

PREPARING BUDGETS AND CONTROL EFFECTIVENESS ON THE OPERATING ACTIVITIES IN THE JORDANIAN COMPANIES WORKING IN THE KING ABDULLAH II INDUSTRIAL CITY

Lu'ay Mohammad Abdel-Rahman Wedyan

Department of Administrative and Financial Sciences, Al Balqa Applied University,

Al-hosun University College, Jordan

wedyanlui1@yahoo.com

Abstract

This study aimed to identify the preparing budgets and control effectiveness on the operating activities in the Jordanian companies working in the king Abdullah II industrial city in terms of control effectiveness on the available resources, continuous control on the available resources, Standards of budgets preparation and control effectiveness of budgets and Standards of budgets preparation and predictability of activities behavior. The most important results that. As budgets have become an important step in the controlling process and determine the aspects of operational activities, their behavior and the performance to be achieved. The most important results that preparing budgets are considered an important factor in control effectiveness in available resources in terms requirement of productivity at cost appropriate with production volume, apportionment of available resources according to the importance of the activity, in continuous control on the available resources, where as the budgets are a strategic direction on the implementation and determination of responsibility, management tool in the timely flow of information about activities that are implemented, in addition, budgets are considered a time – frame for carrying out activities, The use of budgets by companies lead to the achievement of control goal on the plans of the senior management throughout, identify unused power to achieve goals and prevent extravagance and waste in resources allocated to the ongoing activity, The standards of preparing budgets are considered influential factor in the predictability of activities behavior. The most important recommendations of the study to provide Increase the companies' interest in the flexible budgets for their importance in the financial and quantitative measurement of the aspects of activity at various levels of operation Study the market further

and develop operational budgets for activities that can be occur under ongoing activities Focus more on budgets items should be understood for all administrative levels and employees in the executive departments.

Keywords: Budgets, control effectiveness, control continuous, plans, predictability, operational activities, available resources

INTRODUCTION

Budgets have become as an important part in the control systems on in the performance during the period covered by the budgets as a financial and quantitative plan provide adequate information about behavior activities, to ensure good implementation and achievement of the goals set by the administrative. As budgets are control tool used by management to achieve the goals and verify that its plan has been implemented as required, where the budgets are characterized in detail for activity aspects; this requires management to make the effort and careful to prepare budget and upgrading them as a controlling tool by focusing on financial and non-financial aspects, when developing estimates of activities and behavior according to performance standards based on the analysis of those activities and optimal allocation of the resources available for the company.

Problem Statement:

- Does the effectiveness control on the available resources achieved through the preparation of budget.?
- Does the continuous control on the available resources achieved through the preparation of budget?
- Does the effectiveness control on plans that are implemented achieved through the preparation of budget?
- Does the predictability of activities' behavior achieved through Standards of budgets preparation?

Objectives of the study

- 1- Identify budgets as a controlling tool used by management.
- 2- Identifying of preparation budgets to improve the controlling process on the operating activities are carried out.

3- Identifying the standards of budgets preparation and control effectiveness on plans that are implemented.

4- Identifying the budgets preparation and continuous control on the available resources and predictability of activities' behavior.

Important of the study

The important of this study comes to investigate the preparation of budgets, which represent the important step in the process of controlling and determine the aspects of operational activities, behavior and performance to be achieved. So that to make budgets an effective tool in the controlling process and financial translation of goals and plans, to be this research an effective contribution to the preparation and application of budgets on scientific and practical basis, and achieve the goal in the domain of controlling on operational activities.

So that this study is trying to investigate the preparation of budgets in terms of control effectiveness on the available resources, continuous control on the available resources, Standards of budgets preparation and control effectiveness of budgets and Standards of budgets preparation and predictability of activities behavior.

Hypothesis of the study

To answer the questions that are given in the problem statement, so the hypotheses was formulated as an attempt to answer the problem of the study:

Ho1: There is statistical significance relationship between Budgets preparation and control effectiveness on the available resources.

Ho2: There is statistical significance relationship between Budgets preparation and control continuous on the available resources.

Ho3: There is no statistical significance relationship between budgets preparation and effectiveness control on plans that are implemented.

Ho4: There is statistical significance relationship between Standards of budgets preparation and predictability of activities' behavior.

LITERATURE REVIEW

Stephen R. Lyne Study (1998) This study examines the role of the budget in thirteen medium and large UK companies, where the budgets was generally used as a control device by means of calculating and investigating variance. Further, the pressures to meet the budgets came most strongly from the individual, not senior management or accountants. Also from result of this study, there was limited participation in the budget setting process in UK companies also

wherever that (86%) of sample answers see that budgets considered a tool for planning and controlling.

P. L. Joshi, Jawahar Al-Mudhaki and Wayne G. Bremser Study (2003) Examines budget planning; implementation and performance evaluation practices by utilizing a questionnaire survey of 54 medium and large sized companies located in Bahrain. Most of the companies prepare long-range plans and operating budgets, and they follow a definite budget procedure and implementation methodology. Study used budget variances to measure a manager's ability, for timely recognition of problems, and to improve the next period's budget. While both the listed and non-listed companies have reported many similar budget practices, the main differences were specific purposes served by budgets, degree of budget participation, periodicity of variance reporting, and purposes and authority to evaluate budget variance reports. In certain cases, firm size influences budgeting practices. Contributes toward filling a gap in the literature on the use of budgets as a planning and control tool in developing countries. Most prior studies were mainly confined to advanced countries. The study findings suggest the need for research on attitudes held by the budget towards the use of budget variances in the context of advanced management accounting techniques

Turki Alhmoud and, Khalaf Al-Ta'ani study (2005) This study aimed to recognize the extent of the planning reality when preparing of Yarmouk university budget and put its estimates in both sides of revenues and expenditures, also it aimed to test the extent of difference between the budget and actual results which achieved at the end of the year. To do that the researchers analyzed the university budget for the financial years (1987- 2002), by using a number of statistical methods to test the extent of being statistical differences between two budgets items (actual Budget and budget articles). The results pointed out that the university still depends on the traditional method in preparing its budget, which stands on putting the budget estimates according to the previous year's data beside the actual spending at the ending part from the financial year, during which the estimates is done. The results showed that there are important statistical differences between the estimated amounts and the actual amounts for most expenditures items, especially the capital expenditures, which reflected statistical differences, the reason was due to non-accurate estimates because of the insufficient information which help to put correct and objectivity estimates, and they are unprepared estimates by the specialists in this domain, and the estimation process is left to the personal judgment. For the revenues, the results showed that there aren't statistical difference except the items of additional fees and the governmental gifts, the difference in these items were having statistical significant. Also, the study showed that there are substantial differences in the distribution process for the financial allocations as appeared that there are expanding in

repeated spending on consideration of capital expenditure and scientific research and the average spending proportion was on the final one 1% from the total of spending and that throughout the years 1987-2002. This reflects the foundations absence on which may depend a comprehensive and complete planning for the scientific, teaching and researching programs and activities for the university. The previous affected in the budget role in planning and controlling.

Za'rap shehda hamdi study (2006) This research aims to clarify the problems which face the Municipalities of Gaza province, when preparing and executing budgets. To complete this, the researcher Makes a field work study, using a questionnaire for this purpose. A questionnaire is distributed to the persons responsible for preparing budget in the Municipalities. The result of showed that there are a set of problems facing the Municipalities of Gaza province when preparing and executing the budgets. Some of those problems resulting from the lack of awareness to the importance of budget, others to lack of experience and skills, other problems are due to the technical and behavioral aspects.

Halas abdalah salem study (2006) Examines budget planning, implementation and performance evaluation practices by utilizing a questionnaire survey of 100 Civil Society Organizations CSOs located in Gaza Strip. Most of the CSOs prepare long- range plans and operating budgets, and they follow a definite budget procedures and implementation methodology. Study used budget as a means of management communication, to judge performance, and control performance by investigating variances, and budget used to forecast the future. The study Contributes toward filling a gap in the literature on the use of budgets as a planning and control tool in developing countries. Most prior studies were mainly confined to advanced countries.

Kari Nyland & Inger Johanne Pettersen study (2008) This paper investigates the link between budgets, accounting information and the decision making processes at both strategic and operational levels in a large Norwegian hospital, as this hospital now is facing the New Public Management reforms which are introduced in Norway. The study has examined the use of budget and accounting information in the management control process. The empirical data are based on interviews with key actors in the decision-making process at all management levels in the hospital. The study found that budgets were not perceived by clinicians as important decision tools at the clinical levels in the hospital. The professionals felt a strong moral obligation to patients. This loose coupling between budget information and clinical action identified an inconsistency in the norms and values between the clinical and the managerial world of the hospital. In this two-worlds of responsibilities the function of the clinical managers at the department levels was found to be of vital importance as mediators between top level

managers and the individual clinicians in the department and specialties. Informal “coffee-room talks” indicated that dialogues were important means of control, which could compensate for the lack of more formal and cybernetic control systems. Such frequent and informal communication may also serve a buffering function because it offers meeting points for negotiation and adjustments to initial budgets during the year. These coordination mechanisms take the mode of network based organizing which can be favorable in managing organisational interdependencies.

Durgham, Maher Mousa & Ibraheem Mohama Al shekheid study (2008) This study aimed to investigate using budgets as a tool for planning and monitoring in Gaza strip municipalities in the light of accounting literature besides evaluating the effectiveness of using these budgets and the availability of the necessary requirements of this use. The researcher used a questionnaire which was administered to the study population which is specifically, the twenty five municipalities in Gaza strip. The study reached the following conclusions the first of which indicated the availability of the major requirements for using the budgets as a tool for planning and monitoring in Gaza strip with the exception of the third dimension namely (management all levels participation). Consequently, the researcher can reasonably conclude that the majority of the suggested requirements are available. These requirement constitute an infrastructure for using budgets as a tool for planning and monitoring in Gaza strip municipalities.

Waleed Z. Siyam Study (2009) This study is intended to determine how far budgets are used in planning, control and decision making in the Jordanian pharmaceutical public shareholding companies, through identifying the extent of contribution by the budgets in assisting management in performing its administrative functions and studying how such budgets are used in reality. It is also intended to find out how far the companies’ management are aware of the importance of using these budgets along with the obstacles (constraints) facing the optimal use. To attain these objectives, a questionnaire was designed and handed out to the financial managers, finance and accounting department personnel of seven Jordanian pharmaceutical public shareholding companies listed at the Amman Stock Exchange (Amman Bourse) at the beginning of the year 2007. Seventy questionnaires were distributed out of which 62 questionnaires were approved for analysis and research purposes, i.e. nearly 89% of the distributed questionnaires. Results of the study showed that budgets are helpful in terms of assisting management in carrying out its administrative tasks and those companies’ managements are largely aware of the importance of using such budgets in planning, control and decision making operations notwithstanding the average use of these budgets in reality. It

was also found that there are numerous constraints facing the optimal use of budgets, mainly the unreliability of figures predicted and used in the budgets.

Segun Abogun and Temitope Olamide Fagbemi study (2012) The effectiveness of budgeting has a link with the level of environmental volatility. It means that, how effective budgeting would be in controlling the activities of any organization depends largely on the environmental volatility under which such budget is operated. Empirical evidence on the effect of environmental factors on budgeting and budget effectiveness in Nigeria, an emerging economy has been scanty. Findings did not provide strong evidence on the effectiveness of budgeting as a control measure. This is not consistent with evidences from the developed world. The findings reveal those factors affecting the effectiveness of budgeting in Nigeria.

Eman Hanini & Bilal Badran study (2013) This study aimed to identify the role of using the budgets in improving the planning, controlling and making decisions in the shareholding agricultural companies in Jordan and it aimed to identify the extent to which the shareholding agricultural companies contributed in the preparation of the estimated budgets. The study concluded that most of the shareholding agricultural companies did not prepare the budgets. Preparing the budgets improves the planning in the shareholding agricultural companies in Jordan; the budgets improve the process of distributing the sources and money between the administrations and the different departments of the company efficiently, and they help the administration of the company to predict of the future needs as money and necessary resources to achieve its objectives. And the budgets also improves control in the shareholding agricultural companies in Jordan; they help in avoiding administrative crises and face risks, they help the administration in making sure that work goes according to the plan to achieve the companies' goals through comparing the real performance with the planned one and determine the unwanted distractions and who is responsible for them, and correct them properly. And the budgets help in improving the process of decision making in the shareholding agricultural companies in Jordan to be more rational and quality. Depending on using scientific new methods, the cost of decision making will be reduced and the decision making will be in the proper time. Study also concluded that there were obstacles face using the budgets in planning, control and decision making in the shareholding agricultural companies in Jordan represented by the weakness of the financial resources in the companies of the agricultural center, the difficulty of converting the goals and the strategies of the agricultural companies into numbers used in the estimated budgets.

Hussein Elnafabi & Abdulrahman Al-Twajiry study (2013) The aim of this study is to examine the factors that may affect the preparation of budgets in hotels sector in Almadina Alnunawara, and to highlight the principles which are considered when preparing the budget.

The predicting methods for estimates revenues and expenses and the comparison between actual figures and estimations are also investigated. The data for this study were collected using a questionnaire which was distributed to the large hotels in Almadina Almunawara, Saudi Arabia. The results of this study suggest that most hotels prepare their budgets annually and also most hotels use statistical methods for predicting their revenues and expenses. The guest (customer) of the hotel was found to be the basic element for preparing the budget in more than half of hotels surveyed. On the other hand, the study revealed some negative findings regarding budgets. The most noticeable ones are that staffs do not participate in preparing the budget in most hotels and about half of the hotels do not compare actual with budgets. The study also pointed out other factors which significantly affect the types and the preparation process of budgets in hotels. These factors include hotel age, hotel size, number of accountants - especially cost accountants, hotel ranking (number of stars), ownership, participation in the budget process, approval procedures, and the budget time span.

Wedyan lu'ay study (2017) The study aimed to investigate the importance of budgets in estimating the revenues and expenses in the industrial companies operated in the Aqaba Special Economic Zone Authority as an attempt to find the solution and recommendations which increase the budgets efficiency in estimate of revenues and expenses. The researchers designed a questionnaire for collecting needed data; the questionnaires were analyzed statistically to test the hypotheses and analyzed the results. The most important of the study's results; that the budgets are a financial and quantitative achievement of the objectives, There is an organizational and accounting structure to identify the items of the operating activities in the budgets, using budgets leads to distributing the available resources on the productive departments accurately and in preparing budgets, there is a standard costs system for identifying the production costs as well as the operating activities. The recommendations of this study represent in use the statistical methods in estimating the revenues and costs when preparing the operating budgets, the revenues budget (income) should be taken care of and it should be considered as the main tool for linking all the production activities with the operating objectives, budgets should be prepared in an organizational and accounting structure and depend on all the administrative levels in identifying the available resources on the operating activities

RESEARCH METHODOLOGY

Research Approach

The study based on a descriptive analytical method to investigate the importance of preparing budgets and control effectiveness, to reach the results of this study. To collect the primary data

require to test the study's hypothesis, the questionnaire was designed and distributed on the sample's elements in the king Abdullah II industrial city "Jordan".

Population and sample of Study

To investigate the preparing budgets and control effectiveness on the operating activities. The study *Society* represent in Jordanian industrial companies working in the king Abdullah II industrial city, where as the study sample consisted of general managers, financial managers, production managers, managerial accountants, cost accountants and head of departments concerned in the (26) medium and large companies in the king Abdullah II industrial city that constitute the size of the study's sample.

Data collection

To collect the primary data required to test the study's hypothesis, a study questionnaire was designed and distributed on the sample's elements who represent in the Jordanian companies working in the king Abdullah II industrial city to test the hypothesis and indicate to the preparing budgets and control effectiveness on the operating activities.

Instrument Reliability

Tested the reliability of the Instrument used to collect primary data, based on a test, Cronbach's alpha coefficient (Table 1), whereas Cronbach's Alpha for each dimension and all dimensions together (.0.801). All these values are greater than (0.60) which means that there is reliability in the study Instrument as the following:

1. The first dimension: the value of alpha for statements of the first dimension related to the budgets preparation and control effectiveness on the available resources, as the value of alpha (0.741).

Table 1 Result of Cronbach's Alpha

| No. | Dimension | Cronbach's Alpha |
|-----|---|------------------|
| 1 | Budgets preparation and control effectiveness on the available resources. | 0.741 |
| 2 | Budgets preparation and continuous control on the available resources. | 0.853 |
| 3 | Standards of budgets preparation and control effectiveness of budgets. | 0.873 |
| 4 | Standards of budgets preparation and predictability of activities behavior. | 0.796 |

2. Second dimension: the value of alpha for statements of the second dimension regarding the budgets preparation and continuous control on the available resources, as the value of alpha (0.853).
3. The third dimension: Alpha amounted to statements of the third dimension for the relationship of budgets preparation and control effectiveness on plans that are implemented, as the value of alpha (0.873).
4. The fourth dimension: Alpha amounted to statements of the fourth dimension for the affect of the standards of budgets preparation and predictability of activities behavior, as the value of alpha (0.796).
5. The value of alpha for all dimensions together (0.801). Consequently all these values are higher than (0.60) this means that there is reliability in the study instrument.

Description of Respondents' Demographic factors

Table 2 Variable of gender:

| Variable | Group of variable | Frequency | Percentage | Cumulative Percentage |
|----------|-------------------|-----------|------------|-----------------------|
| Gender | Male | 47 | 88.7 | 88.7 |
| | Female | 6 | 11.3 | 100 |

According to table No. (2) it shows that the numbers of male respondents, who are 47, with percentage (88.7%) from the number of respondents, while the rest are female with percentage (11.3%), this is considered as an indication that the companies adopt more males than females in working.

Table 3 Variable of age

| Variable | Group of variable | Frequency | Percentage | Cumulative Percentage |
|----------|-------------------|-----------|------------|-----------------------|
| Age | 24 years | 2 | 3.8 | 3.8 |
| | 25 – less than 35 | 9 | 17 | 20.8 |
| | 35 – less than 45 | 32 | 60.4 | 81.1 |
| | 45 and more | 10 | 18.9 | 100 |

According to table No. (3) it shows that (60.4%) of the respondents of the study sample is the age category (35 – less than 45), which constitute the largest proportion,. The percentage

(18.9%) of individuals aged under the category (45 and more) and occupies the second place, the proportion (17%) of those who are age category (25 – less than 35 years) and a good percentage, The percentage (3.8%) of individuals aged under the category (24 years) finally the analysis of age categories which may indicate that companies maintain a large proportion of employees with experience.

Table 4 Variable of Qualifications

| Variable | Group of variable | Frequency | Percentage | Cumulative Percentage |
|----------------|-------------------|-----------|------------|-----------------------|
| Qualifications | Bachelor | 47 | 88.7 | 88.7 |
| | Master | 4 | 7.5 | 96.2 |
| | PhD | 2 | 3.8 | 100 |

From table no. (4) shows that the percentage (88.7%) from the respondents of the study sample have qualified a bachelor's degree with total of (47) respondents, the proportion (7.5%) holds a master degree and Percentage (3.8%) holds a PhD degree, which shows the diversity in the qualifications of the company's employees.

Table 5 Variable of experience

| Variable | Group of variable | Frequency | Percentage | Cumulative Percentage |
|------------|-------------------|-----------|------------|-----------------------|
| Experience | 6- 10 years | 9 | 17 | 17 |
| | 11- 15 years | 33 | 62.3 | 79.2 |
| | 16 and more | 11 | 20.8 | 100 |

The table No. (5) shows that the percentage (62.3%) with experience from (11 - 15years) it occupies the first range and this is consistent with the table of age variable, which showed that ages between respondents (35 – less than 45) the percentage (20.8%), which is located in the second are those who have experience ranging (16 and more). In the last range at percentage (17%), respondents with experience (6 – 10 years).

Table 6 variable of specialization

| Variable | Group of variable | Frequency | Percentage | Cumulative Percentage |
|----------------|-------------------|-----------|------------|-----------------------|
| Specialization | Accounting | 35 | 66 | 66 |
| | Management | 10 | 18.9 | 84.9 |
| | Economic | 3 | 5.7 | 90.6 |
| | Finance | 4 | 7.5 | 98.1 |
| | Other | 1 | 1.9 | 100 |

Table No. (6) shows the variable of specialization, the percentage (66%) are those who have specialization in accounting in the first rank and then Management by percent (18.9%), finance specialization comes in third rank by percent (7.5%), economic specialization comes in fourth rank by percent (5.7%) and ranked Last amounting to a rate (1.9%) devoted to management information systems specialization.

Table 7 Variable of job

| Variable | Group of variable | Frequency | Percentage | Cumulative Percentage |
|----------|-----------------------|-----------|------------|-----------------------|
| Job | General manager | 10 | 18.9 | 18.9 |
| | Financial manager | 13 | 24.5 | 43.4 |
| | Production manager | 2 | 3.8 | 47.2 |
| | Managerial accountant | 18 | 34 | 81.1 |
| | Other | 10 | 18.9 | 100 |

Table No. (7) shows that the percentage (81.1%) from the respondents of the study sample are those who occupy the managerial accounting job are ranked first, and in the second rank of financial manager of a rate (24.5%), the percentage of general manager and other job of a rate (18.9%), in the last rank production manager of a rate (3.8%). The other job of the sample work in accounting department, management information systems, Operations Management and heads of various departments in the companies.

Analyzing Data for Hypothesis Test

To measure the budget preparation and control effectiveness on operating activities, it was used a series of statements correspond to the dimensions that will be answered throughout this

study, to verify the budgets preparation and control effectiveness on the available resources, continuous control on the available resources, standards of budgets preparation and control effectiveness and predictability of activities behavior.

Table No. (8) shows that all statements received mean greater than (3) and significance level less than (0.05). Therefore, all the statements are statistically significant, the statement No. (5), Based on budgets the requirement of productivity at cost appropriate with production volume, which means the companies depend on the cost driver, where the expense is based on the production that making the volume of production affects the volume of cost. The arithmetic mean of this statements (4.45) and standard deviation (0.619) and the first rank. Statement No. (1, 6) came in second, where was the arithmetic mean a (4.43), and the statement No. (2) have replaced the third rank and mean (4.40) The statement (3), indicating Based on sales budget all production activities are linked in operational goals, was ranked as the fourth and this suggests that companies are trying to rely on budgets to activate the control on the Available Resources.

Table 8 The Mean, Standard Deviation, T Values, and the significance level related to Budgets Preparation and Control Effectiveness on the Available Resources:

| No. | Statement | Mean | Std. Devi | T- value | Sig. |
|-------|---|------|-----------|----------|------|
| 1 | Reliance on foundation in apportionment of available resources according to the importance of the activity. | 4.43 | 0.542 | 18.047 | 0.00 |
| 2 | Budgets are considered a direct link between management and which is implementing of operating activity. | 4.40 | 0.496 | 19.407 | 0.00 |
| 3 | Based on sales budget all production activities are linked in operational goals. | 4.38 | 0.610 | 15.548 | 0.03 |
| 4 | Flexible budgets specify necessary requirement according to activity behavior. | 4.36 | 0.529 | 17.662 | 0.00 |
| 5 | Based on budgets the requirement of productivity at cost appropriate with production volume. | 4.45 | 0.619 | 16.028 | 0.00 |
| 6 | Budgets are a financial tool that enhance operational performance during the implementation stages. | 4.43 | 0.580 | 16.842 | 0.00 |
| Total | | 4.41 | 0.337 | 28.674 | 0.00 |

Table No. (8) Shows statement No. (4) got the last rank and mean (4.36) which means that the company does not depend on flexible budget to specify necessary requirement according to activity behavior. This may indicate that some companies do not adopt on flexible budget basically may be indicate a lack of predictability near reality in the level of activity or market needs.

Testing First Hypotheses

- There is no significance statistical relationship between Budgets preparation and control effectiveness on the available resources.
- There is significance statistical relationship between Budgets preparation and control effectiveness on the available resources.

Table 9 the outcome of the test the first hypothesis

| No. | Hypothesis | Mean | Sta. deviation | T-test | Sig. Level |
|-----|---|------|----------------|--------|------------|
| 1 | Budgets preparation and control effectiveness on the available resources. | 4.41 | 0.337 | 28.674 | 0.00 |

To test the hypothesis, it has been used t-test in accepted or rejected alternative hypothesis by determine if the arithmetic mean of each statements combined is greater than 3, and to have meaning it must T value be greater than table value or that the significance level less than 0.05. as shown in Table (9) to the arithmetic mean is greater than (3) with statistically significant and therefore the null hypothesis is rejected and accept the alternative hypothesis, which states that there is a statistically significant relationship between Budgets preparation and control effectiveness on the available resources.

Table 10 The Mean, Standard Deviation, T Values, and the significance level related to Budgets preparation and control continuous on the available resources:

| No. | Statement | Mean | Std. Devi | T- value | Sig. |
|-------|--|------|-----------|----------|------|
| 1 | Budgets are considered a financial linking tool for performance to correct unfavorable variance. | 4.43 | 0.500 | 19.555 | 0.00 |
| 2 | Budgets are considered a quantitative linking tool for performance to correct unfavorable variance. | 4.43 | 0.542 | 18.047 | 0.00 |
| 3 | Budgets are a strategic direction on the implementation and determination of responsibility. | 4.53 | 0.504 | 20.822 | 0.00 |
| 4 | Budgets are a management tool in the timely flow of information about activities that are implemented. | 4.51 | 0.547 | 18.946 | 0.00 |
| 5 | Budgets are a specific timing to implementing the activity. | 4.47 | 0.546 | 18.441 | 0.00 |
| 6 | Budgets are used in the implementation of new activities as well as existing activities. | 4.36 | 0.673 | 13.866 | 0.00 |
| Total | | 4.45 | 0.390 | 25.582 | 0.00 |

Table No. (10) shows that all statements received mean greater than (3) and significance level less than (0.05). Therefore, all the statements are statistically significant, the statement No. (3), Based on Budgets are a strategic direction on the implementation and determination of responsibility, which means that the company relies on the budgets system in the activation of responsibility accounting which increase its controlling role at executive levels. depend. The arithmetic mean of this statement (4.53) and standard deviation (0.504) at the first rank. In the second rank statement No. (4) involve that Budgets are a management tool in the timely flow of information about activities that are implemented Statement No. (1, 2) came in third, where was the arithmetic mean a (4.43), and the statement No. (5) have replaced the fourth rank and mean (4.47). The statement No. (6), indicating Budgets are used in the implementation of new activities as well as existing activities, was ranked as the fifth and this suggests that companies are trying to rely on budgets to activate the continuous control on the Available Resources.

Testing Second Hypotheses

- There is no significance statistical relationship between Budgets preparation and continuous control on the available resources.
- There is significance statistical relationship between Budgets preparation and continuous control on the available resources.

Table 11 the outcome of the test the second hypotheses

| No. | Hypothesis | Mean | Sta. deviation | T-test | Sig. Level |
|-----|---|------|----------------|--------|------------|
| 2 | Budgets preparation and continuous control on the available resources | 4.45 | 0.390 | 25.582 | 0.00 |

To test the hypothesis, it has been used t-test in accepted or rejected alternative hypothesis by determine if the arithmetic mean of each statements combined is greater than 3, and to have meaning it must T value be greater than table value or that the significance level less than (0.05). as shown in Table (11) to the arithmetic mean is greater than (3) with statistically significant and therefore the null hypothesis is rejected and accept the alternative hypothesis, which states that there is a statistically significant relationship between Budgets preparation and continuous control on the available resources.

Table No. (12) shows that all statements received mean greater than (3) and significance level less than (0.05). Therefore, all the statements are statistically significant, the statement No. (2,6), a standards of unused power is adopted to prevent wasteful and wasted in

resources allocated to the ongoing activity and Zero - based budget is an effective factor in setting the expectations relative to the reality to prevent unfavorable variance, which means that the company relies on the budgets system in the activation of responsibility accounting which increase budget control on available resources to prevent wasteful and wasted and avoid unfavorable variances throughout the standard of unused power and flexible budget. The arithmetic mean of this statements (4.23) and standard deviation (0. 813) at the first rank. In the second rank statements No. (3,5) involve that Teamwork is an important part of preparing budgets items to improve operating performance and the standards costs are considered an executive plan to achieve control goals of budgets (by comparing the items of the budgets with the standards costs for the development corrective actions during the operational period. Statements No. (1, 4) came in third, where was the arithmetic mean a (4.13), this indicate that companies are trying to rely on Standards of budgets preparation and activation of budgets control.

Table 12 The Mean, Standard Deviation, T Values, and the significance level related to budgets preparation and control effectiveness on plans that are implemented:

| No. | Statement | Mean | Std. Devi | T- value | Sig. |
|-------|--|------|-----------|----------|-------|
| 1 | Understanding the budgets items by the executive management is an important part to activate controlling on plans that are implemented. | 4.13 | 0.947 | 8.165 | 0.000 |
| 2 | An unused power is adopted to prevent extravagance and waste in resources allocated to the ongoing activity. | 4.23 | 0.813 | 10.403 | 0.000 |
| 3 | Teamwork is an important part of preparing budgets items to improve operating performance. | 4.17 | 0.670 | 11.977 | 0.000 |
| 4 | Cost drivers are considered as a measure of operational performance to correct unfavorable variance. | 4.13 | 0.711 | 10.878 | 0.000 |
| 5 | The standards costs are considered an executive plan to achieve control goals of budgets (by comparing the items of the budgets with the standards costs for the development corrective actions during the operational period. | 4.17 | 0.868 | 9.245 | 0.000 |
| 6 | Zero - based budget is an effective factor in setting the expectations relative to the reality to prevent unfavorable variance. | 4.23 | 0.813 | 10.403 | 0.000 |
| Total | | 4.37 | 0.339 | 27.713 | 0.000 |

Testing third Hypotheses

- There is no significance statistical relationship between budgets preparation and control effectiveness on plans that are implemented.
- There is no significance statistical relationship between budgets preparation and control effectiveness on plans that are implemented.

Table 13 The outcome of the test the third hypotheses

| No. | Hypothesis | Mean | Sta. deviation | T-test | Sig. Level |
|-----|--|------|----------------|--------|------------|
| 3 | Budgets preparation and control effectiveness on plans that are implemented. | 4.37 | 0.339 | 27.713 | 0.000 |

To test the hypothesis, it has been used t-test in accepted or rejected alternative hypothesis by determine if the arithmetic mean of each statements combined is greater than 3, and to have meaning it must T value be greater than table value or that the significance level less than (0.05). as shown in Table (13) to the arithmetic mean is greater than (3) with statistically significant and therefore accept the alternative hypothesis, which states that there is a statistically significant relationship between Standards of budgets preparation and control effectiveness of budgets.

Table 14 The Mean, Standard Deviation, T Values, and the significance level related to Standards of budgets preparation and predictability of activities behavior:

| No. | Statement | Mean | Std. Devi | T- value | Sig. |
|-------|--|------|-----------|----------|-------|
| 1 | Master budget provides the ability to predict by the activities behavior at once. | 3.87 | 1.135 | 5.270 | 0.000 |
| 2 | The continuous improvement approach is used in predicting behavior of activities. | 4.04 | 0.999 | 7.154 | 0.000 |
| 3 | The focus is on critical processes in predicting behavior activities. | 3.91 | 0.855 | 7.332 | 0.000 |
| 4 | The standard allocation of resources objectively leads to increased accuracy of financial forecasting of behavior activities. | 3.94 | 1.150 | 5.582 | 0.000 |
| 5 | The standard planning of resources objectively leads to increased accuracy of quantitative predictions of behavior activities. | 3.89 | 1.127 | 5.434 | 0.000 |
| 6 | Continuous budget is an important part in predicting of behavior activities. | 3.64 | 1.258 | 3.477 | 0.001 |
| Total | | 4.46 | 0.174 | 57.856 | 0.000 |

Table No. (14) shows that all statements received mean greater than (3) and significance level less than (0.05). Therefore, all the statements are statistically significant, the statement No. (2), Based on The continuous improvement approach is used in predicting behavior of activities, which means that the company relies on the Continuous improvement approach in the predictability of activities behavior. The arithmetic mean of this statement (4.04) and standard deviation (0.999) at the first rank. In the second rank statement No. (4) involve the standard allocation of resources objectively leads to increased accuracy of financial forecasting of behavior activities. Statement No. (3) came in third, where was the arithmetic mean a (3.91), and the statement No. (5) have replaced the fourth rank and mean (3.89). The statement No. (1), indicating Master budget provides the ability to predict by the activities behavior at once, was ranked as the fifth. In the last rank statement No. (6) indicates that Continuous budget is an important part in predicting of behavior activities, and this suggests that companies are trying to rely on Standards of budgets preparation and predictability of activities behavior.

Testing fourth Hypotheses

- There is no significance statistical relationship between Standards of budgets preparation and predictability of activities behavior.
- There is significance statistical relationship between Standards of budgets preparation and predictability of activities behavior.

Table 15 The outcome of the test the second hypotheses

| No. | Hypothesis | Mean | Sta. deviation | T-test | Sig. Level |
|-----|--|------|----------------|--------|------------|
| 4 | Standards of budgets preparation and predictability of activities behavior | 4.46 | 0.174 | 57.856 | 0.000 |

To test the hypothesis, it has been used t-test in accepted or rejected alternative hypothesis by determine if the arithmetic mean of each statements combined is greater than 3, and to have meaning it must T value be greater than table value or that the significance level less than (0.05). as shown in Table (15) to the arithmetic mean is greater than (3) with statistically significant and therefore the null hypothesis is rejected and accept the alternative hypothesis, which states that there is a statistically significant relationship between Standards of budgets preparation and predictability of activities behavior.

SUMMARY OF RESULTS

1- Preparing budgets are considered an important factor in control effectiveness in available resources in terms requirement of productivity at cost appropriate with production volume, apportionment of available resources according to the importance of the activity, considered budgets a financial tool that enhance operational performance during the implementation stages and budgets is a direct link between management and which is implementing of operating activity.

2- budgeting contributes in continuous control on the available resources, where as the budgets are a strategic direction on the implementation and determination of responsibility, management tool in the timely flow of information about activities that are implemented, in addition, budgets are considered a time – frame for carrying out activities and a financial and quantitative linking tool for performance to correct unfavorable variance also, implementation of new activities as well as existing activities.

3- The use of budgets by companies lead to the achievement of control goal on the plans of the senior management throughout, identify unused power to achieve goals and prevent extravagance and waste in resources allocated to the ongoing activity, zero - based budget is an effective factor in setting the expectations relative to the reality to prevent unfavorable variance, also teamwork is part of controlling in the plans when the budgets are being prepared along with standards costs additional to understanding the budgets items by the executive management and cost drivers are considered a measure of operational performance.

4- The standards of preparing budgets are considered influential factor in the predictability of activities behavior which is represented in continuous improvement approach is used in predicting behavior of activities, allocation of resources objectively leads to increased accuracy of financial forecasting of behavior activities, focus is on critical processes in predicting behavior activities, planning of resources objectively leads to increased accuracy of quantitative predictions of behavior activities, its planning of resources objectively it will increased accuracy of quantitative predictions of behavior activities, either the master budget its role is weak in predicting by the activities behavior this may be due to the large intervention between the items of the budgets.

RECOMMENDATIONS

1- Increase the companies' interest in the flexible budgets for their importance in the financial and quantitative measurement of the aspects of activity at various levels of operation when preparing budgets.

- 2- Study the market further and develop operational budgets for activities that can be occurring under ongoing activities.
- 3- Focus more on budgets items should be understood for all administrative levels and employees in the executive departments.
- 4- Focus more on cost drivers when estimating the items of the budgets.
- 5- Attention to the preparation of continuous budget for the importance of this type in the save time of directors and the ability to meet the new activities and circumstance and coordination between activities.
- 6- Focus on the linking between the items of all operational budgets, which positively affects the accuracy of forecasts and estimates.

REFERENCES

- Hussein Elnafabi & Abdulrahman Al-Twajiry study, The Adoption of Budgets by Hotels: A Field Study of Almadina Almunawara, The Arab Journal of Accounting, Volume 16. Number 1, Pp 77 – 101, June 2013.
- Ray H. Garrison and Eric W. Noreen, Managerial Accounting, 10th ed., Mc Graw Hill, united state of America, 2003.
- P. L. Joshi, Jawahar Al-Mudhaki and Wayne G. Bremser , " Corporate budget planning, control and performance evaluation in Bahrain Managerial Auditing Journal" Vol. 18 No. 9 2003.
- Zikond W.G ,Business research methods, 4th ed, Dryden Press, Orland Florida,1994.
- Carl S. Warren and others. Accounting, 21th ed, Thomson, South Western, 2005.
- Douglas W. Kieso and other. Managerial Accounting: the tools for business Decision making 3rd ed, John Wiley and sons, united state, 2005.
- Horngren T. Charles and other, Introduction to Managerial Accounting 11th ed, prentice Hall, New jersey, 1999.
- Marriott Neil and Chandler Roy, Management Accounting: a spread sheets approach, 1st ed, Prentice Hall, 1993 .
- Maryan M. Mowen and Don R. Hansen. Managerial Accounting: the cornerstone for business decisions,1st ed, Thomson,United State,2006 .
- Kari Nyland & Inger Johanne Pettersen, The role of budgets, accounting information and (non-) decisions in hospital settings, (2008).
- Horngren T. Charles and others. Introduction to Management Accounting, 4th ed, Personal Education, New Jersey,2005.
- Janice. M. Roehl Anderson and Steven M. Bragg, The Controllers Function: the work of the managerial accountant, 3rd ed, John Wiley, New Jersey, 2005.
- Lam K.C and Runeson G. study (2001) , titled : "Capital Budget Planning Practices of Building Contractors in Hong Kong".
- Moayad Al-Fadhil, Participation in Preparing Budgets is a Tool for Satisfying the High Needs for Maslow Score, and Increasing the Productivity-a testing accounting study, yarmouk journal research, Vol. 15, issue 3, 1993.
- Prasama Chandra, Financial Management: theory and practice, 6th ed, Mc Graw- Hill, New Delhi, 2004.
- http://www.jiec.com/JIEC/JSP_/index_ar.jsp.
- Ronald. W.Hilton, Managerial Accounting. 4th ed, Irwin Mc Graw-Hill, United state, 1999.
- Za'rap shehda hamdi study roblems in preparing and executing budgets in Gaza province Municipalities :(Fieldwork study), Vol. 14, No. 2 (2006)
- Luay M. Abdel-Rahman Wedyan, The Importance of Operating Budgets in Estimating the Revenues and Expenses in the Industrial Companies Operated in the Aqaba Special Economic Zone Authority, International Journal of Accounting and Financial Reporting, Vol. 6, No. 2, 2017.

Ray H. Garrison, *Managerial Accounting: concepts for planning decision making*, 4th ed., Business publications, Texas, 1991.

Segun Abogun and Temitope Olamide Fagbemi study, *The Efficacy of Budgeting as a Control Measure in Developing Economies: A Study from Nigeria*, *Asian Social Science*, Vol. 8, No. 1; January 2012.

Eman Hanini & Bilal Badran, *The Role of the Budgets in Improving the Planning, Control and Decision Making in the Shareholding Agricultural Companies in Jordan*, *Journal of alnajah university*, vol. 27, No.1., (2013).

halas abdalah salem study (2006), *The Role of Budget as a Planning and Control Tool in the Palestinian Civil Society Organizations*, *Journal Islamic university*, vol. 14, no 1, 2006.

Ross Snel, *Banks' Budget Planning Method are not Ready for Internet Time*, *American Banker*, Vol. 164. issue, 227, 1999.

Waleed Z. Siyam, *Extent of Using Budgets in Planning, Control and Decision Making in the Jordanian Pharmaceutical Public Shareholding Companies*, *Studies, Administrative Science*, Vol. 36, No. 2, 2009.

Stephen R. Lyne, *The Role of Budget in Medium and large UK Companies and the Relationship with Pressure and Participation*, *Accounting and business research*, Vol 18, No.71 (1998).

Vincent K. Chong & Kar Ming Chong, *Budget Goal Commitment and Informational Effects of Budget Participation on Performance: A Structural Equation Modeling Approach*, *Behavioral Research In Accounting*, Volume 14, 2002, Printed in USA.

peter Brownell and Morris Mclunes, *Budgetary participation, Motivation and managerial performance*, *Accounting Review*, Vol. LX.1. No,4, 1986.

Turki Alhmoud and, Khalaf Al-Ta'ani, *The Capacity and Efficiency of Planning Budgets, Yarmouk University Case*, *Journal for studies and research*, Vol. 20, Issue 4, 2005.

Durgham, Maher Mousa & Ibraheem Mohama Al shekheid (2008) *The Extent of The Effectiveness of Budgets as A Tool for Planning and Monitoring In Gaza Strip Municipalities*, Vol.11, No. 2, 2008.