

The Effects of Budgets in the Implementation of Operational Activities in Private and Public Corporations

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ABSTRACT

The implementation of operational activities in private and public corporations is quite a critical endeavour and pose several challenges particularly when such corporations are clustered with intense competitive establishments. Considering the criticalities surrounding the implementation process, this study seeks to examine the effects of budgets in the implementation of operational activities in private and public corporations. The thrust for this qualitative research led to the retrieval of secondary information from sources published on the subject matter and other relevant facts that constitute the significance of the study. Analysis drawn from reviewed literatures established the relevance of accurate forecasting and planning in order to inaugurate strategic focus in the implementation process. Further critical examination disclosed the relevance of sub budgets that constitute a master budget which aid the implementation of operational activities such as human resource, finance, marketing and production/operations. In factual, budgets have positive effects in the implementation of activities in private and public corporations. This study is noteworthy to managers of operations, heads of corporations and also to chartered accountants as such study could aid them towards effective and efficient performance of their duties. So while we set the strategic budget we need to consult it all relevant departments also to fulfil its future needs to get efficient and effective outcomes.

Keywords: Budgets, Operational Activities, Implementation, Private and Public Corporations

1.0 INTRODUCTION

Budgets usually are established for all departments and major segments in the company. They must be comprehensive, including all interrelated departments. The budget process should receive input from all departments so there is coordination within the firm. For example, operations will improve when marketing, purchasing, personnel, and finance departments cooperate. Coordination involves obtaining and organizing the needed personnel, equipment, and materials to carry out the business. A budget aids incoordination between separate activity units to ensure that all parts of the company are in balance with each other and know how they fit in. It discloses weaknesses in the organizational structure and communicates to staff what is expected of them. It allows for a consensus of ideas, strategies, and direction. The interdependencies between departments and activities must be considered in a budget. For example, the sales manager depends on sufficient units produced in the production department. Production depends on how many units can be sold. Most budget components are affected by other components. For example, most components are impacted by expected sales volume and inventory levels, while purchases are based on expected production and raw material inventories. A budget allows for directing and control. Directing means supervising the activities to

ensure they are carried out in an effective and efficient manner within time and cost constraints. Controlling involves measuring the progress of resources and personnel to accomplish a desired objective. A comparison is made between actual results and budgeting estimates to identify problems needing attention (Shim et al 2012). Accurate, reliable forecasts of revenues and expenditures are essential to good budgeting in the public sector. Planning well for the delivery of government services and programs requires the generation of estimates of revenues needed and costs related to carrying out these activities. As witnessed over the past several years, the ability of governments to respond effectively to any number of crises is directly affected by the accuracy of information—particularly financial—that is available to government officials, policy makers, public administrators, staff and others. It is critical that public servants have an understanding, with a reasonable degree of certainty, of both the resources and costs associated with the government activities for which they are responsible and which citizens have come to expect (Sun and Lynch, 2008). Budgets are drawn up for control purposes, that is, they represent an attempt to control the direction in which the organisation is moving. Many people, however, look upon budgets, not as a guide, but as a straitjacket. Studies have shown that the more that managers are brought into the

budgeting process, then the more successful budgetary control is likely to be. A manager on whom a budget is imposed is likely to pay less attention to the budget and use it less wisely in the control process compared to a manager who had an active part in the drafting of his budget (Wood and Sangster, 2005). In small organizations, formal budgets are actually a rarity. The individual owner/manager likely manages only by reference to a general mental budget. The person has a good sense of expected sales, costs, financing, and assets needs. Each transaction is under direct or oversight of this person and hopefully they have the mental horsepower to keep things on a logical course. When things don't go well, the owner/manager can usually take up the slack by not taking a pay check or engaging in some other form of financial exigency. Of course, many small businesses ultimately fail anyway. Explanations for failure are many and varied, but are often pinned on "undercapitalization" or "insufficient resources to sustain operations". Many of these post-mortem assessments reflect a failure to adequately plan. Even in a small business, an authentic business plan/budget can often result in anticipating and avoiding disastrous outcome (Walther and Skousen, 2009). To be fully effective, any system of financial control must provide for motivation and incentive. If this requirement is not satisfied, managers will approach their responsibilities in a very cautious and conservative manner. It is often found that adverse variances attract investigation and censure but there is no incentive to achieve favourable variances. Failure to distinguish controllable from uncontrollable costs in budgetary control can alienate managers from the whole process. Personal goals and ambitions are, in theory, strongly linked to organisational goals. These personal goals may include a desire for higher income and higher social standing. To simultaneously satisfy the goals of the organisation and the goals of the individual there must be 'goal congruence'. That is, the individual manager perceives that his or her own goals are achieved by his or her acting in a manner that allows the organisation to achieve its goals. The problem is that reliance on budgetary control systems does not always result in goal congruence. The success of a budgetary control system depends on the people who operate and are affected by it. They must work within the system in an understanding and co-operative manner.

This can only be achieved by individuals who have a total involvement at all stages in the budget process (Avis, 2009). The successful implementation of firms' activities stems from the proper organisation of a budget to ensure that components within firms operations are factored in the budget and that, allocations are accurately aligned to prevent circumstantial constraints in the implementation process, since budgets are affected by the inconsistencies or fluctuations of prices in the market. When budgets variances are favourable, it signifies accuracy in the forecasts but there are times when the variances are adverse because of fluctuations which probably may have happened as a result of inaccurate forecasting.

My experience with HAIER-Pakistan as Accounts Officer attached to the finance Department observed that budgets are prepared by authorities at headquarters without consultations with sub-offices. As a result, most items included in the sub-office budgets are technically ignored in the master budget and this brought about difficulties in implementing operational activities in sub-offices. Emergencies for local purchase orders were restrained because of the unavailability of funds. Sub-offices are required to consult head office for such local purchases and that ultimately affect our customer relationship management, since urgencies cannot be immediately attended to. Such act result to the loss of credible customers. Considering the above expression, the conduct or the preparation of operational budget is quite a critical phenomenon and post several challenges which encompass issues to be unravelled.

1.2 RESEARCH AIM

The relevance of budgets in the operations of corporations' activities serves as a plan of action to ensure consistency or guide the path towards effective implementation. This study seeks to examine the effects of budgets in the implementation of operational activities in private and public corporations.

1.3 RESEARCH OBJECTIVES

The research objectives align segmented components which the study aims to achieve and outline them in sequential order to ensure collection of relevant facts that leads to successful compilation of meaningful actualities. The general objectives are outlined as follows:

- Define budgeting and describe the various types of budgets in private and public corporations
- Discuss budgetary process
- Describe forecasting and planning in the implementation of corporations activities
- Discuss the elements of performance based budgeting
- Explain the components of capital budgeting
- Explain the various operational activities in private and public corporations

1.4 SIGNIFICANCE OF THE STUDY

Developing a plan of action necessitates a clear path towards effective implementation of proposed corporations' activities. Successful achievement of targets set emanates from accuracy in the design of budgets and such act should be in consonance with firm's strategic, tactical and operational objectives. Assessing the effects of budgets in the implementation of operational activities in private and public corporations signifies the importance or the role of budget in ensuring effective management of organisations activities. The significance of this study is noteworthy to private and public corporations and also to practising chartered and certified accountants.

2.0 LITERATURE REVIEW

Definition of Budget and Description of the different types of Budgets

2.1 Definition of Budget: A budget is the formal expression of plans, goals, and objectives of management that covers all aspects of operations for a designated time period. The budget is a tool providing targets and direction. Budgets provide control over the immediate environment, help to master the financial aspects of the job and department, and solve problems before they occur. Budgets focus on the importance of evaluating alternative actions before decisions actually are implemented. A budget is a financial plan to control future operations and results. It is expressed in numbers, such as dollars, units, pounds, and hours. It is needed to operate effectively and efficiently. Budgeting, when used effectively, is a technique resulting in systematic, productive management. Budgeting facilitates control and communication and also provides motivation to employees. Budgeting allocates funds to achieve desired outcomes. A budget may

span any period of time. It may be short-term (one year or less, which is usually the case), intermediate (two to three years), or long-term (three years or more). Short-term budgets provide greater detail and specifics. Intermediate budgets examine the projects the company is currently undertaking and start the programs necessary to achieve long-term objectives. Long-term plans are very broad and may be translated into short-term plans. The budget period varies according to its objectives, use, and the dependability of the data used to prepare it. The budget period is contingent on business risk, sales and operating stability, production methods, and length of the processing cycle (Shim et al 2012).

2.2 Master Budget: A master budget is a set of interconnected budgets of sales, production costs, purchases, incomes, etc. and it also includes proforma financial statements. A budget is a plan of future financial transactions. A master budget serves as planning and control tool to the management since they can plan the business activities during the period on the basis of master budget. At the end of each period, actual results can be compared with the master budget and necessary control actions can be taken (Jan, 2011-2013).

2.3 Cash Budget: An estimation of the cash inflows and outflows for a business or individual for a specific period of time. Cash budgets are often used to assess whether the entity has sufficient cash to fulfil regular operations and/or whether too much cash is being left in unproductive capacities. A cash budget is extremely important, especially for small businesses, because it allows a company to determine how much credit it can extend to customers before it begins to have liquidity problems. For individuals, creating a cash budget is a good method for determining where their cash is regularly being spent. This awareness can be beneficial because knowing the value of certain expenditures can yield opportunities for additional savings by cutting unnecessary costs. For example, without setting a cash budget, spending a dollar a day on a cup of coffee seems fairly unimpressive. However, upon setting a cash budget to account for regular annual cash expenditures, this seemingly small daily expenditure comes out to an annual total of \$365, which may be better spent on other things. If you

frequently visit specialty coffee shops, your annual expenditure will be substantially more (Harvey 2012).

2.4 Sales Budget: Sales budget is the first and basic component of master budget and it shows the expected number of sales units of a period and the expected price per unit. It also shows total sales which are simply the product of expected sales units and expected price per unit. Sales Budget influences many of the other components of master budget either directly or indirectly. This is due to the reason that the total sales figure provided by sales budget is used as a base figure in other component budgets. For example the schedule of receipts from customers, the production budget, proforma income statement, etc. Due to the fact that many components of master budget rely on sales budget, the estimated sales volume and price must be forecasted with sufficient care and only reliable forecast techniques should be employed. Otherwise the master budget will be rendered ineffective for planning and control (Jan, 2011-2013).

2.5 Production Budget: The production budget calculates the number of units of products that must be manufactured, and is derived from a combination of the sales forecast and the planned amount of finished goods inventory to have on hand (usually as safety stock to cover for unexpected increases in demand). The production budget is typically prepared for a "push" manufacturing system, as is used in a material requirements planning environment. It can be very difficult to create a comprehensive production budget that incorporates a forecast for every variation on a product that a company sells, so it is customary to aggregate the forecast information into broad categories of products that have similar characteristics. The planned amount of ending finished goods inventory can be subject to a considerable amount of debate, since having too much may lead to obsolete inventory that must be disposed of at a loss, while having too little inventory can result in lost sales when customers want immediate delivery. Unless a company is planning to draw down its inventory quantities and terminate a product, there is generally a need for some ending finished goods inventory (online source 2015).

2.6 Capital Expenditure Budget: A plan for a company's capital expenditures. Capital expenditures are payments made over a period of more than one year. They are used to acquire assets or improve the useful life of existing assets; an example of a capital expenditure is the funding to construct a factory. Making a capital budget must account for the potential profitability of the plans involved. Calculating the net present value or the internal rate of return are two methods for determining a capital budget (Harvey 2012).

2.7 Program Budget: Programming is deciding which programs should be funded and by how much. A common application of program budgets is to product lines. Resources are allocated to accomplish a specific objective with a review of existing and new programs. Some suitable program activities include research and development, marketing, training, preventive maintenance, engineering, and public relations. Funds usually are allocated based on cost-effectiveness. In budget negotiations, proposed budgetary figures should be explained and justified. The program budget typically cannot be used for control purposes because the costs shown cannot ordinarily be related to the responsibilities of specific individuals (Shim et al 2012).

2.8 Strategic Budget: A strategic budget is closely linked with an organization's strategic plan. An organization uses a strategic plan, usually about five years in length, to set goals. It develops an annual operating plan to break down these long-term goals into annual goals. A strategic budget manifests the annual operating plan by displaying categories in quantities. A budget details the assignment of dollars to each program area -- including expenses for employee wages, overhead, equipment and so on. A strategic budget should be tied to an organization's long-range plan. If an organization does not consider how the short-term assignment of budget dollars to program areas will help it reach its program goals, it can spend in ways that aren't helpful. The concept behind strategic budgeting is that spending is purposeful, and that's why tying spending to a strategic plan's objectives makes sense. If an organization revises its long-term plan, it can adjust its budget document for the next year accordingly. A strategic budget may represent the complex needs of a public or non-profit agency. This type of non-private

organization has multiple needs, but not every need can be met equally. An organization has to prioritize its needs to appease stakeholders. Reviewing a budget document enables managers to identify how dollar amounts are strategically assigned to program areas. Usually, programs with the largest budgets reflect the highest priorities of the stakeholders and the agency. If a public or non-profit organization uses strategic planning, the strategic budget also reflects short-term and long-term objectives (Bianca, 1999-2015).

2.9 Activity-based Budget: Activity-based budgeting is most often found in cost accounting. Managers prepare budgets and spending propositions based on past production activities. In other words, management examines the costs of performing certain activities, like bending a fender for a car, to budget the overall costs of producing a product. This might be a little hard to think about without an example. Let's assume there are two different setup stages to make a cell phone: machining and assembling. A managerial accountant would look at the total amount of cell phones that need to be produced, the number of cell phones in each batch, the setup time for both machining and assembling, as well as the hourly rate of each machinists and assemblers. By looking at all of these different activities, the managerial accountant could come up with efficiencies in the production process that would save the company money. Depending on the two activities, the company might be able to save money by increasing the batch production, reducing the production time, or even combining these two activities. As you can see, activity-based budgeting not only helps the company save money, it also forces management to examine every activity. By doing this, management can become extremely familiar with the production process as a whole. This kind of knowledge can lead to much more than cost savings. Manufacturing and product innovations often result from knowing and understanding the production process. It only takes one person to look at the process differently. As you can see, activity-based budgeting should be important to any manufacturer (Accounting Dictionary 2015).

2.10 Budget Process

A sound budget process communicates organizational goals, allocates resources, provides feedback, and motivates employees. The budgetary process should be standardized by using

budget manuals, budget forms, and formal procedures. Software, the Program Evaluation and Review Technique (PERT), and Gantt charts facilitate the budgeting process and preparation. The timetable for the budget must be kept. If the budget is a rush job, unrealistic targets may be set. The budget process used by a company should suit its needs, be consistent with its organizational structure, and take into account human resources. The budgetary process establishes goals and policies, formulates limits, enumerates resource needs, examines specific requirements, provides flexibility, incorporates assumptions, and considers constraints. It should take into account a careful analysis of the current status of the company. The process takes longer as the complexity of the operations increase. A budget is based on past experience plus changes in light of the current environment (Shim et al 2012). The six steps in the budgeting process are:

- Setting objectives
- Analysing available resources
- Negotiating to estimate budget components
- Coordinating and reviewing components
- Obtaining final approval
- Distributing the approved budget

3.0 Forecasting and Planning in the Implementation of Corporations Activities

3.1 Forecasting: Forecasting is the process of estimating the future numbers of people required and the likely skills and competences, they will need. The basis of the forecast is the annual budget and longer-term business plan, translated into activity levels for each function and department or decisions on 'downsizing'. In a manufacturing company the sales budget would be translated into a manufacturing plan giving the numbers and types of products to be made in each period. From this information the number of hours to be worked by each skill category to make the quota for each period would be computed. Details are required of any organization plans that would result in increased or decreased demands for employees, for example setting up a new regional organization, creating a new sales department, decentralizing a head office function to the regions. Plans and budgets for reducing employment costs and their implications on the future numbers of people to be employed would also have to be considered (Armstrong, 2009).

3.2 Planning: Budgeting is a planning and control system. It communicates to all members of the organization what is expected of them. Planning is determining the activities to be accomplished to achieve objectives and goals. Planning is needed so that a company can operate its departments and segments successfully. It looks at what should be done, how it should be done, when it should be done, and by whom. Planning involves the determination of objectives, evaluation of alternative courses of action, and authorization to select programs. There should be a good interface of segments within the organization. Budgets are blueprints for projected action and a formalization of the planning process. Plans are expressed in quantitative and monetary terms. Planning is taking an action based on investigation, analysis, and research. Potential problems are searched out. Budgeting induces planning in each phase of the company's operation. A profit plan is what a company expects to follow to attain a profit goal. Managers should be discouraged from spending their entire budget, and should be given credit for cost savings. Budget planning meetings should be held routinely to discuss such topics as the number of staff needed, objectives, resources, and time schedules. There should be clear communication of how the numbers are established and why, what assumptions were made, and what the objectives are (Shim et al 2012).

3.3 Strategic Plan: Simply put, a strategic plan is the formalized roadmap that describes how your company executes the chosen strategy. A plan spells out where an organization is going over the next year or more and how it's going to get there. Typically, the plan is organization-wide or focused on a major function such as a division or a department. A strategic plan is a management tool that serves the purpose of helping an organization do a better job, because a plan focuses the energy, resources, and time of everyone in the organization in the same direction (Olsen, 2007).

3.4 Tactical Plan: Tactical plans are sometimes called short-term action plans because they breakdown bigger-picture goals and strategies into narrower, actionable tasks. The key to a well-developed tactical plan is having specifically stated actions assigned to particular employees with specific deadlines. Bold objectives and thoughtful strategies produce nothing if no steps

are taken to put them into action. The goals and strategies give vision and the actions make the company plans real. Tactical plans should typically focus on a handful of core company goals; otherwise, employee activities become too fragmented and it is hard for employees to understand how their activities ultimately tie into goals (Kokemuller, 2015)

3.5 Operational Plan: An operational plan can be defined as a plan prepared by a component of an organization that clearly defines actions it will take to support the strategic objectives and plans of upper management. However, to fully understand operational plans, we should first look at the overall planning process within a business. The characteristics of an operational plan are that. First, it assumes that upper management has prepared both a strategic plan and a tactical plan. This means that lower management should have a clear sense of what they are trying to achieve. They just have to come up with a detailed plan to make it happen. Second, the operational plan is limited to only one part of the organization. For example, a large corporation (strategic plan) has a manufacturing division (tactical plan) that produces products A, B and C. Each product is manufactured in a separate plant run by a plant manager who prepares a separate operational plan (Michael, 2003- 2015).

3.6 Elements of Performance Based Budgeting

The performance-based reforms also have come at a time of clashing national priorities and movements at all levels of government. The setting for reform has been a period of change that has seen budget cutting and surplus dividing, sometimes at the same time, making this a different era for reform. As Radin observes (1998, 3111), "(The Results Act accentuates) planning. The tradition of planning is embedded in an era of growth; plans are most often used as a way to choose new directions or to expand programs." Strategic plans in performance-based reforms, therefore, must deal with issues not as new initiatives added to existing programs but as reallocations that eliminate an existing program if a new one is proposed. The nature of government service delivery now runs counter to the direction traditional reforms took. Devolution and privatization, compounding the existing fragmentation in decision making, play against strategic planning's usual emphasis on centralization. The fundamental nature of

entitlements and block grants reduces much of the budget's ability to force compliance with state and national spending and performance priorities (Miller et al, 2001).

3.7 Components of Capital Budgeting

Capital budgeting is primarily concerned with how a firm makes decisions on sizable investments in long-lived projects to achieve the firm's overall goal. This is the decision area of financial management that establishes criteria for investing resources in long-term real assets. Investment decisions (on sizable long-term projects) today will determine the firm's strategic position many years hence, and fix the future course of the firm. These investments will have a considerable impact on the firm's future cash flows and the risk associated with those cash flows. Capital budgeting decisions have a long-range impact on the firm's performance and they are critical to the firm's success or failure. One of the most crucial and complex stages in the capital budgeting decision process is the financial or economic evaluation of the investment proposals. Financial management is largely concerned with financing, dividend and investment decisions of the firm with some overall goal in mind. Corporate finance theory has developed around a goal of maximizing the market value of the firm to its shareholders. This is also known as shareholder wealth maximization. Although various objectives or goals are possible in the field of finance, the most widely accepted objective for the firm is to maximize the value of the firm to its owners (Dayananda et al, 2002).

4.0 Operational Activities in Private and Public Corporations

4.1 Human Resource: The terms 'human resource management' (HRM) and 'human resources' (HR) have largely replaced the term 'personnel management' as a description of the processes involved in managing people in organizations. Human resource management is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives. Storey (1989) believes that HRM can be regarded as a 'set of interrelated policies with an ideological and philosophical underpinning. The overall purpose of human resource management is to ensure that

the organization is able to achieve success through people. As Ulrich and Lake (1990) remark: 'HRM systems can be the source of organizational capabilities that allow firms to learn and capitalize on new opportunities.

4.2 Finance: Business and our global economy are very dynamic. They are constantly changing, and the rules are always being redefined. Therefore, financing strategies must also be dynamic. What was appropriate for the company six months ago may be very undesirable now. So, like most other aspects of the business, the company's financing requires constant monitoring and revision. Those members of the management team who are responsible for marketing, operations, human resources, and technology have no direct responsibility for the company's relations with the financial community, although in a smaller company they may participate in this process when a major project is involved. All senior executives of public companies will be called upon to answer questions posed by stockholders and the financial community. Every major project of the company will ultimately be affected by the existence, form, and quantity of the financing that the company secures. Budgets are expanded and people are hired because of new financing. Budgets and headcounts are reduced when financing is not obtained or the terms are onerous (Fields, 2002).

4.3 Production: Production/operations management is the process, which combines and transforms various resources used in the production/operations subsystem of the organization into value added product/services in a controlled manner as per the policies of the organization. Therefore, it is that part of an organization, which is concerned with the transformation of a range of inputs into the required (products/services) having the requisite quality level. The set of interrelated management activities, which are involved in manufacturing certain products, is called production management. If the same concept is extended to services management, then the corresponding set of management activities is referred to as operations management (Kumar and Suresh, 2008).

4.4 Marketing: The marketing concept holds that the key to achieving organizational goals consists

of the company being more effective than its competitors in creating, delivering, and communicating customer value to its chosen target markets. The marketing concept rests on four pillars: target market, customer needs, integrated marketing, and profitability. The selling concept takes an inside-out perspective. It starts with the factory, focuses on existing products, and calls for heavy selling and promoting to produce profitable sales. The marketing concept takes an outside-in perspective. It starts with a well-defined market, focuses on customer needs, coordinates activities that affect customers, and produces profits by satisfying customers (Kotler, 2002).

5.0 METHODOLOGY

Developing and implementing budgets in corporations requires objective reasoning so as to ensure its accuracy in order to prevent adverse variance. Since priorities are selected, utmost care should be taken in order to maintain favourable variance and avoid the production of a budget review statement. This study determines to assess the effects of budgets in the implementation of operational activities in private and public corporations. The nature of this qualitative research led to the retrieval of information from secondary sources published on the subject matter and other related sources even the personal experience in the corporations while to implement the budget and faced problems. Analysis will be drawn from reviewed literatures in order to establish meaningful conclusion.

6.0 ANALYSIS AND INTERPRETATION

Budgets are key elements that constitute the effective functioning of organisations whether profit making or not. They serve as plan of action and guide the path of the implementation of operational activities. Achieving organisations objectives stem from structured budgets which segments the various components that accelerate the smooth running of operations. Institutions design master budgets which encompasses items in sub budgets so that projections can be accurately addressed to prevent unexpected circumstances that deter the smooth flow of operations. Developing a master budget requires a consideration of accurate projections in order to prevent deficit, which ultimately leads to a review statement, which has an adverse effect on corporations' activities.

The budgetary process requires setting up of objectives in order to establish clear path towards intended implementations. It describes the allocation of resources, the provision of feedback and motivation of employees. It further describes negotiation of estimated budget components, coordinating and reviewing components, obtaining final approval and distributes approved budgets. The said process should be accurately done to ensure smooth implementation.

Forecasting in a budget formation requires accuracy of projections so that price increases may not have adverse effect on the corporations' activities. Accurate forecast prevents budget deficit. Nonetheless, inaccurate forecast is a recipe for stagnating firms operations since implementations will be interrupted by price fluctuations. Proper planning is the key towards successful budget preparation, as it ensures that all relevant components are given priority. Planning helps to identify, examine and select priorities which determines the success and sustenance of corporations in competitive environments.

Performance-based budgeting is the practice of developing budgets based on the relationship between program funding levels and expected results from that program. The performance-based budgeting process is a tool that program administrators can use to manage more cost-efficient and effective budgeting outlays. Today, when the management of money is more important than ever for public and private entities, budgeting plays an enormous role in controlling operations efficiently and effectively. Budgeting in itself is a familiar process to even the smallest economic unit – the household - but it needs to be divided into two different classes: budgeting for public entities and private entities. This differentiation is important because public bodies need to go through many processes before moving into the budget execution phase and post-execution analyses; furthermore, the entire process involves the collaboration of different bodies throughout the government. This collaboration is not only for budget preparation, negotiation and approval processes, but also for the spending approval after the whole budget allocation is finalized. Compared to private sector, it is cumbersome.

Capital budgeting, or investment appraisal, is the planning process used to determine whether an organization's long term investments such as new machinery, replacement machinery, new plants, new products, and research and development projects are worth the funding of cash through the firm's capitalization structure (debt, equity or retained earnings). It is the process of allocating resources for major capital, or investment, expenditures. One of the primary goals of capital budgeting investments is to increase the value of the firm to the shareholders.

Human resource management (HRM or simply HR) is a function in organizations designed to maximize employee performance in service of an employer's strategic objectives. HR is primarily concerned with the management of people within organizations, focusing on policies and on systems. HR departments and units in organizations typically undertake a number of activities, including employee benefits design employee recruitment, "training and development", performance appraisal, and rewarding (e.g., managing pay and benefit systems). HR also concerns itself with industrial relations, that is, the balancing of organizational practices with requirements arising from collective bargaining and from governmental laws.

Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise. Financial decisions relate to the raising of finance from various resources which will depend upon decision on type of source, period of financing, cost of financing and the returns thereby.

Production management also called operations management, planning and control of industrial processes to ensure that they move smoothly at the required level. Techniques of production management are employed in service as well as in manufacturing industries. It is a responsibility similar in level and scope to other specialties such as marketing or human resource and financial management. In manufacturing operations, production management includes responsibility for product and process design, planning and

control issues involving capacity and quality, and organization and supervision of the workforce.

Marketing management is the organizational discipline which focuses on the practical application of marketing orientation, techniques and methods inside enterprises and organizations and on the management of a firm's marketing resources and activities. Globalization has led firms to market beyond the borders of their home countries, making international marketing highly significant and an integral part of a firm's marketing strategy. Marketing managers are often responsible for influencing the level, timing, and composition of customer demand accepted definition of the term. In part, this is because the role of a marketing manager can vary significantly based on a business's size, corporate culture, and industry context. For example, in a large consumer products company, the marketing manager may act as the overall general manager of his or her assigned product. To create an effective, cost-efficient marketing management strategy, firms must possess a detailed, objective understanding of their own business and the market in which they operate. In analysing these issues, the discipline of marketing management often overlaps with the related discipline of strategic planning.

For this all analysis we reached at this point that in every aspect of the budget the previous data and implementations should be noted and by getting and collecting all information's from all relevant departments we need to design the budget.

7.0 SUMMARY AND CONCLUSION

Developing and managing budgets towards the successful implementation of operational activities in private and public corporations necessitates a careful planning process in order to set priorities and maintain accuracy and consistency in the preparation of budgets. Our critical examination of retrieved information from sources published on the subject matter established the significance of budgetary process in the implementation of corporations' operational activities. Further analysis unveiled that accurate forecasting and planning prevents budget deficit and inaccuracy in the aforementioned distort the smooth flow of the implementation of activities. Also, reviewed literatures disclosed the role of master budget has been the ultimate which encompasses sub budgets in which its composition requires information

form sub budget in order to establish strategic focus in the implementation process. The various operational activities: human resource, marketing, production/operations and finance effectively and efficiently implemented with the aid of accurately prepared budgets even with consultancy of lower level management and all sub departments because at the ground realities the outcomes can be measured at fact basis and estimations can be set at appropriate basis. The conduct of this research stem from qualitative perspective, nonetheless, further investigation can be done on this study using empirical examination to ascertain actualities about the role of budgets.

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