






“Budgeting approaches and employee motivation in the hospitality industry”

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BUDGETING APPROACHES AND EMPLOYEE MOTIVATION IN THE HOSPITALITY INDUSTRY

Abstract

The thorough appraisal of financial tools such as budgeting guides business leaders in effectively planning and controlling business activities for optimum productivity and profitability. Hence, proper budgeting can be used to motivate employees. This study seeks to investigate the functional association between budgetary approaches and employee motivation in the Nigerian hospitality industry. The descriptive research design was employed, and data were garnered via a structured questionnaire (using a five-point Likert) administered to 85 hospitality industry employees spanning accommodation, catering, tourism, and recreation spheres. The paper employed a purposeful sampling technique. Motivation, which is the dependent variable, was determined using the path-goal model. Both descriptive statistics and ordinary least square regression were conducted to gauge the magnitude and direction of the relationship between the variables under consideration. The outcome signposts a significant positive correlation between budgeting style and employee motivation up to 48.9%. Specifically, the participatory budgeting style was shown to boost the motivation of employees to work with set budgets and to pursue company objectives. However, budget standard and success rates were observed to be slightly higher with imposed budgeting. The paper recommends that, while participatory budgeting is good for maintaining a well-motivated workforce, it should be practiced with adequate supervision to avoid having low-performing budgets.

Keywords

budget management, budget discipline, employee motivation, revenue generation, productivity

JEL Classification

E23, E24, D61

INTRODUCTION

As economies of the world battle different socio-economic challenges, including the current Covid-19 pandemic, the hospitality industry is especially under intense heat, with several companies falling out of business (Davahli et al., 2020). Consequently, 2020 through 2021 has witnessed a sharp decline in the number of operational hospitality companies worldwide, especially small companies (Cladera et al., 2021). As the world anticipates an end to the pandemic and prepares to re-embrace normality, stakeholders in the hospitality industry must be thoroughly prepared to utilize every available tool to boost business and profitability. An accurate appraisal of financial tools such as budgeting will guide them in effectively planning and controlling business activities for optimum productivity and profitability (Arnold & Artz, 2019).

Several factors indeed detect the overall motivation of employees in an organization. These factors include salary, monetary incentives, leadership relations, job security, employee empowerment, productivity, teamwork, immaterial incentives, and employee training (Owoyele, 2017; Du Plessis et al., 2016; Mhlanga, 2018). Most of these factors depend directly or indirectly on the financial budgeting of a company,

as it provides the economic force to run the organization, affecting how much is available for salary, incentives, staff training, workplace maintenance, etc. Therefore, budgeting plays a vital role in the inducement of the workforce in a business.

Budgeting is a fundamental planning and control tool used in corporate organizations for planning operations and evaluating performances (Arnold & Artz, 2019). Several research works have assessed the influence of budgeting on different sectors of the hospitality industry (Ashley et al., 2000; Atkinson & LeBruto, 1997; Uyar & Bilgin, 2011), but none of these directly addressed the impact of different budgeting styles on the motivation and performance of employees.

1. LITERATURE REVIEW

Budgets are financial plans that set out anticipated revenues and estimated expenditures over a certain period. The concept of budgeting surfaced in the 1920s and has become a crucial tool in enterprise planning and control (Abata, 2014). As an accounting term, budget refers to the development of a comprehensive financial plan for the operation of an organization, tracking actual operations and comparing them with the set, and determining what discrepancies are present and their causal factors (Myint et al., 2019).

The success and prominence of budgeting relate to pointing out business objectives, distribution of tasks for attaining these goals, and subsequently, its performance (Raghunandan, 2012). Budgeting is a financial control tool for systematic planning, coordination, communication, quantification and cost awareness, and control and evaluation, among other functions. It is one of the greatest efficacious and valuable administrative accounting techniques. It helps business administrators plan and run their enterprises, make effective financial decisions, and stay focused on long-term financial goals.

There are two distinct approaches to budgeting: participative and imposed styles. These budgeting styles differ mainly in their approach to budget preparation. For instance, in participating budgeting style, lower-level managers prepare budgets for their units and submit them to senior managers for consideration and approval. This allows lower-level managers to incorporate the things they feel are attainable and the relevant required resources into the budget (Raghunandan, 2012). Participative budgeting is particularly suitable for large or well-established organizations, de-

centralized organizations, during an economic boom, and when the managers can demonstrate advanced budgetary control skills (Ben-Caleb, 2021). Participative budgeting has several merits, including high acceptance, high morale and motivation of employees, and improved coordination and commitment of managers. However, common setbacks associated with this approach include high time consumption and increased chances of error due to the poor experience of the low-level managers.

On the other hand, in imposed budgeting style (top-down), the top management prepares the budget with no significant input from the subordinates and imposes it on them. Although it sometimes results from poor management budgeting skills, it is sometimes used in certain business situations, such as when different units in an organization are poorly organized, during financial hardship, or for newly formed or small businesses (Ben-Caleb, 2021). The budgeting style is sometimes favored for saving budget preparation time, enhanced coordination between plans and objectives of individual units, maximization of senior management experiences, and minimization of inputs from inexperienced low-level employees to ensure accurate and feasible budgets (Shah, 2007). The major setbacks of this style include low morale of subordinates, resistance and defensiveness, and the feeling of exclusion, making it difficult for the subordinates to accept the organization's goals.

Kuranchie-Mensah and Amponsah-Twiah (2016) found a relationship between motivation and budgeting style. Thus, motivation is the procedure that shows a person's strength, path, and tenacity in a struggle toward achieving a goal. It also refers to psychological states as well as administrative practices. Motivation has different connotations

within the field of psychology and business. It is a person's inner cerebral state as it pertains to the beginning, path, perseverance, strength, and expiry of conduct. The things that a person wants and his emotional state motivate him to work toward achieving those things (Mullins, 2010). The premise that a person's wants or expectations result in the behavior or action that pushes him to reach desired objectives that offer satisfaction to the individual is the foundation for the conceptual approach to motivation.

The accomplishment of effective organizational control is contingent upon the activities of top management, as well as awareness of the significance of maintaining healthy interpersonal interactions amongst various tiers of the organizational hierarchy. This is the managerial motivation on which this paper is anchored. Managerial motivation entails the actions of administrators and leaders that inspire others to produce better and desired results. Motivation is linked to ability, which is linked to performance. Management accountants, via the process of creating budgets, can encourage staff and improve attitudes among managers toward budget management. It is essential for the motivation of lower-level managers and staff that the incentive obtained upon meeting the appropriate budget level be achieved (Shah, 2007). Consequently, the approach taken to budgeting inside the firm will be determined by the management style, culture, and attitude toward the people.

The hospitality industry is primarily referred to as a people enterprise because it offers direct services to people in the form of accommodation in hotels, relaxation and entertainment in resorts and tourism, and satisfaction in restaurants, bars, clubs, spas, and casinos (Barrows et al., 2012). Although the term hospitality here is related mainly to accommodation services, its scope has grown over the years to cover other sectors such as catering, accommodation services, tourism services, event planning, wellness services, and clubbing (Langvinienė & Daunoravičiūtė, 2015). In addition, it is often the case that company staff interacts directly with clients as they offer them services. Hence, staff motivation is crucial in delivering desired customer satisfaction and remaining relevant in business. When the staff is well motivated, they can engage their customers passionately and

ensure that their needs are adequately met, upholding the name of their company and enhancing customer loyalty. In contrast, the unmotivated staff tends to drive away customers and dwindle the business (Rao, 2008). Consequently, employee motivation has drawn significant research attention over the years (Owoyele, 2017).

Ashadi et al. (2022) researched Iainkendari's budget participation and employee performance, business microclimate, and input in budget planning on employee performance, pointing to the function of Islamic economies on the business climate. All of these studies focused on Iainkendari. The quantitative technique was chosen as the strategy for the study. The data were obtained with the use of a controlled inquiry form that was given to fifty-five workers from a variety of faculties, units, and institutions. The study included basic and path analysis of inferential statistics for hypothesis testing. The findings demonstrated that organizational atmosphere, as well as employee engagement in budgeting, had a significant bearing on workforce performance. Wagner et al. (2021) evaluated the effectiveness of the budget by focusing on the mediating influence of participatory budgeting as well as budget-based assessment and rewards. This analysis contributed to the existing body of literature on budgeting by investigating whether operational manager participation in budgeting, planned-based appraisals, and operative manager compensation meaningfully envisage the liaison amid budget use for working managing and the apparent helpfulness of the budget. A survey was administered to both medium- and large-sized industrial enterprises in the Czech Republic to collect the necessary data. PLS structural equation modeling was used to investigate the hypothesized connections between the variables (PLS-SEM). The outcomes presented that the scope of budget use positively influences the practicality of the budget as supposed by business executives. However, the most critical finding was that the positive arbitrating effects of participating budgeting and budget-based assessment and prize on this connection are noteworthy and robust.

Kiptoo et al. (2021) investigated the impact of employee engagement in budgetary planning on employee participation in microfinance institutions in Kericho. The stakeholder's theory was

the primary theory that underpinned their study, and a descriptive research design was used. The study population was located in Kericho County, and the data were obtained through an organized questionnaire with a total of 1123 respondents from microfinance institutions. The conclusion suggests that employees were not motivated to work in the institutions. The authors recommended that budgeting information should be shared among all staff and proper motivation should be given to employees to motivate them to work as a team. Wafiroh et al. (2020) searched for empirical data on how participatory budgeting relates to the development of budgeting limp by business executives. The data were obtained using a questionnaire, and the analysis was carried out with SMARTPLS 3.0. According to the outcomes, an increase in managerial engagement in the budgeting process would reduce the amount of budgetary loss managers maintain. The findings also indicate that taking an active role in budget planning may help limit the inclination toward budgeting slack.

Mah'd (2020) focused on the bottom-up and top-down approaches to budgeting and related them to managers' performance. A measurable investigation tactic was used. The data were acquired from primary sources using a five-point Likert questionnaire sent to four hundred and fifty-three university executives across the Middle East and North Africa. It adopted the least square regression technique to test the hypotheses. The evidence showed big and positive differences between the bottom-up and top-down budgeting approaches. Soleiman and Thalib (2020) investigated the influence between budget participation and management performance. The motivation for this analysis was mixed findings in previous studies. The study utilized a qualitative research design, and data were sourced through a questionnaire. Ordinary least square regressions were employed to test the hypotheses. The results showed that organizational commitment and work motivation do not affect budget participation and management performance, but budget participation affects managerial performance. Yenni (2020) analyzed budgeting styles used in the private sector, paying particular attention to the banking industry in Bandung. The qualitative research approach was used, and a total of 33 questionnaires were sent to managers and supervisors to obtain the

necessary information. The study employed the structural equation model. The findings showed that participatory budgeting correlates positively and significantly with employee motivation whereas employee motivation correlates negatively with budget slack.

Mlugu (2020) researched employee motivation's effect on organizational performance. The study focused on the Mnazi-Mmoja government hospital. A simple random sampling was employed to choose sixty participants from a variety of departments located inside the Mnazi-Moja government hospital (MMH). Questionnaires, interview guide questions, and a strategy that included reviewing documentary evidence were used to collect the data. The outcomes revealed that the working conditions at MMH were inadequate, resulting in dissatisfied workers. This has led to the organization's dismal performance. In addition, the survey revealed that MMH does not acknowledge, promote, or empower its employees except for minority professional workers. Most employees are not recognized, omitted, or empowered by the company; as a result, employee morale has decreased, resulting in poor job performance and bad organizational performance. The study also found that MMH's inadequate compensation and benefits packages do not encourage its personnel. Different obstacles, such as political interference, an inadequate government budget, a high number of employees, a wrong management style, and inadequate policy and regulatory execution, impede MMH's ability to engage its personnel. It is found that a friendly work environment, recognition, awards, and advancement of workers, as well as high pay and other motivational package incentives, have a beneficial effect on employee motivation and lead to excellent performance. On the other hand, deplorable working conditions, low earnings, and absence of recognition and supplemental benefits demotivate employees, which in turn has a detrimental impact on their performance. MMH should motivate its employees by raising the budget for its remuneration scale, improving the working environment, offering recognition, prizes, and promotions, and delivering all available motivational packages.

At a national police hospital in Indonesia, Pakpahan and Augustine (2019) evaluated the impact of budget partaking on work performance

regulated by job consummation and administrative principles to modest budget partaking and managerial obligation to job performance. The inquiry used a measurable investigation technique, and the participants were 157 managers from the Indonesian National Police Bhayangkara Hospital. The participants were selected using a purposive sample method. The study used SEM-PLS. The outcome presented that a good and substantial influence on work performance may be attributed to factors such as organizational dedication, job satisfaction, and involvement in budget discussions. Work satisfaction has the potential to mitigate the influence of budget contributions and executive pledges on job performance. In contrast, organizational culture has the potential to moderate the impact that job satisfaction has on budget participation and organizational commitment. The study had a few limitations, such as a relatively small sample size and the use of a subjective assessment scale. Nevertheless, the findings contributed to the study of crucial organizational culture traits in the public sector of Asian countries that have received little previous attention. These qualities have been studied very seldom up until now.

Myint et al. (2019) considered Myanmar's private commercial banks to assess budget participation and staff motivation. Using pre-designed questionnaires, 206 data samples were acquired via a random selection process from workers of individual commercial banks in Yangon, Myanmar. To test the hypotheses, regression analysis and Pearson's correlation were used. According to the findings, there is a significant optimistic association between the level of budget involvement among employees and employee motivation. The authors concluded that this positive link might be explained by the fact that participation in budget creation provides employees with more clarity over the budget goals and improves their engagement in the process. Babajide and Adeyeye (2018) viewed the level of budget involvement and management effectiveness in Nigerian community groups. The quantitative survey research strategy was used, and the data were collected from primary sources with the assistance of questionnaires sent out to five different organizations in Nigeria. The population comprised three and seventy-six, and the target respondents were budget holders in those organizations. The ordinary least square

regression was utilized. The outcomes showed a strong level of participation by managers and that managerial functions are, to a reasonable extent, induced by budget participation.

Yuliansyah and Khan (2017) researched the bond between worker engagement in the budget planning route and worker efficiency in public sector enterprises. Employee partaking was measured in terms of voice and trust. The study collected data from 114 employees of public businesses in Lampung, Indonesia; the data were analyzed using SmartPLS. According to the expectation theory and Maslow's hierarchy of desire, the investigation revealed that workers' anticipation attitudes during budgeting participation accurately predicted employees' conduct and had a substantial influence on the employees' feelings of self-efficacy as well as their performance. Furthermore, if participating employees had the impression that their level of participation was accurately documented and fortified by executives, a firm would reap the most benefits from their voices and the trust between co-workers. This analysis added to the extant literature on management accounting in the context of the public sector in emerging economies. It also has implications for business executives' engagement in the budget creation process.

Kuranchie-Mensah and Amponsah-Twiah (2016) investigated the connection between the height of worker impulse and the level of job performance in mining businesses in Ghana. The data collection consisted of face-to-face in-depth interviews with workers of four large gold mining businesses as well as the completion of 200 questionnaires by those individuals. The variations in the demographics of the study population were analyzed using an independent T-test as well as an analysis of variance (ANOVA). This analysis was reported to reveal both the intrinsic motivation of employees of gold mining companies in Ghana and extrinsic factors, with remuneration being the most influential factor. However, it was observed that as remuneration increases beyond the subsistence level, the effect of intrinsic factors such as job satisfaction becomes more prominent. In addition, the study revealed that employee happiness considerably boosts work performance by demonstrating that performance could be calculated by methods that measure job satisfaction. However, because of

the limited sample size and the exclusion of several mining businesses, these results cannot be extrapolated to apply to the whole of Ghana's mining sector.

Arnold and Artz (2019) investigated the use of sole budgets for forecasting operations and efficiency assessment. The authors postulated that businesses make a trade-off between the expenses resulting from competing budgeting demands related to operations planning and performance assessment and the behavioral costs linked with the variations in these needs. They then tested this hypothesis using survey data collected from management accountants. The result supported the trade-offs predicted in the study. It also revealed that most firms (greater than 70 % of the surveyed firms) begin a fiscal year with a specific financial plan for both work scheduling and performance appraisal but adjust the budget differently for each function, technically ending up with two budgets by the close of the year.

Honeywell Superfine Foods Limited in Lagos served as the research subject for Abata (2014), who analyzed the effect of participatory budgeting on management performance in the Nigerian food products businesses. Using questionnaires, data were gathered from forty managers operating at varying levels, and then statistical regression was used. According to the findings, participatory budgeting contributes to improved management performance. Syahputra (2014) investigate the effect of participatory budgeting on management work efficiency. A structured questionnaire was used in the data collection process. The sample size was narrowed down to 115 middle-level managers in the company, and the mode of data analysis adopted was partial least square regression. The study concluded that motivation positively influences managerial performance.

Raghunandan et al. (2012) conducted a secondary research investigation of the behavioral aspects of budgeting in the public sector. Data were collected from several published works on public sector budgeting and qualitatively analyzed in the context of human behavior. Special emphasis was also given to adopting more flexible budgeting systems in recent years to match the dynamics of the 21st century. The findings identified the key factors

affecting the success of a budget, including the budget type, personalities of the budget preparers and users, the level of uncertainty involved, and the style of performance reporting. The results also showed that budgetary control could not be effective without effectively considering the behavioral aspects of budgeting. The report pointed out that while the comparative effectiveness of participatory and non-participatory budgeting styles is highly debatable, the influence of human behavior on the budgeting process holds. Hence, the authors recommended using a tailor-made budgeting style that meets the needs of an organization and is compatible with the behavior of the budget participants.

Wong-On-Wing et al. (2010) utilized the self-determination theory as the primary theoretical framework. This theory investigates how inner and extrinsic motivation influence the performance of budgets. Data were extracted with the use of a survey, and the results concluded that basic incentive is related to budget partaking. At the same time, non-basic drive, which is being controlled, is negatively related to budget participation.

Ashley et al. (2000) examined approaches to capital budgeting used in the cafeteria business. The Kirk Index of leading firms was used to choose the top 100 companies in the food sector, and questionnaires were sent out to those companies. This questionnaire elicited a total of 28 answers, 21 of which were considered to be complete and valid. The examination determined that Internal Rate of Return (IRR) and Net Present Value (NPV) were the most prominent main methods, whilst the payback time and Net Present Value (NPV) were the utmost protuberant secondary techniques. In addition, businesses operating in the restaurant subset of the hospitality sector had a solid understanding of the various budgeting strategies and how they should be used.

Numerous studies showed how budgeting could be used to motivate employees. On the other hand, the kind of budget approach adopted by an organization can motivate or demotivate employees. Through qualitative and quantitative data analysis, this paper seeks to uncover the relationship between employee motivation and budgeting style in the hospitality industry. Based on this objective,

the study hypothesizes that there is no quantifiable rapport between budgeting style and worker incentives.

2. METHODOLOGY

This analysis utilized a descriptive cross-sectional study design (Lavrakas, 2008). The study adopted the self-administered questionnaire methodology, and well-structured questionnaires were administered to the respondents as used by Roopa and Rani (2012), Abata (2014), Kuranchie-Mensah and Amponsah-Tawiah (2015), and Myint (2019). The target respondents are employees of the Nigerian hospitality industry. The tested variable is motivation, while the predictor variable is budget type. Descriptive statistics, normality tests, tests for outliers, and ordinary least square regression analysis were used.

This study adopted a linear regression model. The mathematical equation for this model is

$$MTV = \beta_0 + \beta_1 BUDT, \tag{1}$$

where MTV = response variable, which is motivation; β_0 = constant or intercept; $BUDT$ = predictor or independent variable, which is budget type in this case; β_1 = slope coefficients of predictor variable $BUDT$.

The fitted model is given by:

$$M = 3.031 + 3.212 BUDT. \tag{2}$$

To buttress the impact of budgeting style on employee motivation, a quantitative approach was explored using the Path-Goal Model as developed by House (1971) for the computation of employee motivation given certain parameters. The mathematical equation for this model is given by

$$M = IV_b + P_1 \left[IV_a + \sum_{i=1}^n (P_{2i} EV_i) \right], \tag{3}$$

where $i = 1, \dots, n$; M = motivation to work; IV_b = intrinsic valence associated with goal-directed behavior; IV_a = intrinsic valence associated with work-goal accomplishment; EV_i = extrinsic valence associated with work-goal accomplishment;

P_1 = path instrumentality of behavior for work-goal attainment; P_{2i} = path instrumentalities of work goal for extrinsic valences.

The variables on the right-hand side of equation 3 were collected using a Likert scale during the survey. These values were then used to compute motivation in a Microsoft Excel spreadsheet. Then, a regression model was established in SPSS software, taking the calculated values of motivation (denoted as motivation) as the dependent variable and the involvement of employees in budget preparation (denoted as involvement) as the independent variable. A linear regression model was developed to show the relationship between motivation and involvement. The least-squares method was adopted for the model owing to its wide application in fitting linear equations to data through the minimization of the sum of squared residuals.

3. RESULTS

Table 1. Survey sample size

| Questionnaire | Total number | Percentage |
|---------------|--------------|------------|
| Administered | 85 | 100 |
| Returned | 34 | 40 |
| Actual used | 31 | 36.47 |
| Void | 3 | 3.53 |

Table 1 showed that 85 duplicates of the inquiry form were distributed for this study through simple random sampling, out of which 34 were completed and returned, which implies a 40% response rate. Three copies of the returned questionnaire were deemed unsatisfactory due to significant errors and incompleteness, leaving the number of usable survey samples at 31 (Figure 1).

The distribution of respondents by a company type is given in Figure 1. It can be observed that the accommodation sub-industry was most represented in the survey, with about 45% of the sample, followed by the catering industry with 29%. In comparison, tourism and recreation constitute 16% and 10%, respectively.

Figure 2 displays that most responses were from youth between the ages of 26 and 40. Other demographic data for the respondents are summarized in Table 2.

DISTRIBUTION OF RESPONDENTS BY A COMPANY TYPE

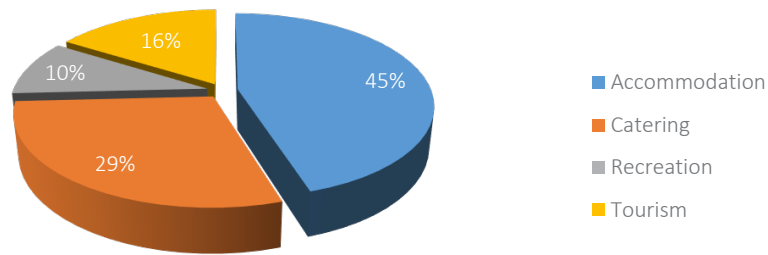


Figure 1. Distribution of respondents by a company type

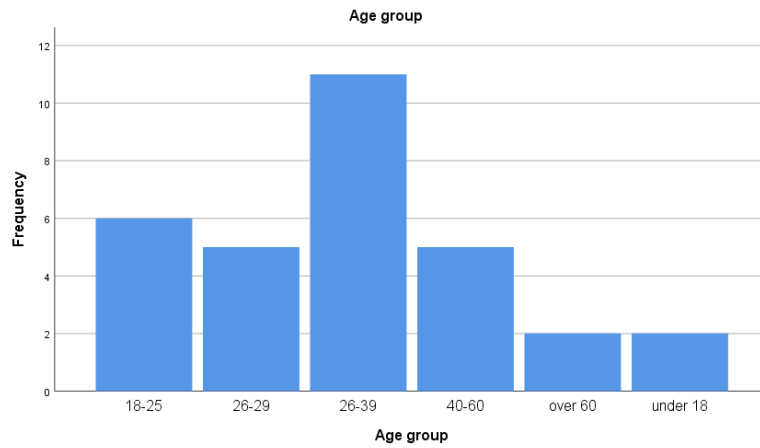


Figure 2. Age distribution of respondents

Table 2. Respondent demographics

| Item | Frequency | Percent |
|----------------------------|-----------|---------|
| Gender | | |
| Female | 17 | 54.8 |
| Male | 14 | 45.2 |
| Total | 31 | 100.0 |
| Age Group | | |
| 18-25 | 6 | 19.4 |
| 26-29 | 5 | 16.1 |
| 26-39 | 11 | 35.5 |
| 40-60 | 5 | 16.1 |
| over 60 | 2 | 6.5 |
| under 18 | 2 | 6.5 |
| Total | 31 | 100.0 |
| Management position | | |
| No | 27 | 87.1 |
| Yes | 4 | 12.9 |
| Total | 31 | 100.0 |
| Education | | |
| PhD | 1 | 3.2 |
| FSLC | 5 | 16.1 |
| HND/BSc | 3 | 9.7 |
| MSc | 2 | 6.5 |
| ND | 11 | 35.5 |
| WAEC/NECO | 9 | 29.0 |
| Total | 31 | 100.0 |

| Item | Frequency | Percent |
|-----------------------|-----------|---------|
| Marital Status | | |
| Not specified | 3 | 9.7 |
| Married | 15 | 48.4 |
| Single | 13 | 41.9 |
| Total | 31 | 100.0 |
| Job position | | |
| Junior | 16 | 51.6 |
| Mid-level | 10 | 32.3 |
| Senior | 5 | 16.1 |
| Total | 31 | 100.0 |
| Job Experience | | |
| 0 | 4 | 12.9 |
| 1 | 4 | 12.9 |
| 2 | 4 | 12.9 |
| 3 | 3 | 9.7 |
| 4 | 2 | 6.5 |
| 5 | 5 | 16.1 |
| 6 | 2 | 6.5 |
| 7 | 2 | 6.5 |
| 8 | 1 | 3.2 |
| 9 | 1 | 3.2 |
| 10 | 1 | 3.2 |
| 11 | 1 | 3.2 |
| 12 | 1 | 3.2 |
| Total | 31 | 100.0 |

Females constitute the majority of the distribution, with 54.8%, and males showed 45.2%. Only 12.9% of respondents occupy management positions in their respective companies, and most of the respondents were either mid-level or junior staff, representing 87.1%. A significant number of the respondents were ND and SSCE holders constituting 35.5 and 29%, respectively; only a few had BSC and MSC. Table 2 shows that 48.4% of respondents are married, 41.9% are single, and the remainder did not specify their status. The majority of respondents have 0-7 years of experience.

3.1. Budgeting style and employee motivation

The influence of budgeting style on employee motivation was explored by asking employees to describe several related situations on a 5-point Likert scale. Then, the ratings of respondents for those situations were grouped into two; one group representing the mean rating for respondents whose companies practice participatory budgeting and the other group representing the mean score for those respondents working in companies that practice imposed budgeting.

Figure 3 reveals that there is higher employee motivation in companies practicing participatory budgeting than those practicing imposed budgeting. This could be seen in both motivation to work with budget and motivation to work with company goals, which implies that involving employees in the preparation of budgets not only makes them more comfortable with the budget but also motivates them to pursue company goals and objectives.

Table 3 shows the model summary and ANOVA results. The adjusted R square of 0.489 with a p-value of 0.000, which is less than the 0.05 benchmark, indicating that budgeting style is a major determinant of employee motivation up to about 48.9%. It also suggests that the changes in employee motivation can also be accounted for by other variables, up to about 51.1%. This is further confirmed by Durbin-Watson's statistics of 2.120 (the Durbin-Watson value above 2 shows that the model is significant). These results help to determine whether there is a significant connection between the approach of budgeting and employee motivation. The F-value is 29.719, which indicates that the model is a fit. The asymptotic significance is 0.00, and because this value is lower than the de-

Table 3. Model summary

Source: Authors' computations.

| Model | R | R square | Adjusted R square | Std error of Estimate | Durbin-Watson | ANOVA F-value | Sig |
|-------|------|----------|-------------------|-----------------------|---------------|---------------|-------|
| 1 | .711 | .506 | .489 | 4.30958 | 2.120 | 29.719 | 0.000 |

Note: *a* – Predictors, (Constant), budgeting type; *b* – Dependent variable, employee motivation.

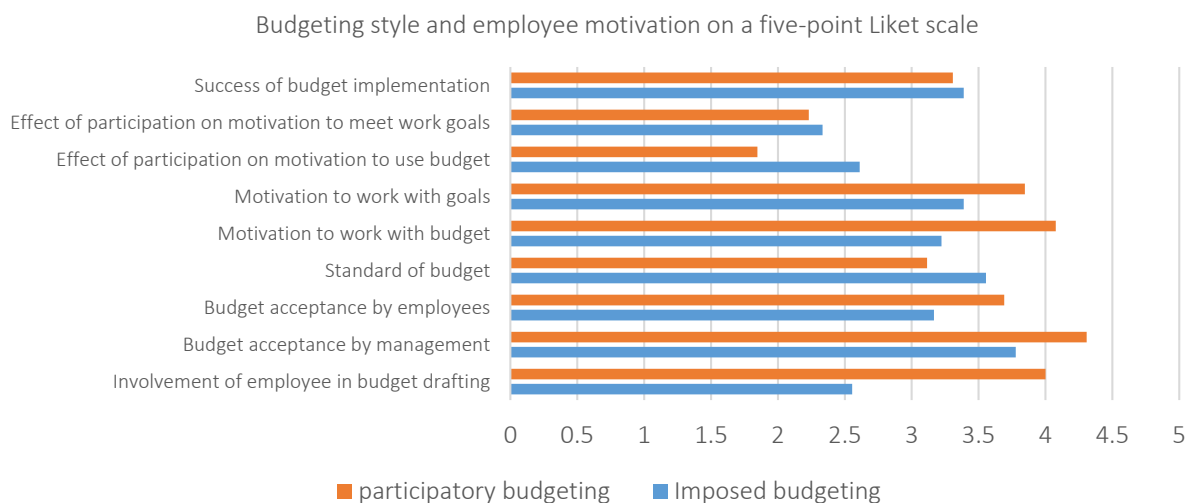


Figure 3. Budgeting style and employee motivation on a five-point Likert scale

Table 4. Regression coefficients

Source: Authors' computations.

| Variables | Unstandardized coefficients ^a | | Standardized coefficients | Statistic | |
|----------------|--|-------|---------------------------|-----------|------|
| | Model | B | Std. error | Beta | t |
| 1 (constant) | 3.031 | 1.860 | – | 1.629 | .114 |
| BUDGETING TYPE | 3.212 | .589 | .711 | 5.452 | .000 |

Note: a – Dependent variable, employee motivation.

cision criteria value of 0.05, it may be deduced that there is a link between the approach of budgeting used and the level of employee motivation.

The results of the significance test for the independent variable, which is the budgeting style, are shown in Table 4, along with the model that connects the dependent and independent variables. The unstandardized coefficient of beta is 3.212, with a t-value of 5.452, which is above the benchmark. A sig. value is 0.00, less than the acceptable value of 0.05, indicating that budgeting style positively and significantly impacts employee motivation. In other words, a change of one

unit in the budgeting style will result in a change of 3.212 units in employee motivation. As a result, the equation found in the model is:

$$MTV = 3.031 + 3.212 BUDT. \quad (4)$$

These findings led to the conclusion that there is a connection between an organization's budgeting approach and its employees' motivation level. The degree of the link between them is a positive nature, and this further explains why the kind of budgeting used in the hospitality sector in Nigeria has around a 50.6% effect on employee motivation.

CONCLUSION

Survival of every business organization, whether small or big, is a function of many factors. Crucial among these factors is budget, as it can be used either to instigate or demoralize the workforce in the organization. The primary objective of this study was to investigate the relationship between the levels of employee motivation in the Nigerian hospitality industry and budgeting approaches. The paper employed a descriptive cross-sectional research design, and the data collection technique consisted of an online questionnaire that participants completed independently. The path-goal model was used to compute motivation, the dependent variable, and a well-structured questionnaire was utilized to ascertain budgeting style, which is the independent variable. Descriptive statistics, normality tests, and outlier tests were carried out to determine whether the data were suitable for further examination. On the other hand, regression analysis was used.

The findings make it abundantly clear that a considerable and favorable connection exists between the style of budgeting an organization adopts and the level of employee motivation. The results revealed a higher employee motivation in companies practicing participatory budgeting than those practicing imposed budgeting. This could be seen in both motivation to work with budget and motivation to work with company goals. Therefore, involving employees in the preparation of budgets makes them more comfortable with the budget and motivates them to pursue company goals and objectives.

This paper demonstrated that a participatory budgeting style leads to higher employee motivation than imposed budgeting style in the hospitality industry. Therefore, it is recommended that companies ensure adequate involvement of their employees in budget drafting to uphold their motivation to use such budgets and pursue various targets set for them by the companies.

AUTHOR CONTRIBUTIONS

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