EFFECT OF BUDGETARY CONTROL ON THE FINANCIAL PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN LAGOS STATE

BY

EJEMUTA, EMMANUEL OGHENERUNA

Matric Number: 15020101007

A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE, COLLEGE OF HUMANITIES, MANAGEMENT AND SOCIAL SCIENCES, MOUNTAIN TOP UNIVERSITY, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE BACHELOR OF SCIENCE (B.Sc.) DEGREE IN ACCOUNTING

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CERTIFICATION

This is to certify that this project work was carried out by **EJEMUTA EMMANUEL OGHENERUNA** with matriculation number 15020101007 in partial fulfilment of the requirements for the award of Bachelor of Science (B.Sc.) degree in the Department of Accounting and Finance, College of Humanities, Management, and Social Sciences, Mountain Top University, Ogun State, Nigeria.

_____ _____

DR. O.J. AKINYOMI **Date**

(Supervisor)

_____ _____

DR. O.J. AKINYOMI **Date**

(Head of Department)

DEDICATION

This research project is dedicated to God Almighty for His strength and wisdom in the course of my programme and to my family members for their love, support, and encouragement.

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ABSTRACT

For both developing and developed economies, small and medium sized firms play substantial roles in the process of industrialization and economic growth. The contribution of small and medium-sized enterprises (SMEs) has been recognized as the primary support of the economy because of their ability to boost the production of the economy and improve human welfare.Small companies in Nigeria, however, were unable to add value to the economy because of many problems facing their activities. Issues arising from bad funding of small and medium-sized enterprises include lack of skilled leadership resulting from the failure of owners to hire expert services; use of outdated machinery and manufacturing techniques due to the failure of owners to access fresh technology; and excessive competition resulting from revenues resulting from sales.This objective of this study was to identify the effect of budgetary control on the financial performance of SMEs in Lagos State. Using survey research design, the study comprise of the population of 492 SMEs operating within the Ikeja Local Government Area of Lagos state while the population was sampled using the simple random sampling technique. From the study, 142 out of the 221 sample respondents filled-in and returned the questionnaires making a response rate of 64.25%. This was analysed using the Statistical Package for Social Sciences (SPSS 22) using descriptive statistics. Independent variables that was used to measure budgetary control included budget planning, budget monitoring and control, and budget evaluation and dependent variable was financial performance. Mean and Standard Deviation within a range of five points was used to measure all the independent variables. The data was subjected to Linear Regression Analysis to test the research hypotheses. The probability level was set up at 0.05 significance. The result of the Linear Regression Analysis hence indicates thatbudget planning has a significant relationship with financial performance of Small and medium-sized enterprises in Lagos State (p value =0.000<0.05), budget monitoring and control has a significant relationship with financial performance of Small and medium-sized enterprises in Lagos State (p value=0.000<0.05), budget evaluation has a significant relationship with financial performance of Small and medium-sized enterprises in Lagos State (p value=0.000<0.05). The study concluded that financial performance increases proportionately with more inclusive using of budget. This study however recommends that managers and owners of SMEs should hold budget conferences and meetings regularly to review performance. Furthermore, the study also recommends that organizations should develop more formal practice in the development of budgetary controls, that is, Planning, Monitoring and Control and budget evaluation.Overall, the study indicated that budgetary control contribute to the financial performance of SMEs in Lagos State.

Keywords: Budget, Budget planning, Budget Monitoring and control, Budget Evaluation, Financial Performance, Small and Medium-Sized Enterprises.