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ROLE OF BUDGET AND BUDGETARY CONTROL ON FIRM PERFORMANCE

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ABSTRACT

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***This** study assessed the effects of budgetary control on the financial performance of selected manufacturing companies in Nigeria. A descriptive research design was used in this study.The specific objectives include to* determine the effect the budgeting process (i.e. strategic goals and objectives, revenue generation, finance strategy and execution) on business firm performance, to evaluate the relationship between budgetary planning, implementation and control on business firm performance, to ascertain the challenges related with budgeting and budgetary control on business firm performance, to appraise the impact of budgetary control techniques on the working performance of employees in Guaranty trust Bank Plc. The period covers 2018-- 2023. *171 responses selected were based on stratified sampling. Descriptive analysis was used to analyse the responses biographic data, while multiple regression was used to assess the responses. The result shows that budgetary process, budgetary planning, implementation, challenges experienced by managers during budgeting and budgetary control has a significance effect on business firm performance. The study concluded that the financial managers or their equivalent are involved in the budget setting process, the financial manager or the equivalent are sensitized on the budget control process, each department prepares a budget prior to the overall budget, all the stakeholders to the budget are involved, all departments are always involved in the budgeting process, approved budgets are shared with all departments and that, leadership and support is given to all the subordinates throughout the budget by managers.*

Keywords-- Budgeting, budgeting control, planning, organisation, budgeting process.

INTRODUCTION

Raghunandan-Mohammed (2012), ―the budgeting process includes strategic goals and objective setting, development of revenue, cost, production and cash flow forecasts by setting up the investment and financing strategy. This will aid the finance function in deciding on the choice of investments to be made and the means of financing these investment choices‖.

Budgeting pulls together choices with respect to capital budgeting, capital structure and working capital (Drake and Fabozzi 2010 cited in Raghunandan et al. 2012). The end result of the procedure is the creation of the formal report referred to as a ―budget‖ (Raghunandan et al. 2012). Every organisation, notwithstanding its size, sophistication or segment, depends strongly on budgets and budgetary controls to accomplish strategic objectives (Raghunandan et al, 2012). The achievement and significance of budgeting relates to the identification of organisational goals, sharing of responsibilities regarding achieving these goals, and hence its execution (Shah, 2007); Robinson 2007; Drake and Fabozzi 2010 cited in Raghunandan et al. 2012).

1.2. Statement of the problem.

Many business firms recognize the need to have a developed and comprehensive budgetary control system in order to minimize budget variances, costs and maximize efficiency. Budgetary control is as crucial as cash itself and any theft, waste, excessive use or stock out could lead to the business's poor performance. Various organizations have acknowledged that its performance is influenced by budgetary control systems. This is evidenced by a budgetary deficit of millions of Naira for the last half of the year of financial statements of certain organizations in Nigeria.

The primary characteristic of businesses all over the world involves setting goals to which money are connected or allocated. From these goals, specific objectives are delineated and funds are subdivided among them. Budgeting also provide information and data of past performance and thereby proceeds to allow for meaningful comparisons between 'expected' and 'actual' progress. Adjustments are at times made to the current budget or the future budget preparations cycle to close any performance gaps that may exist. In all, the budget provide a vital tool for project evaluations, for any ad hoc many measures to be taken if the need arise which is a vital tool for decision makers, more especially the management and board members of the organization.

Budgets are very essential to judiciously manage limited financial resources and equally serve as a medium of approval, regulation and assessment of expenditure. Income generating establishments; consider budgets and budgetary controls as significant components in their strategy development. Budget can therefore shape the direction of firms and thus make firms successful or fail. The failure or success of an organization hinges generally on budget preparation and powerful budgetary controls. The absence of or weak budgets and budgetary controls in most organisations characterized by managerial, financial, administrative and production constraints has led to failure of these organisations recently (Bradstreet, 2004).
It is of no doubt that one of the key performance indicators of every entity is budget and budgetary control system.

1.3 Research objectives

The general objective of the study analyzed the role of budgetary control on the companies performance. The specific objectives includes

I. To determine the effect of the budgeting process on companies performance.

II. Evaluate the relationship between budgetary planning, implementation and control on companies performance.

III. To ascertain the challenges related with budgeting and budgetary control on companies performance.

IV. Appraise the impact of budgetary control techniques on the companies performance.

1.4 Research Hypotheses

Ho1: Budgeting process does not have a positive influence on companies Performance.

Ho2: Budgetary planning, implementation and control cannot result to improvement on companies performance.

Ho3: The challenges experienced by business firm are not as a result of budgeting and budgetary control.

Ho4: Budgetary control techniques do not have an impact on the companies performance

1.5 Scope of the study

This study examines Budgetary control and its resulting role on the companies performance. The study adopts a descriptive questionnaire-based survey in collecting the primary data to statistically measure and analyse the current detailed status of budgetary control and its effect on business.

Secondary data involving textbooks, journals on management, management reviews, magazines, relevant articles on budgetary control, dissertations, and internet base materials were used to capture the relevant information's on budgetary control and business performance. The study covered between 2018-- 2023.

LITERATURE REVIEW

2.1 Theoretical Review

Budgets were first introduced in the 1920s as a tool to manage costs and cash flows in large industrial organizations. Several theories have been argued to explain why organization adopts budgeting as a management tool.

2.2.1 Agency Theory

An agency relationship is defined as a contract under which one or more people (the principal(s)) engages another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to that agent (Jensen and Meckling, 1976). The cornerstone of agency theory is the assumption that the interest of principles and agents diverge. However, the principal can limit the divergence from his/her interest by establishing appropriate incentives for the agent, and by incurring monitoring costs designed to limit opportunistic actions by the agent. In corporate structure, management and board of directors are agents acting on behalf of firm's stakeholders. Thus managers are expected to attend to those stakeholders having the power to reward and/or punish them (Hill and Jones, 1992). Legally, public companies are required to hold annual general meetings to provide control mechanism to the shareholders as a way of solving agency problems. This is based on the idea that shareholders are able and willing to monitor board and management. Annual general meetings are held mainly to enable shareholders make decisions thus limiting managerial power. It also provides platform of sharing information necessary for shareholders to make proposals and decision. Review and approval of firm's financial statements, discussion on dividend payments and a review and approval of the company's budget and capital expenditures are some of activities undertaken during annual general meetings (Roberta, 2010).

2.2.2 Control and Responsibility Accounting Theory

Control is a system or process consisting of comparisons between standard and actual performances, with the comparisons serving as a basis for determining the proper responses to actual operating results .If control is viewed from the stand point of its direct relationship to planning, and then it becomes complementary to planning (Simiyu, 1979). Hopwood (1976) has identified three forms of control of work in organizations; administrative controls, social controls and self-controls. Administrative controls include performance measurement systems and the budget monitoring system forms part of this. Social controls are controls that operate through staff sharing common perspectives like quality circles and team working. Self-controls are specific to individual behavior but they can be influenced by a suitable system of rewards, e.g. performance related pay. It is important to note that these forms of control are interrelated.

In a small organization, management can interact with staff on a day to day basis and social controls may predominate. However, in larger and more complex organizations senior management need to delegate decision making and responsibility. Thus, semiautonomous units may be created. There however remains the need ensure that these divisions/units are operating in accordance with organizational goals and hence a range of controls will need to be created. These controls will include the budget planning and monitoring system (Hopwood, 1976).

One core element of the management control system is responsibility accounting which involves the creation of responsibility centers which enable accountability for financial outcomes and results to be allocated to individuals throughout the organization. Top management sets forth spending guidelines. Individual/group evaluations are based on cost control and adherence with standards. For each centre the process involves setting a performance target, measuring performance, comparing performance against the target, analyzing the variances and taking action where significant variances exist between actual and target performance (Otley, 2007).

2.2.3 The Theory of Balanced Scorecard

The Balanced Scorecard translates a company's vision and strategy into a coherent set of performance measures. The four perspectives of the scorecard are financial measures, customer knowledge, internal business processes, and learning and growth. These offer a balance between short-term and long-term objectives, between outcomes desired and performance drivers of those outcomes, and between hard objective measures and softer, more subjective measures (Kaplan& Norton, 1996). The Balanced Scorecard approach starts with strategy and then identifies the inter-relationships and objectives for various stakeholders.

Core financial measures include return on investment, profitability, revenue growth and cost reduction. Core customer measures include market share, customer acquisition, customer retention, customer profitability and customer satisfaction. Core learning and growth measures include employee satisfaction, employee retention and employee productivity (Kaplan & Norton, 1996).A well designed balanced scorecard describes a firm's strategy through the objectives and measures chosen. The relationship between various measures should be explicit so that they can be monitored, managed and validated. Thus, organizations use budgets to measure financial indicators of their strategies, (Niven, 2006). Performance targets direct organizational participants toward firm strategy; provide guidance for allocating effort and induce effort toward performance goal

Conceptual review

2.5 Budgetary Monitoring and Control

According to Drury (2006) budgetary monitoring and control process is a systematic and continuous one which, is characterized by the following stages: Establishing targeted performance or level of activity for each department of the organization by way of setting targets to be achieved. Communicating details of the budgetary policy to all the stakeholders for easy appreciation of the set targets and objectives enhances ownership of the results achieved at end of the budget period. This is done by way of continuous comparison of actual performance with the budgeted performance and regular reporting of variances to the responsible officers. This helps in asserting the reasons for the differences between actual and budgeted performance and taking the suitable corrective action. Briston (1981) says that financial control and monitoring ensures efficient and cost-effective program implementation within a system of accountability. He however, notes that the existing financial control arrangements must be complemented by further

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improvements in the overall program monitoring for better budget implementation in accordance with approved work Programmes. According to Drury (2006) budgetary control is a strong tool of business that always advocate on the proper planning, effective coordination and control in order to maximize profits and competitive organizations nowadays can never avoid.

Comparison is made between plans and actual performance. The difference between the two is reported to management for taking corrective action. This control process is not possible without planning (Arora, 1995).By means of budgetary control that is, comparing actual results with planned results and reporting on the variations, a control model is set for management. It helps expenditure to be kept within. Carr (2010) argues that in order to achieve the expected output results, monitoring and evaluation is necessary. .Carr (2000) asserts that managers can budgets to control the activities for which they are responsible. Analyses of variances allow managers to identify those costs which do not conform to the long term plan and therefore may require alteration. By investigating the reasons for budget deviations managers may also be able to identify inefficiencies. The budget forms the basis of a controlling mechanism for the various resources of an organisation which is achieved by comparing the resource measured to the end of a given period with that which was expected. This approach can be used for all measurable resources and activities within the organisation – not just those which are directly financial. Budgetary control highlights variations from the expected in order that management can take remedial action to ensure that the policy objectives set in the budget can be met. It is a constant monitoring process and requires continual updating and amendment of the budget through operational feedback. This also allows for performance against objectives or targets to be measured.

2.6 Empirical Studies

The process of budget preparation also motivates employee to achieve budget goals (Hansen et al, 2003). Hansen et al, (2003) advocates for full participation and asserts that all individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates. Participation assures full co-operation and commitment for making budgets successful. Participation also makes budgets realistic and workable.

However some studies have been done that state the disadvantage of budgeting processes. According to Hansen et al, (2003), one main concern regarding budgets in practice is the criticisms that by the time budgets are used; their assumptions are typically outdated, reducing the value of the budgeting process. As a result, budgets can never be valid because they cannot capture the uncertainty involved in rapid change. Accordingly, there is an idea calling for abandoning budgets (Hansen et al., 2003).

A survey conducted by Ambetsa (2008) of budgeting practices by Commercial airlines operating at Wilson Airport, Nairobi indicated that the challenges faced were budget evaluation deficiencies, lack of full participation of all individuals in the preparation of the budget and lack of top management support. He further concludes that airlines operate and use budgets to plan, implement and evaluate their businesses' performance. All enterprises make plans using budgets some in a systematic and formal way, while others in an informal manner, but still have some form of budgeting and budgetary control practice. Therefore, the issue is not whether to prepare a budget, but rather how to do it effectively (Ambetsa

Muleri (2011) in his survey of budgeting practices among the major British non- governmental development organizations in Kenya asserts that most organizations have adopted budgeting approaches and philosophies that are modern and can act to reduce financial mismanagement.

Budgets are used to achieve cost effectiveness, in planning, for operations, coordinating activities, motivating performance, communicating plans and operations and in evaluation and audits (Muleri, 2001).

METHODOLOGY

3.1 Research Design

Coopers and Schindler (2006) suggested that the research design is the structure of investigation aimed at identifying variables and their relationships to one another. It refers to the blue print, plan and guidelines utilized in data analysis with respect to the study. It is a necessary step required in a research process if research problems and hypothesis are to be adequately addressed. Descriptive research design and causal research design as well as the survey method was used. Descriptive research design was used to describe some phenomena because it aids a researcher in gathering, summarizing, presenting and interpreting information for the purpose of clarification while the causal research design was used to describe the effect of one variable on another that establishes cause and effect relationship (Mugenda & Mugenda, 2003). The researcher also utilized the survey strategy for this study because it creates room for gathering large amounts of data from a sizeable population in a cost-effective way (Osuagwu, 2006)

3.2 population of the study

This is the list of all the workers used as a representative of the population in a study. It refers to a collection of all the items that constitute a population from which a sample is drawn (Mugenda

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& Mugenda, 2003). In this research, the sample frame is the list of employees made of male and females, at the junior, senior and top management level of the Guaranty trust bank; Akure.

3.3 Determination of Sample Size

Sampling is concerned with the choice of a subgroup of individuals from the target population in order to enable the estimation of the characteristics of the entire population (Singh and Masuku, 2014). It is vital to use an adequate number of subjects so as to ensure a higher probability that results of the study will be more generalizable and interpretable (Mugenda, 2008).

The sample size was calculated using the "sample size determining for research activity table" by (Krejcie and Morgan, 1970). In estimating the sample size, a 5 percent margin of error (confidence interval) and 95 percent confidence level was used. The sample size for the study therefore is one hundred and seventy- one (171) for a sample population of two hundred and thirty (230).

3.4 Sources of Data Collection

Data collection involves gathering of relevant and important data used for conducting a particular research work. It is the basis for acquiring data. Data can be collected in two ways which are; primary data and secondary data.

Primary source of data was used for gathering data in this research work. It is the data collected for the purpose of the research, these are the responses generated or obtained from administered questionnaires (Mugenda & Mugenda, 2003).

The questionnaire research instrument was used in this research work to gather information because it helps to access a large number of respondents at a minimal cost. The data collected would be gathered, sorted, and analysed with the use of Statistical Package for Social Sciences.

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3.10 Model Specification

In this study, measures of budgetary role and budgetary control process constitute the four independents variables namely: (a) Budgeting Process (BUP), (b) Budgeting Planning, Implementation and Control (BPIC) (c) Budget and Budgeting Control System (BBCS), and (d) Budget Control Techniques (BCT). Organisational Performance (ORP) constituted the

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dependent variable. The generalized model depicting relationship between independent and dependent variables are expressed mathematically as follows;

ORP= f (BRBC)

Where

BRBC …………… Budgetary Role and Budgetary Control Process (BUP, BPIC, BBCS, BCT)

BFP ……………. Business Firm Performance

f………………… Function

Thus, the following models represent each hypothesis.

Hypotheses I

H_o: Budgeting process does not have a positive influence on business firm Performance.

Relationship between BUP & BFP

BFP = F (OS)

$BFP_t = a + \beta_1 BUP\ 1 + \beta_2 BUP\ 2 + \beta_3 BUP\ 3 + \beta_4 BUP\ 4 + \beta_5 BUP\ 5 + \mu$----------------------Model 1

Where:

BUP = Budgeting Process

BFP = Business Firm Performance

F = Functional Relationship

a = Constant

$\beta_1, \beta_2, \beta_3$ = Estimates of parameters

μ = Error term

Hypotheses II

H_o: Budgetary planning, implementation and control cannot result to improvement on business firm performance.

Relationship between BPIC & BFP

BFP = F (BPIC)

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$BFP_t = a + \beta_1 BPIC1 + \beta_2 BPIC2 + \beta_3 BPIC3 + \beta_4 BPIC4 + \beta_5 BPIC5 + \mu$---------------------Model 2

Therefore:

BPIC = Budgetary Planning Implementation and Control

Hypotheses III

$H_{o:}$ The challenges experienced by business firm are not as a result of budgeting and budgetary control

Relationship between CBBC & BFP

BFP = F (CBBC)

$BFP_t = a + \beta_1 CBBC1 + \beta_2 CBBC2 + \beta_3 CBBC\ 3 + \beta_4 CBBC4 + \beta_5 CBBC5 + \mu$ .. …….Model III

Therefore:

CBBC = Challenges of Budgeting and Budgetary Control

Hypotheses IV

$H_{o:}$ Budgetary control techniques do not have an impact on the working performance of employees in Guaranty Trust Bank Plc.

Relationship between BFP & CBCT

BFP = F (CBCT)

$BFP_t = a + \beta_1 BCT1 + \beta_2 BCT\ 2 + \beta_3 BCT\ 3 + \beta_4 BCT\ 4 + \beta_5 BCT5 + \mu$ ………….Model IV

Therefore:

BCT = Budgetary Control Techniques

DATA ANALYSIS AND PRESENTATION OF RESULTS

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4.1. ANALYSIS OF DEMOGRAPHIC DATA OF THE RESPONDENTS

Tabular Representation of the Respondents' Data

Table 4.1: Classification of Administered Questionnaire

Questionnaires'	No of Respondents	Percentage (%)
Recovered Questionnaire	171	74.3
Unrecovered Questionnaire	59	25.7
Total No Administered Questionnaire	**230**	**100**

Source: Field Study, 2024

Table 4.1 reveals that 74.3% of the administered questionnaire were recovered and used for the analyses, while 25.7% copies of the questionnaire representing not properly filled copies, misplaced copies and unrecovered copies of the questionnaire at time of collection were excluded from the analyses. The 171 questionnaire received were very good and adequate for the research, for it shows that a large population of respondents were survey.

Table 4.2. Demography Analysis of Respondents

S/N	VARIABLE	FREQUENCY	PERCENTAGE %
1	**Age**		
	Below 30years	78	45.6
	30 – 40 years	70	40.9
	41 – 50years	19	11.1
	51 years and above	4	2.3
	Total	**171**	**100**
2	**Gender:**		
	Male	79	46.2

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	Female	92	53.8
	Total	**171**	**100**
3	**Marital Status:**		
	Married	72	42.1
	Single	87	50.9
	Divorced	8	4.7
	Widowed	4	2.3
	Total	**171**	**100**
4	**Educational Qualification:**		
	HND/B.Sc./BA	90	52.6
	M.Sc./MBA/MA.	38	22.2
	PhD	2	1.2
	Professional Qualification	41	24.0
	Total	**171**	**100**
5.	**Job Status in organization**		
	Junior Level	114	66.7
	Senior Level	55	32.2
	Top Level	2	1.2
	Total	**171**	**100**
6.	**Department**		
	Human Resources	20	11.7
	Marketing	31	18.1
	Operations	41	24.0
	Investment Banking	26	15.2
	Customer Service	25	14.6
	Online Banking	28	16.4
	Total	**171**	**100**

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7.	**Work Experience**		
	Below 6years	54	31.6
	6 – 10years	84	49.1
	11 – 15 years	31	18.1
	16 years and Above	2	1.2
	Total	**171**	**100**

Source: Field Survey, 2024

In table 4.2, 45.6% (78) of the respondents were within age group 21-30 years; followed by 40.9% (70) within age group 31-40 years; and respondents that were within 41-50 years above were found to be 11.1% (19) and 2.3% (4) were of the ages 51 years and above. Thus, majority of respondents were between 21-40 years old. This dominant age grade is plausible for this study as it is perceived that most respondents are matured enough to ensure that the organization operations is carried out daily.

The table also shows that 46.2% (79) of the respondents are males while 53.8% (92) of them were females. The population of female is higher compared to male population.

From table above, there is an indication that that most of the respondents 50.9% (87) are still in marital relationship, 42.1% (72) are single and yet to be legally in marital relationship. Also 4.7% (8) is divorced and 2.3% (4) is widowed.

Table also reveals that 52.6% (90) are holders of a HND/BA/B.Sc. degree, while 22.2% (38) has a second degree, 1.2% (2) has a third degree and 24.0% (36) has professional certification. This implies that most of the respondents are knowledgeable and adequately trained to exercise their duties and responsibilities in the organization.

Also revealed is the data which shows an indication that 31.6% (54) have served for less than 6 years, some of the respondents 49.1% (84) have spent about 6 to 10 years in the bank industry; 18.1% (31) of these workers have further stayed between 11 to 15 years and 1.2% (2) has over 16 years working experience. From this result, it can be inferred that greater majority of respondents have over five years. Thus, respondents are knowledgeable on the subject matter of this study and provide relevant responses to the questions in the research instrument.

Respondents in operations department account for 24.0% (41), marketing 18.1% (31), Investment Banking 15.2% (26) human resources department 11.7% (20), 14.6% (25) in customer service and 16.4% (28) in online banking. The results shows that the operations department has the highest respondents who are involve in the actual banking operation of the organization.

Distribution of respondents by position at work reveals that 2 (1.2%) are top level management staff; while 55 respondents (32.2%) are of the supervisor/senior management level and 114 (66.7%) are of the lower level cadre of workers surveyed. Higher presentation of management staff respondents were from the junior level who are involved in reponse. 61.9.

4.3 TEST OF HYPOTHESES

Hypothesis 1: Budgeting process does not have a positive influence on business firm Performance.

Table 4.3.1: Multiple Regression Model of Budgeting Process on Business Firm Performance

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.514[a]	.264	.242	.86696	2.028
a. Predictors: (Constant), BUP5, BUP2, BUP4, BUP1, BUP3					
b. Dependent Variable: BFP					

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	44.508	5	8.902	11.843	.000[b]
	Residual	124.019	165	.752		
	Total	168.526	170			
a. Dependent Variable: BFP						
b. Predictors: (Constant), BUP5, BUP2, BUP4, BUP1, BUP3						

Source: Field Survey, 2024

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Table 4.3.1: indicates that coefficient of determination R = .514; R^2 =.264 and (Adjusted R^2) = .242 which gives proportion of variance (Adjusted R^2 x 100) = 24.2%. This implies that the independent variables (budgeting process) accounted for 24.5% of the variance in the dependent variable (business firm performance).In determining the existence of auto-correlation in our model, the Durbin Watson statistics was computed. In the model above computation, *D-W* = 2.028. The indication of this is that there is no auto correlation in our model.

To determine if a significant relationship exists between the dependent variable and independent variables the Regression Sum of Square = 44.508, F-statistics was computed The model calculated F= 11.843, P= 0.000 is significant at 5% level. There is a significant effect between budgeting process and business firm performance.

Table 4.3.2: Relative Contribution of the Dependent Variables (Budgeting Process) to the Independent Variable (Business Firm Performance).

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.884	.427		6.755	.000
	BUP1	.084	.102	.065	.823	.412
	BUP2	-.068	.086	-.059	-.794	.428
	BUP3	-.271	.076	-.291	-3.582	.000
	BUP4	.250	.087	.225	2.864	.005
	BUP5	.045	.084	.044	.541	.590
a. Dependent Variable: BFP						

Source: Field Survey, 2024

In order to determine the significance of coefficient of independent variable in econometric model the t-statistics is computed. The calculated t for budgeting process (t = 6.755, β = 2.884, P= 0.000).This implies that there is a significant relationship between budgeting process and business firm performance. Thus the alternate hypothesis is accepted. Hence, the revised mathematical representation of the relationship is as depicted on the model below:

BFP = 2.884 Constant + β_1 BUP 1 (0.084) + β_2 BUP 2 (-0.068) + β_3 BUP 3 (-0.271) + β_4 BUP (0.250) + β_5 BUP (0.045) + ε

Hypothesis 2: Budgetary planning, implementation and control cannot result to improvement on business firm performance.

Table 4.3.3: Multiple Regression Model of Budgetary Planning, Implementation and Control on Business Firm Performance.

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.611[a]	.374	.355	.79985	1.971
a. Predictors: (Constant), BPIC5, BPIC3, BPIC4, BPIC1, BPIC2					
b. Dependent Variable: BFP					

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	62.966	5	12.593	19.684	.000[b]
	Residual	105.560	165	.640		
	Total	168.526	170			
a. Dependent Variable: BFP						
b. Predictors: (Constant), BPIC5, BPIC3, BPIC4, BPIC1, BPIC2						

Source: Field Survey, 2024

Table 4.3.3: indicates that coefficient of determination R = .611, R^2 = .374 and (Adjusted R^2) = 0.355 which gives proportion of variance (Adjusted R^2 x 100) = 35.5%. This implies that the independent variables (Budgetary planning, implementation and control) accounted for 35.5% of the variance in the dependent variable (business firm performance).

In determining the existence of auto-correlation in our model, the Durbin Watson statistics was computed. In the model above computation, *D-W* = 1.971. The indication of this is that there is no auto correlation in our model.

To determine if a significant relationship exists between the dependent variable and independent variables the Regression sum of square = 62.966, F-statistics was computed The model calculated F= 19.684, P= 0.000 is significant at 5% level. There is a significant effect between budgetary planning, implementation and control and business firm performance.

Table 4.3.4: Relative Contribution of the Dependent Variables (Business Firm Performance) to the Independent Variable (Budgetary Planning, Implementation and Control)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.360	.289		4.707	.000
	BPIC1	-.072	.073	-.071	-.989	.324
	BPIC2	.465	.075	.486	6.163	.000
	BPIC3	.179	.081	.153	2.220	.028
	BPIC4	-.068	.050	-.088	-1.353	.178
	BPIC5	.148	.085	.125	1.744	.083
a. Dependent Variable: BFP						

Source: Field Survey, 2024

In order to determine the significance of coefficient of independent variable in econometric model the t-statistics is computed. The calculated t for budgeting planning, implementation and control (t= 4.707, β= 1.360, P= 0.00).This implies that there is a significant relationship between budgeting planning, implementation and control and business firm performance. Thus the alternate hypothesis is accepted. Hence, the revised mathematical representation of the relationship is as depicted on the model below:

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BFP = 1.360 Constant + β_1 BPIC 1 (-0.072) + β_1 BPIC 2 (0.465) + β_1 BPIC 3 (0.179) + β_1 BPIC 4 (-0.068) + β_2 BPIC 5 (0.148)+ ε

Hypothesis 3: The challenges experienced by business firm are not as a result of budgeting and budgetary control.

Table 4.3.5: Multiple Regression Model of Challenges experienced by Business Firm

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.553[a]	.306	.285	.84179	2.187
a. Predictors: (Constant), CBBC5, CBBC2, CBBC1, CBBC4, CBBC3					
b. Dependent Variable: BFP					

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	51.607	5	10.321	14.566	.000[b]
	Residual	116.919	165	.709		
	Total	168.526	170			
a. Dependent Variable: BFP						
b. Predictors: (Constant), CBBC5, CBBC2, CBBC1, CBBC4, CBBC3						

Source: Field Survey, 2024

Table 4.3.5: indicates that coefficient of determination R = .553, R^2 = .306 and (Adjusted R^2) = 0.285 which gives proportion of variance (Adjusted R^2 x 100) = 28.5%. This implies that the independent variables (Challenges of Budgeting and Budgetary Control) accounted for 28.5% of the variance in the dependent variable (Business Firm Performance).In determining the existence of auto-correlation in our model, the Durbin Watson statistics was computed. In the model above computation, *D-W* =2.187. The indication of this is that there is no auto correlation in the model.

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To determine if a significant relationship exists between the dependent variable and independent variables the Regression Sum of Square = 51.607 F-statistics was computed The model calculated F= 14.566, P= 0.000 is significant at 5% level. There is a significant effect between the challenges experienced during budgeting and budgetary control and business firm performance.

Table 4.3.6: Relative Contribution of the Dependent Variables (Business Firm Performance) to the Independent Variable (Challenges of Budgeting and Budgetary Control)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.870	.288		3.025	.003
	CBBC1	.130	.089	.113	1.471	.143
	CBBC2	.290	.091	.245	3.171	.002
	CBBC3	.203	.093	.187	2.189	.030
	CBBC4	.205	.075	.200	2.722	.007
	CBBC5	-.013	.076	-.012	-.169	.866
a. Dependent Variable: BFP						

Source: Field Survey, 2024

In order to determine the significance of coefficient of independent variable in econometric model the t-statistics is computed. The calculated t for challenges in budgetary control (t = 3.025, β= .870, P= 0.003).This implies that there is no significant relationship between challenges of budgeting and budgetary control and business firm performance. Thus the Alternate hypothesis is accepted. Hence, the revised mathematical representation of the relationship is as depicted on the model below:

BFP = .870 Constant + β_1 CBBC1 (0.039) + β_1 CBBC 2 (0.290) + β_1 CBBC 3 (0.203) + β_1 CBBC 4 (0.205) + β_1 CBBC 5 (-0.013) + ε

Hypothesis 4: Budgetary control techniques do not have an impact on the working performance of employees in Guaranty Trust Bank Plc.

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Table 4.3.7: Multiple Regression Model of Budgetary Control Techniques on Business Firm Performance

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.615[a]	.378	.359	.79697	2.066
a. Predictors: (Constant), BCT5, BCT2, BCT4, BCT3, BCT1					
b. Dependent Variable: BFP					

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	63.725	5	12.745	20.066	.000[b]
	Residual	104.801	165	.635		
	Total	168.526	170			
a. Dependent Variable: BFP						
b. Predictors: (Constant), BCT5, BCT2, BCT4, BCT3, BCT1						

Source: Field Survey, 2024

Table 4.3.6: indicates that coefficient of determination R = .615, R^2 = .378 and (Adjusted R^2) = 0.359 which gives proportion of variance (Adjusted R^2 x 100) = 35.9%. This implies that the independent variables (Budgetary Control Techniques) accounted for 28.5% of the variance in the dependent variable (Business Firm Performance).In determining the existence of auto-correlation in our model, the Durbin Watson statistics was computed. In the model above computation, *D-W* =2.066. The indication of this is that there is no auto correlation in the model.

To determine if a significant relationship exists between the dependent variable and independent variables the Regression Sum of Square = 63.725 F-statistics was computed The model calculated F= 20.066, P= 0.000 is significant at 5% level. There is a significant effect between the budgetary control Techniques and business firm performance.

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Table 4.3.8: Relative Contribution of the Dependent Variables (Business Firm Performance) to the Independent Variable (Budgetary Control Techniques)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.628	.340		1.846	.067
	BCT1	.280	.083	.244	3.366	.001
	BCT2	.153	.075	.144	2.044	.043
	BCT3	.290	.068	.299	4.245	.000
	BCT4	-.026	.056	-.030	-.473	.637
	BCT5	.180	.060	.191	2.989	.003
a. Dependent Variable: BFP						

Source: Field Survey, 2024

In order to determine the significance of coefficient of independent variable in econometric model the t-statistics is computed. The calculated t for budgeting control techniques (t = 3.025, β= .870, P= 0.067).This implies that there is no significant relationship between budgeting control techniques and business firm performance. Thus the Null hypothesis is accepted. Hence, the revised mathematical representation of the relationship is as depicted on the model below:

EP = .628 Constant + β_1 BCT1 (0.280) + β_1 BCT 2 (0.153) + β_1 BCT 3 (0.290) + β_1 BCT 4 (-0.026) + β_1 BCT 5 (-0.180) + ε

4.4. DISCUSSION OF FINDINGS

The statistics in hypothesis 1 reveals that the calculated (t of 6.755*, β = 2.884, P= 0.000) is significant at 5%. Further statistics shows the coefficient of correlation (R of 0.514, R^2 of .264, Adj R^2 .242; F = 11.843, P= 0.000) at 5% level of significance. The Durbin Watson statistics ranges from values 0 to 4. A value near 2 indicate non-autocorrelation, in the model the computation is *D-W* = 2.028. The indication of this is that there is no auto correlation in the model.

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The mean score is 4.1921 with a standard deviation of 0.51167. *This indicates that a positive and significant relationship exists between budgeting process and business firm performance The Alternate hypothesis is accepted.*

The statistics in hypothesis 2 reveals that the calculated (t of 4.707 =, β of 1.360, P= 0.000) is significant at 5%. Further statistics shows the coefficient of correlation (R of 0.611, Adj R^2 0. 355, F = 19.684, P = 0.000) at 5% level of significance. The Durbin Watson statistics ranges from values 0 to 4. A value near 2 indicate non-autocorrelation, in the model the computation is *D-W* = 1.971. The indication of this is that there is no auto correlation in the model. The mean score is 3.0526 with a standard deviation of 0.60860. *This indicates that a positive and significant relationship exist between budgetary planning, implementation and control and business firm performance. The alternate hypothesis is accepted.*

The statistics in hypothesis 3 reveals that the calculated (t of 3.025 =, β of .870, P= 0.003) is significant at 5%. Further statistics shows the coefficient of correlation (R of 0.553, Adj R^2 0. 285, F = 14.566, P = 0.000) at 5% level of significance. The Durbin Watson statistics ranges from values 0 to 4. A value near 2 indicate non-autocorrelation, in the model the computation is *D-W* = 2.187. The indication of this is that there is no auto correlation in the model. The mean score is 3.0526 with a standard deviation of 0.55097. *This indicates that a positive and significant relationship exist between challenges of budgeting and budgetary control and business firm performance. The alternate hypothesis is accepted.*

The statistics in hypothesis 4 reveals that the calculated (t of 1.846 =, β of .628, P= 0.000) is significant at 5%. Further statistics shows the coefficient of correlation (R of 0.615, Adj R^2 0. 378, F = 20.066, P = 0.000) at 5% level of significance. The Durbin Watson statistics ranges from values 0 to 4. A value near 2 indicate non-autocorrelation, in the model the computation is *D-W* = 2.066. The indication of this is that there is no auto correlation in the model. The mean score is 3.0526 with a standard deviation of 0.61225. *This indicates that a negative and insignificant relationship exist between budgetary control techniques and business firm performance. The Null hypothesis is accepted.*

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATION

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5.1 SUMMARY OF FINDINGS

The result shows that budgeting planning process when properly adhered to will improve business performance the budgeting process must be up to-date It must also motivate employee behavior and participation in the budget preparation. There must also be full cooperation and commitment among members and must capture the capacity to change.

The findings of the survey revealed that budgeting planning must take into consideration the physical human and financial resources available to the business firm. Through planning the firm is able to assess the terms of objectives and goals in line with the order of preference of activities to be performed. By carrying out continuous comparison of actual performance with budgeted performance and making report of the variance will help organisation members to ensure efficient and cost effective financial control arrangement is complemented by further improvement of the overall program. This is supported by Hokal and Shaw, 1999; Drury, 2006; Carr,, 2000; Hansen et al, 2003.

The result also revealed that there are challenges during budget implementation that affect the performance of business such as insufficient funds, inadequate information; lack of management support will affect the systematic and formal way of budget implementation. Budgeting practices must adopt approaches and philosophies that are modern and can reduce financial management operations. This is in-line with Ammbesa, 1998; Muleri, 2001 and Gachithi, 2010;

5.2 CONCLUSIONS

The study concludes that; budgetary control integrates the organization's strategic planning with budgets and processes of cost control, budgetary control identifies the budgeting / financial skills required for better decision making, identify key financial indicators for the business and how and when monitor them, budgetary control identifies sources of financial and business data that provide insights into business and financial strategies when converted into budgets, budgetary control helps interpret budgets and performance measurements as communication tools and finally help to think pro actively beyond budgeting and that budgetary control also economizes management time by using the management by exceptional principle.

5.3 Recommendations

This study recommends that managers in banking sector continue with the motive of valuing budgetary control in their polices (planning, monitoring and control as well as advocating for

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participatory budgeting for these has been found to influence their financial performance to a great extent.

The study also recommends that managers produce detailed budgetary plans to enable the implementation of the long term or strategic plan. The annual budgeting process must be

embraced always as found out in this study encourages managers to plan for future operations, refine existing strategic plans and considers how they can respond to changing circumstances. This encourages managers to anticipate problems before they arise and ensures reasoned decision making.

This study also recommends that managers within the organization must have a clear understanding of the role which they are required to play in ensuring budgetary compliance. This ensures that the most appropriate individuals are made accountable for budget implementation. Senior management can also use budgets to communicate corporate objectives downwards and ensure that other employees understand them and co-ordinate their activities to attain them. The act of preparation as well as the budget itself will also improve communication.

Participation in budget setting relates to the extent that subordinates are able to influence the figures incorporated in their targets. This study recommends that participation always be embraced to allow the influence of the employees to the budget if performance increments are to be realized in the banking sector.

5.4 Contributions to Knowledge

This study has contributed to knowledge in the following ways:

he research study provides a valuable collection of ideas, facts and figures that can be of importance to other researchers, entrepreneurs, lecturers and students in comprehending the effects and relationships that exist between budget and budgetary control and organisational performance. The empirical review into the relevant research on the effect of budgetary control management on organizational performance: a case study Guaranty Trust Bank, Akure", showed that budgetary control is very significant to organizational performance. Most of these Studies conducted in various nations around the globe all posited that budgetary control is essential to organizational performance. This study therefore provides a basis for research works and findings in these nations to be applied in banking institutions and organizations alike in Nigeria.

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