


THE EFFECT OF BUDGETARY CONTROL ON ORGANISATIONAL PERFORMANCE IN SMALL AND MEDIUM ENTERPRISES (SME) IN SOMALIA

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 01 September 2023</p> <p>Accepted 12 December 2023</p>	<p>Background: Emphasising the significance of organisational performance in Somali SMEs, this study highlights the crucial role of budgetary control in boosting their business operations. It emphasises the need for proficient budget planning, monitoring, and evaluation to enhance these enterprises' operational efficiency and strategic decision-making, particularly in a challenging economic and institutional environment.</p>
<p>Keywords:</p> <p>Budgetary Control; Organizational Performance; SMEs.</p> <div data-bbox="172 913 480 1160" style="text-align: center;">  </div>	<p>Purpose: This study aims to investigate the impact of budgetary control on the organisational performance of Small and Medium Enterprises (SMEs) in Somalia. Specifically, it assesses how budget planning, monitoring, and evaluation influence the operational effectiveness of these enterprises in a challenging economic environment.</p> <p>Methodology: The study employed a quantitative research design to analyse the impact of budgetary control on SMEs in Somalia, utilising structured online questionnaires for data collection. A sample size of 375 SMEs from Mogadishu was determined using the Slovene formula, and the data were analysed using the Statistical Package for Social Scientists (SPSS), focusing on descriptive statistical techniques. The analysis included measuring central tendency and dispersion of variables, such as budget planning, monitoring, evaluation, and organisational performance, to establish correlations and assess the hypotheses.</p> <p>Social and Practical Implications: The implications of this study suggest that robust budgetary control practices in SMEs can significantly contribute to Somalia's economic development and stability by enhancing organisational efficiency and decision-making in a challenging business environment.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i12.4119</p>

EFEITO DO CONTROLE ORÇAMENTAL NO DESEMPENHO ORGANIZACIONAL DAS PEQUENAS E MÉDIAS EMPRESAS (PME) NA SOMÁLIA

RESUMO

Contexto: Salientando a importância do desempenho organizacional nas PME somalis, este estudo destaca o papel crucial do controlo orçamental no reforço das suas operações empresariais. Enfatiza a necessidade de um planeamento, monitoramento e avaliação orçamentários proficientes para aprimorar a eficiência operacional e a tomada de decisões estratégicas dessas empresas, particularmente em um ambiente econômico e institucional desafiador.

Objetivo: O presente estudo visa investigar o impacto do controlo orçamental no desempenho organizacional das pequenas e médias empresas (PME) na Somália. Especificamente, ele avalia como o planeamento, o monitoramento e a avaliação do orçamento influenciam a eficácia operacional dessas empresas em um ambiente econômico desafiador.

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Metodologia: O estudo empregou um projeto de pesquisa quantitativa para analisar o impacto do controle orçamentário sobre as PMEs na Somália, utilizando questionários on-line estruturados para a coleta de dados. O tamanho da amostra de 375 PME de Mogadíscio foi determinado usando a fórmula eslovena, e os dados foram analisados usando o Statistical Package for Social Scientists (SPSS), com foco em técnicas estatísticas descritivas. A análise incluiu medir a tendência central e a dispersão de variáveis, como planejamento orçamentário, monitoramento, avaliação e desempenho organizacional, para estabelecer correlações e avaliar as hipóteses.

Implicações Sociais e Práticas: As implicações deste estudo sugerem que práticas robustas de controle orçamentário em PMEs podem contribuir significativamente para o desenvolvimento econômico e a estabilidade da Somália, aumentando a eficiência organizacional e a tomada de decisões em um ambiente empresarial desafiador.

Palavras-chave: Controlo Orçamental, Desempenho Organizacional, PMEs.

EFFECTO DEL CONTROL PRESUPUESTARIO EN EL DESEMPEÑO ORGANIZACIONAL DE LAS PEQUEÑAS Y MEDIANAS EMPRESAS (PYME) EN SOMALIA

RESUMEN

Antecedentes: subrayando la importancia del desempeño organizacional en las PYMES somalíes, este estudio pone de relieve el papel crucial del control presupuestario en el fortalecimiento de sus operaciones comerciales. Subraya la necesidad de una planificación, supervisión y evaluación presupuestarias adecuadas para mejorar la eficiencia operacional y la toma de decisiones estratégicas de estas empresas, en particular en un entorno económico e institucional difícil.

Objetivo: Este estudio tiene por objeto investigar el impacto del control presupuestario en el desempeño organizativo de las pequeñas y medianas empresas (PYME) en Somalia. Específicamente, evalúa cómo la planificación presupuestaria, la supervisión y la evaluación influyen en la eficacia operativa de estas empresas en un entorno económico desafiante.

Metodología: El estudio utilizó un proyecto de investigación cuantitativa para analizar el impacto del control presupuestario en las PYMES de Somalia, utilizando cuestionarios estructurados en línea para la recopilación de datos. El tamaño de la muestra de 375 PYMES de Mogadiscio se determinó utilizando la fórmula eslovena y los datos se analizaron utilizando el paquete estadístico para científicos sociales (SPSS), con especial hincapié en las técnicas estadísticas descriptivas. El análisis incluyó la medición de la tendencia central y la dispersión de variables, como la planificación presupuestaria, el seguimiento, la evaluación y el desempeño organizacional, para establecer correlaciones y evaluar las hipótesis.

Consecuencias y prácticas sociales: Las consecuencias de este estudio indican que unas prácticas sólidas de control presupuestario en las PYMES pueden contribuir significativamente al desarrollo económico y la estabilidad de Somalia, aumentando la eficiencia organizativa y la adopción de decisiones en un entorno empresarial difícil.

Palabras clave: Control Presupuestario, Desempeño Organizacional, PYMES.

INTRODUCTION

Small and Medium Enterprises (SMEs) are pivotal to the economic fabric of most countries, particularly in developing nations. They significantly contribute to economic growth, job creation, and innovation (Matthews, 2007; Okpara, 2009). In Somalia, SMEs represent over 90% of all businesses, highlighting their crucial contribution to economic development (National Census Report (NCR), 2011). However, Somali SMEs confront numerous challenges, including limited access to financial resources (Hassan, 2020), infrastructural deficiencies, and complex regulatory environments (Osman, 2006).

Addressing these challenges, this study focuses on the aspect of budgetary control within SMEs in Somalia. Effective budgetary control is crucial for organisational performance, especially regarding resource allocation and strategic decision-making (Hansen et al., 2003; Moolchand et al., 2012). Budgets act as a decision-making framework and align expenditures with planned cash flows (Ojua, 2016; Ocansey & Enahoro, 2014). The study's significance lies in exploring the impact of budget planning, monitoring, and evaluation on SME performance in Somalia, a topic that has not been extensively explored in existing literature.

In Somalia, SMEs are more than just business entities; they provide a perspective through which the complexities of organisational behaviour and the challenges businesses encounter across various sectors can be understood (Lyon et al., 2000; Fairouz et al., 2010). Their growth and prosperity directly correlate with job creation, emphasising the need to investigate hindering factors and develop strategies for improvement (Stewart & Gapp, 2014; Zafar & Mustafa, 2017).

Scholarly attention to fiscal management in Somalia, a critical aspect affecting SMEs, has been limited (Ali, 2022). In a nation grappling with prolonged civil instability and institutional deficiencies, SMEs are pivotal drivers of economic growth and employment generation. They have the potential to reshape the financial landscape by creating jobs, fostering innovation, and reducing poverty (Mohamud & Mohamed, 2016). Nevertheless, their challenges, such as limited access to financial resources, underscore the urgency for comprehensive research and support for their growth.

Amid Somalia's enduring turmoil since 1991, SMEs have emerged as a means of survival, improving living standards and fostering community cooperation (Mire et al., 2019). The service sector, particularly telecommunications and remittances, has played a vital role. Telecommunication firms facilitate communication and information flow, while remittances from the Somali diaspora drive business investments and financial service demand (Ullah & Bagh, 2019). Local businesses' success and sustainable enterprises are intertwined with private sector development, underscoring SMEs' crucial role in economic recovery.

The study is designed to investigate the impact of budgetary control on organisational performance in Somali SMEs. Specifically, it will assess the effects of budget planning, monitoring, and evaluation on SME performance. This investigation aims to bridge the gap in understanding the impact of budgetary control, providing insights that could foster growth in this vital sector, thereby contributing to Somalia's economic recovery and stability.

LITERATURE REVIEW

Somalia, a nation marked by a complex history of conflict and political instability, is undergoing a profound economic transformation. SMEs are emerging as key players in this resurgence. This study aims to delve into the dynamics of SMEs in Somalia, exploring their contributions to economic development, the challenges they face, and the strategies employed to support their growth.

Somalia, a country marked by a turbulent history of civil conflict and political instability, has witnessed the emergence and resilience of Small and Medium-sized Enterprises (SMEs) as crucial contributors to economic recovery and development. The protracted civil war, spanning from the late 1980s to the early 2000s, resulted in significant economic disruptions, displacements, and the collapse of infrastructure. Amidst this adversity, SMEs faced formidable challenges, including insecurity, limited access to finance, and a fractured business environment.

Somalia's SMEs face many challenges that significantly impact their organisational performance. A key obstacle is the limited access to financing (Hassan, 2020), which curtails their ability to grow, innovate, and remain competitive. These challenges are further compounded by infrastructural deficiencies and insufficient institutional support, creating barriers to efficient business operations and sustainable development. The absence of robust financial resources and adequate support frameworks impairs the SMEs' capacity to optimise operational efficiency and adapt to changing market dynamics. This profoundly affects their performance, especially in rural areas where these enterprises are pivotal for economic diversification and job creation.

Post-conflict efforts were made to rebuild the Somali economy, and SMEs played a pivotal role in this reconstruction. These enterprises, often operating in the informal sector, became vital sources of employment, income generation, and local economic growth. However, challenges persisted, encompassing regulatory constraints, inadequate access to credit, and a dearth of institutional support for small businesses.

SMEs operate in Somalia. It explores the economic environment of the country and the role of SMEs within it. Additionally, it examines government policies and support available to SMEs. The section also highlights the challenges faced by SMEs in Somalia, including limited access to finance, infrastructure and logistics constraints, regulatory and legal barriers, and a lack of skilled workforce. Despite these challenges, the section also sheds light on various

opportunities for SMEs in Somalia, such as the growing domestic market, the expanding digital economy, the potential for export and trade, and investment and partnership opportunities.

Decades of civil unrest and conflict have significantly impacted Somalia's economic landscape. However, recent years have witnessed efforts towards stabilisation and recovery. Understanding the historical context is crucial for grasping SMEs' unique challenges and opportunities in this environment.

SMEs in Somalia are instrumental in fostering economic growth. According to the World Bank (2022), these enterprises serve as vital contributors to job creation, poverty reduction, and innovation. Recognising their importance, it becomes imperative to analyse the specific sectors where SMEs are making notable strides and their role in shaping the overall economic landscape.

The performance of SMEs is greatly influenced by budgetary control. Effective budgetary practices, which include planning, monitoring, and evaluation, are crucial to enhancing operational efficiency and strategic decision-making in these enterprises. Kawamorita et al. (2020) and Kuratko and Hodgetts (2004) note that SMEs contribute directly to the nation's GDP and employment creation, with their performance closely linked to their financial management and resource allocation. Implementing stringent budgetary controls allows SMEs to navigate challenges such as limited resources and political instability effectively, leading to improved performance outcomes. This underscores the importance of budgetary control as a strategic tool integral to the holistic growth and sustainability of SMEs in Somalia.

The role of budgetary control in SMEs encompasses comprehensive planning, continuous monitoring, and thorough evaluation. Efficient budget planning is aligned with strategic objectives and fosters resource optimisation (Gavrea et al., 2011). Regular monitoring is essential in adapting to dynamic market conditions like digitisation surges from the effects post-COVID-19 (Kawamorita et al., 2020). Furthermore, Hancock (2009) stresses the importance of evaluation processes to ensure the alignment of budget execution with organisational goals.

This study is situated within the context of budgetary theory, as articulated by Hirst (1987) and Shields and Young (1993), highlighting the crucial role of effective budget control in forecasting and managing future risks and opportunities. This theory emphasises the importance of budgetary control in organisations' strategic planning and performance evaluation, particularly relevant to SMEs in Somalia. In alignment with the study's objective to

assess the effects of budget planning, monitoring, and evaluation on these SMEs, the following hypotheses are proposed to explore the impact of these budgetary control aspects on organisational performance in the region.

H1: Effective budget planning significantly enhances the organisational performance of SMEs in Somalia.

Effective budget planning is hypothesised to enhance SMEs' organisational performance in Somalia significantly. This hypothesis aligns with the budgetary theory, which posits that efficient budget control is central to managing future risks and opportunities (Hirst, 1987). Strategic budget planning acts as a critical tool for SMEs, particularly in resource-scarce environments like Somalia, enabling them to allocate resources effectively, forecast financial needs, and set realistic operational goals. This planning process, underpinned by budgetary theory, is crucial for SMEs to navigate financial constraints and infrastructural challenges, leading to improved organisational performance and growth (Kawamorita et al., 2020).

H2: Rigorous budget monitoring positively influences the performance of SMEs in Somalia.

Rigorous budget monitoring is believed to positively influence SMEs' performance in Somalia. Consistent with the principles of budgetary theory, this hypothesis emphasises the importance of ongoing oversight and adaptation in budget management (Shields & Young, 1993). Effective monitoring in Somalia's dynamic market allows SMEs to stay aligned with their financial strategies, react swiftly to any fiscal discrepancies, and adjust their operations accordingly. This ongoing vigilance ensures that SMEs can sustain their operations and respond to market and operational changes, thereby enhancing their overall performance (Kuratko & Hodgetts, 2004).

H3: Systematic budget evaluation is crucial for the improved performance of SMEs in Somalia.

The third hypothesis asserts that systematic budget evaluation is crucial for improving the performance of SMEs in Somalia. According to Hirst (1987), the budgetary theory underscores the criticality of evaluating budget outcomes, asserting that such assessments are indispensable for organisational success by enabling informed decision-making and strategic financial adjustments. Through comprehensive evaluation, SMEs can assess the effectiveness of their budgeting practices, understand their financial management's impact on the organisation, and make informed decisions for future financial strategies. This process is essential for SMEs in Somalia, where economic and operational challenges are prevalent, as it

enables them to learn from past experiences, optimise their financial strategies, and adapt to changing conditions, thereby enhancing their performance and sustainability (Hassan, 2020).

In summary, existing literature provides a fundamental insight into the role and challenges of SMEs in Somalia, particularly emphasising the crucial role of budgetary control in boosting their performance. This body of work, with its focus on the aspects of budget planning, monitoring, and evaluation, offers a thorough analysis of the impact of budgetary control on the operational success of these SMEs. To effectively pursue the goals of this research, a clear and structured methodology is paramount. This approach will form the basis for a detailed empirical study tailored to meet the specific objectives of this research.

DATA AND METHODOLOGY

This study adopted a quantitative research design, following the framework outlined by Gay, Mills, & Airasian (2009), to analyse numerical data and elucidate the impact of budgetary control on organisational performance in SMEs. This approach allows for examining current situations and establishing relationships between variables, facilitating exploring potential causal connections.

The study's research population comprises approximately 6,000 SMEs across Somalia, representing diverse sizes and sectors. The sample size, determined to be 375 based on the Slovene formula, focuses on SMEs in Mogadishu, selected for its high density of SMEs. The sampling method employed is probability sampling, specifically simple random sampling, as Oso & Onen (2008) advocated, ensuring equal population representation.

Data collection is executed via structured online questionnaires, chosen for efficiency and cost-effectiveness, in line with Munn and Drever (2004). These questionnaires, adapted from previous studies, are tailored to suit the specific context of this research, enabling a more accurate capture of relevant data.

Variable measurement in this study is conducted using central tendency and dispersion measures to describe the study's observations quantitatively. The key variables include budget planning, monitoring, and evaluation, in addition to the dependent variable of organisational performance. These variables are analysed using the Statistical Package for Social Scientists (SPSS) Version 29.0, focusing on descriptive statistical techniques.

Related research (Matsoso, Nyathi & Nakpodia, 2021) also depends on these people because they are involved in setting budgets for their organisations. The authors use a random sampling method to find people to conduct interviews. The Yamane formula was used to

determine how many people would be needed for this study. The Yamane formula can be derived as follows:

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

Where

N = total population size, n = adjusted sample size, and e = margin of error, which is typically expressed as a decimal with four decimal places.

When working with a finite population and the size of the population is known, it is appropriate to work with a sample size of approximately 375 as the corrected sample size, which is the result that the formula above yielded. The computed value of n was utilised as the jumping-off point for the process of data collection.

Closed-ended questions in the data collection questionnaire ensured objectivity. The research objectives influenced the questionnaire items (Dunk, 2011). The questionnaire, which was supplemented by a literature review, concentrated on budgetary control system practices, impact, and preparers' and users' perceptions (i.e., CEO, managers). The budget frequency instrument is developed, which includes yearly, half-yearly, quarterly, monthly, and weekly options on a five-point Likert scale. Dunk (2011) and Ali (2022) proposed pre-testing the questionnaire with management accounting academics and small and medium-sized enterprises (SMEs) (2012). the SPSS reliability test would yield a CAC output that reveals the instruments' reliability. According to Reynaldo (1999), a research instrument is reliable within the range of 0.7- 1.0. Validity and reliability were indispensable for this research to be accurate 0.910 (91%)

RESULTS AND DISCUSSION

The internal consistency and reliability of the scales used in this study were evaluated before the data were analysed (Dunk, 2011).

The demographic profile of the respondents is summarised in Table 1 below. It provides a detailed breakdown of the respondents' characteristics, including gender, age, marital status, education level, work experience, occupation, and the size of the organisations they represent. The diverse demographic data showcases a comprehensive perspective on the SME sector in Somalia and contributes to the depth of the study's findings.

Table 1: Respondent Profile

Respondents' Profile							
Item		Fre.	%	Item	Fre.	%	
Gender	Male	246	65.6	Level of experience	Less than 5 years	184	49.1
	Female	128	34.1		5 – 10 years	120	32
Age	Below 25	86	22.9		11 -20 years	57	15.2
	26 – 35	127	33.9		Above 20 years	14	3.7
	36 - 45	94	25.1	Position	Staff	297	79.2
Marital status	Single	175	46.7		Manager	53	14.1
	Married	169	45.1		Senior manager	21	5.6
	Divorced	31	8.3	Number of staff	Less than 50	191	50.9
Level of education	High school	88	23.5		50 - 150	123	32.8
	Bachelor degree	159	42.4		151 – 250	47	12.5
	Master degree	87	23.2		Above 250	14	3.7
	PHD	41	10.9				

Source: Primary data 2023.

The Cronbach's Alpha values for the key variables in the study are presented in Table 2 below. The result indicates that all variables have good to very good internal consistency, as reflected by their Cronbach's Alpha values. The 'Organisational Performance' variable scores the highest, with a value of 0.812, falling into the 'Very Good' category. The other variables, 'Budget Planning', 'Budget Monitoring', and 'Budget Evaluation', all demonstrate 'Good and Acceptable' reliability, with values above 0.774. This result affirms the reliability and consistency of the research instruments used in the study.

Table 2: Reliability Analysis

Variables	No of items	Cronbach's alpha	Status
Budget planning	5	0.774	Good and acceptable
Budget monitoring	5	0.787	Good and acceptable
Budget evaluation	5	0.785	Good and acceptable
Organisational performance	5	0.812	Very good

Source: Primary data 2023.

Table 3 below presents the mean and standard deviation (SD) for each key variable in the study. In this study, mean values ranging from 3.75 to 3.84 are interpreted as "Very Good," based on a typical Likert scale ranging from 1 to 5, where 1 indicates "Strongly Disagree" or very poor performance, and 5 denotes "Strongly Agree" or excellent performance. Values within this range suggest a positive respondent perception or satisfactory performance, though not the highest possible. Such scores indicate a generally favourable view towards the measured

aspects. Yet, they also hint at potential areas for improvement, as they do not reach the uppermost end of the scale.

Table 3: The Mean and Standard Deviation for the Variables

Variable	Mean	SD	Interpretation
Budget Planning	3.840	0.8600	Very Good
Budget Monitoring	3.796	0.8876	Very Good
Budget Evaluation	3.778	0.9164	Very Good
Organisational Performance	3.750	0.9500	Very Good

Source: Primary data 2023.

Table 4 illustrates the relationship between the key budget planning, monitoring, and evaluation variables, their impact on organisational performance, and the hypothesis testing results.

Table 4: The Relationship Between the Key Variables And Their Impact On Organisational Performance

Hypothesis	Pearson Correlation	P-Value	Status
H1: Budget Planning and Organizational Performance	0.692	0.01	Supported
H2: Budget Monitoring and Organisational Performance	0.699	0.01	Supported
H3: Budget Evaluation and Organisational Performance	0.720	0.01	Supported

Source: Primary data 2023.

The study's findings reveal significant relationships between various aspects of budgetary control and organisational performance in SMEs. For Hypothesis 1, a Pearson correlation of 0.692 with a P-value of 0.01 demonstrates a significant positive impact of budget planning on organisational performance. Hypothesis 2 is supported by a Pearson correlation of 0.699 and a P-value of 0.01, indicating that effective budget monitoring positively influences organisational performance. The strongest support is observed for Hypothesis 3, where a Pearson correlation of 0.720 and a P-value of 0.01 suggest that systematic budget evaluation plays a crucial role in enhancing organisational performance. These findings collectively underscore the importance of comprehensive budgetary control practices in improving the performance of SMEs.

Discussion and Conclusion

The study embarked on a comprehensive exploration of budgetary control's effects on SMEs' performance in Somalia. The primary objective was to assess how different facets of budgetary control, specifically budget planning, monitoring, and evaluation, impact these enterprises' operational effectiveness. This objective stemmed from an understanding that

SMEs are pivotal to Somalia's economic growth. Yet, they face unique challenges that necessitate effective budget management.

The first hypothesis posited that effective budget planning significantly enhances organisational performance. The study's findings supported this hypothesis, revealing a positive correlation (Pearson correlation of 0.692, P-value of 0.01) between budget planning and improved organisational performance. This suggests that SMEs engaging in thorough and strategic budget planning will likely achieve better operational outcomes. The implication here is profound: SMEs can align resources more effectively with their strategic goals by prioritising and refining budget planning processes, leading to improved efficiency and growth.

Similarly, the second hypothesis centred on the impact of budget monitoring on organisational performance. The results (Pearson correlation of 0.699, P-value of 0.01) supported the hypothesis, indicating that rigorous budget monitoring positively correlates with enhanced organisational performance. This finding underscores the importance of regular and meticulous budget oversight. For SMEs, continuously tracking budget execution against planned figures can lead to more disciplined financial management, enabling them to make timely adjustments that foster operational success.

Finally, the third hypothesis explored the role of budget evaluation in organisational performance, which was strongly supported by the highest correlation in the study (Pearson correlation of 0.720, P-value of 0.01). This indicates that systematic evaluation of budgetary practices is crucial for enhancing organisational performance. The implication for SMEs is clear: Beyond setting and monitoring budgets, regularly assessing the effectiveness of these budgets against actual performance can provide critical insights for future financial planning and strategy formulation. This approach can significantly contribute to SMEs' continuous improvement and sustainability in a competitive business environment.

CONCLUSION

This research looks at how strict financial regulations have affected small and medium-sized factories in Somalia. The results of this study shed light on the contrasting viewpoints found in the academic literature. Many studies have found that a lack of strong institutional environments is to blame for the poor performance of SMEs in developing economies. There has been a lot of talk about incompetent management and a lack of funding, and the results of this study add to that. The results show that budgets for Somalia SMEs are regularly reviewed and updated throughout the year. Small and medium-sized enterprises (SMEs) rarely use a single

method due to a lack of data indicating a universally accepted budget creation and revision timeline. This suggests that various company characteristics, such as size, operational scale, and employee count, influence how funds are allocated.

According to Ali (2022) and Dunk (2011), the frequency of budget reviews is determined by the business's goals and external factors. Dunk (2011), on the other hand, discovered that many companies review their budgets monthly. The findings underscore the need for SMEs, particularly in challenging environments like Somalia, to embrace robust budgetary control practices as critical components of their business strategy. Dunk (2011) suggests monthly budget reviews to identify and correct budgeting issues. More frequent budget reviews can improve an organisation's adaptability and responsiveness to business developments, especially in an unpredictable business environment. However, for small and medium-sized businesses (SMEs), which frequently have limited financial resources, increasing the frequency of budget reviews may hurt the company's finances (Faqih, 2021; Tegene & Ram, 2021).

This study provides compelling evidence of budgetary control's significant impact on SMEs' performance in Somalia. The research demonstrates that effective budget planning, diligent monitoring, and systematic evaluation are not just routine financial exercises but crucial drivers of organisational success. These aspects of budgetary control work in concert to enhance operational efficiency, financial discipline, and strategic decision-making within SMEs. This approach is vital for surviving in a competitive market, thriving, and achieving sustainable growth. Therefore, SMEs and policymakers should consider these insights in their efforts to bolster the SME sector, recognising the pivotal role of budgetary control in fostering economic development and stability.

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