



BUDGET USE AND PERFORMANCE OF MANUFACTURING SMALL AND MEDIUM ENTERPRISES (SMEs) IN LAGOS STATE, NIGERIA

Mubaraq Sanni¹ & Oladipo Oluwafolakemi Fasesin²

¹Department of Accounting and Finance, Kwara State University, Maletе

²Department of Accountancy, Faculty of Financial Studies, Osun State Polytechnic, Iree, Nigeria

Corresponding author: oluwafolakemifasesin@gmail.com

Abstract

The absence of budgets in the operations of SMEs often leads to their poor performance. SMEs ought to maintain proper budget, the lack of which may lead the businesses to remain small, stagnant and even close down in some cases. Consequently, this study seeks to examine the impact of budget use on the performance of SMEs. To achieve this main objective, specific objectives were developed with respect to: investigate the extent to which diagnostic budget use influences performance of manufacturing SMEs and examine the effect of interactive budget use on performance. The study employed cross-sectional research design to address empirical questions developed for the study. The population of the study was 46,652 managers (Managing Director, Account Manager, Human Resources Manager and Production/operation Manager) of manufacturing SMEs operating in Lagos State out of which 397 were randomly selected. The primary data were sourced from field survey through the administration of questionnaire. Data were sourced through a structured questionnaire from the selected 397 managers. Analysis was based on both descriptive and inferential techniques. The descriptive analysis was based on techniques such as graphs and tables, while the inferential analysis was done by PLS-SEM techniques to test all the hypotheses. However, the results of the analysis reveal that both diagnostic and interactive budget use have a positive significant relationship with performance of Manufacturing SMEs in Lagos State at ($\beta = 0.148$, $t = 1.75$, $p < 0.10$) at 1% level of significant and ($\beta = 0.199$, $t = 2.75$, $p < 0.01$) respectively. However, the use of budget diagnostically and interactively goes a long way to influence the performance of manufacturing SMEs in Lagos State. Consequently, the study recommends that manufacturing SMEs in Lagos State should have budgets to provide motivation and direction for managers to achieve their organizational goals and to contribute to a significant increase in managers' organizational commitment due to greater flexibility regarding dialogue and respect for subordinates' contribution.

KEYWORDS: budget use, performance, SMEs, manufacturing companies



INTRODUCTION

National development is usually the top priority of most countries globally and this has proven to be the lasting solution to global economic challenges such as poverty, high rate of unemployment, low productivity and overall performance. In view of this, businesses globally are looking for ways to advance their performances in the amalgam of technological advancements, financial globalization, ever-increasing competition, and innovation in the business environment (Abideen & Joseph, 2021). Other stimulant for evolving interest in the performance of business organization includes declining product life cycle and changing customer demand. Performance of businesses, especially that of Small and Medium-sized Enterprises (SMEs), has remarkably attracted enormous interest of different stakeholders (Rahim, Ofuani, & Olonode, 2018) because, the performance of businesses, especially SMEs have undeviating effect on economic development of both developed and developing countries (Prihatini, Utami, & Priyono, 2019).

Rahim *et al* (2018) reiterated that the growth and development of businesses generally is a reflection of their performance through various strategies and approaches put in place to actualize the businesses' objectives. The aforementioned assertions are the rationale why most companies, large or SMEs, seek to improve their performance in any way possible for the economic development of their countries. Taouab and Issor (2019) emphasized that the winning card can be held by those who endeavour to innovate, obtain and sustain performance. Therefore, in order to comprehend and monitor performance in an endlessly changing environment, assessment of the performance is indispensable. According to Rahim *et al* (2018), a typical performance assessment approach assists business organizations in the establishment of business objectives and provides feedback on the progress over a given period of time. Spitzer (2007) added that assessing performance may amend the flexibility of business activities and may also serve as an economical booster of business entities through provision of a strategic road map to know where the business is and where it expect to be in the future.

The above notion implies that performance assessment may serves as investigative tool for acquiring relevant information that is pertinent to the achievement of business objectives. Neely Gregory and Platts (1995) cited by Rahim *et al* (2018) stated that performance assessment is the crux of business organizations because several essential decisions are based on it. This implies that failure to consider the level of performance may hinder the achievement of business's targets.

Zonatto, Nascimento, Lunardi and Degenhart (2020) further asserted that failure to use budget by entities like SMEs create a mismatch or deficiency of resources at the time



required with consequential effect on the overall performance. Measurement of business's performance in today's economy is a critical issue for practicing managers. Researchers have extended efforts to determine different measures for the concept of performance, yet, there is still an incomplete literature and an on-going debate on the issue of firms' performance specifically with regards to budget use (Taouab & Issor, 2019). This makes Knardal and Bjørnenak (2020) to agree that budget plays compound functions in business organization which was confirmed by other authors. De-With and Dijkman (2008) claimed that 84.2 per cent of business enterprises use budget mainly for planning, 86 percent use budget for measuring the business performance, 84.1 per cent use for evaluation of the managers' performance, and 77.3 per cent use budget for allocation of resources. However, literatures still leave many questions unanswered regarding factors affecting the performance of business entities like SMEs (Nguyen *et al.*, 2018).

O'grady, (2019) opined that budgets are not only a diagnostic and controlling tools with a coercive directive but a means of coordinating and communicating the strategic priorities of the organization to achieve the intended objectives. Seneviratne and Martino (2021) reiterated that budget use is clearly essential to all business entities including the SMEs but its traditional and diagnostic use had attracted criticism. The interactive budget use involves not only participation between subordinates and superiors in the budget setting process, but also an on-going dialogue between organizational members as to why budget variances occur, how the system or behaviours can be adapted and even whether any action should be taken in response to these variances (Kaveski,*et al.*, 2020). These types of budget use allow top management to actively monitor and intervene in on-going decision activities of subordinates. It is also provides an opportunity for top management to debate and challenge underlying data, assumptions and action plans because interactive management controls demand regular attention from operating subordinates at all levels of the company (Simons, 1990).

Despite the importance of budget use to the growth of SMEs globally, only a few studies have been conducted in the country to the impact of budget use on the performance of SMEs (Maduekwe, 2015; Olaniyan and Efuntade 2020). Given the facts that high failure rate of SMEs is due to lack of or ineffective use of budgets, it is essential that the use of budgets by SMEs in Nigeria needs to be investigated. Therefore, this study attempts to examine the effect of budget use with regards to organizational performance of Manufacturing SMEs, particularly in Lagos State of Nigeria.



Statement of the Problem

In Nigeria, the extent to which budgetary information is been used to carry out management functions such as, communication, motivation, planning, control among SMEs is to a large extent doubtful going by the abysmal performance of this very important sector of the economy. For instant, failure of SMEs in Nigeria is attributable to poor budgetary use. This assertion is supported by (Modupe 2017; Nwanyanwu and Nkiru, 2018; Susuawu, 2020; Mbogo Orlando and Macharia, 2021). Usage of budget to identify area where problem need attention through feedback reporting or using budget to diagnose hidden factors that need to be critically resolve seems not to be in practice among SMEs. The study of Olaniyan and Efuntade (2020) found out that though SMEs prepare budget, but they hardly conduct investigative variance analysis that will provide feedback information for management use in terms of performance measurement, reward and planning.

Even where budget is recognized and put into use to identify some critical problems, organization participant, particularly subordinate that will ensure that the problem is operationally resolved are not being engaged through budget use. An advocate of the relevance of budgetary control usage such as Simon (2000) emphasized that for budget use to actualize its relevance, subordinate involvement in term of bottom-up approach, usually referred to as interactive use of budget is inevitable. Therefore, substantial research evidence confirms little or no use of budget interactively (Simon, 2000 & Collier 2006). The consequences of this are those dysfunctional behaviours such as data manipulation, gamming, smoothing, distortion of information, biasing, focusing, filtering, and illegal acts are usually common among the employee of the SMEs (Ramzy, Bedwy & Mahar, 2018). As a result of this, many cases of this dysfunctional behaviour eventually lead to failure or collapse of many SMEs as reported in the dailies.

Although, the effects of not using budget both diagnostically and interactively have been identified in the preceding paragraphs, contingencies literatures emphasize that for any management accounting technique to realize its functions, organization context in which management accounting technique is been deployed must be considered. SMEs managers seem not to be aware of this very important assertion when using budget. For instance, where managers or organization have a highly dynamic business environment, they require the usage of budget diagnostically and interactively; little or no attention is usually paid to such situation.

In summary, with all these problems discussed in context of budget control usage among SMEs, it is not a surprise that SMEs performance problem continue to subsist. Therefore,



this study is put forward to empirically investigate how budget usage explains variation in the performance of SMEs.

Based on the established research problems, the following research questions were raised for the

- i. To what extent does diagnostic budget use influence performance of manufacturing SMEs in Lagos State?
- ii. What is the effect of interactive use of budget on performance of manufacturing SMEs in Lagos State?

LITERATURE REVIEW

Conceptual Review

The concepts reviewed in this section are budget and its uses, concept of SMEs, performance and performance measurement.

Budget Use

Budgets are a major feature of most management control system and are used by management as a means of coordinating and communicating strategic goals and, in conjunction with reward systems, are often used to facilitate lower-level managers' commitment to these priorities. The budget involves a great deal of effort by managers in describing, connecting, and obtaining requirement for operations so that decisions are operationalized (Sasaki, 2019; Marion, Clement & Jimmy, 2021). This budgetary planning and control can be an asset in the development and performance of the organization (Frezatti, Relvas, Nascimento, Junqueira & Bido, 2010). The budgetary controls correspond to the closing of the managerial process and take place not only before but during and after the activities occur (Frezatti *et al.*, 2009). There are several alternative ways of using management control system as noted by Carla and Lucia (2016); Gokhan and Abdullah (2020) among others.

Dakurah (2020) added that at the early stage of development of budget, it was primarily concerned with preparing and presenting credible information to legitimize accountability and to permit correct performance evaluation and consequently rewards based on performance. However, over the years, the function and focus of budgeting has shifted considerably as business organization become more complex and their environment become dynamic.

Simons (1995) stated that a fundamental problem facing managers is how to exercise adequate control in organizations. In order to empower the people's potential to improve the performance of the entity, senior managers have to give up control, allow employees



to unleash their potential, and also help them by communicating core values. Simons suggests four levers of control as a tool to reconcile and balance the conflict between creativity and control. According to Simons (1995), the power of control does not lie in the use of one lever at the time, but in the interplay between them, how they complement each other (Simons, 1995). The focus of Simon' levers of control framework are the use of the management control system, and not the design or technical aspects. These levers of control include the belief, boundary, diagnostic and interactive control but how budget is used diagnostically and interactively was considered in this study.

Diagnostic Control Systems

Diagnostic control system is the formal information system that managers use to monitor organizational outcomes and correct deviations from pre-determined sets of performance (Simons, 1995). Kaveski,*et al* (2020) reiterated that the four lever of control or system can help managers in budget control. With a few exceptions, most of prior research in management accounting has implicitly or explicitly assumed that budgets may serve as a diagnostic role which has earlier being described by Burchell, Clubb, Hopwood, Hughes and Nahapirt (1980) as an "answer machine" role. In this role, budgets serve the traditional purpose of evaluating performance. To elaborate further on the diagnostic use of budget, Lambovska, Rajnoha, and Dobrovi (2019); Jakobsen and Pallesen (2017); Mkasiwa (2019) asserted that budget is traditionally used as a powerful tool that assist business entities to compel compliance towards a particular target and to ensure compliance with statutory obligations to improve the efficiency and effectiveness in a business enterprises and attributing responsibility for outcomes to particular organizational functions or members.

O'grady, (2019) opined that budgets are not only a diagnostic and controlling tools with a coercive directive but a means of coordinating and communicating the strategic priorities of the organization to achieve the intended objectives. Asogwa, Elisa and Etim (2017); Klimaitiene and Ramanauskaite (2019) reiterated that budget use is clearly essential to all business entities including the SMEs but its traditional and diagnostic use had attracted criticism. The object of their criticism is that traditional and diagnostic use of budget covers a period of one year only but not adjusted within the year regardless of any significant changes in the circumstances that may affect budgetary indicators of SMEs. Seneviratne and Martino (2021) added that traditional and diagnostic use of budget was criticized because of its inability to operate properly in a highly uncertain situation which is one of the main features of SMEs business's environment.

Contrary to the above submission, Pesalj *et al* (2018) asserted that diagnostic control systems help the organization manage tensions in relation to short and long term focus,



predictable goal achievement and search for new opportunities, internal and external focus, control and creativity. Many authors such as Lambovska, Rajnoha, and Dobrovi (2019); Jakobsen and Pallesen (2017); Mkasiwa (2019) among others opined that diagnostic processes represent management controlling activities from which corrective action is taken as a result of feedback received about performance. This implies that managers employ diagnostic control system to identify exceptions and deviations from plans. This evident why immense number of researchers has implicitly or explicitly assumed that budgets are used diagnostically because budgets use in evaluating performance and attributing responsibility for outcomes to particular organizational functions or members (Kaveski, *et al* (2020).

However, managing performance requires the use of all the four levers of control this is important in SMEs where less formal controls plays a key role and balance needs to be ensured despite lack of managerial processes and capacities (Pesalj, Pavlov Micheli, 2018). Frezatti, Bido, Cruz and Machado (2017) also asserted that too much focus on the coercive use of control can hamper innovative idea that may enhance the performance of SMEs.

Interactive control systems

According to Caroline and Carlso (2016), interactive control systems are the formal information systems that managers use to participate regularly and personally in the decisions processes of subordinates. This control system allows top managers to involve themselves in strategic uncertainties and to learn about, and respond to, threats and opportunities as competitive conditions change (Simons, 1995). Any management control system that facilitates formal processes of debate, such as involvement in budgetary processes, can be used interactively (Hartanto and Dwi, 2018). Interactive controls are the last of the four levers of control to be adopted by a growing firm like SMEs. According to Simons (1995), interactive controls system is different from diagnostic control system in four areas which include: Information is significant enough to demand frequent and regular attention from operating managers at all levels of the organization; the data generated by the interactive system are best interpreted and discussed in face-to-face meetings of superiors, subordinates and peers; the interactive control system acts as a catalyst for an on-going debate about underlying data, assumptions and action plans.

Chen, Lill and Vanca (2019) stated that employees' autonomous motivation is positively associated with the usage of interactive and believe system. Similarly, Flores- Szwagrzak and Treibich(2020) opined that the success of an organization is not dependent on the capability of the individual but it is achieved through the interaction between individuals working as a team with the motive of achieving the organizational objectives. Caroline and



Lavarda(2016) supported the precious authors , that interactive systems which includes: managers involvement, incentives to organizational learning and emergence of new ideas are frequently used in the organization.

The interactive budget use involves not only participation between subordinates and superiors in the budget setting process, but also an on-going dialogue between organizational members as to why budget variances occur, how the system or behaviours can be adapted and even whether any action should be taken in response to these variances (Kaveski,*et al.*, 2020). This is a type of budget use which allows top management to actively monitor and intervene in on-going decision activities of subordinates. It is also provides an opportunity for top management to debate and challenge underlying data, assumptions and action plans because interactive management controls demand regular attention from operating subordinates at all levels of the company (Simons, 1990, Frezatti et al, 2017)

Theoretical Framework

Although, this study takes a review of two relevant theories(goal setting and resources-based view theories) to articulate A-prior expectation of the relationship between independent and dependent variables, resources-based view assumption and prediction bear much relevant to hypothesized relationship raised. Accordingly, resource-based view focuses on firm’s resources as the primary factors of competitive benefit and performance (Ibrahim, 2016 and Sylvia, Sarajul,Mohd, prescilla, 2021). In context of this study, budgetary information and its use is a form of resources that can create competitive benefit and performances in an organisation. As argued by the theory that available resources have diverse use and can be employed to provide variety of services, the way and manner budget is being put to use may have critical performance impact. Based on the foregoing argument, resources-based view informed the hypothesized relationship raised for research question one and two.

Empirical Review

The focus of this study is on budget use and performance of SMEs. Budget use is one of the essential control tools of management control system which may be interactive and diagnostic budget use. In view of this, the present study reviews previous empirical studies on budget use.

Pesalj *et al* (2018) examined the use of budget and performance measurement systems in SMEs in Dutse. The study collected data during an in-depth case study of budget and performance measurement and management practices in a Dutch SME using multiple data



sources and elicitation methods, including interviews and participant to observations. The study revealed that managerial practices that enable the interplay of the four control systems - beliefs, boundaries, diagnostic and interactive – helping the organization manage organizational tensions in relation to short- and long-term focus, predictable goal achievement and search for new opportunities, internal and external focus, and control and creativity.

Hadiza (2019) examined the role of budgeting and budgetary control achieving objectives of business organizations. A survey design was adopted for the study using a sample of 30 top and middle managers was randomly selected across the firm. The Cronbach alpha reliability test was performed to establish the internal consistency of the research instrument. Hence, the data collected were analysed using mean standard deviation and one sample test to determine how budget and budgetary control enhance organizational objectives.

Dahlan (2019) investigated the importance of management accounting systems (MAS) and interactive budget use at middle to lower-level employees in the public service administration. The study employed a questionnaire administered on each potential participant of 40 public administration offices located at West Java Province of Indonesia. Out of 120 distributed, the study collected 78 usable data and analysed using Path-Analysis. The study found that MAS information improved interactive budget use. Both variables of MAS information and interactive budget use significantly boost the job performance. However, interactive budget use did not moderate in the relationship between MAS information and job performance. The study further indicated that director/chairman and managers can open communication channels to subordinate to increase MAS information which leads to the improvement interactive budget use in order to generate excellent performance. However, the study was carried out in the public service administration which may have influence on the findings of the study.

In 2020, Sitepu, Appuhami and Su (2020) investigated how interactive use of budget affects creativity in Indonesia. The study employed survey data which was collected from mid-level managers in publicly listed Indonesian companies. The data was analysed using partial least squares. The findings of the study indicated that while there is no direct association between an interactive use of budgets and individual creativity, an interactive use of budgets can affect individual creativity via role clarity. However, the study failed to incorporate how interactive budget use affects performance which is the focus of this study. Knardal and Bjørnenak (2020) examined managerial characteristics and the use of budgets in festivals. The study was informed by upper echelons theory and aimed to investigate



how individual and observable characteristics of festival managers are associated with variations in the use of budgets. The study is based on a survey of 61 festival managers from 40 festivals. The findings suggested that festival budgets are particularly important in the planning and coordination process but used less frequently for ex-post evaluations. The findings also indicated a positive association between a business educational background and the use of budgets for most purposes, with the exceptions of performance evaluation and reward.

Olaniyan and Efuntade (2020) carried out a study of budget and budgetary control system on financial performance of tertiary institution in Nigeria. The study adopted ex-post facto research design. Data was extracted from the Central Bank of Nigeria (CBN) statistical bulletin for period covered fifteen (15) years spanning from 2004 to 2019. The data was analysed with various statistical techniques like unit root, co-integration test and multiple regression analysis. The findings revealed among other things that; there was presence of co-integration (long-run relationship) among the variables in the model, budget planning, budget evaluation, control and monitoring have significant relationship with financial performance in Nigeria, while budget participation is not significantly related to financial performance of the tertiary institution in the long run. From the extent of the review of empirical studies from Nigeria revealed that there are few studies on budget use and performance.

Kaveski; Beuren; Gomes and Lavarda (2020) evaluated the influence of the diagnostic and interactive use of the budget on managerial performance, as mediated by organizational commitment in Brazil. A survey was carried out using Brazilian textile industry companies as a population, and the sample consists of 133 respondents to the questionnaire. Structural equation modelling was used to test the hypotheses. The results revealed that the diagnostic and/or interactive use of the budget influences organizational commitment, as well as influencing managerial performance. The organizational commitment variable had a total mediating effect on the relationship between the use of budgetary control system and managerial performance, indicating that forms of budget use affect managerial performance only when managers are committed to the organization.

Dakurah (2020) assessed budgeting and budgetary control effectiveness of credit unions in the Upper West Region of Ghana. The study used the descriptive and correlational research methods targeting the entire population of eight (8) Credit Unions registered with the Department of Co-operatives and affiliated to Ghana Co-operative Credit Unions Association Limited (CUA). The census survey method was employed due to the small population size and purposive sampling was used to select the study respondents due to the



technical nature of the subject and a regression model adopted to determine the association between dependent and independent variables. The study found that financial performance is significantly influenced by the budgeting and budgetary control practices of Credit Unions in the Upper West Region. It was also revealed by the study that the extent of use of good budgeting and budgetary control practices including formal budget planning, use of excel/software, punishments/reward, budget participation, flexibility, zero-base budgeting and budget comprehensiveness was very low among Credit Unions.

Mahroqi and Matriano (2021) investigated the effect of budgetary controls on the financial performance of Oman Telecommunication Company. In addition, the study aims to verify the effectiveness of budgetary control techniques in the company, in light of the support and role of top management for budgetary control techniques in the company. The study employed survey method based on questionnaires and interviews was used. Data were analysed using frequency distribution, correlations, and regression analysis. As for the interview, they were analysed by descriptive and explanatory methods. The results revealed that there is a positive relationship between budgetary control and the financial performance of the company, the differential impact of budgetary control techniques, and the confirmation of the company's use of the technique of variance analysis and accounting responsibility, as well as the importance of budgetary control procedures. The results also showed that the importance of support and the role of top management for budgetary control techniques. However, the study focused on budgetary control which is slight differ from the focus this present study.

Subriyah, Nurdin, and Darmawati (2021) determined the impact of budget planning on performance of organization through standard cost analysis in the General Bureau of the Regional Secretariat of West, Sulawesi Province. The data employed in the study was primary data gathered through a questionnaire administered on 72 respondents. The study converted the data to quantitative data in order to analysis with statistical tool and to test the hypothesis developed in the study. The study employed Path Analysis using the AMOS program. The result of analysis revealed that budget planning budget evaluation and cost standard direct and indirect effects on organizational performance at the General Bureau of the Regional Secretariat of West Sulawesi Province. Though, budget planning is pre-direction of the way to use budget but the study failed to explained further on this and how budget planning affect performance.

Dyah and Adli (2022) investigated the impact of budget execution performance and asset management performance on the quality of financial statements moderated by disclosure of financial statements. The population of the study comprises all the staff in the work



department at the Ministry of Public Works in the Province of DKI Jakarta, capital of Indonesia. Data were collected using the purposive sampling method. A method of data analysis using Structural Equation Model (SEM) Partial Least Square (PLS) with Smart PLS software Version 3. The test results showed that the performance of budget execution does not affect the quality of financial statements, asset management performance has a significant effect on the quality of financial statements, and disclosure of financial statements does not moderate the effect of budget execution performance and asset management performance on quality financial statements. The study focused on public sector while the present study is considering SMEs.

Nuhu, Baird and Sophia (2022) examined the associations between top management interactive and diagnostic use of financial and non- financial performance measure with individual manager's creativity and the mediating role of middle and lower level manager are perceived fairness of their performance. Data were sourced from 220 middle and lower managers from manufacturing organizations in Australia. The data were analysed using structural equation model. The finding of the study revealed direct positive associations between the diagnostic use of financial performance measures and the interactive use of non- financial performance measure with individual creativity. In addition, the positive effect of the interactive use of financial performance measures on individual creativity is mediated by distributive, interpersonal and informational fairness, while the positive effect of interactive use of non- financial measures is positively mediated by interpersonal and information fairness. Furthermore, procedural fairness positively and partially mediates the effect of the diagnostic use of financial performance measures on individual creativity and interpersonal fairness positively.

METHODOLOGY

This is a cross-sectional study which examined the impact of budget use on performance of manufacturing SMEs in Lagos State. A survey research approach was adopted to sample the opinion of the respondents. The data collection instrument for the study was structured questionnaires. The data was collected via a closed ended questionnaire and was analysed using the Partial Least Square - Structural Equation Model – PLS-SEM). The estimated figure of micro-businesses in Lagos is 3,224,324 out of which over 11,663 were operating in Lagos State (Lagos State Ministry of Commerce, Industry and Cooperatives).

In order to determine the actual list of sampling frame, the expected respondents in this study include the Managing Director, Account Manager, Human Resources Manager and Production/operation Manager. Therefore, the total population of this study will be 46,652 (11,663*4). A sample size of 397 of SMEs manufacturing companies in Lagos State was



determined and selected for the purpose of collecting the data. The sample size of the respondents for questionnaire was determined by employing Yamane (1967) approach. This approach was chosen to assist in selecting appropriate sample size from population size of 46,652. However, Based on this formula with 5% level of precision, the sample size of three hundred and ninety seven (397) was approximately employed using Yamane (1967) approach.

Prior to testing the hypotheses, preliminary tests like normality, multicollinearity, reliability, and validity were conducted. The main inferential statistic employed in this study is Structural Equation Modeling (SEM) to test the research hypotheses, using Partial Least Squares (Partial Least Square - PLS), through the Smart PLS statistical software. Hence, PLS-SEM is recommended to studies with small samples (Chin, 1998).

Model Specification

This study adapted the model of Farzane *et al* (2016) to develop the following model:

$$Performance\ of\ SMEs = f(Budget\ Use) \dots\dots\dots 3.1$$

The influence of budget use on performance was considered under the diagnostic and interactive budget use. These are:

$$PerfSMEs = f(Diagnostic\ use\ of\ budget\ by\ SMEs,\ Interactive\ use\ of\ budget\ by\ SMEs) \dots 3.2$$

This can be transformed into the following linear equation:

$$PerfSMEs_{jt} = \beta_1 + \beta_1 DUB_i + \beta_2 IUB_i + e_i \dots\dots\dots 3.3$$

Table 1 Measurement of Variables

Variables	Abbreviation	Measurement	Sources
Independent Variables		Questionnaire items	Authors
Diagnostic use of budget	<i>DUB</i>	It was measured through five items relating to target, variance, performance monitoring and for review of performance.	Henri (2006); Bisbe et al. (2007); Hofmann et al., (2012); Chong & Mahama (2014); Abadi <i>et al.</i> , 2016); Farzane <i>et al</i> (2016)
Interactive use of budget	<i>IUB</i>	It was measured with five items that focus on setting agenda, facilitate	Henri (2006); Bisbe et al. (2007); Bogsnes (2009); Marginson <i>et</i>



		participation, debate and dialogue	<i>al.</i> , (2010); Pavlov & Bourne, (2011); Hofmann <i>et al.</i> , (2012); Tessier & Otley 2012); Chong & Mahama (2014); Farzane <i>et al</i> (2016)
Dependent Variables			
Organizational performance	PERF	This was measured through five items of financial and non-financial indicators; financial performance, sales growth, relative market shares.	Lusthaus <i>et al</i> (2002); McNamara, (2005); Verboncu (2005); Yıldız & Karaka (2012); Epstein & Manzori (2006); Bogsnes (2016, 2018); Merchant & Van Der Stede, 2017)

RESULTS AND DISCUSSION

Arrived from the chapter three that deal with research method, this chapter presents the data analysis result of the study on budget use and organizational performance of manufacturing SMEs in Lagos State.

Descriptive Analysis (Demographical Information of Respondents)

The profile of the respondents was analysed by the researcher using their demographic characteristics. The respondents were asked to explain some of their demographic information, which includes gender, educational qualification, marital status, experience, company’s age, number of employees, position and company total assets of the manufacturing SMEs in Lagos State in Nigeria. The detailed analyses are presented in Table 2

Table 2 Demographical Information of Respondents

Demographic Data		Frequency	Per cent	Valid Per cent	Cumulative Per cent
GENDER	Male	224	59.6	59.6	59.6
	Female	152	40.4	40.4	100.0



MALETE JOURNAL OF ACCOUNTING AND FINANCE
 A Publication of the Department of Accounting and Finance,
 Kwara State University, Maletе

Vol. 3 No. 2, December, 2022

ISSN: 2735-9603

	Total	376	100.0	100.0	
MARITAL STATUS	Single	120	31.9	31.9	31.9
	Married	200	53.2	53.2	85.1
	Divorce	56	14.9	14.9	100.0
	Total	376	100.0	100.0	
EDUCATIONAL LEVEL	ND/NCE	8	2.1	2.1	2.1
	HND/BSc	288	76.6	76.6	78.7
	Master	64	17.0	17.0	95.7
	PhD	8	2.1	2.1	97.9
	Others	8	2.1	2.1	100.0
	Total	376	100.0	100.0	
AGE	30yrs and below	104	27.7	27.7	27.7
	31 - 40yrs	136	36.2	36.2	63.8
	41 - 50yrs	128	34.0	34.0	97.9
	51 - 60yrs	8	2.1	2.1	100.0
	Total	376	100.0	100.0	
COMPANY'S AGE	Less than 5yrs	24	6.4	6.4	6.4
	6 - 10yrs	120	31.9	31.9	38.3
	11 - 15yrs	72	19.1	19.1	57.4
	16 - 20yrs	40	10.6	10.6	68.1
	21yrs and above	120	31.9	31.9	100.0
	Total	376	100.0	100.0	
EXPERIENCE	Less than 5yrs	112	29.8	29.8	29.8
	6 - 10yrs	112	29.8	29.8	59.6
	11 - 15yrs	88	23.4	23.4	83.0
	16 - 20yrs	48	12.8	12.8	95.7
	21yrs and above	16	4.3	4.3	100.0
	Total	376	100.0	100.0	
POSITION	MD/GM	48	12.8	12.8	12.8
	Accountant	216	57.4	57.4	70.2
	HRM	64	17.0	17.0	87.2
	Production/Operation	48	12.8	12.8	100.0
	Total	376	100.0	100.0	
	20m and below	88	23.4	23.4	23.4



<i>COMPANY'S TOTAL ASSET</i>	21m - 40m	40	10.6	10.6	34.0
	41m - 60m	8	2.1	2.1	36.2
	61m - 80m	40	10.6	10.6	46.8
	81m and above	200	53.2	53.2	100.0
	Total	<u>376</u>	<u>100.0</u>	<u>100.0</u>	
NUMBER OF EMPLOYEES	Less than 50 employees	96	25.5	25.5	25.5
	51 - 100 employees	72	19.1	19.1	44.7
	101 - 150 employees	16	4.3	4.3	48.9
	151 - 200 employees	24	6.4	6.4	55.3
	201 employees and above	168	44.7	44.7	100.0
	Total	<u>376</u>	<u>100.0</u>	<u>100.0</u>	

Sources: Author's computation (2022)

The analysis on Table 2 revealed that out of the 376 valid responses used in this study, 224 (59.6%) of them are males while the remaining 152 (40.4%) are females. The number of respondent by gender is a reflection of the total number of male and female owners and managers in the Manufacturing SMEs firms in Lagos state. Out of the 376 valid responses used in this study, 200 (53.2%) of respondents are married while 120 (31.9%) respondent are still single on their marital status. Thus, other respondents amounted 56 (14.9) owners and managers are divorce and separated in the Manufacturing SMEs firms in Lagos state. This implies that majority of the respondents are responsible set of people and will provide responsible answers.

As seen in Table 2, 288 (76.6%) of the respondents are bachelor degree holder, while 64 respondents representing 17% of the total number of valid questionnaire holds a master degree. Also, 8(2.1%) respondents each are holder of ND/NCE, PhD and others respondents. The respondents were knowledgeable based on their level of educational qualifications and will be able to answers all the questions with little or no supervision. Of the 376 valid respondents, the highest number of them 136 (36.2%) have age between 31-40 years. 128 (34%) had between 41-50 years of age, only 104 (27.7%) had less than 30 years of age, while only 8 (2.1%) had between 51- 60 years of age. Therefore, all the



respondents were in their active age and will be in their right senses to deal with the questionnaire.

From the analysis of company's age, it was observed that 120 (31.9%) have been established for more than 21 years, 40 (10.6%) were established between 16-20 years, 72 (19.1%) were established between 11-15 years while 144 (38.3%) were established in less than 10 years. More than 200 SMEs in Lagos State have been established for more than 10 years and would have gathered enough experiences relating to use of budget in their organization. With regards to the experience of the respondents, the majority of the respondents 112 (29.8%) have a work experience between 1 -10 years. 88 (23.4%) had 11-15 years' work experience, also, 48 (12.8%) had 16 -20 years of experience, while only 16 (4.3%) had over 21 years of work experience. The responses show that more than 50% (224) of the respondents obtained have a cognate experience below 10 years. This implies that they are still at growth stage acquiring diversifies knowledge about their business.

In terms of position of respondents in the organizations, Table 2 showed that 48(12.8%) of the participants were managing director/general manager, followed by Account Manager/Accountant 216(57.4%); Human Resources Manager 64(17%) and production/operation manager 48(12.8%) as indicated in the Table 4.9 below. The analyses revealed that 57% of the respondents were Accountant due to the fact that they are the best users of budget as its guide their expenditure profile. With regard to the total assets of the firm, the majority have their asset base are 80m and above with a response rate of 200 (53.2%), followed by 20m and below which recorded 88 respondents (23.4%), between N21-40m and N61-80m recorded 40 (10.6%) each respectively, and only 8(2.1%) respondent N41m-60m. This clearly shows that SMEs manufacturers in Lagos state have a strong asset base for their business.

As for the number of employees, those manufacturing SMEs business have less than 50 employees are amounted to 96 (25.5%). 262 respondents had between 10-49 employees which is equivalent to 58.9 percent whereas 172 respondents (19.1 percent) had between 51-100 employees, followed by those employees between 101-150 constituted the least response rate of 16 companies equivalent to 4.3%. 24 respondents had between 151-200 employees which is equivalent to 6.4%. Finally, those companies that have 201 employees and above are 168 (44.7%), which are the highest companies in the manufacturing SMEs business in Lagos state as highlighted in the Table 2



Test of Hypotheses

Research Hypotheses

H₀₁: Diagnostic budget use does not significantly influence performance of manufacturing SMEs in Lagos State.

H₀₂: The interactive use of budget does not have effect on performance of manufacturing SMEs in Lagos State.

PLS-SEM was used to test the hypotheses using the data gathered from the administered questionnaire.

Estimation of the Model

Based on the objectives of the study, structural model and the application of standard bootstrapping were used to estimate the objectives.

Table 3 Result of Structural Model (Bootstrapping @ 5000)

Hypotheses	Beta	Se	T-value	P-value	Decision
Diagnostic -> SMEs Performance	0.148	0.084	1.754	0.050	Reject null hypothesis
Interactive -> SMEs Performance	0.199	0.073	2.747	0.006	Reject null hypothesis

Restatement and Test of Hypotheses One and Two

Budget Use and SMEs Performance

In relation to hypothesis one, the hypothesis H₁ predicts the relationship between diagnostic use of budget and manufacturing SMEs performance in Lagos state. The results of hypothesis presented on Table 3 indicated that diagnostic use of budget had a significant positive relationship with manufacturing SMEs performance ($\beta = 0.148$, $t = 1.75$, $p < 0.10$). Hence, the null hypothesis H₁ is rejected; similarly, the hypothesis H₂ predicts the relationship between interactive use of budget and manufacturing SMEs performance in Lagos State. The results of hypothesis H₂ indicates that interactive use of budget is positively related to manufacturing SMEs performance in Lagos state. Result of the hypothesis presented on table 4.2 indicated that interactive use of budget had significant relationship with manufacturing SMEs performance ($\beta = 0.199$, $t = 2.75$, $p < 0.01$). Hence, reject the null hypothesis H₂.



Summary of Hypotheses Tested

Table 3 present the summary of the hypotheses tested on budget use and performance of manufacturing SMEs in Nigeria.

Discussion of Findings

The Extent of influence of Diagnostic Budget Uses on SMEs Performance

In relation to the research question one, the result of findings of the PLS-SEM revealed that diagnostic use of budget had a significant positive relationship with manufacturing SMEs performance ($\beta = 0.148$, $t = 1.75$, $p < 0.10$). Based on this result, the null hypothesis is rejected. The hypothesis now restated that positive significant relationship exist between diagnostic budget use and performance of Manufacturing SMEs in Lagos State at 10% level of significance. This implies that a unit rise in the performance of manufacturing SMEs in Lagos State is influenced by diagnostic use of budget by 14%. This conclusion also tally with conclusion of Hofmann *et al* 2012; Kaveski; Beuren Gomes, 2021 and Nuraddeen, Kevin & Sophia, 2022) that diagnostic use of the budget significantly contributes to the formation of emerging strategies and the implementation of the intended strategies, in addition to direct influence of the organizational performance.

Furthermore, the finding of this study is also in line with other authors who perceived performance differently, one of them is Kaveski; Beuren & Gomes, Lavarda, 2020) who found that diagnostic use of budget positively affects the individual's motivation, which increases individual performance. Kaveski *et al* (2020) revealed that the diagnostic and/or interactive use of the budget influences organizational commitment, as well as influencing managerial performance.

Moreover, the quantitative results are in line with the of prediction resource based theory which state that, firm compete based on the level of resources and the capability of the organization. The findings of this study concurred with the resource based theory which indicates the direction an employee should follow and how much efforts are required to be put in place to utilize the resources in order to enhance performance, like diagnostic budget use. This is because resource based theory justify the use of adequate management control techniques which budget is one (Andersen & Samuelson, 2016). Owner-managers are vital resources for SMES due to the series of experiences they have gathered (Hewitt-Dundus, 2016). This implies that diagnostic budget use makes managers feel more comfortable with their work but also lessen their motivation and involvement. This assertion/finding was also supported by Nguyen and Nguyen (2019); and Lestari *et al.* (2020) also confirmed positive relationship between the diagnostic budget use and the performance of businesses in other aspects such as financial performance and management performance.



The effect of Interactive Budget Uses on SMEs Performance

The results of PLS-SEM analysis depicted that interactive use of budget is positively related to manufacturing SMEs performance in Lagos state ($\beta = 0.199$, $t = 2.75$, $p < 0.01$). This is significant at 1% level of significance and the study failed to accept the null hypothesis. This is in support of the main alternate hypothesis that significant relationship exist between interactive uses of budget is positively related to manufacturing SMEs performance in Lagos state. This implies that a unit rise in interactive budget use will increase the manufacturing SMEs performance in Lagos State by 19.9% and vice versa.

The findings of this study tallies with the conclusion of Kaveski, Beuren, Tayse & Lavarda(2019) and Nuraddeen, Kevin & Sophiasu (2022) which asserted that there is a significant moderate influence of interactive use of budget on the relationship between innovation, strategic change, and performance. Their study asserted that a direct relationship exists between the interactive role and capabilities which lead to strategic choice and performance. However, the conclusion of this study on the interactive use of budget deviate from the findings of one of the renowned author on the use of budget, Hofmann *et al* (2012) who affirmed that interactive use of the budget do have a negative impact on organizational performance due to huge greater consumption of resources in term of attention and more time from managers. Meanwhile, the numbers of author with positive conclusion on interactive budget use is more than those that negate it.

CONCLUSION AND RECOMMENDATIONS

This study is motivated based on the need to seek for enhancement of SMEs due to the level of their contributions to the growth of the economy. Poor management of funds including: absence of budget among SMEs frequently leads to poor financial results and subsequent firm failure. Therefore, the managers of business enterprise ought to maintain proper budget, lack of which make most of the SMEs remain small, stagnant and even close down in some cases. Budget is seen as a vital apparatus that helps entities, particularly SMEs, to achieve and sustain their performance but poor financial management and control mechanisms as well as diluted attention to the use of budget can impede the performance and development of SMEs. This implies that poor performance of SMEs can be attributed to poor use of budget which accounts for high rate of failure of SMES globally soon after their establishment.

Based on the findings of this study from the analysis carried out, the following are the conclusions:

- i. The study concludes that diagnostic budget use enhances the performance of manufacturing SMEs in Lagos State.



- ii. The use of budget interactively by manufacturing SMEs in Lagos State enhances the performance of manufacturing SMEs in Lagos State. This is an indication that interactive budget use will enhance commitment of the managers.

Taking into account, the conclusion of this study, the study suggests the following recommendations:

- i. Based on the conclusion that diagnostic budget use enhances the performance of manufacturing SMEs in Lagos State, manufacturing SMEs in Lagos State are advised to ensure that budget is prepared in order to provide motivation and direction for managers to achieve their organizational goals, in addition to being involved in the case of major deviations in the budget.
- ii. Based on the findings on the effect of interactive use of budget on performance of manufacturing SMEs in Lagos State, the study recommends that manufacturing SMEs in Lagos State should continue to adopt interactive budget use to contribute to a significant increase in managers' organizational commitment due to greater flexibility regarding dialogue and respect for subordinates' contribution.

REFERENCES

- Abata, M. A. (2014) Participative Budgeting and Managerial Performance in the Nigerian Food Products Sector. *Global Journal of Contemporary Research in Accounting, Auditing and Business Ethics*, 1(3), 148-168.
- Abideen, O. S., & Joseph, O. O. (2021). The Effect of Organisational Learning on Small and Medium-Sized Enterprises (SMEs) Performance in Abeokuta, Ogun State, Nigeria. *Acta Universitatis Danubius*, 17(2), 124-139.
- Al Mahroqi, R & Matriano, M.T.D (2021). Examining the Effect of Budgetary Controls on the Financial performance of Oman Telecommunication Company. *Advances in social sciences Research Journal*, 8(6), 83-95
- Asogwa, I. E. & Etim, O. E. (2017) Traditional Budgeting in Today's Business Environment. *Journal of Applied Finance & Banking*, 7(3), 80-99.
- Ayyagari, M., Beck, T. & Demirguckunt, A. (2007). Small and Medium Enterprises across the Globe; *Small Business Economics*, 29 (4), 625–641.
- Baron, R.A. & Ensley, M.D. (2006). Opportunity Recognition as the Detection of Meaningful Patterns. Evidence from Comparisons of Novice and Experienced Entrepreneurs; *Management Science*, 52(9), 1331–1344.
- Baumann-Pauly, D., Wickert, C., Spence, L.J. & Scherer, A.G. (2013). Organizing Corporate Social Responsibility in Small and Large Firms. Size Matters; *Journal of Business*, 115 (4), 693–705.



- Becker, S.D., Mahlendorf, M.D., Schäffer, U. & Thaten, M. (2016) Budgeting in Times of Economic Crisis. *Contemporary Accounting Research*
- Besson, M., Loning, H., & Mendoz, C., (2008) *Dual Use of Budgeting in Uncertainty Conditions. Explorative Study of Senior Sales and Marketing Managers*, <http://www.hec.fr/hecontent/download/4829/115644/version/2/file/CR897.pdf>, retrieved on 30th August 2021.
- Bruining, H., Bonnet, M., & Wright, M. (2004). Management Control Systems and Strategy Change in Buyouts. *Management Accounting Research*, 15, 155–177.
- Burchell, S., Clubb, C., Hopwood, A., Hughes, J., & Nahapiet, J. (1980). The roles of accounting in organizations and society. *Accounting, Organizations and Society*, 5(1), 5-27.
- Carton, R. B., & Hofer, C. W. (2010). Organizational financial performance: identifying and testing multiple dimensions. *Academy of Entrepreneurship Journal*, 5(16), 1-22.
- Caroline, S.P & Carlos, E.F.L.(2016). The use of simons' levers of control(995) in the management of agro industrial cooperative. *Journal of accounting and organization*, 28(2016), 18-31.
- Carton, R. B., & Hofer, C. W. (2010). Organizational financial performance: identifying and testing multiple dimensions. *Academy of Entrepreneurship Journal*, 5(16), 1-22.
- Collier, P.M. (2005). Entrepreneurial Control and the Construction of a Relevant Accounting; *Management Accounting Research*, 16(3), 321–339.
- Dakurah, A. A. (2020) Assessing Budgeting and Budgetary Control Effectiveness of Credit sUnions in the Upper West Region of Ghana, *Research Journal of Finance and Accounting*, 11(12), 1-14.
- Dahlan, M. (2019). Analysis of interrelationship between usefulness of management accounting systems, interactive budget use and job performance. *Management Science Letters*, 9(7), 967-972.
- Dávila, A. & Foster, G. (2007). Management Control Systems in Early-Stage Startup Companies; *The Accounting Review*, 82(4), 907–937.
- De-With A. & Dijkman A. (2008). Budgeting Practices of Listed Companies in the Netherlands. *Management Accounting Quarterly Fall 10(1)*, 26–36.
- Dyah, K. & Adli, A. (2022). The effect of budget execution performance and asset management performance on the quality of financial statements moderated by disclosure of financial statements. *Saudi Journal of Economics and Finance*, 6(3), 87-97.
- Esteve, A. E., Peinado, L. S., & Peinado, E. S. (2008). Moderating Influences on the firms' strategic orientation-performance relationship. *International Small Business Journal*, 26(4), 463-489.



- Faith, M. C. (2013). The Effects of Budgeting Process on Financial Performance of Commercial and Manufacturing Parastatals in Kenya. *Accounting, organisations and Society*.
- Frezatti, F. (2004) Beyond Budgeting: Any Chance for Management Improvement? *Brazilian Business Review*, 1(2), 118-135. DOI: <http://dx.doi.org/10.15728/bbr.2004.1.2.4>
- Glaister, K. W., Dincer, O., Tatoglu, E., Demirbag, M., & Zaim, S. (2008). A causal analysis of formal strategic planning and firm performance: Evidence from an emerging country. *Management Decision*, 46(3), 365-391.
- Hadiza, (2019). Examining the Role of Budgeting and Budgetary Control in Achieving Objectives of Business Organizations. *International Journals of Operation Research in Magement, Social Sciences and Education*, 5(1), 14-21.
- Hakimpoor, H., Tat, H. H., & Arshad, K. A. (2011). Strategic marketing planning (SMP) and SMEs' performance: the moderating effects of structural dimensions of marketing networks. *2nd International Conference on Business and Economic Research (2nd ICBER) Proceedings*, 1013-1025.
- Hewitt-Dundas, N. (2006). Resource and Capability Constraints to Innovation in Small and Large Plants; *Small Business Economics*, 26(3), 257-277.
- Hughes, K. (2000). The value relevance of non-financial measures of air pollution in the electric utility industry. *The Accounting Review*, 75(2), 209-228.
- Hofstede, G. (1978). The Poverty of Management Control Philosophy. *The Academy of Management Review*, 450-461.
- Ittner, C.D. & Larcker, D.F. (2001). Assessing Empirical Research in Managerial Accounting. A Value-Based Management Perspective; *Journal of Accounting and Economics*, 32 (1-3), 349-410.
- Isabode, E. M. & Kwasira, J. (2016). Assessment of Budgeting Process on Financial Performance of County Government of Nakuru, Kenya, *International Journal of Economic, Commerce and Management*, 4 (5), 69-78.
- Ingvarsson, A. & Zhang, R. (2011). *Balancing between Control and Creativity: Budget Use in Five Swedish Startups*, Master Thesis in Accounting and Financial Management, Autumn 2011, Department of Accounting, Stockholm School of Economics, Sweden.
- Jakobsen, M. & Pallesen, T. (2017). Performance Budgeting in Practice: The Case of Danish Hospital Management; *Public Organization Review*, 17(2), 255-273, doi: [10.1007/s11115-015-0337-8](https://doi.org/10.1007/s11115-015-0337-8).
- Kamau, J. K., Rotich, G., & Anyango, W. (2017). Effect of Budgeting Process on Budget Performance of State Corporations in Kenya: A Case of Kenyatta National Hospital.



- International Academic Journal of Human Resource and Business Administration*, 2(3), 255-281.
- Khan, M.W.J., Khalique, M. & Nor, R. M. (2014) Exploring the Measurements of Organizational Performance: Small and Medium Enterprises (SMEs) Perspective. *Journal of Management, Business and Economics*, College of management science, 9(2), 31-39.
- Knardal, P. S. & Bjørnenak, T. (2020). Managerial Characteristics and Budget Use in Festival Organizations. *Journal of Management Control*, 3(1), 379–402. <https://doi.org/10.1007/s00187-020-00305-0>
- Laitinen, E.K., Lämsiluoto, A. and Salonen, S. (2016) Interactive Budgeting, Product Innovation, and Firm Performance: Empirical Evidence from Finnish Firms. *Journal of Management Control*, 27(4), 293-322. DOI: <http://dx.doi.org/10.1007/s00187-016-0237-2>.
- Lambe, I. (2014). Appraising the Impact of Budgeting and Planning on the Performance of Financial Institutions in Nigeria. *Research Journal of Finance and Accounting*, 5(16), 12-26.
- Loecher, U. (2000). Small and Medium-Sized Enterprises – Delimitation and the European Definition in the Area of Industrial Business; *European Business Review*, 12(5), 261–264.
- Love, L. G., Priem, R. L., & Lumpkin, G. T. (2002). Explicitly articulated strategy and firm performance under alternative levels of centralization. *Journal of Management*, 28(5), 611-627.
- Lidia, T. G. (2015). An Analysis of the Existence of a Link between Budgets and Performance in Economic Entities. *Emerging Markets Queries in Finance and Business. Procedia Economics and Finance* 32 (2015) 1794 – 1803. doi: 10.1016/S2212-5671(15)01483-5
- Maduekwe, C. C. (2015) *The Usage of Management Accounting Tools by Small and Medium Enterprises in Cape Metropole, South Africa*. Cape Peninsula University of Technology, Cape Town.
- Mahroqi, R. M. A. A., & Matriano, M. T. (2021). Examining the effect of budgetary controls on the financial performance of Oman telecommunication company. *Advances in Social Sciences Research Journal*, 8(6). 83-95.
- Mkasiwa, T.A. (2019). Budgeting and Monitoring Functions of the Tanzanian Parliament”, *Journal of Accounting in Emerging Economies*, 9(3), 386-406, doi: [10.1108/JAEE-11-2018-0120](https://doi.org/10.1108/JAEE-11-2018-0120).



- Marriott, N & Marriott, P. (2000). Professional Accountants and the Development of a Management Accounting Service for the Small Firm. Barriers and Possibilities; *Management Accounting Research*, 11(4), 475–492.
- Mbogo, M., Olando, C., Macharia, J.(2021).Effect of Budgetary Practices on Financial Performance of Manufacturing Small and Medium Enterprise In Nairobi County, Kenya. *Journal of Language, Technology and Entrepreneurship in Africa*, 12(1), 84-110
- Merchant, K.A. (2012). Making Management Accounting Research More Useful; *Pacific Accounting Review*, 24(3), 334-356.
- Modupe, O. R. (2017). *The Assessment of Budget and Budgetary Control on the Profitability of SMEs*.
- Neely, A. (2002). *Business performance measurement: Theory and practice*. Cambridge University Press.
- Nguyen, L. T. N., & Nguyen, C. V. (2020). The Determinants of Profitability in listed Enterprises: A Study from Vietnamese Stock Exchange. *Journal of Asian Finance, Economics and Business*, 7(1), 47-58. <https://doi.org/10.13106/jafeb.2020>.
- Nuhu, N.A., Baird, K& Su, S.(2022). The association between the interactive and diagnostic use of financial and non- financial performance measures with individual creativity: the mediating role of perceived fairness. *Journal of management control: Zeitschrift fur planung und unternehmenssteuerung*, 33(3), 371-402.
- Obigbemi, I. F.(2013) Employee participation in budgeting and effective budgetary control a tool for enhancing organizational performance. *Tactful Management Research Journal*, 1(11), 1-11.
- O’grady, W. (2019). Enabling control in a radically decentralized organization. *Qualitative Research in Accounting and Management*, 16(2), 224-251, doi: [10.1108/QRAM-07-2017-0065](https://doi.org/10.1108/QRAM-07-2017-0065).
- Olaniyan, N.O. & Efuntade, L.O.(2020). Budget andthe budgetary control system in tertiary institution’s financial performance in Nigeria. *KIU Interdisciplinary Journal of Humanities and Social Sciences*, 1(2), 281-302.
- Parmenter, D. (2010). *Key performance indicators, developing, implementing, and using winning KPIs*, (2nd eds.). John Wiley & Sons.
- Pervan, I. & Dropulic, I. (2015). Design of budget controls: A study for Croatian Manufacturing Companies.*Recent Researches in Applied Economics and Management*, 1(12), 284-289
- Pesalj, B., Pavlov, A. & Micheli, P. (2018) The use of management control and performance measurement systems in SMEs: A levers of control perspective. *Production Planning and Control*, 29(5), 367-385. DOI: 10.1108/IJOPM-09-2016-0565.



- Popesko, B., Ključnikov, A., Hrabec, D., Dokulil, J. (2016), Predictability of business environment within budgeting process – Is it Connected with Fluctuations of Economy? *Economics and Sociology*, 9(2), 90-100. DOI:10.14254/2071-789X.2016/9-2/6.
- Prihatini, D., Utami, W., Priyono, A. (2019). Performance Management Analysis: A Study of Measuring Business Performance of Small and Medium Enterprises in Jember Regency, Indonesia. *Advances in Economics, Business and Management Research*, volume 100 (1), 370-375.
- O’grady, W. (2019). Enabling Control in a Radically Decentralized Organization, *Qualitative Research in Accounting and Management*, 16(2), 224-251, doi: [10.1108/QRAM-07-2017-0065](https://doi.org/10.1108/QRAM-07-2017-0065).
- Qi, Y. (2010). *The impact of the budgeting process on performance of SMEs in China*. Doctoral Dissertation. Enschede, Netherlands: The University of Twente.
- Rahim, A. G., Ofuani, A. B. & Olonode, O. P. (2018). Trends in business performance measurement: A literature analysis. *International Journal of Social Sciences and Humanities Reviews Vol.8 No.1, April 2018; p.151 – 160, (ISSN: 2276-8645)*.
- Sasaki, T. (2019). The relationship between organizational characteristics and the budget use form.
- Seneviratne, C. P. & Martino, A. L. (2021). Budgeting as Practice and Knowing in Action: Experimenting with Bourdieu’s Theory of Practice: an Empirical Evidence from a Public University. *Asian Journal of Accounting Research Emerald Publishing Limited*, 2443-4175. DOI [10.1108/AJAR-08-2020-0075](https://doi.org/10.1108/AJAR-08-2020-0075)
- Shen, S.S.Q. & Perera, S. (2012) Diagnostic and Interactive Uses of Budgets and the Moderating Effect of Strategic Uncertainty; *Asia-Pacific Management Accounting Journal*, 7(2), 127-154,
- Silva, L. M. D., & Jayamaha, A. (2012). Budgetary process and organizational performance of apparel industry in Sri Lanka. *Journal of Emerging Trends in Economics and Management Sciences (JETEMS)*, 3(4), 354-360.
- Simons, R. (1995). *Control in an age of empowerment*. Boston, MA: Harvard Business Review Press.
- Simpson, M., Padmore, J., & Newman, N. (2012). Towards a new model of success and performance in SMEs. *International Journal of Entrepreneurial Behaviour & Research*, 18(3), 264-285.
- Sitepu, E. M., Appuhami, R. & Su, S. (2020) How does interactive use of budgets affect creativity? *Pacific Accounting Review*; 32 (2), 197-213. DOI: [10.1108/PAR-05-2019-0054](https://doi.org/10.1108/PAR-05-2019-0054)



- Spitzer, D.R. (2007). *Transforming performance measurement: Rethinking the way we measure and drive organizational success*. New York: American Management Association.
- Subriyah, A. Nurdin, B., & Darmawati, A. (2021). The Effect of Budget Planning On Organizational Performance Through Standard Cost Analysis In The General Bureau Of The Regional Secretariat Of West, Sulawesi Province; *Quest Journal of Research in Business and Management*, 9 (11), 79-86.
- Spitzer, D.R. (2007). *Transforming performance measurement: Rethinking the way we measure and drive organizational success*. New York: American Management Association.
- Sulaiman, E. D. M., Yusoff, Y. M., & Chelliah, S. (2010). *Internationalization and performance: small and medium enterprises (SMEs) in Malaysia*. *International Journal of Business and Management*, 5(6), 27-37.
- Shuaib, M.F & Olanrewaju, A.O.(2020). Budgeting and Budgetary Control System and Institutional Effectiveness in Universities in Kwara State, Nigeria. *Journal of Educational Research in Developing Areas*
- Susuawu (2020). The Application of Budget and Budgetary Control on the Performance of Small and Medium Sized Enterprises (SMEs). *Research journal of Accounting*, 8(5), 1-18
- Syahputra, Z. (2014). Budget participation on managerial performance: related factors in that influenced to government's employee (Study of Indonesian Local Government). *Journal of Economics and Sustainable Development* www.iiste.org, 5(21), 95 - 99.
- Taouab, O. & Issor, Zineb (2019) Firm Performance: Definition and Measurement Models, *European Scientific Journal* January 2019 edition Vol.15, No.1 ISSN: 1857 – 7881 (Print) e - ISSN 1857- 7431.
- Wasserman, N. (2017). The throne vs. the kingdom. Founder control and value creation in startups; *Strategic Management Journal*, 38(2), 255–277.
- Warue, B. & Wanjira, T.V., (2013).Assessing budgeting process in small and medium enterprises in Nairobi central district.*International journal of information technology and business management*, 17 (1), 1-11.
- Yildiz, F., Hotamisli, M., & Eleren, A. (2011). Construction of multi-dimensional performance measurement model in business organizations: An empirical study. *Journal of Economic and Social Studies*, 1(1), 33-51.
- Zonatto, V. C. da S., Nascimento, J. C., Lunardi, M. A., & Degenhart, L. (2020). Effects of budgetary participation on managerial attitudes, satisfaction, and managerial performance.*Revista de Administração Contemporânea*, 24(6), 532-549.<https://doi.org/10.1590/1982-7849rac2020200047>.