

BUDGETARY CONTROL SYSTEM
IN SELECTED MALAYSIAN MANUFACTURING COMPANIES

A PAPER SUBMITTED TO THE MARA INSTITUTE OF TECHNOLOGY
IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE
ADVANCED DIPLOMA IN ACCOUNTANCY

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DATE	FEBRUARY 1991

TABLE OF CONTENTS

	Page
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
LIST OF TABLES	iv
LIST OF FIGURES	v
<u>Chapter</u>	
1 INTRODUCTION	1
Introduction	1
Objectives of the study	3
Methodology	5
Scope and Limitation	5
2 LITERATURE REVIEW	6
3 DATA COLLECTION	15
4 ANALYSIS OF DATA	19
5 RECOMMENDATION AND CONCLUSION	44
BIBLIOGRAPHY	51
APPENDIX A Questionnaires on Technical Aspects and Behavioural aspects	53

ACKNOWLEDGEMENTS

The writer wishes to express his appreciation for the guidance given by Dr. Johari Samidi, Pn. Napsiah, Mr. Lee Leok Soon and Ms. Khashi'ah Yusof in the preparation of this project paper.

ABSTRACT

A good system of budgetary control is important for any business enterprise because it results in better performance through planning and efficient control of costs. However, it has been said that such benefit will only come about if the system is fully understood and properly implemented. This research attempts to understand the system by studying its theories and to find out the extent of budgetary control system as practised by selected Malaysian Companies. Discussion of issues comprising of technical aspects and behavioural aspects are presented following analytical review of literature and collection of primary data through questionnaires and interview. It is concluded that understanding of the system will lead to maximum benefit as implied and also the system is more developed in bigger companies.

CHAPTER I

INTRODUCTION

Introduction

Budgeting is one of the management accounting technique which can greatly improve the performance of a business organisation if it is being properly implemented and if both its technical and behavioural aspects is fully understood by managers at all levels in the organisation (Ian J.Campbell 1985).

This study will attempt to understand the concept of budgetary control system and to determine the extent of budgetary control systems as practised by some manufacturing companies in the Klang Valley.

Budgetary control systems are used by top management as an economical medium designed to help meet the objectives of the company, to help monitor the company's progress, to help take corrective actions and form a basis of company records which is valuable for corporate planning. The preparation of budget is time consuming and costly but its benefits outweigh the costs and with the aid of high technology data processing the time taken in preparing the budget can be substantially reduced.

The research is limited to the concept of operating budget or annual budget. Capital budgeting which is more on the long term budget is excluded. However, discussions may sometime include the term because of the fact that a good budget should be embraced i.e.