

Role of Budget and Budgetary Control on Development of Manufacturing Firms in Osun State, Nigeria

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Abstract: *This study focuses on the role of budget and budgetary control on development of manufacturing firm in Osun State, Nigeria. The specific objectives are to: examine the compliance with existing rule in preparation of Budget in manufacturing firms in Osun State; assess the relationship between budget and budgetary control and development in manufacturing firms in Osun State; and examine whether the implementation of budget and budgetary control contribute to effective development in the manufacturing firms in Osun State. This study adopted a survey research design. The sampling techniques employed for this study are stratified and simple random sampling methods. The instrument used for this study was obtained from primary data. The primary data was obtained through properly structured questionnaire. The data collected was analyzed using descriptive and inferential statistical methods. In descriptive statistics, simple frequency and percentages were used to answer the research questions while the inferential statistics was used to test the hypotheses generated for the study. The Regression analysis was used to test hypotheses one and three. The findings show that budget and budgetary control had significantly contributed to the development in the manufacturing firm in Osun-State. The study found significant weak relationship between budget and budgetary control and development in the manufacturing firms. The study also found that rules and regulation has no significance influence on the development in the study area. The study concludes that the selected manufacturing firms had efficient and effective budget and budgetary control systems that provides the needed support for management to become more efficient and effective in implementation of various developmental strides at their respective firm.*

Keywords: Budget, Budget control, manufacturing firm, development,

1. INTRODUCTION

Current challenges facing the manufacturing firms are poor financial controls and management of resources. Majority of business firms have identified the reason to develop comprehensive budgetary control systems for the purposes of minimizing variances, costs and maximize efficiency in the budget [1]. Budgetary control is a key aspect because any waste, stock out or even theft can lead to poor business performance. Organization resources needs to be managed in the most effective and efficient manner for purposes of achieving the intended objectives and goals. This indicates that organization should be able to achieve the desired objective cost effectively through minimization of cost. Thus managing implies proper co-ordination and control of the organization efforts towards achieving the organization objectives.

Budget and budgetary control system are the regulatory tools of an organization's operations by instituting benchmarks and objectives regarding income and expenditure, and a constant monitoring and fine-tuning of performance against them [2]. Budget and budgetary controls provide information and data of past performance and thus helps in making reasonable comparisons between planned and actual progress. In budgetary control, adjustments sometimes made to current budget or future budgets to bridge any performance gaps that may be present [3].

Budget and budgetary controls assist management to make a cautious and rational scrutiny of all current operations so as to justify the need to expand, eliminate, restrict or diversify the current practice [4]. Budget and budgetary control involves a particular outline of choices in an organization which is fit for determining its targets, purposes or objectives, and how these objectives are accomplished by establishing key policies and plans [4].

Budget can be defined as a detailed financial statement that shows details of anticipated revenue and prepared expenditure. Is also a forecast of expenditures and revenue for a specific period of time; usually one year. The word budget originated from a French word bougette meaning little bag. In Britain, the word was used to describe the leather bag in which then chancellor of the exchanger used to carry to the parliament the statement of governments needs and sources as described by several thought of consensus, the budget became the document contained in the bag which represent plans of government expenses in money and submitted to legislative for approval [5].

Every organization, notwithstanding its size, sophistication or segment, depends strongly on budgets and budgetary controls to accomplish strategic objectives [6]. The achievement and significance of budgeting relates to the identification of organizational goals, sharing of responsibilities regarding achieving these goals, and hence its execution [6]. One of the most successful and

useful management accounting techniques, budget and budgetary control, if properly understood and implemented can yield good results for organizations. Budget and budgetary control is a management role that encourages individuals to plan and formally accomplish their plans quantitatively [6].

1.1 Problem Statement

Income generating establishments; consider budgets and budgetary controls as significant components in their strategy development. Budget can therefore shape the direction of firms and thus make firms successful or fail. The failure or success of an organization hinges generally on budget preparation and powerful budgetary controls. The absence of a weak budgets and budgetary controls in most organizations characterized by managerial, financial, and administrative and production constraints has led to failure of these organizations recently [7].

The budgets are centrally prepared and the result passed down the line for all and sundry to implement without questions. Government use budgets as a guiding tool for planning and controlling of its resources, be it financial or otherwise. The use of budget involves knowing how much money you earn and spend over a period, particularly one year. When a budget of an establishment, department or ministry is created, it means creating a plan for spending and saving money [5]. Abokun & Fagbemi [8] explained that another use of budget for control purpose is in evaluating performance. They argue that organizational plans are carried out by people, thus, control is exercised, not over operations, revenue, costs, but over the persons responsible for those operations and the related revenue and expenses.

It is of no doubt that one of the key performance indicators of every entity is budget and budgetary control system. Budgeting provides a suitable benchmark for measuring performance that motivates managers and employees. Budgets provide valuable data for managers to assess firm performance and inform financial allocation strategies across various components of a firm [9]. Budgets, therefore, encourage employees to contribute their best in the business which is also geared towards the achievement of the goals of the organization. Thus, the budget of every business organization is the instrument of making decision, the pivot around which all decision on any venture is derived.

Realizing how sensitive and the significant a budget is to every business entity, it is therefore incumbent on management of organizations to get accurate budget information that presents the real state of affairs; as the performance of management could be measured on the basis of the budget and budget control systems. There are however lots of empirical literature that assess the performance of firms using budget and budgetary control systems as tools for the evaluation of performance. However, there is limited or no research work on role of budget and budgetary controls on development in manufacturing firms in Osun State, Nigeria. As part of desire to appraise essence of budget and budgetary control in various organizations and firms, the current study examine the role of budget and budgetary control on development of manufacturing firms in Nigeria with case study of Osun State

1.2 Research Objectives

The broad objective of this study is to examine the role of budget and budgetary control on development of selected manufacturing firm in Osun-State in South- West, Nigeria. The specific objectives are to:

- i. examine the compliance with existing rule in preparation of Budget in manufacturing firms in Osun State;
- ii. assess the relationship between budget and budgetary control and development in manufacturing firms in Osun State
- iii. examine whether the implementation of budget and budgetary control contribute to effective development in the manufacturing firms in Osun State;

1.3 Research Questions

In order to achieve the intended objectives, this study will proffer answer to the following questions:

- i. To what extent does manufacturing firms comply with existing rule in preparation of budget in Osun State?
- ii. What is the relationship between development in manufacturing firms and budgetary control in Osun State?
- iii. To what extent does budget and budgetary control effectively implemented in the manufacturing firms in Osun State?

1.5 Research Hypothesis

The following hypotheses were generated for the purpose of the study:

H01: There is no significant difference in the level of compliance with rules and regulation guiding the preparation of budget in the manufacturing firms in Osun State;

H02: There is no relationship between budget and budgetary control and development in manufacturing firms in Osun State;

H03: Implementation of budget and Budgetary Control system have not contributed to efficient and effective development in the manufacturing firms in Osun State;

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 The Concept of Budget

Budget is a financial plan summarizing the financial experience of the past, stating the current plan and projecting it over a specified period of time in future [10]. In this manner, a financial plan turns into a premise of monetary organization and the different processes in the range of money have a relationship through the tool of a spending plan. A financial plan is in this manner seen as a monetary report of explanations and proposals which are presented to administration of organizations irregularly for it to be allowed and approved. It is the report of the whole money related activities of the organization and offers a considered future course of action and decisions of organizations [10]. "Budget" has turned into the most well-known language or the most favored medium of activity or in real life by the management and workers of both open and private organizations. Management at different levels inside of organizations have utilized the budget as their spread or reason when gone up against or confronted with any choice.

2.1.2 Types of Budget

The particular varieties of financial plan to be laid out by administration of an institution will rely on upon such a variety of variables, for example, the nature, size, multifaceted nature, activities of the organization. In any case, in expert administration, the accompanying sorts of budget are basic [11].

2.1.2.1 Fixed Budget

An unaltered budget is a budget which is custom-made to continue through to the end paying little mind to the volume of result or benefit accomplished. It is a solitary financial plan without evaluation of expense. The motivation behind a settled financial plan is at the arranging level when it goes for clarifying the assorted targets of the firm where there is no investigation of costs into stationary and adjustable [11].

2.1.2.2 Flexible budget

Adaptable budget is a budget which is planned by distinguishing diverse expense conduct standards, to change as the mass of action modifies for control reason, it is important that adaptable comparing so as to plan is regulated just what the costs ought to have been with the costs brought about at the genuine movement level can any control be worked out [11].

2.1.2.3 Cash Budget

A cash budget structures basic estimation of predicted money incomes and installments for the expected year or period. This is on account of while it might be probable for an association to be available and keep on making due without salary; the survival of an association is undecided without cash to pay for its obligations when they fall due [11].

2.1.2.4 Master Budget

The expert budget likewise distinguished as benefit arrangement is an exhaustive situated of financial plans encompassing all facets of an organization's undertakings for a distinct era. The expert financial plan is the significant yield of a financial planning structure. It is a colossal income arrangement, which entwine all phases of an organizations form. It comprise of numerous discrete independent financial plans - Operational budget and financial budget [11].

2.1.3 Budgetary Control

Siyabola [10] was of the perspective that once a financial plan has been set up, it can be utilized as a tool of regulation by intermittently coordinating genuine with planned execution. At the point when all exercises of the organization have the capacity to pass on in budgetary terms, the breath of control likely is extremely immense [11]. Consequently, controlling budget is a piece of the general course of action of obligation bookkeeping inside of an organization, as consumption and incomes are analyzed as per zones of particular obligations of the budget proprietors through allowing money related appraisal. Budgetary regulation relates costs to the workers in charge of the different overheads at the different expense focuses so that every administrator is considered in charge of the expense by which he has authority over

2.1.4 Conditions for Effective Budgetary Control System

The under-listed settings are essential to set up for a budgetary control to be compelling [10]:

- i. Being included in the support of top administration;
- ii. Clearly expressed data of long haul business targets inside which the planning framework will work;
- iii. An achievable business arrangement with plainly characterized obligations;
- iv. Full cooperation of the chiefs in all part of the budgeting system;
- v. Consistent survey of budget and destinations, where important;

2.2 Theoretical Review

2.2.1 Agency Theory

An agency relationship refers to an agreement which involves two or more persons that is (principal(s)) and the other party usually the agent. This agent conducts certain activities or functions as directed from the principal. This principal in this case delegates some functions which involve decision making to a given agent [12]. The agency theory is based on the assumption that both the principles and the agents interests should diverge. However, it is noted that the principal can limit this particular divergence from his or her interest through establishment of certain incentive to the agent developed to limit opportunistic conduct from the agent. In corporate structure, a given organization management its board of directors act as agents on behalf of the firms owners or shareholders [13].

2.3 Empirical Review

Abdullahi and Angua [5] investigated budgeting control and its impact on performance of small industries in Nigeria. The research targeted on 16 small industries in Nigeria. The research deployed descriptive survey design Simple random sampling was deployed for selection eighty entrepreneurs in these industries. Study findings revealed that budgeting influenced performance of SMEs in Nigeria. However, the research only focused on Small industries that were within the town location; this is a gap that needs to be filled by the current study.

Kipkemboi [14] conducted a study on the effect of budgetary control on performance on nongovernmental organizations (NGOs) in Kenya. His findings collaborate with those of Munene. In his study it was found out that budgets are often adopted for purposes of planning monitoring and also control. He also noted that there is a slight positive relationship between the budgetary controls and organization performance. He recommended that budgetary control may not be the only reason for not achieving high performance; rather there is many other factors which affected the performance of the NGOs.

Ambetsa [15] carried out a survey study of budgeting practices by commercial airlines operating at Wilson Airport, Nairobi whereby it was noted that some challenges were faced during budget evaluation leading to deficiencies, some individuals refused to participate in the budget preparation and inadequate management support was also stated. The study concluded that airlines employed the budget, implement it and evaluate its organization performance. Most business enterprise have adopted system or informal way of making use of the budget however, the big question lies on the effectiveness on the implementation of the budget.

Muthoni [16] researched on the influence of budgeting on SMEs credit accessibility and performance in Nairobi, Kenya. The research purposed to reveal the relationship between the variables. The research was mainly concerned with imperfect information theory. The research relied on secondary data source from financial records of enterprises as from 2008 to 2012. Descriptive survey design was deployed. Results showed that budgeting had a significant influence on credit accessibility and return on investments for SMEs. Nevertheless the study depended on secondary data and also was done on SMEs and not on commercial banks. This is a research gap which needs to be filled by the study.

Pimpong and Laryea, [17] wrote a paper in the International Journal of Academic Research and Reflections about budgeting and its impact on financial performance of non-bank financial institutions in Ghana. Their findings revealed that, there is a positive

relationship between budgeting and firm performance. The further portrayed that, the firms made use of established budget processes to a greater extent and that budgeting coordination has a statistically moderate positive relationship on firm performance.

3. METHODOLOGY

3.1 Research Design

This study adopted a survey research design. This is deemed appropriate because it enabled the researcher to obtain the opinion of the representative sample of the target population without manipulating any variable of interest in the study

3.2 Area of Study

This research work was carried out in Osun State, Southwestern Nigeria. Osun state is regional commercial hub for both agricultural and industrial goods from different parts of the country. The area is amalgamation of urban and rural structures characterized by various businesses and industrial set-up.

3.3 Population of the study,

The population of this study consists of twenty seven manufacturing companies in Osun State. They are as follows: OSICOL Waters, Osogbo; Dipson Plastics and recycling plant, Osogbo; Sam Ace Pharmaceutical Ede; Kasmoo Soap Limited, Osogbo; Ergo Multi Venture Ido Osun; Newland and Smith Nigeria Limited, Osogbo; Abiola Electrical, Osogbo; Cocoa Industry, Ede; International Breweries Limited, Ilesha; Ola Oluwa Aina Manufacturing Company, Osogbo; G.K.E Inter-Continental Company Limited, Osogbo; Osogbo Steel Rollings, Osogbo; Obelawo Plastics Industry Osogbo, Tuns International Holdings Limited, Osogbo; Moyes Oils Production Limited Osogbo; Coca-Cola Bottling Company, Asejire; Laddans Contracts and Supplies Ltd, Osogbo; Lawod Metals Nigeria Limited, Okinni; Omsat Global Resources Ltd; Davemake Chemical Nigeria Ltd; G-Rehoboth Aluminum Factory; Linhab Plastics Industries Nigeria; Ollan Holdings Nigeria Limited; Ladsol Ventures Limited; Lastborn General Merchant Limited; West-stone and Marble Processing Company Limited and West –Stone Paint Limited {Source: Osun State Ministry of Commerce, Trade and Industry (2020)}.

3.4 Sample Size and Sampling Technique

The sampling techniques employed for this study are stratified and simple random sampling methods. In this study, out of the population of 780 (Table 1), sample of 264 was selected using stratified random sampling technique since the population was not homogeneous and could be subdivided into groups or strata to obtain a representative sample (Table 2). Stratified random sampling involves dividing the population into homogeneous subgroups and then taking a simple random sample in each subgroup making it possible to make reliable estimates for each stratum as well as for the population as a whole (Cooper and Schindler, 2003).

For this purpose, the selected seven manufacturing companies sample were stratified into seven to represent the manufacturing company under study after which questionnaires were administered using simple random sampling to each of the strata according to their percentages indicated in Table 3.2 below. In determining the sample size of the population for the study, Yamane’s formula was used thus:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size

N = Total Population

e = Level of significance (95%)

Therefore,

$$n = 780 / 1 + 780(0.05)^2$$

$$= 780 / 1 + 780(0.0025)$$

$$= 780 / 1 + 1.95$$

$$= 780 / 2.95$$

$$= 264.406$$

Approximately **264** respondents will be given questionnaire instruments,

Table 1: Estimated Total Population of the selected Manufacturing Company in Osun State

S/N	Manufacturing Company	Population
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1	Ladsol Ventures Limited, Osogbo	135
2	Tuns International Holdings Limited, Osogbo	155
3	Sam Ace Pharmaceutical, Osogbo	35
4	KASMO Soap Nigeria Limited, Osogbo	125
5	Ergo Multi-Venture, Ido Osun	105
6	International Breweries Limited, Ilesha	140
7	OSICOL Waters Osogbo	85
TOTAL		780

Source: Field data, 2020

Table 2: Staff Population and Sample Size of Selected Sampled Manufacturing Company

S/N	Manufacturing Company	Total Population	Percentage	Number of Respondents
1	Ladsol Ventures Limited, Osogbo	135	17	46
2	Tuns International Holdings Limited, Osogbo	155	20	52
3	Sam Ace Pharmaceutical, Osogbo	35	5	12
4	KASMO Soap Nigeria Limited, Osogbo	125	16	42
5	Ergo Multi-Venture, Ido Osun	105	13	36
6	International Breweries Limited, Ilesha	140	18	47
7	OSICOL Waters Osogbo	85	11	29
TOTAL		780	100	264

Source: Field data, 2020

3.5 Method of Data Collection

This study employed primary data, which is aided in providing relevant answers to the research questions and to achieve the objective of study. The primary source of data is questionnaire and was administered to the selected employees of the seven selected manufacturing firms (Table 2). The responses received from the respondents were used for data analysis.

3.6 Research Instruments

Primary data was used in this study and questionnaire was used as research instrument. This was designed to obtain vital information in line with the stated objectives, research questions and hypotheses of the work. The questionnaires were distributed to two hundred and six four (264) respondents in seven (7) manufacturing organizations in Osun State (Table 1). The completed (filled) questionnaires were retrieved back after some days they were giving to the respondents.

3.6 Validity and reliability of research Instrument

The constructed questionnaire was submitted to the experts for critical, analytical and logical appraisal and assessment of contents and statements in the instruments and this then made the instrument valid for the study. To ensure proper reliability of the instrument, the questions were not ambiguous to respondents in order to avoid the impression of different interpretation or constructed in a way that give different meaning that could generate inaccurate and inconsistent responses when instrument is repeatedly objectivity with no leading question as to answer desired.

3.7 Administration of Instrument

Questionnaires were given to participants, making use of the drop and pick technique. The questionnaires were filled at appropriate time by respondents; appointments were made with the participants in the departments, preceded by a follow to see if respondents experienced any challenges in answering the questionnaires.

3.8 Method of Data Analysis

The data collected was analyzed using descriptive and inferential statistical methods. In descriptive statistics, simple frequency counts and percentages were used to answer the research questions while the inferential statistics was used to test the hypotheses generated for the study. The Regression analysis was used to test hypotheses one and three.

4. RESULT AND DISCUSSION

4.1 Socio Demographics of Respondents

Table 3: Socio Demographics of the Respondents

S/N	CLASSIFICATION	ITEMS	FREQUENCY	PERCENTAGE (%)	TOTAL
1	Gender	Male	184	70	100
		Female	80	30	
2	Age	20-30	52	19.70	100
		31-40	132	50	
		41 and above	80	30.30	
3	Religion	Christianity	153	57.95	100
		Islam	111	42.05	
		Other specify	-	-	
4	Marital Status	Single	158	59.85	100
		Married	106	40.15	
5	Educational Qualifications	WASC/G.C.E/HND/B.Sc	224	84.85	100
		M.Sc/Ph.D	40	15.15	
6	Status in Organization	Management Staff	34	12.88	
		Senior Staff	132	50	
		Supervisors	66	25	
		Others	32	12.12	

Source: Field data, 2020

Table 4 shows the demographic characteristics of the respondents. From the table, 184 (70%) of the respondents are male, while 80 (30%) of the respondents are female. The age of the respondents showed that 52 (19.70%) lies between the age range of 20-30 years while 132 (50%) lies within the age 31-40years and 80 (30.30%) are 41 years and above. Also, 153 (57.95%) of the respondents are Christians while 111(42.05%) of the respondent are Muslims. The marital status of the respondents showed that 158(59.85%) are single while 106(40.15%) of the respondents are married. It is shown in the table that 224 (84.85%) possess WASC/GCE /BSC/HND and 40(15.15%) has M.Sc/Ph.D. The questionnaires shows that 34 (12.88%) of respondents are management staff, 132 (50%) are Senior Staff, 66 (25%) are Supervisors while 32 (12.12%) belong to others category in organization status.

4.2 Extent of Compliance of Manufacturing firms to Existing Rule in Budget Preparation

Table 4: Compliance with Existing Budget Preparation Rule

S/N	Statement	Strongly Agree	Agree	Strongly Disagree	Disagree
1	Organization has function budget department	200 (75.76%)	-	64 (24.24%)	-
2	Organization has a functional finance and account department	264 (100%)	-	-	-
3	Response on budget call circular issued to the various units within the organization at set deadline	30 (11.36%)	20 (7.58%)	190 (71.97%)	24 (9.09%)
4	Budgets of the Organization involved various departments	18 (6.82%)	26 (9.85%)	175 (66.2%)	46 (17.42%)
5	Promotion of the staff usually put into consideration in budget preparation.	38 (14.39%)	40 (15.15%)	150 (56.82%)	36 (13.64%)
6	The program of each action of each unit in	10	23	191	40

	organization to be approved by the management	(3.79%)	(8.71%)	(72.35%)	(15.15%)
7	Head of Various units within the organization and concerned staffs are carry along and partake in budget Preparation	150 (567.82%)	70 (26.52%)	30 (11.36%)	14 (5.30%)
8	Top management career and other senior staffs are adequately involves in capital expenditure formulation and discipline to avoid budget distortions.	20 (7.58%)	32 (12.12%)	168 (63.63%)	44 (16.67%)

Source: Field data, 2020

The above table (4) shows that 200 (100%) of the respondents says that their organization has a functional budget department while 64 (24.24%) of respondents strongly disagree that their organization has functional budget department. All the respondents are strongly agreed [264(100%)] that their organization has a functional finance and account department.

30(11.36%) of the respondents strongly agree that budget call circular is usually issued to the various units within the organization at set deadline while 20(7.58%) of the respondents agree that budget call circular is usually issued to the various units within the organization at set deadline. Also, 190(71.97%) of the respondents strongly disagree, while 24(9.09%) of the respondents disagree that budget call circular is usually issued to the various units within the organization at set deadline.

Table 4 revealed that 18(6.82%) of the respondents strongly agree that the budget of their organization usually involved various departments contribution before finalize while 26(9.85%) of the respondents agree to the view. Also, 175(66.2%) of the respondents strongly disagree that the budget of their organization usually involved various departments contribution before finalize while 46(17.42%) of the respondents also disagree that disagree that the budget of their organization usually involved various departments

Table 4 revealed that 38(14.39%) of the respondents strongly agree that the promotion of the staff usually put into consideration in budget preparation while 40(15.15%) of the respondents agree that the promotion of the staff usually put into consideration in budget preparation. Also, 150(56.82%) of the respondents strongly disagree that the promotion of the staff usually put into consideration in budget preparation while 36(13.64%) of the respondents disagree that the promotion of the staff usually put into consideration in budget preparation.

Above table (4) revealed that 10(3.79%) of the respondents strongly agree that program of each action of each unit in organization to be approved by the management while 23(8.71%) of the respondents agree that program of each action of each unit in organization to be approved by the management, also, 191(72.35%) of the respondents strongly disagree that program of each action of each unit in organization to be approved by the management while 40(15.15%) of the respondent disagree that program of each action of each unit in organization to be approved by the management

Also, table 4 revealed that 150(56.82%) strongly agree that Head of Various units within the organization and concerned staffs are carry along and partake in budget Preparation while 70(26.52%) agree that Head of Various units within the organization and concerned staffs are carry along and partake in budget Preparation, 30(11.36%)of the respondents strongly disagree that Head of Various units within the organization and concerned staffs are carry along and partake in budget Preparation while 14(5.30%) of the respondents disagree that Head of Various units within the organization and concerned staffs are carry along and partake in budget Preparation

From above table (4), 20(7.58%) strongly agree that Top management career and other senior staffs are adequately involves in capital expenditure formulation and discipline to avoid budget distortions while 32(12.12%) agree that Top management career and other senior staffs are adequately involves in capital expenditure formulation and discipline to avoid budget distortions, 168(63.63%) strongly disagree while 44(16.67%) disagree that Top management career and other senior staffs are adequately involves in capital expenditure formulation and discipline to avoid budget distortions.

4.3: Operation of Budget and Budgetary Control Scale

Table 5: Control scale for budget and budget control

S/N	Statement	Strongly Agree	Agree	Strongly Disagree	Disagree
1	Budget enhances economic development of manufacturing firms in Osun State	193 (73%)	71 (26%)	-	-
2	Budget meetings conducted by the board in your organization	78 (30%)	82 (31%)	94 (36%)	10 (4%)
3	Budget are useful for assessing the performance of your organization	80 (30%)	76 (28.8%)	100 (37.9%)	8 (3%)
4	Budgetary control has led to effective procurement, thus surplus revenue	102 (38.6%)	107 (40.5%)	5 (1.9%)	50 (18.9%)
5	Management performance do not increase through accurate budget prediction	22 (8.33%)	15 (5.68%)	69 (26.14%)	158 (59.85%)

Source: Field data, 2020

From above table 5, 193(73%) of the respondents strongly agree that Budget enhances economic development of manufacturing firms in Osun State while 71(26%) agree.

Table 5 shows how often budget meetings are conducted by the board in the organization in order to show their commitment to budget control. From the result obtained from the respondents, it is seen that 78(30%) of the respondents strongly agree that board meeting are conducted by the board in their organization, 82(31%) agree, 94(36%) strongly disagree and 10(4%) disagree.

Above table (5) shows whether budget is useful for assessing the performance of the organization. From the result, it can be seen that 80(30%) of the respondents strongly agree, 76(28.8%) agree, 100(37.9%) strongly disagree and 8(3%) disagree that budget are useful for assessing the performance of your organization.

Response whether budgetary control has led to effective procurement, thus surplus revenue was shown in table 5. 102(38.6%) strongly agree, while 102(40.5%) agree, showing that majority believe that budgetary control is of importance in ensuring surplus revenue. Also, 5(1.9%) strongly disagree and 50(18.9%) disagree.

Submission of respondents one whether management performance does not increase through accurate budget prediction was shown in above table (Table 5). From the result, majority of the response disagree to these statement in which 158(59.85%) disagree, 69 (26.14%) strongly disagree, 15(5.68%) agree and 22 (8.33%) strongly agree. This result shows that the respondents actually believe in the ability of budget prediction to increase management performance.

4.3 Extent of effective implementation of Budget and budgetary control in the manufacturing firms

Table 6: Implementation of budget and budgetary control in the manufacturing firms

S/N	Statement	Strongly Agree	Agree	Strongly Disagree	Disagree
1	Organization adhere to the time table for the preparation and release of the budget	21 (7.95%)	19 (7.2%)	60 (22.73%)	164 (62.12%)
2	Budget statement included in annual report	75 (28.41%)	83 (31.44%)	47 (17.80%)	59 (22.35%)
3	Proper implementation budget and budgetary controls are ingredients for organization development	264 (100%)	-	-	-
4	Income and expenditure appear in the budget statement	86 (32.58%)	80 (30.30%)	39 (14.77%)	59 (22.35%)

Source: Field data, 2020

From the table 6, the respondents responded to the question whether the organization adhere to the time table for the preparation and release of the budget. 21(7.95%) strongly agree, 19(7.2%) agree, 60(22.7%) strongly disagree and 164(62.12%) disagree. The result shows that there are still some lapses on the implementation of the budget through timely preparation and release of the prepared budget.

Table 6 shows that 75(28.41%) strongly agree that budgets are included in their annual review, 83(31.44%) agree, 47(17.80%) strongly disagree and 59(22.35%) disagree.

From table 6 above, all respondents [264 (100%)] are strongly agree that Proper implementation budget and budgetary controls are ingredients for organization development

Table above (6), shows response whether income and expenditure appear in the budget statement. From the result, 86(32.58%) strongly agree, 80(30.30%) agree, 39(14.77%) strongly disagree and 59(22.35%) disagree that income and expenditure appear in the budget statement

4.4 Test of Hypothesis

Hypothesis One: There is no relationship between budget and budgetary control and development of manufacturing firms in Osun State.

Table 7: Pearson Product Moment Correlation Showing the Relationship between budget and budgetary control and development in manufacturing firms in Osun State

Variable	N	Mean	SD	R	P	Remark
budget and budgetary control	263	2.80	0.865			
development in manufacturing firms in Osun State	263	3.22	0.887	0.549	.005	Significant (P < .05)
Profit recorded	263	2.86	1.076	0.058	.009	Significant (P < .05)

Source: Field data, 2020

The results in table 7 indicated that budget budgetary control has significant moderate positive relationship with development in manufacturing firm, $r = .549$, $\text{sig} = 0.005$, $P < .05$. This implies that the budget and budgetary control put in place in the manufacturing firm in Osun States defined a moderate positive relationship with the level of development ($r = 0.549$, $P < .05$. Mean = 3.22). Also, proper allocation of cost to various items of budget had a significant positive relationship with the development, $r = .508$, $\text{sig} = 0.009$, $P < .05$. This implies that the effective allocation of cost to the items of budget defined a weak positive relationship with the level of development ($r = 0.058$, $P < .05$. Mean = 2.86). Null hypothesis is rejected as the p value is less than 0.05, therefore the study concluded, there is significant weak relationship between budget and budgetary control on development in the manufacturing firm in Osun State.

Hypothesis two: Implementation of budget and Budgetary Control system has not contributed to effective growth and development in the manufacturing firms in Osun State.

Table 8: Analysis of the Interaction between efficiency and effectiveness of Budget and Budgetary Control implementation has no significance contribution to development in the manufacturing firms.

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.590 ^a	.348	.326		.851	1.895
a. Predictors: (Constant), Efficiency and effectiveness Budget and Budgetary control						
b. Dependent Variable: development						

Source: Field data, 2020

Table 8 shows the model summary of the regression analysis of interaction between efficiency and effectiveness of budget and budgetary control on growth and development in the manufacturing firms in Osun State. With (R) value of .590 (59%), this implies a moderate strong association between budget and budgetary control on growth and development in the manufacturing firms in Osun State. This magnitude of direct interaction is statistically significance at 5% level of significance.

The R Square value of 0.348 means that, 35% changes in the level of efficiency and effectiveness of budget and budgetary control implementation is accounted for growth and development in the manufacturing firms in Osun State while the remaining 65% variations are caused by other factors or variables which are not included in this model but captured under stochastic error term. Durbin Watson statistics result fell close to two that is, (1.895). This is evidence that there is no presence of autocorrelation in the model.

Table 9: Regression Showing Significance of Predictors to Profit generation

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.146	1	7.146	9.863	.002 ^b
	Residual	189.809	262	.724		
	Total	196.955	263			
a. Dependent Variable: Development in the manufacturing firms in Osun States						
b. Predictors: (Constant), Efficiency and effective budget and budgetary control implementation						

Source: Field data, 2020

Table 9 shown the F-statistics value for regression to test the overall significance of efficiency and effectiveness of budget and budgetary control implementation in explaining the development in manufacturing firm in Osun States, figures in the Table 9 shows that efficiency and effectiveness of budget and budgetary control implementation in the selected study area significantly predicted the level of development F (1,263), 9.863, P-value < 0.05 (Sig .002). This indicates strong evidence against the null hypothesis, as there is less than 5% probability that null hypothesis is correct. F – Statistical indicates that the overall regression model is highly statistically significant in terms of its goodness of fit since the value of $F_{tab} (1, 263) > F_{cal} (9.863)$.

Table 10: Contribution of Each Predictor Variable to development

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.380	.142		16.709	.000
	Efficiency and effectiveness of Budget and budgetary control	.163	.052	.190	3.141	.002

Source: Field data, 2020

Table 10 shows the regression coefficients of the contribution of each efficiency and effectiveness budget and budgetary control implementation to criterion variable, the results show that standardized beta coefficient .190. This means that efficiency and effectiveness budget and budgetary control implementation makes contribution in explaining the development in the manufacturing firm, when the variance explained by all other variables in the model is controlled. 1% increase in the rate of efficiency and effectiveness of budget and budgetary control implementation led to 19% immediate increase in development in the Local Government in Osun States.

From the results obtained from table 10, the p-value calculated for 0.000 is lesser than 5%, 0.05 critical value. Hence the null hypothesis was rejected. The Study therefore concluded that, efficiency and effectiveness of budget and budgetary control implementation has significance influence on development in manufacturing firm in Osun States.

Hypothesis Three: There is no significant difference in the level of compliance with rules and regulation guiding the preparation of budget in the manufacturing firm in Osun State;

Table 11: Analysis of the Interaction between the level of compliance with rules and regulation guiding the preparation of budget in the manufacturing firm in Osun State;

Mod	R	R Square	Adjusted R Square	Std. Error of the	Durbin-Watson
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el				Estimate	
1	.117 ^a	.014	.010	.861	1.905
a. Predictors: (Constant), budget and budgetary control					
b. Dependent Variable: compliance with rules and regulation					

Source: Field data, 2020

Table 11 shown the model summary of the regression analysis of interaction between budget and budgetary control and compliance with rules and regulation in manufacturing firm in Osun State. With (R) value of .117 (12%), this implies a weak association between compliance with rules and regulation guiding the preparation of budget in the manufacturing firm in Osun-State. The R Square value of .014 means that, 1% changes increase in the level of compliance with rule and regulation is accounted for efficient development in the manufacturing firm. While the remaining 99% variations are caused by other factors or variables which are not included in this model but captured under stochastic error term. Durbin Watson statistics result fell close to two that is, (1.905). This is evidence that there is no presence of autocorrelation in the model.

Table 12: Regression Showing Significance of Predictors to Profit Generation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.681	1	2.681	3.616	.058 ^b
	Residual	194.273	262	.742		
	Total	196.955	263			
a. Dependent Variable: Compliance with rules and regulation						
b. Predictors: (Constant), Budget and budgetary control						

Source: Field data, 2020

Table 12 shown the F-statistics value for regression to test the overall significance of level of compliance with rules and regulation in budget preparation in explaining development in the manufacturing firm in Osun-States, figures in the Table 12 shows that level of compliance with rules and regulation in budget preparation in the study area significantly predicted the level of development F (1,263), 3.616, P-value >0.05 (Sig .058). This indicates evidence in support of the null hypothesis, F – Statistical indicates that the overall regression model is highly statistically significant in terms of its goodness of fit since the value of $F_{tab} (1, 263) > F_{cal} (3.616)$.

Table 13: Contribution of Each Predictor Variable to development

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.448	.190		12.851	.000
	Compliance with rules and regulation	.117	-.061	-.117	1.902	.058

Source: Field data, 2020

Table 13 shows the regression coefficients of the contribution to development through strict compliance with existing rules and regulation in budget preparation in Local Government in Osun State. The results show that standardized beta coefficient -.061. This means that level of compliance with rules and regulations contributed negatively in explaining the development in the manufacturing firm in Osun State, when the variance explained by all other variables in the model is controlled. 1% increase in the rate at which people comply with rules and regulation in budget preparation can led to 6% immediate decrease in rate of development in the manufacturing firms in Osun - States.

From the results obtained from table 13, the p-value calculated for 0.058 is greater than 5%, 0.05 critical value. Hence the null hypothesis was accepted. The Study therefore concluded that, compliance with rules and regulation has no significance influence on development in the manufacturing firms in Osun-States.

5. CONCLUSION AND RECOMMENDATION

5.1 Conclusion

This study examines the role of budget and budgetary control on development of manufacturing firms in Nigeria with the case study of Osun State. From the results of the study, the researcher concludes that, there is a positive correlation between budget and budgetary control and development of manufacturing firm in Osun State and thus it is adequate enough to be used as a tool for evaluating the growth and development of manufacturing firms. The study also concludes that the selected manufacturing firms has efficient and effective budget and budgetary control systems that provides the needed support for management to become much efficient and effective in implementing various developmental strides at their respective firms. Thus through the effective budget and budgetary control systems available in the organization, the performance and overall development will be enhanced to a greater extent.

5.2 Recommendation

The following recommendations were made based on the following findings of the study: Organization should put in place proper mechanism for compliance with budget and there shouldn't be operation of below the line accounts at manufacturing firm for the purpose of achieving the set target by the management, The manufacturing firm should initiate policies and various means to make sure that proper accounting of the funds into the budget follows due process and any subsequent foul play by any affected staffs should be prosecuted by appropriate legal discipline authority. The budget implementation should be in line with approved estimate for the year. Therefore no expenditure would be entertained without recourse to approve budget. Also, in order to ensure effective management performance through budget and budgetary controls, there is the need to engage management in training programmes that seek to equip their knowledge and skills in the effective utilization of budget and budgetary control systems to improve the entire organizational performance.

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