

# BUDGETARY CONTROL AND PERFORMANCE OF TELECOMMUNICATION ORGANIZATION; A CASE OF TANZANIA TELECOMMUNICATION COMPANY LTD

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## Abstract

*This study aimed to assess the contribution of budgetary control to the performance of Telecommunication organizations. The study was guided by specific objectives which were to examine the contribution of budget planning to the performance of Telecommunication organizations. To examine the contribution of budget coordination to the performance of Telecommunication organizations and to examine the contribution of budget monitoring and evaluation on the performance of Telecommunication organizations. In conducting this study, the researcher employed the Normative Budget Theory. Also, this study used a quantitative approach and a descriptive case study design. Targeted population of this study is 1307 employees from TTCL and the sample size was 93. The results obtained show that budget planning, budget coordination as well as monitoring and evaluation had a positive and significant relation to the performance of the TTCL. The study concluded that from the regression analysis it was shown that there was a relationship budgetary control and organization performance.*

**Key Words:** *Budget Control, Planning, Coordination, Monitoring and Evaluation*

## INTRODUCTION

Globally the issues of budget control have received more attention because budget has been recognized as a tool for economic management (Abbadi, and Abu-Rub, 2012). In most of the African countries, budgeting is a reflection of a deliberate effort to work towards a specific predetermined acceptable result as well as ensuring that all logistics are put in place to realize those results hence effective control mechanism is very important (Abdullahi, et al 2015). Various reforms have been made to focus on budgetary control and manage public expenditure but the results have not been so encouraging in Kenya (Adeleye, 2016). There are inadequate results for the budgetary planning, budget coordination and monitoring and evaluation in the budget implementation has not attained the intended outcomes in Uganda (Isaboke, and Kwasira, 2016).

In Tanzania public sector firms are more worried about the availability of public goods to the people; hence they design budgets such that only activities that are authorized and that provide maximization of management actions are allowed. The control phases, therefore, stress describing the correlation between the budgeted revenues and expenses against the actual revenues and expenses activity. The Parliamentary Accounts Committee shows that Tanzania Telecommunication Corporation TTCL is heavily indebted to the tune of TZS. 403 billion while its operating capital stands at 243 Billion (PAC, 2020). That after reviewing the report of the Auditor Controller and Auditor General, it was noticed that there are indicators that the TCCL Is not doing well because it has the capital negative of TZS. 132 billion (CAG, Report, 2019/2020). Additionally, it was noted that the corporation pays taxes but that its income is not included in

the books; as a result, the TTCL must meet with the government to explain why the company's revenues are not recorded in the company's books in accordance with the law. Additionally, it was noted that the corporation's market share has not stabilized in comparison to its rivals in business; therefore, the committee recommended that the government increase capital or permit the corporation to raise capital.

## **Literature Review**

### **The Normative Budget Theory**

The normative theory, developed by Gramm-Rudman-Hollings in the early 1920s, is the conventional budget theory. According to this theory, increasing government expenditure frequently led to recommendations that Congress and Parliament should carry out control and monitoring procedures on the budget they had approved for use by the government. It further indicates that in order to achieve budgetary management, the ability to create policies, evaluate ideas, and introduce new budget forms are necessary. These formats will allow legislators and the general public to analyse programmer decision-making information. The normative budget theory was employed in this study because it established a basis for the advantage of budgeting, which involves the establishment of guardrails, or set expenditure restrictions, to attain certain financial goals.

Kabiru, et al (2018) investigated how planning affected the success of these state-run businesses in Kenya. Out of the 42 agricultural state-owned firms in Kenya, a sample of 30 companies was chosen using a straightforward random selection approach. They said that planning has an impact on the organizational performance of state businesses, but the data gathered suggests that these organizations' management does not carry out this planning role in a suitable or efficient manner.

Akinyele and Fasogbon (2017) analyzed the link between planning and performance in an organization, using First Bank of Nigeria, Plc (FBN) as a case study, and ascertain the degree to which strategic planning influences performance. 100 respondents were given questionnaires as part of a survey approach. This study suggests that strategic planning improves organizational performance, which ultimately affects the organization's survival, and that the degree to which strategic planning is done is influenced by management, environmental, and organizational factors.

AL Mahroqi, (2021) assessed the effect of budgetary control on the financial performance of the Oman Telecommunications Company in light of senior management's support and involvement in the company's budgetary control approaches, evaluate the efficiency of these techniques in the budgetary control department. The findings showed that budgetary control and the company's financial performance are positively correlated, as well as the different effects of different budgetary control techniques, as well as the company's use of the variance analysis technique and accounting responsibility, as well as the significance of budgetary control procedures. Olaniyan, & Efuntade, (2020) examined the budget and budgetary control system on the financial performance of the tertiary institution in Nigeria. The results showed, among other things, that there was budget planning and co-integration (a long-term link) between the variables in the model. Nigerian financial success is substantially correlated with budget review, control, and monitoring, while long-term financial performance of tertiary institutions is not significantly correlated with budget involvement.

Machuka and Walter (2019) researched the effects of monitoring and evaluation practices on the organizational performance at Transmara Sugar Company in Kenya. 120 people as the target group, the study used a case study research approach. It was decided that the project monitoring and evaluation implementation procedure should involve all organizational functions. The organization of the project and its implementation appear to have benefited greatly from the monitoring and evaluation programs, but it is necessary for the organization's staff to increase their knowledge and skill in order to be able to respond appropriately to changing environmental trends that affect the organization's overall performance.

Magambo and Oyangi's (2020) effects of monitoring and evaluation framework on the performance of the public sector in Tanzania, examined the extent of influence of monitoring and evaluation on the performance of the ministry of mining. The target population for the study, which used a qualitative methodology, was 73, and the sample size was 62. According to the results, there is a significant impact of monitoring and evaluation on the ministry of mining's performance, and there is a strong positive correlation between monitoring and evaluation and ministry of mining performance. As a result, the data show a substantial correlation between marketing performance and monitoring and assessment. The outcome also showed that monitoring and assessment affected the improvement and decline in performance of the ministry of mining.

### **Budget Control**

Budgetary control is a process of comparing actual costs, revenues and performance of the organization with the budget so that, if necessary, collective action could be taken over revisions made (Cliché, 2012). It is a term that involves the use of budgets and performance reports throughout the period to coordinate evaluate and control day-to-day operations following the specified in the profit considerable valve to the average concern but its maximum and coordination and control during the period (Cliché, 2012).

### **Performance**

Performance can be determined through managerial accounting, performance evaluation is the process of determining the degree of success in accomplishing a task; which equates to both effectiveness and efficiency (Richard, 2009).

### **Budget Planning**

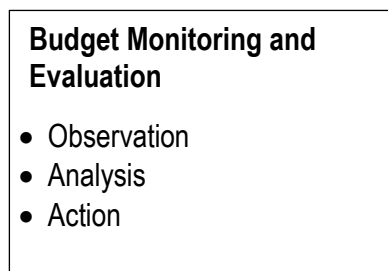
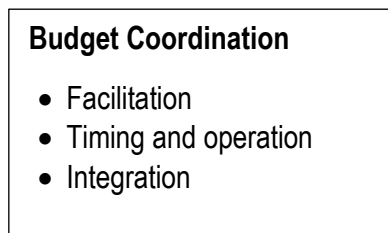
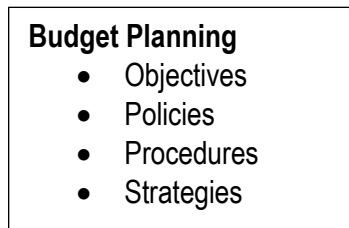
Planning is the process of creating an initial determination of what is about to be done by an individual or organization, it involves the setting of goals and strategies to attain the intended goals, thus planning enhances better organizational performance (Adaeze, 2016) Strategic planning, therefore, improves the functioning of organizations by enabling managers to prepare for and deal with the rapidly changing environment in which today's organizations operate (Adaeze, 2016).

### **Budget Coordination**

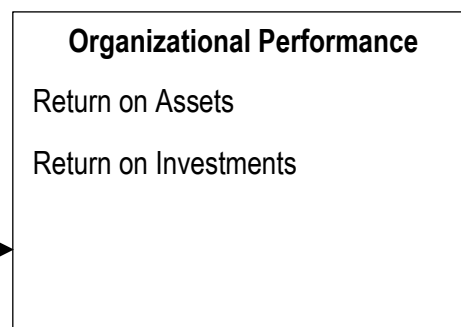
Coordination means linking the efforts of the department of the organization towards enhancing supervision and checking upon the performance of specific tasks assigned to the respective departments (Omorie, 2013), coordination implies the effective and efficient linkages of internal and external components of an organization to help in reducing internal and external complexities and to enhance the performance of the organization thereto.

## Conceptual Model

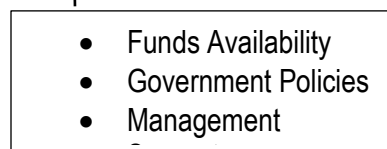
### Independent Variables



### Dependent Variable



### Control Variables



## Figure 2.1 Conceptual Framework

This graphic illustrates patterns in the relationships between the independent and dependent variables used in the research. Only three variables—dependent variables, independent variables, and intervening factors—were included in this study's conceptual framework, as illustrated in figure 2.1. The conceptual model suggests that if financial performance indicators, such as the return on assets, are used to assess budgetary management activities including planning, coordination, and monitoring, they will improve the performance of public organizations.

## Methodology

The study used a quantitative research approach because, according to Creswell (2012), it emphasizes objective measurements and statistical, mathematical, or numerical analysis of data gathered through surveys, questionnaires, and polls, which enables the manipulation of historical statistical data through computational methods (Kothari, 2004). Thus, the targeted population of this study included Administration 32, strategic planning 8, Revenues Assurance and Debt Management 20, procurement Unit 30 and business development 50 (Active Staff List TTCL Headquarters, 2022).

**Table 3.1 Sample Size Distribution**

Category	Frequency	Per cent
Administration	22	26.9
Strategic Planning	3	4.3
Revenues Assurance and Debt Management	16	17.2
Procurement Management Unit	15	16.1
Business development	23	24.8
Finance	20	10.7
<b>Total</b>	<b>93</b>	<b>100</b>

Source; Researcher, (2022)

## Data Collection Methods

Implies methods or techniques the researcher used during the process of gathering the necessary data for this research study (Kothari, 2004), For this study, as described in the following subsections, the researcher often used primary and secondary sources, with primary data being gathered through questionnaires and interviews.

## Data Analysis

Data were analyzed through descriptive analysis; inferential statistics were used specifically regression analysis and ANOVA and documentary review by thematic procedures whereby the researcher under this approach prepared a set of themes which could fit the data collected from the field and later positioned the response obtained concerning the themes created.

## RESULTS

**Table:Pearson Correlation**

Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			

	N	90		
Planning	Pearson Correlation	.412**	1	
	Sig. (2-tailed)	.000		
	N	90	90	
Coordination	Pearson Correlation	.596**	.447**	1
	Sig. (2-tailed)	.000	.000	
	N	90	90	90
Monitoring and Evaluation	Pearson Correlation	.171	.737**	.428**
	Sig. (2-tailed)	.108	.000	.000
	N	90	90	90

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

Source; Field Data (2022)

The results obtained generally showed that there was a significant relation of 0.01, which can be interpreted as a positive correlation, more specifically it was observed that budget planning was found to have (90) > .412 p, <.000), budget coordination was found to have (90) > .596 p, <.000), while monitoring and evaluation had (96) > .428 p, <.000). These results can be interpreted the predictors of budgetary control had a positive and significant relationship the organization performance. This can be established because of the predictors had the p-value which was less than .0.05.

#### 4.5.2 Multiple Regression Analysis Results

This was used to determine the relationship between independent variables and dependent variables as depicted in table 4.12 based on the regression model, the relationship between budget planning, coordination, monitoring and evaluation and organization's Performance.

**Table 4. 1 Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676 <sup>a</sup>	.457	.439	1.017

Source; Field Data (2022)

The results from Table 4.12 shows that predictors were significantly very powerful as the R was .676 and R<sup>2</sup> value of .457 implies that independent variables planning, coordination, monitoring and evaluation explain 0.457 of the variances in the dependent variable Organizational Performance.

**Table 4. 2 ANOVA Test**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	74.948	3	24.983	24.174	.000 <sup>b</sup>
Residual	88.875	86	1.033		
Total	163.822	89			

Source; Researcher (2022)

The F-test represents the significance level of the model. In the 4.13 the F statistical values are (24.174) and since the level of significance between variables was .000, therefore, it can be concluded that there is a relationship between the research variables because the p-value was less than 0.05.

**Table 4. 3 Coefficient Analysis**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.413	1.136		3.004	.003
Planning	.562	.146	.463	3.850	.000
Coordination	.795	.126	.565	6.283	.000
Monitoring and Evaluation	-1.122	.324	-.412	-3.463	.001

**Source; Field Data (2022)**

From the findings obtained it was shown that budget planning had ( $\beta = .463$ ,  $p = .000$ ), budget coordination ( $\beta = .565$ ,  $p = .000$ ), lastly monitoring and evaluation ( $\beta = -.412$ ,  $p = .000$ ), which means that these variables are positively related.

### **Discussion**

#### ***Relationship between Budget Planning and Performance of Telecommunication Organizations***

From regression analysis it was revealed that the value of R was .676 and R square .457, also the F test was 24.174 which means there was a strong significant relationship between the independent and dependent variables. Furthermore, assessing the significance of the independent variable to the dependent variables it can be shown that budget planning had ( $\beta = .463$ ,  $p = .000$ ), positive relationship. Thus, planning is also considered important because it ensures the effectiveness of an organization towards reaching its intended goals leading to overall performance (Kabiru, et al (2018) who established that planning has a bearing on the organizational performance of state corporations but according to the data collected, planning helps the management to provide standards against actual performance. In the same vein Emily Njoroge (2018) that planning helps the management to provide standards against actual performance, also planning in event planning firms is an important instrument for forecasting and planning which enables the firm to meet customers' demands and changes which might crop up while discharging its duties.

#### ***Relationship between budget coordination and performance of Telecommunication organizations***

From regression analysis it was revealed that the value of R was .676 and R square .457, also the F test was 24.174 which means there was a strong significant relationship between the independent and dependent variables. Furthermore, assessing the significance of the independent variable to the dependent variables it can be shown that budget coordination ( $\beta = .565$ ,  $p = .000$ ), therefore there was a positive significant relationship between budget coordination and

organization performance. Thus, it can be established through questionnaires and interviews that there is this relationship between coordination and organizational performance was also provided by Miraji (2018) who suggested the impact of budgetary control on the organizational performance of public institutions in Tanzania. Some factors such as the budget deficit, disruption of normal operation, lack of capital, the impact of inflation, poor budget execution, poor expenditure management and government bureaucracy were considered. On the other hand, Mazikana (2019) weak coordination in the organization has affected budgetary performance and implementation of the respective allocated amount of money for the implementation of intended projects.

### ***Relationship between Budget Monitoring and Evaluation and Performance of Telecommunication Organizations***

The results also show that value of R was .676 and R square .457, also the F test was 24.174 which means there was a strong significant relationship between the independent and dependent variables. Furthermore, assessing the significance of the independent variable to the dependent variables it can be shown that monitoring and evaluation ( $\beta = .412$ ,  $p = .000$ ), which means that these variables are positively related, according to the study conducted by Violet and Esther (2015) they established that was a positive significant relationship to the monitoring and evaluation on the performance of the Kenya Meat commission, similar to Abalang (2016) established that monitoring and evaluation systems were important in implementation of the intended goals of the organization. Furthermore, and the management should ensure effective monitoring and evaluation activities, for the realization of the organization performances.

### **Conclusion**

The general findings show that there is a significant relationship between the predictors of budgetary control namely planning, coordination, and monitoring and evaluation, they can have direct impacts on the performance of the TTCL. It can be concluded that planning, coordination and monitoring and evaluation as an integral part of the management are the factors which can enhance true organization performance. TTCL should ensure that budgetary control is categorized in methods such as standardization of qualifications, work procedures and norms as well as coordination of individual orders.

### **Recommendations**

The study recommended that the management of the TTCL should ensure that it provides budgetary education to the staff members of the company to ensure that they maintain constant budget implementation in implementing their duties and responsibilities to enable the TTCL to perform better. Also, the government should ensure that it makes follow-ups to ensure that the money supplied for the implementation of certain strategic projects as per the budget set is effectively utilized to fit the intended roles and strong should be taken in case money has been used contrary to the allocated budget. Also, the study recommends that individual heads of departments must ensure that they implement the intended budget with high observance to ethics and codes of conduct of the TTCL to ensure that more positive results on the performance of TTCL budgets are observed timely.

### **Further Studies**



This study recommends further research be conducted on the factors affecting management participation in the management in the budgetary control process at TTCL. This study will help the organization to determine and remove barriers which hinder the direct participation of the management team in the budgetary control process of the budget allocated to it.

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