

# Budgetary planning

Finance



Budgetary Planning Assignment One A budget can be defined as a financial preparation along with list of planned expenses and revenues. Budgets are generally used as one of the significant motivational tools. The employees who are involved in the procedure of preparing budgets and setting targets are found to be quite motivated to attain their goals. By setting comprehensible and defined objectives based upon the budget, the employees very well comprehend what is expected out of them and can hence feel more motivated. Even though, it requires that the objectives are set on a suitable level and that they are quite challenging and sensible. In the meantime, if the employees find it difficult to attain the targets then it might instead be de-motivating for them (University of Gothenburg. “ Budget-A Perfect Management Tool”).

Organizations can allocate certain percentage of budget in order to motivate the employees when they are performing well in an organization. For instance, the company can arrange for travel program for the sales support team that attains the target on a stipulated period of time. In such cases, the company will bear the complete expenses of the employees sent for travelling along with the family (University of Gothenburg. “ Budget-A Perfect Management Tool”).

Such kind of budgets can assist in motivating the employee to a great extent and thus can assist the organization to attain its objectives within a short period of time. It is to be remembered that such budgets help to augment the performance of the employees and thus increase their productivity as well.

## Assignment Two

Budget is one of the significant sources of motivation for the employees.

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Hence, it is crucial for an organization to plan budgets in a way so that it can be utilized for the purpose of motivating the employees. It is to be remembered by the employers that the budgets will have no motivational effects unless they are accepted by the managers involved as their own personal target. In such circumstances, the employer needs to make the managers involvement compulsory in such activities. It is a well known fact that the demanding budgets are seen as more applicable in comparison to less difficult targets. However, negative attitudes can result in if they are viewed as too complex. Therefore, in such circumstances, allocation of budget needs to be done properly so that it serves as a motivational tool. Acceptance of budgets is facilitated when good upward communication exists. The use of departmental meetings can be quite helpful in encouraging the managers to accept budget targets. Therefore, departmental meeting can be arranged on a regular basis as per the requirement of the organization. To motivate the best possible level of actual performance the budget needs to be set at a level, above which, an average be attained. Participation on budget-setting can assist in ensuring that the budget is accepted by the subordinate manager and thus act as a motivational target. If the managers are permitted to participate in the process of budget-setting then the likelihood of information distortion as well as manipulation will decrease. If the companies implement the above mentioned recommendation properly then the employees will be motivated and performance can be enhanced (Emmanuel, C. R. & Et. Al., “ Accounting for Management Control”).

#### Works Cited

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