

The Role of Budget Planning and Control with the Mediating Effect of the Budget Process on Firm Performance

Chau Van Thuong¹

¹Faculty of Business Administration, HUTECH University

*Corresponding Author:

Email ID: cv.thuong@hutech.edu.vn

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KEYWORDS <i>Budget Planning, Budget Control, Budget Process, Firm Performance, management process</i>	ABSTRACT This study sets out to explore how budget planning and control affect firm performance in HCMC, with the budget process as a mediator. Qualitative review of related literature has been used to bring to the fore the interaction between budget planning and budget control, informed by relevant works. It approaches the goals aspired to by all stakeholders in the budgeting process and how they affect firm performance. Analyses revealed that good budget planning and control are positively related to the budget process and that, in turn, it significantly affects the overall performance of firms in HCMC. The study identified and described very critical specific essential factors under the budgeting framework concerning performance improvements, reemphasizing the importance of strategic budget management in organizational goal attainment. Findings will provide valuable insights to the implementers and the policymakers of the enterprises in HCMC to earn better financial outcomes by enhancing budgetary practice. The study proved that in an overview integrating a very elaborate budgeting planning and control mechanism, the requirement would be to ensure the effectiveness of each factor in the process of budgeting; therefore, efficiency is embedded in the overall performance of an organization. The study contributes to the extant literature by unveiling the detailed interrelations between budgeting elements and firm performance in Vietnamese companies. It, therefore, provides a basis for further research in exploring more intricately the dynamics of budgeting processes and their implications for organizational effectiveness.
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1. INTRODUCTION

In today's globalized economy and highly competitive business landscape, effective financial management is a key factor in determining the success of enterprises. Budget planning and budget control are good management and accounting tools towards meeting the larger goal of enhancing and ensuring high organizational performance. Moreover, although utilizing business analytics in the budgeting process cannot resolve all issues, it is likely to enhance efficiency by providing shorter turnaround times (Grover et al., 2018). The budgeting process presents numerous challenges and issues in the financial sector. To address the complexity of these financial matters, including calculations, businesses must take significant steps (Camilleri, 2021). However, the use of tools is not enough to ensure a drastic change in performance. This intermediary role that the budget process plays is vital since it directly influences how successful the organization will be in implementing both budget planning and financial control.

Budgets play a vital role in short-term planning and control within organizations (Anthony et al., 2007; Otley, 1999; Bergmann et al. 2020). Budget participation has long been and will remain an essential tool for organizations (Duan et al., 2022), serving as a key method for evaluating performance efficiency (Her et al., 2019). Moreover, budget planning is the process of setting the financial targets of a business on the premise of appropriating resources effectively to achieve the set objectives. It is a long-term planning exercise that forms the core of any budget management. Budget control is more of a check mechanism that enables a business to monitor and fine-tune its financial activities in line with the set limits. This fosters both efficiency in resource utilization and an improved capacity for the business to address unexpected financial imbalances. While budget planning and control can be viewed as successful only in a properly organized and transparent



budget process—as constituting that process, to be specific, it involves the planning and allocation of resources and, further, the financial monitoring and reporting.

It is heavily involved in determining whether a business is capable of realizing its budget objectives. Research proves that an effective budget process increases the strength of the relationship between planning and control in the budgeting area. Research results show that with a proper budget process in an organization, the relationship & control alignment increased and they better performed as an organization.

Involving employees and stakeholders in the budgeting process improves decision-making, fosters trust, and boosts the likelihood of achieving goals (Alhasnawi et al. 2023). Since Vietnamese enterprises are increasingly scaling up, the basic condition is that Vietnamese enterprises should be aware of the budget planning, budget control, and intermediary role of the budget process. These key elements give shape to not only the efficiency of finance but also the sustainability and growth of business in the long term. For most Vietnamese enterprises, however, the effort is still one of combining planning and control effectively with the overall operational efficiency of the business. This therefore requires that an investigation into how budget planning and control can be aligned with the intermediate effect of the budget process on business performance in Vietnamese companies today would be valuable in practice.

Effectively managing the interplay between elements such as the budgeting process, planning, implementation, and control is crucial for optimizing accounting management in Vietnamese enterprises (Nguyen, 2024). Therefore, my study will examine the contribution of budgeting to planning and the control concept and simultaneously discuss how the budget process interacts with business performance. The study is expected to contribute to fostering the use of financial management tools by Vietnamese enterprises to a level whereby efficiency in operations will ultimately translate to competitive strength in the marketplace.

2. LITERATURE REVIEW

The budget process is essential for improving the operational efficiency of businesses in Vietnam.

Creating a budget in advance simplifies the process of developing it and aids in effectively managing the operations of a manufacturing facility (Abdi et al. 2023). The budgetary process entails the organized planning, management, and assessment of financial resources and activities to meet business goals (Takwa et al. 2024). A first requisite of a budget is that it assists organizations to set clear financial plans regarding short- and long-term goals and how to adequately allocate available resources. Budgeting helps in the prediction of costs and revenues by an organization and, therefore, helps in refining business strategies while mitigating financial risks. Secondly, it helps a critical support in the control and appraisal of operations performance. Budgetary targets stand for the yardsticks against which real outcomes can be compared; they support tracing advancement and taking in ad hoc changes. This not only contributes to the early detection of issues but also fosters openness and responsibility within the administration. Most importantly, budgeting in such a dynamic environment is a strategic device of management to be able to match up with the ever-changing business scenarios. Firms can get their flexibility enhanced by implementing flexible budgeting methodologies like Activity-Based Budgeting which will help them become more robust. In short, beyond the financial aspect, the budget management process is a sustainable basis for growth and development for enterprises in Vietnam in view of international integration.

Goal Setting Theory

The core concept of goal-setting theory is that life consists of actions and processes directed toward reaching specific objectives (Locke and Latham, 2002). This theory is well-established and explains how setting goals can motivate individuals and enhance their performance (Locke and Latham, 1990). Goal Setting Theory posits that specific and challenging goals, when properly set and accompanied by feedback, significantly enhance performance. Applying this theory to the budget process in organizations highlights how goal setting can positively impact managerial and organizational performance.

Goal Setting Theory would be very appropriate as it provides a strong framework for improving how effective the process is within an organization's budget.

This means that the managers would set very specific, challenging, and aligned financial goals for the process while also providing feedback and fostering commitment. This would ensure better resource utilization and drive organizational success. However, challenges must be balanced with do ability and maintained feedback to maximize the potential of budget targets.

The role of firm performance in business activities

Management's role is a crucial factor in enhancing the overall performance of the enterprise. The performance trajectory of any organization represents its success or failure and reflects the organization's vision and mission. On the other hand, managerial performance plays a vital role in determining the organization's success and serves as a mirror of its overall performance (Riyadh and Nugraheni, 2023). Firm performance, which is the way in which a business carries out its activities, constitutes both strategic choices and operational efficiency. Better-performing firms tend to exhibit better efficiency, productivity, and innovativeness than poorly performing ones. A well-performing firm can quickly alter designs relative to the marketplace and consumer preferences. Therefore, the ability to adapt can sustain competitive advantage and quality



growth for the firm. In contrast, low-performing firms may experience difficulty with proper resource allocation, which may lead to missed prospects and vulnerability in the market.

Vietnamese enterprises should formulate new strategic plans and adopt modern management methods that are better suited for creating value through quality. These approaches should be grounded in the latest technologies related to management, operations, and the manufacturing sector (Khanh & Mansori, 2021). Moreover, to this, high levels of organizational results guarantee confidence in the stakeholders, including customers, talent, and many other high personalities towards the particular organization. Good past performances attract good organizational relationships and venture into more growth opportunities through other collaborations. It will even act as a benchmark for the internal assessment activities by helping the management perfect the plan or come up with a better process. As such, the relationship between business performance and business action is considered interactive; better performance will better the business action, while healthy business action plans result in performance improvement. Organizations periodically reviewed and developed their key performance indicators to keep them in line with changing strategies and changing expectations of the market. This holds because performance orientation always leads companies to drive operational effectiveness, unearth innovation, and deliver sustainable success in tough competitive conditions.

The role of budget process to enhance firm performance

Budgeting involves forecasting a company's future financial needs (Garrison et al., 2003). A budget serves as a detailed plan that outlines how resources will be obtained and utilized over a specific time frame. Moreover, budget process helps businesses to uplift the performance through several means. First, in the function of identifying and placing resources in the right place, different departments within the organization get abundant support for the pursuit of their objectives. Second, with adequate performance management, a budget process allows companies to identify their problems early enough and make corrective actions in due time. Third, budgeting fosters responsibility and openness and makes all managers and other employees responsible for common organizational goals. Ultimately, with a flexible budgeting process, businesses will be able to come up with appropriate responses to fast market changes, thus enhancing their competitiveness and sustainability.

The Role of Budget Planning in the Budget Process Towards Firm Performance

In terms of budgeting's planning function, business analytics allows companies to improve their predictions of future developments and streamline scenario analyses (Davenport and Harris, 2007). The well-organized budget plan is a most vital tool for managing budgets effectively and plays the most critical role in the whole process of budgeting, directly affecting the company's performance. At the very heart, a budget plan is a key factor in any detailed structure of financial allocation that firms use to assign value to their resources according to provided strategic goals.

The resource alignment ensures that funds are directed to the areas where the company has the most potential for growth and added profitability, thus enhancing the general performance. One strong point in the budget plan is great communication with the different departments within a company. Well, a detailed budget fosters cooperation since it sets clear financial expectations and goals. Whenever departments know their financial boundaries and the wide goals of the company, they can be relied upon to team up and, as a result, inculcate a culture of resourcefulness and accountability. This cooperation ensures resource optimization and proper decision-making ability so that companies can quickly adjust to market changes.

Budget planning entails establishing financial objectives, predicting income, and projecting expenditures (Takwa et al. 2024). On top of that, the budget plan basically serves as the yardstick to measure and control. Once the organizations have chalked out such financial targets, they compare actual performances with such goals to spot out deviations and analyze the causes of deviations. Such analysis and cause-effect study represent an essential component of the continuous process of control of the actions which have to be made to achieve financial discipline, and the constant control on those actions. Such frequent appraisals of budgetary performance enable the firms to understand the consequences of their actions in financial terms and thereby help in better-planned and executed future activities. A strategic budget is one of the tools for good risk management because through it, companies can predict their revenue as well as expenditures and be able to mark the different financial challenges that are about to come into its way. Companies prepare this way by finding alternatives in case things fall apart because of the abrupt incline in the markets and/or operations. Therefore, the firms that actually integrate these two processes are fewer and far between, which puts them into a category that faces a meaningful position because uncertainties are to be well handled.

Performance measurement serves as an evolving tool essential for achieving growth and enhanced outcomes (Wang, 2000). The adoption of contemporary budgeting methodologies like rolling forecasts and zero-based budgeting would make the process of budgeting more dynamic and better firm performance. These methods permit more flexible and dynamic budgeting, with companies being allowed to make changes to the budget at short notice to meet changes in environmental conditions and market demands. In brief, the role of the budget plan within the broader budget process is resourceful in terms of resource allocation, interdepartmental relations, performance appraisal, risk management, and flexibility. This means that organizations that do more comprehensive work in the area of budget planning are better placed to outperform and sustain a competitive advantage in their respective markets. Based on the above analysis, the hypothesis has been developed:

H1: There is a positive relationship between Budget Plan and Budget Process Towards Firm Performance



The Role of Budget Control in the Budget Process Towards Firm Performance

According to Grossi et al. (2020), the budget control process enables a company to take action against inefficiencies, particularly those related to costs and financial performance. Control is but one element of the broader process of preparing budgets, but it is a rather important one in that it plays a major role in organizational performance. Budget control is one of the many accounting functions in an organization that, in today's dynamic business environment full of twists in market and economic conditions plus stiff competition, has to be well entrenched to enable the organization to achieve its set strategic objectives. Budgetary control is the implementation by management of appropriate measures that intend to compare, monitor, and control the actual results with the budgeted figures. This includes monitoring, comparing, and correcting of the actual performance of the firm with some predetermined targets set for the performance of a firm. Budget controls serve to enforce fiscal discipline and enhance accountability across an organization. Imposing the discipline of budget controls heavily reinforces discipline in managing an organization's finances. Firms can, by setting budgets clearly, enhance the management of resources to guarantee that resources are utilized. This is particularly important in circumstances where organizations are exposed to a limited resource base or a fluctuating market demand.

Good budget control practices would inculcate accountability as a work culture where departments and teams fulfill their monetary obligations and look after their expenditures sensibly.

Strict budget control practices are consistently linked to better financial performance in enterprises (Takwa et al. 2024). Budget control provides a yardstick of performance for measuring and analyzing the results of a business entity. Thus, management identifies variances and can go into an analysis of their causes by comparing actual performance against budgeted figures. This variance analysis helps in the location of inefficiency, wastage, or underperformance areas in an organization. Hence, the managers are then better placed to take corrective actions to realign operations to meet strategic goals. Moreover, budget control enhances performance measurement because organizations can set realistic standards that way for continuous improvement. The fusing of control into the process of budgeting further enhances strategic decision-making. The management uses these insights for the rational handling of resources, investments, and operational adjustments informed by accurate financial information and performance under the practice of budget control. For example, if a certain division keeps on overspending its budget due to an increased demand situation, then it would be proper to reallocate resources to fully benefit from this opportunity. Underutilization of resources and production can be discovered by periodic reviews and fine-tuning for better efficiency and productivity in those areas.

The implementation of budgetary control in a business reduces economic risks, enhances the company's performance, and increases its overall value (Qalati et al., 2020). Budget control helps in making the budget process long term. Organizations that focus on budget control are likely to anticipate very well future challenges and opportunities. Firms will be able to manage the setting of better forecasts and well-honed strategies from analysis based on data and trends. Hence, proactive budgeting will make an organization ready to face uncertainties and compete in its sector. Budget control is an important part of budgeting, and it affects the performance of a firm directly. It improves the level of financial control, which improves performance measurement and ensures better strategic decision-making with long-termism. Control of the budget is of vital importance currently for firms because businesses operate in a highly complex and competitive environment. Budget-control-focused organizations will probably derive better financial performance, growth sustainability, and general improvement of resilience. It helps steer challenges and opportunities to greater firm performance by allowing budget control to serve as a setting mechanism for moving financial objectives and operational execution into greater alignment. Based on the above analysis, the hypothesis has been developed:

H2: There is a positive relationship between Budget control and Budget Process Towards Firm Performance

The Role of Budget Process on Firm Performance

The budget plays a vital role in highlighting the discrepancy between allocated resources and actual spending in performance measurement (Ho, 2018). Financial discipline, alignment of resources with strategic goals, and fostering of accountability greatly shape the role played by the budget process in the success of an organization. Basically, budgeting is simply the process in which financial resources are organized, allocated, and managed with an aim to achieve short-term and long-term goals. Clear financial planning will enable businesses to forecast cash flow requirements, maintain cost control, and adapt to market changes. An effective budgeting process normally leads to the prime benefit of instilling financial discipline. Firms are able to control their expenditure and avoid non-essential expenses by setting clear financial targets and restrictions. This discipline guarantees resource efficiency and reduces the financial risk. In addition, comparing the real figures at all times against the budget allows the managers to uncover deviations in time and take corrective actions to avoid financial losses.

Budgetary control refers to the process of developing and implementing a plan set forth by the organization (Nani & Safitri, 2021). Another advantage of the budget process is that it helps align a company's resources with strategic goals. It is a systematic way of prioritizing projects to ensure that they enhance continuity and growth in the long run.

Since it confines the waste of funds on non-essentials and secures an adequate amount of finance for some vital projects, a budget in line with strategic goals ensures resources are put into initiatives likely to provide the best return. Responsibility is also brightened by the process of budgeting. Having to watch over the budget of each department or division forces

managers to make cautious financial decisions. Making the department heads accountable for meeting the financial goals enforces accountability and openness all through the organization. The employees are also made accountable, and this forces them to participate in cost-saving measures as they come to learn more about the financial goals of the organization.

An effectively executed budgeting process assists a company to preserve flexibility in response to unexpected adversities and changing market conditions. Frequent reviews will make the budget porous to any change which may likely occur due to factors outside the organization such as input costs, regulations, and demand. High rates of change characterize some industries in which adaptability is critical to sustaining competitiveness. As a result, the budget process assumes a functional role in an organization's efficacy by promoting responsibility, flexibility, strategic alignment, and financial prudence. Thus, while implementing a complete and adaptable budgeting strategy, organizations will enhance productivity and long-term sustainability in profitability. Based on the above analysis, the hypothesis has been developed:

H3: There is a positive relationship between Budget Process and Firm Performance

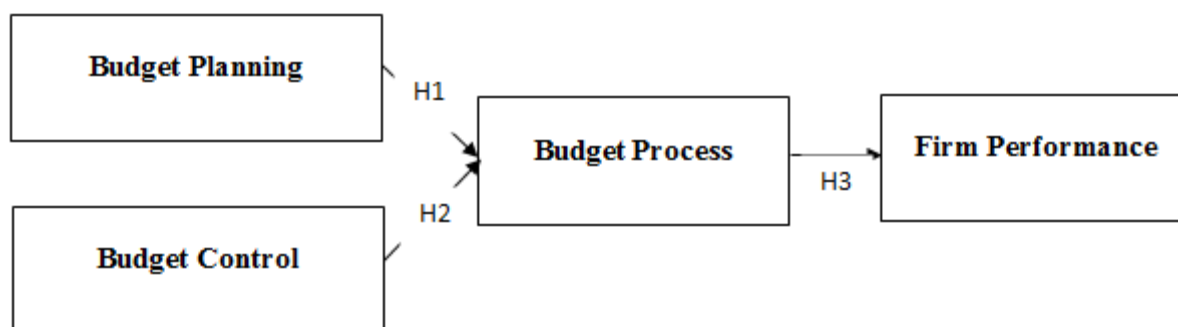


Figure 1. The conceptual model of this study

Methodology

This study employs a qualitative analysis to scrutinize the influence of budget planning and budget control on the business performance, with the mediating effect of the budgeting process. The enterprises in Ho Chi Minh City, Vietnam are taken as the research subjects. The research steps comprise a process of previous study information collection, then meta-analysis conduction, and finally discussion to draw general conclusions about the relationship between these factors.

The first stage will source information from scientific literature and published reports on budget planning, budget control, and firm performance. Other studies that will be undertaken will use the same source materials to analyze the aspect concerning the process of budgeting and its role of mediation in linking and firm performance based or oriented on budget planning and control. International and domestic material will be used to compile a complete overview of business finance topics. Table 1 below presents a study regarding the budget process.

Table 1. A related study on the budget process

Articles	Key Findings	Authors
Enhancing managerial performance through budget participation: Insights from a two-stage A PLS-SEM and artificial neural network approach (ANN)	Budgetary participation enhances managerial performance by eliciting goal clarity and goal commitment. More strongly, participative leadership amplifies the effects of budgetary participation in eliciting goal clarity and commitment. The above relationships are the mediating roles of goal clarity and goal commitment, and the moderating role of participative leadership on the strength of the relationship between budgetary participation and managerial performance. Such revelations would be significant in the context of the Iraqi economy.	Alhasnawi et al. 2023
The Effects of the Budgetary Process on the Financial Performance of Commercial Banks in Tanzania: A Case of	In the research, it was found that there is a positive and significant impact of the budgetary process on the financial performance of commercial banks (NBC, NMB, and CRDB) in Dodoma, Tanzania. Results obtained information that about 58.6% of the variation in financial performance can be explained by the	Mligo et al. 2022



CRDB, NMB AND NBC	budgetary process. The study recommends that to make the financial performance better, it has to improve the budgetary process with more participation and more internal controls.	
Digitization of the budgeting process: determinants of the use of business analytics and its effect on satisfaction with the budgeting process	The study positively linked the maturity of a firm's data infrastructure with business analytics that are used in the process of budgeting. In addition, the companies that prioritize planning function also tend to use business analytics more extensively in the budgeting process. However, no such significant link has been found between the evaluation function and business analytics. The study also revealed that the use of business analytics leads to higher satisfaction with the budgeting process; thus, it helps to address dissatisfaction with traditional budgeting systems. These findings present direct practical insights into the question of when the use of such means would be beneficial for companies.	Bergmann et al. 2020
Budgeting and Its Effect on the Financial Performance of Listed Manufacturing Firms: Evidence from Manufacturing Firms Listed on Ghana Stock Exchange	Budgeting is very critical to the financial performance of the listed manufacturing firms at the Ghana Stock Exchange. There was a strong positive correlation between budgeting and financial performance. Planning, monitoring and control, coordination, and evaluation are indeed the budgeting activities that would more significantly channel the improved financial outcome. In the view of this study, managers should set long-term plans for budgets and in the meantime enforce annual reviews of budgets to track key financial indicators and take corrective actions in response to competition.	Agbenyo et al. 2018
Effect of Budgetary Process on Financial Performance of Ngos in Heath Sector in Kenya	It has been ascertained that there is a significant relationship between the budgetary process and the financial performance of NGOs in the Kenyan health sector. This is because the correlation coefficient is statistically significant at the 0.01 level ($r=0.419$). Good budgetary management practices were reflected in the positive financial performance of the NGOs. In view of these findings, it is recommended that the management of the NGO and the government should jointly implement sustainable policies and regulations regarding budgetary management and financial outcomes in that particular sector.	Kimunguyi et al. 2015

This study will conduct a meta-analysis of past research and results to be able to aggregate them adequately in identifying trends of relationships within budget planning, control, and business performance. It will also define the mediation effects of the budgeting process and the relative influence of various elements within budget management on performance outcomes.

The discussion will relate back to the business context in Ho Chi Minh City, followed by an exposition of how firms carry out the budget process, from planning to budget control, and how the process itself influences their firm performance. It will also bring out the problems and challenges in the application of the budget process by local businesses, providing some specific practical recommendations to the managers to enhance business performance. Such a research methodology would guarantee that the analysis is conducted logically and coherently and would remain firmly within the framework of the Vietnamese enterprises operating in Ho Chi Minh City.

Findings

The study's findings indicate that both budget planning and budget control impacts the budget process and, in turn, firm performance in HCMC. Resources are optimized towards effective budget planning which also monitors and ensures achievement of long-term financial goals. Resources are optimized towards effective budget planning which also monitors and ensures achievement of long-term financial goals. In the results-based analysis, it can be argued that the intermediary



role of the budget process is important in bringing out the effect of budget planning and budget control on firm performance. Good firm performance results from effective financial management under resource rationalization and strategic adjustments made to meet the objectives. The findings support the notion that the budget process enhances the management abilities as well as the overall effective functioning of the firm.

3. DISCUSSIONS AND CONCLUSIONS

The Role of Budget Planning in the Budget Process for Enterprises in Ho Chi Minh City

Budgeting and planning are two domains that necessitate continuous improvement due to their critical role in the management process (Rigby et al., 2020). Proper implementation of budget planning allows any company or organization to reduce expenses and boost profits (Lill et al., 2021). Results from my study prove that a well-organized budget has significant influence in the improvement of business performance in Ho Chi Minh City. A solid budget, as an integral part of broader management of the budget, ensures not only financial control but also accomplishes alignment of available company resources with the set objectives of the company; this strategic alignment allows firms to monitor their performance more effectively, make good decisions, and respond to market changes. The major finding of the research is the very strong connection that exists between the quality of the budget plans and managerial performance. Clear and detailed budgets allow companies to manage the business better by being able to forecast the challenges ahead and allocate the available resources appropriately. This finding also supported earlier studies on the importance of effective financial planning for organizational success.

According to Macinati et al. (2016), budget participation contributes to increased role clarity, which in turn enhances managerial performance. By involving managers in the budgeting process, they gain a clearer understanding of their responsibilities and objectives, leading to improved decision-making and overall performance.

Budgetary control facilitates precise business planning for companies by establishing a benchmark for expenditures across various industries (Grossi et al., 2020). Moreover, it shows that organizations which have several departments involved in the budget process are playing it better in terms of collaboration and communication which enhances overall performance. This joint involvement in preparing the budget builds up the managers' sense of responsibility for, and hence commitment to, the attainment of the organizational goals. However, the results also indicate that such companies working towards stringent financial plans do not have the capability to respond quickly to market changes. A financial plan, therefore, is required to be flexible enough to cover the unexpected eventualities even though, to some extent, it is truly needed.

The Role of Budget Control in the Budget Process for Enterprises in Ho Chi Minh City

The study results underscore that budget control is an integral part of the overall budget process in enhancing firm performance for wholly Ho Chi Minh City businesses. Effective budget control will help firms save more resources, have an eye on financial operations, and be fast at noticing deviations from the original budget plan. It is extremely important in the vigorous and fast-changing business environment of HCMC, where flexibility is required because economic changes and increased competition exert pressure on the business. Firms that have well-established systems for budget control better their levels of managerial performance. They define the rules on budgeting well and carry out regular controls to improve their decision-making capacity, setting the daily behavior of managers in line with long-term strategic aims. This connection implies that budget control is more than mere cost containment but actually proactive financial management toward long-term sustainable growth.

Budgetary control has a positive influence on the organizational sector (Rehman et al., 2019). Jermias (2023) states that budget controls assist in managing and mitigating risks, monitoring company activities, and supporting strategic planning, ultimately ensuring stable cash flows throughout the process. Moreover, companies in HCMC with effective budgets control systems tend to show higher financial discipline because performance outcomes are better. The systems also present the early warnings, putting the managers in a position to change their strategies and risk-mitigate earlier than a risk escalates. In this sense, budget control has evolved significantly as one of the critical mechanisms to secure stability in very volatile business environments. Some challenges are identified through this study as well. Especially for small firms, most of the resources seem to block the successful implementation of full-fledged budget controls. This, in turn, could be combated by organizations that invest in training facilities for actual real-time financial monitoring-initiation of the latest technologies in business helps overjump such blockages. Budget control enhances the process of budgeting and therefore increases the performance of companies, especially those set in a competitive HCMC. Companies that regard budget control as an important part of a set of key strategies used for management are arguably more likely to realize continuous improvements in terms of better effectiveness at the managerial level.

The Role of Budget Process on Firm Performance

Organizations in both developed and developing countries encounter intense competition in the business sector. For businesses aiming to stay competitive, it is crucial to understand the importance of budgeting and its impact on their financial performance (Agbenyo et al. 2018). The budget process is a key mechanism in driving firm performance within the context of a changing business environment in Ho Chi Minh City. A well-managed budget influences various measures of the



company's performance, including profitability, operational efficiency, and strategic coherence. The above assertion conforms to earlier research which found that good budgeting practice could improve resource allocation and financial planning and thus result in better organizational performance. An integral component of the budgeting process, therefore, is the development of accountability within firms. Budgets provide management with tools for monitoring progress by establishing clear objectives for financial and performance measures. As a result, they can be used to keep potential uncertainties at bay when implementing the budgeting process in business organizations. It will create more motivation at work since employees will see how their work inputs can result in the added value to the company's pocket.

For the companies in Ho Chi Minh City operating in a highly competitive market environment and thus always pressuring the companies to come up with something new or change things, the motivational aspect of budgeting becomes very important.

The budgeting process is crucial for controlling expenses and enhancing business profits (der Kolk et al., 2019). Moreover, participatory budgeting is highly important in this regard. It involves employees at all levels in the budget process. This approach makes forecasting more accurate and also ensures employee buy-in and commitment to the organization's objectives. It is well known that companies operating in a culture of participative budgeting enjoy more employee engagement which relates performance effectiveness changes. Yet also, low from the realization that comes along, there shall remain a large number of firms in Ho Chi Minh City continue keeping up to the method of setting the budgets with changing markets fast. Moving towards flexible budgeting approaches would enable those firms to be better prepared in managing unforeseen eventualities and hence have assured stability in performance under fluctuating environments.

Budgeting plays a crucial role in the success of enterprises, particularly in tracking and assessing performance (Mutabari, 2023). Further development in the use of advanced technologies with respect to the budget process is regarded as a critical consideration for firms. The use of data analytics and forecasting tools improves the accuracy of financial forecasting, leading to better decision outcomes. Such firms in HCMC that make investments in technology are likely to have better performance results and more efficient budgeting processes. Budget process happens to be very impactful towards influencing firm performance in Ho Chi Minh City. The companies integrate more improved practices in their budgeting through accountability and the encouragement of participatory budgeting besides technological innovations, hence better financial and operational results with sustainability aimed at changing their business environment.

Conclusions

This study underscores the crucial role that both budget planning and budget control play in enhancing firm performance, particularly in the context of enterprises in Ho Chi Minh City. By examining the role of the budget process as a mediator, it becomes evident that strong budgeting practices have a notable impact on organizational outcomes. The results confirm that a well-organized budget planning and control system is closely linked to an efficient budget process, which subsequently improves a firm's performance. This suggests that the effectiveness of the budgeting process is a crucial factor, ensuring that financial resources are properly allocated and managed to align with strategic goals, ultimately boosting overall efficiency.

Moreover, this study brings out several required elements within the budgeting process that are essential to improving performance. That is, good planning, strong control systems, and well-organized budget process that facilitates better decision making. By developing these aspects, firms will be in a position to achieve more than their financial objectives by guaranteeing continual growth and competitive advantage sustenance over time.

The results provide implicative information to practitioners and policymakers in improving the budgetary practices. The adoption of a comprehensive and strategic budgeting system may improve the financial performance but support the businesses to be successful in Ho Chi Minh City. To sum up, this study contributes to the voluminously available information on budgeting by delineating the interaction that exists between budget planning, control, and the budget process in influencing firm performance. Still, the more sophisticated components of budgeting and their implications for organizational effectiveness could be subjects for future research.

4. LIMITATIONS AND FUTURE STUDIES

While this study provides meaningful insights into the role of budget planning and control, with the mediating effect of the budget process on firm performance, several limitations should be acknowledged.

First, the study's reliance on qualitative analysis restricts its ability to quantify the effects of budget planning and control on firm performance. Although the qualitative approach offers a deep understanding of the interrelations between these elements, it lacks empirical validation. Future research could adopt a quantitative or mixed-methods approach to offer a more comprehensive evaluation of the budgeting framework and its impact on organizational performance.

Second, the research is geographically confined to firms in Ho Chi Minh City (HCMC), which may limit the applicability of the findings to other regions. The economic, regulatory, and cultural environments in other areas may influence the budgeting process differently. Future studies could extend the scope to include other regions or even conduct comparative analyses across different countries to examine how budgeting practices vary in diverse settings.



Third, while this study highlights the mediating role of the budget process, it does not account for other potential mediating or moderating factors, such as organizational culture, management style, or external economic conditions. These factors may significantly affect the relationship between budget planning, budget control, and firm performance. Future research could explore the impact of these variables to provide a more nuanced understanding of the budgeting-performance linkage.

Lastly, this research is based primarily on secondary data and existing literature. Although these sources are valuable, future studies could gather primary data through surveys, interviews, or case studies to obtain more direct insights from practitioners and managers involved in budgeting. This could help validate the findings and uncover additional dynamics in the budgeting process that influence firm performance.

In conclusion, while the present study contributes to the understanding of the relationship between budget planning, budget control, and firm performance, there is ample opportunity for future research to expand the scope of inquiry. By employing quantitative methods, broadening the geographical focus, considering additional mediating factors, and utilizing primary data, future studies could deepen the understanding of how budgeting processes impact organizational success in various contexts.

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