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Budgetary Control And Organizational Performance: A Study Of Rivers State Newspaper Corporation, 2008-2019

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Abstract: *This work is on budgetary control and organizational performance: A study of Rivers state newspaper corporation. It covers the period 2008-2019. The underlying motive for the study is the recurring problem of low performance of public sector organizations and its implication on the cost of governance, especially in developing countries. The objective of this study is to assess the relationship between budgetary control and organizational performance of Rivers State Newspapers Corporation (2008-2019). Specifically, the study determined the relationship between budgetary control and financial performance in Rivers State Newspaper Corporation and as well identified the factors affecting budgetary control and organizational performance in Rivers State Newspaper Corporation. The population comprised of all the 214 employees of the organization, hence census study was used. Questionnaire was the major instrument for data collection.. Simple percentage was used to analyze the data, while chi-square test analysis was used to verify the hypotheses at 5% level of significance. The findings indicated that there is a relationship between budgetary control and financial performance of Rivers State newspaper Corporation as it is the basis for resource allocation. The result also indicated that revealed that overestimation and lack of integration in the overall strategy of the organization affects budgetary control and organizational performance in Rivers State Newspaper Corporation. The researcher recommends that since budgetary measures have strong effect on the product performance of the organization, management therefore should review the existing budgetary standards and measures, introduce new ones where applicable that will tighten the internal control system to prevent leakages and wastes in order to channel enough resources towards expanding the market share of the company through increasing the number of daily copies. Strict budgetary operational objectives adherence will assist in repositioning the organization towards better product performance.*

Keyword: Budgetary Control, Financial Performance, Product Performance and Organizational Performance

Introduction

The quest for massive infrastructure and human capital development was considered a panacea for the developing countries especially those in Africa to catch up with developed and industrialized nations. This led some of these African counties especially Nigeria, to embark on some lofty programmes and policies towards achieving this objective. One of these lofty programmes was the sustenance of public organizations. According to Adongo and Jagongo, (2013), many developing countries in Africa have engaged in detailed planning exercises of various types in the period after independence with a view to positioning public organizations or companies to act as catalysts for socio-economic development. This has resulted in a wide range of literature on the efficiency and effectiveness of public sector organizations.

Public enterprises are mainly government owned business organizations charged with the responsibility of providing services that are of public interest. These organizations are established, owned and financed by the government. According to William (1989), the major concerns of public enterprises are to provide vital services for the people's welfare and progress and to stimulate socio-economic development.

The Rivers State Newspaper Corporation is one of such public enterprises in Nigeria. It was established in 1972 by the Rivers State Government with the goal to provide quality service delivery across the state through its output (The Tide newspaper). Though as public organization, it is not a profit maximization entity but was expected to be self-financing as it makes break-even profit through the production, distribution of its newspapers to the people of the state and beyond and dissemination of information on government activities and policies for grassroots mobilization and development.

However, the reverse seems to be the case here in Rivers State Newspaper Corporation. The product market performance (performance indicators: sales, profit and market shares) have been abysmal as its output (The Nigerian Tide Newspaper) can hardly be obtained within Port Harcourt Metropolis let alone other cities and towns in Rivers State in particular, and in Nigeria as a whole. It currently produces and distributes about 5% (6000) of its installed capacity of 130,000 copies of daily newspaper. Due to the low market share of the product, it records low sales. The cash flow from sales does not in any way cover the running cost of the company which implies that it was not making profit through sales hence the huge dependence on the government for constant funding in order to remain afloat. Its low product performance (low sales and meager revenue), may have led to stunted and weak organizational performance as it relies heavily on government constant financial bailout for employees' wages and salaries, purchase of raw materials; repairs and maintenance of machines and equipment and other overhead costs in the organization.

Before now, little attention has been paid to budgetary controls although this is generally recognized as the main instrument for allocating resources to specific recurrent and development activities (Adongo & Jagongo 2013). In Nigeria, budget reforms were carried out but the results were not encouraging as public organizations continue to underperform as evidenced by a plethora of failed, sick or collapsed public organizations. In recent years, a key recommendation has been to

shift the focus from the annual budget to a Medium Term Expenditure Framework (MTEF) approach to budgeting. Nigeria adopted the MTEF approach in 2005 during the administration of Chief Olusegun Obansonjo. The objectives of the MTEF among others are: to achieve fiscal discipline; to achieve allocation efficiency and operational-technical efficiency; and to strengthen budgeting and budgetary control system so as to gender healthier performance in public organizations.
The need for quality performance, healthy financial performance; efficiency and effectiveness in service delivery and sustainable development in public organizations across the country put public organizations at the fore front in the establishment and compliance to budgetary control systems. With budgetary control systems being at the center of increasing organizational financial performance, it becomes of paramount imperative to examine budgetary control system in Rivers State Newspaper Corporation in order to ascertain the nexus between budgetary control and organizational performance and subsequently its effect on the organization's performance. This study specifically intends to:

1. Ascertain the relationship between budgetary control and financial performance in Rivers state Newspaper Corporation.
2. Determine the effect of budgetary control on product performance indicators of sales, market shares and profit.

The following Hypotheses are formulated as guide to the study

1. There is no relationship between budgetary control and financial performance in Rivers state Newspaper Corporation.
2. Budgetary control has no effect on product performance indicators of sales, market shares and profit.

Conceptual Explanations

Budgetary Control

Buyers & Holmes (1984) defines budgetary control as "a system of controlling costs which includes the preparation of budgets, coordinating the department and establishing responsibilities, comparing actual performance with budgeted and acting upon results to achieve maximum profitability." This definition denotes the following essentials of budgetary control:

i. Establishment of objectives for each function and section/unit of the organization.

ii. Comparison of actual performance with budget.

iii. Ascertainment of the causes for such deviations of actual from budgeted performance.

iv. Taking suitable corrective action from different available alternatives to achieve the desired objectives.

The exercise of control in the organisation with the help of budgets is known as budgetary control. Buyers and Holmes (1984) considered budgetary control as a means of control in which the actual state of affairs is empowered with that planned for, so that appropriate action may be taken with regards to any deviations. Budgetary control attempts to deal with uncertainties by reacting when the unexpected becomes evident through variance of results.

Drury (2006) defines budgetary control as a process of ensuring that the firm activities conform to its plan and that its objectives are achieved. Thus, there can be no control without objectives and plans. In addition, Drury (2006) opined that a budgetary monitoring and control process assumes that expenditures must agree with budgeted plans and maintains information about expenditure. It helps expenditures to be kept within planned limits thus, assisting managers to track the flow of resources accurately and consistently.

Holland (2005) defined budgetary control as the establishment of mechanisms authorising responsibilities of executive to the requirement of a policy and continuous comparison of actual results against plans, either to secure by individual action the objectives of that policy or to provide a basis for revision. In other words, budgetary control deals with regulating the activity of the business or organization to follow in the pattern that had previously been planned in the budget.

Practically, budgetary control involves departmental or functional heads in the organization, receiving a copy of budget relating to their activities showing over or under expenditure in relation to budget allowance. From this, departmental or functional heads will be able to decide on the corrective step to take. This is to say variances are the responsibility of departmental or functional heads and every one of them has to explain the variance and act in time to stop future occurrence of adverse variances.

Ezzamel (1990) stated that in a situation of environmental uncertainty, the variance analysis is more important because the risks are higher. Variance analysis deals with the analysis of the difference between what was planned and actual results. From the output of variance analysis, management must decide which variances require investigation and corrective action. Organisations practice different degrees of variance analysis techniques, from basic variance analysis to more complex and detail analysis in order to monitor achievement of results. A study by, Guilding (2000) found that accountants in New Zealand and U.K. tend to see variances from budget as being important and performance appraisal was based mainly on budget achievement.

As a financial management tool, budgetary control involves a constant check and evaluation of actual results against budget stated. It is a continuous process that helps in planning, controlling and coordinating organization activities. Lucey (1996) argues that, no system of planning can be successful without having an effective and efficient system of control. The system of budgetary control involves: preparation of separate budgets for each budget centre, consolidation of all functional budgets to present overall organization objectives during the forth coming budget period, comparison of actual level of performance and budgets and reporting the variances with proper analysis to provide basis for future course of actions.

Organizational Performance

Improving the performance of an organization is a central concern of management researchers, and speculations about the factors related to organizational effectiveness are abundant in the literature. However, it should be noted that organizational performance is a difficult concept to define and measure. Stakeholders often disagree about which elements of performance are most important and some elements are difficult to measure because they are preventive in nature (Brewer, 1993).

Generally, organizational performance deals with the analysis of a firm's performance as compared to its goals and objectives. According to Upadhaya, Munir &Blount (2014), organizational outcomes can be judged from three specific areas, which are (i) Financial performance (profits, return on assets, and return on investment),(ii) Market performance (sales, market share) and (iii) shareholders' return(total shareholders return, economic value added). The Market or product performance (Market Share, sales, profit) is the performance index or indicator employed by this research work. The choice of market or product performance by this research work is premised on the ground that the core objective of public organization is service provision as against profit maximization. It is a better metrics of organizational performance in public sector organizations.

The concept of organization performance is based upon the idea that an organization is the voluntary association of productive assets, encompassing capital, human and resources; for the purpose of achieving a shared purpose (Barney, 2002).

According to Pedraza (2014), organizational performance can be defined as efficiency with which an organization is able to meet its objectives. This means an organization that produces a desired effect or an organization that is productive without waste.

Organizational performance according to Mgbechi and Odiioha (2014) is basically about the ability of the organization to meet its set goals and objectives given the resources at its disposal. Every organization has certain predetermined goals and objectives that it looks up to, each time any of this goal is met, the organization is considered effective in that regard.

Parsons and Etzioni (1998) define organizational effectiveness in terms of an organization's ability to acquire and efficiently use available resources to achieve specific goals.

To be effective, an organization must obtain and efficiently use resources to achieve operative goals. Effectiveness criteria must take into account the profitability of the organizations, the degree to which it satisfies its members, and the degree to which it is of value to the larger society of which it is a part.

Budgets have widely been used by various organizations as a basis for performance evaluation. As stated by Drury (2006), budgets provide a useful means for managers in evaluating their performance and the overall organizational performance through comparing budgeted plans with actual results to determine if planned objectives have been realised and in the case of variances appropriate measures are emphasized.

Performance measurement is therefore, a vital building block of total quality management and total quality organizations. Historically, companies have always measured performance in some way through financial performance, be its success by profit or failure. An organization desires to develop its own set of metrics as a starting point in understanding current performance. In the context of organisational financial performance, performance is a measure of the change of financial condition of an organisation or the financial outcomes that result from management decisions and execution of those decisions by members of the organisation (Carton & Hofer, 2006). Planning and the use of appropriate budgets are promoted by educators, academics and accounting practitioners as a means of enhancing financial performance (Hansen, 2003); (Perren & Grant, 2000). Generally, it is considered that higher levels of performance are expected when the budgeting practices match to contingency theory and are consistent with its internal needs.

Performance budgeting is an integrated annual performance plan and annual budgeting that shows the relationship between programme funding levels and expected results. It shows that a goal or set of goals should be achieved at a given level of spending. Performance budgeting identifies the relationships between money and results, as well as explaining how those relationships are created. A program performance budget defines all activities, directly and indirectly required by a programme for support in addition to estimating activity costs (Kydland & Prescott, 1977).

Empirical Review

Marcormick and Hardcastle (2011) carried out a study on budgetary control and organizational performance in government parastatals in Europe. A regression model was used for data analysis and the results of data analysis revealed a positive relationship between budgetary control and organizational performance in government parastatals.

This is supported by Serem, (2013) who explains that there is a weak positive effect of budgetary control on performance of Non-Governmental Organizations in Kenya measured by R square at 14.3%. The research recommends that employees need to be sensitized on budgetary controls and the effect on performance of the organization.

Joshi and Abdulla, (1996) examined some aspects of budgetary control and performance valuation systems by utilizing data based on a questionnaire survey of forty-two medium and large scale companies located in the State of Bahrain. The study found that the conventional form of budget controllability principle was practiced to a great extent.

Ong'onge (2009) conducted a descriptive survey, using a population of 1,200 registered savings and credit cooperative societies (SACCOs) in Nairobi; a sample size of 40 SACCOs was selected using a simple random sampling method. The study found that budgets in SACCOs serve to aid control, aid both short and long term planning, communicate plans, and coordinate activities and also to evaluate performance.

Chemweno (2009) evaluated how firms have employed an operational budget as a management tool. The study concentrated on companies offering mortgage financing in Kenya. The data was collected mainly through detailed questionnaires and analysed using descriptive statistics by way of summary statistics, tables and percentages. The study revealed that budgets are normally prepared on an annual basis.

Badu, (2011) conducted an investigation of budgeting and budgetary Control at Ernest Chemist, Laurea. The results of the study indicated that the appropriate system of budgeting and budgetary control had been adopted and used to prepare the pharmacy’s budgets but there were a few problems associated with ethical issues which were also revealed.

Mwaura (2010) conducted an investigation into the participatory budget setting and budget commitment as a factor that affects performance of the NSE listed companies. This study used a causal research design to identify causes and effects relationship. The population of interest in this study comprised 55 companies listed where it considered only 53 still operating ones. Data for this study was both quantitative and qualitative hence both descriptive and content analysis techniques were employed. The descriptive statistical tools helped the researcher to describe the data and determine the extent used. In addition, to quantify the strength of the relationship between the variables, the researcher used a multiple regression. The study concluded that budgetary participation affects return on capital employed and return on assets to a great extent. It was further found that budgetary participation affects return on investment and budget commitment to moderate extents.

Theoretical Framework

The theoretical framework suitable for the understanding of budgetary control and organizational performance is the Resource Dependency Theory. The Resource Dependency Theory is developed by the American business theorist Jeffrey Pfeffer and the American organizational theorist Gerald R. Salancik in the year 1978 at the Stanford University (Pfeffer & Salancik, 1978). The concept of this is first published in their work: “The External Control of Organizations, A Resource Dependence Perspective” (1978). The purpose of the Resource Dependency is presenting a guide on how to design and manage organizations that are externally constrained

The key for organizations survival is the ability to acquire and maintain resources (Pfeffer and Salancik, 1978). The resource dependence theory advances the view that organizations are not able to internally generate all the resources or functions required to maintain themselves, they must therefore develop relationships with elements in the outside environment to obtain the required resources and services. Internal systems that satisfy the demands of both internal and external resource providers must therefore be put in place. Consequently, resources give organizations power, which changes relationships by prioritizing shareholders’ interests, working towards increasing their value and revising compensation practices to improve performance and share price. The accessibility to resources enhances organizational functioning, performance and survival. The survival of public organizations depends largely on good and effective management. If the performance of a given public organization is impressing, investors and customers will be willing to associate with such an organization. One way of ensuring good organizational performance in any public enterprise is by enhancing budgetary control measures.

METHODOLOGY

The study adopted a survey design. The study was carried out in Rivers State Newspaper Corporation at Port Harcourt, Rivers State. Data were generated from primary and secondary sources. Descriptive statistical tools were used to analyze the data generated. The frequencies of occurrence i.e. the number of various responses from the respondents on each question were converted to percentages, presented in tables and analyzed.

The hypotheses formulated for this study were tested using Chi-Square (X^2) statistical at 0.05 Level of Significance. The Chi-Square measures the discrepancy between observed frequencies in the sample of analysis and expected frequency and is computed by the formula:

$$X^2 = \sum \frac{(o-e)^2}{e}$$

Where:
∑= Summation
O= Observed frequency;
E= Expected frequency

DATA ANALYSIS

Test of Hypotheses

Decision Rule

i. Accept the alternate hypothesis (Hi) and reject the null hypothesis (Ho) if the calculated chi-square is greater than the table value.

ii. Reject the alternate hypothesis (Hi) and accept the null hypothesis (Ho) if the calculated chi-square is less than the table value.

Hypothesis One

H_o: There is no relationship between budgetary control and financial performance in Rivers state Newspaper Corporation.

Statistical Test

We use the Chi-Square test of significance. Level of significance of the test is 5%=0.05

Table 1: Observed responses: There is no relationship between budgetary control and financial performance.

Level	SA	A	UND	D	SD	TOTAL
Mgt Staff	-	-	4	15	44	63
Senior Staff	-	-	7	13	50	70
Junior Staff	-	-	8	9	38	55
Total	**0**	**0**	**19**	**37**	**132**	**188**

The relevant formula for the calculation of expected frequency is given as: $E = \frac{(\mathrm{RC})\times\mathrm{FC}}{\mathrm{N}}$

Where E (RC) = expected frequency of the cell.
F = Total row frequency.
FC = Total column
N = Total frequency

Using the above formular, the expected frequency is calculated from table 4.29 as follows:

Row 1 cell1 $E = \frac{63\times132}{188} = 44.23$

Row 1 cell 2 $E = \frac{63\times37}{188} = 12.37$

Row 1 cell 3 $E = \frac{63\times19}{188} = 6.36$

Row 2 cell 1 $E = \frac{70\times132}{188} = 49.14$

Row 2 cell 2 $E = \frac{70\times37}{188} = 13.77$

Row 2 cell 3 $E = \frac{70\times19}{188} = 7.07$

Row 3 cell 1 $E = \frac{55\times132}{188} = 38.61$

Row 3 cell 2$E = \frac{55\times37}{188} = 10.82$

Row 3 cell 3 $E = \frac{55\times19}{188} = 5.55$

The expected frequencies above are now presented alongside the corresponding observed frequencies in Contingency table below.

Table 2 Contingency table

Level	SA	A	UND	D	SD	TOTAL
Mgt. Staff	-	-	4(6.36)	15(12.39)	44(44.23)	63
Senior Staff	-	-	7(7.07)	13(13.77)	50(49.14)	70
Junior Staff	-	-	8(5.55)	9(10.82)	38(3.61)	55
Total	-	-	19	37	132	188

Having obtained both the observed (that is, frequencies as collected) and the expected frequencies (that is, frequency as calculated) the next stage is to calculate the X^2. In doing this, we will rely on the X^2formula: x^2=E(0-E)^2/E

$$X2 = \frac{E(44-44.23)2}{44.23} + \frac{(15-12.39)2}{12.39} + \frac{(4-6.36)2}{6.36} + \frac{(50-49.14)2}{49.14} + \frac{(13-13.77)2}{13.77} + \frac{(7-7.07)2}{7.07} + \frac{(38-38.61)2}{38.61} + \frac{(9-10.82)2}{10.82} + \frac{(8-5.55)2}{5.55}$$

$$\boldsymbol{X2} = (3.00) + (2.54) + (1.87) + (0.015) + (0.043)(+0.0006) + (0.009) + (-0.30) + (2.03) \ = 9.813$$

Therefore, the calculated X^2 is 9.813.

The degree of freedom (df) in a contingency table is: df= (R-1) (C-1) where R= the number of rows, C = the number of column. R =2(excluding total); C = 5(excluding total and reasons). To apply this formula, we have (3-1) (3-1) =2x2 = 4.

Level of difference is 0.05 with the degree of freedom (df) at 4, we refer to the Chi-Square table of distribution, X^2 for 4df at 0.05 of significance. The critical X^2 value for 4df @ 0.05 level of significance is 9.488.

Decision Rule 1: Reject Ho if X^2 calculated is > (greater than) X^2 table value.

Conclusion: X^2 calculated is =**9.813**, while the X^2 table value (0.05, 4f) is= 9.488.

Since the calculated value of 9.813 is greater than the table value of 9.488, we can reject the null hypothesis that there is no relationship between budgetary control and financial performance and accept the alternative hypothesis. Therefore, there exists a strong relationship between budgetary control and organizational performance.

Hypothesis Two

$H_{O:}$ Budgetary control has no effect on product performance indicators of sales, market shares and profit in Rivers State Newspaper Corporation**.**

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Statistical Test

We use the Chi-Square test of significance. Level of significance of the test is 5%= 0.05

Table 3: Observed responses: Budgetary control has no effect on product performance indicators of sales, market shares and profit in Rivers State Newspaper Corporation.

Level	SA	A	UND	D	SD	TOTAL
Mgt.Staff	38	15	3	1	1	58
Senior Staff	43	14	2	4	3	66
Junior Staff	32	18	4	6	4	64
Total	113	47	9	11	8	188

The relevant formular for the calculation of expected frequency is given as: $E = \frac{(\mathrm{RC})\times\mathrm{FC}}{\mathrm{N}}$

Where E (RC) = Expected frequency of the cell.
FR = Total row frequency
FC = Total column
N = Total frequency

Using the above formular, the expected frequency is calculated from table 4.30 as follows:

Row 1 cell1 $E = \frac{58\times113}{188} = 34.86$

Row 1 cell 2 $E = \frac{58\times47}{188} = 14.5$

Row 1 cell 3 $E = \frac{58\times9}{188} = 2.77$

Row 1 cell 4$E = \frac{58\times11}{188} = 3.39$

Row 1 cell 5$E = \frac{58\times8}{188} = 2.4$

Row 2 cell 1$E = \frac{66\times113}{188} = 39.67$

Row 2 cell 2$E = \frac{66\times47}{188} = 16.5$

Row 2 cell 3$E = \frac{66\times9}{188} = 3.15$

Row 2 cell 4$E = \frac{66\times 11}{188} = 3.86$

Row 2 cell 5 $E = \frac{66\times 8}{188} = 2.80$

Row 3 cell 1 $E = \frac{64\times 113}{188} = 38.46$

Row 3 cell 2 $E = \frac{64\times 47}{188} = 16$

Row 3 cell 3 $E = \frac{64\times 9}{188} = 3.06$

Row 3cell 4 $E = \frac{64\times 11}{188} = 3.74$

Row 3 cell 5 $E = \frac{64\times 8}{188} = 2.72$

The expected frequencies above are now presented alongside the corresponding observed frequencies in Contingency table below.

Table 4 Contingency table

Level	SA	A	UND	D	SD	TOTAL
Mgt Staff	38(34.86)	15(14.5)	3(2.77)	1(3.39)	1(2.46)	58
Senior Staff	43(39.67)	14(16.5)	2(3.15)	4(3.86)	3(2.80)	66
Junior Staff	32(32.46)	18(16)	4(3.06)	6(3.74)	4(2.72)	64
Total	**113**	**47**	**9**	**11**	**8**	**188**

Having obtained both the observed (that is, frequencies as collected) and the expected frequencies (that is, frequency as calculated) the next stage is to calculate the X_2. In doing this, we will rely on the X_2 formula: $X2 = \frac{E(0-E)2}{E}$

$$X2 = +\frac{(38-34.86)2}{34.86} + \frac{(15-14.5)2}{14.5} + \frac{(3-2.77)2}{2.77} + \frac{(1-3.39)2}{3.39} + \frac{(1-4.6)2}{4.6} + \frac{E(43-39.67)2}{39.67} + \frac{(14-16.5)2}{16.5} + \frac{(2-3.15)2}{3.15} + \frac{(4-3.86)2}{3.86} + \frac{(3-2.80)2}{2.80} + \frac{(32-32.46)2}{32.67} + \frac{(18-16)2}{16} + \frac{(4-3.06)2}{3.06} + \frac{(6-3.74)2}{3.74} + \frac{(4-2.72)2}{2.72}$$

$$\boldsymbol{X2} = (3.28) + (2.017) + (1.01) + (2.68) + (1.86) + (1.27) + (0.30) + (0.41) + (0.42) + (1.01) + (1.08) + (0.25) + (0.28) + (1.36) + (1.60) = 17.747$$

Therefore, the calculated X_2 is 17.747.

The degree of freedom (df) in a contingency table is: df= (R-1)(C-1) where R= the number of rows, C = the number of column. R =2(excluding total); C = 5(excluding total and reasons). To apply this formula, we have (3-1) (5-1) =2x4 = 8.

Level of difference is 0.05 with the degree of freedom (df) at 8, we refer to the Chi-Square table of distribution, X_2 for 4df at 0.05 of significance. The critical X_2 value for 8df @0.05 level of significance is 15.507.

Decision Rule 1: Reject Ho if X_2 calculated is > (greater than) X_2 table value.

Conclusion: X^2 calculated is =1**7.747**, while the X_2 table value (0.05, 4f) is**= 15.507.**

Since the calculated value of 17.747 is greater than the table value of 15.507, we can reject the null hypothesis that budgetary control has no effect on product performance indicators of sales, market shares and profit and accept the alternative hypothesis. Therefore, budgetary control has effect on product performance indicators of sales, market shares and profit in River State Newspaper Corporation.

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Discussion on Findings

Hypothesis one which states that there is no relationship between budgetary control and financial performance in Rivers State Newspaper Corporation was rejected. This means that budgetary control have a strong relationship with financial performance and thus organizational performance because, budget itself forms the basis for decision making, foundation for sound planning, measure for performance of an organization, budgetary control provide structural support for performance and it also acts as a tool for resource allocation and control. This finding supports the position of Marcornmick & Hardcastle (2011), that there is positive relationship existing between budgetary control and organizational performance.

Hypothesis two which stated that budgetary control has no effect on product performance indicators of sales, market shares and profit in River State Newspaper Corporation. did not gain statistical support. Findings on hypothesis two revealed that budgetary control has effect on product performance indicators of sales, market shares and profit in River State Newspaper Corporation. Findings showed that the organization has performed poorly in all the indicators considered namely; profit- the organization has not recorded any profit as its market share of the print media in the state is very small resulting in low sales. Currently it produces only 6,000 copies daily as against the installed capacity of 130000 copies daily. This sad state invariably robs off negatively on its profit. Its expenditure therefore far exceeds its revenue, thus it experiences negative product performance.

The study also discovered that there are factors which negatively affect budgetary control and organizational performance in Rivers State Newspaper Corporation. Major among these problems is that the budgetary control is subject to human judgment, interpretation and evaluation. This finding supports the position of Institute of Banking Studies Kuwait, (1986) that itemized about 12 limitations of budgetary control. These problems if not checkmated have potentials to negatively affect budgetary control which might lead to poor organizational performance. This finding collaborates the positions and propositions of Neely, (2001), Nafula, (2004) and Krishna, (2010) that there are certain challenges facing budgetary control and organizational performance.

Conclusion

This study conducted investigation of budgetary control and organizational performance using Rivers State Newspaper Corporation as the case study. The researcher reviewed previous literature and contributions to this study.

The study established that budgetary control had a positive relationship with organizational performance. It also established that budgetary control had positive effect on product performance of Rivers State Newspaper Corporation. The findings of this work are in tandem with the findings of Jiambalvo, (2004) who observed that a budget is a basic and important weapon in management and serves as a tool for planning and controlling the use of scarce resources in the accomplishment of institutional objectives. Thus budgetary control can be used as a tool to improve the performance of any organization.

Recommendations

Drawing from the findings of this work, we hereby make the following recommendation to the government of Rivers state and the management of Rivers State Newspaper Corporation.

- From our finding, budgets are strongly linked to performance of an organization, therefore the management of Rivers State Newspaper Corporation and indeed any public organization should pay maximum attention to budgetary control. First, organizations must recognize that budgetary control is heavily linked to organizational performance. Managers and operators of public organizations should fully utilize the budget resources, since it has the power to completely transform the organizations.
- Since budgetary measures have strong effect on the product performance of the organization, management therefore should review the existing budgetary standards and measures, introduce new ones where applicable that will tighten the internal control system to prevent leakages and wastes in order to channel enough resources towards expanding the market share of the company through increasing the number of daily copies. Strict budgetary operational objectives adherence will assist in repositioning the organization towards better product performance.

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