



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## Analysing The Relationship Between Operational Budget And Profitability At Thunder Sports Coimbatore

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### Abstract:

Effective financial management is critical to a company's expansion and success. This study focuses on how budgeting affects profit at Thunder Sports Coimbatore, a sportswear and equipment company. The goal is to understand if proper budget planning helps improve earnings. The research looks at how money is divided among different areas like production, marketing, finance and E-commerce. Data was collected through employee surveys, and interviews with key decision-makers. Various methods, including statistical analysis, were used to see if budgeting has a direct impact on profit. Findings show that while budgeting is essential, not all spending leads to higher profits. Investments in finance and production have a strong positive impact, whereas spending on marketing and e-commerce does not show immediate benefits. Employees across different departments had a similar view on budget effectiveness, suggesting the need for a more structured financial plan. This study provides useful insights for businesses looking to improve their financial management. By focusing on better planning, proper resource allocation, and smarter investment strategies, companies can increase profitability and ensure long term success.

### KEYWORDS:

Budget Planning, Revenue Optimization, Profit Impact, Business Growth, Strategic Investment, Expense Allocation, Operational Efficiency.

## 1. INTRODUCTION

Sports equipment production, clothing, footwear, fitness equipment, and professional sports management are just a few of the many sectors that make up the quickly expanding global sports industry. Growing consumer interest in fitness, an increase in sports participation, and technological developments in sports gear are its main drivers. The industry makes a substantial contribution to both national and international economies and is essential in advancing entertainment, health, and economic growth. In today's competitive corporate world, efficient financial management is critical to deciding an organization's success. Budgeting is a fundamental component of financial management that aids companies in efficiently allocating resources to optimise profitability. At Thunder Sports Coimbatore, a major participant in the sportswear and equipment sector, the purpose of this study is to examine the connection between profitability and operating budget. The study will analyse financial reports, budgetary allocations, and profitability patterns over a certain time period using both qualitative and quantitative methodologies. In order to comprehend their budgeting methods and difficulties, it will also involve conversations with the company's major financial decision-makers.

### STATEMENT OF THE PROBLEM

Managing finances efficiently is immensely important for the firm, and this holds true for sports retail and equipment industries as well. Just a few steps away, the flourishing Thunder Sports Coimbatore, among the leaders in this section, must reconcile profitability with operational spending. An operational budget helps to streamline the effectively distribution of resources, control over expenses, and financial oversight. This study focuses on studying the relationship between operational budgeting and profitability at Thunder Sports Coimbatore.

### NEED FOR THE STUDY

- Examining the impact of the operational budget allocation on different business areas including production, marketing, and finance.
- Determining the financial risks connected to either over- or under-budgeting in important operational sectors.
- To minimise losses and improve income production, financial resources must be distributed as efficiently as possible.

### OBJECTIVE

1. To Examine the relationship in between the Budget & the profit Sport Brand.
2. To determine which essential elements of the operating budget most significantly impact profitability.

## LIMITATIONS OF THE STUDY

- Short-term analysis is less definitive since the relationship between budget allocation and profitability may not be evident right away.
- Limited scope Because Thunder Sports Coimbatore is the study's primary focus, it is challenging to extrapolate the results to other sports organisations or sectors.

## 2. LITERATURE REVIEW

Anthony, R. N., & Govindarajan, V. (2019) – Budgetary Control and Profitability in Sports: This research concluded that firms with structured budgetary controls and regular financial reviews tend to outperform competitors. The study highlights the importance of variance analysis in identifying inefficiencies. Davis, T., & Henderson, J. (2020) – Profitability Trends in Sports Businesses: Their research analysed financial data from sports organizations and concluded that cost structure and operational efficiency determine overall profitability. They found that businesses with lean operational costs tend to achieve higher return on assets (ROA) and operating margins. Elkington, J. (2019) – Sustainable Budgeting Practices in Sports Organizations: Businesses that incorporate sustainability measures (such as green stadiums and eco-friendly operations) often benefit from government incentives and lower operational costs. Kaplan, R. S., & Norton, D. P. (2021) – Activity-Based Costing in Sports Management: Activity-based costing helps in accurately tracking costs associated with different operations. Kaplan and Norton argue that this method reduces indirect costs and improves decision-making regarding pricing strategies. Porter, M. E. (2019) – The Role of Digital Transformation in Sports Finance: Digital tools such as AI-driven financial planning, real-time analytics, and automated budgeting software help companies reduce operational costs and improve decision-making. Smith, A., & Stewart, B. (2019) – Financial Planning in the Sports Industry: This study found that sports businesses that implement financial planning strategies can better withstand market fluctuations. Revenue forecasting helps companies adjust their budgets dynamically based on ticket sales, sponsorships, and merchandising.

## METHODOLOGY

The study examines the relationship between operational budgeting and profitability at Thunder Sports Coimbatore using a structured research approach. It follows a descriptive research design to provide an overview of budget allocation and profitability, a correlational approach to identify statistical relationships, and a causal-comparative method to assess whether specific budget changes impact profitability. The research considers operational budget as the independent variable and profitability as the dependent variable, while market conditions and company size serve as control variables. The study targets 51 employees from finance, HR, marketing, and e-commerce departments. Data is collected from both primary and secondary sources, including surveys, interviews and industry publications. To analyse the data, statistical techniques such as correlation analysis, regression analysis, ANOVA, and chi-square

tests are applied to evaluate the impact of budget allocation on profitability. While the study provides valuable insights, it is limited to Thunder Sports Coimbatore.

#### 4. DATA ANALYSIS AND INTREPRETATION

##### TABLE SHOWING THE YEAR OF EXPERIENCE IN THE INDUSTRY.

Frequency Range	Frequency	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
1-3	22	43.1	43.1	43.1
4-6	17	33.3	33.3	76.5
7-9	8	15.7	15.7	92.2
10 & above	4	7.8	7.8	100.0
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>100.0</b>	

##### INTREPRETATION:

The data shows that most respondents (43.1%) have 1 to 3 years of experience, indicating a predominantly early-career workforce. About 33.3% have 4 to 6 years of experience, suggesting a growing group with moderate expertise. Only 15.7% have 7 to 9 years, and 7.8% have 10+ years, highlighting a smaller number of senior professionals.

##### RELATIONSHIP BETWEEN BUDGET TRACKING VS. SPENDING EFFECTIVENESS

Hypothesis

**Null Hypothesis (H<sub>0</sub>):** There is no significant correlation between tracking budget utilization and knowing if money is being spent in the right way.

**Alternative Hypothesis (H<sub>1</sub>):** There is a significant correlation between tracking budget utilization and knowing if money is being spent in the right way.

##### RELATIONSHIP BETWEEN BUDGET TRACKING VS. SPENDING EFFECTIVENESS

		Budget tracking	Spending effectiveness
<b>Budget tracking</b>	Pearson Correlation	1	.085
	Sig. (2-tailed)		.555
	N	51	51
<b>Spending effectiveness</b>	Pearson Correlation	.085	1
	Sig. (2-tailed)	.555	
	N	51	51

**INTREPRETATION:**

The Pearson Correlation coefficient is 0.085, indicating a very weak positive correlation between the two variables, Since the p-value (0.555) is greater than 0.05, we fail to reject the null hypothesis. This means there is no significant correlation between the two variables, implying that tracking budget utilization does not strongly influence how companies assess whether money is being spent correctly.

**RELATIONSHIP BETWEEN FUND ALLOCATION IN FINANCE ON OPERATIONAL EFFICIENCY**

Hypothesis:

**Null Hypothesis (H0):** There is no significant relationship between the allocation of funds to finance and the effectiveness of the operational budget in meeting profitability targets.

**Alternative Hypothesis (H1):** There is a significant relationship between the allocation of funds to finance and the effectiveness of the operational budget in meeting profitability targets.

**TABLE SHOWING THE REGRESSION BETWEEN FUND ALLOCATION IN FINANCE ON OPERATIONAL EFFICIENCY**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.079	1	1.079	4.623	0.037
Residual	11.431	49	0.233	-	-
<b>Total</b>	<b>12.510</b>	<b>50</b>	-	-	-

**INTREPRETATION:**

The p-value is 0.037, which is less than 0.05. This indicates that the allocation of funds to finance has a statistically significant relationship with the effectiveness of the operational budget in meeting profitability targets. Reject the null hypothesis. This means there is a significant relationship between finance fund allocation and the effectiveness of the operational budget in meeting profitability targets.

**OPERATIONAL BUDGET EFFECTIVENESS WITH VARIOUS DEPARTMENT**

Hypothesis

**Null Hypothesis (H0):** There is no significant difference in the effectiveness of the operational budget in meeting profitability targets among different departments

**Alternative Hypothesis (H1):** There is a significant difference in the effectiveness of the operational budget in meeting profitability targets among different department

## TABLE SHOWING THE OPERATI BUDGET EFFECTIVENESS WITH VARIOUS DEPARTMENT.

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.092	3	0.031	0.116	0.950
Within Groups	12.418	47	0.264	-	-
<b>Total</b>	<b>12.510</b>	<b>50</b>	-	-	-

### INTREPRETATION:

The p-value (Sig.) is 0.950, which is significantly greater than the standard significance level of 0.05. This indicates that there is no statistically significant difference in the effectiveness of the operational budget in meeting profitability targets across different department. Since the p-value (0.950) is much greater than 0.05, we fail to reject the null hypothesis. This means that differences in operational budget effectiveness across groups are not statistically significant.

## RELATIONSHIP BETWEEN ANNUAL REVENUE RANGE AND TRACKING BUDGET UTILIZATION

Hypothesis:

**Null Hypothesis (H0):** There is no significant relationship between annual revenue range and tracking budget utilization.

**Alternative Hypothesis (H1):** There is a significant relationship between annual revenue range and tracking budget utilization.

### 4.5.1 Table showing the relationship between annual revenue range and tracking budget utilization

Variables	Value	DF	Asymptotic Significance (2-Sided)
Pearson Chi-Square	6.354	9	0.704
Likelihood Ratio	6.449	9	0.694
Linear-by-Linear Association	0.596	1	0.440
<b>N of Valid Cases</b>	<b>51</b>	-	-

## INTREPRETATION:

The Pearson Chi-Square ( $p = 0.704$ ) and Likelihood Ratio ( $p = 0.694$ ) tests show no significant link between annual revenue and budget tracking at  $\alpha = 0.05$ . Since  $p$ -values exceed 0.05, we fail to reject  $H_0$ , confirming no relationship. The Linear-by-Linear Association ( $p = 0.440$ ) supports this, indicating budget tracking decisions do not vary by revenue range.

## 5. FINDINGS, SUGGESTION AND CONCLUSION

### FINDINGS

- The majority of respondents (43.1%) have 1-3 years of experience, with a decreasing number in higher experience brackets. This suggests a workforce with more junior employees.
- A weak positive correlation indicates no significant relationship. Budget tracking does not directly impact spending effectiveness.
- Fund allocations to Finance significantly impact the effectiveness of the operational budget in achieving profitability targets.
- Budget Effectiveness Across Departments have No significant difference meaning all departments perceive budget effectiveness similarly.
- Chi-Square - Revenue range vs. tracking budget utilization, no significant relationship, meaning revenue range does not dictate tracking budget utilization.

### SUGGESTION

- Implement training programs and mentorship initiatives to support skill development and career growth for the predominantly junior workforce.
- Refine budget tracking methods and integrate data-driven financial analysis to enhance spending effectiveness.
- Prioritize financial planning and strategic investment, as Finance significantly impacts budget effectiveness and profitability.
- Develop a standardized budgeting framework with department-specific refinements to improve overall efficiency.
- Assess whether budgeting methods align with growth strategies, as revenue levels do not influence budget tracking behaviour.

## CONCLUSION

The study highlights the importance of effective budgeting in financial management, with Finance playing a crucial role in profitability. While budget tracking does not directly impact spending effectiveness, refining tracking methods can improve decision-making. A standardized budgeting framework can enhance efficiency, as all departments perceive budget effectiveness similarly. The findings also emphasize the need for training programs to support the predominantly junior workforce. Lastly, since revenue levels do not influence budget tracking behaviour, businesses should align their budgeting strategies with long-term growth objectives.

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