
An analysis of budgetary goals impacting organizational performance

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Abstract

This study proposes a conceptual review of how budgetary goals impact organizational performance. The aim of this study is to get a better understanding of the direct and indirect relationship between the organization's decision-making process and operational performances. Setting the budget particularly influences subordinates' budget goal levels and motivations (i.e., budget goal acceptance and budget goal commitment), which ultimately enhances the organization's performance. To test these relationships, data were collected using the three perspectives approach: budgetary goal, budgetary participation and budgetary evaluation. The study provided evidence that perception of fairness mediates the relation between the levels of budget participation and goal commitment, whereas goal commitment mediates the relation between fairness perceptions and performance. At the end of the article, there are some implications for SMEs industries and some suggestions for future studies.

Keywords: Budgetary goal, budgetary participation, budgetary evaluation, organization performance.

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