

**BUDGETING AS AN INSTRUMENT FOR PLANNING AND CONTROL IN A
MANUFACTURING INDUSTRY**

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Abstract

This paper attempts to determine and highlight the problems that militate against the application and utilisation of budgeting as a tool for planning and control in a manufacturing industry. Management is often confronted with the problem of how to deploy available scarce resources to achieve the objective of profit maximisation. An empirical investigation was undertaken, using the chi-square test. 250 questionnaires were administered. Tables and simple percentages were used in data presentation. Three hypotheses were formulated. Based on the findings, managers and business operators should pay more attention to their budgetary control system, for those without an existing budgetary control system, they should put one in place, and those with a dummy and passive budgetary control system, it is time they re-establish a result-oriented budgetary control system as it goes a long way in repositioning the manufacturing industry from its creeping performance level to an improved high capacity utilization point.

Introduction

Manufacturing companies require planning to achieve their set goals. This involves budgeting. The management has the purpose of providing a feed – forward process. The concept of feed-forward-process is to provide each manager with guideline for making operational decision on a day –to- day basis. Budgeting entails plans and monitoring activities to ascertain whether they conform to the plans. This is the control and coordination aspect of budgeting. Budget and budgetary control, both at management and operational level looks at the future and lay down what have to be achieved. Control checks whether or not the plans are realised, and put into effect corrective measures where deviation or shortfall is occurring. This paper studies how budget and budgetary control can have impact on the performances on manufacturing companies in Nigeria, as considered in this study, being a sample of the entire population of the firms in manufacturing sector in countries of the world.

A budget is a financial and a quantitative statement prepared prior to a defined period of time of the policy to be pursued for the purpose of attaining a given objective. Also according to Nwezes (2004) in his profit planning, Budget is a plan quantified in monetary terms, prepared and

approved prior to a defined period of time, usually showing planned income to be generated and or expenditure to be incurred during that period and the capital to be employed to attain a given objective. Furthermore a budget is an attempt made at the beginning of each financial year to plan the profit and loss account for the year and to aim for a definite balance sheet. This profit planning must be a well thought-out operational plan with its financial implication expressed as both long and short range profit plans. The process of setting goals to be achieved in the future time and determining how these goals are to be reached is described as PLANNING, while the process of translating this planning into financial target can be described as BUDGETING.

R. H. Garrison, defined budget, as a detailed plan showing how resources will be required and used over a given time interval. It represents a plan for the future expressed in a formal qualitative terms. The act of preparing a budget is called budgeting. The use of budget to control firms' activities is known as budgeting control. In any organization where budget is used as a means of profit planning many alternative plans have to be considered and the most profitable one will be adopted, because where the plan chosen in great expectations, then the best use has been made of the available resources. On the other hand budgetary control is the establishment of policies and the periodic review or comparison of the actual result with the budgeted performances either to secure approval for individual action or to serve as a remedial course of action. Budgetary control whereby actual state of affairs can be compared with that planned for by the management, so that appropriate action may be taken to correct adverse situation that may occur before it is too late. It is also used to fix responsibility.

A budget systems serve the needs of management in respect of the Judgments and decisions it is required to make and to provide a basis for the management functions of planning and control. Developing a budget is a critical step in planning any economic activity. This includes business, governmental agencies and individuals. Therefore businesses of all types and governmental units at every level must make financial plans to carry out routine operations, to plan for major expenditures and to help in making financial decisions. On this background, every organization no matter nature

Manufacturing industries can only achieve profit maximization by proper planned use of available resources. This is sustained when different activities are efficiently coordinated, and decisions taken in the organisation are result oriented. Business organisation requires the use of some techniques in the formula and adoption of planned and defined system and tools with a view to achieving set goals. Such instruments and systems include budgetary variance analysis and budgetary control.

Budgetary control entails a distinct pattern of decisions in an organization which is capable of determining its objectives, purposes or goals, and how these goals are achieved by establishing principal policies and plan. However, the inability to recognize the problem concerned and fixing a boundary off investigation creates an obstacle for the successful implementation of budgeting and control. Some organizations only look for narrow ranges of alternatives which they arrive at from their past expenses and present situation, other management levels even avoid long-term planning and budgeting in favour of today's problems thereby making the problems of tomorrow more severe (Steward 1993).

The main objective of this study is to examine the effect of budgeting and budgetary control in the performance of manufacturing sector in Nigeria. Other specific objective is to investigate the impact of effective budgeting and budgetary control on the performance of the selected manufacturing companies.

The above objectives are guided by the following questions:

(1) Are there linkages between budgeting and budgetary control and performance of manufacturing sector in Nigeria?

(2) What are the problems associated with budgets and budgetary control in the manufacturing sector of Nigeria?

(3) How can organization performance be improved through the use of budgetary control?

Budgeting and budgetary control has been a part of management control system of the organization. This control encourages managers to plan, consider the stakeholders involved, provides information for improved decision making, increases and enhances communication and coordination among departments, and for evaluation.

Many researchers highlighted that effective contribution of budgeting and budgetary control helps to improve the overall performance of the organization. Over time, several studies provide critical evaluation of different aspect of this contingency literature on budgeting budgetary control in the manufacturing sector of Nigeria (Omolehinwa, 1989; Abdulla, 1998; Hartmann& Moers, 1999; Raili, 2000; Otley, 2001; Welmilla, 2001; Hartmann&Moers, 2003; Hansen, Otley& Van DerStede, 2003; Gustafsson& Parson, 2010; Caleb, 2011; Collins, 2011). Budgetary control as proven management tool (chandler, 1990) helps organization management in different ways. Its primary function is to serve as a guide in financial planning operators; it also establishes limits for departmental excesses. It helps administrative officials to make careful analysis of all existing operations, thereby justifying expanding, eliminating or restricting present practice. (Musselman and Hughes, 1981).

EMPIRICAL STUDY

Horn grenet *al.*, (2008) state that, recent surveys show just how valuable budgets can be. They assert that, a study of more than 150 organizations in North America listed budgeting as the most frequently management tools and it was also the tool with the highest value to the organization. Furthermore, they show that, study after study has shown the budget to be one of the most widely used and highest rated cost management tools for cost reduction and control. Highlighting one of the usefulness of budgeting to the users, they maintain that, advocates of budgeting claim that the process of budgeting forces manager to become a better administrator and puts planning in the fore-front of managers' mind. In the same book, Horn grenet *al.*, (2008) also point out that the result of a survey carried out in the same place (North America) shows that most managers still agree that budgeting, correctly used has significant value to management. They reported that over 92% of the 150 companies in North America use budget and remarked budgeting as the top among the top three cost management tools. In the same view, in a round table discussions organized by CIMA and ICAEW in 2004 on "The traditional role of budgeting in organization",

it is stated that budgeting and the accompanying process are indispensable and that, research in organizations seems to suggest that this is a commonly held view. It was further stated that, traditional budgeting remains widespread. Some claim that as many as 99% of European companies have a budget in place and no intention to abandon it.

Consistent with this, Anand *et al.*, (2004) in a survey carried out in India found out that the use of budgets as a part of management control system is wide spread. Precisely, 88.7% of the respondents in their study prepared budgets. They assert that nearly all the companies in Australia, Japan, UK, and USA prepare budgets (see for detail, ChenhallLangfield 1998 all cited in *al.*, 2004). On the contrary, research also shows that over 60% of companies claim they are continuously trying to Accenture's finance and performance management service line to undertake a large worldwide review of planning and budgeting. They focused on 15 companies in the US and Europe which had already made adjustments to their budgeting practice. In addition, the researchers reviewed over 100 academic and practitioner books on the subject. The result showed a widespread dissatisfaction with the budgeting process (Bourne, 2004). Contrary to this conclusion, Dugdale&Lyne (2004) also argue that there is little or no evidence to support the view mentioned above that there is a widespread dissatisfaction with budgeting process. They affirm that, there seems to be no widespread dissatisfaction with traditional budgeting. Instead, managers generally see budget as important, especially for planning, control and evaluation. More so, one of the criticisms held against the traditional budgeting is that, budgets are rarely strategically focused, but contrary to this opinion, Anand *et al.*,(2004) in an investigation carried out in India, find out that the respondents as a matter of fact used more than one goal in formulating the master budgets. However, empirical evidence from Nigeria on this debate is documented in the later part of this work.

Professor Ishola Rufus Akintoye (2008), reviewed the budget and budgetary control for improved performance in Nigeria manufacturing companies in previous and recent times. He found out that the performance of this industry leaves more to be desired due to factors such as neglect of the industry due to over dependence on crude oil, epileptic power supply, collapsing infrastructures, unfavorable sectoral reforming among others and have resulted in low capacity utilization of the manufacturing industry. An empirical investigation was undertaken, using the simple analytics technique specifically the Pearson product movement correlation coefficient. Following his findings, he advised managers and business operators(not only in the manufacturing industry) to pay more attention to their budgetary control system, for those without an existing budgetary control system, they should put one in place, and those with a dummy or passive budgetary control system, it is time they re-established a result-oriented budgetary control system as it goes a long way in repositioning the manufacturing industry from its creeping performance level to an improved high capacity utilization point.

Amalokwu Obiajulum John (2008),from his study he have been able to describe the budgeting practice in manufacturing companies and it is clear how firms seek competitiveness by adopting appropriate management control system. Literatures as well as data he collected have proven a positive relationship between firm's management control system and performance. That's, designing management control system in the light of strategic issues (pattern, mission, position) should enhance competitiveness which when attained is translated as high performance. His study has adopted the practices of integrating strategic management and budgeting which enables

it to be competitive. It is clear from the analysis how budget could facilitate the creating and sustaining of competitive advantage by enabling the following management functions: forecasting and planning; communication and coordination; motivational device; evaluation and control; and decision making.

Also, he presented a model which in our opinion will help the management of manufacturing companies. This model could be valid for all manufacturing company operating in Nigeria. In his conclusion, he said it was worth pointing out that the company's budgetary practice is up to date though there are lacking issues such as: its low use of IT system and its practice of using previous year as the base to project the current years.

This study was concerned with Nigerian manufacturing. Therefore, the model he presented best fit the context. Generalizing the model to other context (beyond Nigeria) and also other sectors such as financial sectors, service sectors etc. could require testing its validity.

RESEARCH METHODOLOGY

Research methodology is a specification of procedures for collecting and analysing data necessary to solve the problem at hand, such that the difference between the cost of obtaining various levels of accuracy and the expected value of the information associated with each level of accuracy is maximized.

The basic aim of this chapter is to clarify, explain and present the framework underlining the research objectives. This highlights the research design, sources of data (both primary and secondary), population and sampling techniques, sample size, data collection tools (questionnaire and interview), validity and reliability as well as data analysis.

Research Design

The research design discloses the steps taken by the researcher to conduct the research. It provides the glue that holds the research project together.

Zita and Ozougwu (2010) define research design as the function of the objective and the specific information requirements. They also went further to define research design as a master plan of the methods and procedures that should be used to collect and analyze the data needed by the decision makers. Eze and Agbo (2005) also opines that research design is the specification of procedures for collecting and analyzing data necessary to help solve the problems at hand, such that the difference between the cost of obtaining various level of accuracy and expected use of information associated with each level of accuracy is maximized.

The research design selected for this study will be based on administering of questionnaire to management staff of the organization and also through oral interview and this were recorded providing answer to problem facing budgeting in the company.

Population of the Study

Population in research refers to the entire congregation or elements that make up the case study. Okeke (2001) defines population as a collection of elements, units or individuals for which

information is sought. The case study chosen for the research work is the Nigeria Brewery Plc. which is the second most capitalised company in the Nigeria Stock Exchange (NSE). Furthermore, selected management staffs of the company shall be included in the study population to know their opinion about the effect budget and budgetary control has on their performance in the organization. The total population of management staffs in the Nigeria Brewery is eighty.

Sampling Techniques and Sample Size

A sample is a representative selection of a population that is examined to gain statistical information about the whole while Sampling is the process of selecting a group of people or products to be used as a representative or random sample (Microsoft Encarta 2009). In this course of research, it's impossible to reach every member of the total population as a result of structural or managerial problems. Therefore, sampling techniques will be used in the study since it would be expensive and time consuming to survey all that constitute the whole population of the organization.

In this study, the sample size of 65 shall be selected from the total population of the management staff in Nigeria Brewery Plc. to know their opinion about how budget and budgetary control has been influenced by their performance in the organization.

Data Collection Instruments

In order to reach a logical conclusion, necessary data for this research work shall be considered using both primary and secondary methods of data collection.

Primary data will be obtained using structured questionnaires for the purpose of data collection.

The questionnaire consists of both close-ended and open-ended questions. Closed questions provide a more structured response. The questionnaire method of data collection and other sources will be analyzed using statistical table with percentages in answering the question and interpretation underneath the table.

The secondary method of data collection varies based on information gotten which includes Brochure and web search, Magazines and Journals, Textbooks, commentaries, newspapers. Secondary data sources were used to supplement the data received from questionnaires

Validity and Reliability

The participants were briefed early in advance by the researcher on the need and importance of the study and permission to seek for their participation in order to have their full support. Mugenda and Mugenda (1999) contend that the usual procedure in assessing the content validity of a measure is to use a professional expert in that particular field. However, Reliability is the overall consistency of a measure. A measure is said to have a high reliability if it produce similar results under consistent conditions. It is the extent to which an experiment, test, or measuring procedure yields the same result on repeated trials.

Method of Data Presentation and Analysis

Data collected are presented in tabular format and simple percentage was adopted for data analysis. The use of percentage is the simplest form of statistical presentation. Percentage gives the proportion that a given category has in sample multiplied by hundred. There are different

methods of data analysis. Based on the percentage ratio, the researcher will engage its analysis based on questionnaire using the t-test statistics and analysed the information between an observed set of frequency and occurrence of events which are significant. The following t-test formula will be used to analyse data collected:

$$t = \frac{(\bar{x}_1 - \bar{x}_2)}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}}$$

Where \bar{X}_1 and \bar{X}_2 are means of two groups of sample

S_1 = standard deviation of sample 1

S_2 = standard deviation of sample 2

n_1 = number of subjects in sample 1

n_2 = number of subjects in sample 2

A four point likert scale ranging from strongly agree to strongly disagree would be used in measuring the extent of the responses provided. The independent variables will consist of budgetary control which involves planning, organizing, control and evaluation. These variables would be used in measuring the extent of budget control.

DATA PRESENTATION AND ANALYSIS

This chapter deals with the presentation and analysis of data gathered during the empirical investigation. The data presented and analyzed here was obtained from primary source through questionnaire. Also, simple percentage analysis was used to analyze the response. The main purpose of the research study is to evaluate the effect of budget and budgetary control on management performance in manufacturing companies. The hypothesis proposed was tested using t-test.

Analysis of Research Questions

Questionnaire Administration

Questionnaire	Respondent	Percentage (%)
Returned	58	89
Not Returned	7	11
Total	65	100

Source: Researcher's Field Summary, 2016

The table above shows that out of the sixty-five (65) questionnaires distributed, only fifty-eight (58) i.e. 89% of it were returned as duly completed while the remaining seven (7) i.e. 11% were not returned by the respondents.

SECTION A:

Table 1 Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	30	52	52	52
Female	28	48	48	100
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The above table shows that out of the 58 questionnaires assembled, 30 respondents i.e. 52% were male while the remaining 28 i.e. 48% were female. This indicates that more male staffs participate in the research survey than the female staffs.

Table 2 Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Single	21	36	36	36
Married	36	62	62	98
Divorced	1	2	2	100
Total	58	100	100	

Source: Researcher's Field Summary, 2016

In the above table, it's seen that 21 respondents i.e.36 % were Single, 38 i.e. 61% were Married and 1 i.e. 2% was a Divorced respondent from the questionnaires distributed.

Table 3 Age Group

	Frequency	Percent	Valid Percent	Cumulative Percent
18-28	14	24	24	24
29-39	25	43	43	67
40-50	16	28	28	95
51 and above	3	5	5	100
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The above table shows that 24% representing 14 respondents fall within 18 - 28 years, 43% representing 25 respondents fell within the age of 29 - 39 years, 28% representing 16 respondents fall within the age 40 - 50 years, while 5% representing 3 respondents fell within the age of 51 and above years in the organization.

Table4 Highest Academic Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
WAEC	2	3	3	3
NCE/OND	18	31	31	34
HND/BSC	31	54	54	88
MBA/MSC	7	12	12	100
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The above analysis of data on the highest academic qualification of respondent shows that there were 3% i.e. 2 respondents of WAEC holders, 31% i.e. 18 respondents were NCE/OND holders, 54% i.e. 31 respondents were HND/BSC holders, 12% i.e. 7 respondents were MBA/MSC holders, while there was no ACCA and Other qualifications holders.

Table 5 Since when have you been working for the company

	Frequency	Percent	Valid Percent	Cumulative Percent
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Less than 1year	10	17	17	17
1-3years	20	35	35	52
3-5years	16	28	28	80
5years and above	12	20	20	100
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The above table shows that 17% i.e. 10 respondents of the total population examined have been working for the Nigeria Brewery for less than 1year, 35% i.e. 20 of them have been in the operation for 1 – 3years, 28% i.e. 16 of them have been there for 3 – 5year, while 20% i.e. 12 respondents have been there for more than 5years.

Table 6 Department/section you work with

Sections	Frequency	Percent	Valid Percent	Cumulative Percent
Production	16	28	28	28
Planning/Budgeting	17	29	29	57
Accounting/Audit	17	29	29	86
Others	8	14	14	100
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The table above shows that there are different departments in the Nigeria Brewery where 28% i.e. 16 of the respondents examined were from the Production department, 29% i.e. 17 were from the Planning/Budgeting department, 29% i.e. 17 were working in the Accounting/Audit department, and 14% of the total population examined were from Other department(s).

SECTION B:

Table 7: The management is responsible for the implementation of budget and budgetary control in your organization

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	35	60	60	60

A	23	40	40	100
D	—	—	—	
SD	—	—	—	
Total	58	100	100	

Source: Researcher's Field Summary, 2016

In the table above, 35 respondents which result to 60% strongly agreed that the managements are responsible for the implementation of budget and budgetary control in their company while the remaining 40% agreed on the statement. None of the respondents is of no support of this statement.

Table 8: Budget and budgetary control has influenced the decision making process of management in your company

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	18	31	31	31.0
A	37	64	64	94.8
D	—	—	—	
SD	3	5	5	100
Total	58	100	100.0	

Source: Researcher's Field Summary, 2016

With the response of the above table regarding how budget and budgetary control has influenced the decision making process of management, 31% strongly agreed, 64% agreed, 5% strongly disagreed while no respondent disagreed on the statement.

Table 9 Budget and budgetary control system has influenced the managerial planning and control of your company's activities

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	22	38	38	38
A	31	53	53	91
D	5	9	9	100
SD	—	—	—	
Total	58	100	100	

Source: Researcher's Field Summary, 2016

With the above statement, 22 respondents representing 38% strongly agreed, 53% i.e. 31 respondents agreed, 5 respondents which denote 9% disagreed while no respondent strongly disagreed.

Table 10: Budget control system is the only tool for the achievement of organizational objectives and goals

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	17	29	29	29
A	30	52	52	81
D	6	10	10	91
SD	5	9	9	100
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The table shows that 17 or 29% strongly agreed, 30 or 52% agreed, 6 or 10% disagreed and 5 or 9% strongly disagreed on the statement which stated that budgetary control system is the only tool for the achievement of organizational goals and objectives.

Table 11: Budget and budgetary control system can be used to evaluate your company's performance

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	37	64	64	64
A	21	36	36	100
D	—	—	—	
SD	—	—	—	
Total	58	100.0	100.0	

Source: Researcher's Field Summary, 2016

In the above statement relating to how budget and budgetary control can be used to evaluate company's performance, 64% of the respondents strongly agreed, 36% of them agreed while none of them disagreed.

Table 12: Budgetary control system has help in the coordination and organization of your company's activities

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	16	28	28	28
A	42	72	72	100
D	—	—	—	
SD	—	—	—	
Total	58	100	100	

Source: Researcher's Field Summary, 2016

Regarding the response to the above statement, 16 or 28% of the respondents strongly agreed, 42 or 72% of them agreed while no respondent disagreed.

Table 13: Effective and efficient use of resources through the use of budgetary control system by management improves productivity level of your company

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	27	47	47	47
A	28	48	48	95
D	3	5	5	100
SD	—	—	—	
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The table shows that 47% or 27 respondents strongly agreed, 48% or 28 agreed, 5% or 3 disagreed while none of the respondents strongly disagreed on the statement.

Table 14: Budget and budgetary control is used for assessing managers' budget in your company

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	17	29	29	29
A	29	50	50	79
D	9	16	16	95

SD	3	5	5	100
Total	58	100	100	

Source: Researcher's Field Summary, 2016

From the table above, 29% or 17 respondents strongly agreed on the statement, 50% or 29 agreed, 16% or 9 disagreed while 5% or 3 of all the respondents strongly disagreed.

Table 15: Budget control system should be used to evaluate and appraise management performance in manufacturing companies

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	24	42	42	42
A	32	55	55	97
D	2	3	3	100
SD	—	—	—	
Total	58	100	100	

Source: Researcher's Field Summary, 2016

From the table above, 42% of the respondent strongly agreed, 55% agreed, 3% disagreed while none of them strongly disagreed on the statement.

Table 16: The use of budget and budgetary control results to the overall effective performance of management in your company

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	19	33	33	33
A	37	64	64	97
D	2	3	3	100
SD	—	—	—	
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The table above shows that 33% of the respondents strongly agreed, 64% of them agreed, 3% of them disagreed while none of the participants ticked strongly disagree.

Table 17: Budget and budgetary controls affect the quantity of services delivery in your company

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	22	38	38	38
A	33	57	57	95
D	3	5	5	100
SD	—	—	—	
Total	58	100	100	

Source: Researcher’s Field Summary, 2016

The above table shows the response on how budget and budgetary control affect the quality of services delivery in manufacturing companies. 38% or 22 respondents strongly disagreed, 57% or 33 respondents agreed, 5% or 3 respondents disagreed while none of them strongly disagreed.

Table 18: Budgetary control system keeps your company’s fit, monitors its progress, and provides important information in the decision making process

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	34	59	59	59
A	23	40	40	99
D	1	1	1	100
SD	—	—	—	
Total	58	100	100	

Source: Researcher’s Field Summary, 2016

The table above shows that 59% or 34 respondents strongly agreed, 40% of them agreed, 1% disagreed while none of them strongly disagreed on the statement regarding how budgetary control system has kept their company fit, monitors its progress and provide important information in the decision making process

Table 19: Budget and budgetary control has effectively helped in the managerial decision making process of your organization

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	32	55	55	55
A	20	35	35	90
D	6	10	10	100
SD	—	—	—	
Total	58	100.0	100.0	

Source: Researcher's Field Summary, 2016

Table 19 above has shown that 55% of the respondents strongly agreed, 35% agreed, 10% disagreed while none of them strongly disagreed on the statement regarding how budgetary control system has effectively helped in the managerial decision making process of their company.

Table 20: Budget coordinates the activities of the entire organization by integrating the plans of the various sections

Response	Frequency	Percent	Valid Percent	Cumulative Percent
SA	23	40	40	40
A	34	59	59	99
D	1	1	1	100
SD	—	—	—	
Total	58	100	100	

Source: Researcher's Field Summary, 2016

The table 20 above shows that 40% or 23 of the respondents strongly agreed, 59% or 34 agreed, 1% disagreed while none of them strongly disagreed on the statement stressing if budget has coordinates the activities of the entire organization by integrating the plans of various sections.

TEST OF HYPOTHESIS

Hypothesis One

H₀: Budget and budgetary control have no significant impact on management performance in manufacturing companies.

H₁: Budget and budgetary control have significant impact on management performance in manufacturing companies.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
11. Budget and budgetary control system can be used to evaluate your company's performance	58	3.64	.485	.064
12. Budgetary control system has help in the coordination and organization of your company's activities	58	3.28	.451	.059
13. Effective and efficient use of resources through the use of budgetary control system by management improves productivity level of your company	58	3.41	.593	.078
15. Budget control system should be used to evaluate and appraise management performance in manufacturing companies	58	3.38	.557	.073
16. The use of budget and budgetary control results to the overall effective performance of management in your company	58	3.29	.530	.070
17. Budget and budgetary controls affect the quantity of services delivery in your company	58	3.33	.574	.075

One-Sample Test

	Test Value = 2
	95% Confidence Interval of the Difference

	T	df	Sig. (2 tailed)	Mean Difference	Lower	Upper
11. Budget and budgetary control system can be used to evaluate your company's performance	25.731	57	.000	1.638	1.51	1.77
12. Budgetary control system has help in the coordination and organization of your company's activities	21.552	57	.000	1.276	1.16	1.39
13. Effective and efficient use of resources through the use of budgetary control system by management improves productivity level of your company	18.146	57	.000	1.414	1.26	1.57
15. Budget control system should be used to evaluate and appraise management performance in manufacturing companies	18.875	57	.000	1.379	1.23	1.53
16. The use of budget and budgetary control results to the overall effective performance of management in your company	18.578	57	.000	1.293	1.15	1.43
17. Budget and budgetary controls affect the quantity of services delivery in your company	17.616	57	.000	1.328	1.18	1.48

The Decision rule states that accept null hypothesis if the significant level is greater than 0.05 and accept the alternative hypothesis if the significant level is less than 0.05.

Therefore, we reject the null hypothesis and accept the alternative hypothesis which states that budget and budgetary control has significant impact on management performance in manufacturing companies.

Hypothesis Two

H₀: Budget and budgetary control cannot improve managerial decision making in manufacturing companies.

H₁: Budget and budgetary control can improve managerial decision making in manufacturing companies.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
8. Budget and budgetary control has influenced the decision making process of management in your company	58	3.21	.695	.091
9. Budget and budgetary control system has influenced the managerial planning and control of your company's activities	58	3.29	.622	.082
10. Budget control system is the only tool for the achievement of organizational objectives and goals	58	3.02	.868	.114
14. Budget and budgetary control is used for assessing managers' budget in your company	58	3.03	.816	.107
18. Budgetary control system keeps your company's fit, monitors its progress, and provides important information in the decision making process	58	3.57	.534	.070
19. Budget and budgetary control has effectively helped in the managerial decision making process of your organization	58	3.45	.680	.089
20. Budget coordinates the activities of the entire organization by integrating the plans of the various sections	58	3.38	.524	.069

One-Sample Test

	Test Value = 2					
					95% Confidence Interval of the Difference	
	T	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
8. Budget and budgetary control has influenced the decision making process of management in your company	13.229	57	.000	1.207	1.02	1.39
9. Budget and budgetary control system has influenced the managerial planning and control of your company's activities	15.845	57	.000	1.293	1.13	1.46
10. Budget control system is the only tool for the achievement of organizational objectives and goals	8.921	57	.000	1.017	.79	1.25
14. Budget and budgetary control is used for assessing managers' budget in your company	9.658	57	.000	1.034	.82	1.25
18. Budgetary control system keeps your company's fit, monitors its progress, and provides important information in the decision making process	22.397	57	.000	1.569	1.43	1.71
19. Budget and budgetary control has effectively helped in the managerial decision making process of your organization	16.224	57	.000	1.448	1.27	1.63
20. Budget coordinates the activities of the entire organization by integrating the plans of the various sections	20.044	57	.000	1.379	1.24	1.52

The Decision rule states that accept null hypothesis if the significant level is greater than 0.05 and accept the alternative hypothesis if the significant level is less than 0.05.

Therefore, we reject the null hypothesis and accept the alternative hypothesis which states that Budget and budgetary control can improve managerial decision making in manufacturing companies.

CONCLUSION AND RECOMMENDATION

The focal point of this research work is to investigate and analyze the effect budget and budgetary control has on management performance in manufacturing companies using the Nigeria brewery as a case study.

Chapter one contains the background to the study, statement of the problem, aims and objective of the study, research question, research hypothesis, significant of the study, scope and limitations of the study, organization of the study and definition of terms.

Chapter two involves the review of literature review revealing the past works that has been done and the detailed subject matter of the research. The relevant literature was reviewed on the role of budget and budgetary control on management performance.

Chapter three encompasses the research methodology showing the research design, population of the study, sample and sampling techniques, the data collection instrument, the method of data collection and analysis, and the statistical tools adopted in validating the data so that useful information could be reached from it

Chapter four details result and findings of the research based on the hypotheses of the research, it focuses on the presentation and discussion of the data collected from field work. The analysis of data was also presented with the comparative statistics, hypotheses testing and presentation of the result in tabular form, and the result in simple percentage and frequencies.

Chapter five contains the summary of the research, the conclusion derived from the findings and the recommendation proposed base on the findings.

From the exertion and effort made in this research study, on the effect of budget and budgetary control on management performance in manufacturing, a budget is seen as an effective and efficient tool for management in planning, organizing, controlling and coordinating the affairs of the organization.

However, to prepare a budget, an organization must know where it's heading to in order to achieve its goals and objectives. Budget is futuristic in nature, it states what an organization wants to achieve in the future. A system of budgetary control compels management to look into the future and use all techniques that can be used to mold it. The budgeted figures must be compared with the actual results on timely basis throughout the year to ensure that management knows where transgression is occurring and to take corrective measures.

Budget should be seen as a guide that emulate management's thinking at the time it was prepared. However, the budget should be flexible in nature so that it will be able to accommodate necessary changes.

The objective of manufacturing companies is to satisfy the needs of their customers as well as maximizing profit. Budget is indeed an effective tool for cost control in manufacturing industries. It is not only good to have a good budget in manufacturing industries but also the combination of a good budget and good management will produce a good result. Budget has helped management to systematically plan ahead and organize the company by placing economic and human resources in the most financially rewarding areas and to make various managers aware of the scarce resources. Budgets have also helped to coordinate the various segments of the company and achieve goal congruence. Budgetary control is extremely important and effective for management in piloting the affairs of the company.

Finally, the result revealed that budget and budgetary control serve as an instrument for appraising management performance and the efficient and effective use of budget and budgetary control improves performance of manufacturing companies.

RECOMMENDATION

On the basis of the findings from this study, the following recommendations are made to the management of various manufacturing companies for improved budget performance:

- a. It is important to make a realistic forecast: The budget set by the management should be that which is attainable. The figures contained in the budget should be attainable no matter the prevailing economic circumstances. This is because the cause of variation between the budgeted and actual figures is unrealistic targets. If the targets are realistic, employees will strive hard to meet the target.
- b. Sound planning followed by a good budgeting system: It is necessary to prepare a budget manual which everyone will follow and refer to for guidance and information about the budgetary process.
- c. Punishments for failing to meet targets should not be too harsh. This might drive workers to engage in unethical practices just to ensure that budget targets are met.
- d. Formulation of effective and efficient policies and strategies: Management should formulate policies and strategies that can enable them to monitor and maintain effective control of their operation and attain the optimal level of performance.
- e. Also, employee participation should be involved in budget preparation because active participation of employees is more effective than when budget is being imposed on them.
- f. Budget should be set in such a way that it will lead to goal congruence.

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