

**THE EFFECT OF BUDGETARY CONTROL ON PROFITABILITY OF
TOURS AND TRAVEL COMPANIES IN KENYA**

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ABSTRACT

Budgeting involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals. Budgetary control systems are universal and have been considered an essential tool for financial planning. The purpose of budgetary control is to provide a forecast of revenues and expenditures this is achieved through constructing a model of how our business might perform financially speaking if certain strategies, events and plans are carried out. Most firms use budget control as the primary means of corporate internal controls, it provides a comprehensive management platform for efficient and effective allocation of resources. Budgetary controls enable the management team to make plans for the future through implementing those plans and monitoring activities to see whether they conform to the plan, effective implementation of budgetary control is an important guarantee for the effective implementation of budget in the organization. This study examined the budgetary control in Tours and Travel Companies and its effect on profitability. The research target population consisted of 150 Tours and Travel Companies. Forty four Tours and Travel Companies were selected using stratified sampling technique, both local and international organizations with headquarters in Nairobi. A descriptive survey (questionnaires) was used in the data collection. Percentages and graphs were used to analyze the data including means and standard deviation. The relationship between budgetary controls and profitability of the Tours and Travel Companies was analyzed. The research findings established that there is positive effect of budgetary control on performance of Tours and Travel Companies in Kenya. The research recommends that employees need to be sensitized on budgetary controls and the effect on performance of the organization.