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AN EVALUATION OF THE RELATIONSHIP BETWEEN BUDGETING AND THE EFFICIENCY OF FAST FOOD INDUSTRY IN RIVERS STATE

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Abstract

This study is on the relationship between budgeting and the efficiency of fast food industry in rivers state. And the purpose of the study was to find out the relationship between budgeting and the efficiency of the fast food industry in Rivers state. Determining how budgeting relates with effectiveness of the fast food industry in Rivers state. This study was conducted using a descriptive survey design method, which is deemed suitable for use to ascertain the relationships between the constructs under investigation. However, the target population for this study was restricted to owners, managers and accountants all who were deemed to be the decision-makers of the fast-food industry and thus were expected to be familiar with the usage of MAPs in their organizations. The researcher made a purposive sampling of five (5) fast-food industries in Rivers state. The sample size of fifty (50) member staff was used to represent the whole population. A self-administered, structured questionnaire was used as the research instrument and the responses were summarized with percentages, frequency counts, or more sophisticated statistical indexes upon which references are drawn about a particular population. All the data collected through the self-administered questionnaire were analyzed with the use of Statistical Package for Social Sciences (SPSS) program. All survey data were coded, categorized and inputted into SPSS. The result of the study revealed that there is a significant relationship between budgeting and the efficiency of the fast-food industries in Rivers state. And also, that there is a significant relationship between budgeting and the effectiveness of the fast-food industries in Rivers State. The researcher recommended among other things that, competent and skilled personnel with sound accounting background should be employed by firms in order to ensure efficient and effective use of management accounting practice for organizational performance. Business owners and their staff must have the expertise and knowledge of modern day management accounting practices and must be able to utilize it effectively.

Keywords: Relationship, Budgeting, Efficiency, Fast Food Industry, Rivers State

Introduction

It is of no doubt that Fast-food industries has grown significantly despite the many challenges in the country, the sector has grown due to its affordability and convenience of its services, also the fast growing population of the country and increasing urbanization are other catalyst. As of 2014, there were over 800 fast-food industries in Nigeria, according to the association of fast-food and confectioneries of Nigeria (AFFCON). They generated about ₦200bn ($1.22bn) in revenue and employed more than 500,000 workers. UAC was the first to bring the concept of fast-food to Nigeria in the 1960s. The international finance corporation (IFC), the private equity and advisory arm of the World Bank has invested $28.5bn in tantalizer's and food concepts, with both investments coming between 2010 and 2011. But with the significant growth in fast-food industries, the fast-food industries has also recorded high failure rates; fast foods like Mr. Biggs and tetrazzini can no longer compete in today's market, and with all the revenue generated by these fast-food industries, there is lack of advanced management accounting practices Unlike the crude techniques employed by most decision-makers of fast foods, Management Accounting Principles (MAPs) provide tools for planning (budgeting tools), monitoring and evaluating the performance of businesses (PMTs) (Proctor, 2009). In addition, MAPs provide tools that are useful for strategic decisions such as pricing decisions (pricing tools), to mention but a few (Latif&Alnawaiseh, 2013).Although management accounting provides many useful tools for large and small businesses alike, only budgeting tools and pricing tools are the focus of this study because they are extensively used by the large companies but also are largely ignored by SMEs; in this case fast-food industries (Nandan, 2010; CIMA, 2009). Besides, it is not practically feasible to investigate all the management accounting practices (MAPs) that could possibly be used by fast-foods in a single study. Furthermore, in general, prior studies on the usage of budgets are scarce. The few that are available were conducted in other countries, mostly the developed countries. The usage of budgets by 245 companies in the UK's food and beverage industry. Despite the limitations of conventional budgets, they remained a central pillar for management accounting and were frequently used in 'what if?' analyses. Specifically, the researchers found that budgets were either 'often' or 'very often' used for planning and for controlling costs by 84% and 73% of the companies respectively. The usage of budgets for planning and control was considered as either 'important' or 'moderately important' by more than 90% of the companies. The researchers concluded that almost all sampled companies used budgets for planning and control.32% of the sampled companies used flexible budgeting 'often' or 'very often' and considered it 'important' but 29% did not use this budgeting method at all. Study focused on companies and was conducted more than eight years ago. Therefore the validity of its findings is questionable at present. The problem to be investigated in this research study is the effective use of management accounting practices (MAPs) such as budgets and pricing tools and how it affects the performances of the fast-food industries particularly those in Rivers state. Many reasons have been provided to explain the reasons for the failure of the fast-food industry in relation to their performances. Notable among these reasons is their inability to make use of essential business management tools such as budgets and pricing tools (Ahmad, 2012:18). Many fast-foods fail to prepare budgets; those that do fail to continuously update their budgets and monitor their progress against the budgets, or are dissatisfied by the ineffectiveness of the budgets developed or the budgeting process (Ahmad, 2012:18). In addition, most fast foods focus only on financial performance measures but ignore the more strategic non-financial measures. Furthermore, some fast foods do employ inappropriate pricing techniques that do not secure optimum prices for their products (Hudson, Smart & Bourne, 2001).

Purpose of the study

- To find out the relationship between budgeting and the efficiency of the fast food industry in Rivers state.
- To determine how budgeting relates with effectiveness of the fast food industry in Rivers state.

Research Question

- What is the relationship between budgeting and the efficiency of the fast-food industries in Rivers state?
- Does budgeting relate with the effectiveness of the Rivers State fast-food industries?

Research Hypothesis

- There is no significant relationship between budgeting and the efficiency of the fast-food industries in Rivers state?
- There is no significant relationship between budgeting and the effectiveness of the fast-food industries in Rivers State?

Literature Review

Management Accounting

According to the Institute of Management Accounting (IMA) (2008:1) management accounting is defined as:

A profession that involves partnering in the management decision- making, devising, planning and performance measurement systems, and providing expertise in financial reporting and control to assist management in the formulation and implementation of an organization's strategy.

On the other hand, the International Federation of Accountants (IFAC) (1989:99) defines Management accounting as:

The process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of information used by management to plan, evaluate and control within an entity and to assure appropriate use of and accountability for its resources.

The above definitions suggest that MAPs are primarily used for planning, measuring performance and controlling operations of entities, and assist the management of an entity to formulate and implement strategies. For entities to plan, measure, control their performance and implement their strategies, they employ MAPs such as budgeting tools, PMTs.

Management accounting in fast-food industry

This section reviews the extent to which MAPs have been undertaken in the fast-food industry which are the intended population for this thesis. Despite the economic and social importance of fast-foods, there is a lack of research initiatives studying the provision for management accounting information and use of management accounting practices by fast-foods (Nandan, 2010). Kaplan (1994) suggests that this may be because research into MAPs is predicated in the belief that the discipline of management accounting is best served by studying (and so eventually facilitating the emulation of) the most innovative and successful practitioners. This position inevitably skews research towards larger entities. As Mitchell and Reid (2000) observed, this belief has led to empirical management accounting research designed to investigate technical innovation and development being concentrated on larger enterprises to the exclusion of smaller ones where the expertise and capacity to innovate in management accounting is less likely to exist. Therefore this situation leaves a significant gap into the study of MAPs in the fast-food industries. However, limited examples of research into MAPs in fast-foods in developed countries exist. For example, Drury et al. (1993) found that small entities generally reported using more simplistic techniques, and the use of techniques such as ABC, sensitivity analysis, market research and advanced quantitative techniques tended to be limited to the larger fast-foods. This suggests that the gap between management accounting theory and practice may be particularly wide for small fast-foods.

Similarly, Gunasekaran et al. (1999) in the U.K found that ABC has received little attention from fast-foods in spite of the fact that it may have an important role to play in improving the competitiveness of fast-foods. Later, Reid and Smith (2002) in a study of UK fast-foods found that only a minority of small firms, typically around a third, set budgets; that payback was the most frequently applied investment appraisal technique and that the management accounting system (MAS) in a small entity has a significant effect on the operation and performance of the business. The impact of the MAS was greatest in those firms which are struggling to survive, where it can be used to monitor finances daily and can help to identify trends in key variables. Firms where financial performance is satisfactory, but static, tend to place less importance on the provision of management accounting information. Jarvis et al. (2000) stated that research has shown that small fast-foods in the UK pursue a range of goals. It was, therefore, not surprising to find that owner-managers of small fast-foods used a variety of measures and indicators to assess business performance. While cash flow indicators were considered to be critical, profit measures were found to be less important than conventional views suggest.

McChlery et al. (2004) investigated the scope of the financial management systems (including MAPs) operating within small fast-foods. They found that management accounting systems did not have the same level of use as financial accounting overall with the former having a reduced uptake compared to the latter. They also found that smaller entities were most likely to be dissatisfied with their management accounting systems. In a later study, Sousa et al. (2006) determined the current state of knowledge related to performance measures and their degree of implementation in fast-foods in the U.K. Overall, financial measures were the most widely used, while innovation and learning measures were rated less important and were less used. The most important performance measures were not consistent with criteria to win new orders. However, the low response rate of the survey precludes generalization of the findings.

In Europe, Kraus et al. (2006), who examined strategic planning and performance in Austrian smaller enterprises, found that planning formalization has a positive and highly significant impact on the probability of belonging to a group of growth firms, whereas other aspects of strategic planning (time horizon, strategic instruments, and control) did not contribute to performance.

In U.S Demong and Croll (1981) concluded that although most U.S small businesses started without a cost accounting system, its usefulness became quickly apparent to the owner/managers. A well-designed cost accounting system with its budgets, standard costs and break-even analyses will enable managers to make better decisions. Demong and Croll (1981) suggested that all firms within the same industry will not require the same things from a cost accounting system. The larger entities will need a more sophisticated system to enable them to make frequent decisions on the prices and costs of their services. A smaller business may only need a basic budget and some standard cost figures for their more infrequent pricing and cost decisions. In any case, all firms should have basic cost accounting systems with budgets and standard costs which can be used for planning and control. This or any system should be easy to use, understand, and maintain. In addition, it should be flexible and cost effective.

Mcintyre and Icerman (1985) studied the use of the accounting rate of return (ARR) by U.S small businesses and provided evidence of the nature and magnitude of errors that result from using the ARR for investment decisions. The results show that the ARR often produces substantial errors, and its use may be misleading. Small businesses are encouraged to take advantage of recent advances in technology which place IRR calculations within reach of any business involved in investment analysis.

In Japan a survey of cost accounting in fast-foods was undertaken by Hopper et al. (1999). The results indicate that costing systems in Japanese fast-foods were similar to those of larger Japanese businesses. Costing systems and cost management practices though not uniform, emphasized simple routine accounting. They were not used extensively for decision-making or performance evaluation. However, sophisticated detailed processes of cost management, which often centered on quality control, were the norm.

In developing countries research into MAPs in the fast-food industry is still lacking. This situation may be due to several factors. Sulaiman and Hashim (1999) observed that research into Malaysian fast-foods is limited and not integrated in nature and an earlier study by Boocock and Wahad (1997) indicated that information on fast-foods in Malaysia is inadequate, inconsistent and not easily available. Thus it can be concluded that research into MAPs in fast-foods is limited and primarily relates to developed countries.

Organizational Performance

The term “organizational performance” is used in three time- senses - the past, present and the future. In other words, performance can refer to something completed or

Something happening now, or activities that prepares for new needs. Profitability for example, is often regarded as the ultimate performance indicator, but it is not the actual performance. Firm’s performance is the measure of standard or prescribed indicators of effectiveness, efficiency and environmental responsibility such as cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization’s operations and strategies (Venkatraman & Ramanujam, 1986). Performance measurement systems provide the foundation to develop strategic plans, assess an organization’s completion of objectives and goals (Alderfer, 2003). The concept of organizational performance has been based upon the idea that an organization is a voluntary association of productive assets, including human, physical, technological and capital resources, in order to achieve a common purpose (Barney 2002). According to Richard et al. (2008) organizational performance encompasses three specific areas of firm outcomes: (i) financial performance (profits, return on assets, return on investment, etc.); (ii) market performance (sales, market share, etc.); and (iii) shareholder return (total shareholder return, economic value added, etc.). The successful performance of SMEs does not only depend on good economic performance, but rather on the way the entrepreneurs and employees work together and fulfill their activities and objectives in a joint and coordinated basis. According to Roper (1998), the entrepreneur is the development lever that determines whether any business venture will succeed or fail

Budgeting tools

Budgeting is perceived as an important control system in almost all organizations (Hansen and Van der Stede, 2004). The main focus on budgeting has been on uptake rates and the purposes underlying its use. Previous research indicates that the main purposes of budgeting are planning future performance; planning the future financial position; planning future cash flows; planning future day to day operations; and controlling costs (see for example, Lyne, 1988; Amstrong et al., 1996; Chenhall and Langfield-Smith, 1998; Sulaiman et al., 2004; Fruitticher et al., 2005; Abdel-Kader and Luther, 2006). Budgeting is also used for performance evaluation, communication of goals and strategy formation (Briers and Hirst 1990; Guilding et al., 1998; Hansen and Van der Stede, 2004; Sulaiman et al., 2004; Fruitticher et al., 2005), to coordinate activities across business units (Chenhall82 andLangfield-Smith, 1998); and for timely recognition of problems and to improve the next period‘s budget (Joshi et al., 2003).

A budget is a quantitative expression of a plan for a defined period of time meant to attain ascertain objective (Anohene, 2011: Wildavsky, 2002). It expresses strategic and operating plans of business units, organizations, activities or events in measurable terms. Budgets provide a method of allocating scarce resources within an organization (Drury, 2004). They also enable the management of an organization to monitor and control operations by setting standards expected and addressing any deviations from the set standards (Hanson & Mowen, 2006; Olatunji, 2013).

In addition, budgets are useful in promoting forward thinking by managers, communicating an entity's goals to employees and evaluating their performance (Voigt, 2010). Accordingly, budgets can be used to motivate employees to achieve set targets, co-ordinate different departments within an entity and align them towards shared objectives.
The types of budgets employed in an entity depend on the nature of business it is engaged in(Badu, 2011). For instance, production budgets which are relevant to manufacturing businesses are not relevant to retail businesses. However, there are certain types of budgets that are universally relevant to all types of businesses irrespective of the nature of their activities (Hanson & Mowen, 2006). For instance operating budgets, which deal with recurrent income and expenses of a business such as sales budgets, cash budgets, marketing budgets, and personnel budgets are universally relevant, and are briefly described below.
Sales budgets are detailed schedules of expected sales in monetary terms and units for the budget period (usually one year), whereas cash budgets are projected short-term cash inflows and outflows of an entity, for the budget period (Badu, 2011). Marketing budgets refer to estimated projection of costs required to promote sales of a business' products (Suttle, 2014).A marketing budget will typically include all promotional costs, such as marketing communication on a website, advertising and public relations costs, as well as the costs of employing marketing staff and utilizing office space for marketing purposes. Personnel budgets refer to projections in terms of cost and number of personnel required by an entity in a particular budget period (Dodson, 2008).
Another universally applicable budget is the capital budget which refers to a long-term investment plan that relates to durable items such as new machinery, replacement machinery, new plants, new products, and research development projects (Hanson & Bowen, 2006; Maroyi& Van der Poll, 2012).
As opposed to budgets, budgeting is the process by which an entity creates and manages its budgets (John &Ngoasong, 2007). Most notable among the budgeting processes commonly employed are fixed budgeting, flexible budgeting, zero-based budgeting and incremental budgeting (Anohene, 2011). Fixed budgeting is a process or method of budgeting whereby the budget remains static in the budget period irrespective of the level of activity (such as sales volume) (CIMA, 2008). By contrast, flexible budgeting is a process or method of budgeting whereby a budget is adjusted or flexed according to changes in the level of activity (Anohene,2011).Zero-based budgeting is a method of budgeting which requires that all expenses be justified for each new period (Badu, 2011). This budgeting approach starts from a 'zero base' as every function within an entity is analyzed for its needs and costs. In short, according to this method, no amounts are carried over from prior years, as every budget is prepared afresh ('from scratch'). By contrast, incremental budgeting is a method based on which a new budget is prepared by making slight changes on the preceding period's budget or on the actual results (Kavanagh, 2012; Badu, 2011).

Contingency/Decision Theory
Donaldson (2001) defined contingency as any variable that moderates the effect of organizational characteristics on organizational performance. Therefore the contingency theory is paramount to explain how management accounting practices (MAPs) can influence the organizational performance of informal, small, medium and micro enterprises. Otley (1980) applied contingency theory to management accounting practices and explained that there is no single general standard accounting practice that can be applied to all organizations. In addition, Kariuki and Kamau (2016) concurs that contingency theory is founded on the principle that there is no generally suitable accounting system which applies equally to all organizations in all circumstances. In essence, each organization will have its own management accounting practices. The theory looks at certain influential factors that will assist management to decide on an appropriate management accounting practice. Contingency theory is paramount to explaining

how accounting systems might be affected by the fit between environmental and organizational factors. Central to the contingency approach in examining these relationships is the notion of fitness. Contingency is defined by the Oxford dictionary as: "The relationship between behavior and the consequences that is dependent on that behavior. "Contingency theory posits that an appropriate match between organizational characteristics and contingencies will improve organizational effectiveness (Morton & Hu, 2008). Donaldson (2001) defined "contingency" as "any variable that moderates the effect of organizational characteristics on organizational performance. "In the contingency theory of organizations, no universally acceptable model of the organization exists to explain the diversity of organizational system design. Gordon and Miller (1976) suggested the usefulness of contingency theory in developing effective MAS. They proposed that the design of accounting information systems should be dependent on firm specific contingencies where environmental, organizational, and decision style variables can contribute to understanding such systems.

Furthermore, empirically, Eugine Tafadzwa Maziriri, Miston Mapuranga2017 carried out study on the topic; The Impact of Management Accounting Practices (Maps) on the Business Performance of Small and Medium Enterprises within the Gauteng Province of South Africa. This study aimed at examining the impact of management accounting practices on the business performance of Small and Medium Enterprises in South Africa, In spite of the increasing research on SMEs, they seem to be a paucity of studies that have investigated the influence of management accounting practices on the business Performance of SMEs in South Africa.The study was positioned within a quantitative research approach and data was collected from 380 SME managers who were selected by means of the probability simple random sampling technique. The Statistical Package for the Social Sciences (SPSS), version 24.0, was used to analyze data. Regression analysis was undertaken in order to check the association between management accounting practices and business performance. The hypothesized relationships in the research model were assessed using multiple regression analysis. Associations between each management accounting practice and business performance were tested and the results showed that management account practices positively influences the business performance of SMEs.The empirical study provided fruitful implications to academicians by making a significant contribution to the management accounting literature by systematically exploring the influence of management accounting practices (MAPs) on the business performance of SMEs within the Gauteng province of South Africa.This study therefore, stands to immensely contribute new knowledge to the existing body of management accounting literature in Africa – a context that is often most neglected by some researchers in developing countries. However, Management accounting offers a good best opportunity for firms to compete in the market in order to offer best quality products and services at affordable prices to consumers. The general objective of this study was to investigate the effects of management accounting practices on financial performance of manufacturing companies in Kenya. This study adopted a descriptive survey design. The target population for this study was the 455 manufacturing companies in Kenya. Stratified random sampling method was applied to come up with the sample size, since the population in different manufacturing firms was considered heterogeneous, implying that a simple random sample is unrepresentative. The study therefore involved 46 manufacturing companies Nairobi. The study collected primary data from the respondents. The data collected was both quantitative and qualitative. Qualitative data is a categorical measurement expressed not in terms of numbers, but rather by means of a natural language description. Quantitative data is a numerical measurement expressed in terms of numbers. Analysis was done using Statistical Package for Social Sciences (SPSS), allowing the researcher to present the information in form of tables and figures. The study concludes that information for decision making practices is the most highly used management accounting practice amongst the manufacturing companies in Kenya followed by strategic analysis, budgeting, performance evaluation, costing, size and leverage respectively. The study further concludes that the most important elements of management accounting practices amongst the manufacturing companies in Kenya are; the management accounting function identifies key factors that influence performance and risky areas that require improvements and return on equity, ROE (Net income / Average Equity) has increased as a result of application of management accounting practices. This study recommends the creation and enhancement of awareness among firms of the importance of Information for decision making practices as this is the most highly used management accounting practice amongst the manufacturing companies in Kenya.

Dr Michael Lucas, Professor Malcolm Prowle and Mr. Glynn Lowth 2013 carried out a study on; Management Accounting Practices of (UK) Small-Medium-Sized Enterprises (SMEs). This paper reports on the findings of a CIMA sponsored study of the management accounting practices of SMEs. Contributors to the management accounting literature (e.g. Nandan, 2010) have suggested that failure or underperformance of SMEs is often due to their failure to utilize appropriate management accounting tools. Given its mission, this issue is clearly of concern to CIMA. The findings of our exploratory study suggest that, while the situation is not as bad as some commentators had feared, there is significant scope for improvement through better dissemination of the accountant as 'business partner' concept and improved understanding/awareness of management accounting decision-support tools. There is also a need to ensure awareness among small enterprises that, while not using certain management accounting tools may be appropriate for small organizations, it will not be appropriate when the organization grows in size and complexity; education in the use of such tools may therefore be desirable for SMEs hoping to grow in future.

Methodology

This chapter describes the research design and methodology used to collect and analyze the data required to address the research questions posed in this study. As discussed, the research aims to gather empirical evidence capable of providing an overview of current MAPs and the performance of fast-food industries in Rivers state.

Population of the Study

Target population in statistics is the specific population about which information is desired. According to Ngechu (2004), a population is a well-defined or set of people, services, elements, and events, group of things or households that are being investigated. This definition ensures that population of interest is homogeneous. Population studies also called census are more representative because everyone has equal chance to be included in the final sample that is drawn according to (Mugenda and Mugenda, 2003). The target population for this study was restricted to owners, managers and accountants all who were deemed to be the decision-makers of the fast-food industry and thus were expected to be familiar with the usage of MAPs in their organizations.

Sample and Sampling Techniques

The researcher made a purposive sampling of five (5) fast-food industries in Rivers state, this is because purposive sampling allows the researcher to purposely select fast-food that engage in management accounting practices (MAPs). Information gathered from the human resource department of the firms gave a cumulative of two hundred (200) member staff.The sample size of fifty (50) member staff will be used to represent the whole population will be determined

Data Collection Instrument

A self-administered, structured questionnaire was used as the research instrument. Leedy and Ormrod (2010) posit that a questionnaire is research in which the researcher poses a series of questions to willing participants, summarizes their responses with percentages, frequency counts, or more sophisticated statistical indexes upon which references are drawn about a particular population. The questionnaire was divided into two (2) sections, Section A measured the demographic profile (gender and age); Sections B was questions on the independent variables and questions on the outcome variable (organizational performance). The respondents were requested to indicate the extent of their agreement with each statement by means of a multiple response research items (strongly agree [SA], Agree [A], Disagree [D] and strongly disagree [SD]).

Reliability of the Research Instrument

Reliability refers to the consistency or the ability of a research instrument to yield the same result when it is administered on the same subject at different times. According to Hair et al. (2007) for a scale to be reliable the questions must be answered consistently by respondents in a manner that is highly correlated. If they do not, the scale would not be reliable. In this study, Pearson product moment correlation (PPMC) was performed to assess the internal consistency of the variables to ensure that there was consistent measurement across time and various items in the instrument (Sekaran 2003). Pearson product moment correlation (PPMC) is accepted because it deals mostly with relational variables.

Method of Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected (Mugenda & Mugenda, 2003). All the data collected through the self-administered questionnaire were analyzed with assistance of Statistical Package for Social Sciences (SPSS) program. All survey data were coded, categorized and inputted into SPSS. The inferential statistical tool used in testing hypotheses was "Pearson product moment correlation (PPMC)". Pearson product moment correlation (PPMC) measures the strength of association between two variables.

Findings

Hypotheses 1

Ha1: There is no significant relationship between budgeting and the efficiency of the fast-food industries in Rivers state?

The output of the analysis of hypothesis 1 is presented below:

Correlations

		Budgeting	Efficiency
Budgeting	Pearson Correlation	1	-.024
	Sig. (2-tailed)		.875
	N	47	47
Efficiency	Pearson Correlation	-.024	1
	Sig. (2-tailed)	.875	
	N	47	47

Interpretation: the table of Pearson product moment correlation (PPMC). reveals that the coefficient of determination adjusted for the degree of freedom, depicts that adjusted R^2 stood at a value of -0.024 which indicates that the correlational effects accounts for 2.4%, this indicate that there is a low relationship between budgeting and efficiency. Furthermore the result also states that there is a significant relationship between budgeting and efficiency

Hypotheses 2

Ha2: There is no significant relationship between budgeting and the effectiveness of the fast-food industries in Rivers State?

The output of the analysis of hypothesis 2 is presented below:

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Correlations

		Budgeting	Effectiveness
Budgeting	Pearson Correlation	1	-.677**
	Sig. (2-tailed)		.000
	N	47	47
Effectiveness	Pearson Correlation	-.677**	1
	Sig. (2-tailed)	.000	
	N	47	47

**. Correlation is significant at the 0.01 level (2-tailed).

INTERPRETATION: the table of Pearson product moment correlation (PPMC). reveals that the coefficient of determination adjusted for the degree of freedom, depicts that adjusted R^2 stood at a value of -0.677 which indicates that the correlational effects accounts for 67.7%, this indicate that there is a high relationship between budgeting and effectiveness. Furthermore the result also states that there is a significant relationship between budgeting and effectiveness.

Discussion of Findings

The results emanating from the analysis of the research question and hypotheses formulated for this study revealed that there is a positive and significant relationship existing between budgeting and efficiency, budgeting and effectiveness. This implies that management accounting practices (MAPs) can be used to gain control over organizational activities and evaluate performance so that they can respond appropriately to uncertainties, and positively influence performance of employees, managerial effectiveness and boost organizational performance.

Summary of Finding

- There is a positive relationship between budgeting and efficiency of the fast-food industries in rivers state; furthermore, there is a significant relationship between budgeting and efficiency of fast-food industries in rivers state.
- There is a positive relationship between budgeting and effectiveness of the fast-food industries in rivers state; furthermore, there is a significant relationship between budgeting and effectiveness of fast-food industries in rivers state.

Conclusion

It is concluded that there is a significant relationship, between management accounting practices and performance of fast-food industries in rivers state. The aim of this study has been to investigate the current state of management accounting practices in the very large but under-researched rivers state fast-food industry. The results of this in-depth investigation covering budgeting, efficiency and effectiveness led to the conclusion that traditional management accounting is still very much alive and well in rivers state fast-food industries. This study therefore concludes that budgeting was used as a control tool with the planning process and for monitoring the cash flow. The study also concludes that the management accounting practices employed within the entities were very effective and efficient and contributed to the success of the entities.

Recommendation

Base on the findings and conclusion of this work, the researcher recommended that:

- Competent and skilled personnel with sound accounting background should be employed by firms in order to ensure efficient and effective use of management accounting practice for organizational performance.
- *Business owners and their staff must have the expertise and knowledge of modern day management accounting practices and must be able to utilize it effectively*

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