhancing the financial steadiness of their small enterprises, thus lowering failure rates and job losses.

The study also found a positive and significant relationship betwixt budgetary participation and financial performance of public universities (r=0.832, p=0.000). This infers that financial performance of public universities improved as budgetary participation improved. This was in tandem with the conclusions of Hutama and Yudianto (2019) reporting that budget participation was positively correlated with the performance. This also consented with what Silva et al. (2022) reported: that, employee performance is impacted by budget target commitment, trust, and job satisfaction during the budgeting process. Other findings such as Widiawati (2019) showed that that high budget contribution can impact administrative obligation, high budget participation can impact work satisfaction, and high budget participation can impact managerial performance.

Further, results were clear on existence of a positive and significant relationship between budgetary monitoring and financial success of public universities (r=0.805, p=0.000). This infers that financial performance of public universities improved as budgetary monitoring improved. This was a consensus with Ezekiel and Obafemi (2022) who found that budget monitoring had a negligible positive impact on financial performance of firms. Findings agreed with Murei et al. (2017) whose results were clear of a statistically substantial relationship between monitoring and the fiscal achievement of the horticultural firm. Furthermore, this was in same line of thought with Letsolo et al. (2022) who found that monitoring plan distribution had a significant effect on performance of socio-economic empowerment arrangements.

In addition, results were clear that a positive and significant association between budgetary implementation and financial success of public universities (r=0.784, p=0.000). This infers that financial performance of public universities improved as budgetary implementation improved. Findings observed collaborate with Postuła (2018) who found that budget implementation had an influence on achievement of firms.

4.7 Regression Assumptions

4.7.1 Normality

As indicated below, Table 4.16 displays the statistical values for Kolmogorov-Smirnov tests for the variable.

Adopted null and alternative hypotheses as indicated were tested to rule out whether to reject or to accept them:

H0: The data is normally distributed

H1: The data is not normally distributed

In order to interpret the results in Table 4.16, the guiding principle was considering the p-value such that if the value is more than 0.05, H0 is not rejected and vice versa. For the study's case, since we had more than 200 elements. Therefore, the Kolmogorov-Smirnov test was used.

Table 4.16

Normality Test

	Kolmogorov-Smirnov		
	Statistic	df	Sig.
Budgetary Planning	0.789	209	0.061
Budgetary participation	0.845	209	0.068
Budgetary monitoring	0.798	209	0.071
Budgetary implementation	0.791	209	0.064
Financial performance			

The results show that budgetary planning, participation, monitoring, implementation and financial performance were normally distributed. This conformity with normality conditions is crucial for statistical analysis assuming normal distribution. The findings indicate that the data was sourced from a uniformly distributed sample. This is because the data adheres to the normality condition if P-value is greater than 0.05 level of significance.

4.7.2 Multicollinearity Test

To assess multicollinearity the VIF was computed for each predictor including budget planning, participation, monitoring and implementation practices. The discoveries uncovered by this evaluation are as presented in Table 4.17.

Table 4.17

Multicollinearity Test

	Tolerance	VIF
Budgetary Planning	0.302	3.314
Budgetary participation	0.208	4.812
budgetary monitoring	0.227	4.400
budgetary implementation	0.305	3.283
Average		3.952

VIF values ranged from 3.283 (budgetary implementation) and 4.812 (budgetary participation). Specifically, Table 4.17 indicate that the VIF for each variable falls within the range of one to five: planning = 3.314, participation = 4.812, monitoring = 4.400, and implementation = 3.952. The average is represented by a factor of 3.952. It is expected that the VIF remains between 1 and 5, and ideally not exceeding 10 (Grande, 2015) hence results suggesting an absence of multicollinearity problem in the data.

4.7.3 Test of Autocorrelation

To assess the correlation of indicators within independent variables (auto-correlation condition), SPSS was employed to compute the Durbin-Watson statistics. This is illustrated in Table 4.18.

Table 4.18

Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.786a	0.617	0.608	0.59231	2.173

The outcomes of the Durbin Watson hovered around two (2). Typically, a Durbin-Watson value is anticipated to be close to two and not less than 0.8 to express non violation of autocorrelation condition (Garson, 2012). These results suggest that the autocorrelation condition has not been breached.

4.8 Regression Results

Regression analysis were executed to the foundation of an existing relationship between budgetary planning, participation, monitoring and implementation and financial performance. a model summary of the results is presented in Table 4.19.

Table 4.19

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786a	0.617	0.608	0.59231

Results display that the R was 0.786. This underscore that budgetary controls had a strong correlation with financial performance of public universities. For the R square was 0.608. This infers that budgetary controls explained up to 68.8% of the variations on financial achievement of public universities. Results are in tandem with Kiiru et al. (2018) also demonstrated the existence of a statistically significant moderate positive association between budgeting and financial performance.

To determine the budgetary controls as a predictor for financial performance of the institutions, ANOVA was assessed. The ANOVA measurements in Table 4.20 aids in determining the model's validity.

Table 4.20

Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	194.868	4	48.717	179.109	.000b
Residual	55.487	204	0.272		
Total	250.356	208			

Table 4.20 illustrates that budgetary controls comprise a good predictor of financial performance of public universities as informed by (F =179.109, p =0.000) that <0.05. This implies that the budgetary controls have statistically significant effect on financial performance of public universities.

Regressions of coefficient computations are also displayed in Table 4.21.

Table 4.21

Regression of Coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.136	0.151		-0.9	0.369
Budgetary Planning	0.355	0.066	0.323	5.383	0.000
Budgetary Participation	0.324	0.08	0.295	4.077	0.000
Budgetary monitoring	0.158	0.074	0.148	2.145	0.033
Budgetary implementation	0.202	0.063	0.191	3.197	0.002

It is indicated that budgetary planning had a positive and significant effect on financial performance of public universities (β=0.355, p=0.000). This may be explained to mean that an improvement in budgetary planning ultimately leads to an improvement in financial performance of universities by 0.355. In consensus, Sulistiyo and Pratiwi (2021) also relayed that budget planning significantly affected how companies performed. This also was the case in the report of Foster (2018) who found that better preparation and development could aid managers in enhancing the financial steadiness of their small enterprises, thus lowering failure rates and job losses. Results also demonstrate that budgetary participation had a positive and significant effect on financial performance of public universities (β=0.324 p=0.000). This implied that an enhancement in budgetary participation results to an increment in performance by 0.324. Comparably, Hutama and Yudianto (2019) also consented that budget participation was positively correlated with the performance.

It is also illustrated that budgetary monitoring had a positive and significant effect on financial achievement of public universities (β=0.158 p=0.033). This underscores that an enhancement in budgetary monitoring result to an increment in financial achievement of universities by 0.158 units. In the same vein, Letsolo et al. (2022) found that monitoring plan distribution significantly effects the performance of socio-economic empowerment arrangements. The study findings also consent with the opinions deliberated by Ezekiel and Obafemi (2022) that budget monitoring and evacuation negligibly had positive impact on financial enhancement of firms. Results further supplement that budgetary implementation positively and significantly impact on financial performance of universities (β=0.202, p=0.002). This correspond that an enhancement in budgetary implementation leads to increment in financial success of public universities by 0.202. In tandem, Jacek and Sylwia (2021) researched and obtained observations which underscored that participatory budgets implementation had an impact on success of firms. Obtained observations also compare well with Nwala and Bameyi (2020) who found that budget implementation had an impact on economic growth.

The model was represented as follows:

$$Y=-0.136+0.355X_1+0.324X_2+0.158X_3+0.202X_4+\varepsilon,$$

where:

Y represents financial performance.

X1 represents budget planning

X2 represents budgetary implementation

X3 represents budgeting monitoring

X4 represents budget participation

4.9 Hypothesis Testing

The point of reference for ruling whether to accept or rejection the research hypotheses was, if the t calculated = >t critical (1.96), the H_{01} is not rejected but if t calculated = < t critical (1.96), the H_{01} fails to be accepted. Multiple linear regressions was run and the results are as displayed in Table 4.21

4.9.1 Hypothesis Testing for Budget Planning and Financial Performance

The first hypothesis stated ‘there was no statistically significant relationship between budget planning and the financial performance of public universities in the Mount Kenya region, Kenya’. From the obtained value of 5.383 that = >, t critical (1.96), therefore, null hypothesis was rejected and the alternative hypothesis was accepted which stated that budget planning had significant effect on financial performance of public universities in the Mount Kenya region. Sulistiyo and Pratiwi (2021) also reported that budget planning significantly affect how companies perform. The presented findings concede and admit with the observation reported by Foster (2018) that better preparation and development could aid managers in enhancing the financial steadiness of their small enterprises, thus lowering failure rates and job losses.

4.9.2 Hypothesis Testing for Budget Participation and Financial Performance

The second hypothesis stated that there was no statistically significant relationship between budget participation and the financial performance of universities in Mount Kenya region, Kenya. Table 4.21 present that a value of 4.077 that = >, t critical (1.96). The investigation therefore, rejected the null and accepted alternative hypotheses leading to a summary that 'budget participation had significant effect on financial performance of public universities in the Mount Kenya region'. In rhyme with the conclusion said by Hutama and Yudianto (2019), budget participation was positively correlated with the performance.

4.9.3 Hypothesis Testing for Budget Monitoring and Financial Performance

The null hypothesis (H_{03}) was that 'there was no statistically significant relationship between budget monitoring and the financial performance of public universities in Mount Kenya region, Kenya'. Results obtained 2.145 that = >, t critical (1.96). For that reason, null hypothesis was rejected and alternative hypothesis was accepted leading to the conclusion that 'budget monitoring had significant effect on financial performance of public universities in the Mount Kenya region'. In consensus, Letsolo et al. (2022) found that monitoring plan distribution had a significant effect on performance of socio-economic empowerment arrangements. The demonstrated remarks also concede with Ezekiel and Obafemi (2022) who found that budget monitoring and evacuation have a negligible positive impact on financial performance of firms. The outcomes also concede with Thambura et al.'s (2023) whose findings showed that monitoring data collection procedures had an influence on performance of livelihood activities.

4.9.4 Hypothesis Testing for Budget Implementation and Financial Performance

The null hypothesis (H_{04}) was that there was no statistically significant relationship between budget implementation and the performance of universities in Mount Kenya. Reports of the found inferences communicate that the t calculated of budget implementation was 3.197 that = >, t critical (1.96). That being the case, null hypothesis was rejected and alternative hypothesis was accepted which stated that budget implementation had significant effect on financial health of public universities in the Mount Kenya region. The research discoveries resonate very well with Jacek and Sylwia (2021) who found that participatory budgets implementation had an impact on firms' performance. Reported observations also demonstrate commonality and consenting opinions with Nwala and Bameyi (2020) regarding the subject that budget implementation had an impact on economic growth

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the key findings from Chapter 4 and presents the conclusions and recommendations stanching from the results. It also suggests areas for further research based on gaps identified in the current study.

5.2 Summary of the Study Findings

The key intent of the research was to establish the effect of budgetary control on the financial performance of public universities located in the Mount Kenya Region of Kenya. The specific constructs adopted to achieve this goal were; to establish the effect of budget planning, participation, monitoring and implementation processes on financial performance of the public universities. This section was done per the study goals.

5.2.1 Budget Planning and Financial Performance

Objective one demonstrated the impact of budget planning on the financial performance of public universities located in the Mount Kenya region, Kenya. Chapter four results depicted that most of the sampled participants concurred with the statement that each division of the universities prepared financial plans preceding to budget periods. The results were also clear that the universities had both short and long-term budget plans and each department of the universities incorporated both development and recurrent plans in its budgets. In addition, universities' budgets at planning level factored in the prime concerns of different divisions within the institutions.

Inferential statistics computed confirmed that budgetary planning had a positive correlation on the financial performance of public universities. Moreover, the regression analysis proved that budgetary planning had a positive and significant effect on financial performance of public universities located in the Mount Kenya region. Therefore the alternative hypothesis was adopted that budget planning had significant effect on financial performance of public universities in the Mount Kenya region.

5.2.2 Budget Participation and Financial Performance

The influence of budget participation on the financial performance of the public universities located in the Mount Kenya region, Kenya was also reported. The results depicted that the budgetary process communicated to staff what was expected of them as it allowed for a consensus of ideas, strategies and direction. It was also revealed that the university rationalizes budgets of various departments. However, employees were neither getting involved in the budget process nor were committed to ensuring an effective budget process. It was also clear that the budget committee carried out budget coordination although the proposals from the departments were rarely incorporated in the budget.

Based on the data analysis, the researchers drew that correlation results depicted that budgetary participation had a positive correlation on the financial performance of public universities. Regression guided that budgetary participation had a positive and significant effect on the financial performance. Lastly, the hypothesis tests adopted that that budget participation had significant effect on financial performance of public universities in the Mount Kenya region.

5.2.3 Budget Monitoring and Financial Performance

The effect of budget monitoring on the financial performance of the public universities located in the Mount Kenya region was assessed as the third variable. The outcomes depicted that most of the respondents disagreed on the existence of a budgetary committee that routinely come together to assess budget performance and the availability of budget policies that helped in probing and evaluating budget spending limits. Irrespective of these, most of the respondents agreed that the institutions periodically prepared reports on their financial performance evaluation and compared the actual and budgeted performances and tabulated variances at the end of budget cycle. Public universities adverse budget deviations were also reported to budget committees or the councils.

Correlation results showed that budgetary monitoring had a positive correlation on the public universities located in the Mount Kenya region. Regression investigation drew to attention that budgetary monitoring had a positive and significant effect on the public universities' financial performance. Hypothesis tested led to the adoption that, budget monitoring had significant effect on the public universities' financial performance.

5.2.4 Budget Implementation and Financial Performance

The effect of budget implementation on the financial performance of the public universities located in Mount Kenya region was investigated last. The results were clear that there was a structured system to enable reporting on progress of implementation. However, the budget was not always audited in the universities. Despite this, there was effective communication during the budgetary process although the evaluation process was always transparent as the universities had budget committees.

Inferential statistics computed informed that budgetary implementation had a positive correlation on the public universities' financial performance. Implementation was also regressed with financial achievement and it was drawn that budgetary implementation had a positive and significant effect on the institutions' financial achievement. Hypothesis tested led to the summary that budget implementation had significant effect on the fiscal performance of the public universities within Mount Kenya region.

5.3 Conclusions of the Study

Based on the found information, this research draws to conclusion that budgetary planning has a positive and significant effect on financial performance in public universities in the Mount Kenya region. Besides, most public universities have budgets that have clear goals and are planned prior to the budget year. Consequently, the available financial plans cover all the aspects of the university mission.

Regarding budgetary participation, it is concluded that this practice has a positive and significant effect on the overall financial health of the public universities in Mount Kenya region. Universities were able to inform their staff on what was expected of them which allowed the divisions to agree, collaborate, move in the same direction and be in consensus. However, the universities were not able to fully involve their employees in the budgetary process. Further most public university employees were not committed to ensuring an effective budgeting process.

The study concluded that budgetary monitoring had a positive and significant effect on the overall financial health of public universities in the Mount Kenya region. It was also indicated that most public universities were able to routinely prepare reports for budget performance evaluation. Although, the public universities had budgetary committees, the committees were not able to periodically meet and review the budget performance. In addition, most public universities budget policies were not able to help in monitoring budget spending limits.

The study concluded that budgetary implementation had a positive and significant effect on the overall financial performance of the public universities in Mount Kenya. Conclusions moreover hold that most public universities have a structured system to enable the universities in reporting on progress of implementation. However, most public universities were not always able to audit their reports. Further, the evaluation process of the budgets in most universities was not transparent.

5.4 Recommendations of the Study

5.4.1 Recommendations for Policy and Practices

Public universities ought to apply budgetary control processes owing to the discovered significance in improving the financial health of universities. On account of that, to enhance the budgetary control processes, it is endorsed that the public universities should consider to embrace appropriate planning, monitoring and implementation of the budgets as well as allowing participation of employees in the budget process.

The public universities policy makers should develop and propose detailed budgetary projections to enable the institutes forecast and meet their implementation requirements in accordance to the adopted strategic plans. Each financial year, the universities should also endeavor to ensure that their budgeting process receive shareholder participation. It has been noted by the research that budgeting control processes give room for, concerned managers to forecast, make projections and predict the future and this information is very contributory in refining existing strategic plans and responding to dynamic business changes. Henceforth, this makes the processes very critical in both forecasting problems before they arise and making informed decisions. Further, public universities policymakers should not only put up measures that guarantee managers involvement in the budget process but also promote a culture of consistency in budget planning process to improve financial performance of the universities.

Participation in budget preparation has also been demonstrated by the results as a very key telnet of the process. This is because participation communicates that the university divisions are in one accord, in consensus and own the processes. However this was not taking place since and if it did, maybe occasionally since the respective shareholders in the Mount Kenya region institutions were not well sensitized. From the research indications, this research proposes that participation by the rightful stakeholders within the institution divisions be accepted and adopted to give room for employees' voices in the budget which in a long run will impact the performance of the public universities.

The study also uphold to public universities policymakers to set in place budget policies that will keep watch and monitor cash flows of and spending limits. The universities should also make sure that the audit function of the university is efficient in monitoring and evaluation. In the process of carrying out the budgetary monitoring, the institutions ought to always weigh up the veritable and budgeted performance and tabulate the variances.

The public universities need to make sure that there is good communication amongst the university employees as well as transparency. Therefore, managers are exhorted to promote a dialogue with the shareholders to make them aware on the budget implementation through convocations, forums, seminars, meetings, workshops, conferences and trainings. Such awareness programs should not solely target financial stewards like accountants, accountants, budget officers, internal auditors, clerks and members of public account but also other divisions of shareholders who may not necessarily be specialized in finance matters. In other words, there should be a full public participation in the budget making process.

5.4.2 Recommendations for Further Studies

This investigation has focused on the effect of budgetary control process on the overall financial health of public universities located in Mt Kenya region. Therefore, other scholars can expand the found knowledge by investigating this among public universities in in different localities within Kenya such as the coastal region, western region or the studies can focus on private universities in Kenya.

In addition, the study focused on four budgetary control practices that affect financial achievement. Therefore, more research is required to explore other budgetary control practices such as budgetary evaluation, audit control and cash management.

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APPENDIXES

Appendix I List of Public Universities

No.	Name	Area	Year chartered
1	University of Nairobi	Nairobi	1970
2	Moi University	Eldoret	1984
3	Kenyatta University	Nairobi	1985
4	Egerton University	Njoro	1988
5	Maseno University	Maseno	1991
6	Jomo Kenyatta University of Agriculture and Technology	Kiambu	1994
7	Technical University of Mombasa	Mombasa	2007
8	Masinde Muliro University of Science and Technology	Kakamega	2007
9	Dedan Kimathi University of Technology	Nyeri	2012
10	Chuka University	Chuka	2012
11	Laikipia University	Laikipia	2013
12	South Eastern Kenya University	Kitui	2013
13	Kisii University	Kisii	2013
14	Multimedia University of Kenya	Nairobi	2013
15	University of Kabianga	Kericho	2013
16	Karatina University	Karatina	2013
17	Meru University of Science and Technology	Meru	2013

No.	Name	Area	Year chartered
18	Kirinyaga University	Kerugoya	2016
19	Pwani University	Kilifi	2013
20	Murang’a University of Technology	Murang’a	2016
21	Machakos University	Machakos	2016
22	University of Eldoret	Eldoret, Kenya	2013
23	Kibabii University	Bungoma County	2015
24	Maasai Mara University	Narok	2009
25	The Co-operative University of Kenya	Nairobi	1968
26	Rongo University	Rongo, Migori	2016
27	Technical University of Kenya	Nairobi	2013
28	Garissa University	Garissa	2017
29	Jaramogi Oginga Odinga University of Science and Technology	Bondo	2013
30	Taita Taveta University	Voi	2016
31	University of Embu	Embu	2016
32	National Defense University	Nakuru	2021
33	Tharaka University	Tharaka	2022

Appendix II Introduction Letter

Lilian Kawira Kaithia,

P.O. Box 972,

MERU

24th July 2023.

Dear Sir/Madam,

RE: **REQUEST FOR YOUR PARTICIPATION IN RESEARCH**

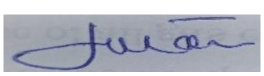
I am a student pursuing a Master of Business Administration degree at Kenya Methodist University (KEMU). My thesis work is titled "Effect of Budgetary Control on Financial Performance of Public Universities in Kenya".

I am undertaking this research in selected public universities in Kenya and your institution has been sampled for this study. The purpose of the research is to establish whether budgetary control has effect on financial performance.

Enclosed herewith please find a questionnaire that will be used for data collecting. The information obtained will be confidential and used for academic purposes only.

I take this opportunity to thank you for your support.

Yours sincerely,



Lilian Kawira Kaithia

Appendix III Questionnaires

SECTION A: EMPLOYEE DATA

EMPLOYEE DETAILS

Please tick ( ) the appropriate choice

1. Kindly indicate your gender

   Male ( ) Female ( )

2. Kindly indicate your level of education

3. Diploma ( ) degree ( ) master ( ) PhD ( ) others ……………..

4. Please indicate the name of the institution you work for.

   Chuka University ( )

   Meru University of Science and Technology ( )

   Dedan Kimathi University of Technology ( )

   Karatina University ( )

   Kirinyaga University ( )

   University of Embu ( )

   Tharaka University ( )

5. Employee details

   Chairman of Department-Academic Division ( )

   Head of Department-Administration Division ( )

6. How many years have you been in the organization in that position?

   1- 3 years ( )

   2- 4- 6 years ( )

3- 7- 10 years ( )

4- 4-Above 10 years ( )

Section B: Budgetary Planning

Please answer the following statements on how the indicated elements of budgetary planning describe your university budgetary planning process on a scale of 1-5. Please respond by ticking (**1= Strongly Disagree, 2= Disagree, 3= Neither Agree nor Disagree, 4= Agree, 5= Strongly Agree)**

	Statement	**1**	**2**	**3**	**4**	**5**
1	Each department of the University prepares budget plans prior to budget periods.					
2	The University has both short and long term budget plans.					
3	The University incorporates both development and recurrent plans in their budgets.					
4	The University's budget at planning level factors in the priorities of different departments.					

Section C: Budgetary Participation

Please rate the following item about the university's budgetary participation on scale of 1-5 by ticking. (**1= Strongly Disagree, 2= Disagree, 3= Neither Agree nor Disagree, 4= Agree, 5= Strongly Agree)**

	Statement	**1**	**2**	**3**	**4**	**5**
1	The budgetary process communicates to staff what is expected of them as it allows for a consensus of ideas, strategies and direction.					

	Statement	1	2	3	4	5
2	The University rationalizes budgets of various departments.					
3	Employees are involved in the budget process					
4	The budget committee carries out budget coordination					
5	Employees are committed to ensuring an effective budget process					
6	The proposals from the departments are fully incorporated in the budget					

Section D: Budgetary Monitoring

Please rate the following item about the university's budgetary monitoring on scale of 1-5 by ticking. (**1= Strongly Disagree, 2= Disagree, 3= Neither Agree nor Disagree, 4= Agree, 5= Strongly Agree)**

	Statement	1	2	3	4	5
1	There exists a budgetary committee that periodically meets to review budget performance					
2	The Institution has budget policies that help in monitoring budget spending limits.					
3	The institution periodically prepares reports for budget performance evaluation					
4	At end of budget cycle, the institution compares actual and budgeted performance and tabulates variances.					
5	The Universities adverse budget deviations are reported to budget committee or the council					

Section E: Budgetary Implementation

Please rate the following item about the university's budgetary implementation on scale of 1-5 by ticking. (**1= Strongly Disagree, 2= Disagree, 3= Neither Agree nor Disagree, 4= Agree, 5= Strongly Agree)**

	Statement	**1**	**2**	**3**	**4**	**5**
1	There is a structured system to enable reporting on progress of implementation					
2	The budget is always audited					
3	There is effective communication during the budgetary process					
4	The evaluation process is always transparent					
5	The university has a budget committee					

Section F: Financial Performance

Please answer the following particulars of financial performance by ticking your level of agreement with the following elements according to scale of 1-5 (**1= Strongly Disagree, 2= Disagree, 3= Neither Agree nor Disagree, 4= Agree, 5= Strongly Agree)**

	Statement	**1**	**2**	**3**	**4**	**5**
1	The university revenue has been increasing					
2	The university is able to meet all its expenses					
3	The university has been able to pay all its bills in time					
4	The liquidity level of the university has been increasing					
5	Return On Asset of the university has been increasing in the past five years					

Appendix IV Secondary Data

University	Year	Gross Revenue (Recurrent)	Cross Expenditure	Current Assets	Current Liabilities	liquidity
Kirinyaga	2018	172,022,182	633,065,657	53,679,270	166,595,621	0.32
	2019	186,261,809	522,690,767	101,487,394	52,608,810	1.93
	2020	236,106,676	619,641,585	261,762,623	108,511,592	2.41
	2021	296,100,547	609,433,193	186,721,742	97,890,330	1.91
	2022	407,962,137	728,297,744	298,318,491	171,978,935	1.73
Chuka	2018	1,233,932,369	1,411,888,709	1,381,341,543	247,651,179	5.58
	2019	1,261,792,952	1,380,364,080	1,812,973,625	284,645,339	6.37
	2020	1,391,972,718	1,684,614,059	1,933,672,176	343,751,244	5.63
	2021	1,295,280,413	1,940,633,960	1,335,054,501	422,633,329	3.16
	2022	1,331,759,394	2,088,634,187	359,899,166	304,260,583	1.18
Meru	2018	982,563,833	1,109,211,862	481,994,547	273,499,422	1.76
	2019	1,038,296,750	1,165,755,339	532,109,804	371,416,547	1.43
	2020	959,256,685	1,112,965,732	457,827,900	374,715,037	1.22
	2021	1,021,813,833	1,221,053,905	297,563,247	537,467,931	0.55
	2022	1,254,466,392	1,408,523,355	311,218,757	447,330,773	0.70
Tharaka	2018	-	-	-	-	-
	2019	-	-	-	-	-
	2020	352,702,282	185,098,728	119,927,467	14,416,303	8.32
	2021	362,099,102	288,421,376	177,930,768	40,266,737	4.42
	2022	445,120,005	441,899,404	193,763,204	49,643,109	3.90
Dedan	2018	1,215,509,511	1,256,304,619	399,500,972	471,718,744	0.85
	2019	1,271,380,865	1,329,183,421	33,215,719	58,535,729	0.57
	2020	1,565,075,560	1,446,224,883	452,391,967	561,063,233	0.81
	2021	1,371,372,373	1,431,288,061	300,730,305	448,728,311	0.67
	2022	1,560,262,725	1,588,365,549	266,858,918	410,536,386	0.65
Embu	2018	862,967,510	849,541,346	103,940,611	54,510,413	1.91
	2019	912,611,125	842,491,073	106,053,104	98,482,926	1.08
	2020	1,027,771,797	967,165,841	170,919,905	105,781,339	1.62
	2021	1,037,642,542	977,697,942	141,138,910	163,645,526	0.86
	2022	1,056,527,735	1,101,753,142	162,247,850	193,697,699	0.84

Appendix V Data Collection Letter

KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Fax: 254-64-30162
Tel: 254-064-30301/31229/30367/31171
Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

July 17, 2023

Commission Secretary
National Commission for Science, Technology and Innovations
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: LILIAN KAWIRA KAITHIA (REG. NO. BUS-3-0573-2/2014)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Master's Degree in Business Administration. She is conducting research on; "**Effect of Budgetary Control on Financial Performance of Public Universities in Mount Kenya Region, Kenya. (A Survey of Public Universities in Mt. Kenya Region)**

We confirm that her research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a research license to enable her collect data.

Any assistance accorded to her will be highly appreciated.

Yours sincerely,

JUL 2023

Dr. John M. Muchiri (PhD)
Dean, Postgraduate Studies

Cc: Dean SBUE
CoD, Business Administration
Postgraduate Coordinator
Supervisors

Appendix VI NACOSTI Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **875443**

Date of Issue: **02/August/2023**

RESEARCH LICENSE

This is to Certify that Ms.. LILIAN KAWIRA KAITHIA of Kenya Methodist University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Embu, Kirinyaga, Meru, Nyeri, Tharaka-Nithi on the topic: EFFECT OF BUDGETARY CONTROL ON FINANCIAL PERFORMANCE OF PUBLIC UNIVERSITIES IN MOUNT KENYA REGION, KENYA for the period ending : 02/August/2024.

License No: **NACOSTI/P/23/28136**

875443

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

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