

## **CHAPTER 5**

### **SUMMARY CONCLUSIONS AND RECOMMENDATIONS**

This chapter summarizes and concludes the findings concerning the impact of budget-based performance evaluation, budget participation, and budget use upon job performance and job satisfaction. Moreover, recommendations for future research in the area of budget-based performance evaluation and budget participation are also specified.

#### **5.1 Summary of the Study**

This study is set to investigate two major set of hypotheses. First, it is to investigate the impact of budget-based performance evaluation, classified as congruence and incongruence styles, on job performance. In addition, the impact of budget participation, budget use, and their composition on job performance are investigated. These impacts on job performance, if existed, are further investigated to determine whether they would be moderated by contingent variables of firm size and firm ownership. Consequently, these impacts are studied in large and small bank sample, coupled with owner-managed and professional-managed bank sample, respectively. Following the same line, the second set of hypotheses is to investigate the impact of budget-based performance evaluation on job satisfaction.

The sample consists of 542 bank branches of the selected Thai commercial banks located in Bangkok. The selected banks are identified as the

top five and bottom five banks. The subjects are identified as the corresponding 542 branch managers, who are asked to complete and return the survey questionnaires. After one follow-up, a total of 307 questionnaires are returned for a 57% response rate. The data analysis involves the analysis of variance ( ANOVA ), the multiple comparison tests, and other statistical methods.

The results of hypotheses testing are summarized as follows. Three hypotheses are tested concerning relationship between budget-based performance evaluation and job performance in all-bank sample ( hypothesis 1.1 ), large and small bank sample ( hypothesis 1.2 ), and owner-managed and professional-managed bank sample ( hypothesis 1.3 ). Results indicate that budget-based performance evaluation is not significantly related to job performance under all three hypotheses.

Three hypotheses are also tested concerning relationship between budget-based performance evaluation and job satisfaction in all-bank sample ( hypothesis 2.1 ), large and small bank sample ( hypothesis 2.2 ), and owner-managed and professional-managed bank sample ( hypothesis 2.3 ). Results indicate that budget-based performance evaluation is not significantly related to job satisfaction under all three hypotheses.

To summarize, budget-based performance evaluation is not significantly related to job performance and job satisfaction in all-bank sample. When such relationship is examined in large and small bank sample, it is not significant either. Therefore, firm size is concluded to be insignificant to explain relationship between budget-based performance evaluation, job performance, and job satisfaction. When such relationship is examined in owner-managed and

professional-managed bank sample, it is still not significant. Therefore, firm ownership also is concluded to be insignificant to explain relationship between budget-based performance evaluation, job performance, and job satisfaction.

However, the significant results are concerned with budget participation. Budget participation is significantly related to job performance and job satisfaction in all-bank sample. When such relationship is examined in large and small bank sample, budget participation is significantly related to job performance in large-bank sample, and job satisfaction in small-bank sample. Therefore, firm size is concluded to be significant to explain relationship between budget participation, job performance, and job satisfaction. When such relationship is examined in owner-managed and professional-managed bank sample, budget participation is significantly related to both job performance and job satisfaction in owner-managed bank sample. Therefore, firm ownership is also concluded to be significant to explain relationship between budget participation, job performance, and job satisfaction.

## **5.2 Conclusions of the Study**

Tables 5.1 and 5.2 report and conclude the impacts of budget-based performance evaluation, budget participation, and budget use upon job performance and job satisfaction. An emphasis is placed upon the discussion concerning the impact of budget participation.

### **5.2.1 Impact of Budget-Based Performance Evaluation, Budget Participation, and Budget Use on Job Performance**

Budget-based performance evaluation, classified as congruence and incongruence styles, is not found in table 5.1 to be significantly related to job performance. There are no significant differences in job performance between the congruence and incongruence styles. It should be noted that Brownell and Hirst ( 1986 ) also do not find relationship between budget-based performance evaluation and job performance.

However, results are significant with respect to relationship between budget participation and job performance in all-bank sample. Budget participation is shown in table 5.1 to be positively related to job performance. In particular, high budget participation can improve job performance. When participating in budgets, branch managers become active and need to assess relevant information for decision-making. They are driven to be more critical in the evaluation of budget goals and actions needed to accomplish budget goals. This setting may help to reduce ambiguities associated with bank goals and directions, all of which lead to improved job performance.

Budget participation is shown in table 5.1 to be significantly related to job performance in large-bank sample, but not in small-bank sample. The organizational structure in large banks is generally vast and complex. There are a great deal of asymmetry of credits and deposits information among bank management hierarchies. A set of information that are less than perfect could lead branch managers as well as their superiors to make decisions that are less than optimal. As a result, sub-optimal management decisions could have a negative

impact on their job performance. However, budget participation can play an essential role to lessen the asymmetry of information. In particular, budget participation can induce the management to obtain, process, and exchange information that may possibly be used as a basis to improve job performance.

On the other hand, the organizational structure in small banks is not very vast and complex. The gap of the asymmetry of information is not much widened among bank management hierarchies. Therefore, the opportunity becomes limited for budget participation to facilitate information exchange as a basis to make better management decisions. As a result, budget participation cannot further improve job performance very much.

Budget participation is shown in table 5.1 to be significantly related to job performance in owner-managed bank sample, but not in professional-managed bank sample. It is perceived that the management information systems in large owner-managed banks are more sophisticated than those in small owner-managed banks. On the whole, the effectiveness of management information systems are considered as average in owner-managed banks. There are asymmetry of information among bank management hierarchies. Therefore, budget participation can be instrumental to reducing the asymmetry of information through its role to facilitate information exchanges. As a result, management decisions can be better made as a basis to improve job performance.

On the other hand, the management information systems are rather well organized in the professional-managed banks. There are less asymmetry of information among bank management hierarchies. Therefore, the opportunity becomes limited for budget participation to facilitate information exchange as a

basis to make better management decisions. As a result, job performance could not be much further improved.

Finally, budget use is not found in table 5.1 to be significantly related to job performance. There are no differences in job performance between the high and low budget use groups. In other words, the impact of budget use is not evidenced to improve job performance.

### **5.2.2 Impact of Budget-Based Performance Evaluation, Budget Participation, and Budget use on Job Satisfaction**

Budget-based performance evaluation, classified as congruence and incongruence styles, is not found in table 5.2 to be significantly related to job satisfaction. There are no significant differences in job satisfaction between the congruence and incongruence styles. It should be noted that Brownell ( 1982a ) also does not find relationship between budget-based performance evaluation and job satisfaction.

However, results are significant with respect to relationship between budget participation and job satisfaction in all-bank sample. Budget participation is shown in table 5.2 to be positively related to job satisfaction in all-bank sample. In particular, high budget participation can stimulate job satisfaction. When participating in budgets, a sense of job autonomy is created as branch managers perceive themselves to be making decisions that affect their jobs. Therefore, budget participation may provide the opportunity for branch managers to realize the importance of their roles. They perceive role recognition, which is a part of intrinsic reward to their jobs, and become satisfied with their jobs.

Budget participation is shown in table 5.2 to be significantly related to job satisfaction in small-bank sample, but not in large-bank sample. The organizational structure in small banks is typically not very vast and complex, with limited layers of bank management hierarchies. In this setting, branch managers may perceive themselves to have more involvement when they participate in the setting of budgets. In other words, they feel personally responsible to the budget goals. Therefore, a sense of role recognition is perceived more strongly, and this forms a part of intrinsic reward that leads to increased job satisfaction.

On the other hand, given the large and complex organizational structure in large banks, budget participation may not be able to induce branch managers to perceive that they have important role in their banks. Therefore, the same enthusiasm from being involved in budget participation is not felt. As a result, budget participation does not induce a sense of being recognized that leads to increased job satisfaction.

Budget participation is shown in table 5.2 to be significantly related to job satisfaction in owner-managed bank sample, but not in professional-managed bank sample. Decisions are usually expected to be made by a very selective group of top management in owner-managed banks. In this case, budget participation may not be anticipated. Therefore, branch managers perceive a sense of role recognition when they are allowed to participate in the setting of budgets. As a result, this part of intrinsic reward leads to their increased job satisfaction.

On the other hand, decisions are already expected to be mutually made in professional-managed banks. Therefore, budget participation may not

induce branch managers to feel recognized because it is already anticipated. As a result, this part of intrinsic reward is not really at work to increase their job satisfaction.

Finally, budget use is not found in table 5.2 to be significantly related to job satisfaction. There are no differences in job satisfaction between the high and low budget use groups. In other words, the impact of budget use is not evidenced to improve job satisfaction.



**Table 5.1**  
**Impact of Budget-Based Performance Evaluation,**  
**Budget Participation, and Budget Use on Job Performance**

	Budget-Based Performance Evaluation	Budget Participation	Budget Use
All-Bank Sample	Not Significant	Significant and Positive	Not Significant
Large-Bank Sample	Not Significant	Significant and Positive	Not Significant
Small-Bank Sample	Not Significant	Not Significant	Not Significant
Owner-Managed Bank Sample	Not Significant	Significant and Positive	Not Significant
Professional-Managed Bank Sample	Not Significant	Not Significant	Not Significant

**Table 5.2**  
**Impact of Budget-Based Performance Evaluation,**  
**Budget Participation, and Budget Use on Job Satisfaction**

	Budget-Based Performance Evaluation	Budget Participation	Budget Use
All-Bank Sample	Not Significant	Significant and Positive	Not Significant
Large-Bank Sample	Not Significant	Not Significant	Not Significant
Small-Bank Sample	Not Significant	Significant and Positive	Not Significant
Owner-Managed Bank Sample	Not Significant	Significant and Positive	Not Significant
Professional-Managed Bank Sample	Not Significant	Not Significant	Not Significant

### 5.3 Recommendations for Future Research

This study may be considered as a preliminary work to examine the impact of budget-based performance evaluation on job performance and job satisfaction in Thai work organizations. While this study has been able to provide guidelines to certain issues, it should, by no means, be taken as to provide comprehensive answers concerning budget-based performance evaluation in the Thai banking institutions. Furthermore, this study has at the same time raised other interesting issues that deserve further attention. In particular, the impact of budget participation in the Thai banking institutions should be investigated.

Future research could be expanded along the following lines. First, the impact of budget-based performance evaluation ( or budget participation ) on job performance and job satisfaction could be investigated in an integrated framework. In particular, effort could be made to explore whether budget-based performance evaluation is related to job performance, which is, in turn, related to job satisfaction. On the other hand, effort could be made to explore whether budget-based performance evaluation is related to job satisfaction, which is, in turn, related to job performance.

Second, the impact of budget-based performance evaluation ( or budget participation ) on job performance and job satisfaction could be investigated in other financial institutions, such as those in finance and securities business. This provides a comparison basis to determine whether the impact is consistent in the financial industry, whether it involves banking or non-banking institutions. The impact could also be investigated in other industries a basis to provide a cross-sectional study.

Third, the impact of budget-based performance evaluation ( or budget participation ) on job performance and job satisfaction could be investigated to provide a basis to conduct a comparative study between Thailand and other Western countries.

Fourth, the measurement of budget use could be modified. If it is possible to secure their participation in the study, it could be useful to have the top management rather than the branch-level management perceive the styles of budget use employed in the banks. Lastly, the measurement of job performance could be modified to include superior rating as well as peer rating.