

## Budgetary Participation and Managerial Performance of Functional Managers in Sri Lankan Manufacturing Companies: An Empirical Study.

Priyantha Lalani<sup>1</sup>

Though participation in budgeting has been the most widely studied issue in management accounting research in the world, it seems that none of the research in Sri Lanka has attempted to look into this issue. Several studies have investigated the relationship between budgetary participation and managerial performance (Brownell & McInnes 1986, Brownell 1981, Milani 1975, Kenis 1979); however, the exact nature of the relationship remains unclear, as the results reported by previous studies have been inclusive and contradictory.

Therefore, this study is an attempt to concentrate on behavioural aspects of budget setting in Sri Lanka. The study examines the functional manager's participation in budget setting and its effect on their motivation and job relevant information, especially on their managerial performance.

Conceptual framework and research hypotheses are developed from related findings in research in accounting and organizational behaviour. Expectations in the conceptual framework are explored and hypotheses are tested with data gathered from 43 managers in manufacturing firms. Structured questionnaire was the basic method of data collection supported by the follow up interviews with selected number of respondents.

Data is analyzed by using univariate analysis, correlation analysis, regression analysis, and path analysis. The empirical results prove some research hypotheses and do not accept the conceptual framework. The study reveals that there is no direct or indirect effect of budgetary participation on managerial performance. That shows inefficiency of budgetary participation of the functional managers in manufacturing companies in Sri Lanka. However, the study concludes that the budgetary participation directly related with participant's motivation and with their job relevant information.

**Key Words:** Budgetary participation, Managerial performance, Motivation, Job relevant information, Behaviour

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<sup>1</sup>University of Sri Jayewardenepura, Sri Lanka E-mail: priyantha@sjp.ac.lk