



# JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)

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## BUDGETARY CONTROL AND ORGANIZATIONAL PERFORMANCE

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### ABSTRACT

The purpose of this research paper was to know more about budgetary control and organizational performance. This study also shows the performance measure on the organization and enlightens different factors which affect budgetary control. Data was collected by the help of structured questionnaire which was circulated through online platform. Analysis of data was done by using frequency percentage and chi-square. After the study we can say that budgets and budgetary control are those elements which can influence the performance of an organisation or we can say that budgets directly reciprocal to the budgetary control. Basically Budgets and Budgetary controls give the proper structural support to every organisation and help them to maximise their performance. Budgetary control and Budgets also help organisation to control their costs or manage their resources.

### INTRODUCTION

There are several uncertainties prevailing in Indian business environment today, managers and stakeholders must be self-possessed and draw up to participate positively under these swiftly shifting conditions. In order to get through these environmental entanglements stakeholders and managers of both public and private sectors need keen instrument, demonstrated management techniques to predict the crucial changes which are possible to affect the organization's business while they select future rules and regulations needed to attain designated goals.

As we all know Budgetary Control is a technique through which actual results are compared with budgets. Any variables are made the authority of individuals who can either exercise control action or revise the original budgets. The most important feature of Budgeting and Budgetary Control is it helps to compels management to think about the future, it clearly defines the areas of responsibility. Budgetary control enhances improved performance of any economy in different ways. It helps administration to make careful analysis of all existing

operations. By the help of Budgeting and control we can find how organisation establishes their principal policies and plans.

However, the main hindrance is when managers unable to recognize the exact problem and unable to fix it, this leads to unsuccessful implementation of budgeting and control. Some organization creates an obstacle for the successful implementation of budgeting and control. By avoiding long-term planning and budgeting organization's can create more severe problems for themselves, Some organizations does not consider their past expenses and present situations also these point can hamper their organization's budget and budgetary control system. The aforementioned reflects on the demand for organizations to erect a formal method for scrutinize its environment for opportunities and give intimations of future hindrance, this plan will upgrade the system of budgeting and control, evolve in an appropriate assumption of better performance.

## RESEARCH OBJECTIVES

The objectives of this research are:-

- ▶ To analyze the relationship between Budgetary Control and Organizational Performance.
- ▶ To analyze the hindrance related with Budgets and Budgetary Control in an Organization.
- ▶ To find out the methods of Budgetary Control Measures to improve the performance of an Organization.

## RESEARCH HYOTHESES

In order to find out the more information on introductory inspection on organizational performance and budgetary control, three hypotheses stated are:-

H0:- There is no relationship between organization performance and budgetary control.

H1:- There are no hindrance related with budget and budgetary control.

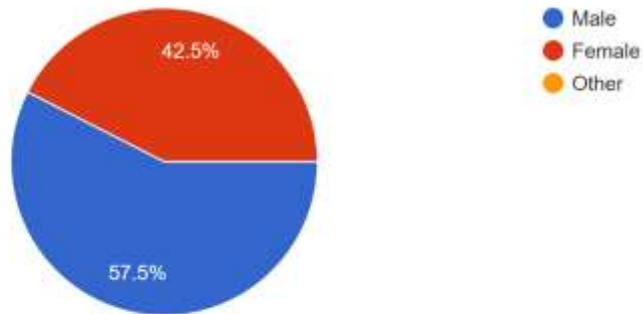
H2:- Budget and Budgetary Control can not improve organization performance.

## DATA ANALYSIS

### Demographic Information of the Respondents

#### Gender

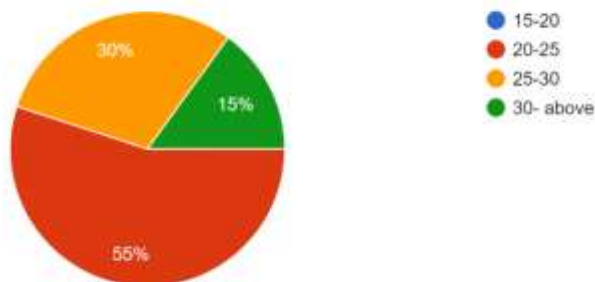
40 responses



Out of 40 respondents which include Associates, Executives and HOD's of different organization 57.5% are male and 42.5% are female in this research.

#### Age Group

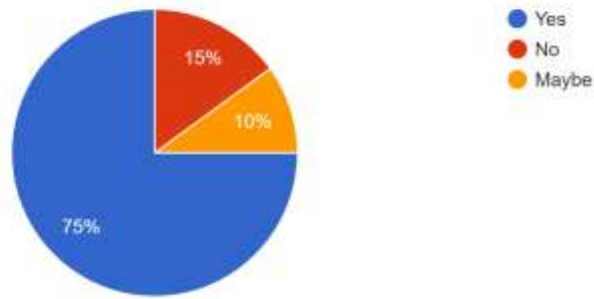
40 responses



From the above pie chart we can see that most of the respondents are from 20-25 age group i.e 55%, 30% of respondents are from 25-30 age group and 15% of respondents from 30-above age group.

Does your organization prepare budgets?

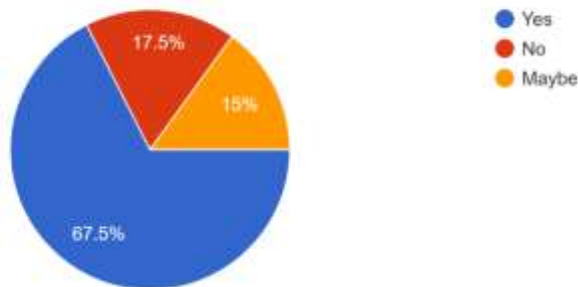
40 responses



According to the survey, 75% of respondents say yes their organization prepare budgets. 15% choose no and 10% say maybe. This is our main question because in some organizations employees did not know that their organization prepares budget.

Do you have Budgetary Control Systems in your organization?

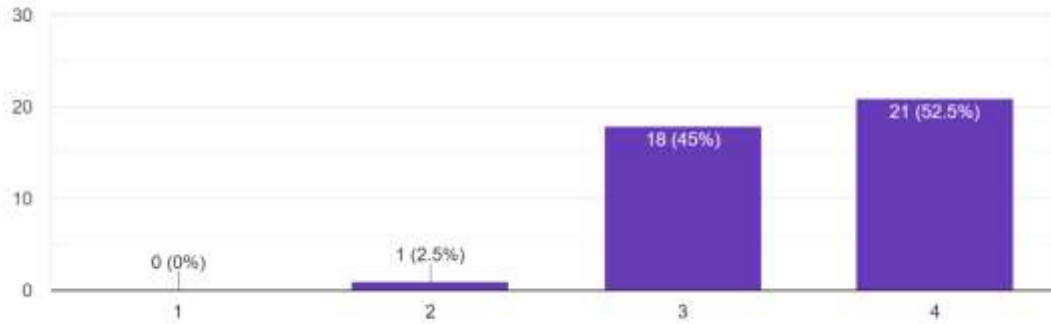
40 responses



According the pie chart, 67.5% of respondents agree that they have budgetary control systems in their organization, 17.5% choose no option and 15% say maybe. From the data we can say that, employees know what budgetary control is and how it is useful for the organization.

What do you think is there relationship between Budgetary Control and Organizational Performance ?

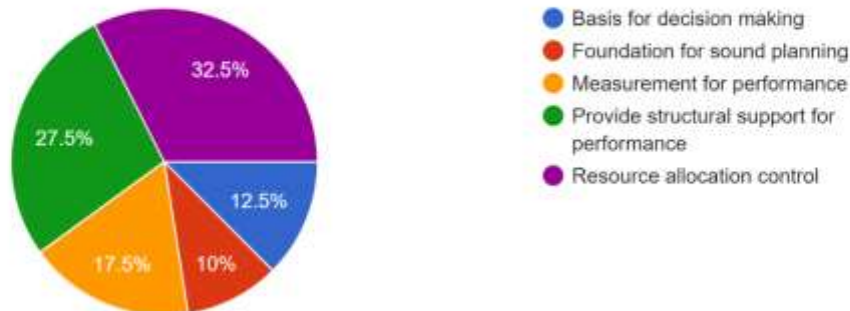
40 responses



I wanted to know the opinion of employees on the relationship of budgetary control and organizational performance; from above bar graph we can see 52.5% of respondents strongly agree that there is some relationship between budgetary control and organizational performance. 45% of respondents agree that yes there is relationship between budgetary control and organizational performance and only 2.5% of respondents disagree with this statement.

What relationship exist between Budgetary Control and Organizational Performance?

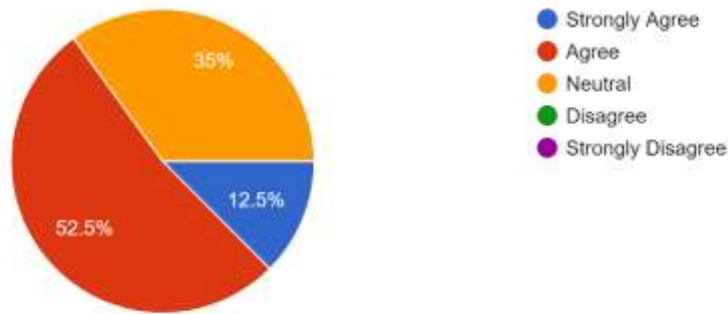
40 responses



According to the survey, 32.5% of employees think that resource allocation control is easily done by using budgetary control in an organization, 27.5% of employees say budgetary control provide structural support for performance of an organization, 17.5% of employees think budgetary controls helps in measurement for performance of organization, 12.5% of employees say budgetary control helps to find out the basis for decision making and only 10% of employees says it helps in foundation for sound planning.

Are there challenges facing your Budgetary Control?

40 responses

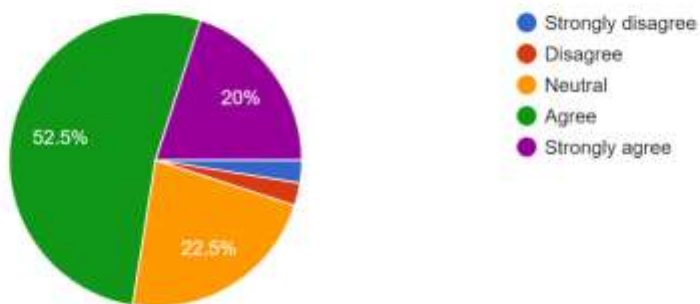


From the above pie chart, 52.5% of respondents agreeing that they are facing challenges in their budgetary control, 35% of respondents are neutral about this statement and 12.5% of respondents strongly agree with this statement.

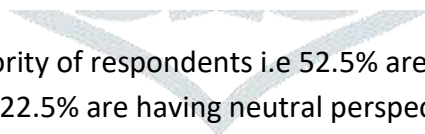


Can Budgetary Control improves Organizational Performance?

40 responses

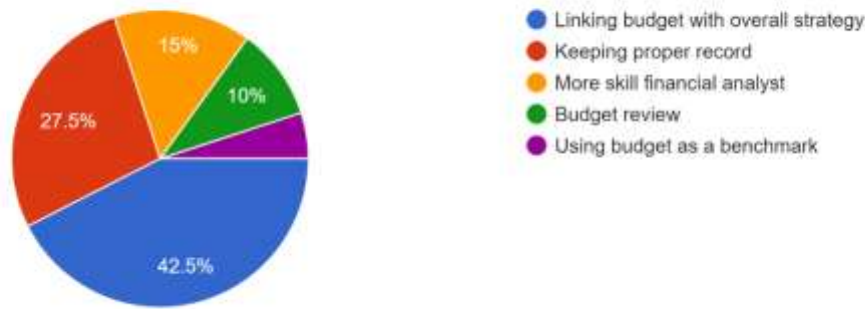


According to the survey research, Majority of respondents i.e 52.5% are agreeing that budgetary control improves organizational performance, 22.5% are having neutral perspective about this statement and 20% of respondents strongly agreeing with this statement.



How performance can be improved through Budgets and Budgetary Controls?

40 responses



I want to know people's opinion upon what they think, how performance can be improved through budgets and budgetary controls, from the pie chart we can see that 42.5% of respondents chooses linking budget with overall strategy option, i.e, they think budgets and budgetary control improve the performance of an organization by linking the budgets with overall strategy of a business, 27.5% of respondents chooses keeping proper record, i.e, employees think performance can be improved by keeping proper record of everything, 15% chooses more skill financial analyst and 10% of respondents chooses budget review, i.e, they think organizations performance can be improved through budget reviews.

## TESTING OF HYPOTHESES

### HYPOTHESES 1

H0:- There is no relationship between organization performance and budgetary control.

$$X^2 = \frac{\sum (F_o - F_e)^2}{F_e}$$

Level of Significance = 0.05

Degree of Freedom = (m-1) x (n-1)

Where M= number of rows

N = number of columns

Degree of Freedom = 3

Level of Confidence = 70%

F <sub>o</sub>	F <sub>e</sub>	F <sub>o</sub> -F <sub>e</sub>	(F <sub>o</sub> -F <sub>e</sub> ) <sup>2</sup>	(F <sub>o</sub> -F <sub>e</sub> ) <sup>2</sup> /F <sub>e</sub>
13	8	5	25	3.125
11	8	3	9	1.125
7	8	-1	1	0.125
4	8	-4	16	2
5	8	-3	9	1.125
40	40			7.5

From the above table, we get the calculated value as 7.5 which is greater than table value 7.185. We can reject the null hypotheses i.e. no significant relationship between organizational performance and budgetary control and accept the second hypotheses i.e. there is significant relationship between organizational performance and budgetary control.

## HYPOTHESES 2

H1:- There are no hindrance related with budget and budgetary control.

Fo	Fe	Fo-Fe	(Fo-Fe) <sup>2</sup>	(Fo-Fe) <sup>2</sup> /Fe
10	8	2	4	0.5
5	8	-3	9	1.125
20	8	12	144	18
4	8	-4	16	2
1	8	-7	49	6.125
40	40			27.75

From the above table, we get the calculated value as 27.75 which is greater than table value 7.185.

We can reject the null hypotheses, i.e. there are no hindrance related with budget and budgetary control in the organization and accept the second hypotheses, i.e, there are hindrance related with budget and budgetary control.

## HYPOTHESES 3

H2:- Budget and Budgetary Control can not improve organization performance.

Fo	Fe	Fo-Fe	(Fo-Fe) <sup>2</sup>	(Fo-Fe) <sup>2</sup> /Fe
17	8	9	81	10.125
11	8	3	9	1.125
6	8	-2	4	0.5
4	8	-4	16	2
2	8	-6	12	1.5
40				15.25

From the above table, we get the calculated value as 15.25 which is greater than table value 7.185. We can reject the null hypotheses i.e., Budget and Budgetary control can not improve organization performance and accept the second hypotheses, i.e., Budget and Budgetary Control can improve organization performance.



## SUMMARY OF HYPOTHESES

We have three objective of this research paper. Based on those objectives we have created three hypotheses. The first objective is to analyze the relationship between Budgetary Control and Organizational Performance. Findings say that Budget and Budgetary Control have very significant relationship organization's performance, because budget and budgetary control provides the structural planning of any business.

From the above Chi-Square Test also we can find that there is significant relationship between budgetary control and organizational performance. It provides a better and structural support for performance. If budgetary control systems are not properly used, organization can face problem in perfect utilization of resources and can choose unprofitable path also.

The second objective of this research is to analyze the hindrance related with Budgets and Budgetary Control in an Organization. So, from the testing hypotheses we get to know that the main hindrance faced by the employees of an organization is the managers can't understand properly the system of budgetary control. Other problems are overestimation of cost, no proper financial documents and etc. If these problems continue, organization can face many other problems like loss in the long run.

The third objective is to find out the methods of Budgetary Control Measures to improve the performance of an Organization. The hypotheses 3 finding says that management can improve the performance of an organization by using some of the methods of budgetary control measures and by the analysis we find it correct also. Managers have to keep proper record of everything, estimate the cost on regular basis, utilize resources properly, etc. All of these solutions will help the organization in long run.

## CONCLUSION

This research paper conducted introductory examination of budgetary control and performance of an organization. In this study we can see the problems which are related to the budgetary control on an organizations performance, it also examines the budgetary control system and its performance and how managers can take help of this system and improves organizations performance; this will help organization in long run. The findings are done by circulating questionnaire to 40 respondents which are working with reputed firms and from Chi-Square Analysis. Research paper shows the relevant analysis of budgetary control and organizational performance and how business will take advantage of budgetary control system to enhance their performance, utilize their resources fully and efficiently, how they will manage their cost, and many other advantages. This paper also talks about what measure or method should be used to enhance the role of budgetary control or use of budgetary control.

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