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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

An analysis of the effectiveness of the budgetary control mechanisms on value addition to the hotel industry: A case study of The Kingdom at Victoria Falls Hotel

By

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A dissertation submitted to the Midlands State University in partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours Degree

Gweru: Zimbabwe, April 2016

An analysis of the effectiveness of the budgetary control mechanisms on value addition to the hotel industry: A case study of The Kingdom at Victoria Falls Hotel

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DEDICATION

This study is dedicated to my family, grandmother, brothers and sisters.

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ABSTRACT

The Kingdom at Victoria Falls Hotel was suffering from adverse variances in its budgeted fixed and variable costs and EBITDA for the years between 2013 and 2015 in failure to meet the targets. These adverse budget variances were eroding the shareholders' wealth. The existence and primary mandate for any business establishment is to maximize the shareholders' wealth creation through adding value through effective and efficient use of the available scarce resources. Earlier scholars studies dwelled much on budgetary implementation and how it affects organizational performance, although these studies tried to address the correlation between budgetary implementation tools on organizational performance, they did not conclusively address how effective budgetary control mechanisms are, on value addition. Therefore, to address the anomaly the researcher sought to fill this gap by analyzing the effectiveness of budgetary control mechanisms on value addition to The Kingdom at Victoria Falls Hotel. The descriptive research approach was used to test both the theoretical and empirical reviews done. Triangulation was used for justification of research methodology used for data collection; and data presentation. Validity and reliability was improved by collecting closed-ended questionnaires and structured interviews with TKVFH eighteen participants out of twenty which were targeted. Data was presented and analyzed, the research outcomes and the results obtained in the sample research held vital implications on the management for overcoming the factors affecting budgetary control systems and strategies that can be used. Graphical presentation has been employed to communicate the processed data which is of quality. A positive relationship was discovered exists between budgetary control mechanisms and both the key performance indicators and value addition at TKVFH.

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LIST OF ACRONOYMS

TKVFH: The Kingdom at Victoria Falls

ADR: Average Daily Revenue

RevPAR: Revenue Per Available Room

ARR: Average Room Rate

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation

KPIs: Key Performance Indicators

YTD: Year To Date

CHAPTER ONE

INTRODUCTION

1.0 Introduction

In bid to have the needs of the entities accomplished value addition tools need to be put in place (Uyar and Bilgrin 2011) such as budgetary control systems. The Kingdom at Victoria Falls Hotel faced with adverse budget variances and overspending which are in turn eroding shareholders' wealth which is contravening with the responsibility posed to management by board of directorate of maximizing shareholders' wealth (IAS 1). This chapter is designed to give an overview on the general background information surrounding the research problem or study stated above. Moreover, it is this chapter that continues to give an overview of the statement of the problem. The chapter goes on to highlight the main research question, research objectives, research questions of the problem or study, significance of the study, delimitations. Mainly this paper brings about the major gap existing in literature on analyzing the effectiveness of budgetary control on value addition to the hotel industry.

1.1 Background of the study

Silva and Jayamaha (2012); Seaman et al (2011) states that budgetary process is an imperative part of management accounting system which makes information accessible to managers, helping them in decisions such as planning, organizing, control and coordinating actions within their authority. (Epstein and McFarlan 2011) states that, for entities to make budget and future planning they utilize budgetary control instruments in forecasting. Their studies on measuring effectiveness and efficiency of a not-for-profit making organization's performance; they illustrated that, to attain efficiency of not-for-profit oriented entities budgetary control is a

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key instrument. Uyar and Bilgin, (2011); Joshua and Mohammed (2013) and Sawabe (2015) suggests that if budgetary control once used appropriately and tailored to an entity's requirements can be a tool for attaining value addition. Marginson and Sharma (2011), states that the link between budgeting and strategizing in day running within an entity appears that budget discharge and budgetary control in general, may differs as entities devise strategic objectives from budgetary information at the same time appealing in budgeting activities as strategies are built. Henceforth, may be used as an indication of the performance of the heads of departments. Nyakuwanika et al (2012); Rebeccah (2014) and Mohamed et al (2015); in their findings made known that responsibility accounting, zero based budgeting and variance analysis promotes budgetary control and improves efficiency and productivity. Gacheru (2012) studies outlines that, budgetary control, budget preparation and budget execution considerably affect budget difference. In a study by Mwaura (2010) it was concluded that, budgetary involvement have an effects on Return On Capital Employed (ROCE), and Return On Assets to a large degree. These studies have dwelled more on budgetary execution and it's return effect on the performance of the organization, although the efforts of these studies was to address the link among budgetary implementation instruments and performance of the organization, the study did not finally address the effects of budgetary control instruments on value addition. Therefore, this research aims to fill the gap by analyzing the effectiveness of budgetary control mechanisms on value addition to The Kingdom At Victoria Falls Hotel (TKVFH).

Adongo and Jagongo (2013) states that with budgetary control system being at the focal of growing organizational effectiveness and controlling costs, hence the necessity to scrutinize the

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role of the system in organization's financial performance is of utmost importance. Below is the table 1.1 an extract from financial statements of The Kingdom at Victoria Falls Hotel.

Table 1.1 Earnings Before Interest, Tax, Depreciation & Amortization 2013 to 2015

Details	2013	2013	2013	2014	2014	2014	2015	2015	2015
	A	B	V	A	B	V	A	B	V
	USD	USD	USD	USD	USD	USD	USD	USD	USD
EBITDA	0,2mil	1,2mil	(1mil)	1,0mil	1,0mil	13	0,3mil	1.2mil	(0,9mil)
Fixed costs	4,3mil	4,1mil	(0.3mil)	4,23mil	3,74mil	(0.49mil)	4,1mil	3,5mil	(0,6mil)
Variable Costs	3,0mil	2,6mil	(0,4mil)	2,8mil	2,5mil	(0,3mil)	2,4mil	2,0mil	(0,4mil)

KEY

A-Actual, **B**-Budgeted figures, **V**-Variances, **Mil**- USD millions

(Source: TKVFH annual financial reports for the years ended 2013-2015)

In a business review meeting held on the 21 August 2015, the Acting Chief Executive Officer of African Sun Limited raised concerns on the fluctuations and the failure to achieve the budgeted figures for the Earnings Before, Interest, Tax, Depreciation and Amortization (EBITDA) between periods 2013 and 2015. Table 1.1 above shows how EBITDA have been fluctuating and the variances. TKVFH expected USD1,2 million for the year 2013 but, failed to reach the target and the actual results were USD191,793 which is translated as a rounded figure of 0,2 million as

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indicated in the Table 1.1 and this showed a deviation or variance of 84% from the budget. The year 2014 was indifferent to the concern as it achieved EBITDA of USD 1,071,000 which was above the budget by USD13. The year 2015 it was reported a 77% variance from the budget which shows depletion of the shareholders wealth creation. The Acting Finance Director of African Sun Limited attributed these variances to the budgetary control mechanisms employed to The kingdom at Victoria Falls hotel and requested the harnessing of efforts to analyze the various budget approaches and mechanisms and assess which ones best suits the hotel industry. Joshua and Mohammed (2013) in their study revealed that setting targets is an effective instrument for assessing individual and department's performance in hotel industry. Therefore, it is suggested that managers of hotels ought to make the efforts that are necessary to fortify their budget preparation process viz-a-viz setting of targets to meet attainable set objectives.

However, the budgetary process is of no use when reviewed without reckoning of prevailing economic and market conditions (Stensaker et al; 2011). Despite costs both fixed and variable costs decreasing at decreasing rate there are not aligned to the budget. In the year 2013 fixed and variable costs had both negative variance of 7% and 19.3% respectively followed in year 2014 by 16,08% and 16,55% respectively and in the year 2015 14% and 18.13% respectively again. Having analyzed all the figures above it would be relevant to view economic and market conditions that prevailed during the period of study. The business meaning the hotel suffered the depreciation of the South African Rand; the loss of the 69% bookings in March 2015 which were cancelled due to the EBOLA outbreak in West Africa interalia (TKVF Management Report December 2015). Palmer (2012) states that, comparisons of the actual performance against the set budget are only important if corrective measures are to be implemented as a result. If no

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actions are taken on the basis of managerial reports then there is no valid reason for producing them and it points to wasting of time by management in discussing them. Therefore, this research aims to fill the gap by analyzing the effectiveness of budgetary control mechanisms on value addition to The Kingdom At Victoria Falls Hotel (TKV FH).

1.2 Problem statement

Based with the aforementioned background TKV FH is suffering adverse variances in its budgeted fixed and variable costs and EBITDA for the years between 2013 and 2015 in failure to meet the targets. The motivators of conducting this study are based on adverse budget differences and overspending. The adverse budget variances and overspending are eroding the shareholders' wealth. The existence and primary objective of any business establishment is to maximize the shareholders wealth creation unfortunately the current state of TKV FH is not so but rather the shareholders are disgruntled. Therefore, these deviations can be addressed by use of budgetary control mechanisms. Therefore, this research traces the analysis to which budgetary control mechanisms can be utilized as an ideal tool for controlling and planning in added value to hotel industry.

1.3 Main research question

How effective are the budgetary control mechanisms on value addition to the hotel industry?
Analyze a case study of The Kingdom at Victoria Falls Hotel?

1.4 Research objectives

This study therefore sought to analyze the relationship between budgetary control mechanisms and value addition of the hotel industry, specifically aimed to:

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- a) Determine the relationship between mechanisms of budgetary controls on value addition of TKVF,
- b) Establish the factors affecting budgetary control system on value addition of TKVF,
- c) Establish the relationship between budgetary control system and Key Performance Indicators (KPIs), and
- d) Determine the essentials, conditions or requisites for an effective budgetary control system.

1.5 Research questions

From the problem statement aforementioned, the major question to this research is to analyze the effectiveness of the budgetary control mechanism on value addition to the hotel industry: A case study of The Kingdom at Victoria Falls Hotel. There are four sub questions to derive from this:

- a) What is the relationship between mechanisms of budgetary controls and value addition?
- b) What are the factors affecting budgetary control system on value addition of TKVF?
- c) What is the relationship between budgetary control process and Key Performance Indicators?
- d) What are the essentials, conditions or requisites for an effective budgetary control system?

1.6 Significance of the study

The research study was carried out in partial fulfilment of the Bachelor of Commerce Accounting (Honours) Degree. Outcomes of this research study will compliment to the current literature on the analysis of the effectiveness of budgetary control mechanisms on value addition to the hotel industry. Prior studies have dwelled more on budgetary execution and it's return

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effect on the performance of the organization, although the efforts of these studies was to address the link among budgetary implementation instruments and performance of the organization, the study did not finally address the effects of budgetary control instruments on value addition. Therefore, this research aims to fill the gap by analyzing the effectiveness of budgetary control mechanisms on value addition to The Kingdom At Victoria Falls Hotel (TKVFH).

1.7 Delimitations of the study

The study focuses on the effectiveness of budgetary control mechanisms employed by The Kingdom at Victoria Falls Hotel not generalized to all hotels on value addition. The research is based on a four star hotel situated in Victoria Falls which is TKVFH and is delimited to this one hotel only in the resort town and not every hotel in Victoria Falls. This research study looks from the period of 2013 to September 2015, and was carried out over a three months period. Respondents are limited to the departments of TKVFH personnel and others fall out the scope of the research.

1.8 Limitations of the study

Some data was limited to the researcher by virtue of its confidentiality in nature hence limiting its accessibility in the research as required. However, interviews, questionnaires and review of TKVFH documents was used to access required data. The writer will use some of the information gathered while on the work related learning. Due to the fact that responses were limited to TKVFH merely, thus the generalization of the results of this research may be limited (Huang, Yen and Liu 2014).

1.9 Assumptions

The researcher assumed that information accessed from the informants through interviews held, questionnaires answered, portrays a reasonable view and they were well-informed and willing informants. In this study data was made available within the reasonable time to enable the writer to finish the study within the scheduled time frame.

1.10 Definition of terms

- **Budgetary control** refers to the idea of ensuring the efficient and effective utilization of financial resources through processes of monitoring, feedback, motivation, variance correction, and performance evaluation at the level of the individual responsibility centre (Marginson, 2013). Whilst, Zhang (2011) said that: “budgetary control refers to the process of regulating the organisation’s objectives and economic behaviour through the form of budget plan, adjusting and modifying management behaviour and target deviation to ensure achievement of objectives, strategies, policies and planning of all levels.”
- **Budgetary control process** includes planning and budgeting, resource allocation, operating and monitoring, as well as evaluation and reporting (Hassan and Siraj, 2015)
- **Value adding** is achieved through the use of the skills, talents, and expertise of staff employees through a set of processes to produce a service or product, (Matthews, 2013). On the other hand, Shivaraj and Kanahalli (2013) states that cost optimization refers to value creation through cost minimization. Kanahalli (2013) reviewed that cost optimization is not a once-off exercise, it is an unending continuous process which targets at taking holistic approach about various departmental areas of management operation,

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waste identification and improvement of potential areas without compromising the product's quality.

➤ **RevPAR (Revenue Per Available Room)** — Revenue per Available Room (RevPAR) is the total guest room revenue divided by the total number of available rooms. RevPAR is different from ADR since the number of unoccupied available rooms affects RevPAR, while ADR highlights the average rate of rooms actually sold.

➤ **ADR (Average Daily Rate)** — A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.

$$\text{ADR} = \text{Room Revenue} / \text{Rooms Sold}$$

➤ **Occupancy** — Is the proportion of available rooms that were occupied during a specific time period. Occupancy is calculated by dividing the number of rooms sold by rooms available.

$$\text{Occupancy} = \text{Rooms Sold} / \text{Rooms Available}$$

➤ **Key Performance Indicators (KPIs)** or ratios are based on the key drivers of your business and they reflect the performance and the progress of your business. KPIs give a mathematical expression to a relationship between two figures (Fáilte Ireland 2013).

1.11 Summary of chapter

This chapter began with the background of the study undertaken and pointing out the why undertaking the study. The problem emanating within the organization's system was summarised plainly pin pointing out the research gap to be fulfilled by the writer. It was pointed out the main research question dwindling in the researcher's mind regarding the problem understudy, what needs to be achieved then follows and the research questions meddling in the researcher's quest to be answered and being within the objectives achieved during the study. Furthermore, clearly

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states out why or reasons for undertaking the study to the writer, the university and of course The Kingdom at Victoria Falls Hotel; demerits; restrictions of the study and its assumptions for the carrying out of the research. Following chapter will outline the review of literature together with empirical review analysing the existing literature on the effectiveness of the budgetary control mechanisms in value addition to the hotel industry.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter aimed to review the literature on the analysis of the budgetary control mechanisms on value addition to the hotel industry. In addition, it sought to review the findings and conclusions made by prior scholars in both developing and developed economies in the world. A systematic review was unveiled on the prior works of the writers and scholars on the objectives aforementioned in the prior chapter from both published and unpublished sources.

2.1 Mechanism of budgetary controls

Mohamed et al (2015) states that, budgetary control uses four techniques namely: responsibility accounting, variance analysis, zero based budgeting and adjustment of funds. Variance analysis is a comparison of the actual outcomes from the reporting entity to ascertain whether the deviations are favorable or unfavorable. However, responsibility accounting creates cost centres, investment centres and profit centres each with a specified performance set target. Adjustment of funds technique involves the transfer of funds by top management from well performing project to non performing project to subsidies them to work properly. Zero based budgeting (ZBB) technique stipulates that, every new year budget preparation is done on zero bases. This technique is best suited if the estimated income is expected to be equal with expected expenditure, (Adongo, 2013).

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2.1.1 Variance analysis

Variance analysis aims to look at those elements that give rise to the difference on actual outcomes and pre-determined set target (Drury, 2013). This helps the organization to separate between items it can control and those it cannot control and identify responsible departments or persons which are answerable for the difference. Bruce (2013) states that, variances are looked at by specific type of cost, price and their quantity effects. Budgetary controls are one of the greatest techniques of management, finance and controlling in which department's budgets are prepared with estimated data. Hence, the administrations conduct a relative analysis of the approximate data with actual data and allocate the responsibility of workers if difference is adverse (Daneil, 2011).

Kabiru, Dandago and Adah (2013) postulated reviewing of the differences should centre its attention on the most exceptional areas so that management by exception is employed in the organization, investigations of the cost differences must be given time for purposes of control so as to improve the competence of an entity and those differences should be disposed of as soon as possible so as to obtain the opportunities for remediation. The study by Aruomoaghe and Agbo (2013) scrutinized the implementation of the variance analysis as an instrument for evaluation of performance particularly focusing on the benefits and cost associated with regards to its usage as an instrument of evaluating performance. The researchers found out that correct decisions will be made merely due to managers exercising vigilance in the utilization of variance analysis for value addition. In addition, managers should employ substantial heed in their utilization of a system of standard costing and it is principally important that superiors go an extra mile to focus on the favourable, rather than merely on the adverse, and to be attentive of possible unplanned penalty of the decisions they make on objectives of the organization. Studies by Gacheru (2012)

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on the effect of budgetary process on budget variances in Non-Governmental Organisations (NGOs) in Kenya wanted to verify the relationship between budgeting process and budget variances in Kenyan NGOs. Based on the population of 6,075 she used a sample of 20 to collect data and descriptive data analysis and concluded that, the preparation of budgets, their implementation and control significantly affects budget variance. These above authors are both silent and neutral about the relationship of variance analysis and value adding.

Uyar and Bilgin, (2011) states that regardless the mounting criticism of budgetary control systems firms have not cease to utilise budgets so as to monitor the realization of established set targets. This outlines that budget, when they are utilized appropriately and align to an organization's needs, it can be an instrument in achieving value-added. The necessity for this relies on practises implemented which generate budget commitments, creating linkages to connect the company's strategy and the budget, adopting clear steps in preparing budgets, and taking corrective action after analysing variances in budgets, (Uyar and Bilgin, 2011). Managerial responsibilities can be clearly defined to map up a course of action for every individual budget and monitoring performance continuously. The multiple roles of budgets when combined give response to the criticism given to budgets and can improve performance (Uyar and Bilgin, 2011). In addition, Mohamed et al (2015) agrees with Uyar and Bilgin (2011) that, based with their results it can be concluded that, analysis of variance is an important instrument for budgetary control system. This review hardly agrees with the importance of analysing the variance for control of budgets in organizations on its relationship with value addition. The research made known the concept of variance analysis, it's importance, sources and objectives and realised that variance analysis had considerable control in assessing performance of

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individuals in organizations deployment of tasks and individual's responsibilities and helps management to base on management principle. Subsequently, differences must be based upon established scientific standards. When the standards of individual performances are not meaningful, the use of variance can be utilised as a meaningful performance measurement. Yardstick for measuring resources and outputs should be based on objective criteria. This entails that costs have to be recorded and classified in an unprejudiced and systematic manner. System of variance analysis system ought to be designed so as to locate the responsibility centres (Munirat and Muslimat, 2012; Silva and Jayamaha, 2012).

Jones and Godday, (2015) in their study undertaken out to investigate the imperatives of variance analysis for cost control in business organizations: An empirical study of selected firms in Delta State, Nigeria. They found that considerable positive relationship exists between variance analysis in providing guidelines to the causes of non-performance as against standard performance and enhances management perfection in operations. It was concluded that variance analysis is essential for organizational performance and expansion. The study, however recommended interalia, variances based upon established scientifically standards, the existence of criteria which is objective for measuring resources employed for production and results; and such established scientifically standards should be set and differences analyzed for each responsibility centre for sound variance analysis.

Bourmistor and Kaarboe (2013) in their research they reviewed that there is no relationship between budgetary control mechanisms and value addition. In their study they found out that, there were various deviations linked to targets, key performance indicators (KPIS) and strategic goals. Bourmistor and Kaarboe (2013) states that, "Good performance" was no longer based on

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favourable budget deviation. Good performance has now become more nuanced. The new arrangement, the process of setting targets was supposed to make it clearer where the company was focusing to. It was argued that such process was to be ambitious and correlated to what was accepted by external stakeholders of the organization for instance, banks, stock exchange and so on and performance of competitors should be related. Moreover, Palmer (2012) states that comparisons of the budget against actual performance are important if only corrective action will be implemented. If no actions are taken on the basis of managerial reports then there is no valid reason for producing them and it points to wasting of time by management in discussing them and concludes no relationship in adding value.

2.1.2 Responsibility accounting

CIMA (2012) outlines that, departmental manager are principally responsible for their actions within their functions and budgeting flexing can be set separately for every department enhancing an equitable comparison for every department running away from shifting blame and promoting answerability within managers. Every head of department at TKVFH was directly responsible for the performance of their departments. In a study by Mohamed et al (2015) in Somaliland on the use of responsibility accounting in banks. Questionnaires were administrated to 25 banks. It was concluded that, since profit and cost centres were easily traceable to departments responsibility accounting was implemented to assess the measurement of performance. Furthermore, Lubis et al 2014 argue that, it strengthens the capability of the organization in controlling the running and performance of financial to its departments henceforth, value adding. The tendency of delegation of authority within the entity was strong, where there is more influence to the superior management in the decision making process and evaluating performance in centres and overall organization level (Ocansey and Enahoro 2012;

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Safa, 2012; Ritika and Rani 2015). They determined that responsibility accounting has a strong relationship with value adding supported by Uyar and Bilgin (2011).

Sawabe (2015) in studied about Value-driven responsibility accounting, a dynamic tensions created by rival values set in the system of management control within the framework of a Japanese production firm together with a consulting arm offshoot of the organization's office planning. Utilizing Simons' levers of control (LOC) framework, Sawabe (2015), conducted a case study technique to make enquires on the means in which core values impinge on the design together with the utilization of responsibility accounting system, that in turn outline the problems which line managers interface, and ways such managers implement to accomplish their responsibilities by producing financial results, whilst at the same moment being economically truthful to the core values of the organization (Pajrok, 2014). The results from the research study recommended areas for further research concerning the nature and source of dynamic tensions created and controlled by the Management Control System.

Nawaiseh et al. (2014) in an empirical evaluation of ascertaining the degree of utilizing responsibility accounting essentials in an entity listed on Amman Stock Exchange, Jordanian Industrial Companies. The aim of the research study was to identify the degree Jordanian Industrial Companies fully put into operation responsibility accounting, so as to reveal the hindrances that may refrain of full execution of responsibility accounting fundamentals. The research study suggested the requisite for public shareholding entities to offer normally more interest to cost accounting, exclusively for responsibility accounting by employing professionals in departments accounting, particularly, Chartered Management Accountants. Sawabe, (2015)

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and Nawaiseh et al (2014) are neutral about the relationship of the budgetary control mechanisms such as responsibility accounting and value addition.

Nyakuwanika et al. (2012) scrutinised the effectiveness of the system of responsibility accounting strategies in the sector of health in Zimbabwean from 2003-2011. The research aimed to arrive to strategies to make sure system of responsibility accounting system are effective with in the Ministry of Health and Child Welfare (MOHCW) in Mashonaland Central and West Province of Zimbabwe. It was seen that, departments were working with budgets that were mandated and that controlling and planning were not incorporated. Furthermore, it was also seen to place blame on the management performance reports were being employed, (Fowzisa, 2011). Performance reports were not disseminated to lower managers on an expected interval hence, no relationship of the use of budgetary control mechanisms on value adding.

Joshua and Mohammed, (2013) in their study in Nigerian hotel industry evaluated roles budget target setting plays in effectiveness of performance measurement. The study used survey research method. Research study population consisted of all the managers, account and finance personnel, accountants, and other hoteliers of hotels situated in the state of Kaduna. The paper found that, the budget target setting system in Kaduna state hotel industry is not well uttered and focused whereas setting budget target is an effective instrument for effective evaluation of performance of individuals and departments in the hospitality industry. Therefore, it was recommended that hotels supervisors must make the requisites endeavours to fortify their budget preparation practice vis-a-vis setting of target to meet up feasible set objectives. They strongly disagree there being a relationship between responsibility accounting and value addition.

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In essence, at TKVFH the use of responsibility accounting has seen the heads of departments furnishing monthly reports about their departments' performance. Responsibility accounting is adding value to the hotel in the sense that the management reports at the end of each month are used as review of departments. This is drawn from the view that, the requirement of managers to furnish monthly reports makes the manager to properly direct the efforts of the employees hence, adding value.

2.1.3 Zero based Budgeting

Rehman et al. (2011) studied the effects of zero-based budgeting (ZBB) system on employee commitment. The research based upon data gathered from two big cities in Pakistan. The aim of the study was to analyse if there was any relationship between the commitment of employees and zero based budgeting. Private and public employees were used to gather data from Lahore region and Islamabad. The research findings concluded that, employee commitment is moderately affected by zero based budgeting in an organization.

Meliano (2011) studied management perception on the importance of zero based budgeting in NGOs located in Kenya. Objective of the study was to ascertain the managerial insight on the importances of Zero Based Budgeting amongst Non-Governmental Organizations in Kenya. The findings from the study gave rise to conclude that zero based budgeting is of great significant in Non-Governmental Organizations situated in Kenya given that it has cost minimization and knowledge sharing, communicate corporate goals, and flexibility.

A survey by Ekanem (2014), on the effectiveness of zero-based budgeting as a management instrument for university budget execution at Calabar University, Nigeria and the results made

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known the implementation of ZBB in university budget execution was effective as the budget was fully executed throughout the financial year; a few factors hindered the utilisation of ZBB since its utilization relied heavily on senior university staff for the execution of the budget of the university. Ekanem (2014), came to the conclusion that, ZBB was worthwhile and reliable to the University of Calabar execution of the budget. Furthermore, other studies suggested interalia; that university management ought to make sure apt discharge of funds and system of management accounting which is efficient for the improvement of the university budget implementation (Murcia 2012, Cheong 2011 and Snell 2014).

Mohamed et al (2015), from their findings, finalised that ZBB was very important in Banks on the basis that cost minimization, knowledge sharing, communication of goals of the corporate, and flexibility exists. This research study was capable to ascertain that ZBB was realistic and satisfying to the functioning of the Banks budget. Implementation of ZBB as part of the execution of banks budget was successful and also largely relied on the senior staff of the entity. Henceforth, the management in each of the cost centres were to classify their operations and the overall link with bank's goals. Therefore, TKVFH ought to utilize ZBB in their budgetary control system due to the benefits aforementioned. At TKVFH they utilize incremental budgeting their budgetary control system which may hide inefficiencies and enhance exploitation of resources.

2.2 Factors affecting budgetary control system on value addition

The budgetary control system is affected by various factors which include the political, economic and social environment; the organizational structure, organizational culture; human factors; timely, costly and hides inefficiencies and wastages; basis is on estimates and is done on short

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term; inflexibility budgetary structure; and pressure device. These factors are discussed in detail below.

2.2.1, economic, social and political factors

Anohene (2011) is of the view that politics, economic trends that is, boom and depression and social factors have a tendency to affect inversely or aversely the organization resulting in the firms changing their operations disturbing the processes budgetary control. Rivera and Milani, (2011) adds on in sighting that interest rates fluctuations, foreign currency exchange rates fluctuations and inflation fluctuations, heavily affects the budgetary control system. For instance, the depreciation of the South African Rand against the United States Dollar during the year 2015 affected the business of the hotel and in turn their performance and not meeting the targets. Rotich and Wgahn (2015) states that tax compliance, Value Added Taxes (VAT) policy and government policy and inflation effects affect the budgetary control system. Mohamed et al (2015) their research study was clear that budgets are organized taking into reckon how much was spent in the prior periods, the fluctuations in foreign exchange rates, and changes in inflation thus affecting the success of budgetary control system.

For instance, January 2015 the government of Zimbabwe through its revenue authority company imposed the 15% VAT on the foreign accommodation (ZIMRA, 2015) which is one of the factors that affected TKVFH budgetary control system. The hotel lost revenue amounting to approximately USD50,000.00 in the first three months after the 15% VAT policy.

2.2.2 Organizational structure, cultures

Lucey, (2010) states that the span of control; centralization and decentralization of the firm's decision makers strongly affect the budgetary control system and value adding, centralization and a short span of control enhances supervision and review of work is made simple henceforth, enhancing prompt identification of anomalies. Thus, control of cost becomes more convenient enhancing the process of the budget in organization (Gustafsson, 2010). Raghunandan et al, (2012) agree with the fact that organizational culture, Elhamma, (2015) business strategy, organizational structure, firm size, are aspects that are fundamental subset of the process of budgeting that firms have to vigilantly regard such effects as budgetary control system effectiveness heavily rely on the devotion of managers and employees (Raghunandan et al, 2012; Elhamma, 2015). Kohlmeyer, et al (2014) are of the view that management style and budget involvement, in turn, influencing employee way of life about budgetary fairness, that is, attitude concerning the procedural and distributive integrity of the budgeting system. In addition, the study made known that the system of budgetary control's major factor that affected it and effectiveness of Zero Based budgeting in banking sector was the bases of budgeting, the frequency of budgeting and organisational structure Mohamed et al (2015).

Conclusively, the TKVFH has a wide span of control which makes it not to have an effective budgetary control system especially with the centralisation of decisions these areas need revision for budgetary control system to be a success.

2.2.3 Human factors

According to Perrin, (2012), for a budgetary control program is to be effective, it must possess complete acceptance and support key management personnel. If lower or middle level managers sense that top managers is indifferent about budgetary controls, or if they sense that they merely accept budget as a required evil, then their own mind-set will imitate similar lack of zeal (Kihn, 2011; Perrin, 2012). Perrin, (2012) further notes that budget is hard work and Vincent and Loy, (2015) if top management is not entirely supportive and dedicated to budget program, then it is unlikely that someone in the firm will either. Kumar, (2012) argues that the collaboration of all workers in the firm is vital to make control of budgets effective. Lau and Tan, (2015) focuses their thrust that employees' participation is fundamental to the attainment of goals targeted and affects the effectiveness of budgetary control mechanisms. Hoque and Brosnan, (2015) adds that participation of employees in conjunction to the industrial relations such as strikes, actions of the trade unions, go slows interalia; affects how the budgetary system is put to action and hinders its effectiveness. But it is not all the time possible to get the mutual aid of all the employees Niels, (2011) as this will rely with the worker desire for power. Hofstede, (2012) budgetary controls represent restrictions on entity's employees hence often tends to have a negative mind-set towards budgets. Thus, for many people they are imposed boundaries on them and also a way by which others observe over and control their acts Baloyi, (2011). Karatzimas, (2011) gives the view that budgetary control used as motivational and rewarding tools are self defeating when goal attainment is difficulty and performance appraisal based on such tends to affect the budgetary control system. The employees at TKVFH perceive the set targets being too high and unattainable and this calls for the education of the workforce of the merits around the use of budgetary control system.

2.2.4 Timely, costly and hides inefficiencies and wastages

Sharma, (2012) argues that it is costly to build a budgeting system and firms have to do their homework well in terms of costs benefit analysis and payback period as even economically sound entities stagger too. Hofstede, (2012) points out that at times costs associated with budgetary control may not be able to pay back the benefits obtained. Lau and Tan (2015) states that budgetary control system requires a lot of time due to the fact that it involves a lot of processing of papers which the technological staffs endlessly reset, money and efforts (Adongo, 2013). It does not match with their fields of specialization (Hoffjan, Trapp, Eendenich and Boucoiran, 2012). A lot of processing of papers overloads the employees with work making them busy in preparing budgets for quite some time, subsequently, the other managerial tasks suffers Hofstede (2012). In addition, states that budgetary control promote gaming and perverse practices and reinforce departmental obstacles rather than knowledge sharing, making the employees feeling less valued (Hofstede 2012; Sharma, 2012). Budgetary control system at TKVFH involves a lot of paperwork and the sitting of the budget committees takes a lot of time in approval of the upcoming financial year.

2.2.5 Are short-term and based on estimates

According to Libby et al (2010) budgets might be exact or not (Jacobsen, 2011) is of opinion that a budget is complex speculation work since there are based on estimates and forecasts which usually are based on uncorroborated assumptions and Zhang, (2011) is of the view that they may persuade gaming of accounting figures by administration or dysfunctional practices among employees. Stensaker and Ostergren (2011) are of the view that, budgets are short sighted in nature in terms of goals setting, making businesses not willing to reach long-term strategic goals.

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Stensaker and Ostergren (2011) also adds that budgets become obsolete quickly and hinders potential elevated expansion and considerable reductions in cost as a result of the benchmarks set for specified period of the budget for overall spending which is short in nature. Karatzimas, (2011) is of the opinion that budgetary control system are seldom focused strategically and are often in contrary, henceforth, adding little or no value, mostly with the circumstances of the time or life span of the budget and its preparation time leg required.

Estimation of budgets at TKVFH is done on incremental budgeting basis with no scientific but, rather arbitrary basis which in turn promotes dysfunction of the departments exploiting the budgets to utilize the total budget where departments are operating way below the budget.

2.2.6 Inflexibility budgetary structure

A budget expires prior or when used, this was ascertained by Adongo, (2013) thereby leaving managers without useful information for processes of making decisions (Krishma, 2010). Its intended use is lost the very moment the budget ages prior or during its budget year interpreting no or little value to users of financial information (Marginson, 2013). Current day economic environment stresses that businesses come up with new brilliant ideas, methods of doing things. With these new competitive uncertainties, Elmassri and Harris, (2011); and Hassan and Siraj, (2015); firms need to hold flexible, changeable and responsive structures of budgetary control and planning which are capable of adapting swiftly. Furthermore, budget implementers are left with no choice but not to respond to uncertainties as a result of inflexible systems of the budgetary control (Niose, 2014). Elmassri and Harris, (2011) suggests the use of budget slack to cab the inflexibility of the structures. Hoffjan, Trapp, Eendenich and Boucoiran, (2012) disregards the evenness of management accounting practices since this does not warranty the proper execution of budgetary control system owing to the variety in cultures.

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The budgetary control structures at TKVFH are not flexible and they need to be adaptive due the business uncertainties environment in which they operate.

2.2.7 Pressure device

Drury, (2013) argues that, budget targets at times are perceived as strategies of pressure which diminishes personnel morale. Budgetary controls diminish the morale of the workers specifically when the systems of budgetary control do not operate efficiently. A research on the problems facing budgetary control systems in developing countries by Organisation for Economic Cooperation and Development, (2010) depicted that budgets cannot be effective because of due to reasons where budgets are used as pressure tool, decision making process being centralised, lack of training of the staff and lack of security in jobs. Jacobsen (2011) agrees too stating that, budgetary controls are seen as pressure instruments by management on employees by their superiors. Mckinsey, (2013) adds saying that the success of any budget is linked with the aptitude, skills and know-how of the personnel involved in budget. The system might create bad judgment unless mindful and organized efforts are put in place to train employees about the benefits or merits of the system and to dismiss the fears and suspicions amongst employees (Karatzimas, 2011).

Employees of TKVFH perceive budgets as the necessary measurements of performance they do not view them as pressure devices but, rather see such as the best tools for measuring their alignment to the planning of the organisation.

2.2.8 Environmental uncertainty

Stensaker et al (2011) has claimed that budgeting for planning and control purposes have a number of problems. Firstly, majority of focusing is mixed up in the process of budgeting, and

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the surrounding business uncertainties which may provide a challenge in coming up with reliable and accurate estimates and could bring meaningful effect to an entity. Ghosh, and Willinger, (2015) are of the opinion that business firms that trade in uncertain business surroundings such as hotels are heavily dependent to tight budgetary control systems which poses a threat in the efficiency of the budgetary control. The business environment in which TKVFH is operating is uncertain with a lot of competition and the change of ownership of hotels have seen the uprising of new group of hotels venturing in the market as new entrance in the market.

2.3 Relationship between budgetary control process and Key Performance Indicators (KPIs)

2.3.1 Performance indicators in hospitality industry

Failte (2013) is of the opinion that “it is good practice within the hotel industry especially, and the hospitality and tourism industry generally, to use a series of standard Key Performance Indicators to monitor and to benchmark performance”. The most widely used and accepted indicators that are used as proxies for performance for hotels are (CooneyCarey, 2014):- EBITDA; Average Room Rate (“ARR”); Rooms revenue Per Available Room (RevPAR); Average Daily Rate (ADR), and room occupancy. Srivastava & Maitra (2016) In hospitality industry KPI should be helping employees with clear goals and objectives, together with comprehension of how they relate to the general success of the organisation. Key Performance Indicators (KPI) are measurable factors that relay to an entity's objectives, that is, cost per occupied room, average room rate, labour cost ratio, bed occupancy percentage rate and revenue available per room (Kala, and Bagri, 2014). Used as indexes and a one hundred (100) index indicates a fair share of the hotel interalia; group of hotels. There is necessity for these KPIs to be correlated with organizational strategy for progress sake in performance evaluation and

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improvement (Srivastava & Maitra 2016). These performance indicators are inputs, outputs, throughputs, outcomes and impact from (Kipkembo, 2013) perspective. Ranking of KPIs in the Kenyan hospitality industry as observed by Wadongo, Odhuno, Kambona and Othuon, (2010) was generally explained by both administrative features and improvement phase of the performance management in Kenya, which in turn they portrayed to lack complexity especially in hospitality firms (DeWaal, 2007). Leong, and Lee, (2010) performance measures are outputs of key interests to the decision makers and the decision makers needs an appreciation as to why the performance measures values are what they are.

2.3.1. (a) EBITDA

IASB Meeting February 2015 EBITDA is often used as an indicator for cash that is available to pay debt. Subsequently, many preparers present 'adjusted' EBITDA, excluding items such as non-cash stock options and non-recurring expenses and so on. This means that there is no harmonized way for calculating or presenting EBITDA. This has led to concerns about comparability. Consequently, some regulators forbid it, while others only allow the coverage of 'plain' EBITDA. EBITDA has historically been the finest performing metric and outperforms many primary decision maker's favourites for instance, book-to-market, free-cash-flow to total enterprise value, and price-to-earnings, (Gray and Vogel, 2012; Schimdt, 2015). PWC, (2014) EBITDA is one of the non-GAAP financial metric which is subjective and possibly will not be similar to likewise titled methods presented by other companies. Schmidgall and DeFranco (1998) in Sicari and Soderlund, (2011) in their research among other financial metrics that are RevPAR, net income, operating profit; EBITDA is the performance evaluation metric that outweighs the financial measures. Costs, cash flows or figures as Return on Equity, Return on Asset or Return on Capital Employed are seldom used. EBITDA gives a measure of earnings that

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is not twisted by variations in treatments of accounting estimates, depreciation and amortization, the effects of varying tax estates and treatments and financial leverage and hence facilitates comparable company analysis on both global and company specific basis (Kim & Lee, 2009; Pavlatos & Paggios, 2009; Ivankovic, Jankovic & Persic, 2010; Wadongo, Odhuno, Kambona & Othuon, 2010; Hsua & Tzengb, 2011).

2.3.1 (b) Revenue Per Available Room (RevPAR) and Average Room Rate (“ARR”)

CooneyCarey, (2014) RevPAR is a valuable indicator of hotel room demand and supply performance (Srivastava & Maitra 2016). RevPar weighs the weighted revenue from rooms as based on the rooms available. This KPI is best interpreted when weighed against industry norms or past performance and makes sense in working well when scrutinized together with other profitability method (Failte 2013). CooneyCarey, (2014) opines that ARR is a measure of the weighted hotel room rate prices received per rooms available. This KPI is a measure of financial performance and profitability. Srivastava & Maitra (2016) states a movement in ARR shows the performance of the front office department in a hotel. They add on the higher the ARR the profit and the lower it is the marginal profit. RevPar is one of the key indicators of hotel industry health which measures demand above all else. Of the aforementioned treatments they have tendency of depressing effect on the total number of available room nights, thus reflecting RevPAR which is inflated. In some instances, complimentary rooms in hotels set to high room nights and rollers of casino bought back by members of hotel loyalty initiatives have a tendency to inflate the data on room nights sold, subsequently, the RevPAR becomes inflated (Younes and Keit 2011).

2.3.1 (c) Room Occupancy

Guiding, (2014) “room occupancy is the measure of room supply efficiency or capacity utilization”. It is deduced as a divisible of available room nights by sold room nights expressed as a propotion of hundred (Cooneycarey 2014). Singer, (2011) defines occupancy with a loose knot as rooms in use divided by rooms available. White, (2010) performance measures are outcomes of key interests to the decision makers, and they (decision makers) need comprehension as to why the values are what they are in terms of the room occupancy. A study conducted by Slattery (2012), varying and inconsistent measurements and treatments of rooms in use and rooms available may possibly result in a mixture of depressed rooms in use and rooms available as a result boosting percentage of the room occupancy and gives a misleading indication of competence of room supply. Failte, (2013) states that, occupancy is an essential hotel industry key factor. It is considered as the proportion of the existing rooms occupied for a period of specific time. This KPI depicts the operational performance and efficiency of the hotel. Abdullah and Hamdan, (2012) are of the opinion that for hotels to remain economical in the industry, it is requisite for hotel operators to consistently advance its internal factors (internal controls such as budgetary controls) towards achieving successful occupancy rate, as it is the yardstick to improve revenue. Occupancy is a measure of economic health of the hotel industry. It shows the hotel’s market share. In addition, room occupancy is said to measure outputs of key interests to the decision makers.

2.3.1 (d) Average Daily Rate (ADR)

Average daily rate is the disaggregated gauge of demanded room value and it is considered by dividing rooms’ revenue by the number of room nights that were sold for the financial period under review. Furthermore, if rooms nights sold and rooms’ turnover are not safe and sound then

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reported ADR cannot be considered as an accurate indication of rooms demand value (Singer 2011; Cooneycarey 2014). ADR gives guide to figure out the key financial drivers in hotels business particularly the accommodation and food and beverage (F&B) (Srivastava & Maitra 2016). Myplace connect (2015) is of the opinion that ADR workings well in isolation as an ongoing metric. It is of utmost value when used comparison with prior periods to detect performance. Occupancy measures quantity, in contrast ADR measures the quality of service the hotel is providing.

2.3.2 Relationship between KPIs and budgetary control system

Alias and Tan (2013) reviewed 10 Hotels' performance connection with or in relation to the following KPIs namely:- ARR (Average Room Rate) and RevPAR (Revenue per Available Room). The correlation analysis made known that there is a strong relationship among RevPAR and ARR as a measure of hotels' performance. The outcomes of this research study would be of immense interests principally to the hotel operators in devising their operational and marketing mechanisms such that adequate focus is prearranged to the KPIs that are of particular value to hotel investors on the appropriate entity with shareholders wealth creation and or value adding.

Onyango, Odhuno, Kambona and Othuon, (2012) are of the opinion that better comprehension of measuring performance and correlations among the key components of results and drivers is a must for hotels aiming to achieve success and remain successful. These elements enablers or drivers which are budgetary control system interalia and results which are Room Occupancy, RevPAR, ARR, EBITDA and ADR are the five metric landmarks measuring performance. Data collected through questionnaire survey was analyzed utilizing SEM. These statistical findings made known considerable positive correlation among the results and enablers of performance.

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Bergin-seers and Jago, (2011) in their study about measuring performance in small hotels situated in Australia found out that categories of outcomes, outputs and goals can classify the KPIs of small hotels. The most used financial measures of outputs category are interalia ARR, RevPAR. Using these key measures single-handedly is not enough. They were of the opinion that there is a relationship between the budgetary control systems of the entity with these key performance indicators.

Srivastava and Maitra, (2016) in their research study where surveys at in higher medium scale hotels questionnaires were administered to hotel operators on the budgetary control process in relation to improvement of performance. They scrutinized the correlation among EBITDA and the budgeted variable costs. This study concluded that, budgeted variable costs that resembled the budgetary control process which were considered inversely proportionate to performance measure EBITDA had a considerable negative relationship. it can be drawn that, the more the organisation lowers or cuts its operating costs the more it makes profit and improves performance. In addition, Singer (2011) speculates that budgetary control process is crucial in the attainment of the key performance indicators in any lodging industry. ADR and RevPAR are the main determinants that measure the health of the hospitality industries and they need to be effected with caution in the budgetary control system of any entity that desires to be successful. Abdullah and Hamdan, (2012) added on in their research of the use of EBITDA, occupancy and ADR in the hotel industry in measuring performance and they concluded such KPIs are detrimental in the health of the hotels but needed to be integrated well in the internal controls of the business. They suggested that research was needed more in this area whether there was any relationship with the effectiveness of the budgetary control instruments with the KPIs in hotels.

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TKVFH utilises room occupancy, EBITDA, and RevPAR as their key performance indicators among others, as said by Slattery (2012) that such KPIs need not be used in isolation TKVFH also applies variable and fixed costs as their other KPIs as they measure the operations of the hotel in complementing the RevPAR and room occupancy which measures the market share.

2.4 Essentials, requisites or conditions for Effective Budgetary Control System

Below are the essentials for the budgetary control system to be effective in an organization. Among other essentials expedited below are the adequate availability of financial resources; staff motivation; flexibility of the budget in environmental volatility; participation and involvement of employees and the management; effective budgetary control reporting; competence of staff; staff evaluation; continuous monitoring, coordination and review of budget process ; and efficient organizational structures.

2.4.1 Availability of Adequate Financial Resources

Hofstede (2012) budgetary control cost exceeds the benefits obtained, in addition, Sharma, (2012) is in support with Hofstede that budgeting system installation is costly to all enterprises regardless how economically sound and must embrace a sound cost benefit analysis and payback period. Kimani, (2014) states that, effectiveness centres on the existence of adequate financial resources as one of the determinants. To attain budget effectiveness, the entity to ensure financing of its projects together with carrying out its activities it must have access to adequate financial resources. The process of executing and formulating the budgetary process requires administration time which might took even a year of preparing, eating productivity time for management to direct efforts on other managerial tasks (Mukumba, 2015). Periasamy, (2010) suggested that, it must not be costly to operate a budgeting system than the benefits accrued.

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With regard to Hofstede (2012) view of economic soundness TKV FH is also in its childhood of installing fully the budgetary control system with hotel pumping out a lot of money to neighbouring country South Africa for the services of the budgetary control system installation.

2.4.2 Staff Motivation

By setting difficult but realistic targets well articulated budgets can play an important part in attention-grabbing by managers (Kimani, 2014). The targets must be specific, measurable, achievable, reasonable and timely clear and the line management should take part in setting the targets or budgets goals or objectives (Periasamy, 2010; Tunji 2013; Duru, 2015). The budget gives top managers a way of evaluating the activities of their subordinates. It must be reckoned; however, that devotion to the budget on its own cannot appraise all performance aspects of managers. Karatzimas, (2011) gives the view that budgetary control used as attention-grabbing device and compensating tools are self defeating when goal accomplishment is complex and performance appraisal based on such this tends to affect the budgetary control system. Chand, (2015) is of the view that the concerned workers should be rightfully awarded for their good performance according to the budget however, punishment should arise to employees who are slack in budget implementation so as that budgetary control will be effective. Workers at TKV FH are well motivated that the failure of the budgetary control system emanates from the competence of the workforce and proper education of the merits from the use of such systems.

2.4.3 Environmental volatility

Abogun, & Fagbemi, (2012) opines that the budgeting effectiveness has a relation with the volatility level of environment. This means that, how budget effectiveness in controlling organisational activities of any firm relies heavily on the volatility of the environmental under

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which such budget is implemented. Empirical evidence of the factors that affects the environment on budget effectiveness and budgeting in Nigeria, an up-and-coming economy has been scanty. Thomas (1998) in Kyei, Kwaning, and Francis, (2015) notes that the success of budgetary control systems relies, to a large degree, on the correctness on which estimates are done: plans of the budget are based on forecasts. Notwithstanding the fact, that various statistics and other methods may give reasonable outcomes, forecasting would not be an accurate science. It must also be used continuously to fit varying circumstances requiring that old methods must be unused and replaced with new ones. Tunji (2013) is of the opinion that budgetary control system requests to be used in a flexible manner. Changes in surrounding conditions may result in deviation of plans. Rigid devotion to budgets which are explicitly not suitable for current circumstances will result in the whole budgeting system losing effectiveness and credibility (Periasamy, 2010; Tunji 2013; Duru, 2015). A lot of focusing is caught up in the process of budgeting, and business uncertainties setting may provide a challenge in bringing out trustworthy and exact predictions and could bring important effect to an organisation. Ghosh, and Willinger, (2015) are of the opinion that business firms that operate in uncertain business settings such as hotels are heavily dependent to tight budgetary control systems which poses a challenge in the efficiency of the budgetary control . Chand, (2012) suggests budgets ought to be flexible when actual outcomes is different from expected, recasting of the budget should be quickly probable.

TKVFH whose major market share is from the Asians faces challenges as this market is very delicate, sceptical and responsive to the world around them. TKVFH lost business of approximately 69% of the bookings due the outbreak of EBOLA and the depreciation of the South African Rand also affected the business of TKVFH as this made Zimbabwe an expensive destination from the guests from overseas passing by South Africa to Zimbabwe.

2.4.4 Involvement and participation of employees and management

The extent to which any budget is successful relies on its acceptance and the perceptions of workers towards it (Raghunandan, Ramgulam and Raghunandan-Mohammed, 2012). Commitment is usually weighed with the loyalty questionnaires and can originate serious negative penalty when not a greater level since less commitment is a result of less performance, Aziri (2011). The study by Papinczak (2012) scrutinized the perception of job utility relating to sentimental entities commitment and brought about that sentimental commitment impacts largely on factors regarded important by workers of the entity, for instance, staff retention, work performance and absenteeism. Another study which was performed in 2012 by Radiah, who mainly focus on the study of public sector. The findings of the research depict a positive effect among budget participation and managerial performance, as well as organization commitment. Support of senior managers is essential in order to obtain mutual aid and full support of the budgetary control system (Periasamy, 2010; Tunji 2013; Duru, 2015). Mukumba, (2015) agrees with Chand, (2012) that all persons responsible for attaining results ought to be involved in the preparation of budgets and no budgetary control system can make it without the mutual consent of subordinates and superiors. Contribution assures full assistance and dedication for making budgets effective. Involvement also makes budgets practical and workable.

Employees at TKVFH are that involved in the budgetary control systems as the organisation utilizes centralisation in decision making.

2.4.5 Effective budgetary control report

Organisations have to put in place an appropriate system for periodic reporting in order to have an effective budgetary control system (Periasamy, 2010). Maximum effectiveness of budgetary

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control system is only made possible especially when these periodic reports of budgetary control are reviewed and feedback is given. Nikolaevna, (2011) opines that, the organisation needs to stress on the timing, general impact and design of the reports for proper comprehension for realisation of effective performance. Faleti, Faleti and Ojeleke, (2014) the key elements that ought to be exhibited are the planned level of revenue and costs for both and for the financial period, the actual revenue and cost according to YTD and current reporting period, and the difference amid the aforementioned two points fixed jointly in the company of the variance trends, signalling major differences together, where possible with, scrutiny and remarks that might be employed in bringing the differences within parameters (Badu, 2011). Responsibility centres created by responsibility accounting at TKVFH makes heads of centres that maybe either profit or costs centres to compile reports on monthly performance of their centres thus making budgetary control successful.

2.4.6 Competence of Human Resource

The firm ought to have equipped well itself with well-informed and skilful employees well conversant to distribution and processing of measures of budgetary control for effective implementation of the system of budgetary control. (Silva and Jayamaha, 2012) employees take part in a pivotal role in evaluating implementation of budget processes, monitoring control processes and planning process, and this exceedingly adds to expenditures budget monitoring and use of budgets answerability. Chand (2012) is of the view that budgets cannot replace good management. Mukumba, (2015) adds on that budgets administration have to be done efficiently by competent and responsible executives. Controlling performance technique which is efficient is budgetary control system. However, it is requisite for employees entrusted with administration of budgetary control possessing know-how in this discipline together with degree of

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acquaintance which is higher. Periasamy, (2010) education on the benefits of a system of budgeting needs to be given to employees explicitly articulated for the effectiveness of the system of budgetary control. TKVFH values experience more than anything else in its recruitment of staff, employees at TKVFH are not well conversant with the know-how of budgetary control system but rather uses the experience acquired during their conduct with hotel.

2.4.7 Staff evaluation

Kimani, (2014) budgetary control effectiveness key determinant is evaluation using an appraisal plan, the entity spelled out tracking the appraisal route based on time, skills, priorities, and resources needed to complete the appraisal. Hancock, (2009) in Kimani, (2014) opines to boost transparency and effectiveness the team of management ought to be present actively occupied in the process of evaluation and monitoring of budgetary control procedures and processes (Faleti, Faleti and Ojeleke, 2014; Nikolaevna, 2011). Departments with positive or favourable variances are considered to be performing well and those with adverse or negative underperforming at TKVFH thus making budgetary control system as performance appraisal technique.

2.4.8 Continuous monitoring, co-ordination and review of Budget Process

Obtaining effectiveness requires co-ordination and monitoring of the process of budgets, budget implementation require monitoring, appropriately synchronizing to make sure efficiency in aligning budgets over a definite time period (Kimani, 2014). Chand, (2012) Elimination of bottlenecks is made possible when plans of the budget are coordinated properly in harmonising departmental budgets one with another (Mukumba, (2015). Ernst and young (2013) advices that where necessary targets and budgets needs to be revised regularly. Tunji, (2013) is of the opinion that nonstop monitoring, harmonization and review needs proper information and accounting

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system which encompasses: capability to give much detailed, needed information on request; recording of performance and expenditure related to responsibility centres; and prompt and accurate system reporting the budget against the actual. Constant review of the budget is indispensable this is done to prevent wastage of resources as the heads of costs centres may utilise the whole budget even when the departments are within the parameters (Chand, 2012; Mukumba, 2015).

Monthly, quarterly and half yearly monitoring of responsibility centres are done at TKVFH with the coordination of departments where they share resources to cover up for the departments that have over spent their respective centres. Although these monitoring and reviews are done there is no flexibility in the budgetary control structures.

2.4.9 Efficient organizational structures

Chand, (2015) clearly articulated organisational structures are essential for budgeting to be successful. Budget committee, responsibility centres, budget controller and budget manual in the organisational structure properly outlined. Tunji, (2013) reasonable organisation structure with clearly distinct responsibility is fundamental for effectiveness of budgetary control system. Budget manual contains all procedures and plans information with regards to the budget execution. Cost centres' responsibilities, approval for preparation time schedule will be specified in the budget manual (Periasamy, 2010). Periasamy, (2010) adds on that successful budgetary control system need to have properly articulated assignment of responsibility and authority. Duru, (2015) opines setting up the budget committee for budget preparation and adequate accounting system being a necessity for efficient execution of budgeting successful. The organisational structures at TKVFH are well articulated in terms of the responsibilities allocation and this enhances the answerability of heads of centres or functions with the hotel financial

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controller as the budget controller, front office managers, executive chef and executive housekeeper as the members of the budget committee together with the assistant accountant.

2.5 Summary

Literature review of other prior scholars has been done on the effectiveness of budgetary control mechanisms on value addition. The chapter began with the breaking down of each objective of the study. Budgetary control mechanisms interalia; include responsibility accounting, zero based budgeting and variance analysis in relation to value addition. Opinions of prior authors and writers on their view to the relationship of budgetary control mechanisms have been expedite in terms of being in agreement, disagreement or neutral or undecided to the writer's view that budgetary control mechanisms effectiveness is value adding to the hotel industry. Furthermore, the factors affecting budgetary control systems and value addition have been established. The chapter concluded in determining the requisites or conditions for effectiveness of budgetary control system. The researcher made enquiries on the research methodology utilized in data collection and presentation in the next chapter.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

In chapter three the research sought to unveil the suitable and ideal research approach for the analysis of effectiveness of budgetary control mechanisms on value addition to the hotel industry. This is mainly focused on the design to be employed, the population that is going to be used for responding to questions to be asked and making sure the subset selected represents the whole population. Reliability and validity of the approaches utilized is unveiled too and a conclusion is made at the end of the chapter.

3.1 Research design

The challenge the researcher faces after the work of defining the research problem is the preparing of the design of the research project, typically referred to as the “research design”. Decisions concerning what, where, when, how much, by which mode with regards to a request for information or a research design is taken. Basing with decisions to regards of any request of information cohesive design arrangement was seen by the researcher to best suit the research problem under study. The degree of essence to be reached in the study purports the researcher’s specific design structure to be chosen (Kratochwill and Levin, 2015). It comprises the blueprint for the measurement, analysis and collection of data aimed at analyzing the effectiveness of budgetary control mechanisms on value addition (Easterby-Smith et al, 2012; Yu et al, 2014).. It is the preparation of fundamentals for collection and data analysis in such a way that is seeking to unite weight of the purpose of research and economy in process.

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An analysis of the effectiveness of the mechanisms of budgetary control on value addition to the hotel industry's legitimate and most desirable results of the research was effectively achieved using the qualitative research design. The views and opinions of employees were obtained with regards to the budgetary control mechanisms employed at The Kingdom at Victoria Falls Hotel and the challenges affecting it on value addition to the hotel were drawn from the study through descriptive design. Both closed ended questionnaires and interviews were conducted in pursuit to make sure the outcomes from closed ended questionnaires were properly justified through interviews conducted so as tie up the descriptive design and the cohesive research design.

3.1.1 Descriptive Research

Routledge, (2015) states that, descriptive research is usually utilized to make enquiries pertaining the status of the current phenomena to illustrate "what exists" between variables in a study. In determining changes over time, developmental studies are taken, to establish a link between variables a correlation study is carried out and surveys utilized for illustrating status quo un the descriptive research instruments. Fluidsurveys, (2014) states descriptive research is decisive in nature, and collects scientific enquiries that might be utilized for inference of statistics on the analysis of data from the targeted population. Subsequently, closed-ended questions that gives no autonomy to provide perculia insights is the instrument which was taken by this research. However, when utilized properly entities get help in better measuring and defining the importance of views and perceptions in a targeted group representative the total population.

The degree of essence to be reached in the research; questions to be asked, expected outcomes and the type of dissertation under study determines the researcher's specific design structure to be chosen (Sarantakos, 2012; Kratochwill and Levin, 2015). Involvement and participation of

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subordinates and their superiors the management in target setting and variance analysis corrective actions resulted in the adoption of descriptive research as suitable tool for an analysis of the effectiveness of mechanisms of budgetary control on value adding to the hotel. The research under study was designed exclusively to meet the desired and valid finds to the convenience of the researcher and to compute the thorough comprehension of value addition through the analysis of the effectiveness of budgetary control mechanisms.

3.2 Target population

Amer, (2011) and Parret (2013) defines target population as rudiments and all basic essentials that universal data from a sample can be drawn from. Gravette and Forzani (2012), argue that, targeted population is the population of the research who will take part in the responding to the questionnaire administered. The essence of the research exclusively relies heavily on this targeted population. The participants to this research were well proficient management and employees of The Kingdom at Victoria Falls hotel well vested with the understanding of budgetary control mechanisms employed at the hotel. The considered target population for this study was twenty-five people (25).

3.3 Sample size and design

Amer, (2011) is of the opinion that Sampling is “the work, course of action, or instrument for choosing a right representative subunit of a population with regards to characteristics and parameters determination of the whole group. Kumar, (2012) adds on opining it as a small part or portion of the population one is interested in, representative to the total population. Creswell (2011), a sample is a limited number taken from whole population. Twenty participants or informants were selected to represent the 80% of the targeted population. Judgmental sampling

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method was then used to deduce the respondents from the targeted population. This allows relatively subgroup selected based on the researchers judgment on the targeted population to deduce the representative point of view of the whole population because chosen participants were considered knowledgeable in terms of financial costing and management (Sarantakos, 2012).

3.3.1 Sample size

This is a subset of the targeted population where participants were selected from the front office department; accounting and finance department; guest relations department; facilities department; housekeeping department; food and beverages department; and administration officers. Below is the table showing the sample size components:

Table 3.1 Sample size

Participants or informants	Target population	Sample size	Percentage
Administration: general managers, human resources	3	3	100%
Accounting and finance	6	6	100%
Front office	3	3	100%
Guest relations	2	1	100%
Facilities	3	2	67%
Housekeeping department	3	2	67%
Food & beverage department	5	3	80%
Total informants or participants	25	20	80%

3.4 Sampling procedures

Following are the procedures or approaches which were employed to deduce a representative sample of the whole population from workers of The kingdom at Victoria Falls hotel.

3.4.1 Judgmental sampling method

Amer, (2011) states that, quota sample, judgemental sample, convenience sample, and snowball sample are convenient ways for researchers of collecting a sample at no or less costs utilized by researchers under non-probability sample where the research does not need population representation. Non probability sampling is when elements of the sample are deliberated by the researchers' discretion instead of probability mechanisms such as random sampling. In this study the researcher chose judgemental non probability sampling (Muzammil, 2011). Judgmental sampling is usually utilized where qualitative research, pilot studies, hypothesis development and case studies are carried out. When conducting research, Sullivan and Artino, (2013) is of the view that, data is measured from the representative subunit of the population and not the whole population.

3.5 Source of data

For the sake of constructing this research, the researcher found the data through the blend of both secondary and primary researches. Primary source of data was the first hand, raw data begotten by the researcher from the study location. Secondary data was the data which was archived for future usage which was processed by prior authors, scholars and writers. Adu, and Boaduo, (2011) are of the opinion that secondary and primary sources are the two basic data sources needed for research. Provision of the relevant information for building the background of the research is made possible by the secondary sources which are the recorded sources accessible for

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retrieval. Data primarily collected involves the researchers going to the field to solicit information necessary for the study through meetings arrangements, interviews and questionnaire administrations as requisite tools.

3.5.1 Primary data

This is raw or unprocessed data begotten first hand by the researcher for the purpose specifically for the analysis of the budgetary control mechanisms on value addition (Walliman, 2011; Borg and Gall, 2013). The data collection took place in Victoria Falls at the hotel where the participants filled questionnaires themselves and gave back the researcher. Bias was minimized or reduced as efforts were made to give respondents autonomy in a convenient manner in their responding to the questionnaires. For a more conclusive and informative outcomes the structured questionnaire were utilized as tools for the collection of primary data. Questionnaires were used because they are cheap and easy to administer, and they avoid interview bias. The questions asked were mainly close ended. To combat for the shortcomings of the questionnaires, current and reliable data gathering personal interviews were conducted with employees and management. Structured interviews are conducted whereby the interviewer has a series of planned questions on the other hand; unstructured interview whereby the interviewer asks desired topics through formal talks. The researcher will use structured interviews and the reasons for using this technique are that data collection is made easier and non-verbal responses can be observed and noted.

3.5.2 Secondary data

Study.com (2014) defines secondary data as research method with information that has some utility and relevancy of one's research which has been conducted not in line with one's current

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research. In this study, the researcher will use secondary data which is relatively current and suitable for the descriptive research as some data may be out-dated. The data sources to be used inter alia, will be management reports on key performance indicators, journals of the company, minutes of the business review meetings, morning briefs, published annual financial reports and so on. Regression was used to analyse the secondary data to determine the relationship that exists between the budgetary control systems and key performance indicators. Understanding of the ANOVA technique was also used to draw conclusions on the quantitative data gathered.

3.6 Data collection instruments

Triangulation was employed for data collection instruments determination. Sarantakos, (2012) defines triangulation involving the multiple use of sources of data in an enquiry to obtain appreciation. Questionnaire administrations together with interviews were used to gather data from respondents. Respondents' opinions and attitudes towards the research problem were reviewed by the questionnaires as they allow summary of characters of selected participants who are representatives of the whole population.

3.6.1 Questionnaires

For more informative and conclusive findings the structured closed ended questionnaire will be used as the primary data collection tools to conduct the study. Khan, (2011) opine questionnaires as an instrument of making enquiries from participants through asking them instead of observing and sampling their conduct. The use of questionnaires under this research was encouraged by virtue of it being the mostly utilized manner of descriptive research (Cao te al, 2015). Questionnaires were employed together with the likert scale and were distributed to infomants in

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time for them to complete. This was so as this is the ideal instrument to solicit information from participants for analysis.

The questionnaire is chosen and is used for the following advantages to the study: a questionnaire standardizes the wording and sequencing of the questions as the interviewer asks identical questions to the same group of respondents. Unlike other methods that can be biased since the same question being asked in an interview may be rephrased and hence yielding different responses from the same targeted populations. It is less costly to use a questionnaire than to conduct the interviews. The questionnaires will be administered by the researcher to workers.

3.6.2 Interviews

Closed ended interviews were used to conduct the study. Data gathering integrity or validity bases on the researcher's ability to choose for the interview right person. The researcher ought to identify who must be interviewed and who must not be interviewed. This is very crucial that the informant should not be caught off guard they should be communicated with concerning time to be taken and what the discussion is intended for (Driscoll, 2011). Easterby-Smith et al, (2012); Career centre, (2012) interviews have to be carried to the convenience of respondents and good personal presentation engagement makes the interviewee gain trust in the interviewer. To achieve the objectives of the research, in depth- face to face interviews will be carried out to gain comprehensive data. Probing techniques will be employed in obtaining sufficient data for the research.

3.6.3 Likert scale

Losby and Wetmore, (2012) states that a likert scale is an well-organized range from which informants selects single decision which best agrees with their perception. Usually utilized to weigh the participants' thoughts through posing questions to test the degree to which they disagree or agree with a specific statement or question. A typical scale might be “Strongly disagree, Disagree, Neutral, Agree, Strongly agree.” (de Winter, and Dodou, 2012). Johns, (2010) argues not only is it agreeably easy means of weighing particular views, but it also lends itself very effortlessly to the building of several-element measures, known as Likert scales, that measures broader values and attitudes. Likert scales are very important when measuring sentiments around specific experience, topic or opinion and gathering of factors that contribute on the data specific to the sentiments. (Elizer, 2011; Singletary, Emm, & Hill, 2011; Kroth & Peutz, 2011; Diker, et al 2011; Hines, et al 2011; Kalambokidia, 2011).

The relevance to the study of likert scale questions is that it utilise a general means of data collection, thus, making it simple to comprehend. Functioning in the company of quantitative data, makes it more generic to draw results, graphs, reports and conclusions from responses from the informants (Singletary, et al 2011; Kalambokidia, 2011; Hines, et al 2011; Kroth & Peutz, 2011). Additional, likert scale questions allows the respondents to be neutral giving them room for autonomy rather than giving opinions that are either or use from its scales. A analysis of responses from all respondents received are very easy and quickly done under such model and can be administered using all communication modes. (Singletary, et al 2011; Kalambokidia, 2011; Hines, et al 2011; Kroth & Peutz, 2011; Brown, 2011). They (respondents) can rate their values and opinions in terms of either agreeing or disagreeing as depicted in the below table:

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Table 3.2 format of the likert scales used in questionnaires

Detail	Strongly agree	Agree	Disagree	Strongly disagree	Neutral
Ratings	5	4	3	2	1

Source:Cooper and Schindler (2014:281)

3.7 Reliability and validity

Zohrabi, (2013) opines that the varied technique courses of action recently rose their prominence. Questionnaire and interview generally utilized in the varied system designs are elaborated and presented on and it is assumed utilizing varied modes of measures for obtaining and data collection information by several sources might enhance the reliability and validity of data and its interpretation. Sarantakos (2012) is of the opinion that triangulation is seen as a means for validity testing and giving evidence to results. However, controversy is involved. A weakness in one technique is assumed it can be covered for by an additional method, and sense is always made possible among varied methods. In contrast, it is unlikely, triangulation is usually utilized to make sure well-developed, comprehensive, robust and rich instrument of qualitative research method is designed rather than focusing on verification or validation. Questionnaire response rate of 55% regarded as the rationale response rate to meet the scholarly standards for this research instruments to remain valid and reliable (Dick et al, 2013).

3.8 Data analysis and presentation

Collected data was analyzed in pursuit to meet the requirements of the research objectives and use of graphs, charts, tables and narrative were employed to put the data in a perfected way such that it serves what it purports to do so reviewing the respondents' opinions and attitudes (Kumar,

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2012). The researcher's plan established the effectiveness of the budgetary control mechanisms on value addition to the hotel industry by employing the latest technology in the tourism and hospitality industry. Collection of data was focused on the essentials or requisites for the effectiveness of budgetary control mechanisms on value addition and key performance indicators of hotels existing within a vibrant economies. The processed data acquired was presented in a neatly manner that unravel the TKVFH participant's views and opinions on the factors affecting the effectiveness of budgetary control system and value addition.

3.9 Summary

The research technique used to carry the research has been elucidated. The descriptive research design has been the method employed to help in review of the attitudes and opinions as this is ideal, and closed-ended questionnaires administration and interviews highlighted as instruments for the collection of primary data. The subset of the whole population determined for the representation of the total population. Likert scale is also adding up to the questionnaire administration formulation. The chapter following went on to centre on the analysis and presentation of data in greater detail.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

The preceding chapter unveiled on the methodology of the study. Measuring instruments which are questionnaires and interviews were indicated and discussed on for analysis of statistics. In chapter four, inherent meaning of the obtained data through the practical studies was investigated. The heart and crucial stage of the research work is considered to be the analysis of data collected. Consequently, data collection through questionnaires and interviews was followed by interpretation and analysis of data with regards to obtaining practical solutions to the problem statement.

4.1 Response Rate

Of the targeted population as per sample of twenty (20) participants twenty questionnaires were administered to the TKVFH selected personnel informants or participants. The researcher's questionnaires which were administered only eighteen (18) of them were responded to and the remaining two the respondents were not available for response for reasons known to them and the nature of their jobs. Henceforth, the research findings, recommendations and conclusions from this research will be based on the perceptions of the eighteen informants who responded.

Table 4.1 Questionnaire response rate

Participants or informants	Questionnaires sent out	Questionnaire s returned	Percentage
Administration: general managers, human resources	3	3	100%

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Accounting and finance	6	6	100%
Front office	3	1	33.33%
Guest relations	1	1	100%
Facilities	2	2	100%
Housekeeping department	2	2	100%
Food & beverage department	3	3	100%
Total informants or participants	20	18	90%

Table 4.1 above depicts that 90% (18/20) of the participants returned their questionnaires answered giving their perceptions and 10% (2/20) could not answer the administered questionnaires for various reasons known to them and nature of their jobs. Outcomes derived from the administered and returned questionnaires were not interrupted by the 10% non-reponded questionnaires due to the fact that the returned questionnaires represents 90% response rate which is far away from the questionnaire response rate of 55% regarded as the rationale response rate to meet the scholarly standards for this research instruments to remain valid and reliable (Dick et al, 2013). The use of triangulation as the method for the choice of research instruments augment the validity and reliability of the research as the weakness of questionnaires will be augmented by the use of interviews though two respondents were not able to respond but, this does not affect the reliability and validity of the research representation of the sample.

4.2 Presentation and analysis of data

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4.2.1 An analysis of budgetary control mechanisms whether they have a positive relationship on value addition at TKVFH.

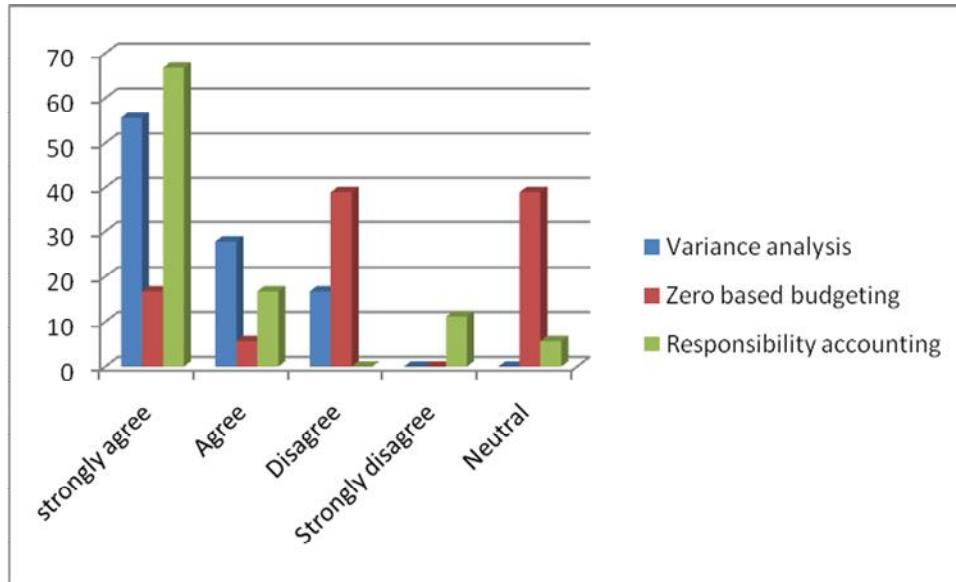
The analysis of the budgetary control mechanisms is limited only the three mechanisms namely- variance analysis, responsibility accounting and zero based budgeting under study. Below is raw data 4.1 showing the raw data which was collected from the informants unravelling their views on the agreeability with the positive relationship of budgetary control mechanisms on value addition to the hotel industry.

Raw data 4.1 informants' perception on whether there is a positive relationship between budgetary control mechanisms on value addition.

Budgetary control mechanisms	strongly agree	Agree	Disagree	Strongly disagree	Neutral
Variance analysis	10	5	3	0	0
Zero based budgeting	3	1	7	0	7
Responsibility accounting	12	3	0	2	1

Below is the analysis of the above raw data in the table above analyzed in percentiles in fig 4.2

Figure 4.1 analysis of budgetary control mechanisms' positive relationship on value addition



4.2.1.1 Variance analysis

In accordance to the above fig 4.1, 55% ($10/18 \times 100$) of the returned questionnaires gave their perception of strongly agreeing that there is a positive relationship between variance analysis on value addition; and 28% ($5/18 \times 100$) agree, 17% ($3/18 \times 100$) disagree, and last but not least, 0% for both perception of being neutral and strongly disagreeing.

In essence, from the data collected 83% ($55\% + 28\%$) agree that there is a positive relationship between variance analysis on value-adding to the hotel industry. This point of view from informants corroborated scholars and authors stated in chapter two such as Uyar and Bilgin, (2011); Munirat and Muslimat, (2012); Silva and Jayamaha, (2012) and Mohammed et al (2015) who speculate that variance analysis is a useful tool for budgetary control system and has a positive relationship to value adding when used appropriately and adapted to the entity's needs.

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On the other hand, the 17% of disagreeing corroborate the stand point of the research carried out by Bourmistor and Kaarboe, (2013) opining that there were some changes related to strategic goals, targets, and key performance indicators, henceforth, good performance was no longer a positive budget deviation. Palmer, (2012) is of the view that variance analysis is only worth doing if action will be taken as a result. If no action is taken on the basis of management accounts then little point in producing them and even less point in wasting management time discussing them and thus, concluding no relationship in value adding supporting the 0% of the undecided informants on the questionnaires administered.

In a nutshell, variance analysis at TKVFH has shown that there is a positive relationship between variance analysis on value addition from the findings as a total of 83% of the questionnaires administered agree to the stand point.

4.2.1.2 Responsibility accounting

Furthermore, the fig 4.1 findings depicts that 67% ($12/18*100$) strongly agree, 17% ($3/18*100$) agree, 0% disagree, 11% ($2/18*100$) strongly disagree and 5% is undecided or neutral in whether responsibility accounting has a positive relationship on value addition to the hotel business.

In essence, it could be concluded that 84% (67+17) agree that responsibility accounting has a positive relationship on value adding to hotels. This is corroborated by prior studies by Uyar and Bilgin, (2011); and Mohammed et al (2015) who are of the opinion that responsibility accounting strengthen the ability of entities in controlling the operational financial performance to departments thus, value adding Ocansey and Enahoro, (2012); Safa, (2012); Ritika and Rani,

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(2015). On the other hand, 11% of the returned questionnaires are of perception postulated by Joshua and Mohammed, (2013) in their study on the assessment of the roles budget target setting plays in effective performance measurement in Nigerian hotel industry who strongly disagree there being a positive relationship between responsibility accounting on value addition. Nyakuwanika et al, (2012) and Fowzia, (2011) argues that responsibility performance reports were used to fix blame on management hence, strongly disagree responsibility accounting adding value to hotels. A 5% of undecided informants went with the same sentiments with Nawaiseh et al, (2014) and Sawabe, (2015) who concluded undecided on whether responsibility accounting specifically has a positive relationship which adds value to the hotels.

In conclusion, responsibility accounting has a positive relationship on value addition as evidenced by the workers at TKVFH where a significant percentage of 84 are confirming this happening at TKVFH and only 16% being in disagreement this being a result of 11% disagreeing and 5% undecided.

4.2.1.3 Zero based budgeting

On the relationship of zero based budgeting the figure reviews that the informant's views were 17% ($3/18*100$) strongly agree, 5% ($1/18*100$) agree, 39% ($7/18*100$) disagree, 0% strongly disagree and 39% ($7/18*100$) were undecided or neutral.

It can be seen that from the data collected the informants responses in terms of agreeing, disagreeing and being undecided on the positive relationship of zero based budgeting on value-adding there is a tie or those disagreeing and those neutral having both 39% in general. This is also providing the point of views expressed by authors in the prior chapter 2 of literature review

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where Rehman et al, (2011) is silent on the relationship and only points out that it has a moderate effect on employee commitment in an organization. Ekanem, (2014) went on to state that zero based budgeting is dependent on senior management flexibility, communication of corporate goals, cost minimization and knowledge sharing. On the other hand, the 22% (17+5) of agreeing is only supported by Meliano, (2011) who reviewed that zero based budgeting is useful tool for management in personnel evaluation and growth.

Conclusively, this entails that the use of zero based budgeting has not been employed at TKVFH as it was reviewed they use incremental budgeting henceforth, little or no knowledge on how its use might have a relationship on value addition. This is so and is supported by the 78% being made up by the 39% of disagreeing and 39% of undecided respondents. From the perspective of TKVFH it was concluded there is no relationship between zero based budgeting on value addition.

4.2.2 Factors affecting budgetary control system on value addition to the hotel industry.

Budgetary control system does not operate in a vacuum but, rather in an environment with factors that makes it difficult to exist and operate efficiently. Below is raw data 4.2 which has the raw data collected from the informants from TKVFH to give their point of views to the extent to which they agree or disagree or are undecided to whether the listed below factors affects the effectiveness of budgetary control system on value addition to the TKVFH.

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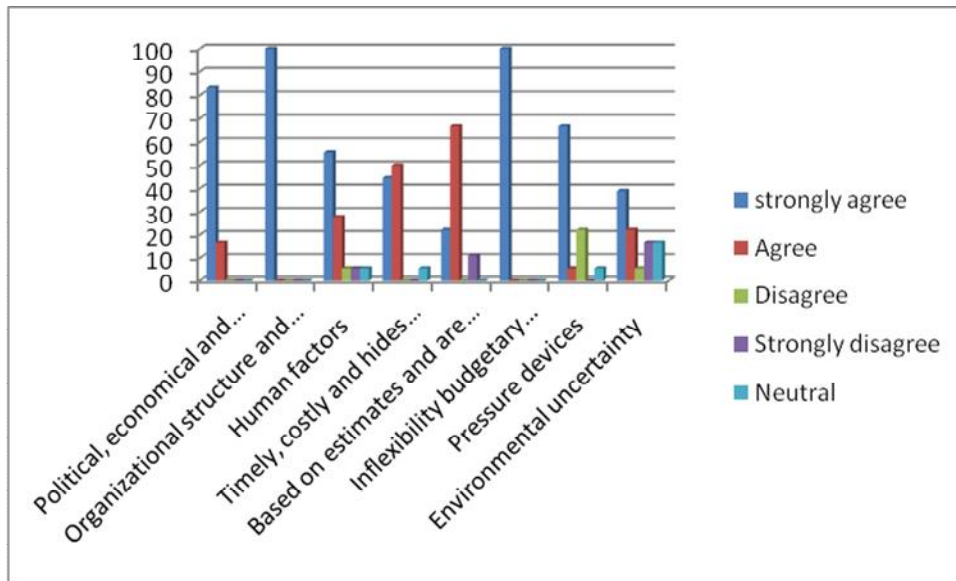
Raw data 4.2 factors likely to affect budgetary control system on value addition to TKVFH

Factors affecting budgetary control	strongly agree	Agree	Disagree	Strongly disagree	Neutral
Political, economical and social factors	15	3	0	0	0
Organizational structure and culture	18	0	0	0	0
Human factors	10	5	1	1	1
Timely, costly and hides inefficiencies and wastages	8	9	0	0	1
Based on estimates and are short term	4	12	0	2	0
Inflexibility budgetary structure	18	0	0	0	0
Pressure devices	12	1	4	0	1
Environmental uncertainty	7	4	1	3	3

Below is the analysis of the above raw data analyzed in percentiles in fig 4.3

Fig 4.2 analysis of factors affecting budgetary control system on value addition to the hotel industry.

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4.2.2.1 Political, economical and social factors; organisational structure and culture and inflexibility budgetary structures

Findings from the fig 4.2 above it depicts that 100% of the sample agree that political, economical and social factors; organizational structure and culture; and inflexibility budgetary structures affects the budgetary control on value addition. This is corroborated with the existing literature reviewed in chapter 2 where Adongo, (2013); Hassan and Siraj, (2015) who argues that budgetary control system effectiveness or achievement depends heavily on the organizational culture (Raghunandan et al, (2012), business strategy (Elhama, (2015), organizational structure especially leadership style and budget participation (Kohlmeyer, et al, (2014), inflation fluctuations and interest rates (Rivera and Milani, 2011), tax compliance and value added tax policies; and the need for management to embrace flexible, adaptive budgetary structures as this affects the budget holders not to react to uncertainties (Noise, 2014).

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4.2.2.2 Human factors

In accordance to figure 4.2 55% (10/18*100) strongly agree, 27% (5/18*100) agree, 6% disagree, 6% strongly disagree and 6% is neutral that human factors affect budgetary control system on value addition, Hoque and Brosnan, (2015) highlights that involvement of employees and Perrin, (2012) adds on saying total acceptance and support by management who occupy key management positions are pivotal factors to consider as they affects budgetary control system on value addition.

In essence, 82% (55%+27%) agree that human factors affect budgetary control system this is corroborated by Perrin, (2012); Hoque and Brosnan, (2015); Vincent and Loy, (2015); Lau and Tan, (2015) findings who conclusively basis the success of budgetary control systems on human factors.. 12% (6%+6%) disagree to the fact that human factors affecting budgetary control system. Neils, (2011) argues that cooperation of all employees is not always possible as this base on the involved employees' desire for power. Karatzimas, (2011) gives the view that budgetary control used as motivational and rewards tools are self defeating when such achievements are next to impossible and results evaluation based on these hence this tends to affect budgetary control system. The informants who were undecided constitute 6% to whether human factors affect budgetary control system. This is so because of self defeating budgetary control system (Karatzimas, 2011).

In a nutshell, the humans themselves have a play in the success of the budgetary control system at TKVFH from the responses of the employees employed by it.

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4.2.2.3 Timely, costly and hiding inefficiencies and wastages

In accordance to figure 4.2 44% (8/18*100) strongly agree, 50% (9/18*100) agree, 0% disagree, 0% strongly disagree and 6% is neutral that factors such as the budgetary control system being time consuming, costly and hiding inefficiencies and wastage;

The informants' responses depicts that 94% (8+9/18*100) of the sample agree that they affect budgetary control system in adding value to entities. Hofstede, (2012) and Sharma, (2012) states that budgetary control promotes gaming and perverse behaviours and reinforce departmental barriers rather than, knowledge sharing and. 6% (1/18*100) is undecided whether time, costs and hiding of inefficiencies and wastages are factors affecting budgetary control system,

4.2.2.4 Based on estimates and short-term

In accordance to figure 4.2 22% (4/18*100) strongly agree, 67% (12/18*100) agree, 0% disagree, 11% strongly disagree and 0% is neutral that factors such as budgetary control is being based on estimates and short term in nature affects the success of budgetary control system.

The informants' responses depicts that 89% (4+12/18*100) of the sample agree that they affect budgetary control system in adding value to entities and 11% (2/18*100) disagree the basis of budget preparation on estimates and its life span as factors affecting budgetary control system on value addition. Stensaker et al (2012) states that the budgets have short life span hence, making firms not keen with reaching long-term strategic goals. Budgets at TKVFH are only for 12 months hence, being tactical rather than strategic in planning and goal attainments where long

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term strategic goals are ignored. From the responses from the informants it was drawn that the basis on how budgets are made and their life spans affects budgetary control system a lot.

4.2.2.5 Pressure devices

Figure 4.2 shows that in terms of informants' perceptions on whether budgets are pressure devices 66% ($12/18*100$) strongly agree, 6% ($1/18*100$) agree, 22% ($4/18*100$) disagree, 0% strongly disagree and 6% ($1/18*100$) undecided.

Overallly 72% ($66\%+6\%$) agree that perceptions of employees on budgets as pressure devices affect the budgetary control system. This view supports what have been eluded to earlier in chapter 2 by Jacobsen, (2011) who states that budgetary controls are capable of being used as pressure devices. On the other side of the coin, 22% respondents disagree that budgetary controls are affected by perception of employees of them as pressure devices. Literature to this disagreement is limited to whether this point of view of respondents exists. 6% respondents were undecided. The percentage representing the disagreeing and undecided is 28% which is not that significant to affecting the position that budgetary control system is affected by the employees' perception that these are pressures shouldered on them.

4.2.2.6 Environmental uncertainty

The findings on the environmental uncertainty as a factor affecting budgetary control system, 39% ($7/18*100$) strongly agree, 22% ($4/18*100$) agree, 5% ($1/18*100$) disagree, 17% ($3/18*100$) strongly disagree and 17% ($3/18*100$) undecided.

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A total of 61% (39%+22%) agree that business environments in which hotels operates are dependent on tight budgetary control systems as a result posing threats on the efficiencies of the budgetary control system (Ghosh and Willinger, 2015). 22% (5%+17%) disagree that environmental uncertainty affects budgetary control systems. 17% respondents were undecided.

TKVFH has shown it evident that the volatility of the environment it operates affects heavily the success of its budgetary control system. For instance, the depreciation of the South African Rand against the United States Dollar had a negative effect on the budgets for the year.

4.2.3 An analysis of the key performance indicators’ positive relationship with budgetary control system at TKVFH.

Kala and Bagri, (2014) states that key performance indicators are measurable factors that relate to an organization’s objectives hence, worth analyzing to get a deeper understanding of such factors in value-adding. Below is raw data 4.3 showing raw data gathered from returned questionnaires which is to be analyzed reverting to what existing literature is saying.

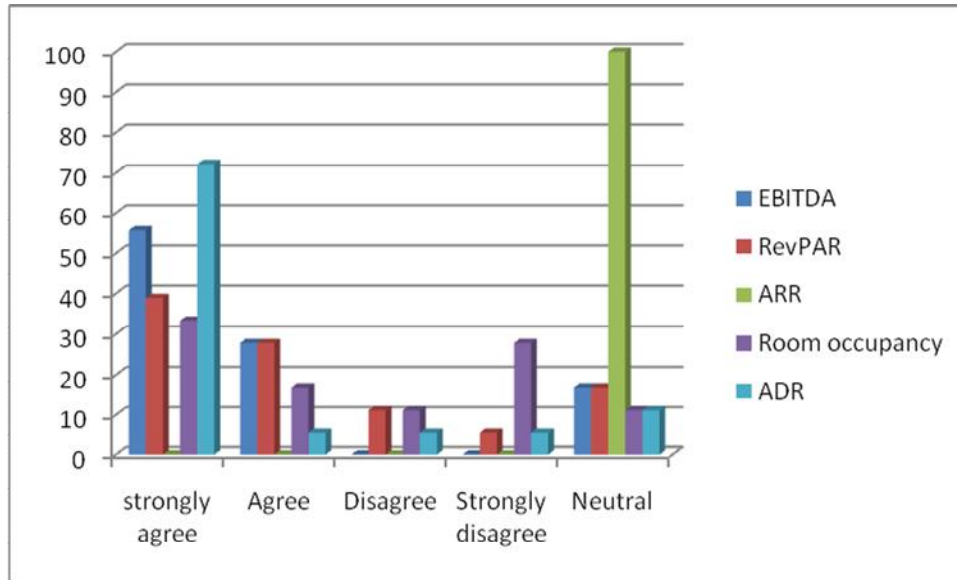
Raw data 4.3 key performance indicators have a positive relationship with budgetary control system at TKVFH.

Key performance indicators	strongly agree	Agree	Disagree	Strongly disagree	Neutral
EBITDA	10	5	0	0	3
RevPAR	7	5	2	1	3
ARR	0	0	0	0	18
Room occupancy	6	3	2	5	2
ADR	13	1	1	1	2

Below is the analysis of the above raw data in the table above analyzed in percentiles in fig 4.4

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Fig 4.3 analysis of the key performance indicators and their positive relationship with budgetary control system



4.2.3.1 EBITDA

From the findings it is evidenced that respondents’ view on EBITDA having positive relationship with budgetary control 55% (10/18*100) strongly agree, 28% (5/18*100) agree, 0% disagree, 0% strongly disagree and 17% (3/18*100) are undecided. 83% of the sample agrees that there is a positive relationship between EBITDA and budgetary control systems (Onyango et al, 2012). 0% disagree that EBITDA has a positive relationship with budgetary control. 17% are undecided to whether there is a relationship between the two (Mattila and O’Neill, (2003). TKV FH views this as one of the best measures of performance they employ and this is supported by the employees agreeing that EBITDA has a positive relationship with budgetary control system. The 0% disagreement does not make this key performance indicator perfects this is just the skewness of the research and tends to run away from gearing ratios of the company.

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4.2.3.2 RevPAR

The outcomes of the returned questionnaires depicts that 39% (7/18*100) strongly agree, 28% (5/18*100) agree, 11% (2/18*100) disagree, 5% (1/18*100) strongly disagree and 17% (3/18*100) are undecided or neutral that RevPAR has a positive relationship with budgetary control systems. A large proportion of 67% (39%+28%) of the sample agreed that RevPAR has a positive relationship with budgetary control as this is a crucial tool for devising marketing and operational strategies for hoteliers. 16% disagree with this fact as aluded by Bergin-seers and Jago, (2011) arguing that such key measure do not make up complete key measure in unison. 16% is undecided. The 32% (16% disagreeing and 16% undecided) shows that though the large proportion agrees with the stand point of RevPAR having the positive relationship it should not be bluntly concluded that this performance indicator is conclusive but, rather works hand in glove with others.

4.2.3.3 ARR

The results acquired from the respondents depicts that 100% of the sample is undecided on whether ARR has a positive relationship this goes in contrast, to Alias and Tan, (2013) who reviewed 10 hotel's performance correlation with or in relation to RevPAR and ARR and found a strong correlation. The 0% of the respondents agreeing means that the ARR is not being used at TKVFH but, does not mean it does not have a relationship with budgetary control system. This calls for another research in the event they employ it in future together with the 0% disagreement.

4.2.3.4 Room Occupancy

Findings on the relationship of room occupancy and budgetary control system 33% (6/18*100) strongly agree, 17% (3/18*100) agree, 11% (2/18*100) disagree, 28% (5/18*100) strongly disagree and 11% (2/18*100) undecided.

Generally, 50% (33%+17%) of the informants agree that room occupancy has a positive relationship with budgetary control system. This is to confirm the existing literature, Onyango et al, (2012) who were of the view that for hotels who aspire to be and to remain successful an understanding of the hotel's performance measurement and the relationship between the key elements of drivers with budgetary control is of utmost importance and a must for hoteliers. In their findings it was reviewed there is a significant positive relationship between room occupancy and budgetary control system. 39% disagree that there is positive relationship and this was supporting what was the outcome from chapter 2 where Mattila and O'Neill, (2003); Alias and Tan, (2013) failed to determine the relationship to be positive.

If those who disagree and the undecided responses are combined it could be concluded that the relationship of room occupancy with budgetary control system which disagree will be equal to the agreeing 50% which makes the relationship 50-50. Thus the relationship of room occupancy becomes neutral from the responses analysed at TKVFH.

4.2.3.5 ADR

Figure 4.4 shows that 72% (13/18*100) strongly agree, 5% (1/18*100) agree, 6% (1/18*100) disagree, 6% (1/18*100) strongly disagree and 11% (2/18*100) undecided that ADR has a positive relationship with budgetary control system.

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In essence, 77% of the sample agrees supporting the stand point viewed by Onyango et al, (2012) from their statistical reviews where a significant positive relationship exists between the enablers and results of performance. On the other side of the coin 12% (6%+6%) disagree the correlation ADR has to budgetary control system. 11% undecided stems to support the findings of Bergin-seers and Jago, (2011) who were of the position there is a correlation but failed to deduce it as either positive or negative.

TKVFH uses this KPI mostly and this is evidenced by the 77% agreement in the use of it in conjunction with the budgetary control system and being able to determine the relationship thereof. Conversely, the 33% disagree of course perceptions and views differ as they did not see any positive correlation this being their reasoning that the ADR only gives guided to the accommodation; and food and beverages departments.

4.2.4 Analysis of the essentials, requisites or conditions for effectiveness of budgetary control system.

To get a full analysis of the effectiveness of budgetary control mechanisms on value addition to the case study under research the researcher saw it worth to first determine the essentials of an effective budgetary control system. Below shows the raw data from the returned questionnaires from the study informants at TKVFH.

Raw data 4.4 responses of the requisites for the effectiveness of budgetary control system

Requisites for effectiveness of budgetary control system	strongly agree	Agree	Disagree	Strongly disagree	Neutral
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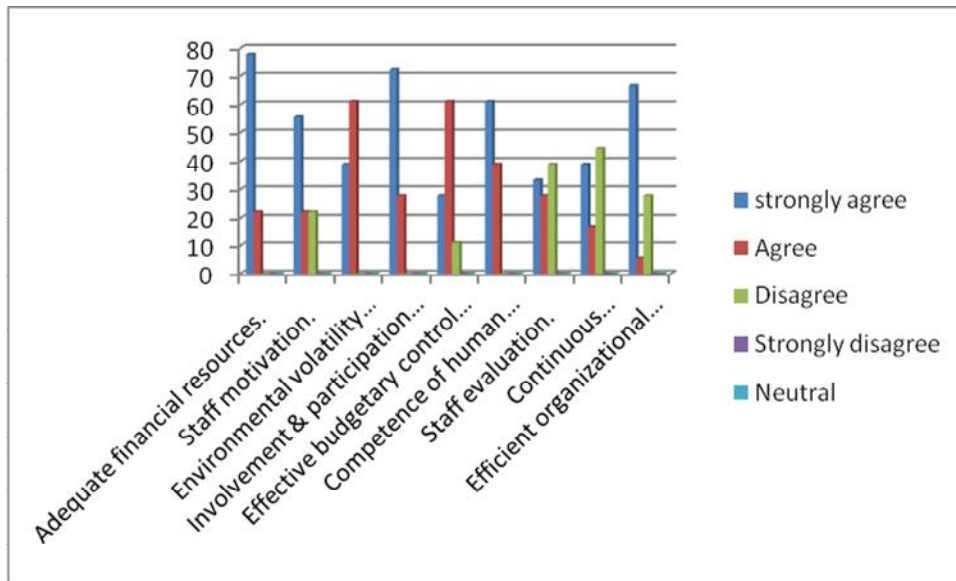
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Adequate financial resources.	14	4	0	0	0
Staff motivation.	10	4	4	0	0
Environmental volatility understanding.	7	11	0	0	0
Involvement & participation of employees & management.	13	5	0	0	0
Effective budgetary control reports.	5	11	2	0	0
Competence of human resources recruited.	11	7	0	0	0
Staff evaluation.	6	5	7	0	0
Continuous monitoring, coordination and review of budget process.	7	3	8	0	0
Efficient organizational structures.	12	1	5	0	0

Below is the analysis of the above raw data in the table above analyzed in percentiles in fig 4.5

Fig 4.4 Analysis of the requisites for the effectiveness of budgetary control system

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4.2.4.1 Adequate resources, environmental volatility; involvement and participation of employees and management; and competence of human resources

According to the figure 4.4 above adequate resources, environmental volatility; involvement and participation of employees and management; and competence of human resources are essentials for effective budgetary control system. 100% of the sample agrees that the aforementioned essentials are requisites for the effectiveness of a budgetary control system in an organization. This is to corroborate what has been said by the existing literature in chapter 2. Hofstede, (2012) budgetary control costs exceeds the benefits obtained, in addition, Sharma, (2012) is in support with Hofstede that installation is costly even an economically sound enterprise must embrace a cost benefit analysis and payback period. Aboguna and Fagbemi, (2012) opines that the effectiveness of budgetary control system has a link with the level of environmental volatility. Raghunandan et al, (2012) opines that acceptance and attitudes of workers is detrimental to effective budgetary control system. Zero (0%) percentage of the above factors on the likert scales shows that the employees are of the unanimous decision and their perceptions here they share the sentiments fairly.

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4.2.4.2 Staff motivation

Findings from the questionnaires administered 56% (10/18*100) strongly agree, 22% (4/18*100) agree, 22% (4/18*100) disagree, 0% strongly disagree and 0% undecided that staff motivation is an essential for the effectiveness of budgetary control system.

Overall, a large proportion of the sample represented by 78% (56%+22%) agrees to staff motivation as a requisite. Kimani, (2014) is of the view that by setting challenging but realistic targets well designed budgets can play a significant part in motivating managers (Periasamy, 2010; Tunji, 2013; Duru, 2015). On the other side of the coin, 22% disagree supporting what was opined by Karatzimas, (2011) who is of the view that budgetary control system used as motivational and rewards tools are self defeating when goal achievement is difficulty and performance appraisal based on such this tends to affect the budgetary control system.

At TKVFH, staff motivation works well in the determination of the efficient disposal of employees' efforts. This can be seen in the financial year end when the hotel reached the targeted EBITDA and the workers were compensated with bonuses. Worker of the month schemes are implemented at the hotel to see employees who would have efficiently deployed their efforts in regards to the budgeted monthly revenues and expenditures.

4.2.4.3 Effective budgetary control reports

Fig 4.4 results depicts 28% (5/18*100) strongly agree, 61% agree, 11% disagree, 0% strongly disagree and 0% undecided or neutral that effective budgetary control reports are a necessity for an effectiveness of budgetary control system.

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Generally, a larger proportion of returned questionnaires represented by a total of 89% (28%+61%) agree that effective budgetary control reports are a necessity for an effectiveness of budgetary control system as evidenced by existing literature in chapter 2; Periasamy, (2010) proper periodic reporting system should be introduced for budgetary control to be effective; Badu, (2011) and Faleti et al, (2014) emphasizing on the reports having indication of what variance are significant together, with, where possible, analysis and comments which can be used to bring the variances under control. In contrast, 11% disagree to this stand point but no literature is available to why the respondents are not in agreement.

TKVFH has a policy of reviewing monthly reports on the budgetary control systems and the corrective actions being put in place. This is the reason why the respondents have a large percentage of agreement. This is seen in the schemes implemented at the hotel where employees are rewarded based on these reports with the worker of the month prizes.

4.2.4.4 Staff evaluation

The findings depicts 33% (6/18*100) strongly agree, 28% (5/18*100) agree, 39% disagree, 0% strongly disagree and 0% undecided or neutral that staff evaluation is a necessity for the effectiveness of budgetary control system. A total of 61% of the sample agree that it is a necessity corroborating what Kimani, (2014); Faleti et al, (2014) and Nikolaevna, (2011) who views staff evaluation as key determinant for effectiveness and advocates that staff involvement to be part of the evaluation and monitoring of the budgetary control system. In contrast 39% disagree that staff evaluation has an part it plays in necessitating the effectiveness of budgetary control system.

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Performance of the employees at the hotel is measured against what was set before them at TKVFH. The 39% disagreeing are of the views that these budget targets are unrealistic and so cannot be worth to be used to effectively use budgetary control system as the performance will be biased and the has a regressing efforts from employees.

4.2.4.5 Continuous monitoring, co-ordination and review of budget process

From the findings in figure 4.4 39% (7/18*100) strongly agree, 17% (3/18*100) agree, 44% (8/18*100) disagree, 0% strongly disagree and 0% undecided that continuous monitoring, co-ordination and review of budget process is a requisite for effectiveness of budgetary control system. 66% (39%+17%) of the sample that returned questionnaires agree corroborating the existing literature as aluded in chapter 2 by the Tunji, (2013); Mukumba, (2015); Ernst and Young, (2013) who advices regular revision of budget and targets, continued monitoring and proper coordination of budgets to ensure effectiveness in aligning budgets under defined periods Kimani, (2014). 44% disagree but there is no substantiation in their argument.

Findings from the returned questionnaires administered to TKVFH informants depicts 67% (12/18*100) strongly agree, 5% (1/18*100) agree, 28% (5/18*100) disagree, 0% strongly disagree and 0% undecided that efficient organizational structures are requisite for effectiveness of budgetary control system.

72% of the returned questionnaires agree that organizational structures are requisites for effectiveness of budgetary control system. The responses collected support the literature reviewed in chapter 2 where Tunji, (2013) is of the view that realistic organizational structures with clearly defined responsibility, Chand, (2015) where fixed responsibility centres, budget

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committee budget controller are clearly spelled out in the organizational structures for the effectiveness of budgetary control system.

At TKVFH, the organisational structures are clearly defined and the relevant cost centres knows their responsibilities, to the extent that the variance analysis per cost centre is easily traceable and the responsible head answerable to the corrective actions and deviations.

4.3.1 Interviews

4.3.1.1 What are the budgetary control mechanisms employed at TKVFH?

Interviewees (the hotel financial controller, assistant accountant and the front office manager) mentioned that they only knew of the variance analysis and responsibility accounting as the techniques or mechanisms of budgetary control systems. The deputy general manager said zero based budgeting was not employed at the kingdom hotel but, rather they used the incremental budgeting techniques and in conjunction with the rolling forecasts. This acknowledges the existing literature which was stated by Mohammed at al, (2015) that budgetary control mechanisms interalia are: variance analysis, responsibility accounting, adjustments of funds and zero based budgeting. This is also in confirmation with the responses found in the administered questionnaires where the use of zero based budgeting was not agreed on but the variance analysis and responsibility agreed on.

4.3.1.2 What is the relationship between the mechanisms of budgetary control on value addition?

Majority of the interviewees were of the view that mechanisms of budgetary control they know are used for performance measurement and there were not sure whether there was a relationship

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on the value addition to the hotel industry. This acknowledges the views of the existing literature which was reviewed in chapter 2 where Kabiru et al, (2013); Aruomoaghe and Agbo, (2013); and Gacheru, (2012) who viewed budgetary control as performance measurement tools and Sawabe, (2015); Nawaiseh et al, (2014); Nyakuwanika et al, (2012); and Fowzia, (2011) who said budgetary control mechanisms had management performance reports which were only used to fix blame on management.

On the other hand, minority interviewees were of the view that budgetary control system had a positive relationship on value addition. This is corroborated by prior studies by Uyar and Bilgin, (2011); and Mohammed et al (2015) who are of the opinion that responsibility accounting and variance analysis strengthen the ability of entities in controlling the operational financial performance to departments thus, value adding Ocansey and Enahoro, (2012); Safa, (2012); Ritika and Rani, (2015). They were of the view that the moments they know their variances and comments made to why variance occurred could help them improve their ways of doing things henceforth, value adding.

4.3.1.3 What are the factors affecting budgetary control system on value addition?

The interviewees highlighted the factors affecting the budgetary emanating from the budgets being gazetted on the workers without consultation of the ones on the ground that is the line management and supervisors who have direct contact to guests and employees. This little or non-involvement of employees in the target setting hinders the success of budgetary control.

In addition, the interviewees emphasised the fact that the budgets are fixed in such business environment where fluctuations are being experienced following the economies booming and

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depression occurring. They went on to siting government policies through its revenue authorities affecting the budgetary control mechanisms. For instance, they pin pointed the imposing of the 15% value added tax imposed by the Zimbabwe Revenue Authority (Zimra) beginning of the year 2015 in January (Zimra, 2015) negatively affecting the budgetary control on value addition. Moreover, they said the fluctuation in the foreign currency partners they work with for instance, most of their business comes from the neighbouring country Republic of South Africa where their currency depreciated dismally against the United States Dollar which affected their budgeted figures in term of the hotel occupancies among others.

In addition, they also pointed out that the natural disasters and outbreaks the budgetary control on value addition. In their views they spoke of the EBOLA scare or outbreak which occurred in West Africa affecting their business as they lost about 60% of their Asian markets bookings which were cancelled due the outbreak being in Africa, regardless TKVFH being in the southern Africa regional it also felt the impact of such natural disasters.

4.3.1.4 What is the relationship between budgetary control system and key performance indicators in hotel industry?

The interviewees were of the opinion that budgetary controls are set to control the operations of the hotel to make sure that all things are aligning with what was forecasted for and no unit or cost centre is riding on others. This meant that budgetary controls are there to reduce costs whenever necessary and making sure plans are being implemented thus they have a positive relationship with the key performance indicators as it rewards where resources have been efficiently and effectively utilised. This in support of the existing literature which also are of the same sentiments as said in prior chapter of literature by Onyango et al., (2012) who found the

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statistical results unravelling the significant positive relationship with the five landmark performance indicators in the tourism and hospitality sector namely: Room Occupancy, RevPAR, EBITDA, ARR and ADR.

4.3.1.5 What are the essentials, requisites or conditions for the effectiveness of budgetary control mechanisms?

The interviewees pointed out that they wanted to be involved and participate in the budgetary process of the hotel not to be gazetted targets from top management. This supported by Aziri, (2011); Raghunandan et al, (2012) stating that usually things which workers usually do their best in committing themselves to their initiatives and things they were involved and participated in thus essential for effectiveness of budgetary control mechanisms.

In addition they raised the competency of the workforce as another crucial necessity for the effectiveness of the budgetary control mechanisms on value addition. Chand, (2012) is of the view that budgets can not replace good management. Mukumba, (2015) agrees with Chand, (2012) adding on saying that budgets should be administered efficiently by responsible and competent executives.

4.4 Secondary data analysis

In this study, the researcher used secondary data which is relatively current and suitable for the descriptive research as some data may be out-dated. The data sources used inter alia, was management reports on key performance indicators, journals of the company, minutes of the business review meetings, morning briefs, published annual financial reports and so on.

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4.4.1 Relationship between exchange rate fluctuation and budgeting process.

Gathering of secondary data from TKVFH was done to discover the correlation among budgetary control system and hotel key performance indicators. Regression analysis was employed to demonstrate the correlation among these two variables.

The X-variable is the variable costs which are utilized to represent the budgetary control system. The Y-variable is EBITDA since it is dependent on the variable costs representing the budgetary control system.

The 2015 budgeted amounts for variable costs were utilized as the X-variable. Monthly EBITDA from periods October 2014 ending September 2015 were utilized as variables for regression analysis.

Table 4.5 **Regression analysis**

Month	X (\$000)	Y(\$000)	xy	x2	y2
October 2014	250	16	4000	62500	256
November 2014	200	20	4000	40000	400
December 2014	280	14	3920	78400	196
January 2015	300	10	3000	90000	100
February 2015	180	22	3960	32400	484

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March 2015	160	26	4160	25600	676
April 2015	200	20	4000	40000	400
May 2015	250	16	4000	62500	256
June 2015	270	15	4050	72900	225
July 2015	280	14	3920	78400	196
August 2015	220	18	3960	48400	324
September 2015	300	10	3000	90000	100
Total	2890	201	45970	721100	3613

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - (\sum x)^2} \sqrt{n\sum y^2 - (\sum y)^2}}$$

$$r = -0.961$$

Table 4.5 shows details for the two variables which are EBITDA and variable costs which were budgeted for being regressed to determine the relationship which exists among key performance indicators and budgetary control systems. A negative inverse relationship exists between the KPIs and budgetary control system. It depicts that in every decrease in the variable costs of the hotel an inverse increase is realised in the hotel's EBITDA. These findings gathered agrees with what was gathered from interviews and administered questionnaires to the research informants.

4.5 Summary

In a nutshell, in this chapter scrutiny of data collected had been done from the responses that were to the researchers disposal and the data has been presented in tabular, columnar charts, pie charts and analysed on the basis of questions asked by the researcher through the two research instruments namely close-ended questionnaire and structured interviews. Data presentation was done in a graphical communication of the processed data for a quality information comprehension. The data analysed in this chapter will be used to build the recommendations and conclusions drawn from this study in the following chapter.

CHAPTER FIVE

SUMMARY, MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The summary of the whole dissertation, primary outcomes of the research, lessons drawn from the research and possible future recommendations on the effectiveness of budgetary control mechanisms on value addition to the hotel industry. In addition, the researcher proposes the future research areas to be tackled to increase the existing literature and update it with current affairs. Outcomes of the research are mainly to solve the problems encountered in the hotel industry using TKVFH as case study in terms of the effectiveness of their budgetary control mechanisms.

5.1 Executive Summary

First chapter of this project unravelled the main problem encroaching at The Kingdom at Victoria Falls Hotel which was on the hotel suffering from adverse variances in its budgeted fixed and variable costs and EBITDA for the years between 2013 and 2015 in failure to meet the targets. These adverse budget variances are eroding the shareholders' wealth. The existence and primary mandate for any business establishment is to maximize the shareholders' wealth creation through adding value through effective and efficient use of the available scarce resources. Earlier scholars studies dwelled much on budgetary implementation and how it affects organizational performance, although these studies tried to address the correlation between budgetary implementation tools on organizational performance, they did not conclusively address how effective budgetary control mechanisms are, on value addition. Therefore, to address the

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anomaly the researcher sought to fill this gap by analyzing the effectiveness of budgetary control mechanisms on value addition to The Kingdom at Victoria Falls Hotel.

The second chapter was on the analysis of the existing literature by prior scholars, writers and researchers on the effectiveness of budgetary control mechanisms on value addition constructing the theoretical framework on the types of budgetary control mechanism, the relationship that exists between the budgetary control mechanisms and value addition, factors affecting budgetary control system on value addition and last but not least the requisites, essentials or conditions necessary for the effectiveness of budgetary control system. Opinions, views and perceptions of various scholars on the analysis of effectiveness of budgetary control system on value addition in the hotel industry and a few from manufacturing where specifically hotel industry had no literature were used to determine empirical review on budgetary control system. Sub objectives were derived from the main objectives for the sake of draw perspectives build from prior literature.

The third chapter took the descriptive research approach on a sample research to test both the theoretical and empirical reviews done in chapter two at The Kingdom at Victoria Falls Hotel in the resort town. Triangulation was used for justification of research methodology used for data collection; and data presentation was given. Validity and reliability was improved by collecting closed-ended questionnaires and structured interviews with TKVFH eighteen participants. The respondents were answering questions designed by the researcher about the budgetary control mechanisms used at TKVFH, factor affecting budgetary control system, relationship between budgetary control system and key performance indicators, requisites or essentials for the effectiveness of budgetary control system.

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Chapter four data was presented and analyzed the research outcomes and the results obtained in the sample research which held vital implications on the management for overcoming the factors affecting budgetary control systems and strategies that can be used. Graphical presentation has been employed to communicate the processed data which is of quality. A positive relationship was discovered exists between budgetary control mechanisms and both the key performance indicators and value addition at TKVFH. The next chapter unveils the recommendations and conclusions which were obtained from the data that was presented and analysed in this chapter.

5.2 Major research findings

Little research has been done on the relationship between budgetary control system and the key performance indicators in the hotel industry or sectors in the existing current literature. The research period referencing employed understudy was between the years 2011 to current year 2016. Due to such research dates existing literature with this objective the researcher had to revert to some even older dates which were done even before the birth of the researcher.

100% of the respondents of the sample conducted under the study have all agreed that adequate financial resources; involvement and participation of employees and management; competence of the workforce recruited by the human resources department are the requisites, essentials or conditions necessary for the effectiveness of the budgetary control system at TKVFH.

Knowledge sharing is lacking or there is no upgrading of the employees in terms of the developments existing around them. From the interviews conducted it was reviewed that some employees do not know or are not aware of the budgetary control mechanisms employed at TKVFH. The employees need to be informed of the mechanisms employed at the hotel and their merits and demerits; how they operate to the advantage of the entity.

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Organizational structures and culture together with the fact that the budgetary control systems are based on estimates and are formulated on the short-term planning basis have been seen from the research that they strongly affects the operationalisation of the budgetary control mechanisms at TKVFH.

5.3 Conclusions

With the outcomes from the research a conclusion can be reached that the effectiveness of budgetary control system to tourism and hospitality industry such as TKVFH could be improved by knowledge sharing, involvement of the employees and their superiors in target setting, continuous monitoring, coordination and review of the budgetary control system whether the hotel is still in track or aligning to plans and where necessary flexibility being taken into account in terms of the change in environmental volatility and corrective actions being implemented in time for the variance analysis to make sense. From the findings it could be concluded that there is a positive relationship exists between budgetary control system and value addition to the hotel industry.

5.4 Recommendations

More research needs to be done specifically in the tourism and hospitality service sector on the budgetary control system and its relationships to the key performance indicators and value addition. Most researches are usually developed in the manufacturing sector and little attention is done towards this service sector. Its unfortunate that though researches are developed in manufacturing industries some specifics exists in each specific industry and there is no generalization when it comes to the operations of specific sectors to reach conclusions that are industry oriented.

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Competent workforce should be recruited as this has been raised as a requisite for the effectiveness of budgetary control system. Such workforce should continuously be retrained for them to remain competent as good management requires competent executives who administer budgets efficiently. They need to show high degree of knowledge and experience in the field.

Budgetary control structures should be flexible, adaptive with the current existing trends in this uncertain business environment which may provide challenges in bringing about reliability and accuracy to prediction especially hotels which operate in uncertain business environment. Despite the fact that budgets are based on forecasts, predictions; forecasting cannot be an exact science hence, need to be adopted with flexibility continuously.

5.5 Suggestions for further study

An evaluation of hospitality key performance indicators in relation to current developments in the budgeting concepts with regards to balanced scorecard.

5.6 Summary

To account for the summary of all chapters done in this dissertation an executive summary has been given, the outcomes from the research were presented in order to reach conclusions and recommendations of the study. In addition, proposition was given in line with the further studies. In a nutshell, conclusions can be made that budgetary control mechanisms are effective to adding value to the hotel businesses.

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Appendix 1-Cover letter



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University**

Our Hands, Our Minds, Our Destiny



Midlands State University

Private Bag 9055

Senga Road

Gweru

6 April 2016

To whom it may concern

Dear Sir/ Madam

**RE: APPLICATION TO SEEK AUTHORITY TO CARRY OUT RESEARCH BY
TIMOTHY KWARU**

I am a fourth year student at the above-mentioned institution and I am studying Bachelor of Commerce Accounting Honours Degree and I am one of your former accounts intern during the year 2014 to 2015. I write this letter seeking for permission to carry out a research entitled: **“an analysis of the effectiveness of budgetary control mechanism on value addition to the hotel industry: a case study of The Kingdom at Victoria Falls Hotel”**. I am kindly asking for your support to completion of the questionnaire attached to this letter. The information that you provide on this questionnaire will be highly confidential and used strictly for academic purpose only.

Thank you in advance for your usual cooperation

Kindest Regards,
Timothy Kwaru.

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Appendix 2-Questionnaire



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Research project questionnaire

Instruction

- a) Do not indicate your name on the questionnaire.
- b) Answer all questions.

NB: this information will be treated with confidentiality and will be used for academic purposes only.

Questions

1. Please tick in the boxes provided to provide your opinion as follows:

Detail	Strongly agree	Agree	Disagree	Strongly disagree	Neutral
Ratings	5	4	3	2	1

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BUDGETARY CONTROL MECHANISMS ON VALUE ADDITION

1. The following budgetary control mechanisms have a positive relationship on value addition.

Detail	Strongly agree	Agree	Disagree	Strongly disagree	Neutral
Variance analysis					
Zero based budgeting					
Responsibility accounting					

2. The following are factors likely to affect budgetary control system on value addition to the hotel industry.

Detail	Strongly agree	Agree	Disagree	Strongly disagree	Neutral
Political, economical and social factors					
Organizational structure and culture					
Human factors					
Timely, costly and hides inefficiencies and wastages					
Based on estimates and are short term					
Inflexibility budgetary structure					
Pressure devices					

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Environmental uncertainty					
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3. Following are the key performance indicators and have a positive relationship with budgetary control system.

Detail	Strongly agree	Agree	Disagree	Strongly disagree	Neutral
Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)					
Revenue Per Available Room (RevPAR)					
Average Room Rate (ARR)					
Room Occupancy					
Average Daily Rate					

4. The following are essentials, requisites or conditions for effectiveness budgetary control system:

Detail	Strongly agree	Agree	Disagree	Strongly disagree	Neutral
Adequate financial resources.					
Staff motivation.					

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Environmental volatility.					
Involvement & participation of employees & management.					
Effective budgetary control reports.					
Competence of human resources recruited.					
Staff evaluation					
Continuous monitoring, coordination and review of budget process.					
Efficient organizational structures.					

THANK YOU FOR YOUR COOPERATION

Appendix 3 Interviews



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Research Project Interview Guide

1. What are the budgetary control mechanisms employed at The Kingdom at Victoria Falls?
2. What is the relationship between the mechanisms of budgetary control on value addition?
3. What are the factors affecting budgetary control system on value addition?
4. What is the relationship between budgetary control system and Key Performance Indicators in hotel industry?
5. What are the essentials, requisites or conditions for the effectiveness of budgetary control mechanisms?

THANK YOU FOR YOUR COOPERATION