

## Micro Study on Impact of Budgetary Control on Organizational Performance

**Dr. Ashok P. Nikam**

*Associate Professor*

*S. G. Patil Arts, Commerce and Science College, Sakri Dist. Dhule*

[profapnikam@gmail.com](mailto:profapnikam@gmail.com)

### **Abstract:**

*The discussion of budgeting has been a subject of debate over recent years. For this purpose the present study undertaking to know the impact of budgetary control on organizational performance, which is restricted to Dhule District, Maharashtra State. Management has in number of techniques which it uses according to its efficacy and necessity to control the business, particularly for financial control. One of such technique is very effective as a controlling system, that is the budgetary control so far as financial aspect is concerned. Budgetary control involves the use of budgets and budgeting reports throughout the period to coordinate evaluate and control day-to-day operations in accordance with the goals specified in the budget. Budgets are prepared to control operations so that established policies and objectives can be achieved. Budgeting serves to clarify the program, measure efficiency and provide definite plans to interested parties. The present study has conducted survey of 250 respondents of Industries/organizations through convenience sampling method. To find their opinion and requirements, identify their suggestion, finding problems, the field survey conducted in the said research area for fruitful comparison of impact of budgetary control.*

**Keywords:** Budget, Budgetary Organization, Control, Finance.

### **INTRODUCTION**

Management has in number of techniques which it uses according to its efficacy and necessity to control the business, particularly for financial control. One of such technique is very effective as a controlling system, that is the budgetary control so far as financial aspect is concerned. A budget is a detailed plan of operations for some specified period. Terry said, Budget is an estimate of future needs arranged according to an orderly basis, covering some or all of the activities of an enterprise for a definite period of time. The budgetary control is a process of finding out what is being done and comparing actual result with the corresponding budget data in order to approve accomplishments or to remedy differences by either adjusting the budget estimates or correcting the cause of differences. The establishment of budgets relating the responsibilities of executives to the requirements of a policy and the continuous comparison of actual with budgeted results either to secure by individual action the objective of that policy or provide a basis for its revision.

Budgetary control involves the use of budgets and budgeting reports throughout the period to coordinate evaluate and control day-to-day operations in accordance with the goals specified in the budget. Budgets are prepared to control operations so that established policies and

objectives can be achieved. Budgeting serves to clarify the program, measure efficiency and provide definite plans to interested parties. A sound budgetary control system ensures efficiency of an organisation as budgeting tends to make planning definite and coordinated. Budgetary control makes for unified action and coordination of individual efforts. Budgetary control helps management in delegating authority more freely over specified functions. Budgets are the most important means of management control and it promotes efficiency and minimizes waste. Budgeting helps in fixing responsibility for results and in taking corrective actions in time. The budget provides guideposts to efficient working. Therefore the study tries to understand the actual impact of Budgetary Control on Organizational Performance with special reference to Dhule District Maharashtra.

### OBJECTIVES OF THE STUDY

- ❖ To interact with the organizations, industrialist and get their review.
- ❖ To study the Organization Performance and impact of Budgetary Control.
- ❖ To obtain significant of organizations for their requirements.
- ❖ To find out the impact of Budgetary Control on Financial Sector.
- ❖ To find out problems facing budgetary control.

### RESEARCH METHODOLOGY

The present study is restricted to Dhule District, Maharashtra State, India. The present study has conducted survey of 250 respondents of Industries/organizations through convenience sampling method. To find their opinion and requirements, identify their suggestion, finding problems, the field survey conducted in the said research area for fruitful comparison of impact of budgetary control. Questionnaire method applied for collecting data from organizations through likert five scale question technique used for getting quick information.

Table 1 - Distribution of Samples

Particulars	Frequency	Percentage
<b>Age</b>		
26-35	55	22.00
36-50	132	52.80
Above 50	63	25.20
<b>Total</b>	<b>250</b>	<b>100.00</b>
<b>Education</b>		
H.S.C.	47	18.80
Graduation	132	52.80
Post Graduation	71	28.40
<b>Total</b>	<b>250</b>	<b>100.00</b>
<b>Year of Experience</b>		
Up to 2 Years	32	12.80
2 to 5 Years	46	18.40
5 to 10 Years	66	26.40
10 to 15 Years	82	32.80

Above 15 Years	24	9.60
<b>Total</b>	<b>250</b>	<b>100.00</b>

### DATA ANALYSIS

The information gathered from the various organizations regarding impact of budgetary control on Financial Performance. Since the organization is lacking behind due to lockdown during Covid-19. Therefore, the perception of respondents to be recorded for their overall development. Hence the following analysis drawn to find out the perception and provide a technique for development.

Table 2 –Do your organization prepare budgets.

Particulars	Frequency	Percentage
Strongly Disagree	2	0.80
Disagree	7	2.80
Undecided	11	4.40
Agree	179	71.60
Strongly Agree	51	20.40
<b>Total</b>	<b>250</b>	<b>100.00</b>
<b>Mean</b>	<b>4.0800</b>	

Table 3 –Do you have budgetary control system in your organization.

Particulars	Frequency	Percentage
Strongly Disagree	3	1.20
Disagree	8	3.20
Undecided	12	4.80
Agree	165	66.00
Strongly Agree	62	24.80
<b>Total</b>	<b>250</b>	<b>100.00</b>
<b>Mean</b>	<b>4.1000</b>	

Table 4 –Is, there is relationship between budgetary control and performance.

Particulars	Frequency	Percentage
Strongly Disagree	1	0.40
Disagree	4	1.60
Undecided	9	3.60
Agree	132	52.80
Strongly Agree	104	41.60
<b>Total</b>	<b>250</b>	<b>100.00</b>
<b>Mean</b>	<b>4.3360</b>	

Table 5 –What relationship exists between Budgetary Control and Performance.

Particulars	Frequency	Percentage
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Basic for Decision Making	32	12.80
Foundation for sound planning	74	29.60
Measurement for performance	69	27.60
Provide Structural support	23	9.20
Resource Allocation Control	52	20.80
<b>Total</b>	<b>250</b>	<b>100.00</b>
<b>Mean</b>	<b>2.9560</b>	

Table 6 –Are there challenges facing your budgetary control.

<b>Particulars</b>	<b>Frequency</b>	<b>Percentage</b>
Strongly Disagree	17	6.80
Disagree	22	8.80
Undecided	29	11.60
Agree	137	54.80
Strongly Agree	45	18.00
<b>Total</b>	<b>250</b>	<b>100.00</b>
<b>Mean</b>	<b>3.6840</b>	

Table 7 –What are the problem facing your Budgetary Control system.

<b>Particulars</b>	<b>Frequency</b>	<b>Percentage</b>
Inaccurate Records	18	7.20
Negligence of Budget	29	11.60
Lacking with overall Strategy	74	29.60
Lacking of financial expert	88	35.20
Overestimation of Cost	41	16.40
<b>Total</b>	<b>250</b>	<b>100.00</b>
<b>Mean</b>	<b>4.3071</b>	

## FINDING

- ❖ Most of the respondent strongly agreed about budgetary control system in your organization.
- ❖ The respondents also agreed that their organization prepare budgets.
- ❖ Respondents agree regarding relationship between budgetary control and performance.
- ❖ Foundation for sound planning and Measurement for performance are relationship exists between Budgetary Control and Performance.
- ❖ The study also reflected that respondents facing challenges for budgetary control.
- ❖ The study reflected that Lacking of financial expert and Lacking with overall Strategy were the problem facing regarding Budgetary Control system.

## CONCLUSION& SUGGESTIONS

Budgetary control is planned to assist organizations in the allocation of responsibility and authority, to aid in making estimates and plans for the future, to assist in the analysis of the

variations between estimated and actual results and to develop bases of measurement of standards with which to evaluate the efficiency of operation. Budgets are based on estimates, they cannot be cent per cent correct and accurate but they are as good as the data and forecasts on which they are based. So that, organization achieves their purposes by coordinating different activities. For the execution of goals efficient planning of these activities is very important and that is why the organization has a crucial role to play in drawing out the plans. Various activities within a organization should be synchronized by the preparation of plans of actions for future periods. These comprehensive plans are usually referred to as budgets. Budgeting is a management device used for short-term planning and control. Therefore it is not just accounting exercise. It enables the organization to perform business in the most professional. It manner because budgets are prepared to get the optimum use of resources and the objectives framed. It ensures team work and thus encourages the spirit of support and mutual understanding among the staff. It increases production efficiency, eliminates waste and controls the costs. It shows to the management where action is needed to remedy a position. It reviews the present situation and pinpoints the changes which are necessary. With its help, tasks such as like planning, coordination and control happen effectively and efficiently. And It involves an advance planning which is looked upon with support by many credit agencies as a marker of sound organization.

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