

**ANALYSIS OF THE EFFECT OF BUDGETARY CONTROL ON FINANCIAL
PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN BUBUTU
TOWN COUNCIL, NAMISINDWA DISTRICT**

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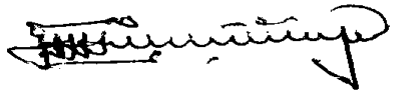
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DECLARATION

I WANGAMWANA LABAN, declare that this work is mine and never been published by any one or by any institution of higher learning.

WANGAMWANA LABAN

Sign : 

Date : 27/08/2025

SUPERVISOR'S APPROVAL

This is to certify that, this research report has been done under my supervision as the university supervisor and approved.

MR. MAENA DANIEL

Sign



Date

27/08/2025

ACADEMIC SUPERVISOR

DEDICATION

I do dedicate this research to all my parents and guardians for all the continuous support they have accorded to me throughout this academic life

ACKNOWLEDGEMENT

Gratitude goes to the God for His care, love, provision and protection. May his holy name be lifted higher every day for He has done great things that no one else can do.

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LIST OF ABBREVIATIONS

DV	: Dependent Variables
IMF	: International Monetary Fund
IV	: Independent Variables
MoFPED	: Ministry of Finance, planning and Economic Development
SMEs	: Small, Medium Enterprises

ABSTRACT

Improving financial performance of SMEs is one of the serious challenges threatening their continued existence and no attention has been given the role of budgetary control improving financial performance of SMEs. This study analyzed the effect of budgetary controls on financial performance of SMEs in Bubutu Town Council, Namisindwa district. Specifically, the study will look at the effect of setting standards on financial performance and measuring performance on financial performance of SMEs in Bubutu Town Council, Namisindwa district. The study will also investigate the effect of continuous monitoring on financial performance of SMEs in Bubutu Town Council, Namisindwa district. Data was collected from 80 respondents in the study area and data was collected using questionnaires and interviews. Study participants were identified using probability and non-probability sampling. Descriptive study design was employed with the help of qualitative and quantitative approaches and quantitative data was analyzed using both descriptive and inferential statistics and the Mean while qualitative data was analyzed using thematic analysis. Findings revealed that SMEs with consolidated subsidiaries achieve uniformity of control and setting standards also bring down costs of doing business. Additionally, standard setting help SMEs improve financial reporting as per the findings. And an edge over competitors. Findings also indicate that setting standards improves SMEs access to foreign capital and standards helps SMEs to strengthen accountability mechanisms. Findings also revealed that performance measures improve efficiency of SMEs. And financial performance measures help SMEs to improve understanding of customer demands and measuring performance ensures smooth material flow at economical cost and firm performance is essential for improving change management including play an integral part in financial control systems. Findings further show that monitoring provides SMEs with valuable information that improves decision making process and monitoring promotes formative evaluation of SMEs for enhanced financial performance. Through monitoring, according to the findings, SMEs adopts practices that add value to their products and continuous monitoring improves risks control systems including helping SMEs in developing responsive policies for enhancing performance. the study recommended that government should provide enabling environment that fosters the growth and operation of SMEs and For improved financial performance, SMEs should effectively utilize resources at their disposal and monitor progress to established benchmarks. Other recommendation included Bubutu Town Council should give SME tax waivers so as to promote their operation and growth

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study determined effect of budgetary controls on financial performance of small and medium enterprises (SMEs) in Bubutu Town Council, Namisindwa district. This chapter presents information about the background to the study, problem statement, objectives of the study, research questions, scope of the study, and significance of the study, limitations and delimitations to the research study

1.2 Background to the Study

1.2.1 Historical perspective

Budgetary control, the practice of systematically planning and managing income and expenses, has a rich history, evolving from ancient civilizations to modern corporate practices. Early forms of budgetary control can be traced back to the Babylonians, Egyptians, and Romans who used estimates of income and expenses to manage resources and taxes. Modern budgeting, however, emerged in England in the late 18th century as a tool for government spending control to bring about improved financial performance. The concept then spread to the United States and found its way into businesses, particularly between 1895 and 1920, driven by advancements in industrial engineering and cost accounting (Aamir & Iqbal, 2022).

Whereas the 20th century was characterized by the wide dissemination and diversification of management concepts and ideas, the early 1900s was a period dominated by Taylorism and Scientific Management (Fleischman Citation 2020; Keulen and Kroeze, 2021). The period's management texts were primarily technical prescriptions for developing and implementing standard costing systems. Budgetary control, the process of managing financial resources, has roots in government fiscal policy, where formal estimates of future operations were developed to administer public finances. Business adopted this concept, adapting it to forecast income and expenses, but with modifications, like starting with a forecast of revenue and adjusting expenses accordingly. Early business budgeting emerged from industrial engineering and cost accounting,

gradually gaining traction between 1895 and 1920. James O. McKinsey's work emphasized the role of budgetary control as a tool for enhancing financial performance (IMF, 2020).

In developed countries, manufacturing industries have evolved toward producing high-tech, value-added products (Brownell & McInnes, 2023). Countries like Germany are leading the way with initiatives such as Industry 4.0, which incorporates automation, the Internet of Things (IoT), and big data into production processes. As manufacturing becomes more advanced, budgetary control systems are vital for SMEs to allocate resources efficiently, manage costs, and improve financial performance. In the United States, for example, the ability to implement efficient budget control systems is crucial for tracking operational costs and revenues in real time. These systems help SMEs align financial resources with strategic goals, minimize financial risks, and optimize efficiency, ensuring long-term profitability. By providing real-time insights, budgetary controls also enable entities to adjust plans quickly in response to market changes, thus maintaining competitiveness and financial sustainability (Eugene, 2020).

In sub-Saharan Africa, manufacturing is increasingly recognized as a key driver of economic growth, with governments implementing policies and incentives to promote industrialization (Machania, 2022). However, the sector faces challenges such as inadequate infrastructure, political instability, and a lack of skilled labor, which can hinder its potential. To navigate these obstacles, African manufacturing SMEs rely heavily on effective budgetary control systems to optimize resource use, monitor cash flows, and control costs. Countries like South Africa, Nigeria, and Egypt are adopting these systems to improve their financial performance and ensure efficient resource allocation. By monitoring variances between planned and actual financial outcomes, these systems help manufacturers make necessary adjustments to improve profitability. In regions like Africa, where resource competition is intense, effective budget management is essential for ensuring the sustainability and success of manufacturing firms (; Barham, 2022).

While budgetary control remains a fundamental aspect of financial management, there's also a movement called "Beyond Budgeting" that advocates for alternative approaches to financial planning and control, emphasizing dynamic resource allocation, frequent feedback, and continuous improvement. Budgetary Control has become much criticized by what can be called the Beyond Budgeting movement. The Beyond Budgeting approach has grown out of

developments in business practice (Wallander, 2020) and can be considered a normative approach to managerial control. The core proposition of this movement is that organizations should abolish Budgets and Budgeting altogether. Nevertheless, today, budgetary control is widely used in various organizations, from governments to businesses, for planning, resource allocation, performance monitoring, and decision-making.

1.2.2 Theoretical Perspective

Contingency Theory According to Donaldson (1995a, 2022), Contingency theory provide the most important framework for organizational design study. Contingency theory affirms that most effective organizational features or rather characteristics are those that are able to fit contingency variables. For example, in organizational set up, specialization yields a high performance when it fits the organizations size, that is, contingency variable level. Therefore, high financial performance results from a low level of SMEs, whereas for large size organization, high performance results from a high level of specialization

This theory gives an overview of SMEs, effectiveness and performance and it states that there exists no optimal method to systematize an organization and its structure (Fiedler, 1964). This theory affirms that the appropriate organization structure is the one that suits or fits a given operating contingency, like the technology (Woodward, 2020; Perrow, 2021)

All SMEs face quite number of constraints ranging from both internal and external as well as from some environmental incidents that may be specific to an organization that have ability to effect in distinctive levels of environmental uncertainties. There exists no one optimum organization design for every firm since every firm has its own different organizational culture and its own perspective as far as risk is concerned. Structural contingency theory affirms that SMEs in fit yields a high performance than those SMEs in a misfit. However, all these fits yield high performance level (Aamir & Iqbal, 2022).

1.2.3 Conceptual Background

Financial performance on the other hand is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues (Mills, 2020). This term is also used as a general measure of SMEs, overall financial health over a given period of time, and can

be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. The performance measurement concept indicates that employees can increase the value of the firm by; increasing the size of a firm's future cash flows, by accelerating the receipt of those cash flows, or by making them more certain or less risky (Cadbury, 1992). Small and medium sized enterprise (SMEs) are said to be the backbone of all developed and developing nations. Management accounting techniques are necessary to ensure that SMEs' economic resources are used effectively and efficiently (MoFPED, 2022).

Budget control, also known as budgetary control, refers to the process of monitoring and managing an organization's finances to ensure that actual spending aligns with the planned budget (Okiidiet al., 2022). This can involve financial modeling techniques and comparing budgeted figures with actual financial performance and taking corrective action when discrepancies arise. Budgeting and control are intertwined processes that help organizations maintain financial discipline, avoid overspending and achieve their financial objectives. Effective budgetary control enables businesses to stay on track with their financial goals, ensuring that resources are allocated efficiently and that any financial variances are promptly addressed (Aamir & Iqbal, 2022). The most significant reason for this high failure rate is the inability of Small and medium sized enterprises (SMEs) to make adequate use of essential management accounting practices.

Budgetary control and financial performance have a significant positive relationship. Effective budgetary control, which involves setting budgets, monitoring performance, and making necessary adjustments, can lead to improved financial results. By using budgetary control, organizations can better manage their financial resources, reduce costs, improve efficiency, and ultimately enhance profitability. By implementing proper budgetary control planning, the firm is able to reduce costs and improve on quality of its services based on its budgetary allocations. This helps to reduce on costs and achievement of goals is enhanced and thus organizational effectiveness (Mathis, 2021).

1.2.4 Contextual perspective

The financial performance of SMEs in Uganda is a multifaceted issue, with studies pointing to both challenges and areas for improvement. While SMEs contribute significantly to the Ugandan economy, many struggle to survive and thrive, with factors like access to finance, management skills, and financial literacy playing a key role. Budgetary control in SEMs in Uganda involves setting financial targets, monitoring actual performance against those targets, and taking corrective action when necessary. It's a crucial process for ensuring efficient use of resources, particularly important given the reliance of many Ugandan organizations on external funding (Nuwagabe et al., 2023)

Uganda's budgetary problems stem from a combination of factors, including high public debt, reliance on external borrowing, and challenges in managing revenue and expenditure. These issues lead to concerns about debt sustainability, limited resources for development, and the potential for corruption and misuse of public funds. Unchecked Supplementary Budgets Fuel Uganda's Fiscal Mismanagement. In recent years, Uganda has witnessed a disturbing trend in its public finance management: the rampant misuse of supplementary budgets and a sharp rise in classified expenditure (MoFPED, 2022).

In Uganda, effective budgetary control is crucial for SMEs to improve their financial performance. Studies by MoFPED (2022) and UBOS (2024) demonstrate a strong positive correlation between budgetary control and various financial metrics, including profitability, cash flow management, and overall business performance. Proper budgeting and control practices allow SMEs to allocate resources efficiently, manage cash flow effectively, and make informed financial decisions.

1.3 Problem statement

Improved financial performance of SMEs offers numerous benefits, including increased profitability, better decision-making, enhanced transparency, and improved risk management. It also helps in attracting investors, managing cash flow effectively, and achieving long-term financial stability. For SMEs, financial performance metrics like net income and return on assets (ROA) indicate a company's ability to generate profits from its operations, leading to higher returns for investors (MoFPED, 2022).. Analyzing financial data helps identify areas

where costs can be reduced; leading to improved profitability and Strategies for increasing revenue and reducing expenses can be implemented based on financial performance data (MoFPED, 2022). However, poor financial performance of most SMSs in Bubutu Town Council in Namisindwa district can lead to various problems, including difficulties meeting financial obligations, a cycle of debt, negative impacts on well-being, and strain on relationships. In Bubutu Town Council, SMSs are struggling with cash flow, have trouble raising equity or debt, and even face potential bankruptcy (Namisindwa district Status Report, 2024). Poor financial performance of SMEs in Bubutu Town Council can make it challenging to pay bills, loans, and other debts. High-interest payments on debt can consume a significant portion of SMEs income, creating a cycle of debt that's difficult to break and inadequate cash flow can lead to missed opportunities, delayed payments, and potential financial distress for businesses (Namisindwa district Status Report, 2024). Additionally, there is no single comprehensive author survey regarding the effect of budgetary control on financial performance of SMEs in Bubutu Town Council, Namisindwa district and this has resulted into limitations and distortions in literature, a gap this study sought to address.

1.3 Purpose of the study

To analyze the effect of budgetary controls on financial performance of SMEs in Bubutu Town Council, Namisindwa district

1.4 Objectives of the study

The study will be guided by the following objectives;

- I. To find out the effect of setting standards on financial performance of SMEs in Bubutu Town Council, Namisindwa district
- II. To assess the effect of measuring performance on financial performance of SMEs in Bubutu Town Council, Namisindwa district
- III. To investigate the effect of continuous monitoring on financial performance of SMEs in Bubutu Town Council, Namisindwa district

1.5 Research Questions

The study sought to answer the following research questions;

- I. What is the effect of setting standards on financial performance of SMEs in Bubutu Town Council, Namisindwa district?
- II. How does controlling measuring performance affect financial performance of SMEs in Bubutu Town Council, Namisindwa district?
- III. What is the effect of continuous monitoring on financial performance of SMEs in Bubutu Town Council, Namisindwa district?

1.6 Scope of the study

The scope of the study covered three areas, that is; content, geographical and time and these are discussed in detail below.

1.6.1 Geographical scope

The study was conducted in Bubutu Town Council, Namisindwa district. The district is situated in the easternmost part of the country, the Namisindwa District is a community that can be found near Mount Elgon National Park, situated right on the border between Uganda and Kenya. It is a relatively new district established only in 2017 and receiving the independent governance. Formerly a part of Bubulo County East, the town of Bupoto has been assigned to become the headquarters of the district. With the introduction of the district, there were plenty of new developments, services, and jobs launched in the towns of Namisindwa District (UBOS, 2024). The main town of the area became a home to plenty of new schools. Currently, the population of the district is estimated to be close to two hundred thousand people. Namisindwa District became operational on 1 July 2017.^[4] Prior to that the new district was "East Bubulo County" in Manafwa District. Namisindwa District is bordered by Bududa District to the north, Kenya to the east and south, Tororo District to the south-west, and Manafwa District to the west. The district headquarters at Bupoto are located approximately 40 kilometres (25 mi), by road, south-east of Mbale, the largest city of in the sub-region. The Latitude and longitude coordinates of the district are: 0.816667, 34.383331 (UBOS, 2024)

Content scope

This study analyzed the effect of budgetary controls on financial performance of SMEs in Bubutu Town Council, Namisindwa district. Specifically, the study looked at the effect of setting standards on financial performance and measuring performance on financial performance of SMEs in Bubutu Town Council, Namisindwa district. The study also investigated the effect of continuous monitoring on financial performance of SMEs in Bubutu Town Council, Namisindwa district. Through this content scope, the researcher was able to collect adequate and relevant information that helped to attain study objectives.

1.6.3 Time scope

The study was conducted within a time scope of three months from February to May 2025 since it is the time allocated for research by the University. However, for secondary data, the researcher analyzed information within a time scope of five (5) years from 2021 to 2025.

1.7 Significance of the study

Findings of the study may help SMEs understand factors influencing their success, developing targeted support policies, and informing business practices.

The findings of the study may help policymakers and financial institutions identify areas for improvement and allocate resources to SMEs effectively.

Moreover, findings may shed light on the role played by budgetary controls in financial performance of SMEs

The study may be significant by filling the existing research gap and serving as a foundation for further academic exploration into the impacts of budgetary controls on financial performance of SMEs

1.8 Conceptual framework

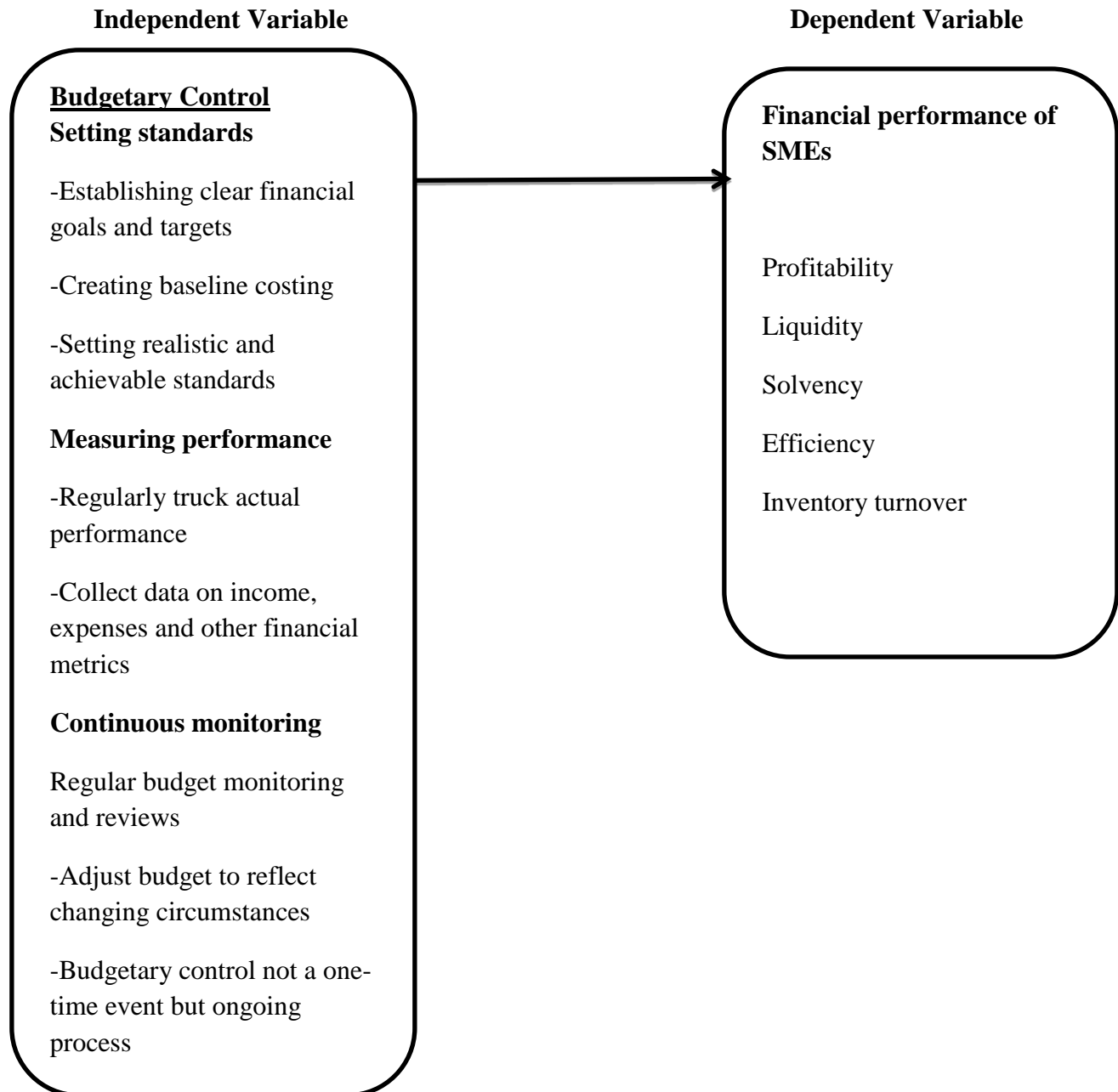


Figure 1.1: Conceptual framework

Source: Adapted from Mugenda and Mugenda (2004): Conceptual Frameworks

The above conceptual framework shows the relationship between budgetary control as IV with parameters of setting standards, measuring performance and continuous monitoring. While dependent variable is financial performance of SMEs with parameters of Profitability, Liquidity, Solvency, Efficiency and Inventory turnover. The conceptual framework has been drawn on the

assumption that if budgetary control is adopted, financial performance will be improved and the reverse is undoubtedly true. Nevertheless, this may not be automatic as other factors may come into play. These may include accounting policies, risk management and reducing expenses. These factors have been dully coined as intervening variables by the study and are being isolated to avoid making wrong conclusions

1.9 Definition of Terms

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues (Mills, 2022).

Budgetary control: Refers to the process of monitoring and managing an organization's finances to ensure that actual spending aligns with the planned budget (Goobi et al., 2024)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature related to the research study. The sources included; review of scholarly journals, government documents, text books, Internet and Newspapers. It includes empirical literature review, and summary of identified gaps.

2.2 Setting standards and financial performance of SMEs

According to Takatsugu Ochi (2019), by adopting standards, all companies will be free from such restrictions and gain various options, such as cross-border fund procurement, capital tie-ups and business collaborations. Moreover, the advantage of using a uniform standards yardstick will help SMEs with consolidated subsidiaries standardize management barometers and achieve uniformity of control, thereby enhancing the quality of managerial infrastructure that is essential in strengthening their international competitiveness. In the context of this study, these activities can in turn increase the profit margins of firms including SMEs

Marjan (2020) acknowledges the impact of standards and points out those launching accounting standards ought to improve firms' performance in many ways. For example Houston and Reinstein (2020) asserts that setting standards will slim down the costs of doing business, particularly across national borders, than will contribute towards greater efficiency of the market regulations and will reduce the costs for conducting financial statements analysis and investments in international context. The reduction in costs will in turn help to increase on the profits of SMEs.

The concept of applying global reporting standards to SMEs in developing countries is believed to be more difficult than elsewhere. Bohusova et al., (2018) found that the unique challenges and the heterogeneous nature of developing countries are not necessarily accommodated when International Accounting Standards are adopted by these countries. According to Correa-Cortes (2008, cited in Bohusova et al.,2011), SMEs from developing countries find it more difficult to cope with typical SME challenges such as limited financial and human resources. Zeghal & Mhedhbi (2020,cited in Bohusova et al.,2018) suggested that the decision to set standards by

developing countries, in particular, is influenced by; economic growth, educational levels, the degree of external economic openness, cultural considerations and existence of active capital markets

However, as indicated by Ikpefan et al., (2020), listed companies have a lot of benefits to derive from conversion to standards,. Companies do not operate in isolation. Therefore, in the present global environment, compliance with foreign reporting requirements will help streamline their financial reporting. This will help minimize reporting costs as a result of common reporting systems and consistency in statutory reporting. Secondly, it will enable comparison or benchmarking with foreign competitors possible. Besides, setting standards may offer companies an edge over competitors in the eyes of users. Thirdly, since setting standards will transcend national boundaries or cross border, acquisitions and joint venture will be made possible and there will also be easy access to foreign capital. Fourthly, companies can trade their shares and securities on stock exchanges worldwide (Ikpefan et al., 2019). As far as this study is concern, these mentioned benefits can culminate into increased sales and hence profitability of the SMEs.

Bertoni et al., (2021) disagrees with Ikpefan et al., (2021) and asserts that full compliance with standards is considered to be excessively burdensome and expensive for SMEs (although in some countries, standards are applied by all entities, no matter the size) therefore the proposed standards for SMEs introduce several simplifications. Given the mandatory fallback to full standards for those topics not covered by set standards for SMEs, simplification is partly achieved by omitting from the proposed standards for SMEs some issues.

2.3 Measuring performance and financial performance of SMEs

A retrospect of how SMEs have evolved in managing their financial performance since the invention of double entry shows that measuring performance have been applied to different kinds of industries and utilized for strategic intents. Performance measures are ways in which the efficiency and effectiveness of actions may be quantified to provide meaning and indication of failure or growth (Neely et al. 2017).

In 2019, the Chief Executive Officer (CEO) of General Electric, Ralph Cordiner, organized a task team to identify key corporate measures, which consisted of financial and non-financial

measures (Meyer and Gupta, 2020). These developments inspired many accounting professionals and academics, such as Johnson and Kaplan (2019) to argue that traditional financial performance measures were losing relevance to modern SMEs and needed to produce an effective evaluation of products that would meet customer demands and contribute to an efficient production process and distribution within an organization.

Despite the evolution of measuring performance over the years, it is not clear how SMEs have succeeded in their financial performance measures in the 21st century. SMEs are commonly known for their lack of education, skills and resources to successfully manage their businesses (Betchoo 2017 & Rakicevic et al. 2016). This reality may also hinder the implementation of standards in their businesses.

Measuring performance is undertaken across the value chain, ranging from suppliers, to ensure smooth material flow at economical cost, reliability and flexibility, to on-time delivery and quality of products to ensure customer satisfaction and retention. When all these measures are controlled and properly evaluated and monitored, unnecessary costs may be reduced, thus helping achieve the quality of goods delivered to the customers. This may also lead to higher returns and help SMEs maintain a competitive advantage, thereby increasing their performance. While researchers advise that TCA be used for 'make or buy decisions' (Halldorsson et al. 2017) in turn posit that it should focus not only on transaction cost as a basis for these but also on all total cost engaged by SMEs.

Besides, the performance of a firm can either been measured objectively whereby actual financial data are captured from the financial information stored in the firm. Alternatively, firm performance can be measured subjectively based on the perception of the owner-managers on the changes in the performance in a specific period of time (Vij & Bedi, 2018). Studies acknowledge that, the findings of the objective and subjective measurements are closely related especially in the context of small businesses (Khan, et al., 2020). Principally, small businesses have a tendency of less keeping financial information because of their smallness nature, and some of them hesitate to reveal their true financial data to avoid government taxes and levies (Masanja, 2019). Thus, both objective and subjective performance measurement approaches are said to be closely related. The fact that, owner-managers observation of performance of his business is

considered to produce equal results with those of objective measures, either of these measurement approaches can be used in small businesses (Azam, 2020). With this understanding, the performance of SMEs in the present study will be measured subjectively whereby the respondents will be asked to indicate if the performance of their SMEs has been increasing, decreasing or remained the same for the period of three years

According to Neely et al. (2021) and Neely et al. (2022), performance measures play an integral part in the management of control systems. Furthermore, this can be described as a regular measurement of results and efficiency of services and can also be regarded as a parameter used to quantify the efficiency and effectiveness of past actions taken or implemented (Tangen 2019).

Handfield et al. (2022) posit that performance measures should categorically define SMEs strategic goals, improve communication throughout the value chain, and should not drift from the strategic objectives in order to attain the desired results. Researchers aver that it is important to monitor supply chain performance persistently by utilizing metrics from the following five categories, namely, cost, time, quality, flexibility and innovativeness, and take action upon performance measurement results in order to stay competitive (Olugu et al. 2018). It is vital for SMEs to maximize on quality and time during the implementation of performance measurement process, to ensure minimal waste and attainable customer satisfaction at its highest level (Hudson et al. 2019). This could also entail SMEs responding abruptly to changing markets.

Financial measures are commonly known as short-term measures and purely based on the past. Their significance is in measuring performance from four key areas, including, efficiency, liquidity, profitability and capital structure (Lodewyckx et al. 2017). Each financial measure stands for a unique purpose. While profitability informs users of financial statements about the performance of an organization, whether making profits or losses, efficiency informs users on how business resources are utilized and managed. Capital structure advises on whether owners' capital or borrowed capital is being utilized, and liquidity measures how easily assets in the business can be converted into cash within the normal operating cycle. The financial measurements expounded derive from financial statements.

It may be essential for managers and directors of SMEs to realize the prominence of performance measures in SMEs (Gunasekaran and Kobu 2019). It is critical to comprehend measures that are implemented and to utilize performance measures effectively to enable smooth operation, review and redesign of new processes and systems should there be a need (Akyuz and Erkan 2017). The implementation of performance measures should be regarded as a decisive step towards a successful manufacturing business that requires a maximum functioning capacity of automated systems that enables frequent reporting devices (Bourne et al. 2020). In addition, a manual performance measurement system may be used to some degree to examine individual performance. However, individual performance may be automated for easy referral and updates on the development. These measures may also be evaluated at strategic, tactical and operational levels (Gunasekaran et al. 2018).

2.4 Continuous monitoring and financial performance of SMEs

Extant literature indicates that, continuous monitoring provide a business entity with valuable information that enriches decision making process (Belas, 2021). Thus, monitoring involves formative evaluation of the business to understand its direction and outcomes, the information that is used to correct or maintain the status quo. With continuous monitoring, firms are likely to establish whether the business operations are carried out as planned and whether the pre-set objectives are likely to be achieved (Fornasari, 2021).

Evidence from the evaluation of determinants of management success skills in enterprises show that, proper organization structures, monitoring and innovativeness are key to the success of SMEs (Asikhia & Naidoo, 2020). Hence, through continuous monitoring awareness and overall evaluation of the ventures, owners of the business are likely to develop programmes and practices that add value to their firms. Past literature however, were mostly confined on the overall continuous monitoring of the firm activities and more specifically the financial management and internal control activities; the results which cannot well explain financial monitoring and its importance on the performance of the business.

Specifically, continuous monitoring entails capturing financial matters of the firms with the focus of minimizing loses, theft, risks, inaccuracies and mismanagement of funds (Francis & Imiete, 2018). Continuous monitoring has been identified as a market instrument in banking

industry specifically in innovation and digitalization of services (Vovk, et al., 2020). Besides, continuous monitoring facilitates the evaluation of risk alerts in business. A study by Belas (2021) established that, through continuous monitoring firms are in a position to identify the drawbacks of providing some specific products items and lines and the challenges associated with servicing specific customer groups. This information is pertinent for resource allocation and investments decisions which affect future performance of the firms.

Moreover, Robert Odeka and Elmad Okoth (2019) established that, management of finances in small and medium sized firms enhances firms' profitability. Their study which was conducted in distribution firms in Kenya established that, strong internal control and proper management of finances provide significance improvement in the financial performance of a firm. Besides, a study on financial management practices, firm growth and profitability (Musah, et al., 2018), indicated positive relationship, although their study took the combined effect of financial reporting, working capital management and capital budgeting in relation to the performance of the SMEs while focusing lesser on continuous monitoring activities.

Notably, financial knowledge and competencies in interpreting financial information and owner managers involvement in making close follow on financial matters of enterprise are highly associated with success or failures of a firm (Gawali & Gadekar, 2017). Their study explored the financial management practices which are associated with business survival, growth and profitability. The findings indicated that, most SMEs fail because they are not managed like businesses and that they lack continuous monitoring and control of their finances.

2.5 Research Gaps

Past studies on budgetary control and financial performance of SMEs have several limitations, including: focusing on specific industries or regions, overlooking the dynamic nature of SMEs, neglecting the influence of external factors, and using inconsistent methodologies. Additionally, some studies rely on subjective data collection methods and may not capture the full impact of budgetary control on long-term financial performance of SMEs. It is worth note that, most of the financial management practices studied in the previous literature looked on the combined effect of such practices as cash management, working capital management, risk assessment and budgeting issues. Exactly relationship between continuous monitoring and performance in the

context of SMEs is not established. Hence, little is still known about effect of budgetary control on financial performance SMEs which is the focus of the present study.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

In order to achieve the desired outcomes of a non-biased study report, this chapter presents the methods that the researcher employed while conducting the study. It presents information on research design, study population, sample size and selection, sampling techniques and procedures, data collection methods and techniques, validity and reliability of instruments, procedure of data collection, data analysis and ethical considerations.

3.1 Research Design

Maryam et al, (2018) and (Etyang, 2018) argued that the research design is as a detailed outline of how a given research is to be conducted. Descriptive research design is a type of research design that aims to systematically obtain information to describe a phenomenon, situation, or population. More specifically, it helps answer the what, when, where, and how questions regarding the research problem rather than the why. Descriptive research is an appropriate choice when the research aim is to identify characteristics, frequencies, trends, and categories. The study was concerned with gathering of data manually. The descriptive research design involved observing and collecting data on a given topic under investigation without attempting to infer cause-and-effect relationships (Etyang, 2018). Descriptive research provided a comprehensive picture of the characteristics and behaviors of a particular population or phenomenon, allowing researchers to gain a deeper understanding of the topic.

3.3 Study Area

The study took place in Bubutu Town Council Namisindwa District. Namisindwa District is located in the Eastern Region of Uganda, sharing its eastern and southern borders with Kenya. The district headquarters are in Bupoto, approximately 40 km southeast of Mbale. It borders Bududa to the north, Tororo to the southwest, and Manafwa to the west. The Bumbobi–Bubulo–Lwakhakha Road runs through the district in a northwest-southeast direction. Latitude and longitude coordinates are: 0.816667, 34.383331. Situated in the easternmost part of the country, the Namisindwa District is a community that can be found near Mount Elgon National

Park, situated right on the border between Uganda and Kenya. It is a relatively new district established only in 2017 and receiving the independent governance. Formerly a part of Bubulo County East, the Town of Bupoto was assigned to become the headquarters of the district. With the introduction of the district, there were plenty of new developments, services, and jobs launched in the towns of Namisindwa District. The main town of the area became a home to plenty of new schools.

3.4 Study Population

The study population was drawn from SMEs in Bubutu Town Council Namisindwa District. The population will consist of 87 members from SMEs (saloon owners, Drug shops, restaurant owners, and retailers) and 13 district officials totaling to 100. Population specification is a requirement in the documentation of both qualitative and quantitative research and essential at arriving at valid and reliable findings (Asiamah, Mensah, & Otenga-Abayire, 2017).

3.5 Sample size

The total population (N) was 100 people and therefore the sample population was 80 respondents, that is to say; 69 members from SMEs and 13 district official using Krejcie and Morgan (1970) methods of determining sample size from the population (Sarmah & Hazanka, 2012). The sample size was reached at by means of a table for ascertaining sample size by Krejcie and Morgan (1970) (see attached Appendix II) and Slovene's formula as below:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

N = Study population

n = Sample size

e = Precision error at 95% confidence interval

Thus

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{100}{1 + 100(0.05)^2}$$

$$n = \frac{100}{1 + 100(0.0025)}$$

$$n = \frac{100}{1.25}$$

$$n = 80$$

Table 3. 1: Summary of sample size and sampling techniques

Category	Target population (N)	Sample size (n)	Sampling technique
SMEs members	87	69	Simple random sampling
District officials	13	11	Purposive sampling
Total	100	80	

Source: primary data, 2025

3.6 Sampling techniques

3.6.1 Purposive sampling

Creswell (2014) argued that purposive sampling is a non-probability sampling method. This is a form of sampling technique that allows the researcher to use cases that have the required information with respect to the objectives of the study. In this study, subjects were therefore handpicked they are informative and they possess the required characteristics. Purposive sampling technique was used to get 13 District officials. These respondents were purposively sampled because of the nature of their assignments and the researcher will be able to get in-depth information that helped to answer the research questions.

3.6.2 Simple Random sampling

Mugende and Mugenda (2016) argued that simple random sampling is a type of probability sampling in which the researcher randomly selects a subset of participants from a population. Each member of the population has an equal chance of being selected. Data is then collected from as large a percentage as possible of this random subset. Simple random sampling was used to get 69 members of SMEs. The goal of simple random sampling is to give every participant a chance to participate in the study. It involved giving a number to every subject of the accessible population, placing the numbers in the container and then picking any number at random. The

subject corresponding to the numbers were then included in the sample. This sampling technique enabled the researcher to get a representative sample for the research study and it allowed generalizability to a larger population with a margin of error that was statistically determinable.

3.7 Research Instruments

The researcher used both questionnaires and interview.

3.7.1 Questionnaire

Bordens & Abott (2014) argued that questionnaires are regularly used in educational research. The research used questionnaire to collect quantitative data. The questionnaire survey comprised of closed ended questions which were answered by SMEs staffs. This method allows the researcher to cover the respondents rapidly and cheaply. The researcher used self-administered questionnaire as a research tool to collect data from 69 members from SMEs. The questionnaire consisted of an introductory note. Section A for respondents’ demographic information, Section B, C and D had questions on study variables. The researcher got a list of 69 SMEs staffs identified through probability sampling to whom the questionnaires was administered.

According to Fisher (2004), a questionnaire is used because it is easy to administer, not so expensive, and helped to collect unbiased data. The nature of the questions was in form of structured and close ended questions where by a 5 Likert scale of measurement was on close ended questions based on a scale of strongly agree (5), agree (4), unsure (3), disagree (2), strongly disagree (1). Questionnaires were used because they allowed respondents to provide firsthand information which is free of bias and it is also easy to use.

Table 3. 2: Likert Scale, Coding, and Interpretation

Scale	Coding	Mean	Interpretation
Strongly agree	5	4.20-5.00	Very high
Agree	4	3.40-4.19	High
Unsure	3	2.60-3.39	Moderate
Disagree	2	1.80-2.59	Low
Strongly disagree	1	1.00-1.79	Very low

Source: Primary Data 2025

3.7.2 Interviews

According to Saunders, et al, (2019), an interview guide is a research instrument that contains a set of questions on defined issues under study that are put to respondents on a face to face basis. An interview guide collects data that supports the researcher through directing an interview process towards the objectives and issues regarding the study. Other data (mostly qualitative) was collected through interviews with the help of an interview guide. The interview guide consisted of open-ended questions and it was answered by District technical staffs. The interview guide helped the researcher to assess whether all questions had been asked or not. The interview guide was used to collect data from 13 District officials because these categories of study population may have more knowledge that could not be fully captured using the questionnaire.

3.8 Data quality control tools

3.8.1 Validity

According to Etyang (2018), the validity of an instrument is defined as the ability of an instrument to measure what it is intended to measure. Validity considers how correctly the research tools measure what the researcher wants to measure. Thus, validity is about the research tool being credible or trustworthy or being accurate or correct. After formulating the questionnaire, the supervisors and other experts reviewed the items and checked the language clarity, content comprehensiveness, and relevancy and how long the questionnaire is. Thus the researcher ensured that the instrument is clear, relevant, specific and logically arranged. The validity of the questionnaire was tested using the content validity test (CVI). To arrive at the relevancy of the questionnaire, the researcher designed the instrument that yielded content –valid data by first specifying the domain of indicators that are relevant to the concept being measured. A content-valid data measure contained all possible items that were used to explore the effectiveness of formative assessment strategies in improving science learning in secondary schools.

The tool was then fine-tuned using the best advice. The validity index was tested by use of the formula below.

$$CVI = \frac{\text{Number of questions declared valid}}{\text{Total Number of items in the questionnaire}}$$

3.8.2 Reliability

A tool's reliability shows the extent to which it is free of errors and for that makes sure that there is continuous valuation across time and also across the various items in the instrument. This therefore means that a tool's reliability shows how stably and consistently the tool evaluates the idea thereby helping to measure the worthiness of a measure (Sekaran & Bougie, 2016). The researcher employed the test-retest reliability. According to Sekaran and Bougie(2016), the reliability of the instrument is tested using the test re-test method of reliability and Cron-bach alpha tests to determine the reliability index with the help of SPSS. Data was collected from 20 people not among those in the sample. The principle of reliability as far as research instruments are concerned, is clearly put forward by Amin (2016), an instrument is reliable if it produces the same results wherever it is repeatedly used to measure a trait or a concept from the same population and under similar circumstances. The correlation between the scores (test-retest coefficient) were got at two seprate times from the same set of responders. The higher the scores, the better the test-retest reliability and hence, the stability of the measure over time.

3.9 Data collection procedure

Upon the approval of the report, the researcher got a letter from the department of education to allow for data collection. Thereafter, the researcher sent consent letters to the responders requesting for them to participate in the study and the researcher writes a report that is to be submitted to the department for further examination.

3.10 Data Analysis

3.10.1 Quantitative analysis

Any data that is presented in numerical form like statistics, percentages among others are referred to as Quantitative data. Sekaran & Bougie, (2016) argued that qqquantitative data got from questionnaires was computed into frequencies, counts and percentages. The initial step in preparing this data is coding. This involved allotting numbers to the respondents' responses in order that they can be fed into a database Responses were fed into a data base after they are coded. Raw data was entered using the SPSS Data Editor. Data was presented using different methods such as simple frequency tables which ultimately helped to analyze the effect of

budgetary controls on financial performance of SMEs in Bubutu Town Council, Namisindwa district. This was because data presentation requires clear portrayal of the findings presented, and the listed methods above clearly fulfill that purpose.

3.10.2 Regression Analysis

Regression analysis was used to analyze and measure the degree of relationship between variables and presents minimal interference by the researcher and it give no room for manipulation of data. This type of inferential statistics is easy to compute and interpret and they also help in making conclusions. Descriptive statistical techniques (frequencies, percentages, Mean and Standard Deviations) were used to analyze field data from questionnaires and assist in the presentation and interpretation of data.

3.10.3 Qualitative analysis (Thematic)

According to Lapadat (2010), is a systematic approach to the analysis of qualitative data that involves identifying themes or patterns of cultural meaning; coding and classifying data, usually textual, according to themes; and interpreting the resulting thematic structures by seeking commonalties, relationships, overarching patterns, theoretical constructs, or explanatory principles. The analysis of data involved organizing into meaningful themes and categories. Themes, according to Ryan and Bernard (2017), are important concepts that show specific experiences of participants by the more general insights that are apparent from the whole data set. Arranging data systematically and thematically from transcripts facilitated the discussion of the findings via the themes and categories (Creswell, 2017).

The themes that emerge from each data set were presented and discussed separately to establish recurring ones. The findings was discussed, interpreted and supported through cross-referencing relevant sections in the literature review and the theoretical framework. First, interview data was analyzed and organized into meaningful themes and categories. Interview data was also be organized according to individual responses and analyzed by grouping answers together across participants. Field notes gathered during interviews was examined and presented with the actual quotations and interviews were audio recorded to facilitate qualitative analysis of explanation of the data gathered from these.

3.11 Ethical considerations

The following ethical considerations were considered:

3.11.1 Informed consent and voluntary participation

Denzin & Lincoln (2016) opined that informed consent is the basis of ethical research. The researcher sought consent from the respondents to be involved in the research not just forcing them to participate. The people participating in the study were made aware of what the study is about; its purpose, usage of the data, and any consequences that could arise from it. The researcher furnished the respondents with information on the reason for the research and the procedure of collecting data. The participants were allowed enough time to ask questions and have any concerns addressed. The respondents exercised free will in deciding whether to participate in research activity or not. All people to be involved in the research were given written informed acceptance.

3.11.2 Confidentiality

Confidentiality is looked at by Walford (2018) to mean information that is private and is not to be divulged to others. Whatever was said in confidence must remain confidential. The researcher assured the respondent that information offered by the respondent were not to be passed on to another party (third party) without consent of the respondent. Their identity and response were made confidential through the use of numbers or through pseudonyms.

3.11.3 Anonymity

Anonymity, termed more appropriately as pseudonymity, is defined by Wiles (2013) as a major means used by the researcher to safeguard the confidentiality of responders by using pseudonyms. Anonymisation is one of the kinds of confidentiality, comprising of identity concealment of research responders. The researcher ensured that all respondents are anonymous implying that their identities are not known and not salient in the study. Withholding the identity of respondents is a guarantee that their statements are authentic

3.11.4 Plagiarism

The researcher ensured that all written work was original and without any borrowed and manipulated texts, results or even expressions. The researcher ensured that, all words and publications of the author were given their due acknowledgement. The researcher subjected the written works to the turn it in software and make sure it was 20% or less compliant of plagiarism material (Mugenda & Mugenda, 2016).

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents data analysis and interpretation based on the study objectives identified earlier. It begins with the analysis of the demographic data as seen below;

4.2 Background characteristics of the respondents

The first part of this chapter is a presentation and analysis of the preliminary data obtained from the study. It involves the background information of the respondents. The variables involved are age (years), gender of respondents, educational level and marital status. Data obtained has been presented in tables below.

4.2.1 Age of Respondents

Table 4.1 depicts the age distribution of respondents who participated in the study. The purpose was to find out the average age of respondents.

Table 4.1: Age in years

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21-29	3	3.8	3.8	3.8
30-39	34	42.5	42.5	46.3
40-49	40	50.0	50.0	96.3
50 above	3	3.8	3.8	100.0
Total	80	100.0	100.0	

Source: Primary data, 2025

A close look at the Table 4.1 shows 3.8% of the respondents were 21-29 years of age, 42.5% were between 30-39 years of age, 50% who constituted the majority were 40-49 years and 3.8% of the respondents were 50 years and above. The findings of the study imply that since majority of the respondents were 40 years above, this mean that they were mature enough and information acquired from the m was reliable. The above view is in the line with Amin (2005) who argued

that the majority age above 18 years adds value to the responses given that mature people are more and take time to think about a particular aspect of life and their responses can be trusted.

4.2.2 Gender of Respondents

The respondents were asked to indicate their gender by ticking the appropriate column they belonged. The purpose was to find out the number of males and females who actually participated in the study.

Table 4.2: Gender of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	51	63.8	63.8	63.8
Valid Female	29	36.3	36.3	100.0
Total	80	100.0	100.0	

Source: Primary data, 2025

Table 4.2 shows that out of the 80 respondents who participated in the study, majority 63.8% were males, while the remaining 36.3% were females. The finding means that there are more male employees in the organization, naturally, males and females have different attitudes and views toward events (Singer, 2020)

4.2.3 Marital status of the respondents

Table 4.3 depicts the marital status of respondents who participated in the study. The purpose was to find out the status of respondents who were actively involved in the operations within the local government.

Table 4.3: Marital status of the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	11	13.8	13.8
	Married	62	77.5	91.3
	Widower/Widow	6	7.5	98.8
	Divorced	1	1.3	100.0
	Total	80	100.0	

Source: Primary data, 2025

Table 4.3 shows that 13.8% of the respondents were single, 77.5% of the respondents were married, 7.5% were widows/widower and 1.3% of the respondents indicated that they had divorced. The data shows that majority of respondents were married.

4.3 Setting standards and financial performance of SMEs

The first objective in this study was to establish the effect of setting standards and financial performance of SMEs in Bubutu Town Council, Namisindwa district. The findings from respondent's opinion accompanying variables under this objective were summarized as follows:

Table 4.4 showing opinions of respondents on setting standards and financial performance of SMEs

Indicators	SD	D	N	A	SA	Mean	Std. Dev.	Comment
SMEs with consolidated subsidiaries achieve uniformity of control	2	10	21	58	9	3.6000	.88016	Very high
Setting standards also bring down costs of doing business	1	9	33	41	16	3.6250	.90533	Very high
Standard setting help SMEs improve financial reporting	0	29	7	49	14	3.6750	.82332	Very high
Standards offer SMEs an edge over competitors	3	7	20	50	20	3.7625	.97102	Very high
Setting standards improves SMEs access to foreign capital	2	8	26	43	24	3.8250	.88267	Very high
Standards helps SMEs to strengthen accountability mechanisms	0	10	36	45	9	3.5250	.79516	Very high
Average mean						3.60625		

Source: Primary Data, 2025

SMEs with consolidated subsidiaries achieve uniformity of control

The study investigated whether SMEs with consolidated subsidiaries achieve uniformity of control in Bubutu Town Council, Namisindwa district. According to table 4.6 below, 58% of the respondents agreed that SMEs with consolidated subsidiaries achieve uniformity of control while 10% disagreed that SMEs with consolidated subsidiaries achieve uniformity of control. 21% of the respondents were not sure whether SMEs with consolidated subsidiaries achieve uniformity of control. The calculated mean ($\mu= 3.6000$, standard deviation = 0.88016) shows that SMEs with consolidated subsidiaries achieve uniformity of control in Bubutu Town Council, Namisindwa district.

Setting standards also bring down costs of doing business

The study also investigated whether setting standards also bring down costs of doing business in Bubutu Town Council, Namisindwa district, results from the table 4.6 below show that 41% of the respondent agreed that setting standards also bring down costs of doing business while 9% of the respondents disagreed. Those who were not sure with opinion that setting standards also bring down costs of doing business were 33%. The calculated mean ($\mu= 3.6250$, standard deviation = 0.90533) show that setting standards also bring down costs of doing business in Bubutu Town Council, Namisindwa district.

Standard setting help SMEs improve financial reporting

On whether standard setting help SMEs improve financial reporting in Bubutu Town Council, Namisindwa district, results in table 4.6 below shows that 49% of the respondent agreed that standard setting help SMEs improve financial reporting while 29% of the respondents disagreed. Those who were not sure with opinion that standard setting help SMEs improve financial reporting were 7%. The calculated mean ($\mu= 3.6750$, standard deviation = 0.82332) show that standard setting help SMEs improve financial reporting in Bubutu Town Council, Namisindwa district.

Standards offer SMEs an edge over competitors

On whether standards offer SMEs an edge over competitors in Bubutu Town Council Namisindwa district and results in table 4.6 below shows that 50% of the respondent agreed that standards offer SMEs an edge over competitors while 7% of the respondents disagreed. Those who were not sure with opinion that standards offer SMEs an edge over competitors were 20%. The calculated mean ($\mu= 3.7625$, standard deviation = 0.97102) show that standards offer SMEs an edge over competitors in Bubutu Town Council, Namisindwa district.

Setting standards improves SMEs access to foreign capital

From the table 4.6 below, 43% of the respondents agreed setting standards improves SMEs access to foreign capital in Bubutu Town Council, Namisindwa district while 8% also agreed. Those who were not sure on whether setting standards improves SMEs access to foreign capital were 26%. The calculated mean ($\mu= 3.8250$, standard deviation = 0.88257) show that setting

standards improves SMEs access to foreign capital in Bubutu Town Council, Namisindwa district.

Standards help SMEs to strengthen accountability mechanisms

From the table 4.6 below 45% of the respondents agreed that standards help SMEs to strengthen accountability mechanisms in Bubutu Town Council, Namisindwa district while 10% of the respondents disagreed to the statement. Those who were not sure on whether standards help SMEs to strengthen accountability mechanisms were 36%. The calculated mean ($\mu = 3.5250$, standard deviation = 0.79516) show that standards helps SMEs to strengthen accountability mechanisms in Bubutu Town Council, Namisindwa district.

The overall mean is (3.60625) implying that the effect of setting standards on financial performance of SMEs in Bubutu Town Council, Namisindwa district is at high level.

Results from the interview analysis varied depending on the respondent. Some of the views were in agreement with the quantitative analysis and others were in disagreement as detailed below:

One interviewee said that:

“Setting standards also bring down costs of doing business in Bubutu Town Council, Namisindwa district”

Yet another interviewee also revealed that:

“In Bubutu Town Council, setting standards do not address problems of operational efficiency of SMEs”.

Multiple Regressions Between the Dependent Variable (Setting standards) and Independent Variable (financial performance of SMEs)

Results revealed that there is a significant and positive effect between Setting standards and financial performance of SMEs in Bubutu Town Council, Namisindwa district ($r=0.589$; $P<0.000$).

Regression coefficient $R = 0.589$ or 58.9% relationship exist between Independent Variable (I.V's) and Dependent Variable (D.V). The Adjusted R^2 computed was 0.272, this implies that the independent variable (Setting standards) explain the variations in the dependent (financial performance of SMEs) by 27.2%. The variation in financial performance of SMEs is explained by SMEs with consolidated subsidiaries achieve uniformity of control, Setting standards also bring down costs of doing business, Standard setting help SMEs improve financial reporting, Standards offer SMEs an edge over competitors, Setting standards improves SMEs access to foreign capital, Standards help SMEs to strengthen accountability mechanisms.

To provide more emphasis on the relationship between the dependent and independent variables, the researcher run a regression between the independent variable (Setting standards) and dependent variables (financial performance of SMEs)

Table4.5: Model Summary between Setting standards and financial performance of SMEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.589 ^a	0.083	0.272	0.97897

a. Predictors: (Constant), SETTING STANDARDS

ANOVA^a

The F value is 7.091 and is significant because the significance level is = .000 which is less than $P \leq 0.05$. This implies that over all regression model is statistically significant, valid and fit. The valid regression model implies that all independent variables are explaining that there is a positive and significant relationship with dependent variable (financial performance of SMEs).

Table 4.6: ANOVA between Setting standards and financial performance of SMEs

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	6.796	1	6.796	7.091	.000 ^b
11	Residual	74.754	78	.958		
	Total	81.550	79			

a. Dependent Variable: FINANCIAL PERFORMANCE OF SMEs

b. Predictors: (Constant), SETTING STANDARDS

Coefficients^a

The results show a statistically significant but positive Unstandardized (Beta) coefficients of 0.289. This shows that Setting standards only accounts for only 28.9% of the variations in financial performance of SMEs in Bubutu Town Council, Namisindwa district and it implies that a 100% change in the independent variable (Setting standards) will lead to a subsequent improvement in financial performance of SMEs by 28.9%.

The table below shows a multiple regression between financial performance of SMEs as the dependent variable and the independent variables which is Setting standards

Table 4.7: Coefficients between Setting standards and financial performance of SMEs

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
	(Constant)	2.737	.423		6.474	.000
1	SETTING STANDARDS	.301	.113	.289	2.663	.009

Dependent Variable: FINANCIAL PERFORMANCE OF SMEs

4.4 Measuring performance and financial performance of SMEs

The second objective in this study was to investigate the effect of measuring performance and financial performance of SMEs in Bubutu Town Council, Namisindwa district. The findings from respondent's opinion accompanying variables under this objective were summarized as follows:

Table 4.8: showing respondents' opinions on the effect of measuring performance on financial performance of SMEs in Bubutu Town Council, Namisindwa district

Indicators	SD	D	N	A	SA	Mean	Std. Dev.	Comment
Performance measures improves efficiency of SMEs	3	6	24	49	18	3.7000	.95996	Very high
Financial performance measures help SMEs to improve understanding of customer demands	1	18	14	53	14	3.7750	.72871	Very high
Measuring performance ensure smooth material flow at economical cost	8	1	30	42	19	3.6125	.97427	Very high
Firm performance is essential for improving change management	3	1	24	56	16	3.6375	.94459	Very high
Performance measures play an integral part in financial control systems.	7	16	30	36	11	3.3000	1.07209	Very high
Measuring performance prevents wastage of SMEs resources	5	14	14	50	17	3.6125	1.08492	Very high
Average mean	3.625							

Source: Primary Data: 2025

Performance measures improves efficiency of SMEs

When respondents were asked to give their opinion about whether performance measures improves efficiency of SMEs in Bubutu Town Council, Namisindwa district, 49% of the respondents agreed with the opinion that performance measures improves efficiency of SMEs, whereas 6% of the respondents disagreed. Those who were not sure with opinion that

performance measures improve efficiency of SMEs had represented by 24%. The calculated mean ($\mu = 3.7000$, standard deviation = 0.95996) show performance measures improves efficiency of SMEs in Bubutu Town Council, Namisindwa district

Financial performance measures help SMEs to improve understanding of customer demands

Fifty three percent of the respondents agreed that financial performance measures help SMEs to improve understanding of customer demands whereas 14% of the respondents disagreed and those who were not certain whether financial performance measures help SMEs to improve understanding of customer demands had represented by 14%. The calculated mean ($\mu = 3.7750$, standard deviation = 0.72871) show that financial performance measures help SMEs to improve understanding of customer demands in Bubutu Town Council, Namisindwa district.

Measuring performance ensure smooth material flow at economical cost

Forty two percent of the respondents were in agreement with the opinion that measuring performance ensures smooth material flow at economical cost in Bubutu Town Council, Namisindwa district. Whereas 1% of the respondents were in disagreement and those who were not certain with the view that measuring performance ensures smooth material flow at economical cost were represented by 5%. The calculated mean ($\mu = 3.6125$, standard deviation = 0.97427) show that measuring performance ensures smooth material flow at economical cost in Bubutu Town Council, Namisindwa district

Firm performance is essential for improving change management

When respondents were asked to give their view about whether firm performance is essential for improving change management in Bubutu Town Council, Namisindwa district, 56% of the respondents were in agreement with the opinion whereas 1% of the respondents disagreed. Those who were not sure whether firm performance is essential for improving change management had represented by 24% of the respondents (see Table 4.7 below). The calculated mean ($\mu = 3.6375$, standard deviation = 0.94459) show that poverty contributes to limited access to resources leading to dropout in Bubutu Town Council, Namisindwa district

Performance measures play an integral part in financial control systems.

On whether performance measures play an integral part in financial control systems in Bubutu Town Council, Namisindwa district, 36% of the respondents were in agreement with the opinion whereas 16% of the respondents disagreed. Those who were not sure whether performance measures play an integral part in financial control systems had represented by 30% of the respondents. The calculated mean ($\mu = 3.3000$, standard deviation = 1.07209) show that performance measures play an integral part in financial control systems in Bubutu Town Council, Namisindwa district.

Measuring performance prevents wastage of SMEs resources

Respondents were also asked to mention whether measuring performance prevents wastage of SMEs resources, 50% of the respondents were in agreement with the opinion that measuring performance prevents wastage of SMEs resources whereas 14% of the respondents were in disagreement and those who were not certain with the view that measuring performance prevents wastage of SMEs resources were represented by 14%. The calculated mean ($\mu = 3.6125$, standard deviation = 1.08492) show that measuring performance prevents wastage of SMEs resources.

The overall mean is (3.625) implying that the effect of measuring performance and financial performance of SMEs in Bubutu Town Council, Namisindwa district is at a high level.

Results from the interview were also analyzed and were varied depending on the respondent. Some of the views were in agreement with the quantitative analysis and others were in disagreement as detailed below:

One interviewee said that:

“Measures play an integral part in financial control systems in Bubutu Town Council, Namisindwa district”

Yet another interviewee also revealed that:

“Many SMEs in Bubutu Town Council, lack the capacity for measuring performance”.

Multiple Regressions Between the Dependent Variable (financial performance of SMEs) and Independent Variable (Measuring performance)

Results revealed that there is a significant and positive relationship between the Dependent Variable (financial performance of SMEs) and Independent Variable (Measuring performance) in Budaka district ($r=0.098$; $P<0.000$). Regression coefficient $R = 0.098$ or 9.8% relationship exist between Independent Variable (I.V's) and Dependent Variable (D.V).

Model Summary

The Adjusted R^2 computed was -0.03; this implies that the independent variables do not have a significant influence on dependent variable of financial performance of SMEs as seen by -0.03%. To provide more emphasis on the relationship between the dependent and independent variables, the researcher run a regression between the independent variable (Measuring performance) and dependent variables (financial performance of SMEs). The results are as presented in the model coefficients below.

Table 4.9: Model Summary between Measuring performance and financial performance of SMEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.098 ^a	.010	-.003	1.01753

a. Predictors: (Constant), MEASURING PERFORMANCE

ANOVA^a

The F value is 0.764 and is significant because the significance level is = .000 which is less than $P \leq 0.05$. This implies that over all regression model is statistically significant, valid and fit. The valid regression model implies that all independent variables are explaining that there is a positive and significant relationship with dependent variable.

Table 4.10” ANOVA between Measuring performance and financial performance of SMEs

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.791	1	.791	.764	.000b
	Residual	80.759	78	1.035		
	Total	81.550	79			

a. Dependent Variable: FINANCIAL PERFORMANCE OF SMES

b. Predictors: (Constant), MEASURING PERFORMANCE

Coefficients^a

Table 4.11: Coefficients between Measuring performance and financial performance of SMEs

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	3.437	.458		7.506	.000
	MEASURING PERFORMANCE	.103	.118	.098	.874	.000

1) Dependent Variable: FINANCIAL PERFORMANCE OF SMES

The table above shows a multiple regression between financial performance of SMEs as the dependent variable and the independent variable which is Measuring performance. The results show a statistically significant but positive Unstandardized (Beta) coefficients of 0.098. This shows that Measuring performance and only accounts for only 9.8% of the variations in financial

performance of SMEs and it implies that a 100% change in the independent variable (Measuring performance will lead to a subsequent improvement in financial performance of SMEs by 9.8%.

4.5 Continuous monitoring and financial performance of SMEs

The third objective in this study was to establish the effect of continuous monitoring on financial performance of SMEs in Bubutu Town Council, Namisindwa district. The findings from respondent's opinion accompanying variables under this objective were summarized as follows:

Table 4.12 showing respondents' opinions on the effect of continuous monitoring on financial performance of SMEs

Indicators	SD	D	N	A	SA	Mean	Std. dev.	Comment
Monitoring provide SMEs with valuable information that improves decision making process	4	10	21	56	9	3.5500	.99238	Very high
Monitoring promotes formative evaluation of SMEs for enhanced financial performance	3	6	34	41	16	3.5750	1.06468	Very high
Through monitoring, SMEs adopts practices that add value to their products	9	29	0	49	14	3.3625	1.05835	Very high
Continuous monitoring improves risks control systems	4	6	20	50	20	3.3125	1.00119	Very high
Monitoring helps SMEs in developing responsive policies for enhancing performance	0	10	36	45	9	3.5000	1.07915	Very high
Information for decision making can be provided through continuous monitoring	8	12	23	48	9	3.4375	1.11200	Very high
Average mean						3.4625		

Source: Primary data, 2025

Monitoring provide SMEs with valuable information that improves decision making process

Fifty Nine percent of the respondents were in agreement with the opinion that monitoring provide SMEs with valuable information that improves decision making process in Bubutu Town Council, Namisindwa district whereas 10% of the respondents were in disagreement and those who were not certain with the view that monitoring provide SMEs with valuable information that improves decision making process had represented by 21%. The calculated mean ($\mu = 3.5500$, standard deviation = 0.99238) show that monitoring provide SMEs with valuable information that improves decision making process.

Monitoring promotes formative evaluation of SMEs for enhanced financial performance

When respondents were asked to give their view about whether monitoring promotes formative evaluation of SMEs for enhanced financial performance, 41% of the respondents were in agreement that monitoring promotes formative evaluation of SMEs for enhanced financial performance while 6% disagreed. Whereas 34% of the respondents were not sure that monitoring promotes formative evaluation of SMEs for enhanced financial performance (Table 4.8). The calculated mean ($\mu = 3.5950$, standard deviation = 1.06468) indicates that monitoring promotes formative evaluation of SMEs for enhanced financial performance in Bubutu Town Council, Namisindwa district is at high level

Through monitoring, SMEs adopts practices that add value to their products

Forty Nine percent of the respondents agreed with the opinion that through monitoring, SMEs adopts practices that add value to their products in Bubutu Town Council, Namisindwa district whereas 29% were in disagreement with the idea. The calculated mean ($\mu = 3.3625$, standard deviation = 1.05835) elaborates that through monitoring, SMEs adopts practices that add value to their products in Bubutu Town Council, Namisindwa district is high level.

Continuous monitoring improves risks control systems

When respondents were demanded to give out their view about whether continuous monitoring improves risks control systems, 50% of the respondents were in agreement with the opinion that continuous monitoring improves risks control systems whereas 6% disagreed and 20% were not

with the opinion that continuous monitoring improves risks control systems (Table 4.8). The calculated mean ($\mu = 3.3125$, standard deviation = 1.00119) emphasizes that continuous monitoring improves risks control systems in Bubutu Town Council, Namisindwa district and is high level.

Monitoring helps SMEs in developing responsive policies for enhancing performance

When respondents were asked to give their opinion about monitoring helps SMEs in developing responsive policies for enhancing performance, 45% of the respondents agreed with the opinion whereas 10% of the respondents were in disagreement and those who were not certain that monitoring helps SMEs in developing responsive policies for enhancing performance had represented by 36% of the respondents. The calculated mean ($\mu = 3.5000$, standard deviation = 1.07915) shows that monitoring helps SMEs in developing responsive policies for enhancing performance in Bubutu Town Council, Namisindwa district.

Information for decision making can be provided through continuous monitoring

Forty eight percent of the respondents agreed that information for decision making can be provided through continuous monitoring where as 12% of the respondents disagreed and those who were not certain whether information for decision making can be provided through continuous monitoring had represented by 23%. The calculated mean ($\mu = 3.4375$, standard deviation = 1.11200) shows that information for decision making can be provided through continuous monitoring in Bubutu Town Council, Namisindwa district.

The overall mean is (3.4625) implying that the effect of continuous monitoring on financial performance of SMEs in Bubutu Town Council, Namisindwa district is at high level.

Results from the interview were also analyzed and were varied depending on the respondent. Some of the views were in agreement with the quantitative analysis and others were in disagreement as detailed below:

One interviewee said that:

“Continuous monitoring improves risks control systems in Bubutu Town Council, Namisindwa district”

Yet another interviewee also revealed that:

“In Bubutu Town Council, Namisindwa district, SMEs do not undertake continuous monitoring for improved financial performance”.

Multiple Regressions Between the Dependent Variable (financial performance of SMEs) and Independent Variable (Continuous monitoring)

Results revealed that there is a significant and positive relationship between Interpersonal Continuous monitoring and financial performance of SMEs in Bubutu Town Council, Namisindwa district ($r=0.683$; $P<0.000$). Regression coefficient $R = 0.683$ or 68.3% relationship exist between Independent Variable (I.V) and Dependent Variable (D.V). The Adjusted R^2 computed was 0.46; this implies that the independent variable (Continuous monitoring) have a significant effect to the dependent variable (financial performance of SMEs) as seen by 46%.

The F value is 68.261 and is significant because the significance level is = .000 which is less than $P \leq 0.05$. This implies that over all regression model is statistically significant, valid and fit. The valid regression model implies that all independent variables are explaining that there is a positive and significant relationship with dependent variable.

To provide more emphasis on the relationship between the dependent and independent variables, the researcher run a regression between the independent variable (Continuous monitoring) and dependent variables (financial performance of SMEs). The results are as presented in the model coefficients below;

Model Summary

The Adjusted R² computed was .460 implies that the independent variables do not have a significant influence on dependent variable of financial performance of SMEs as seen by 0.46%. To provide more emphasis on the relationship between the dependent and independent variables, the researcher run a regression between the independent variable (Continuous monitoring) and dependent variables (financial performance of SMEs). The results are as presented in the model coefficients below.

Table 4.13: Model Summary between Continuous monitoring and financial performance of SMEs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.683 ^a	.467	.460	.79520

a. Predictors: (Constant), CONTINUOUS MONITORING

ANOVA^a

The F value is 68.261 and is significant because the significance level is = .000 which is less than $P \leq 0.05$. This implies that over all regression model is statistically significant, valid and fit and indicates that the overall regression model statistically significantly predicts the outcome variable reflected by sig 0.000 which shown that it was less significant.

Table 4.14: ANOVA Between Continuous monitoring and financial performance of SMEs

Model		Sum of Squares	Df	Mean Square	F	Sig.	
11	1	Regression	43.165	1	43.165	68.261	.000 ^b
		Residual	49.323	78	.632		
		Total	92.487	79			

a. Dependent variable: FINANCIAL PERFORMANCE OF SMEs

b. Predictors: (constant): CONTINUOUS MONITORING

Coefficients^a

The table 4.9 below shows a multiple regression between financial performance of SMEs as the dependent variable and the independent variables (Continuous monitoring). The results show a statistically significant but positive Unstandardized (Beta) coefficients of 0.683. This shows that interpersonal learning style accounts for only 68.3% of the variations in financial performance of SMEs and it implies that a 100% change in the independent variable (Continuous monitoring) will lead to a subsequent improvement in financial performance of SMEs by 68.3%. Hence, Continuous monitoring has a big relationship with financial performance of SMEs

Table 4.15: Coefficients between Continuous monitoring and financial performance of SMEs

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
1					
(Constant)	.993	.332		2.990	.000
Continuous Monitoring	.745	.090	.683	8.262	.000

Dependent Variable: FINANCIAL PERFORMANCE OF SMEs

FINANCIAL PERFORMANCES

Table 4.18: showing respondent's opinions on financial performances

Response	SA	A	U	D	SD	Mean	St. Dev
There is profitability of SMEs	12.8	22.9	33.0	13.8	17.4	2.25	1.23
SMEs have high levels of liquidity	26.6	53.2	9.2	11.0	0	2.00	.97
SMEs are efficient in their operations	50.5	36.7	8.3	4.6	0	1.75	.95
SMEs have a high inventory turnover ratio	39.4	31.2	16.5	8.3	4.5	1.87	.68
Average Mean and Standard Deviation						1.97	0.96

Source: Primary Data (2025)

The findings in Table 4.18 on profitability of SMEs scores show that 12.8% of the respondents strongly agreed, 22.9% agreed, 33.0% were undecided, 13.8% disagreed, and 17.4% strongly

disagreed. This suggests that perceptions about profitability of SMEs are mixed, with a significant number of respondents expressing uncertainty.

Regarding the statement that SMEs have high levels of liquidity, 26.6% of the respondents strongly agreed, 53.2% agreed, 9.2% were undecided, 11.0% disagreed, and no respondent strongly disagreed. This indicates a strong majority believe that SMEs have high levels of liquidity

On whether SMEs are efficient in their operations, 50.5% of the respondents strongly agreed, 36.7% agreed, 8.3% were undecided, 4.6% disagreed, and no respondent strongly disagreed. These findings suggest that most respondents are confident that SMEs are efficient in their operations

In relation to the statement that SMEs have a high inventory turnover ratio, 39.4% of the respondents strongly agreed, 31.2% agreed, 16.5% were undecided, 8.3% disagreed, and 4.5% strongly disagreed. This reflects a generally positive perception of SMEs having a high inventory turnover ratio.

Correlations

Control Variables		Setting standards	Measuring performance	Continuous monitoring	
BUDGETARY CONTROL	SETTING STANDARDS	Correlation	.911	.283	.521
		Significance (2-tailed)	.	.011	.000
		Df	0	77	77
	MEASURING PERFORMANCE	Correlation	.283	.911	.232
		Significance (2-tailed)	.011	.	.040
		Df	77	0	77
	CONTINUOUS MONITORING	Correlation	.521	.232	.911
		Significance (2-tailed)	.000	.040	.
		Df	77	77	0

A correlation analysis was computed, examined and interpreted. The research study used the correlation analysis in order to examine the effect of budgetary control on financial performance of SMEs and the findings were as follows;

The table below shows that there is a positive relationship between setting standards and financial performance of SMEs in Budaka district by a Pearson correlation coefficient as $r = 0.911$, $p = 0.000$ which is significant. This implies that when audio-visual learning style is well adopted, financial performance of SMEs in Bubutu Town Council, Namisindwa district will improve significantly.

In this study the Pearson product moment correlation was used to find out the effect of measuring performance on financial performance of SMEs in Bubutu Town Council, Namisindwa district. The results presented in the table below shows that there is a relatively

weak positive and significant effect of measuring performance on financial performance of SMEs in Bubutu Town Council, Namisindwa district by a Pearson correlation coefficient as $r = 0.283$, $p = 0.000$ which is significant. This implies that when measuring performance is well adopted, financial performance of SMEs in Bubutu Town Council, Namisindwa district will improve significantly.

Further, a Pearson product moment correlation was used to find out the effect of continuous monitoring and financial performance of SMEs in Bubutu Town Council, Namisindwa district. The results presented in the table below shows that there is a positive and significant effect of continuous monitoring and financial performance of SMEs in Bubutu Town Council, Namisindwa district by a Pearson correlation coefficient as $r = 0.521$ $p = 0.000$ which is significant. This implies that when continuous monitoring is properly adopted, financial performance of SMEs in Bubutu Town Council, Namisindwa district will improve significantly.

4.6 Discussion of findings

4.6.1 Setting standards and financial performance of SMEs

Findings show that SMEs with consolidated subsidiaries achieve uniformity of control. The study by Ilington (2020) also found that 1 SMEs with consolidated subsidiaries achieve uniformity of control

Findings also revealed that setting standards also bring down costs of doing business. Research by Andersson & Carless (2017) also discovered that Setting standards also bring down costs of doing business

Additionally, standard setting help SMEs improve financial reporting as per the findings. Even findings of Black and William (2019) recommended that Standard setting help SMEs improve financial reporting

The study also discovered that Standards offer SMEs an edge over competitors. In line with this finding, Black, Harrison & William et al., (2017) also argued that Standards offer SMEs an edge over competitors

It was also revealed during data collection that setting standards improves SMEs access to foreign capital. This finding is in line with the findings of the study by Bouwer and Bahati (2016) who opined that setting standards improves SMEs access to foreign capital

Further, findings show that standards help SMEs to strengthen accountability mechanisms. Even UNESCO (2022) argued that standards help SMEs to strengthen accountability mechanisms

4.6.2 Measuring performance and financial performance of SMEs

Study findings revealed that performance measures improve efficiency of SMEs. This is in line with the findings of Chappuis and Chappuis (2016) who opined that Performance measures improves efficiency of SMEs

Findings also indicate that financial performance measures help SMEs to improve understanding of customer demands. Even Chisholm & Chilisa (2018) found that financial performance measures help SMEs to improve understanding of customer demands

Findings further show that measuring performance ensures smooth material flow at economical cost. Christe (2018) also found that measuring performance ensure smooth material flow at economical cost

It was discovered during data collection that firm performance is essential for improving change management. Commeyras & Inyenga (2017) also found that Firm performance is essential for improving change management

Also, findings indicate that performance measures play an integral part in financial control systems. This finding is in line with the study results of Gulikers and Baartman (2017) who also discovered that performance measures play an integral part in financial control systems.

The study also discovered that measuring performance prevents wastage of SMEs resources and this is in line with a longitudinal study carried out by Ugandan Ministry of Education and Sports (2022) where it was discovered that measuring performance prevents wastage of SMEs resources

4.6.3 Continuous monitoring and financial performance of SMEs

The study findings show that monitoring provide SMEs with valuable information that improves decision making process. This is in line with the findings of Kingston and Nash (2020) who also discovered that Monitoring provide SMEs with valuable information that improves decision making process

Findings also indicate that monitoring promotes formative evaluation of SMEs for enhanced financial performance. The findings of Johnston & Costello (2015) also argued that monitoring promotes formative evaluation of SMEs for enhanced financial performance

Respondents during the study also recommended said that through monitoring, SMEs adopts practices that add value to their products. A longitudinal study by Human Science Research Council. (2019) also argued that through monitoring, SMEs adopts practices that add value to their products

It was also revealed in the findings that continuous monitoring improves risks control systems. This findings support the results of the study by Hansen et al., (2019) who also found that continuous monitoring improves risks control systems

Finally, findings indicate monitoring helps SMEs in developing responsive policies for enhancing performance. Even Gulikers and Baartman (2017) argued that monitoring helps SMEs in developing responsive policies for enhancing performance

Findings also show that information for decision making can be provided through continuous monitoring. Even Ojangole (2020) found that Information for decision making can be provided through continuous monitoring

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents conclusion, and recommendations about the study. It also looks at areas for further research.

5.2 Conclusion

From the study findings of the research study, the following conclusions have been drawn:

Setting standards and financial performance of SMEs

As findings revealed, SMEs with consolidated subsidiaries achieve uniformity of control.

Findings also revealed that setting standards also bring down costs of doing business.

Additionally, standard setting help SMEs improve financial reporting as per the findings.

The study also discovered that Standards offer SMEs an edge over competitors.

It was also revealed during data collection that setting standards improves SMEs access to foreign capital.

Further, findings show that Standards helps SMEs to strengthen accountability mechanisms.

Measuring performance and financial performance of SMEs

Study findings revealed that performance measures improve efficiency of SMEs.

Findings also indicate that financial performance measures help SMEs to improve understanding of customer demands.

Findings further show that measuring performance ensures smooth material flow at economical cost.

It was discovered during data collection that firm performance is essential for improving change management.

Also, findings indicate that performance measures play an integral part in financial control systems.

The study also discovered that measuring performance prevents wastage of SMEs resources

Continuous monitoring and financial performance of SMEs

Study findings show that monitoring provide SMEs with valuable information that improves decision making process.

Findings also indicate that monitoring promotes formative evaluation of SMEs for enhanced financial performance.

Respondents during the study also recommended said that through monitoring, SMEs adopts practices that add value to their products.

It was also revealed in the findings that continuous monitoring improves risks control systems.

Finally, findings indicate monitoring helps SMEs in developing responsive policies for enhancing performance.

Findings also show that information for decision making can be provided through continuous monitoring.

5.3 Recommendations

From the study findings and conclusions of the research study, the following recommendations have been made:

Government should provide enabling environment that fosters the growth and operation of SMEs

For improved financial performance, SMEs should effective utilize resources at their disposal and monitor progress to established benchmarks

Bubutu Town Council should give SME tax waivers so as to promote their operation and growth

5.4 Areas for further study

- a) Effect of setting standards on financial performance of SMEs in Bubutu Town Council, Namisindwa district
- b) Role of measuring performance on financial performance of SMEs in Bubutu Town Council, Namisindwa district
- c) An investigate into the effect of continuous monitoring on financial performance of SMEs in Bubutu Town Council, Namisindwa district

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APPENDICES

APPENDIXES 1: CONSENT LETTER

Dear participant,

REF. REQUEST TO BE INTERVIEWED

I am **WANGAMWANA LABAN**, student of Uganda Christian University pursuing degree of Bachelor of Business Administration (BBA) and currently undertaking a research on a topic ‘the *“Effect of budgetary controls on financial performance of SMEs in Bubutu Town Council, Namisindwa district”*. You are kindly requested to participate in this study and your selection to this effect has been based on random sampling. Please feel free as you respond to the study questions because the information you are to give will only is used for academic purposes, kept confidential and will be held anonymous before publication.

Thank you

.....

(RESAERCHER)

APPENDIXES 11: CONFIRMATION OF ACCEPTANCE FORM

This is to confirm that I have read and understood the purpose of this study and hereby consent that I have accepted to take part in it.

Thank you

Sign:

Date:

APPENDIX 111: BIO – DATA

Instructions

Please fill in the blank spaces or tick (√) in the boxes provided where necessary.

- 1) Name: (optional)
- 2) Age: 10 – 15 15 – 25 25 – 35 35 +
- 3) Gender: Male Female
- 4) Marital status: Single Married Divorced Separated Widowed
- 5) Location:
 Cell Ward
- 6) Levels of Education:
 None Primary Public primary Tertiary and above
 Other (please specify)

- 7) Religion: Protestant Catholics Muslims Born again
 Others (please specify).....

SECTION B: SELF-ADMINISTERED QUESTIONNAIRE GUIDE SMEs STAFFS

RESPONSE SCALE

1	2	3	4	5
Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

SECTION B: Setting standards and financial performance of SMEs						
1.	SMEs with consolidated subsidiaries achieve uniformity of control	1	2	3	4	5
2.	Setting standards also bring down costs of doing business	1	2	3	4	5
3.	Standard setting help SMEs improve financial reporting	1	2	3	4	5

4.	Standards offer SMEs an edge over competitors	1	2	3	4	5
5.	Setting standards improves SMEs access to foreign capital	1	2	3	4	5
6.	Standards helps SMEs to strengthen accountability mechanisms	1	2	3	4	5
SECTION C: Measuring performance and financial performance of SMEs						
8.	Performance measures improves efficiency of SMEs	1	2	3	4	5
9.	Financial performance measures help SMEs to improve understanding of customer demands	1	2	3	4	5
10.	Measuring performance ensure smooth material flow at economical cost	1	2	3	4	5
11.	Firm performance is essential for improving change management	1	2	3	4	5
12.	Performance measures play an integral part in financial control systems.	1	2	3	4	5
SECTION D: Continuous monitoring and financial performance of SMEs						
16.	Monitoring provide SMEs with valuable information that improves decision making process	1	2	3	4	5
17.	Monitoring promotes formative evaluation of SMEs for enhanced financial performance	1	2	3	4	5
18.	Through monitoring, SMEs adopts practices that add value to their products	1	2	3	4	5
19.	Continuous monitoring entails improves risks control systems	1	2	3	4	5
20.	Monitoring helps SMEs in developing responsive policies for enhancing performance	1	2	3	4	5
21.	Information for decision making can be provided through continuous monitoring	1	2	3	4	5

Statements on Financial performances

1	There is profitability of SMEs	1	2	3	4	5
2	SMEs have high levels of liquidity	1	2	3	4	5
3	SMEs are efficient in their operations	1	2	3	4	5
4	SMEs have ability at solvency	1	2	3	4	5
5	SMEs have a high inventory turnover ratio	1	2	3	4	5

THANK YOU FOR YOUR TIME

APPENDIXES 1V

UNSTRUCTURED INTERVIEW GUIDE FOR DISTRICT OFFICIALS

Section A: Background information

- 2) Self-Introduction
- 3) Gender participants Male Female
- 4) What is the effect of setting standards on financial performance of SMEs in Bubutu Town Council, Namisindwa district?
- 5) How does controlling measuring performance affect financial performance of SMEs in Bubutu Town Council, Namisindwa district?
- 6) What is the effect of continuous monitoring on financial performance of SMEs in Bubutu Town Council, Namisindwa district?

APPENDIX IV: WORKPLAN

ACTIVITY	WEEKS									
	1	2	3	4	5	6	7	8	9	10
Topic Approval										
Proposal Writing										
Administering questionnaires										
Collection of data										
Processing Data										
Report Writing										
Submission										

APPENDIX V: BUDGET

S/N	ITEM	QTY	UNIT COST	AMOUNT
1	Typing and Printing	70	1,000/=	70,000/=
2	Photocopying		100,000/=	100,000/=
3	Note books	5	2,000/=	10,000/=
4	Airtime		20,000/=	20,000/=
5	Binding	3	3,000/=	9,000/=
6	Transport		50,000/=	50,000/=
7	Study guide	3	20,000/=	60,000/=
8	Meals		50,000/=	50,000/=
	Total			369,000/=

APPENDIX VI: SAMPLE SIZE DETERMINATION

Table 1: Table for Determining Sample Size for a Finite Population


The Table is constructed using the following formula for determining sample size:

N	S	N	S	N	S
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	56	360	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.– N is population size. S is sample size

Source: Krejcie & Morgan, 1970.

Field Introduction letter

 **UGANDA CHRISTIAN UNIVERSITY**
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Office of Academic Registrar

To CLERK BUBUTU
TOWN COUNCIL - NAMISINDWA

Dear Sir/Madam,



Re: Academic Research

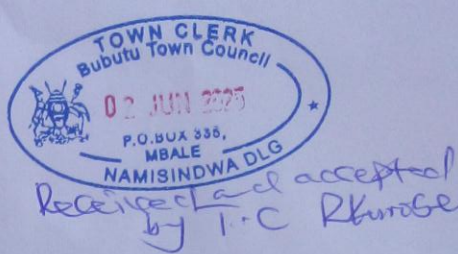
Christian greetings!

We are honored to introduce to you Mr. Mrs. /Miss WALGAMWALA LABAL
Of Registration Number; S231MUC/BBA1106 pursuing a Masters'
Degree/Postgraduate Diploma / Bachelor's Degree
BACHELOR'S DEGREE OF BUSINESS ADMINISTRATION

He/ she is required to carry out an academic research on the topic
ANALYSIS OF THE EFFECT OF BUDGETARY CONTROL ON
FINANCIAL PERFORMANCE OF SMALL & MEDIUM ENTERPRISES
and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate
and three (BLACK) copies for Postgraduate students as a University requirement for the award of a
degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.
Thank you.
Yours faithfully,

 
.....
Timothy Akampira
Academic Registrar



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