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Usability and functions of the budget in the perception of managers of a company in the metal-mechanical field

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Usability and functions of the budget in the perception of managers of a company in the metal-mechanical field

Abstract

Objective(s): The study aims to relate the usefulness and functions of the budget in the decision-making process, based on the perceptions of the managers of a company in the metal-mechanical sector. **Method:** Methodologically, the research is descriptive, based on a survey, considering a sample of 33 managers/supervisors/analysts who work in different areas of the studied company. **Results:** It was found that 78.80% of managers use the annual budget with monthly monitoring (budget versus actual), 84.80% indicate its use as an artifact of planning, coordination, resource allocation, and determination of operational volumes. The mean rank (MR) obtained shows that managers identify the functions of budget planning, dialogue, and utility, demonstrating the usability of the instrument in the management process. The main functions of the budget were identified as: the coordination of the company's units (4.82); analysis of monthly and annual projections (4.76); planning linked to company strategies (4.73); and comparison of planned performance with actual results (4.70); the results even indicate that in the context of the COVID-19 pandemic, the budget helped to align new strategies and adjust organizational planning (4.27). The findings indicate that the budget has multiple functions for the managers of the company studied, confirming its recognition by managers as a management instrument, with utility related to the planning and decision-making processes. **Contributions:** As a contribution, the study highlights the different functions and adaptability of the budget in the organizational context, demonstrating its usability by managers who work in different sectors in the company.

Keywords: Business Budget. Budget Functions. Budget Utility.

Usabilidade e funções do orçamento na percepção dos gestores de uma empresa do ramo metalmeccânico

Resumo

Objetivo(s): Este estudo tem como objetivo relacionar a utilidade e as funções do orçamento no processo de tomada de decisões com base nas percepções dos gestores de uma empresa do ramo metalmeccânico. **Método:** Metodologicamente, a pesquisa é descritiva, realizada a partir de um levantamento com amostra de 33 gestores/supervisores/analistas que atuam em diversas áreas da empresa estudada. **Resultados:** Constatou-se que 78,80% dos gestores utilizam o orçamento anual com acompanhamento mensal (orçado *versus* realizado) e 84,80% indicam o uso como artefato de planejamento, coordenação, alocação de recursos e determinação dos volumes operacionais. O *ranking* médio (RM) obtido evidencia que os gestores identificam as funções de planejamento, diálogo e utilidade do orçamento, demonstrando a usabilidade do instrumento no processo de gestão. Identificaram-se como principais funções do orçamento: a coordenação das unidades da empresa (4,82); a análise das projeções mensais e anuais (4,76); o planejamento vinculado às estratégias da empresa (4,73); e a comparação do desempenho planejado com os resultados reais (4,70); os resultados, inclusive, indicam que no contexto da pandemia Covid-19, o orçamento auxiliou no alinhamento de novas estratégias e nos ajustes do planejamento organizacional (4,27). Os achados apontam que o orçamento possui múltiplas funções para os gestores da empresa estudada, confirmando seu reconhecimento pelos gestores como instrumento gerencial, com utilidade relacionada aos processos de



planejamento e tomada de decisões. **Contribuições:** Como contribuição, este estudo evidencia as diversas funções e a adaptabilidade do orçamento no contexto organizacional, demonstrando a usabilidade pelos gestores que atuam em distintos setores na empresa.

Palavras-chave: Orçamento Empresarial. Funções do Orçamento. Utilidade do Orçamento.

Funciones de usabilidad y presupuesto en la percepción de los gerentes de una empresa metalmeccánica

Resumen

Objetivo(s): Este estudio tiene como objetivo relacionar la utilidad y funciones del presupuesto en el proceso de toma de decisiones a partir de las percepciones de los gerentes de una empresa del sector metalmeccánico. **Método:** Metodológicamente la investigación es descriptiva, realizada a partir de una encuesta con una muestra de 33 gerentes/supervisores/analistas que laboran en diferentes áreas de la empresa estudiada. **Resultados:** Se encontró que el 78,80% de los gerentes utilizan el presupuesto anual con seguimiento mensual (presupuestado versus realizado) y el 84,80% indican utilizarlo como un artefacto de planificación, coordinación, asignación de recursos y determinación de volúmenes operativos. El ranking medio (RM) obtenido muestra que los gestores identifican las funciones de planificación, interlocución y utilidad presupuestaria, demostrando la usabilidad del instrumento en el proceso de gestión. Se identificaron como funciones principales del presupuesto: la coordinación de las unidades de la empresa (4,82); análisis de proyecciones mensuales y anuales (4,76); planificación vinculada a las estrategias de la empresa (4,73); y la comparación del desempeño planificado con los resultados reales (4,70); los resultados incluso indican que en el contexto de la pandemia de Covid-19, el presupuesto ayudó a alinear nuevas estrategias y ajustar la planificación organizacional (4,27). Los hallazgos indican que el presupuesto tiene múltiples funciones para los gerentes de la empresa estudiada, lo que confirma su reconocimiento por parte de los gerentes como una herramienta de gestión, con utilidad relacionada con los procesos de planificación y toma de decisiones. **Aportes:** Como aporte, este estudio destaca las diferentes funciones y adaptabilidad del presupuesto en el contexto organizacional, demostrando su usabilidad por parte de los directivos que actúan en los diferentes sectores de la empresa.

Palabras clave: Presupuesto Empresarial. Funciones Presupuestarias. Utilidad Presupuestaria.

Introduction

In the competitive scenario, management strategies, such as planning and analysis of economic and financial performance, become differentiating factors for strategic alignment (Souza et al., 2021). The complexity of the environment requires managers to take efficient measures to monitor results and to support the decision-making process (Bornia & Lunkes, 2007), thereby planning, organizing, and controlling become competitive differentiators for organizations seeking to achieve proposed objectives (Valverde et al., 2020).

Developing control skills and operational planning is necessary for conducting business (Dantas Neto & Oliveira, 2021). The planning and contingency of future events, which influence the development and performance of activities, are a recurring demand of managers (Silva et al., 2018). In this sense, using the budget alongside other management controls makes planning and analysis more efficient, helping the decision-making process (Silva et al., 2020).



The organizational structure of companies is undoubtedly a fundamental parameter for developing their operational activities, and the business budget is an instrument of management control to support management and decision-making (Mucci et al., 2016). The budget use also unfolds into several functions, including as an artifact to evaluate personal performance (Beuren & Silva, 2014).

Identifying how managers and organizations evaluate organizational performance becomes relevant to control and define strategies, aiming to compare results and evaluate the profitability of investments (Kruger & Petri, 2014). Preparing and developing the budget should involve several sectors and individuals to measure and elaborate budget targets (Defaveri et al., 2019). The comparison between the budget and the actually carried out project allows observing the efficiency of each sector of the organization and the strategies to achieve the defined goals (Dantas Neto & Oliveira, 2021). In this sense, the budget assumes multiple functions, creating values and supporting management processes, contributing to improve business performance (Mucci et al., 2016).

Frezatti et al. (2013) indicate that the budget process can be structured under the perspectives top down (defined from the direction of the company) or bottom up (defined by the areas, evaluated and validated by senior management). Silva et al. (2020) highlight the relevance of the budget for the management control of organizations, especially for the support in strategies and decision-making.

Budget functions can be goal-creating, and different priorities may arise in the search for opportunities (Mucci et al., 2021). In this sense, the budget is recognized as a modern management artifact, and the various studies in the literature indicate the relevance of budget structuring and of the incentives of budget application, as supports for organizational planning (Luza & Lavarda 2021).

Vargas-Hernandez and Cardenaz (2019) show that the budget allows predicting and directing actions, aligning monetary strategies with actions for executing strategies. The budget becomes a support base for decision making, besides enabling the evaluation of planning, contributing to the budgetary control of operational routines and the analysis of the effectiveness of business activities (Flores & Leal, 2018). Chenhall et al. (2011) indicate the importance of integrating the budget into management control systems to interact with managers and encourage innovation and improvement processes in organizations.

The relevance of the budget in the business context is highlighted, especially to assist managers in the decision-making process and in the measurement and elaboration of budget goals (Dantas Neto & Oliveira, 2021; Defaveri et al., 2019; Mucci et al., 2016). In this context, the main problem of this research arises: what is the usefulness and function of the budget in the decision-making process? The objective, therefore, was to relate the usefulness and functions of the budget in the decision-making process, based on the perceptions of the managers of a company in the metal-mechanical sector.

The relevance of the study is justified considering the practical contributions and perceptions of managers, evidencing that the budget assumes multiple functions in the corporate environment, and showing a managerial artifact in supporting the decision-making process (Mucci et al., 2016). In this respect, this research corroborates discussions about the budget usability and functions, considering the purpose of control and planning of the instrument. Furthermore, it shows that the instrument is used by managers from different sectors and with different backgrounds, with a consensus on the perception of the relevance of the budget to support performance analysis and decision-making process. The results corroborate the evidence of the usefulness of the budget in the management process by all sectors of the organization (Lenz & Feil, 2016).



This article is organized in five sections, besides this introduction. The following section is the theoretical review, contemplating the importance, functions, and types of business budget. The third section shows the methodological procedures of the study. Then, the results and analysis, providing a discussion of the perceptions of the use and functions of the budget by the managers of the company studied, are shown. Finally, the fifth and last section shows the final considerations, emphasizing the contributions of the research and suggestions for future studies.

Theoretical review

This section discusses the importance of using the budget in the decision-making process, highlighting the functions of the budget and studies related to the theme.

Business Budget

The budget process reflects the organization's strategic planning, since it guides and provides the guidelines that direct the actions for a given period, including the planning, execution, and control stages (Lunkes et al., 2014). Companies can prepare for events and contingency adversities based on controlling, analyzing, and managing the budget (Souza et al., 2021).

The budget contributes to aligning business objectives, assisting managers in the stages of goal control, inclusion of actions or adjustments to lead the business to the proposed objectives (Dal Magro & Lavarda, 2015). To this end, such goals and actions should be disseminated and understood by all sectors of the organization (Lenz & Feil, 2016). Mucci et al. (2016) highlight the importance of the budget to assist managers' decision-making process.

According to Vargas-Hernandez and Cardenaz (2019), in the financial issue, the budget allows to predict and direct pre-established plans on monetary issues that positively relate to the execution of strategies. Flores and Leal (2018) show that the budget is one of the main support bases for decision making, since it allows evaluating planning and ensuring budget control of the operational routines of the activities. Dantas Neto and Oliveira (2021) point out the importance of the budget in the face of the scenario of business competitiveness for assisting in planning, evaluating, and controlling activities.

Organizations should internally analyze their operations, flows, and strategies, but also need to consider the comparative analysis of their performance with the external scenario, that is, observe the market, future sales and cost prospects, acceptability of products, in addition to the economic capacity of investment and operation (Dantas Neto & Oliveira, 2021; Tiger, 2005). In this context, the budget is established as a predictive instrument, contributing to evaluating resources and analyzing their inputs and outputs, as well as identifying sources of wealth generation (Chagas & Araujo, 2013).

The way companies define and organize the execution of organizational activities can be understood as the structure of the organization, and is determinant both for the efficiency and motivation of work and for the management and control of results (Mendes et al., 2018). In the context of the management control systems (MCS) of organizations, the budget is an instrument for monitoring activities, guiding the planning and execution of goals and activities (Flores & Leal, 2018; Mucci et al., 2016). To contextualize the MCS, Correia et al. (2020) highlight that this system is a structure that assists in producing results.

Frezatti et al. (2013) indicate that the budget process can be structured over two perspectives: (1) top down (from top to bottom – when it is defined from the directors of the company); or (2) bottom up (bottom up – when it is proposed by the areas, subsequently



evaluated and validated by senior management). Vanzella and Lunkes (2006) say that basic budgets work in stable markets, with few choices, in predictable situations, thus becoming a basic and traditional method of management. However, the market has been changing and seeking more information with budget tools, since the insufficiency of basic conjuncture information limits organizations. Different models and types of budget stem from this.

The different types of budgets can be used and adapted to the organizational reality context. Defaveri et al. (2019) explain that the budget is a most prominent managerial artifact within the MCS. Chenhall et al. (2011) understand that budget integration and management control systems favor innovation for organizations, providing future opportunities and motivating those involved.

The multiple functions of the budget create values and relate their support to management processes, thus improving business performance (Mucci et al., 2016). Defaveri et al. (2019) indicate that the development of a budget involves the participation of several people within the institutions to measure and elaborate budget goals for operational development. The business budget, in synthesis, at the end of each stage, unifies all areas of the company, allowing to observe the efficiency of each sector (Dantas Neto & Oliveira, 2021).

Table 1 comparatively shows different types of budget that can be adapted to the business reality.

Table 1

Budget types

Types	Characteristics
Zero-based budget	In this process, the philosophy is to break with past occurrences, that is, not relying on previous facts to prepare the budget. This type of budget proposes to discuss all operational activities that will consume the resources of the entity, questioning each expenditure (consumption of resources) in the search for the real need of each department.
Static budget	This type of budget uses as a premise the non-change of the activity level. In other words, it means that quantities and volumes are static, such as the quantity of products sold. After the budget is run, the actual data is compared with the budgeted data.
Flexible budget	Its elaboration includes the distinction between fixed and variable costs. While fixed costs will be treated as usual, those variable will follow the volume of activities, that is, the budget is adaptable to changes in activity plans, not to a single static plan.
Adjusted budget	This model originates from the flexible budget, but incorporates the change of a volume or the change in the level of activities that was initially planned. Thus, by the characteristics of this type of budget, making adjustments to the planned volumes is possible, changing the levels or even changing the previously budgeted quantities.
Corrected budget	It can be conceptualized by the automatic adequacy of the original budget, whenever prices vary depending on inflation or according to adjustment clauses based on future inflation.
Rolling budget	Rolling budget represents new terms on budgets, which aim to make the planning and control tool more flexible and less static. In this concept, at least 12 months (or more, depending on the concept of the company) are projected, and as soon as a month ends, a new period is projected, using the same time base.

Source: Adapted from Zortéa and Araujo (2017).

Silva and Lavarda (2020) show that the development of effective budget control stimulates organizational creativity, since it is an important part of the work environment. Silva et al. (2020) highlight the importance of the budget as management control of the organization and, consequently, in supporting the analysis of the behavior of the strategies, serving as a basis for monitoring between the planned and the executed and to support the decision-making process.



Budget Functions

The main objective of a budget is to establish strategies that address business activities in a given period (Flores & Leal, 2018). Its use allows measuring the predicted and actual performance, becoming an ally to the process of operational planning and control (Mário et al., 2013). The budget provides a vision for the future, guides strategies, assists in defining goals and, consequently, allows the evaluation of business performance (Santos et al., 2020).

Characterized as an artifact of managerial control, the budget assumes the function of planning, analysis, and structuring of strategies (Silva et al., 2020). Used with planning function, it allows the alignment to the company's strategies and, later, the dialogue and monitoring of the goals established in the planning (Luza & Lavarda, 2021). Frezatti (2005) states that the relevance of the planning process is directly related to the execution of operational activities.

On the basis of management accounting, the budget has, among its most varied functions, the mission of providing diagnoses to managers who are at the head of operations (Mário et al., 2013), whereas, for administrative purposes, it allows the participation and engagement of managers (Defaveri et al., 2019). The perception of importance of the budget process may be distinct, according to the utilization and perspectives of use of each professional or organization (Mucci et al., 2016). It may even assume distinct functions and scope between the sectors of the same entity (Lenz & Feil, 2016). Furthermore, we highlight the importance of information that can support managers in conducting assertive strategies regarding organizational objectives (Pederssetti & Kruger, 2020).

With control and planning function, the budget is considered a performance evaluation instrument (Sena, 2021; Souza & Lunkes, 2015). Still, Mucci et al. (2021) emphasize that the budget process is conducted by its multiple functions, highlighting the strategic, managerial, administrative, and reporting roles. Vargas-Hernandez and Cardenaz (2019) point out that organizations use budgets as an accounting tool to introduce strategies and conceal goals from the organization's sectors.

The usefulness of the budget is associated not only with forecasting, but also with guidance, transparency of activities, creative strategies, and adaptation to the company's guidelines (Silva et al., 2020). The budget also has a motivational function, contributing to aligning planning and goals, motivating, for example, the commercial sector to develop operational strategies (Chagas & Araujo, 2013).

According to Hansen and Van Der Stede (2004), four budget functions serve as the basis for organizations, which are divided as follows: 1) operational planning; (2) performance evaluation; 3) goal communication; and 4) strategy formation. Still, Mucci et al. (2016) and Mucci et al. (2021) show that the way in which organizations use the budget shows the multiple functions of the instrument.

The multiple functions of the budget refer to the relevance of the instrument as a support to the decision-making process and to its different ways and forms of use, whether for control, planning by sector/department or at different hierarchical levels (Frezatti et al., 2011). Mucci et al. (2016) indicate the reasons for preparing the budget, evidencing: 1) planning function (plan, control, allocate resources, and determine operational volumes; 2) dialogue function (communicate, create awareness, and motivate); and 3) usefulness function (mode of elaboration and use, dimensions and style of use of the budget).

Previous studies, such as those by Dal Magro and Lavarda (2015), Lenz and Feil (2016), Mucci et al. (2016), Vargas-Hernandez and Cardenaz (2019), Bilk et al. (2021), and Luza and Lavarda (2021), highlight the importance of using the budget as an artifact to support the management and decision-making process in the organizations' environment. The results



indicated the breadth of the budget aligned with the projections of industrial companies, the commitment to execution, the records of the budgeted *versus* what had been planned and their analyses, indicating that the budget is widely used in operational planning, and is a management artifact of support for the planning of the involved sectors (Dal Magro & Lavarda, 2016).

Industries' adoption of the flexible budget reveals the importance of the artifact as an aid in decision-making and in the commitment to the goals and responsibilities tied to the budget, evidencing the usefulness of the budget as a management tool (Lenz & Feil, 2016).

Mucci et al. (2016) identify the multiple functions of the business budget and its association with the perception of usefulness and relevance. The positive association between the functions of planning (*ex ante*) and dialogue (*ex post*) reveals that the budget has multiple functions within a single company, highlighting its importance in performing planning and dialogue functions, which allows associating it with the perception of usefulness and relevance of this artifact for the management and control process. In a sample of Mexican companies, Vargas-Hernandez and Cardenaz (2019) indicate the need to implement the use of the budget as a management artifact to improve business productivity and competitiveness, taking into consideration the importance of using this resource as an instrument to support the decision-making process. Furthermore, the budget can collaborate with companies in times of economic crises, and the budget planning function is more important for managers than the performance evaluation function (Bilk et al., 2021). Luza and Lavarda (2021) show that the coercive, mimetic, and normative factors arising from the business environment drive the usefulness of the budget and indicate the positive influence of planning and strategy functions.

In general, the budget is a managerial artifact used in the environment of organizations in different branches of activity and is adaptable to different sizes, whose use is directly related to the purpose of supporting the control and planning of organizations and supporting the decision-making process.

Methodological procedures

Methodologically, the research is characterized as descriptive, performed with a survey, with quantitative analysis. Data collection was performed with an electronic questionnaire (via Google Forms), sent to the managers of a Brazilian company in the industrial machinery manufacturing sector, to relate the usefulness and functions of the budget in the decision-making process based on the perceptions of the company's managers.

Note that, after contact with the company, the questionnaire was sent in advance to the responsible director, and after agreeing with the scope of the research and the conduct related to data collection procedures, the schedule for sending the questionnaire to the 48 managers/supervisors of the organization was established. The data collection period occurred between July 9, 2021 and July 31, 2021.

The study environment is a large company, located in Santa Catarina, with 27 years of experience at national and international level, with projects of installation of industrial plants, equipment and machinery for the cattle, pig, poultry, fish sector, among others, serving slaughterhouses, dairy products, food industries, cosmetics, etc. The company is a family business and has 386 direct employees, in total, being 48 managers/supervisors from various areas of the organization and analysts involved with the budget. The study sample included 33 respondents/participants.

The research construct was developed from the study by Mucci et al. (2016), considering the usefulness and functions of the budget, aiming to obtain empirical knowledge about the usability and functions of the budget, according to the perceptions of



managers/supervisors/analysts of the company studied. According to Patton (2014), detailing the environment of a case study can collaborate with other organizations, considering the similar characteristics. In this sense, this research aggregates the perceptions and analysis of the context of a large family company, active in the metal-mechanical sector.

The questionnaire was elaborated initially contemplating the characteristics of the respondents: 1) age; 2) gender; 3) degree and training area; 4) function or position; and 5) time in the company. Subsequently, respondents were asked about the budget: 1) types and form of using the budget; 2) perceptions of use; and 3) budget functions. In this stage, to identify the functions of the budget, a 5-point Likert scale was used to measure the degree of agreement with the planning, dialogue, and utility functions of the budget. After data collection, the information was organized in tables, and descriptive statistics and mean ranking (MR) techniques were used for data analysis. To identify the answers MR, the method from Malhotra (2001) for Likert scale analysis was used as a model.

Analysis and Interpretation of Results

From the questionnaires applied to the managers of the company studied (in the context of the study environment), the respondents were initially characterized regarding age, gender, training, time, and area of activity in the company studied, as shown in Table 2.

From the questionnaire, 60.60% of the respondents were between 30 and 40 years old, 91% were male, with only 9% of women. Regarding the training of managers, 84.85% of the interviewees have a bachelor's degree, and the areas of greatest emphasis are Accounting, Administration, and Engineering. Regarding how long they had worked in the company, 63% totaled more than 5 years, and eight managers had more than 10 years of experience in the company. Regarding the position or function they perform, 81.82% are managers or sector coordinators, in addition to the director and four analysts.

Table 2

Participants' characteristics.

Characteristics	Absolute frequency	Relative frequency
AGE		
Up to 30 years	9	27.27%
Up to 40 years	20	60.60%
Up to 50 years	4	12.12%
Total	33	100%
Gender		
Male	30	90.90%
Female	3	9.10%
Total	33	100%
Education		
Elementary school or high school	5	15.15%
Undergraduate studies	12	36.36%
Specialization, master's or doctorate	16	48.48%
Total	33	100%
Training Area		
Non-graduated	5	15.15%
Accounting/Management	11	33.33%
Engineering	5	15.15%
Miscellaneous/other	12	36.36%
Total	33	100%
Time In The Company		
Up to 5 years	12	36.35%



From 5 to 10	13	39.39%
From 11 to 15	6	18.18%
From 16 to 20	1	3.03%
Over 21	1	3.03%
Total	33	100%
Held Position or Function		
Analyst/Assistant	5	15.15%
Manager/Coordinator	27	81.82%
Director	1	3.03%
Characteristics	Absolute Frequency	Relative Frequency

Nota. Dados da pesquisa.

Next, the periodicity and way of using the budget were questioned, with Table 3 showing the data obtained.

Table 3

Periodicity and how to use the budget

BUDGET TYPE	ABSOLUTE FREQUENCY	RELATIVE FREQUENCY
Annual budget with monthly monitoring (budget <i>versus</i> actual)	26	78.80%
Budget by department or product/production line/segment	9	27.30%
Annual budget	8	24.20%
Semi-annual budget	5	15.20%
Quarterly budget	4	12.10%
Other	2	6%
Total	33	100%

Source: Research data.

Table 3 shows that some respondents indicate the use of more than one type/form of budget use, and the annual budget with monthly follow-up (budget *versus* actual) appears with a higher percentage of use (78.80%). Quarterly, semiannual, and annual periodicities are also indicated (totaling 51.50% of the sample), in addition to the budget by department or product/production line/segment (27.30%). The distinctions related to the periodicity of budgeting may be associated with the form of participation in the budget preparation or in the methodology used by departments/sectors for budget preparation and monitoring.

Table 3 shows that the budget is used by managers in various ways, with monthly, quarterly, semiannual or annual analysis, or with monthly monitoring of the actual *versus the* budget or by department/product/segment. Previous results of the study by Dal Magro and Lavarda (2015) showed the use of the budget aligned with the planning (budget *versus* planned) and the analysis performed by sector. The findings corroborate the research of Mucci et al. (2021), showing that the budget process involves the combination of several characteristics to be applied to the most varied functions of the budget.

Frezatti (2005) indicates in the context of the annual budget the relevance of the planning process related to executing the activities. In this sense, note that the respondents indicate the use of the budget with varied periodicity, suggesting the use of this artifact as a subsidy for monitoring the annual planning previously prepared.

**Table 4***Perceptions of budget usefulness*

Budget use	Absolute frequency	Relative frequency
Planning, coordination, allocation of resources, and determination of operating volumes	28	84.80%
Pointing out goals to be achieved, analyzing deviations, and making corrections	21	63.60%
Performance control (budget <i>versus</i> actual)	20	60.60%
Communication of goals and formation of long-term strategies	15	45.40%
Allocation of resources and communication	10	30.30%
Operational planning and short-term performance evaluation	8	24.20%
Influencing behaviors, motivating, improving processes	7	21.20%
Communication, awareness creation, motivation	6	18.20%
Total	115	100%

Source: Research data.

Another characterization investigated was the perception of managers regarding the usefulness of the budget, considering that multiple functions, shown in Table 4, were pointed out. A total of 84.80% of the respondents understand that the purpose of the budget is to plan, coordinate, allocate resources, and determine operational volumes, followed by the perception of 63.60% who indicate the use to point out goals to be achieved, analyze deviations, and make corrections, in addition to the use for performance control (60.60%). Other perceptions related to the communication of goals and formation of long-term strategies, allocation of resources and communication, and operational planning and evaluation of short-term performance also reveal important aspects of using the budget as an instrument to support organizational management.

Perception characterization may be associated with the way the budget is developed and used by the company, as recommended by Mucci et al. (2016), and the findings agree with the study by Souza and Lunkes (2015), highlighting the relevance of the budget as an instrument of control, planning, and evaluation.

Next, Table 5 shows the answers for when the participants were asked about the budget functions.

Table 5*Budget functions*

	Budget functions	Mr
Planning function	Planning linked to company strategies	Planning function
	Coordination of the company's units	4,82
	Resource allocation for units	4,61
	Determination of operating volumes	4,45
	Instrument to support strategic management	4,64
	Analysis of variations and actions (corrective or guidance) that are taken based on the performance standard	4,70
Dialogue function	Allocation of responsibilities	Dialogue function
	Communication of objectives and ideas	4,09
	Creation of awareness of what is important to achieve	4,64
	Staff motivation	3,91
	Establishment of a basis for remuneration and bonus systems	4,42
	Comparison of planned performance with actual results	4,70



Usefulness function	Analysis of results and the relationship with the goals	4,52
	The budget allows me to better manage my management	Usefulness function
	The budget allows me to maintain and improve my performance as a manager	4,39
	The budget allows me to always be aware of what is needed to get a good performance in my work	4,21
	The budget provides me with adequate information to optimize decisions and meet my performance goals	4,45
Managers' perceptions	The budget makes me able to obtain tactical and strategic information needed to evaluate decision alternatives	4,48
	The budget is useful to me in the analysis of monthly and annual projections	4,76
	The company (or department) is committed to planning, executing, and controlling	Managers' perceptions
	In the context of the COVID-19 pandemic, the budget assisted in the alignment of new strategies and organizational planning adjustments	4,27

Source: Research data.

Table 5 shows the answers obtained with the MR about the budget functions. The results show in a comparative way the planning, dialogue, and utility functions of the budget. In the analysis, the functions related to planning present higher MR, demonstrating the importance perceived by managers, with the coordination functions of the company's units (4.82) and planning linked to the strategy (4.73) standing out. This result is aligned with the findings of Lunkes et al. (2014), showing that the budget function is linked to the company's strategic planning since it provides support information to managers. The function with less emphasis relates to determining operational volumes (4.45), which does not make it less important, considering that managers agree regarding the relevance of the budget with the function of coordinating units and aligning planning and strategies.

Regarding the dialogue function attributed to the budget, it is relevant for comparing the planned performance with the actual results (4.70), followed by creating awareness of what is important to achieve (4.64). With this, note the importance of the budget dialogue function as a support instrument to monitor the established goals. In this sense, the functions of planning (*ex ante*) and dialogue (*ex post*), evidenced by Luza and Lavarda (2021), stand out. The lowest MR of the obtained answers is related to the motivation function (3.91) – even if managers recognize the role of dialogue in creating awareness of what is important to achieve (4.64), they do not perceive the budget as a support instrument in personal motivation.

The findings corroborate the research of Mucci et al. (2016) and Luza and Lavarda (2021), highlighting the functions of planning and dialogue, as well as the relationship of the budget with goal construction and monitoring, supporting the decision-making process.

For the function of budget use, from the MR, the analysis of annual and monthly projections (4.76), the use of the budget in optimizing the management of each sector (4.55) and the subsidy provided by the budget to obtain tactical and strategic information necessary to evaluate alternative decisions (4.48) stand out. The perceptions show that, in the studied company, the budget is perceived with planning, dialogue, and utility functions, reinforcing its role as an organizational support instrument that allows improving the performance of managers regarding the company's objectives and strategies, as evidenced by Silva et al. (2020).

The questionnaire showed the perception of managers and supervisors of the various sectors regarding budget functions and utilities. Regarding the context of the COVID-19 pandemic, when asked if the budget helped to align new strategies and adjust organizational planning, respondents showed they perceive the importance, according to the MR of 4.27. Questioning the perception of managers regarding the commitment of the company or department with the budget planning, execution, and control, lead to the MR of 4.12,



evidencing that the organization can still improve the communication and management of budget attributes, aiming to demonstrate engagement and commitment to the functions and uses of the budget by the teams.

Note the perceptions related to planning, organization, and control, becoming competitive differentials for organizations, especially when the budget is aligned with strategic planning and the managers recognize the proposed actions and objectives (Valverde et al., 2020).

The budget played an important role for the company in the crisis scenario triggered by the pandemic of the new coronavirus, which agrees with the research conducted by Bilk et al. (2021), evidencing that the budget adjusts and changes at determining and atypical moments of crises, even though the planning function receives greater emphasis. In general, corroborating the findings of Mucci et al. (2016), the results of this research show that the budget is used and recognized as a management tool and that its functions are associated with the perceptions of planning and dialogue.

The results also corroborate the researches of Dal Magro and Lavarda (2015), Lenz and Feil (2016) and Vargas-Hernandez and Cardenaz (2019), with emphasis on the role of the budget as support for the decision-making of managers and in the alignment of actions in relation to organizational goals and strategies, justifying the relevance of the budget as a management artifact. This research showed that the budget has multiple functions within the organization, according to the study by Mucci et al. (2016), revealing that the budget functions (planning, dialogue, and usefulness) are directly related to organizations' operational processes of control and planning. This study provides additional evidence to the findings of Dal Magro and Lavarda (2015), Lenz and Feil (2016), Mucci et al. (2016), Vargas-Hernandez and Cardenaz (2019), Bilk et al. (2021), and Luza and Lavarda (2021), demonstrating that the budget has usability and control and planning function, considering the different perspectives of managers in the decision-making process.

Final considerations

This study sought to relate the usefulness and functions of the budget in the decision-making process based on the perceptions of the managers of a company in the metal-mechanical sector. The research shows that the budget assumes multiple functions within the studied organization. The findings demonstrate the centrality of the functions related to the role of planning and budget dialogue, as well as the usability and function of the budget to support decision-making processes by managers/supervisors.

The importance of budget functions within organizations stands out, as well as their use by different sectors and levels, with diversified periodicity, revealing another characteristic of the budget as a managerial artifact: being adaptable and malleable to the interests of managers, departments/sectors and organizations in a broad way. A total of 78.80% of managers use the annual budget with monthly monitoring (budget *versus* actual) and 84.80% indicate the use as an artifact of planning, coordination, allocation of resources, and determination of operational volumes.

Analyzing the MR of the answers obtained, we may observe that managers identify the functions of planning, dialogue, and usefulness of the budget, evidencing the usability of the instrument in the management process of the company. The main functions of the budget were identified: the coordination of the company's units (MR of 4.82); the analysis of monthly and annual projections (MR of 4.76); the planning linked to the company's strategies (MR of 4.73); and the comparison of planned performance with actual results (MR of 4.70). The findings show that the budget has multiple functions for the managers of the company studied,



confirming its usefulness as a management instrument related to planning and decision-making processes. The results show the importance of the budget and its multiple functions in the organizational context, especially regarding the usability for coordinating and monitoring activities/operational units.

This research corroborates the literature by highlighting the usability of the budget by a family business in the metal-mechanical sector that has, in total, 48 professionals acting as managers/supervisors, whose perceptions about the use and functions of the artifact were sought. As a contribution, the study shows the various functions and the adaptability of the budget in the organizational context, demonstrating its usability by managers who work in different sectors of the company. Therefore, the instrument is flexible and adjustable to the interests of its users, and is used with different periodicity (monthly, quarterly, semiannual, annual), to monitor the actual performance *versus* the budgeted or the performance by department/product/segment. Furthermore, the managers indicated that, in the context of the COVID-19 pandemic, the budget helped aligning new strategies and adjusting organizational planning (MR of 4.27).

In the context of the company, using the budget for coordinating the company's units and developing projections gained greater prominence. In this sense, the functions related to planning, organization, and control, identified as assumptions of the usability of the budget, can evidently be competitive differentials for the studied company. Therefore, the research contributes to other organizations by showing that the instrument is used in the process of control and planning by managers, as an analysis and support mechanism to the decision-making process. The article aggregates insights about the usability and functions that the budget plays in business management, including with different perspectives on the part of managers, confirming its relevance as a management tool.

As suggestions for future research, analyzing other environments and business segments, observing the types of budgets used and their functions, considering the relationship of financial performance with the use of the budget, and seeking to understand the importance of this artifact in management and decision-making related to the results by department/sector is recommended.

The results presented contribute to evidence the importance and usability of the budget in the internal context of organizations, emphasizing it as an instrument of managerial support to the process of control, planning, and decision-making. Further studies can explore the use of the budget in implementing management strategies.

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