IFA
IRAN FINANCE ASSOCIATION

Iranian Journal of Finance

Print ISSN 2676-6337
Online ISSN 2676-6345

Investigating Budgeting Process and Budgetary Control System within Organizations: A Study with Reference to Indian Listed Companies and Financial Institutions

Alireza Kaab*

*Corresponding Author, Research Scholar, Department of Commerce, University of Kerala, Trivandrum, India. (Email: alirezakaab@yahoo.com)

Anzer. R.N.

Assistant Professor, Department of Commerce, Government College, Nedumangad, Kerala, India, (Email: anzersir@gmail.com)

Iranian Journal of Finance, 2023, Vol. 7, No.2, pp. 1-21.
Publisher: Iran Finance Association
doi: https://doi.org/10.30699/IJF.2022.317075.1293
Article Type: Original Article

Received: January 08, 2022
Received in revised form: March 07, 2022
Accepted: November 05, 2022
Published online: April 16, 2023

Abstract

Today, budgets are considered by many as a powerful tool to conduct and control an organization's internal and external affairs. Budget, budgeting, and budgetary controls are the priority of every manufacturing and service entity. Top management in organizations uses budgets to monitor and control the financial and nonfinancial activities that occur within their organization. The current research method is empirical, which tests the feasibility of a solution using empirical evidence based on statistical applications. The study considered SENSEX 30 companies listed on the Bombay Stock Exchange. The statistical population comprised five top-level managers categories, including 150 respondents, eight mid-level managers, 240 respondents, and 12 lower-

level supervisory cadres of 360 respondents. The total population is 750 respondents. "Simple Random Sampling Technique" used in the current study. Primary Data was collected using an Interview Schedule developed explicitly for the purpose and finalized after conducting the pilot survey. The collected primary data are validated, tabulated, and classified. Secondary data were collected from published articles, the Companies Act, the Accounting Standards Manual published by the Institute of Chartered Accountants of India, Websites, journals, and other validated material. The companies' annual reports were a significant secondary data source. Data analysis uses Statistical Package for Social Sciences (SPSS), and interpretations are made based on statistical tools. The results of the research indicated that most Indian companies set budgeting systems in accordance with accounting standards. The results of the current study also show some significant factors that need to be considered by the organization while setting budgets.

Keywords: Budges, Internal Control System, Management Accounting, Financial Factors, Accounting Standards.

Introduction

Budgeting in accounting literature refers to the planning and management of a firm's financial needs. Proper budgeting can only affect the efficient planning of an organization with control. Even in the present days business specific business organizations prepare and traditionally practice the budgeting process.

Hence, the survival of any corporation depends on its planning and control. From this perspective, budgeting can be considered a planning and control process for an organization. The main objective of businesses worldwide involves setting goals to which money is connected or allocated. Today, budget preparation has become more complex for business entities. Fixed budget, flexible budget, master budget, zero-based budget, and annual budget are various types of budgets used by many organizations, including government corporations, to achieve financial goals. Whatever the budget structure is, it should be ensured that it maximizes managerial efficiency and achieves an organization's budget-related targets. Budgetary control is considered an imperative instrument in arranging and controlling assets to upgrade execution in numerous associations, Harelimana (2016). The preparation of budgets will only achieve much if a regular comparison is made between actual performance and the budgeted performance.

Budgetary control refers to how well managers utilize budgets to monitor and control costs and operations in a given accounting period. In other words, budgetary control is a process for managers to set financial and performance goals with budgets, compare the actual results, and adjust performance as needed. The budgetary control system is the last phase of management's responsibilities. Today, the priority of any organization is to install a management accounting system within the organization to plan and control the activities as well. Appropriate planning ensures the success of management in implementing the budgetary Control System. All phases of the budgeting process, from budget preparation to controlling and monitoring, should be supported appropriately and carried out by top-level management. Top-level management should maintain appropriate budget administration, preparation, and budget process standards, Rabiu et al. (2015). Another significant task of the senior management is to establish a link between the budgetary control system and the subordinates so that they can understand the system's objectives and goals and also perceive the organizational targets. The establishment of any controlling system within organizations is costly for management. The cost of the system should be, at most, the benefit received from the system. However, some organizations and entities should address budgetary control systems due to their high cost of implementation. In the previously conducted studies, a limited set of variables was set to investigate the budgetary control system within organizations. Also, most researchers focused only on the theoretical dimensions of budgets and budgetary control systems. The current study used theoretical and practical dimensions and various sets of determinant variables that affect the organization's performance. Studies investigating the effectiveness of budgetary control in the organization are rare; hence the present study was carried out to address this issue.

Statement of the Problem

Budgeting and budgetary control system plays a vital role in an organization's financial system implementation this monitoring and controlling systems in organizations would minimize organizational expenditure and maximize profitability. The budget variance will be diminished, and financial efficiency will increase through the budgetary control process. Implementation of such a comprehensive controlling process requires a precise organizational structure. In recent years, witnessed, the majority of Indian organizations still use traditional methods of budgeting. Studies investigating the effectiveness of budgetary control in the organization are rare; hence the present study was carried out to address this issue.

Objectives of the Study

The following are the research objectives

1. To study Budgeting and Budgetary control factors of selected listed Companies and Banks

2. To study the effectiveness of budgetary control measures in selected listed companies.

Theoretical Framework

The planning-programming-budgeting system (PPBS) is a concept that stresses the importance of establishing a strong linkage between planning and budgeting. PPBS is an answer to the need for an economic allocation of resources and the undertaking of government policy, program analysis, and cost-utility analysis to improve the policy decision process of government. PPBS was developed in North America in state and federal government activities, based on system theory, out-put and objective oriented with a substantial emphasis on resource allocation based on economic analysis**.** The planning programming budgeting system (PPBS) is an integrated management system that emphasizes using analysis for program decision-making. The purpose of PPBS is to provide management with a better analytical basis for making program decisions and putting such decisions into operation through on integration of the planning, programming, and budgeting functions (*P.A. Don Vito, 1969*).

Literature Review

Shen and Perera (2014). A study entitled diagnostic and interactive uses of budgets and the moderating effects of strategic uncertainty found that motivation and individual performance are positively and significantly related. Strategic uncertainty also moderated the relationship between different uses of budgets and individual performance.

Lidia (2013), in a study, concluded that budgets help entities achieve their objectives. Also, they are useful in resources and business management, leadership, and employee motivation.

D. Wagh and Gadade (2013) investigated the budgetary process in colleges; they pointed out that the Budget Committee and the Principals should monitor the budgeted revenue and expenditure and the actual expenditure with specific intervals, as it will help them to control expenses.

In a study on the impact of business strategy on budgetary evaluation in Moroccan firms, Elhamma (2013) looked into the identification of the impact of the business strategy on the budgetary evaluation systems and found that business strategy has not a significant effect on the budgetary evaluation.

Bandyopadhyay (2012) conducted a study on expenditure and budgetary control in urban local bodies in India; the study concluded that to have an effective budgetary control system, budgeting, accounting, and financial accounting should be integrated within organizations.

Chenxi (2011) conducted a study investigating budgeting systems' flexibility and controllability. The study indicated traditional budgeting system has some weaknesses. It also found that technical changes needed in organizations in order to implement sound budgetary control systems,

In a study conducted by Ozer and Yilmaz (2011), the budgetary slack in public organizations was examined. The study found that the effectiveness of budgetary control, ethical work climate, and procedural justice perception of managers have a statistically significant and negative impact on managers' propensity to create budgetary slack in public organizations and pointed out that perception of procedural justice has partial mediation effect between the effectiveness of budgetary control, ethical work climate and propensity to create budgetary slack.

Rashmi Rathi (2011) investigated various dimensions of the budgetary control system; the study concluded that the conventional concept of budgetary control is mechanistic and not expected to arouse responsive action and also stated that the budgetary control system is a most useful device of planning control and also is a system to decrease excess expenses and increase the profitability.

Armesh, Salarzehi, and Kord (2010), in a study on Management Control Systems, concluded that a management control system could be summed up as an integrated technique for collecting and using financial and nonfinancial information to motivate employee behavior and to evaluate performance.

In a study, Pilkington and Crowther (2010) evaluated financial control mechanisms in micro-organization and macro-organizations. The study showed that there is no budgetary control system available within micro-organizations. The study pointed out a complete lack of budgetary control among the micro businesses examined and a need for more overt planning for growth.

Huang and Chen (2009), in a study on Relationships among budgetary leadership behavior, managerial budgeting games, and budgetary attitudes,

pointed out that the superior's budgetary leadership behavior can play an essential role in motivating and enabling subordinate managers to contribute toward the effectiveness of the organization through a budgeting process.

In a study on designing complementary budgeting and hybrid measurement systems that align with strategy, Gates and Germain (2015) pointed out that budgets and hybrid measurement systems complement each other more than they compete with or substitute for each other. The study mentioned that a company pursuing a cost-domination strategy requires high precision and frequent monitoring of financial and non-financial results.

Majlesi Koopaei and Allameh Haeri (2015) examined the requirements of strict budgetary control in a public organization in a study on the requirements of strict budgetary control in State organizations in the face of budgetary turbulence. The study concluded that turbulent budgetary conditions increased strict budgetary control and deviation. In turbulent budgetary conditions, the use of past budgetary distortions led to a decrease in budgetary deviations and an increase in strict budgetary control.

Harelimana (2016), in a study on the effect of budgetary control on the financial performance of Kigali hotels in Rwanda, concluded that budgetary controls are viewed as an imperative instrument in arranging and controlling assets to upgrade execution in numerous associations.

Research Methodology

The current study investigates various determinant variables in organizational performance regarding budgets, budgeting, and budgetary control system. The research method is empirical, which tests the feasibility of a solution using empirical evidence based on statistical applications. Secondary and primary data have been used in the current study. The study considered SENSEX 30 companies listed on the Bombay Stock Exchange. They are 1. Adani Ports and Special Economic Zone Ltd; 2.Asian Paint Ltd; 3. Axis Bank Ltd; 4. Bajaj Auto Ltd; 5.Bharati Airtel Ltd; 6.Cipla Ltd; 7.Coal India Ltd; 8. Dr. Reddys Laboratories Ltd; 9. HDFC Bank Ltd; 10.Hero Moto Corp Ltd; 11.Hindustan Unilever Ltd; 12. Housing Development Finance Corporation Ltd; 13.ICICI Bank Ltd; 14.Infosys Ltd; 15.ITC Ltd; 16.Kotak Mahindra Bank Ltd; 17.Larsen & Toubro Ltd; 18.Lupin Ltd; 19. Mahindra & Mahindra Ltd; 20.Maruti Suzuki India Ltd; 21.NTPC Ltd; 22.Oil & Natural Gas Corporation of India Ltd; 23.Power Grid Corporation Of India Ltd; 24.Reliance Industries Ltd; 25.State Bank Of India; 26.Sun Pharmaceutical Ltd; 27.Tata Consultancy Services Ltd; 28.Tata Motors- DVR Ordinary; 29.Tata Motors Ltd; 30. Tata

Steel Ltd. Statistical population consisted of 5 top-level managers from each company which would be 150 respondents, eight mid-level managers from each company, 240 respondents; and 12 lower-level supervisory cadres from each company, 360 respondents. The total population is 750 respondents. "Simple Random Sampling Technique" used in the current study. Primary Data was collected using an Interview Schedule developed explicitly for the purpose and finalized after conducting the pilot survey. The collected primary data are validated, tabulated, and classified. Secondary data were collected from published articles, the Companies Act, the Accounting Standards Manual published by the Institute of Chartered Accountants of India, Websites, journals, and other validated material. The companies' annual report is a significant secondary data source. Data analysis uses Statistical Package for Social Sciences (SPSS), and interpretations are made based on statistical tools.

Findings

Budgeting Factors: An Analysis

Part I: Analysis of Personal Profile Variables (V_1)

In order to obtain a clear idea about the respondents' personal backgrounds, the main aspects related to them are considered. They are (i) Gender, (ii) Age, (iii) Educational Qualification, (iv) Professional Experience (vi) Position/status. The interpretation from the statistical analysis gives an accurate picture of the effectiveness of budgetary control measures prevailing in selected companies. This study also pointed out some areas for improvement in implementing budgetary control activities.

Gender

For analyzing the effectiveness of budgetary control measures in selected companies, gender composition is fundamental. The proportion between male and female among the sample of respondents for the study are given in Table 1

Table 1. Gender-wise Classification of Respondents

Gender		Management levels		Total
		Senior level managers	Middle-level managers	
Male	No.	97	488	585
	%	64.7	81.3	78
Female	No.	53	112	165
	%	35.3	18.7	22
Total	No.	150	600	750
	%	100	100	100

Source: Tabulated from Primary Data

It is clear from table 3.1 that out of 750 respondents' 78percent (585 respondents) are males, of which 97 are senior-level managers, and 488 are Middle-level managers. Only 22 percent (165 respondents) of the total respondents are females, of which 53 are senior-level managers, and 112 are Middle-level managers. It is concluded that 78 percent of the respondents in the sample are males.

Age

Age is one of the main demographic variables in the study of the effectiveness of budgetary control measures in selected companies. The age-wise classifications of respondents are given in table 2.

Table 2. Age-wise Classification of Respondents

Age		Management levels		Total
		Senior level managers	Middle-level managers	
Below 30 Years	No.	27	157	184
	%	18.0	26.2	24.5
30 - 40 Years	No.	76	281	357
	%	50.7	46.8	47.6
Above 40 Years	No.	47	162	209
	%	31.3	27.0	27.9
Total	No.	150	600	750
	%	100	100	100

Source: Tabulated from Primary Data

It is clear from table 3.2 that out of the 750 respondents majority, 357 respondents (47.6 percent) are among the age group of 30 to 40 years. One hundred eighty-four respondents (24.5 percent) are below the age of 30 years, and 209 respondents (27.9 percent) are above 40. Out of 150 senior-level managers, 27 respondents (18 percent) are below the age of 30 years, 76 respondents (50.7 percent) are among the age group of 30-40, and 47 respondents (31.3 percent) are above the age of 40 years. Out of 600 middle-level managers, 157 respondents (26.2 percent) are below the age of 30 years, 281 respondents (46.8 percent) are among the age group of 30-40, and 162 respondents (27 percent) are above the age of 40 years. It is concluded that 47.6 percent of respondents are among the age group of 30 to 40 years.

Educational Qualifications

Academic knowledge improves the efficiency of managers in operation. Table 3 shows the particulars of academic qualifications possessed by the sample of respondents selected for the study.

Table 3. Classification based on Educational Qualification

Educational Qualification		Management levels		Total
		Senior level managers	Middle-level managers	
Below Post Graduation	No.	24	167	191
	%	16.0	27.8	25.5
Post Graduation	No.	67	237	304
	%	44.7	39.5	40.5
Other Professional Qualifications	No.	59	196	255
	%	39.3	32.7	34.0
Total	No.	150	600	750
	%	100	100	100

Source: Tabulated from Primary Data

Out of 750 respondents surveyed, 191 respondents (25.5 percent) are below Post-graduation, of which 24 are senior-level managers and 167 are Middle-level managers. The majority of 304 respondents of samples possessed Post-graduation (40.5 percent), out of which 67 respondents were senior-level managers, and 237 were Middle-level managers. 34 percent (255 respondents) possessed other professional qualifications such as ICWAI MBA, and CS

Professional Experience

Respondents' experience is essential in studying the effectiveness of budgetary control measures in selected companies. The eExperiencesmoothens their decision-making ability. The total respondents are classified into four categories. The experience classifications are (i) Less than 10 Years, (ii) 10 - 20 Years, (iii) 20 - 30 Years (iv) More than 30 Years, and are put into analysis in table 4

Table 4. Classification based on EExperience

Experience		Management levels		Total
		Senior level managers	Middle-level managers	
Less than 10 Years	No.	23	103	126
	%	15.3	17.2	16.8
10 - 20 Years	No.	62	257	319
	%	41.3	42.8	42.5
20- 30 Years	No.	58	169	227
	%	38.7	28.2	30.3
More than 30 Years	No.	7	71	78
	%	4.7	11.8	10.4
Total	No.	150	600	750
	%	100	100	100

Source: Tabulated from Primary Data

Out of 150 senior-level managers, 23 respondents (15.3 percent) have less than ten years of experience, 62 respondents (41.3 percent) have10 to 20 years of experience, 58 respondents (38.7 percent) have 20 to 30 years of experience, and only seven respondents (4.7 percent) have more than 30 Years experience. Out of 600 middle-level managers, 103 respondents (17.2 percent) have less than ten years of experience, 257 respondents (42.8 percent) have10 to 20 years of experience, 169 respondents (28.2 percent) have 20 to 30 years of experience and 71 respondents (11.8 percent) have more than 30 Years experience. Of the total, 126 respondents (16.8 percent) have less than ten years of experience, 319 respondents (42.5 percent) have10 to 20 years of experience, 227 respondents (30.3 percent) have 20 to 30 years of experience, and 78 respondents (10.4 percent) have more than 30 Years experience.

Analysis of the Sub-Variables

1. Efficient Forecast of Production for the Budgeted Period: The average score of respondents' level of satisfaction for this variable is 59 percent, with a standard deviation of 21 percent and a co-variance of 36 percent. This shows an efficient forecast of production for the budgeted period.

2. Analysis of Plant Utilization: The mean score of the respondent's level of satisfaction for this variable is 49 percent, with a standard deviation of 21 percent and a co-variance of 43 percent. It reveals that selected companies need more analysis of plant utilization.

3. Estimation of the Material Cost: The average score of the respondent's level of satisfaction for this variable is 60 percent, with a standard deviation of 18 percent and a co-variance of 29 percent. This reveals that estimating the material cost is effective in the selected companies.

4. Estimation of the Direct Labour Cost: The average score of the respondent's level of satisfaction for this variable is 61 percent, with a standard deviation of 20 percent and a co-variance of 33 percent. It shows the existence of an estimation of direct labor cost in selected companies.

5. Estimation of Production Overhead: The average score of respondents' level of satisfaction for this variable is 60 percent, with a standard deviation of 20 percent and a co-variance of 33 percent. It indicates that proper estimation of production overheads on selected companies exists.

6. Efficiency in Planning Stock Levels: Out of 750 respondents interviewed, the mean intensity level of this variable is 62 percent, with a standard deviation of 19 percent and a co-variance of 31 percent. This shows the existence of efficiency in planning stock levels in selected companies.

7. Following Efficient Production Programme: The mean score of respondents' level of satisfaction for this variable is 47 percent, with a standard deviation of 21 percent and a co-variance of 44 percent. It indicates that the problem of the need for more efficiency in production programs exists in companies.

8. Efficient Forecast of Total Sales for the Budget Period: This variable's mean intensity level of satisfaction is 55 percent, with a standard deviation of 24 percent and a co-variance of 44 percent. It depicts an efficient total sales forecast for the companies' budget period.

9. Following Efficient Use of Market Research and Market Survey: The mean score of level of satisfaction with efficient use of market research and market survey is 49 percent with a standard deviation of 20 percent and a co-variance of 41 percent. It reveals that selected companies must pay more attention to efficient market research and survey use.

10. Analysis of General Economic Condition: The average score of the respondent's level of satisfaction for this variable is 60 percent, with a standard deviation of 19 percent and a co-variance of 31 percent. It indicates that companies efficiently analyzed general economic conditions for budget preparation.

Table 4. Budgeting Factors (V2) (Item No V 2.1 to V 2.10)

code	Sub- variables	No / %	Completely dissatisfied	Mostly dissatisfied	Somewhat dissatisfied	Neither satisfied nor dissatisfied	Somewhat satisfied	Mostly satisfied	Completely satisfied	Total	Avg	SD	CV
V2.1	Opinion on the efficient forecast of production for the budget period	No	26	38	61	238	139	216	32	750	59	21	36
		%	(3)	(5)	(8)	(32)	(19)	(29)	(4)	(100)			
V2.2	Opinion on analysis of plant utilization	No	46	52	179	254	121	66	31	750	49	21	43
		%	(6)	(7)	(24)	(34)	(16)	(9)	(4)	(100)			
V2.3	Opinion on the estimation of the material cost	No	9	17	59	219	254	148	44	750	60	18	29
		%	(1)	(2)	(8)	(29)	(34)	(20)	(6)	(100)			

V2.4	Opinion on the estimation of direct labor cost	No / %	14 (2)	27 (4)	67 (9)	193 (26)	197 (26)	205 (27)	47 (6)	750 (100)	61	20	33
V2.5	Opinion on the estimation of production overheads.	No / %	11 (1)	29 (4)	57 (8)	253 (34)	159 (21)	189 (25)	52 (7)	750 (100)	60	20	33
V2.6	Opinion on efficiency in planning stock levels	No / %	15 (2)	27 (4)	39 (5)	154 (21)	243 (32)	239 (32)	33 (4)	750 (100)	62	19	31
V2.7	Opinion on following an efficient production program	No / %	31 (4)	98 (13)	202 (27)	206 (27)	125 (17)	58 (8)	30 (4)	750 (100)	47	21	44
V2.8	Opinion on the efficient forecast of total sales for the budget period	No / %	47 (6)	63 (8)	94 (13)	158 (21)	189 (25)	148 (20)	51 (7)	750 (100)	55	24	44
V2.9	Opinion on following efficient use of market research and market survey	No / %	28 (4)	49 (7)	258 (34)	218 (29)	99 (13)	53 (7)	45 (6)	750 (100)	49	20	41
V2.10	Opinion on analysis of general economic conditions	No / %	14 (2)	34 (5)	66 (9)	104 (14)	325 (43)	174 (23)	33 (4)	750 (100)	60	19	31

Figures in brackets show the percentage of total
Source: Primary data

11. Analysis of Past Trend: The average score of the respondent's level of satisfaction for this variable is 60 percent, with a standard deviation of 21 percent and a co-variance of 35 percent. This shows that past trends are analyzed for budget preparation in business.

12. Use of Sales Force Opinion: The mean score of the respondent's level of satisfaction for this variable is 48 percent, with a standard deviation of 21 percent and a co-variance of 43 percent. It indicates that selected companies must be more efficient in using sales force opinions for budget preparation.

13. Estimation of Cost Price for Fixing Sales Price: The average score of respondents' level of satisfaction for this variable is 62 percent, with a standard

deviation of 21 percent and a co-variance of 34 percent. This reveals that estimation of cost price for fixing sales price exists in the selected companies.

14. Estimation of Expected Amount of Profit for Fixing Sales Price: The average score of the respondent's level of satisfaction for this variable is 60 percent, with a standard deviation of 18 percent and a co-variance of 31 percent. It shows the existence of an estimation of the expected amount of profit for fixing sales prices in selected companies.

15. Estimation of Sales Promotion Technique and Advertisement Used for Fixing Sales Price: The average score of respondents' level of satisfaction for this variable is 46 percent, with a standard deviation of 20 percent and a co-variance of 44 percent. It indicates that the estimation of sales promotion techniques and advertisements could be more efficiently used for fixing sales prices in selected companies.

16. Analysis of Selling Price Charged by the Competitors: the mean intensity level of this variable is 64 percent with a standard deviation of 19 percent and a co-variance of 30 percent. This shows the existence of practical estimation of sales promotion techniques and advertisements used for fixing sales prices in selected companies.

17. Analysis of After Sales Service Offered by the Company: The mean score of respondents' level of satisfaction for this variable is 48 percent, with a standard deviation of 22 percent and a co-variance of 46 percent. It indicates that the sales service offered by the company needs to be correctly analyzed for budget preparation.

18. Efficient Prediction of Excess or Shortage of Cash for the Budget Period: This variable's mean intensity level of satisfaction is 61 percent, with a standard deviation of 18 percent and a co-variance of 30 percent. It depicts efficient prediction of excess or shortage of cash for the budget period is exists in business.

19. Estimation of Financing Required to Cover up any Deficiency in Cash: The mean score of level of satisfaction about the existence of management by exception is 55 percent with a standard deviation of 24 percent and a co-variance of 44 percent. It reveals that efficient financing estimation is required to cover any cash deficiency in selected companies.

20. Finding Suitable Provision for Acquiring Funds: The average score of the respondent's level of satisfaction for this variable is 49 percent, with a standard deviation of 22 percent and a co-variance of 46 percent. It indicates that companies need help finding suitable provisions for acquiring funds.

Table 5. Budgeting Factors (V2) (Item No V 2.11 to V 2 .20)

code	Sub-variables	No / %	Completely dissatisfied	Mostly dissatisfied	Somewhat dissatisfied	Neither satisfied nor dissatisfied	Somewhat satisfied	Mostly satisfied	Completely satisfied	Total	Avg	SD	CV
V2.11	Opinion on analysis of past trends	No / %	25 (3)	29 (4)	84 (11)	101 (13)	298 (40)	154 (21)	59 (8)	750 (100)	60	21	35
V2.12	Opinion on the use of sales force opinions	No / %	48 (6)	52 (7)	169 (23)	264 (35)	132 (18)	54 (7)	31 (4)	750 (100)	48	21	43
V2.13	Opinion on the estimation of the cost price of the product for fixing the sales price	No / %	17 (2)	34 (5)	54 (7)	175 (23)	178 (24)	231 (31)	61 (8)	750 (100)	62	21	34
V2.14	Opinion on the estimation of the expected amount of profits for fixing the sales price	No / %	14 (2)	26 (3)	59 (8)	124 (17)	354 (47)	127 (17)	46 (6)	750 (100)	60	18	31
V2.15	Opinion on estimation advertisement and sales promotion techniques used by the company for fixing sales price	No / %	28 (4)	121 (16)	209 (28)	176 (23)	122 (16)	79 (11)	15 (2)	750 (100)	46	20	44
V2.16	Opinion on analysis of selling price charged by the competitors	No / %	12 (2)	17 (2)	58 (8)	125 (17)	265 (35)	221 (29)	52 (7)	750 (100)	64	19	30
V2.17	Opinion on analysis of	No /	27	125	189	164	131	81	33	750	48	22	46

	after-sales services offered by the company	%	(4)	(17)	(25)	(22)	(17)	(11)	(4)	(100)			
V2.18	Opinion on efficient prediction of excess or shortage of cash for the budget period	No / %	7 (1)	33 (4)	65 (9)	174 (23)	241 (32)	202 (27)	28 (4)	750 (100)	61	18	30
V2.19	Opinion on the estimation of financing required to cover up any deficiency in cash	No / %	47 (6)	63 (8)	94 (13)	158 (21)	189 (25)	148 (20)	51 (7)	750 (100)	55	24	44
V2.20	Opinion on finding suitable provisions for acquiring funds	No / %	23 (3)	132 (18)	209 (28)	105 (14)	137 (18)	121 (16)	23 (3)	750 (100)	49	22	46

Figures in brackets show the percentage to total,
Source: Primary data

21. Profitable Use of Cash: The average score of the respondent's level of satisfaction for this variable is 49 percent, with a standard deviation of 19 percent and a co-variance of 40 percent. This shows that companies should give more attention to the profitable use of cash.

22. Estimation of Revenue from Core Business: The mean score of respondents' level of satisfaction for this variable is 63 percent, with a standard deviation of 18 percent and a co-variance of 29 percent. It indicates that selected companies are correctly estimating revenue from core business.

23. Identifying Total Receipts in Business: The average score of respondents' level of satisfaction for this variable is 60 percent, with a standard deviation of 20 percent and a co-variance of 32 percent. This reveals that total receipts are correctly identified in business.

24. Identifying Total Payments from Business: The average score of respondents' level of satisfaction for this variable is 62 percent, with a standard deviation of 21 percent and a co-variance of 33 percent. It shows that total payments from businesses are identified in selected companies.

25. Determining the Future Liquidity: The average score of the respondent's level of satisfaction for this variable is 45 percent, with a standard deviation of 19 percent and a co-variance of 43 percent. It indicates that there exists a need for more efficiency in determining the future liquidity of companies.

26. Effectiveness of Exercising Control over Cash: the mean intensity level of this variable is 60 percent, with a standard deviation of 23 percent and a co-variance of 38 percent. This shows the effectiveness of exercising control over cash in selected companies.

27. Effectiveness of Allocation for Investment: The mean score of the respondent's level of satisfaction for this variable is 55 percent, with a standard deviation of 24 percent and a co-variance of 44 percent. It indicates the existence of the effectiveness of allocation for investment in selected companies.

28. Effectiveness of Deciding Future Dividend Pay- out Policy: This variable's mean intensity level of satisfaction is 62 percent, with a standard deviation of 20 percent and a co-variance of 33 percent. It depicts the existence of effectiveness in allocation for investment.

29. Effectiveness of Ensuring Business Solvency: The mean satisfaction score about ensuring business solvency is 64 percent, with a standard deviation of 19 percent and a co-variance of 30 percent. It reveals that there exists effectiveness in ensuring business solvency in selected companies.

30. Efficient prediction of the number of labor for the budget period: The average score of respondents' level of satisfaction for this variable is 63 percent with a standard deviation of 21 percent and a co-variance of 33 percent. It indicates an efficient prediction of several laborers for the budget period.

Table 6. Budgeting Factors (V2) (ITEM No V 2.21 to V 2. 30)

code	Sub- variables	No / %	Completely dissatisfied	Mostly dissatisfied	Somewhat dissatisfied	Neither satisfied nor dissatisfied	Somewhat satisfied	Mostly satisfied	Completely satisfied	Total	Avg	SD	CV
V2.21	Opinion on the profitable use of cash	No / %	19 (3)	92 (12)	196 (26)	230 (31)	110 (15)	85 (11)	18 (2)	750 (100)	49	19	40
V2.22	Opinion on the estimation of revenue	No / %	14 (2)	19 (3)	26 (3)	172 (23)	259 (35)	228 (30)	32 (4)	750 (100)	63	18	29

	from core business												
V2.23	Opinion on identifying total receipts to business	No / %	21 (3)	35 (5)	44 (6)	129 (17)	289 (39)	206 (27)	26 (3)	750 (100)	60	20	32
V2.24	Opinion on identifying total payments in business	No / %	18 (2)	44 (6)	57 (8)	119 (16)	204 (27)	281 (37)	27 (4)	750 (100)	62	21	33
V2.25	Opinion on determining the future liquidity	No / %	45 (6)	87 (12)	198 (26)	254 (34)	106 (14)	43 (6)	17 (2)	750 (100)	45	19	43
V2.26	Opinion on the effectiveness of exercising control over cash	No / %	21 (3)	47 (6)	97 (13)	145 (19)	164 (22)	212 (28)	64 (9)	750 (100)	60	23	38
V2.27	Opinion on the effectiveness of allocation for investment	No / %	47 (6)	63 (8)	94 (13)	158 (21)	189 (25)	148 (20)	51 (7)	750 (100)	55	24	44
V2.28	Opinion on the effectiveness of deciding future dividend pay- out policy	No / %	19 (3)	24 (3)	69 (9)	145 (19)	199 (27)	255 (34)	39 (5)	750 (100)	62	20	33
V2.29	Opinion on the effectiveness of ensuring business solvency	No / %	12 (2)	17 (2)	58 (8)	125 (17)	265 (35)	221 (29)	52 (7)	750 (100)	64	19	30
V2.30	Opinion on efficient prediction of the number of laborers for the budget period	No / %	24 (3)	36 (5)	39 (5)	101 (13)	222 (30)	297 (40)	31 (4)	750 (100)	63	21	33

Figures in brackets show the percentage of total
Source: Primary data

Discussion and Conclusion

The current study investigates various determinant variables in organizational performance regarding budgets, budgeting, and budgetary control system. Budgeting in accounting literature refers to the planning and management of a firm's financial needs. Proper budgeting can only affect the efficient planning of an organization with control. Results of the study indicated that Indian organizations' accounting systems witnessed remarkable progress in setting financial controlling and monitoring devices, such as budgetary control systems. as mentioned above. According to field observations, the majority of Indian organizations using traditional budgeting systems, and the current study shows there is a rapid shift from traditional to modern accounting systems in Indian organizations. results of the current study indicate the budgeting process and budgetary control system almost performed correctly in Indian listed companies. The results also show some significant factors that need to be considered by the organization while setting budgets exist. The factors include estimation of labor cost, estimation of direct labor, estimation of product overhead, efficiency in planning stock levels, estimation of cost price for the current sales price, effective estimation of sales promotion, and revenue from the business. On the other hand, the results show that essential factors such as an efficient production program, efficient market research and market survey, sales force opinion, provision for acquiring funds, profitable use of cash, and determining future liquidity should be considered by the operating organizations. Apart from significant progress in Indian organizations' accounting system, some factors, such as establishing a "budget committee," seem necessary.

In the previously conducted studies, a limited set of variables was set to investigate the budgetary control system within organizations. Also, most researchers focused only on the theoretical dimensions of budgets and budgetary control systems. The current study used theoretical and practical dimensions and various sets of determinant variables that affect the organization's performance. Studies investigating the effectiveness of budgetary control in the organization are rare; hence the present study was carried out to address this issue.

One of the researchers' concerns in conducting research is the reliability of the data**.** The analysis and interpretations are made based on the respondents' opinions. Earnest attempts were made to countercheck the opinions by discussing the matter with the experts in the field.

The following suggestions are made for improving the effectiveness of the budgetary control system in an organization:

A – Steps should be initiated to provide sufficient incentives for obtaining support and cooperation from employees for effective implementation of the budgetary control system

b- Impart sufficient education and training to employees regarding budget preparation and its control

c – Steps should be taken to make available the standard information for budgetary control measures.

d- Steps should be initiated to utilize the plant capacity fully with the help of sufficient production programs.

e - Take measures to improve the marketing of products by conducting market surveys and market research.

Acknowledgment

the current study has not received any grant, fund, or contribution from private or government institutions. Also, the authors declare that there is no conflict of interests.

Declaration of Conflicting Interests

The authors declared no potential conflicts of interest concerning the research, authorship and, or publication of this article.

Funding

The authors received no financial support for the research, authorship and, or publication of this article.

References

Abdullahi, R. (2015). the role of budget and budgetary control on organizational performance. *International Journal of Innovative Research in Information Security*, *14*(2): 22–28

Aramesh, H., Salarzehi, H., & Kord, B. (2010). Management Control System. *Interdisciplinary Journal of Contemporary Research in Business*, *2*(6): 193–206.

Bhattacharyya, S., & Bandyopadhyay, G. (2012). expenditure and budgetary control in urban local bodies in India. *International Journal of Governmental Financial Management*, 16–26.

Chenxi, F. (2011). Controllability, Flexibility, and New Model of Budgeting System. *Journal of Modern Accounting and Auditing*, *7*(9): 974–985.

Elhamma, A. (2013). The Impact of Business Strategy on Budgetary Evaluation in Moroccan Firms: An Empirical Study. *International Journal of Accounting Research*, *1*(2): 1–7. https://doi.org/10.12816/0001128

Emine, Y., & Gouml Khan, O. Z. (2011). The effects of environmental uncertainty and budgetary control effectiveness on propensity to create budgetary slack in public sector. *African Journal of Business Management*, *5*(22): 8902–8908. https://doi.org/10.5897/ajbm11.344

Gates, S& Germain, C. (2015). Designing Complementary Budgeting and Hybrid Measurement Systems that Align with Strategy. *Journal of Management Accounting*, *16*(2).

Harelimana, J. B. (2017). The Effect of Budgetary Control on Financial Performance of Kigali Serena hotel in Rwanda. *Business and Economics Journal*, *08*(02): 1–6. https://doi.org/10.4172/2151-6219.1000292

Huang, C. L., & Mien-Ling, C. (2009). Relationships among budgetary leadership behavior, managerial budgeting games, and budgetary attitudes: Evidence from Taiwanese corporations. *Journal of International Accounting, Auditing and Taxation*, pp. 73–84.

Majlesi Koopaei, A., & Allame Haeri, F. (2015). Study the requirements of budgetary strict control in State organizations in the face of budgetary turbulence. *Academie Royale Des Sciences*, *4*(3): 58–66.

P.A. Don Vito: The Essentials of Planning-Programming-Budgeting-System, Available from [http://www.rand.org/pubs/papers/P4124.html] 18.05.2016

Pilkington, M., & Crowther, D. (2010). Minimal budgeting: the development of control mechanism for small and micro e-businesses. *Chartered Institute of Management Accountants*, *5*(11): 1–6.

Rathi, R. (2011). Dimension of Budgetary Control. *Annals of Management Research*, *1*(2): 1–5.

Shi Qiong Shen, S., & Perera, S. (2014). diagnostic and interactive uses of budgets and the moderating effects of strategic uncertainty. *Asia-Pacific Management Accounting Journal*, *7*(2): 128–151.

Tanase, G. (2013). An Overall Analysis of Participatory Budgeting Advantages and Essential Factors for an Effective Implementation in Economic Entities. *Journal of Eastern Europe Research in Business and Economics*, *13*: pp. 1–12.

Wagh, A., & Gadade, S. T. (2013). Evaluating Budgeting and Budgetary Control Process in Colleges. *Journal of Research in Management and Technology*, *2*(3): 107–113.

Bibliographic information of this paper for citing:

Kaab, Alireza & R.N., Anzer (2023). Investigating Budgeting Process and Budgetary Control System within Organizations: A Study with Reference to Indian Listed Companies and Financial Institutions. *Iranian Journal of Finance*, 7(2), 1-21.