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ABSTRACT

Budgetary performance of any business organization depends to a large extent on the management views of human nature and the resulting strategy design, the effectiveness and efficiency of the Goals stream, employees’ behaviour and the level of commitment towards productivity. The strategy design process may be authoritarian or humanistic. The humanistic (participatory) strategy design process has gained a lot of support in the literature on accounting and business in the modern business world. It is admittedly, a panacea for the many ills associated with authoritarian (autocratic) strategy design practiced. This paper presents Goals Internalization as an innovative management strategy that will trigger budgetary performance in firms. It further asserts that a purposeful strategy design process will catapult the Goals stream of a business organization into improved budgetary performance. This is described as the strategy Design-Goals Stream- Budgetary Performance Loop. The falling standard of budgetary performance, the regression trend in the economy of developing nations, underutilization of productive capacity, inflation rate and the magnitude of corruption have raised serious concerns.

Keywords: Budgetary performance, Economy, Goal, Strategy.

I. INTRODUCTION

Innovation is a new idea, technique, or strategy that revolutionizes the business world. It connotes a novelty: the state of being new, different, and interesting. Innovation incorporates new ideals, beliefs and specific changes aimed at improving the state of business organizations in relation to the management strategy design, goals stream processes, growth sustainability and survival of the business population (Albers, 2002; Bateman and Zeithaml, 2010; Umo, 2015).

Innovation is an activity or movement designed to effect fundamental changes, ways of working, beliefs, inventions, etc., that affect a large number of people or the business life of a nation (Umo, 2015). It encompasses any activity or strategy designed to effect positive changes in the management system of enterprises for the purpose of enhancing corporate goal realization and improved budgetary performance. The writer of this paper sees innovation as a purposeful attempt to bring enterprise management to the fore-knowledge and stream of the decision-making process on what must be done to boost the goals stream of business institutions and trigger budgetary performance for ultimate growth and business survival.

The management of enterprises must be constantly alert to innovations that relate to their assigned functions or responsibilities. A firm must keep pace with innovations if such a firm wants to grow and survive in the prevailing competitive and dynamic business environments. Innovation is inevitable in firms and is evidenced by a relatively continuous sequence of major and minor developments.

This paper is of the view that “Goal-Internalization”, relative to strategy design, goal setting and goal acceptance will boost goal congruence and goal realization which constitute the bedrock for budgetary performance in firms. The writer describes this relationship as the “Strategy Design-Goals Stream-Budgetary Performance Loop”.

In today’s dynamic business world, the goals set in firms are rarely achieved especially in developing economies. This paper submits that “Goal Internalization” is one of the innovative management strategies that will trigger improved budgetary performance. It causes subordinate managers and employees to accept the budget goals as theirs and become personally committed to the achievement (Umo, 2015). It minimizes the unpleasant effects or negative tendencies associated with poor budgetary performance in firms.

Goal Internalization is anchored on a humanistic management system. It stems from modern management views and associated theories such as the Goal Setting Theory, Expectancy Theory and Needs Hierarchy Theory. It is a management strategy that causes subordinates and employees to accept the budget goals as theirs and not of management. It is a new insight into motivational strategies that steer employees’ attitudes and behaviours towards goal achievement in a corporate setting. It should be admitted as a panacea: a cure for the many ills associated with poor budgetary performance. It is the outgrowth of the budget by commitment (Umo, 2015).
When the management of any firm is conscious of budgetary performance, enterprise growth and survival, they embrace positive innovations in the business environment. Such enterprise management sees strategy design and goal setting as much wider terms than mere techniques and procedures. They see these acts as part of a process that both influences and in turn are influenced by managerial and employees’ attitudes and behaviours (Louderback and Hirsch, 1999; Umo, 2015).

Budgetary performance is the opposite to that intended in many business institutions nowadays. This paper attempts an elaborate discussion on the human elements of the enterprise in relation to strategy design, the goals stream and budgetary performance. Available accounting and business literature in addition to related researches show that many firms in developing economies have failed in strategy design, goal setting and corporate goal attainment and these have culminated in poor budgetary performance (Umo, 2015; Ogumnika, 1985; Hopwood, 2002; Umo, 2021; Jenkins and Lawler, 1992; Lathan and Pinder, 2005). No wonder many firms in the 21st century most especially in developing nations are characterized by counter-productive and anti-social work behaviours, underutilization of productive capacity of employees and other resources, anxiety, alienation, disillusions, corruption of different forms and other dysfunctional attitudes that plague the budgetary system and are significantly inimical to enterprise growth and survival. Some firms in developing nations, such as Nigeria, have collapsed or turned into travail of woes for investors. The spirit of investment is diminishing as prospective investors cannot determine their fate.

This paper asserts inter-alia:

The manner in which management strategies are designed, the interface and intermediary role of the goals stream in the budgetary system of firms and a progressive trend in budgetary performance constitute sustainable anchors for enterprise growth and survival.

The concern of the writer is on the implications of the above review to the situations many firms are facing in the enterprise world. The question becomes more pertinent in consideration of the economic recession, high rate of inflation and the magnitude of corruption which have characterized many developing nations (Nigerian inclusive) in recent times. Many firms have not achieved their budget goals, and this has raised serious concerns.

Innovative management strategies must be evolved, the goals stream of firms must be harnessed, the productive capacity of employees and other resources must be maximized and improved budgetary performance must be targeted.

The above background has awakened the writer’s interest to tender a paper on Goal Internalization: an innovative management strategy for budgetary performance in the 21st century forms of developing economies.

II. RELATED LITERATURE REVIEW AND EMPIRICAL STUDIES

This section presents an elaborate review of strategy design and goal setting, goal acceptance and goal internalization, goal congruence and budgetary performance.

A. Strategy Design and Goal Setting

The starting point for evaluating budgetary performance in firms is the strategy design adopted by the management and a specification of top management’s goals for the organization as a whole (Umo, 2015). A strategy should be judged in light of how it catapults the goals stream (Goal Setting. Goal acceptance, Goal internalization, Goal Congruence and Goal realization) to budgetary performance.

A strategy may be defined as the behaviour of management in trying to achieve success for top management goals contained in the budget of a business institution in an environment of competition (Appleby, 2003). It is the means of attaining the overall goals of the enterprise (Horngren and Foster, 2008). Strategy is a central theme which establishes an effective and efficient match between the firm’s competencies and opportunities and the risks created by environmental changes. It is a link between the multiple goals and policies pursued by the firm to satisfy its various components and the plans and policies used by it to guide its daily operations (Pandey, 2016).

Strategy design is undertaken before the establishment of overall goals contained in the firm’s budget (Garrison, 2015). Strategy design and goal setting are interrelated.

Management is appraised in relation to the goals it sets for the organization. Participation in strategy design and goal setting processes will bring all levels of the organization into the stream of decision making. For the company’s management to succeed, it should adopt a participatory strategy design approach (Rachman and Mescon, 2009). This is a new insight into gaining employees’ acceptance of top management goals formulated in the firm’s budget. Trends in emerging accounting and business literature and researches show that the participatory strategy design approach is based on modern behavioural assumptions and related motivational theories such as Needs Hierarchy Theory, Expectancy Theory and Goal setting Theory (Umo, 2015; Louderback and Hirsch, 1999; Cascio, 2008; Cameron and Gaza, 2004; Bateman and Zeithaml, 2010; Bakker and Demerouti, 2007; Bakker and Schaufeli, 2008; Abdullah, 1998).

Increasingly, therefore, strategy design is seen in a much wider term than a mere technique and procedure. It is being seen as part of a process that both influences and in turn is influenced by managerial and employees’ attitudes and behaviours (Umo, 2015; Duane, Ellen and Schultz, 2010). However, there is such a thing known as “Pseudo Participation”. That is participation which looks like but is not real participation. In this paper, participation means “Real Participation”.

Real participation is a process of joint decision making by two or more parties in which the decision has future effects on those making them (Hopwood, 2002). It connotes the full participation process (Umo, 2015). Real participation implies management by commitment. Management by commitment is the outgrowth of participatory management based on modern management views, motivational
strategies, and related theories (Rehman & Mescon, 2009). The participatory strategy design approach is not authoritarian. It is a humanistic approach. It is a practice of allowing subordinate managers and individuals who are accountable for activities and performance under the budget to participate in the decisions by which the budget is established. Thus, the writer wishes to submit the following:

- Participatory strategy design implies participatory control. Accordingly, subordinate managers and employees (at least their representatives) have a say in the decisions that affect them.
- It is a management strategy which requires “Equal access for all” to decisions relating to the budgeting process in firms.
- It is an approach in which goal setting and budgeting processes are not close and secret. Thus, it minimizes alienation, disillusion, anxiety, interdepartmental strifes, counterproductive work behaviours and other dysfunctional attitudes that may plague the budgetary system and work against overall goal realization and budgetary performance in business institutions.
- It is a management approach which makes budget goals to be self-imposed and causes the employees to be self-directing while at work.
- It is a panacea: a cure for all the many ills associated with authoritarian management and its related management strategies, views, and theories. No secrecy is built around allocations to any departments.

The participatory strategy design approach is a modern management technique. It respects individual and group differences, recognizes individual and group contributions, and guarantees employees’ rights in the business environment. It is a useful technique for dealing with the psychological problems associated with employees’ morale, motivation, productivity, and job satisfaction (Umo, 2015).

The participatory strategy design approach evokes a sense of egalitarian cooperation among the organization members because it is based on the belief that every individual in the firm is significant and has some rights and opportunities in relation to strategy design and goal setting. It constitutes the anchor on which goal setting is based.

Top management must, therefore, seek subordinates’ and employees’ cooperation through the manner in which strategy is designed in order to evoke acceptance of top management goals set in the firm’s budget.

B. Goal Acceptance and Goal Internalization

To foster budgetary performance, acceptance by subordinate managers and employees concerned with the budgets and top management goals contained in those budgets is absolutely vital (Rayburn, 2008; Pandey, 2016).

In the context of this paper, subordinates, managers and employees constitute the “Goal-Achieving Machine” of business institutions (Umo, 2021).

A budget that performs is a credible budget. A credible budget is a budget which is believed or trusted by the members of an organization affected by that budget (Garrison, 2015). It is usually achieved through “Real Participation” in the budgeting process (Lucey, 2008). Such a budget boosts acceptance by subordinate managers and employees affected by it. Accordingly, whether budget goals are accepted is critical in the chain of goal setting and goal realization (Umo, 2021). The writer thus submits:

It is absolutely necessary that the top management (Goal-setting machine of business institutions) structure and maintain a budgetary system that boosts goal acceptance, engender goal internalization and ultimately improves budgetary performance.

To boost budgetary performance, therefore, acceptance by employees concerned about their budgets and the internalization of the goals contained in the budgets constitute the bedrock for goal congruence and goal-realization.

People directly involved in certain activities will have more understanding of that particular activity and its needs. This is because employees’ morale and optimum participation are secured. Resistance from the employees will be reduced. Budget influence on morale, motivation and productivity will be greater if the budget goal is not imposed but accepted (that is, self-imposed). Subordinate managers and employees believe that the budget and goals contained in the budget are theirs and not the management’s (Umo, 2021).

Many firms have found that the best way to gain acceptance of top management goals is to have all levels of the organization participate in making the budgets that affect them (Pandey, 2016). Acceptance of goals contained in the budget will culminate in the budget by commitment. Budget by commitment is a new insight into gaining employees’ satisfaction, participatory control, and exertion of effort towards improved budgetary performance (Umo, 2021). It constitutes an integral part of the requirements for budgetary performance in firms and is based on modern management views and motivational theories of budgeting (Umo, 2015).

Goals contained in the budget are internalized because subordinate managers and employees (at least their representatives) are fully brought into the stream of the decision-making process; thus, the associated corporate goals, policies and programmes are perceived positively (Umo, 2021).

Budget by commitment has gained immense support in the literature on budgeting, and related empirical studies (Ogunnika, 1984; Hopwood, 2002; Horngren and Foster, 2008; Wilson and Chua, 2008; Velasquez, 2001; Umo, 2015). It constitutes a management strategy advanced through the “strategy Design-Goals stream-Budgetary performance Loop” (writer’s view, 2021).

The writer, therefore, submits:

- There is a strong positive relationship between Goals internalization and Budgetary performance in firms.
- Goals are internalized when subordinate managers and employees accept the budget goals as theirs and not of top management.
- Persistent productive and social network behaviours are the results of goal acceptance and goal internalization in firms in which employees’ participation is real. These behaviours are positive...
employees’ reactions which catapult the goals – stream into improved budgetary performance.

- When goals are internalized, subordinate managers and employees become committed to budget goals and their jobs. They can also persist in the face of difficulties.
- Goal acceptance, goal internalization and goal congruence act as functional intermediaries between Goal Setting and Goal Realization Process in firms.

C. Goal Congruence

Goal internalization will cause subordinates and employees to align top management goals set in the budget with individual goals. This is goal-congruence (Umo, 2015). All efforts are directed toward the realization of organizational goals.

Goal congruence shows the quality of agreement between competing goals in an organization. It defines the state of accord between top management goals and individual goals (Appleby, 2003).

Goal congruence exists when individuals and groups work toward the organizational goal. It occurs when managers working in their own perceived best interests, make decisions that further the overall goals of top management (Horngren and Foster, 2008). Goal congruence and effort constitute two criteria useful in making a cost-benefit analysis. Here, effort implies exertion toward a goal. (Bakker and Demerouti, 2007).

In relation to goal congruence, the concept of effort is not confined to its common meaning of physical exertion, it embraces all conscientious actions (physical or mental) that accompany the behaviour of individuals. This effort is guided toward the realization of enterprise goals (Umo, 2015).

Synonymous with goal-congruence and effort is motivation. Motivation is the desire for a selected goal (goal–congruence aspect) combined with the resulting drive or pursuit toward that goal (the effort aspect) (Horngren and Foster, 2008). Goal congruence and effort are often the reinforcing aspects of motivation, but each can exist on its own (Bittel et al., 2004).

This paper emphasizes work motivation. Work motivation refers to a set of energetic forces that originate both within as well as beyond an employee, to initiate work-related behaviours and to determine its form, direction, intensity and duration (Pinder, 2008; Umo, 2021). Understanding what motivates employees is central to the knowledge of goal stream – Budgetary performance relationships (Jenkins and Lawler, 1992). Motivation is a person’s internal disposition to be concerned with and approach positive incentives and avoid negative incentives. To further this, an incentive is an anticipated reward or aversive event available in the business environment (Wright, 2003).

While motivation can be used as a tool to help predict behaviour, it varies greatly among individuals and must often be combined with ability and environmental factors to actually influence behaviour and budgetary performance (Lathan and Pinder, 2005). Because of the role of motivation in influencing workplace behaviour and budgetary performance, it is key for business institutions to understand and structure the work environment to encourage productive work behaviours and discourage corrupt, counterproductive and anti-social work behaviours (Duane, Ellen and Schultz, 2010).

Generally, motivation encompasses rewards in cash and/or kind (Louderback and Hirsch, 1999). It is not an empty promise but a demonstration of reality. The socio-economic environment influences the need to motivate employees. The absence of motivation can lead to deteriorating budgetary performance. These benefits do not automatically arise from the budgetary process; they have to be worked for (Drucker, 2001; Bull, 2004). But little attention is given to the motivation of employees (the goal-achieving machine) of business organizations. As a result, there is a great underutilization of the productive capacity of human resources. This emanates from the unwillingness of enterprise management in many firms to embrace modern motivational theories and innovative management strategies (Umo, 2015).

A highly motivated employee will work hard toward achieving budget goals. With adequate ability and understanding of the job, such an employee will show high performance. Thus, management will become concerned with motivation when employees exhibit a lack of success, productivity problems, reduced commitment to quality and resistance to management (Skinner and Ivancevich, 1998; Ulrich, 2008).

It is discernible that organizations were created by people for people. Thus, the writer asserts:

Top management of firms which ignore the human elements in their strategy design and goal setting processes are likely to be much less successful than those who align business and individual goals.

D. Goal Realization and Budgetary Performance

Goal refers to an end towards which effort is directed in an enterprise. It represents something that the company wants to achieve. Realization is the process of achieving something that was planned for. It implies the act of accomplishing an end through exertion (Pinder, 2008). Therefore, in a corporate setting, goal realization is a state in which predetermined goals in enterprise budgets are achieved (Umo, 2015; Garrison, 2015).

Goals must not only be set but must be realized. Thus, the management strategy designed must boost the goals stream in business institutions towards enhanced budgetary performance (Umo, 2021).

A budget performs if the goals contained in it are realized (Umo, 2015). Such a budget is called a budget of accomplishment. It is a successful budget which highlights the degree to which predetermined goals are met and the extent to which inputs determine the quality of outputs achieved (Umo, 2015; Louderback and Hirsch, 1999). It is a budget which underscores effectiveness and efficiency of performance in relation to goals achievement in business organizations. Budgetary performance defines the outcome of the budgetary process arising from a sequence of interrelated procedures and practices (Umo, 2021).
III. THE CASE OF A DEVELOPING NATION

The concern of this paper is on the implications of the aforesaid review on developing economies in the 21st century. In many developing nations, budgetary performance is regressing. Firms in a developing economy such as Nigeria have not achieved their budget goals in recent times. Instead of improved budgetary performance, corporate financial scandals in Nigeria have resulted in budget credibility loss, raising questions about the integrity or transparency of companies’ management and employees. It has damaged the work culture and counterproductive work behaviours have characterized the nation’s firms for years. (Umo, 2015; Umo, 2021; Ogunnika, 1984; Kajola, 2008).

For some years, employees’ expectations are the opposite of that intended as these poor workers realize that they were labouring for sham goals. The productive capacity of workers and other resources are underutilized in firms. Employees are not ready to be productive and put forth their best because of the magnitude of corruption in society. Daily, the management of firms who impose the company’s budget goals and policies on them are arraigned before special tribunals on the recovery of public funds and property (EFCC Reports, 2020).

Developing nations (such as Nigeria) require quick recovery, especially considering the economic recession that such nations face today.

IV. CONCLUSION

Strategy design, goals stream and budgetary performance are interrelated. The top management of firms must see strategy design as a much wider term than mere techniques and procedures. It constitutes part of a process that influences and in turn are influenced by managerial, employees’ attitudes, and behaviours. The writer, thus, asserts:

➢ The Real Participation of all levels of the organization in the strategy design process is a panacea: a cure for all the many ills associated with the authoritarian strategy design process.
➢ The participatory strategy design process is beneficial when it is purposefully and skillfully implemented in firms. It constitutes an approach that catapults the goals stream of a business organization into improved budgetary performance.

This paper describes the two assertions highlighted above as “The strategy Design – Goals stream- Budgetary Performance loop” which is presented below.

RECOMMENDATIONS

➢ Real Participation in strategy design and Goal setting is reasonably paramount in the management system of firms. This will harness the budgetary system and catapult the goals stream into improved budgetary performance. It will spur team spirit and boost productive and social work behaviours.
➢ The crucial problem in achieving budgetary performance is the acceptance and internalization of the budget goal by subordinates and employees (the goal-achieving machine) of the enterprise. When budgeted goals are accepted and internalized by individuals directly responsible for achieving them, the chances of success are higher. Therefore, how management strategies are designed must provide a challenge and a sense of responsibility to effectively motivate the affected individuals.
➢ Management of firms should embrace budget by commitment: A management strategy advanced through the strategy design – goals stream – budgetary performance loop. This will culminate in a high budgetary performance, firm’s growth and continue existence.
➢ Organization members should be educated on the dangers of creative bookkeeping and other forms of corruption in any business environment. Corruption will engender moral decadence. It will deter business growth and survival. Interdepartmental and interpersonal trust will suffer while reliability in the firm’s budget will be eroded. Therefore, firms should not entertain any act of corruption. Perpetrators of corruption should be identified and shown the way out of the business environment. All manners of corruption should be treated with utmost dismay and must be punished.
➢ Management of firms should imbibe innovations to improve the budgetary performance of firms. Workshops and seminars should be organized regularly for all members in consideration of the challenging business environment in the 21st century.

REFERENCES


