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Budget Target Setting and Effective Performance Measurement in Nigerian Hospitality Industry

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Abstract: This paper assessed roles budget target setting plays in effective performance measurement in Nigerian hotel industry. The survey research method was adopted for this study. The study population consisted of all the managers, Accountants, Account and Finance, personnel and other hoteliers of hotels located in Kaduna state. The sample size consisted of fifty respondents drawn from ten selected hotels using convenient sampling method whereby only those hotels whose managements were willing to participate in the study were chosen. The primary method of data collection used for this study was the questionnaire administration. A total of fifty (50) sets of questionnaire were distributed to the respondents out of which only forty six (46) were completed and returned. The method of data analysis used was the simple percentages while the research hypotheses were tested using chi-square statistic. The paper found that the budget target setting procedure in the hotel industry in Kaduna state is not well articulated and focused whereas budget target setting is an effective tool for effective performance evaluation of individuals and units in the hospitality industry. It is, therefore, recommended that hotels management should make the necessary efforts to strengthen their budget formulation process viz- a- viz target setting to meet achievable set goals

JEL Classifications: H83

Key words: budget, hospitality industry, management, performance measurement, target setting

1. Introduction

Budget and Budgetary control constitute important and fundamental management and internal control systems. An enterprise could use for effective and efficient resource allocation and control. Budgeting is not only about rolling out a financial plan containing cost and revenue targets to responsibility centers in an organization, but it is also a management tool for control, coordination, motivation, communication and efficiency management. Needles, Powers and Crosson (2002) refer to budgeting as the process of identifying, gathering, summarizing, and communicating financial and non-financial information about an organization's future activities. They add that a budget is a plan of action that forecasts future transactions, activities, and events in financial and non-financial terms.

Budgetary process in an organization can be an ideal routine that reflects the interplay of strategic objective and resource constraints. Therefore, it is a tool for managerial decision making concerning both human and material resources allocation in an enterprise. Budgetary control entails a repetitive circle of planning and control which is normally followed by appropriate information about actual result to the management for comparing them against a budget and initiating a control action if necessary (Defranco, 1997). Budgets are central to the process of planning and control which are major activities of management in all organizations.

A budget is a means to an end and, not an end in itself because it is used to achieve an enterprise's set objectives. It is a short term plan that depicts the focus of a long term objective of the organization. Performance measurement represents management and control systems that produce information to be shared with internal and external users. Furthermore, as it encompasses all aspects of the business management cycle, it constitutes a process for developing and deploying performance direction (Nanni Jr. *et al.*, 1992).

Most profit-oriented business enterprises have profit maximization as their goal and this could only be realized when resources are properly planned and controlled with the required expertise and commitment. Absence of effective budgeting and budgetary control breeds the evils of disregard for procedures, loss of focus and shoddy coordination of activities and these are capable of crippling an organization. However, Lasky (1988) while emphasizing the indispensability of budgeting noted that, lack of budgeting is one of the factors that led to poor performance and bankruptcies. Therefore, the dwindling fortunes of some organizations particularly in the hotel industry could be largely attributed to ineffective and inefficient short term planning and control system. This paper therefore, focused on budget target setting and effective performance measurement in the Nigerian hospitality industry with emphasis on Kaduna State. The following hypotheses have been formulated and tested in order to achieve the main objective of this paper.

H_{01}: Budget target setting is not an effective tool for performance evaluation in the hotel industry in Kaduna Sate.

H_{A1}: Budget target setting is an effective tool for performance evaluation in the hotel industry in Kaduna state.

The paper is divided into five sections. Section one is the introduction as presented above, section two is the literature review. Section three is on the research methodology. The fourth section is about discussion of results of the study and the fifth section is on conclusion and recommendations.

2. Literature Review

The review of relevant literature for this study focused on the concept of budget, budgeting and budgetary control; essence of budgeting**;** budget administration and preparation and; budget targets and performance evaluation.

2.1 The Concept of Budget, Budgeting and Budgetary Control

Budget is a future financial plan prepared in advance. Weetman (1999) and Adeniyi (2001) defined budget as a detailed plan quantified in monetary term or unit prepared usually showing planned income to be generated and / or expenditure to be incurred during that period and the capital to be employed to attain a given objective. This definition suggests that a budget is prepared in advance and based on the agreed objectives for that period of time together with the strategy planned to achieve those objectives.

In addition, a budget is a process of setting performance standard for future activities so as to exercise control (on cost, revenue, income and other financial or non-financial activities). They add that a budget could be viewed as a means of obtaining accountability and control over the use of money or over all activities (Dandago & Tijjani 2005).

Budgeting broadly means the process of converting plans into budgets. The procedures used to develop a budget constitute a budgeting system. A budgetary system will be a success if the target or goals to be achieved are clearly articulated with proper assignment of authority and responsibility in addition to strong top management support.

Dandago and Tijjani (2005), view budgetary control as the establishment of quantitative and financial statement showing the effect of following a given policy objective during a specified period and then, comparing the actual results with the previous estimates. According to Hilton (1997), any control system has three basic parts: a predetermined or standard performance level, a measure of actual performance, and a comparison between stand and actual performance. Setting budgets provides target against which actual performance can be measured, thus providing a management control system. Effective control from the use of budgets only follows from the addition of the operating phase and the feedback phase supported by corrective action where necessary (Baggott, 1979).

Budgetary control therefore demands rather more than the establishment of budgets – It requires that the budgets be used. Significantly, budgetary control is a technique encompassing the entire process starting from the preparation of the budget through monitoring and reviewing culminating in corrective action. Its main purpose, therefore, is to enable management plan and carry out operation with efficiency and effectiveness in the use of resources.

2.2 Essence of Budgeting

According to Hilton (1997) and Weetman (1999), budgeting system has five primary objectives. They are planning, facilitation of communication and coordination, allocating resources, controlling profit and operation, and evaluating performance and providing incentive. There is no doubt that organizations with effective budgeting mechanisms in place derive a number of benefits from the process which consequently ensure effectiveness and efficiency in operations. Pandey (1999) enumerates some of the benefits of budgeting and budgetary control to an organization which include:

- It Forces Planning: Budgeting compels management to plan for the future. The budgeting process forces management to look ahead and become more effective and efficient in administering the business operation. It further instills into managers the habit of evaluating carefully, their problems and related variables before making any decision.
- Effective Coordination of Operation**:** It helps to coordinate, integrate and balance the efforts of various departments in the light of the overall objective of the organization. This results in goal congruence and harmony among the departments, sections or units.
- Effective Communication**:** It improves the quality of communication. Organizational objectives, budget goals, plan authority and responsibility and also procedures to implement plans are clearly written and communicated through budget to all the individuals (i.e. various head of departments) in the organization. This will result to a better understanding amongst heads of departments and subordinates.
- Optimum Utilization of Resources**:** It helps to optimize the use of the organizations resources.
- Productivity and Improvement: **-** It increases morale of both superiors and subordinates alike by seeking their meaningful participation in the formulation of plans and policies. This brings about alignment between individuals objectives and organizational goals and provide incentives to perform more efficiently and effectively.

- Efficiency**:** It also increases efficiency, permits management self-evaluation and indicates the progress in attaining the organizational goals.

2.3 Budget Administration and Preparation

The organization and administration of a budget is a staff function. More so, the primary responsibility of the staff is to assist the line executive in preparing budget by providing data and technical expertise and coordinating the budget of various departments to form a master budget.

Budget Committee: A joint effort of all managers is needed to prepare a budget. All should participate in setting goals, developing plans and formulating policies. The administration of budget is delegated to a budget committee. The membership of a budget committee consists of executive from each department including sales and finance section. The major functions of a budget committee according to Henry (1969) include: to provide general guideline for preparing budget, offer technical advice, receive and review individual budget, suggest changes, reconcile budgeting activities, approve budget with or without revision and review budget report later on. The budget committee is management committee which brings together activities of the entire department in a coordinated way and also controls these activities in an effective manner.

Budget Director: The budget director is the one responsible for the overall function of the budget committee. He is responsible for drawing up detailed time table for the preparation of budget and making necessary adjustment and computation to consolidate individual budget into a master plan. Other function of the budget director, according to Dearden (1962), include: designing the necessary procedures and form, selling the idea of budgeting to all levels of management, educating the executive on the mechanism of budgeting, correcting, analyzing and coordinating data and evaluating and reporting actual performance. The budget director is usually the accountant and is expected to be unbiased and objective in his approach.

Budget Manual: The organization for budgeting and budgetary control should be documented in a budget manual. A budget manual is written set of instructions and relevant information that serves as a rule-book and reference for the implementation of a budget programme. It tells what to do, how to do it, when to do it and who to do it. It is to express objectives, goal procedures, organizational structure and authority and responsibility in writing. These matters and many more are stated in budget manual.

The budget committee, budget director and the budget manual are the entire essential requirement for ensuring effective budget administration. A budget is normally prepared periodically. The normal time for the preparation of budget is annually but budget can be prepared quarterly, monthly or even weekly depending on the need and complexity of the organization.

Budget preparation process depends largely on the nature of the business for which the budget is to be prepared. In a large organization, due to the complex nature of the business activities, the budget process is more formalized. In the budget preparation, all functions and activities of the organization are carefully interwoven. Scott (1970) enumerates budgeting procedure to include: preparation of a statement of basic assumptions underlying the individual budget in the organization and preparation of a forecast of general economic conditions and condition of the particular enterprise. Budget preparation is usually characterized by uncertainties. This means it is based on probabilities with the use of assumed data. Factor not anticipated could adversely affect the budget and even when the factors are anticipated, some are intractable.

2.4 Budget Target Setting and Performance Evaluation

Modern corporate planning involves the setting of performance standards in advance for all departments and the entirety of the organization. These performance standards according to Drury (2004), embracing all the activities of an organization together, form a plan or a budget, which gives the direction and indication for future management. This at the same time provides the standard by which actual result can be measured (Hanson, 1966).

A budget can be an effective management tool if properly prepared with realistic statistical data (Holmes & Hurley, 2003). Various departments in an organization should be requested to maintain well-kept historical documents for their record. Statistical record should be properly maintained, realistic budgeting estimate and data should be utilized for budget planning and evaluation.

Furthermore, budget target setting consists of establishing specific, measurable time targeted objectives. Goals provide a sense of direction and purpose (Locke & Schweiger, 1979). In a study of behavioral effects of goal-setting, Locke and Schweiger (1979) conclude that 90% of laboratory and field studies involving specific and challenging goals led to higher performance than easy or no goals. However, when budget targets are established at a management level and thereafter solely laid down, employee motivation with regard to achieving these targets is rather suppressed (Lock & Latham, 2002). In addition, they are of the opinion that, in order to increase motivation the employees not only require to be allowed to participate in the target setting process but the goals have to be challenging as well; demanding targets extract better performance but unattainable targets tend to be counterproductive.

Hirst (1987) identifies two characteristics of budget targets which are the specificity and difficulty level of budget goals. According to him specific targets are those that are expressed in quantitative terms such as "sell x units of product 'y' whereas non-specific or general goals are expressed in non-quantitative terms (such as "sell as many units of product y as possible"). Hirst (1987) defines goal difficulty as the level of performance required to achieve a goal. In general, goals are moderately difficult where they are set at the average level of performance for a given task. In the works of Stedry (1960) and Rockness (1979), Hofstede (1967), Rockness (1977) and Chow *et al.* (1988), the common conclusion reached is that targets established at level above (below) difficult budget goals leads to higher task performance than setting either specific moderate goals, specific easy goals or general goals (Hirst, 1987).

A budget gives benchmark by which to evaluate business units, departments and even individual manager. In other words a budget could be used as a basis for setting performance standards and rewards, in form of bonus, status or enhanced promotion prospects which are often tied to budget attainment. However, organizations are complex, tasks are interdependent and there are many dimensions of performance and these are not all easily quantified and certainly not in financial terms. At this juncture it is important to emphasis the increasing role of non-financial measures / information in budgetary planning, managerial and operational control. In order to achieve relevance and timeliness, it has been common to use performance measures to evaluate efficiency, material waste and many other operational aspects using quantitative but non-financial measures in addition to those of financial nature (Hopwood, 1972).

According to Burchell, Clubb, Hopwood, Hughes, and Nahapiet (1980), as cited in Abernethy and Brownell (1999) budgets can have "interactive" role when they are used as a "dialogue, learning and idea creation machine". He adds that budget also has a "diagnostic" role, which refers to the traditional purposes of performance management and responsibility accounting. Responsibility accounting is defined as a system of accounting that segregates revenues and costs into areas of personal responsibility in order to assess the performance attained by persons to whom authority has been assigned.

Related studies in this regard have come up with interesting findings for examples Fisher *et al.* (2002) reported that using budgets for both resource allocation and performance evaluation not only eliminates budget slack, but also increases subordinates effort and task performance. Callahan and Waymire (2007) in a study that examined whether budgetary control is associated with performance using a sample of large U.S. Cities found that the effective level of budgetary control is significantly and positively related to bond rating.

The use of budgets in performance evaluation and control is largely influenced by the manager's evaluative style. Different styles have been identified based on their reliance on meeting budget targets. Hopwood (1972) observed the following evaluative styles:

(i) Budget Constrained**:** This places considerable emphasis on meeting budget targets. In other words it represents a rigid application of the budget based performance evaluation.

(ii) Profit Conscious**:** This is also concerned with meeting the budget, but offers a more flexible approach. It takes a balanced view between budget targets, long-term goals and general effectiveness.

(iii) Non-Accounting**:** This style does not see accounting data as relatively important in the evaluation of subordinate. Therefore, it consists of a heterogeneous variety of other styles but none prioritizes meeting budget.

The style is suggested to influence, in some cases, the superior / subordinate relationship, the degree of stress and tension involved and the likelihood of budget attainment.

3. Method

This paper employs a survey method of research. Data were collected from primary sources using questionnaire. The population of this study is made up of all the management and staff of the hotels located in Kaduna state. The sample size of the study is comprised of ten (10) hotels, namely Crystal Garden hotel Kaduna, Kongo conference hotel Zaria, New world hotel Kafanchan, Hamdala hotel Kaduna, Tee Jay hotel Zaria, Makosa empire hotel kafanchan,. Fina White hotel Kaduna, Kasham hotel Kafanchan, Zaria Palace hotel and Zaria Motel. The sample selection technique utilized was the convenient sampling whereby a total of ten (10) hotels whose managements were willing to participate in the study were selected across the three major cities in Kaduna state- Kaduna, Zaria and Kafanchan. The respondents selected randomly from the sample included ten managers, ten accountants and thirty other hoteliers. A total of fifty (50) copies of questionnaire were distributed but only forty six (46) copies were completed and returned.

Data generated were presented in frequency tables using simple percentages. Analysis of the data was done by means simple percentages while the research hypotheses were tested using chi-square statistic with the formula is given as:

$$X^2 = \frac{\sum (O - E)^2}{E} \tag{1}$$

Where O = Observed frequency

E = Expected or theoretical frequency

For the decision rule using the chi- square statistic, the null hypothesis should be rejected and the alternative hypothesis accepted if the computed value of X^2 is greater than the critical (table) value. If otherwise, accept the null hypothesis and reject the alternative hypothesis and conclude accordingly The Degree of freedom (DF) = (r-1) (c-1), where **r** refers to the number of rows and **c**, number of columns. A significance level of 5% was applied.

4. Results

The discussion of research results was based on the responses gathered from the administration of personal questionnaire as presented in the table below.

Table 1. Responses from questionnaire administration

S/N	Question	Responses		
1	Does your hotel use formal plan of action or budget to guide its activities?	Yes 29 (64%)	No 17 (36%)	Total 46 (100%)
2	If your answer to (1) above is yes, what system of budgeting does your hotel use?	(a) Incremental system 0 (0%) (b) Zero base system 20 (70%) (c) PPBS 9 (30%)		
3	If you use budgets, do you have documented guidelines governing budgets?	Yes 0 (0%)	No 46 (100%)	Total 46 (100%)
4	If you use budget, are the budgetary policies and guidelines properly communicated and coordinated?	22 (69%)	10 (31%)	32 (100%)
5	Do you agree that the procedure identified in 4 above is effective?	(a) Strongly agree 18 (40%) (b) Agree 16 (35%) (c) Strongly disagree 7 (14%) (d) Disagree 5 (10%)		
6	Does your hotel set targets for you in the budgeting process?	Yes 29 (64%)	No 17 (36%)	Total 46 (100%)
7	If your answer in 6 above is yes, are the budget targets set for you achievable? ,	Yes 28 (60%)	No 18 (40%)	Total 46 (100%)
8	Does your hotel conduct performance appraisal exercise?	30 (65%)	16 (40%)	46 (100%)
9	If your response to 8 above is yes, what benchmarks or yardsticks are used?	(a) Overall profitability 18 (40%) (b) Customers reactions 12 (25%)		
10	How effective is the method stated in 10 above?	(a) Effective. 17 (35%) (b) Very effective. 16 (35%) (c) Ineffective. 6 (13%) (d) Very ineffective. 7 (15%)		
11	Does your level of target attainment have effect on your appraisal?	23 (50%)	23 (50%)	46 (100%)
12	Are you satisfied with the current performance appraisal system and the financial performance of your hotel?	18 (40%)	28 (60%)	46 (100%)
13	If your answer to 12 is yes, is the satisfactory level of performance due to effective budgeting and control system?	12 (65% of 18)	8 (35% of 18)	18 (100%)

Source: Field Survey, 2013.

In relation to question one (1), 29 respondents which are about 64% indicate that they use budget in planning their activities while 17 representing 36% of the respondents believe that they do not use formal budgets in their hotels. For question two (2) it was gathered that 70% (20) of those that use budget adopt the incremental system while 30% (9) adopt zero-based budgeting system this means that mainly two budget improvement techniques are applied by these hotels.

Even though respondents agree that they use budgets for planning, none of them neither have a budget committee nor budget manual. This is shown by table 1 in response question three (3) that 100% of the respondents indicate that they do not have such things in existence. This implies that two of the basic requirements for budget preparation and administration are lacking in the hotels under study. It could therefore, be said that thorough budgeting procedure do not exist and formal guidelines in a documented form are lacking giving room for high incidence of intended and unintended mistakes and losses.

For question four (4) which is about proper coordination and communication of budget policies and guidelines. It shows that 22 respondents representing 69% are of the opinion that budget policies and guidelines are properly coordinated and communicated. This proportion of respondents identifies the specific procedures for budgetary control and coordination to include: formal report to management on the areas of differences; finding out the cause(s); and remedial action. Others are cautioning the hoteliers involved when the variances are adverse. However, 10 (31%) of the respondents hold a contrary view that they do not believe there is proper procedures for coordinating and controlling budgets. Some are of the opinion that since they do not use budgets, the existence of specific control procedures is not necessary.

Table1 above shows that on question five (5), 40% (18) of respondents strongly agree that the procedures for budget control adopted by them are effective while 35% (16) only agrees that these procedures are effective. However, 15% (7) and 10% (5) of the respondents strongly disagree and disagree respectively that these control procedures are effective. The respondents who strongly agree and agree respectively indicate that the outcomes of the existing procedures are: reduction of waste, more effective coordination of activities mostly in the areas of food beverages and labour usage which translate into lower cost and higher profits. Those respondents that strongly disagree and disagree respectively predicate their opinion upon the fact that the identified specific control procedures are not effective because they are not adequately applied.

The responses generated on question six (6). From table 1 shows that 29 respondents which are 64% indicate that targets are set for individuals and units while 17 (36%) of the respondents hold contrary opinion. This means that majority of the sampled hotels in the sample set performance standards for their employees. On the achievability of the targets as contained in question seven (7), 28 (60%) states that the targets are challenging but achievable, 18(40%) state that the targets are not tough and not achievable.

Based on question eight (8) in table 1 shows that 30 respondents which are 65% indicate that they conduct performance evaluation exercise while 16 (35%) of the respondents hold contrary opinion. This means that majority of the selected hotels evaluate their hoteliers in respect of the extent to which they carryout assigned role and responsibilities either in their individual capacity or collectively as units.

On the benchmarks or criteria adopted in measuring performance was captured by question (9) of which 18 (40%) state that the overall profitability of the hotel for the period is used to appraise the hotels generally while 12(25%) state that the comments, observation and complaints made formally by guests determine managements' measurement approach. 16(35%) are silent on this issue. Even though, not properly designed, the use of profitability to measure performance by most of the hotels is rooted in the achievement of the predetermined financial goals set at the planning stages to be achieved in the course of business operation.

The response to question ten (10) indicates that 16 (35%) and 17(37%) of the respondents opine that the existing performance evaluation methods are very effective and effective respectively while

7(15%) and 6(13%) of the respondent believe that the current methods are very ineffective and ineffective respectively. The response to question eleven (11) shows that 23(50%) are of the opinion that the extent of their targets attainment has effect on their performance rating while 23(50%) do not think so. The above analysis shows that the current performance appraisal methods in use in the Kaduna State hotel industry are not very effective. This is because the methods adopted are not properly articulated and applied.

In response to question twelve (12), 18 respondents constituting 40% indicate that they are satisfied with the current performance appraisal procedure while 28 respondents which are about 60% said that they are not satisfied with the current procedures, consequently 12(65%) of those satisfied with their level of financial performance also agree that the satisfactory level of performance is a result of effective planning and control while 6 (35%) hold contrary view meaning that their financial performance cannot be attributed to effective budgetary target setting in budgeting process. The above analysis implies that most of the hotel in Kaduna state are performing below their best due to lack of proper, well-articulated and jealously applied short- term planning and control mechanism.

5. Discussion

The discussion for this paper was based on the result obtained from test of the null hypothesis (H_{01}) which states that budget target setting is not an effective tool for performance evaluation in the hotel industry in Kaduna State. The responses generated from question 11in the questionnaire was used for analysis and presented in table 2 below.

Table 2. Observed frequencies from responses to question 11

Category	**Alternative Responses**				
	Very Effective	Effective	Very Ineffective	Ineffective	Total
A	1	2	3	4	10
B	6	10	2	2	20
C	9	5	2	0	16
Total	16	17	7	6	46

Sources: field survey, 2013

The expected frequencies (F_o) are shown against the observed frequencies (F_o)

Table 3. Observed and expected frequencies from responses to question 11

Category	**Alternative Responses**				
	Very Effective	Effective	Very Ineffective	Ineffective	Total
A	1(3.48)	2(3.70)	3(1.52)	4(1.30)	10
B	6(6.96)	10(7.39)	2(3.04)	2(2.61)	20
C	9(5.57)	5(5.91)	2(2.43)	0(2.09)	16
Total	16	17	7	6	46

Source: field survey, 2013

Table 3 above shows the computed expected frequencies in brackets against the observed frequencies as obtained from the responses gathered on question 11 of the questionnaire.

Table 4. Computation of chi-square (x^2) to test the null hypothesis ($H_{0.1}$)

Fo	Fe	Fo – Fe	$(Fo – Fe)^2$	$\sum(Fo–Fe)^2/Fe$
1	3.48	-2.48	6.15	1.77
2	3.70	-1.70	2.89	0.78
3	1.52	1.48	2.19	1.44
4	1.30	2.70	7.29	5.61
6	6.96	-0.96	0.92	0.13
10	7.39	2.61	6.81	0.92
2	3.04	-1.04	1.08	0.36
2	2.61	-0.61	0.37	0.14
9	5.57	3.43	11.76	2.11
5	5.91	-0.91	0.83	0.14
2	2.43	-0.43	0.18	0.07
0	2.09	-2.09	4.36	2.09
				$x^2 = 15.56$

Source: Researcher's computation, 2013

The calculated value of $x^2 = 15.56$ while, for 6 degrees of freedom and 5% level of significance the critical value is 12.6. Based on the decision rule, the calculated value of x^2 is greater than the critical value and therefore, the null hypothesis ($H_{0.1}$) which states that budget target setting is not an effective tool for performance evaluation in the hotel industry in Kaduna State is hereby rejected and the alternative hypothesis ($H_{A.1}$) accepted. This result is consistent with Mohammed (2009) and Fisher *et al.* (2002) that budget target setting is a mechanism for effective performance measurement in a firm.

The conclusion drawn from the findings of this study are as follows:

1. Budget coordination and control procedures of the hotels in Kaduna state are not very effective.
2. The budget target setting of the hotels in Kaduna State is not well articulated and therefore, lacks very clear focus. The current situation in respect of yardstick for performance appraisal is that it doesn't exist in some hotels while what obtains in some could not be definitely described.
3. The targets or goals set for individuals and units to achieve through budgeting process could be a veritable management tool for measuring performance and efficiency in the hotel industry in Kaduna State.

Based on the conclusion of the study as presented above, the following measures are recommended:

Firstly, there is an urgent need for them to strengthen the process of budget formulation and implementation. Additional efforts are required from managements of hotels in Kaduna State to ensure that diligence, due process, commitment and discipline are brought to bear on the entire processes of budgeting and budget control in order to achieve the maximum benefits inherent in successful budgeting and control exercise.

Secondly, budget guidelines and goals should be properly articulated, coordinated and communicated to all individuals and units

Thirdly, management of the hotels situated in Kaduna State should adopt the level of budget target achievement as basis for performance and efficiency measurement. This is in line with the conclusion of the study that budget target setting is an effective management tool for performance evaluation on individuals and units. The adoption of this recommendation could lead to increase in subordinates efforts and task performance.

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