

Operational Budgeting Management

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ABSTRACT

The study is based on the importance of the method of operational budgeting. The impacts and significance of this method are critically evaluated in the entire study with the help of appropriate proof and examples. There are also mentioned several articles along with the suitable example of the method of operational budgeting. The methods and the findings of the entire study are very approachable for evaluating and understanding the significance of the fact properly by the readers as well as the management of several organizations.

Keywords: Operational budgets, cost, expenses, operational activity

INTRODUCTION

Operational budgeting is an essential operation for conducting all the operations and activities in the modern days. The method of this management is capable of creating a suitable outline of all the income and expenses for completing the determined task without any issues and interrupting facts. The criteria and importance of the operational budgeting are critically evaluated in the study with the help of some logical statements and evidence. There are also mentioned some very useful aspects of the management of operational budgeting for the determining success of any operation for the present and future similarly.

LITERATURE REVIEW

Empirical studies

According to Ansaret *al.* 2014, the construction of the operational budget is directly associated with creating a suitable and accurate outline of the budget including the income and expenses of the entire operation. It has the potential to provide more strength and effectiveness to the operation for both present and future contexts. On the other hand creation of the operational budget may also be applicable to arrange all the required methods and commodities in the operations by all the management related to it. Not only that but also operational budgeting might also be applicable for evaluating all the budget requests and developing the outcomes of the projects by focusing more on the priorities. In simple words, the use of operational budgeting might be associated with expressing the capability and efficiency of the management for the growth and success of the entire project along with completing it in a determined way (Patanakulet *al.* 2016). The importance of the operational budgeting increased by a huge margin by maintaining a suitable and clear structure along with the appropriate database of all the determined budgets as well. The reduction of the risk factors might also be possible with the help of determining the operational budgeting management.

In the study by Ben-Dayaet *al.* 2009, the importance of the operational budgeting method is continuously increasing with the transformation of time. The management of almost every organization in the entire world is focusing on creating a suitable and appropriate budget along with the operational and business costs. It may help them to maintain the assets of the organization along with increasing the gross income and profitability. The effectiveness of the operational budgeting depends on the management's primary stage of starting any business or operations. It might be applied for increasing the accuracy of acceptability of the operation while maintaining all the factors related to it. Not only might that but the direct engagement of the management in the operational budgeting also plays a very important role in the progress and completion of the determined task by the management (He, 2011). Every stage of the operational budgeting is similarly important for maintaining the effectiveness of the budgeting method. It may also involve arranging more help and support for the entire operation conducted by the management for accurately completing the operation. It might be directly helpful for the management during the time of calculating the accurate budget of the operation.

Research gap

The mentioned studies critically evaluated the importance and significance of operational budgeting. However, there is a lack of information about the stages of conducting the calculation along with its use of it (Heraviet *al.* 2015). These facts might be considered as the gap in the literature for the following studies mentioned in that study.

Challenges

The existing gap in the previous research studies might create a problem for analyzing the impacts of the calculation for the determined operations. There might also be some errors in the findings or outcomes after conducting the entire work for evaluating the impact of the operational cost of the project.

METHODOLOGY

Research philosophy

The research has been conducted using the positivism research philosophy. The adoption of the research philosophy might be applicable for providing a compact outcome of the entire work along with the determined findings of the research (Biedenbach and Müller, 2011). Apart from that, using the research philosophy might also be applicable for improving the methods of the research by focusing more on the efficiency of the operational budgeting in any kind of operation and activity as well.

Research approach

The most appropriate research approach for a particular research study is the deductive research approach. Using the research approach might also play a very important role in evaluating the importance of the operational budgeting constructed by the management before being involved in any kind of project or operation. It also can elaborate on the impact of the fact all over the project as well for the present and future use.

Research design

The adopted research design for the study belongs to the quantitative method. The adopted research design might be applicable for providing suitable and descriptive findings using the operational budgeting management for any operation or program (Blomquist et al. 2010). It may also involve focusing more on the impact of the budgeting system on the growth in the progress of the determined task or activity conducted by the management along with maintaining the actual cost or budget.

Data collection method

The research has been conducted by using secondary data from several articles and journals conducted in previous periods by several researchers. Using the secondary data is applicable for focusing more on the several factors of the operational budgeting along with its importance and significance. Apart from that it also has the potential to analyze the advantages and disadvantages of the operational budgeting management in any process and activity as well by a huge margin.

RESULTS AND DISCUSSION

Table 1: Operating costing

Expenses	October (in USD)		November (in USD)		December (in USD)	
	Fixed	Variable	Fixed	Variable	Fixed	Variable
Business	0	0	0	0	80	0
Promotion	40	200	40	200	40	150
Insurance	60	0	60	0	60	0
Education	0	60	0	60	0	60
Rent	10	20	10	20	10	20
Official	150	0	150	0	150	0
Subcontractor	200	0	200	0	200	0
Software	150	0	150	0	150	0

(Source: Self-Created)

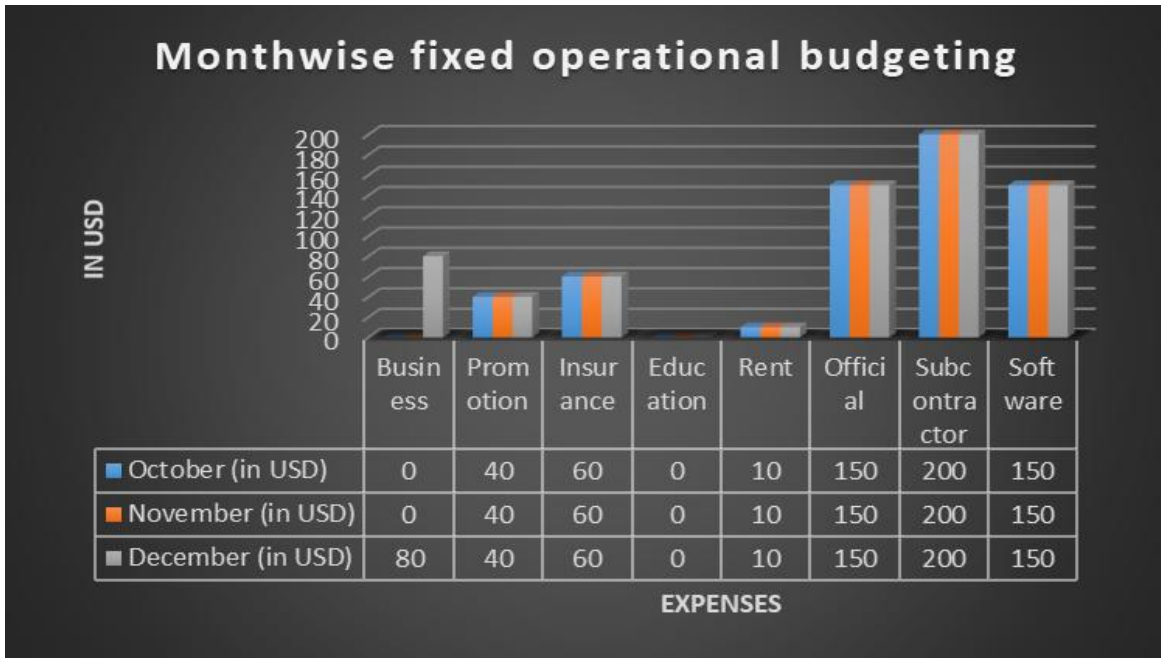


Figure 1: Month-wise variable operational budgeting
 (Source: Self-Created)

The graphical representation is based on the fixed operational budgeting of an organization. Constructing this type of operation budget might be applicable for creating a suitable outline of all the determined expenses in all the operations of the organization conducted by the management or the responsible officials of these activities.

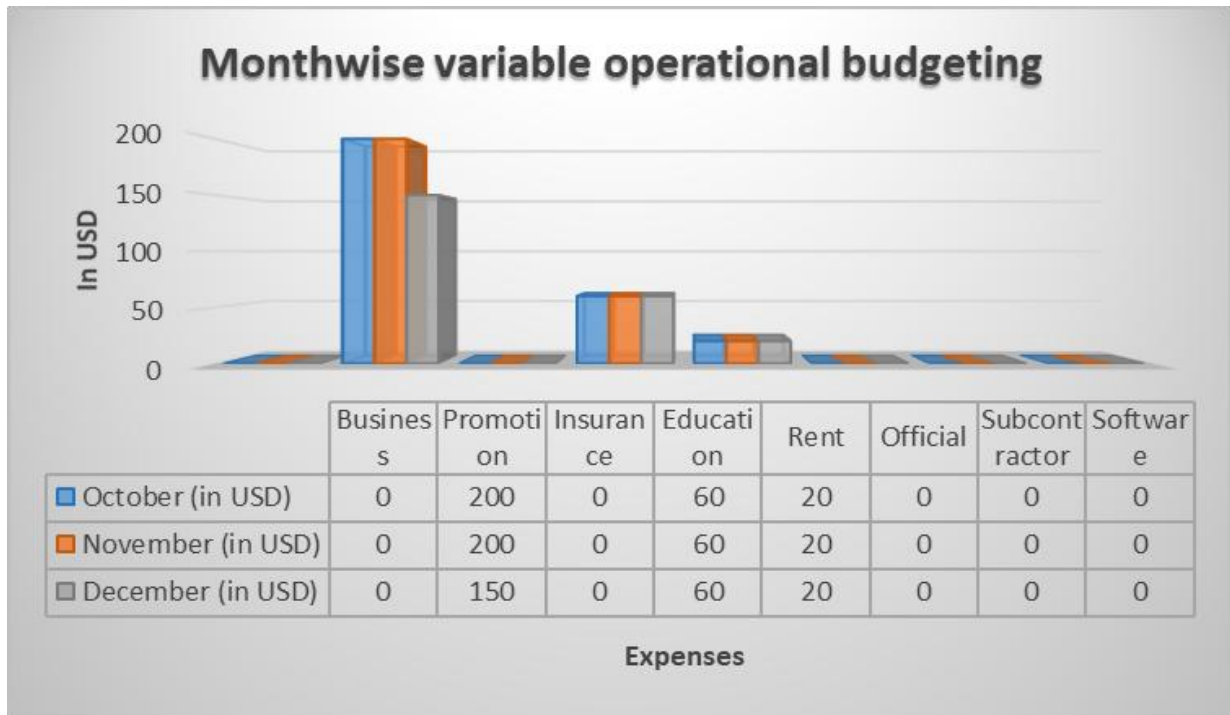


Figure 2: Month-wise variable operational budgeting
 (Source: Self-Created)

Conducting the variable operational; budget might be associated with the variance of the determined budget by the management. It is focused on the changes and transformation of the costing of all the operations (Attarzadeh and Ow, 2018). Both fixed and variable operational budgeting is similarly important for creating an accurate budget for any operation or activity.

CONCLUSION AND FUTURE SCOPE

The method of creating the operation cost is directly associated with the determination of all the income and expenses of the organization constant by the management. It might also focus on the completion of all the determining activities and operations in the most appropriate way. The method of creating the operational budgeting might also impact the future growth and success of the entire operation with maintaining the revenue and resource. In conclusion, it can be said that the importance of creating the operational budgeting might be related to the determination of the success of the activity by arranging all the resources into it.

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