

**ASSESSMENT OF BUDGETARY CONTROL PRACTICES
OF SELECTED CONSTRUCTION COMPANIES
IN PINAGBUHATAN, PASIG CITY**

An Undergraduate Thesis Presented to the Faculty of
College of Business and Accountancy
Pamantasan ng Lungsod ng Pasig

In Partial Fulfillment of the
Requirements for the Degree of
Bachelor of Science in Accountancy

By

Cervantes, Rafaela Emmanuelyn L.
Deblois, Rayya KC M.
Ferrer, Carlos Fernan G.
Geronimo, Patrisha A.
Virrey, Adilyn Grace C.

June 2025

APPROVAL SHEET

This thesis titled “**Assessment of Budgetary Control Practices on Selected Construction Companies Located in Pinagbuhatan, Pasig City**” prepared and submitted by Rafaela Emmanuelyn L. Cervantes, Rayya KC M. Deblois, Carlos Fernan G. Ferrer, Patrisha A. Geronimo and Adilyn Grace C. Virrey in partial fulfillment of the requirements for the degree of Bachelor of Science in Accountancy has been examined and recommended for acceptance and approval for Oral Examination.

DR. CECILE DM. ESPIRITU
Editor

DR. AMOR B. SANDE, CPA, MPA
Adviser

Approved by the Committee on Oral Examination

DR. JOANNA MARIE PINA S. DE MANUEL, AFA, FGAFM, RFP
Chair, Oral Defense Panel

DR. JEROME EUCLID ZOILO S. SOSA
Member, Oral Defense Panel

DR. ROLANDO E. ROBLEDO, CPA, FBE
Member, Oral Defense Panel

Accepted and approved in partial fulfillment of the requirements for the degree of Bachelor of Science in Accountancy.

DR. RAJESH MICHAEL J. CORDOVA, CPA, CMA, CrFA, CMA
Dean, College of Business and Accountancy

ACKNOWLEDGEMENT

The completion of this research paper would not have been possible without the guidance and help of several individuals who provided and extended their assistance. The Researchers would like to extend their gratitude to the following individuals who have contributed in making this study successful.

First and foremost, to **Dr. Rajesh Michael J. Cordova, CPA, CMA, CrFA, MPSA**, the Dean of the College of Business and Accountancy, for his valuable role, scholarly advice and continuous improvement of the Accountancy program.

To **Dr. Amor B. Sande**, Thesis Adviser, for her endless support and humble sharing of expertise in research writing.

To **Dr. Joanna Marie Pina S. De Manuel, RFP, AFA, FGAFM**, Chair of the Thesis Panel, for giving invaluable guidance in shaping this research direction and for her insightful feedback and constructive criticism were instrumental in refining this paper.

To **Dr. Rolando E. Robledo, CPA, FBE** and **Dr. Jerome Euclid Zoilo S. Sosa**, the panel members for their support in finishing the paper and for their suggestions which greatly improved the content and direction of this paper.

To **Pamantasan ng Lungsod ng Pasig**, University, for providing them with this educational opportunity. It taught them important lessons about patience, endurance, teamwork, resilience, cooperation, and, above all, the never-ending exploration of knowledge.

To **Ms. Vistacion P. Maribbay, CPA, MBA, Dr. Jonathan V. Diosana** and **Engr. Jonnar Caesar E. Diosana**, the validators, for their insights in giving suggestions to come up with comprehensive and concise survey questionnaire to the respondents.

To the **Business Permit and Licensing Office (BPLO)**, for giving them the list of the Construction Companies in Pasig City which are helpful for them in conducting the study.

To the **Construction Companies in Brgy. Pinagbuhatan**, who shared their time to answer the survey questionnaires despite their busy schedules.

To **Dr. Jonathan V. Diosana**, Statistician, for sharing his expertise in statistics and helping the group to come up with viable computations to answer the problems of the study.

To **Dr. Cecile DM. Espiritu**, the editor, for her patience in editing and helping the group to overcome its difficulties in coming up with a good paper.

To the **Researchers' family**, for the moral support they contributed while conducting the study, for the kind words and understanding throughout the making of this research.

To their **friends** and **colleagues** who have inspired them to continue moving forward, these Researchers are eternally grateful.

And above all, to **Almighty God** for all the wisdom that He has given the Researchers to accomplish the study. He provided the strength needed especially during those difficult times that the group wanted to surrender. To God Be All the Glory!

**R.E.L.C.
R.K.M.D.
C.F.G.F.
P.A.G.
A.G.C.V.**

ABSTRACT

Title : Assessment of Budgetary Control Practices on Selected Construction Companies Located in Pinagbuhatan, Pasig City

Researchers : Rafaela Emmanuelyn L. Cervantes
Rayya KC M. Deblois
Carlos Fernan G. Ferrer
Patrisha A. Geronimo
Adilyn Grace C. Virrey

Degree : Bachelor of Science in Accountancy

Institution : Pamantasan ng Lungsod ng Pasig

Date : December 07, 2024

Thesis Adviser : Dr. Amor B. Sande, CPA, MBA

This study assessed the quality elements of the budgetary control methods in terms of planning, control, coordination, monitoring, and evaluation process from the construction companies located in Pinagbuhatan, Pasig City.

Using a survey questionnaire validated by three experts from the fields of accountancy, engineering, and construction as the research instrument, a correlational research design and tabular presentation were used to present the results of the data collected from twenty-one (21). The findings of the study indicated that corporations have stronger and more structured budgetary control practices, however, there are no significant differences on the budgetary control practices of the selected companies according to the form of organization and capitalization. In this case, navigation on other factors influencing budgetary

control practices and consideration on other locales are recommended.

Keywords: budget, capitalization, organization, budgetary control practices

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CHAPTER I

THE PROBLEM AND ITS BACKGROUND

This chapter includes the Background of the Study, Theoretical and Conceptual Framework, Statement of the Problem, Hypothesis, Scope and Delimitation, Significance of the Study and the Definition of Terms Used.

Introduction

Budgetary control is the process of creating, monitoring, and reviewing budgets to ensure that actual financial results meet the organization's goals. Budgetary control is crucial because it allows organizations to plan and monitor their finances, ensuring that resources are allocated efficiently. It allows organizations to monitor spending, compare actual expenses to budgeted figures, and alter operations as needed. Budgeting allows organizations to avoid overspending, increase profitability, and achieve financial goals more efficiently.

The present paper “Assessment of Budgetary Control Practices of Selected Construction Companies in Pinagbuhatan, Pasig City” is an attempt to evaluate how budgetary control practices affects the efficiency and productivity of the selected construction companies in Pinagbuhatan, Pasig City. The paper has been divided into four sections. The first section deals with the investigation on how budgetary planning affects the efficiency of construction companies; section two is on evaluating how budgetary control affects the productivity of the construction companies; the third part determines how budget coordination affects

the efficiency of construction companies; and the last part examines the budget evaluation on construction companies' performance. The paper also presents the suggestions and future prospects of the construction industry.

Barangay Pinagbuhatan is one of the barangays located in Pasig City which is part of District 2. According to Census (2020), its population was 163,598. This represented 20.37% of the total population of Pasig City. In terms of construction companies, the Business Permit and Licensing Office (BPLO) of Pasig City identified 21 Construction Companies located in Pinagbuhatan, Pasig City.

As per Mutabari (2023), budgeting is a crucial element for the success of any enterprise. Budgets provide managers with the essential information required to evaluate a company's performance and guide fiscal allocation plans across various company elements. Therefore, various systems and procedures are implemented to improve the business performance to ensure fiscal expansion.

Background of the Study

Budgetary control helps organizations in their endeavor to control and regulate their financial requirement performance in terms of profit and revenue through the scientific process of evaluating costs against planned costs. To achieve their financial forecast, it allows firms to track all expenses, detect fraud, and make the required changes. From its name, it is clear that budgetary control is the control of budget. It helps an organization to achieve a set of financial targets by defining and tracking a plan, making modifications for additions or losses. This

ensures that the organization is aligned and uses the resources that are at its disposal appropriately and effectively.

Construction projects are inherently more difficult and financially risky. That is why in industries such as, for instance, aviation, budgetary control is essential and there are budgetary control practices that are being applied in the construction companies which includes the following: Budgetary Planning, Budgetary Control, Budget Coordination, Budget Monitoring and Budgetary Evaluation Process.

By being able to deliver projects in a timely manner and cost effectively, it can be stated that the project managers have been successful. In general, the enhancement of efficient budgetary control leads to a successful one because of implementing the budgetary control practices. Hence, it leads the project of the construction companies to the reduction of expenditure, and having better financial control in the construction business.

Theoretical Framework

This research aims to examine the assessment of budgetary control practices of the selected construction companies located in Pinagbuhatan, Pasig City.

According to Aggarwai (2024), the term "budgetary control" refers to the process of controlling the budget. It is the systematic process that allows organizations to monitor and manage their financial performance by comparing actual results to budgeted amounts. Budgetary control is crucial because it helps

organizations achieve their financial goals by establishing a financial plan, tracking progress, and adjusting for unexpected expenses or changes in revenue. This keeps the organization on track and allows it to handle its resources more efficiently.

According to Geeks for Geeks (2024), budgetary control is primarily concerned with ensuring that resources are used efficiently and that the organization's goals are met. It is the creation and adjusting of the financial plans for a firm, organization, or individual to determine whether they are spending their resources efficiently and effectively. Budgetary control aims to help organizations achieve their financial goals and objectives by ensuring that they are not overspending or not using their resources. It is an important tool for planning and managing financial resources, allowing organizations to make more informed financial decisions. It is essential for the financial management of an organization. Geeks for Geeks (2024), stated that budgetary control is a system of controlling costs which includes the preparation of budgets, coordinating the department and establishing responsibilities, comparing actual performance with the budgeted and acting upon results to achieve maximum profitability.

Budgetary control aims to help management in decision-making, planning, controlling, and coordinating the overall goals of budgetary control, which can be established in the following process — planning, co-ordination and control (Nyabuto, 2023).

Planning - Budget is considered as a plan of action. Budgeting provides a

clear plan of action for an organization all throughout the time (Cooper et al. 2011).

Coordination - Budgetary control coordinates the entity's or organization's different activities and ensures that everyone involved work together to achieve a common goal (Aggarwal, 2024)

Control - Control is important to ensure that goals and objectives are achieved. Control comes after planning and coordination. Control performance is impossible without predetermined standards. Thus, budgetary control enables control by constant measurements against predetermined targets. If there is a difference between the budgeted and actual performance, it is subject to analysis and corrective action (Bhattacharya, 2020)

In conclusion, budgetary control process helps organizations to create and monitor budgets, avoid waste and reduce cost overruns, increase the use and availability of reliable financial reporting. Also, it manages day-to-day operations while providing the financial guidance required to achieve long-term organizational goals.

Conceptual Framework

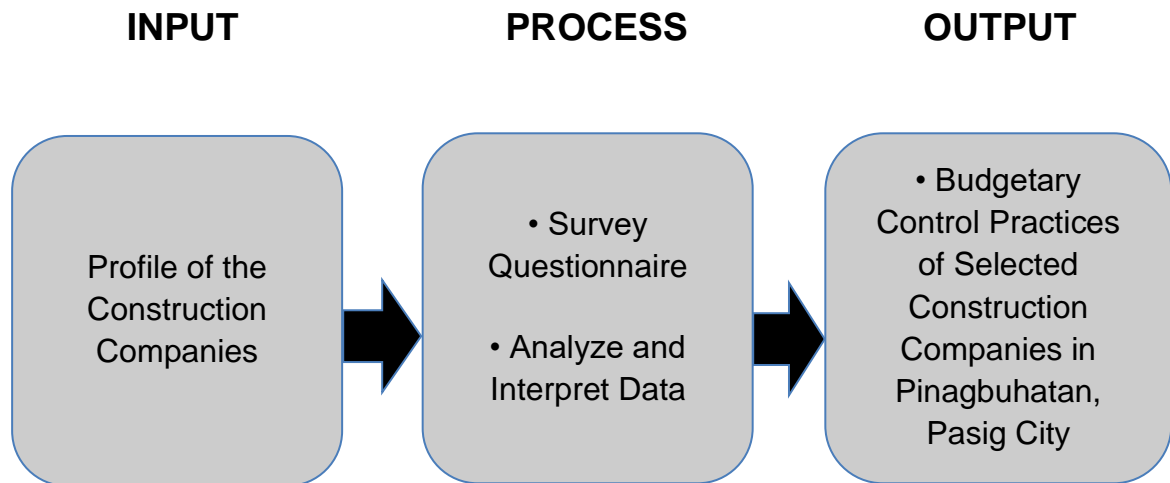
The paradigm of the study shows the conceptual framework of the study. This is presented in the form of Input-Process-Output mode which is composed of three parts.

The first frame shows the input which contains the profile of the Construction Companies that includes the name of the construction company, form

of organization, number of employees and capital.

Figure 1

Research Paradigm of the Study



The second part shows the process of gathering data with the use of survey questionnaires, conducting an interview and by analyzing and interpreting the data.

The last part shows the Budgetary Control Practices of the Selected Construction Companies in Pinagbuhatan, Pasig City.

Statement of the Problem

The objective of this study was to assess the budgetary control practices of the selected construction companies located in Pinagbuhatan, Pasig City. Budgetary control, a key financial management tool, is pivotal in ensuring that construction projects remain within financial limits and achieve desired profitability. It aims to answer the following questions:

1. What is the demographic profile of the construction companies in terms of:

- 1.1. Form of Organization,
- 1.2. Number of Employees, and
- 1.3. Capital?

2. What is the extent of the budgetary control as implemented by the selected construction companies?

3. Is there a significant difference on the budgetary control practices of the selected construction companies in Pinagbuhatan, Pasig City when grouped according to:

- 3.1. Form of Organization, and
- 3.2. Capital?

Hypothesis

The study tested the null hypothesis at 0.05 level of significance. To wit, there is no significant difference on the budgetary control practices of selected construction companies when grouped according to the form of organization and capital.

Scope and Delimitation of the Study

This study aimed to explore whether there is a significant difference in the budgetary control practices of the selected construction companies in Brgy. Pinagbuhatan, Pasig City. Data gathering was constrained to a one-week period.

The research examined how significant is the connection of the companies' profile such as the form of organization, number of employees engaged in operations, and capitalization to their budgeting practices.

Significance of the Study

The results of this study may be helpful to the following:

Construction Companies. They may benefit greatly from the study since it helps with planning, coordination, responsibility classification, enhanced communication, increased control, preventing capital construction projects from being abandoned, and employee motivation. Along with assisting the most profitable channel, it also supports the optimization of capital and human resources. A thorough understanding of budgetary control and strategic enhancements can result in significant increases in the profitability a construction company.

Professors. The findings may provide engagement, which is to deepen their knowledge of budgetary control practices and the extent of its application in construction companies. They might increase awareness of research findings and industry trends, which would improve their competence and efficacy in providing students with current and relevant information.

Students. The results of this study may help the students, particularly those studying accountancy, finance, or business management, gain practical insights into how business profiles influence the budgetary control practices of construction

companies, in which understanding the real-world application of financial concepts enhances students' comprehension and prepares them for future careers in related fields.

Future Researchers. Researchers focusing on budgetary control practices and construction company profiles may provide both empirical data and theoretical insights into the relationship between the company's business profile and budgetary control practices. They may have more knowledge and information about the strategies that may be relevant for further research.

Definition of Terms

In order to ensure clarity and a common understanding of key concepts within the study, it is essential to define the terms used. The study used important terms which are uniquely defined for the purpose of this research.

Budgeting. It refers to the process of creating and maintaining a budget in a construction company.

Budgetary Coordination. It refers to the budgetary control practice of a construction company that aligns budget with goals and priorities of the company.

Budgetary Control. It is the measurement of a construction company's liquidity that usually consists of net income after taxes plus non-cash charges against income.

Budgetary Evaluation. It is the budgetary control practice that assesses

the performance of a construction company against planned or projected expenses and revenues.

Budget Monitoring. This is the act of tracking the financial performance of a construction company to ensure that the expenditures stay within the limit of the budget.

Budgetary Planning. It refers to the forecasting of the construction company's performances as well as the allocation of resources based on the organizational goals and priorities.

Corporation. It refers to a construction company that involves shareholders and has a higher number of employees.

Sole Proprietorship. It is a construction company with only one owner and has a small number of employees.

CHAPTER II

REVIEW OF RELATED LITERATURE AND STUDIES

This chapter presents the relevant literature and studies that the Researchers considered to strengthen the importance of the present study. It also presents a synthesis that integrates relevant references to the study for better comprehension.

Budget

A budget is a tool which is utilized by the government of Kenya with the aim of achieving both operational and development activities in the short and long term especially with the aim of realizing vision 2030 (Makina, 2020).

According to Emilou (2021), The secret to making plans a reality without unforeseen financial setbacks is a carefully thought-out budget. These are the key considerations for efficiently planning the development of a building project.

However, in a construction project, an estimate of the funds needed to complete a construction project from start to finish, including all related expenditures and expenses incurred during the building process, is called a construction budget. Even though the budget aims to predict every expense associated with a construction project, one should allow for contingencies to cover unforeseen building expenditures or crises (Peter, 2024).

In addition, the key to cutting costs on the construction project in the Philippines is careful planning, wise choices, and efficient administration. One can make sure the project is finished on schedule and within the allocated budget by establishing a reasonable budget, selecting the best team, utilizing nearby resources, and steering clear of typical financial hazards. It should be kept in mind that every peso saved brings one step closer to a building project's success (JCO Construction, 2024).

According to Forbes and Taylor (2024), construction budget is the total estimated cost of a project, typically broken out into cost codes based on the scope of work and specifications. It embodies a practical approach in construction by balancing incoming funds with the outflow of expenditures.

Additionally, the construction budget estimates project expenses, including labor, materials, equipment, and overhead costs. But more importantly, it helps to control costs, maintain positive client relationships, and provide clear expectations for everyone involved in the project (Quickbase, 2024).

Debbie (2023), stated that construction budgeting is important to the building process, no matter the size of the construction company or the scope of the project involved. Not only does budgeting help builders stay on track financially, it also helps save administrative and construction time in the long run, which leads to savings in project costs. An accurate and detailed construction budget not only helps ensure current jobs are profitable, it helps ensure builders can take on more jobs in the future.

Michael (2023), highlighted that financial budgets are invaluable tools for construction companies seeking to establish a solid financial foundation and achieve long-term success. By facilitating financial planning and decision making, resource allocation and cash flow management, and risk management, budgets empower construction companies to navigate challenges, optimize profitability, and maintain healthy cash flow. Construction companies that embrace the benefits of financial budgets will enhance financial stability, drive growth, and enjoy a competitive edge.

Budgetary Control

The budgetary control worked as a guide in order to ensure an efficient way of spending and allocating resources. Ntirandekura and Friday (2022) explained that budget control was used to control resources that could mitigate wastage and misappropriation. Their study also revealed that the lack of clear hierarchy could destroy budgetary controls as the support within the company would not be firm.

According to Mahroqi (2021), budgetary control provides a mechanism for setting financial targets and monitoring performance and serves as a tool for improving decision-making. Budget control allows firms to obtain insight into their financial performance, discover inefficiencies, and make informed decisions to better spend resources.

Li (2021) emphasized that budget controlling is a simple monitoring and adjustment tool; it is a strategic instrument that informs decision-making, drives accountability, and provides valuable insights to optimize management and

organizational performance. Therefore, the overall goal of budgetary control is to assist management in planning and controlling the use of resources in a systematic and logical manner to ensure that they meet their financial objectives, which are profit satisfaction and profit maximization. Budgetary control is important because it helps organizations improve their financial performance by ensuring that they are using their resources efficiently and effectively which can lead to enhanced revenues, lower costs, and improved profitability.

One way a company mitigated risks and ensured a strong budgetary control was to identify, analyze and mitigate risks. According to Jermias et al. (2023), companies in Uganda used budgetary control to identify possible risks, analyze each to determine the degree of risks, and compare it against their tolerance, and eventually develop a plan to prevent such risks, then monitor for possible improvements. They also focused on cash flow risks as it could restrict their operations if their cash flow becomes at risk.

A way other companies found useful was to incorporate digital transformation through data analytics. Ebhota et al. (2024) stated that a significant improvement was observed reciprocally in incorporating digital transformation and budgetary control processes as well as customer satisfaction. Furthermore, according to Bergmann et al. (2020), the use of business analytics in the budgeting process has a positive impact on the satisfaction of users and consumers.

According to ProPM (2023), budget planning and control in construction projects is a critical element to the success of the project. Budget planning and

control ensures that the costs of the project are managed correctly, resources are used efficiently and the project process is managed. Budget planning and control are critical to the success of building projects. As a result, it is critical that the project management properly handle these processes, which must be planned and managed in order for the project to succeed. Furthermore, budget planning and control guarantee that the project stays on track with the budget and schedules, all of which are critical to success.

Budgetary Practices

Budgetary control practices are very crucial for construction companies. Controlling the budget is just as important as managing cash, and any theft, waste, overuse, or stock out could result in subpar business performance (Wasswa, 2023).

According to Violeta and Flavian (2020), businesses operate under the framework of a balanced relationship between revenue and expenses. The revenue and expenditure budget are the financial tool used to forecast income and expenses, as well as the outcome of the exercise and the annual and quarterly financial balance. In order to use the process-oriented normative model of cost accounting, construction work cost calculations that include information on important technological and service processes must be used. Additionally, cost items within these processes must be analyzed in order to create budgets.

Tuhkvatullin and Pratchenko (2019) explained that one significant economic sector that contributes positively to the economy is the construction industry. It is

the sector that uses labor, resources, equipment, capital, and techniques to complete the project intended to meet the infrastructure and housing requirements of the society's industries.

The industry is essentially distinct in that it uses a project-based methodology, with a clear beginning within a set time and expense (Ben, 2019).

However, Sujata et al. (2022) stated that the majority of civil engineers working in the construction industry are not familiar with detailed project management, particularly with regard to budgeting and cost control. Over the years, the worldwide construction sector has struggled with time and cost overruns in construction projects. As a result, it has become a fairly regular phenomenon associated with almost all building projects, even with the introduction of cutting-edge technology and construction management systems (Oluwadare, 2022).

According to Michael (2019), this is performance on all fronts, but without the support and knowledge of all stakeholders, cost is undoubtedly uncontrollable. Maintaining unity is a crucial ability when problems occur on a project, as they inevitably do. After all, according to Kathure and Fredrick (2023), the success of businesses depends heavily on budgeting, particularly when it comes to tracking and assessing performance. However, little is understood about how budgeting procedures affect building projects' performance.

In relation to construction companies, an efficient budget control practice also helped in increasing the financial performance of the companies by 37.3% between 2022 to 2023. According to Mutabari (2023), the implementation of control

activities, coordination and evaluation processes proved to enhance the financial performance of housing construction firms in Kenya.

Budgeting Process

Hawkensen (2019) emphasized that the budget control process is a systematic and continuous activity characterized by establishing targeted performance and communicating details of the budget policy to all the stakeholders. Moreover, according to Gacheru (2023), in order to enhance effectiveness, the budgeting process passes through three major phases which include budget planning and preparation, budget presentation and approval and budget execution. Budgeting process aims to actualize a public finance management system that is efficient, effective, transparent and accountable (Simiyu, 2019).

Construction Companies

In terms of construction companies, Bennegreg (2023) said that the Philippines' construction sector is essential to the nation's infrastructure development, job creation, and economic expansion. One of the main forces behind the Philippines' economic development is still the building sector. However, the building sector is not the only contributing factor in the construction companies. According to Azeem et al. (2020), investment in R & D projects and a stable business environment could elevate the competitiveness of the construction companies which would also involve efficient budgeting in allocating resources for

both investment and expenditures.

Cost Control

According to Parul (2023), the actions taken by businesses to keep spending under control are referred to as construction cost control. To ensure that the project stays under budget, labor overhead costs must be kept under control. Accurate estimations and continuous monitoring are necessary to control costs during a project. Once a project exceeds its budget, a construction business will generate little to no profit due to poor cost management. Therefore, having strong cost management is essential for every construction company who wants to succeed. An essential part of construction management is cost control. Without it, project management turns into an unpredictable balancing act. Likewise, an efficient cost control ensures a better chance of succeeding in securing a contract and eventually in the project per se by lessening the wastage of resources and efficiently allocating it (Weiner, 2023).

Taavi (2024) described that to guide projects away from financial instability and toward successful completion, it is essential to comprehend the fundamentals of project cost control and implement efficient tactics in the construction company.

Therefore, "It is not that the budget has exceeded, it is that the client was not made aware of the budget being exceeded until the end of the project" (Hany, 2024). For engineering and building projects, cost control is essential. Instead of waiting until the project is finished, it involves not only keeping an eye on the cost but also doing analysis to make adjustments as necessary. Cost estimation, cost

accounting, project cash flow, business cash flow, direct labor costing, and additional strategies like profit-sharing, incentives, and penalties are all essential components of effective cost control.

Moreover, in order to prevent overspending and remove losses, cost management is crucial in building projects. Poor planning and inaccurate cost estimation will give a higher chance of discrepancies in budget as the project progresses. Likewise, significant limitations on financing and weak governance within the company proved to be significant challenges in implementing efficient budgetary control practices (Faith, 2023; Muhammad et al. 2024).

According to Ranjitha (2024), cost control in construction refers to the process of managing and regulating the expenses associated with a construction project to ensure it stays within the budget. It involves planning, estimating, budgeting, monitoring, and controlling costs throughout the project lifecycle. Cost control aims to identify variances from the budget and take corrective actions to align actual costs with the budgeted figures.

Controlling and Monitoring

The study of Henri et al. (2020) examines up to what extent the interdependence of management control practices provide a mix of information for decision-making supports or impedes product innovation. They investigated the diversity of non-financial performance indicators.

Scovia (2019), said that a lot of organizations in Uganda agreed that

monitoring the budget would inhibit an effective way of allocation especially for non-governmental organizations, and therefore a regular monitoring and exposure of their employees to different circumstances relating to budget control could be a great asset to them.

In addition, according to Nin Do Lun (2023), budgetary control embraces the preparation of budget, coordinating the department with establishing responsibility, linking actual performance with budget, and acting upon results to achieve maximum profitability. The budgetary control is a part of the overall system of responsibility accounting within an organization. The budget holder's responsibility is to analyze costs and revenues through permitting financial monitoring. It also involves reporting on the variations. The basic stages in that of the budgetary control processes include setting of predetermined standards. Compared with that standard, it measures actual performance against that standard. The budgetary control helps managers to monitor their plan and to control the use of resources in a systematic and logical manner achieving the financial objectives. In an effective budgetary control, the manager's responsibility must be clearly defined, accounting records are well-kept, encouragement of top management, training of developing managers, implementing, and using the budgets, and flexibility.

Moreover, Zepth (2024) explained that budgets serve as a guide in the complex operations that constitute construction projects. An organized budget outlines the financial framework that supports the project as a whole, acting as a roadmap. However, the complexity of construction projects, combined with factors

like inflation, labor shortages, and material price fluctuations, makes budget management a dynamic and ever-evolving challenge.

Consequently, companies, especially, small and medium enterprises tend to get constricted when faced with difficulties and/or crises. An evident phenomena occurred during the 2019 pandemic that plummeted the budgetary control of SMEs in Netherlands resulting in the owners extremely tightening their budget (Bedford et al., 2022).

D'Arcy (2024) stressed that effective construction budget control is a top priority for successful project managers. Controlling the budget for a construction project requires significant planning and oversight throughout all phases of the project. There are seven tips to help ensure the project budget stays on track and under control from kick-off through completion: define clear objectives and budget limits; set clear goals and KPIs for better construction budget control; connect the budget to the project schedule; align the project team around the schedule; run Earned Value Analysis (EVA); let technology optimize the construction budget control; and construction project management software for the construction industry.

Coordination

Based on the study of Nin Do Lun (2023), coordination means the organization and the tuning of all the manufacturing or service elements from all economic activities in the most efficient way to enable the firm's goals. Communication presupposes that the personnel of all the sub-units of the

organization realize and approve these objectives. Budget as one of the kinds of the managerial control provides the caregiver with a benchmark in performance appraisals. It serves as a motivational drive and fosters coordination and communication. With the coordination, it will enhance the quality of the predictions as well as on the reparative actions undertaken.

Evaluation

Anchored with changes in the processes, construction companies evaluate the performance of their company in relation to the changes they constantly make. Saputro et al. (2022) stressed out the importance of budget evaluation as it affects the measurement of performance. Assessment of the plan as the management executes it will enable the company to make necessary adjustments.

Planning

One of the vital tools in the strategic analysis of a company is budgeting. Nin Do Lun (2023) reveals that long-term planning is crucial to the formulation of long-term budgets and that short-term budgets support short-term planning. A budget, on the other hand, is a financial plan which is mostly stated in money terms, and budgeting is one of the most ostensible ways that accounting information is utilized. It has significant importance to a company's business planning and control policies. Besides being a management tool, a budget is also an accounting tool that helps firms to steer operations successfully as they meet the needs of their clients and achieve market success. Budget is a financial and

non-financial plan that involves projections of profits and cash flows in its preparation. Therefore, it is clear that both strategic planning and proper implementation are critical in the budgeting process.

Small and Medium Enterprises

According to Aphiwe (2022), small businesses play a vital role in many global economies. Small businesses in the construction industry served as the study's foundation. Small enterprises, however, have a high failure rate that is characterized by flaws in their financial management systems, despite their vital role in the economy. To achieve their organizational objectives, small and medium-sized businesses (SMEs) must be able to plan, manage, and control themselves.

The efficiency and perception of budgeting and budgetary management systems among SMEs are evaluated by Mamorena et al. (2021). However, in the business sector, organizations must contend with fierce rivalry in both industrialized and poor countries. Companies that plan to stay competitive must foster a drive to comprehend how budgeting works and the impact it has on their financial performance. Majority of studies have concentrated on how both the public and commercial sectors' organizational effectiveness is impacted by budgetary implementation, which ignores SMEs.

According to Hendieh (2023), the usage of financial techniques is related to financial literacy and could be explained by the tendency to focus on short-term profitability and liquidity. Younger and more educated managers have a higher tendency to use more techniques. Managers are encouraged to rely on budgeting

and financial techniques to increase their survival chances. Long-term planning can be a powerful tool to avoid reactive strategic behaviour. Managers need to anticipate environmental constraints using different scenarios or by testing the robustness of strategic initiatives using diverse tools like financial planning and control.

Muhammad and Waqas (2023) elaborated on small and medium enterprises (SMEs) which are pivotal to the economic fabric of most countries, particularly in developing nations. In addition, according to Boama-Secu (2019), an efficient budgetary control on SMEs proved to be positively affecting as well the financial performance even in the transport industry anchored with monitoring and proper planning, budgetary control could increase the competitiveness of SMEs in the transport sector.

Synthesis

Budgeting in construction is an essential tool that helps projects go smoothly and within budget. A well-planned budget does not only forecast the prices of materials, labor, and equipment — its factors in the unforeseen, such as price variations or delays (Peter, 2024). Professionals such as Forbes and Taylor (2024) stress the need to balance incoming money with outgoing expenses to ensure that resources are used efficiently. In nations such as the Philippines, intelligent planning and resource utilization can go a long way in reducing unnecessary spending and finishing projects successfully (JCO Construction, 2024). Essentially, a well-laid budget can make a building project more effective

and keep it on schedule, allowing companies to stay profitable and competitive (Michael, 2023).

It is not, however, simply a matter of establishing a budget — it is a matter of taking charge of it. Budgetary control enables construction firms to monitor their financial performance, detect inefficiencies, and make necessary adjustments (Li, 2021). Through monitoring actual costs in relation to the budgeted ones, firms are able to avoid overspending and enhance decision-making (Mahroqi, 2021). The use of contemporary tools such as project management software and business analytics has further enhanced this process, giving transparent insights into the utilization of resources and areas for improvement (Ebhotu et al., 2024; D'Arcy, 2024). Even the most effective budgeting processes, however, need robust leadership and risk management to make them effective (Ntirandekura and Friday, 2022).

Budgeting is still more important for smaller construction firms since financial choices might contribute significantly to their success. As important as SMEs and small businesses are in the economy, they also experience struggles with financial management, specifically budgeting and cost control (Aphiwe, 2022). Studies indicate that financially sound SMEs with sound budgeting processes are more likely to succeed in the long term (Muhammad and Waqas, 2023). Budgeting is not merely a means to run day-to-day operations for such companies — it is a survival kit that enables them to ride out tough times, maximize resource utilization, and stay competitive in a dynamic market (Hendieh, 2023). A good budgeting system can be the difference between a small business' success and failure.

CHAPTER III

RESEARCH METHODOLOGY

This chapter presents the design and procedure undertaken during the conduct of the study. It includes the methods of research, population and sample size, description of respondents, research instrument, data-gathering procedure, and statistical treatment of data.

Research Design

In this study, the correlational research design falls under the descriptive method of research adopted by the Researchers to come up with the results that were discussed in the following chapters. A descriptive study is very planned with a view to getting an accurate portrayal of the situation, skills at avoiding bias in data collection, and weaknesses in interpreting the data collected. According to Posinasetti (2020), a descriptive study is one in which data is gathered without changing the environment or manipulating anything. Information on the current state of the phenomenon is gathered in order to describe "what exists" in relation to the variables or circumstances in the given situation.

The Researchers utilized correlation research under this method in order to determine the relationship of both the variables in which the Researchers decided to focus on, particularly between the budgetary control and profitability. Creswell (2018) stated that this research design is used to describe, test, and assess the

degree of association between two sets of scores without attempting to control or manipulate the variables of the study.

The Researchers also adopted a quantitative research design to gather and organize data in order to answer research questions or hypotheses. The Researchers followed this design to create inter-variable relationships, the possibility of statistical analysis and hypothesis development, as well as to represent a population with sample data.

Population and Sample Size

The respondents in this study were the twenty-one (21) construction companies located in Pinagbuhatan, Pasig City.

The Respondents were carefully chosen using purposive sampling technique based on their relevance to the study, which primarily involved accountants or engineers working for construction companies. This technique relies exclusively on the Researchers' own judgment to determine who within the population is qualified to be a respondent.

In measuring the number of a sample in this study, the Researchers used Slovin's formula with a standard error of 5%, or 0.05. The total sample of this study was 21, which consisted of construction companies in Pinagbuhatan, Pasig City. This is used to determine the number of a sample from the population. The Slovin's formula is shown as follows:

$$n = \frac{N}{1 + Ne^2}$$

where:

n = Number of population,

N = Population, and

e = Standard error (5% = 0.05).

Calculating the sample of this study is shown as follows:

$$n = \frac{21}{1 + 21 (0.05^2)}$$

$$n = \frac{21}{1 + 21 (0.0025)}$$

$$n = \frac{21}{1.05} = 20$$

$$n = 20$$

Based on computation, the total sample for this research was 20. However, twenty-one (21) construction companies took part in the survey.

The questionnaire was distributed personally by the Researchers to the respondents, and the results given have drawn forth the assessment of the budgetary control practices on selected construction companies located in Pinagbuhatan, Pasig City.

Research Instrument

The survey questionnaire was utilized as the data collection instrument in this study. In line with the contents of the questionnaire, there are two (2) parts of the questionnaires in which the respondents are requested to accomplish.

It also incorporates questions with regard to the budgetary control practices of the selected construction companies located in Pinagbuhatan, Pasig City. In this part, all questions are required to be filled out and must not be left unanswered as it determines the entirety of the results.

Validity is also tested in this study by ensuring that the provided items in the questionnaires are pre-tested and relevant to those of the proposed objectives of the study. The survey questionnaires were validated before being distributed to the respondents. The survey was validated by experts in their field using a validation form that included the proposed questions for the questionnaire. Each validator evaluated the questionnaire by determining and indicating whether the questions were approved, needed modifications, were rejected, and should be improved. Suggestions, corrections, and recommendations made by the validators were carefully considered and incorporated into the final version of the instrument.

A proposal letter was attached to the questionnaire to explain the purpose and intention of the survey and research, as well as its relevance to the determination or answers to the study's problems, to seek the cooperation and participation of the respondents in the research, and to ensure that the information gathered is treated with the utmost confidentiality.

Data-Gathering Procedures

The data-gathering procedure involves several key steps to ensure comprehensive and accurate information collection. Initially, a formal request was made to conduct the data gathering from the targeted selected construction companies located in Pinagbuhatan, Pasig City. The selected construction companies were taken as respondents regardless of their demographic profiles. Following this, a questionnaire was carefully prepared and validated to ensure it captures relevant information on budgetary control practice. A sampling technique was employed to identify and select the respondents from the eligible companies.

The validated questionnaire was then distributed to these respondents. The Researchers personally distributed the questionnaires to the respondents, and they provided the respondents with adequate time to answer and accomplish the given survey. Once completed, the collected questionnaires were gathered for tallying and analysis.

The answers were interpreted to derive meaningful insights, which were used to draft conclusions and recommendations regarding the assessment of budgetary control practices.

Statistical Treatment of Data

The data collected in the study were classified based on the research problem and design. The data gathered were coded, tallied, and tabulated for presentation and interpretation, including analysis of the results of the study. The

statistical tools that have been used in this study are listed and explained as follow:

For Statement of the Problem No. 1, percentage was used to determine the profile of the respondents according to the type of business, number of employees and the company's capital. The simple percentage of each profile per item is computed by dividing the total number of respondents who participated in the survey. The formula is shown as follows:

$$P = F/N (100)$$

where:

P = Percentage,

F = Frequency for each category,

N = Total number of respondents, and

100 = Constant Number.

For Statement of the Problem No. 2, a Likert scale was used which intends to measure the people's views or perceptions on the budgetary control practices of the construction companies. According to Adams (2020), the most commonly used attitude or opinion scale is the Likert scale. In addition, Wilkinson and Birmingham (2023) stated that using a Likert scale will offer a number of possible responses that provides more than 30 flexibility to the respondents and affords greater accuracy in recording their views on a given subject.

Scale	Range	Corresponding Remarks
5	4.20 - 5.00	Strongly Agree
4	3.40 - 4.19	Agree
3	2.60 - 3.39	Neutral
2	1.80 - 2.59	Disagree
1	1.00 - 1.79	Strongly Disagree

Moreover, weighted mean was utilized to determine the average of responses gathered from different options for the budgetary control practices. The formula is:

$$WM = \sum FW/N$$

where:

\sum = Summation Symbol,

F = Frequency for each option,

W = Assigned weight, and

N = Total number of frequencies.

For Statement of the Problem No. 3, one-tailed t-test and one-way ANOVA were used to determine whether there is statistical evidence that the associated population means are statistically and significantly different by comparing the means of two or more independent groups. This was utilized to determine if there

is a significant difference in the budgetary control practices of the construction companies in Pinagbuhatan, Pasig City when grouped according to their demographic profile, specifically the type of business and capital of the construction company.

CHAPTER IV

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

This chapter presents the results from the data gathered, the analysis and interpretation based on the sequence of the questions raised in Chapter I.

Demographic Profile of the Respondents

Table 1 presents the distribution of respondents based on their demographic profile such as the form of organization, number of employees and capitalization.

Table 1

Distribution of Respondents based on Profile Demographics

Demographic Variable	Group	Frequency	Percentage
Form of Organization	Sole Proprietorship	10	47.62%
	Partnership	9	42.86%
	Corporation	2	9.52%
	Total	21	100%
Number of Employees	1 - 50	17	80.95%
	51 - 100	3	14.29%
	101 - 150	1	4.76%
	Total	21	100%
Capitalization	₱1,000,000 - ₱5,000,000	5	23.81%
	₱5,000,001 - ₱10,000,000	10	47.62%
	More than ₱10,000,000	6	28.57%
	Total	21	100%

As shown in Table 2, the data reveals that ten (10) out of the twenty-one (21) respondents belong to sole proprietorship (47.62%). Thus, was followed by

partnership which garnered nine (9) responses or 42.86% of the sample. Around 9.52% or two (2) construction companies are corporations. Most of the businesses in the sample described by the respondents have around 1-50 employees with 80.95% or seventeen (17) respondents who answered this category. There were three (3) or 14.29% construction companies which had over 51-100 employees. For the business capital, 47.62% have a capital between ₱5,000,001-₱10,000,000. On the other hand, six (6) participants (28.57%) responded belonging to businesses with capital of more than ₱10,000,000.

Extent of Budgetary Control Implemented by the Companies

Tables 2 to 6 present the extent of the implemented budgetary control of the selected construction companies in terms of budgetary planning, budgetary control, budget coordination, budget monitoring, and budgetary evaluation process.

As can be seen in Table 2, the respondents strongly agreed that the allowances and variations from the various requirements that must be made are specified in the budget plan which garnered the highest mean of 3.52. More so, they agreed that the required steps of the budgeting process are outlined in the budget plan (3.43) and the previous data forms the baseline to prepare budget plans (3.33). Also, they agreed that the senior management team convey budget plans to employee in charge of budget preparation (3.24) and budgets are created by the separate managers for their own departments, which are then merged to make the total budget gained the lowest mean of 3.00.

Table 2

Extent of the Budgetary Control Practices of the Selected Construction Companies in terms of Budgetary Planning

Budgetary Planning	Mean	Verbal Interpretation
1. Budgets are created by the separate managers for their own departments, which are then merged to make the total budget.	3.00	Agree
2. The senior management team convey budget plans to employee in charge of budget preparation.	3.24	Agree
3. Previous data forms the baseline to prepare budget plans.	3.33	Agree
4. The allowances and variations from the various requirements that must be made are specified in the budget plan.	3.52	Strongly Agree
5. The required steps of the budgeting process are outlined in the budget plan.	3.43	Agree
Grand Weighted Mean	3.30	Agree

Looking at Table 2, the respondents strongly agreed that the allowances and variations from the various requirements that must be made are specified in the budget plan which garnered the highest mean of 3.52. More so, they agreed that the required steps of the budgeting process are outlined in the budget plan (3.43) and the previous data forms the baseline to prepare budget plans (3.33). Also, they agreed that the senior management team convey budget plans to employee in charge of budget preparation (3.24) and budgets are created by the separate managers for their own departments, which are then merged to make the total budget gained the lowest mean of 3.00.

Generally, the construction companies apply the budgetary control practices

in terms of budgetary planning with the grand weighted mean of 3.30.

According to Emilou (2021), a carefully thought-out budget enables a plan to substantiate without unforeseen financial setbacks. Among the statements, the fourth one focusing on allowances and variations from the various requirements got 3.52 as the highest mean score. Anchored with a study by Peter (2024), construction projects should allow contingencies to cover unforeseen building expenditures or crises.

Table 3

Extent of the Budgetary Control Practices of the Selected Construction Companies in terms of Budgetary Control

Budgetary Control	Mean	Verbal Interpretation
1. Budgetary control enables managers to match actual outcomes with the plan.	3.38	Agree
2. Budgetary control aids in the connection between the firm's operational control and strategic planning.	3.29	Agree
3. Budgetary control in the firm entails comparing actual cost to the budget and implementing corrective actions as needed.	3.43	Agree
4. Budgetary control begins at the lowest levels and works its way up.	3.33	Agree
5. Budgetary control better explains budget fluctuation, which allows for the elimination of some components while focusing on others.	3.48	Agree
Grand Weighted Mean	3.38	Agree

As manifested in Table 3, the respondents agreed that the budgetary control better explains budget fluctuation, which allows for the elimination of some

components while focusing on others which garnered the highest mean of 3.48. More so, they agreed that the budgetary control in the firm entails comparing actual cost to the budget and implementing corrective actions as needed (3.43) and the budgetary control enables managers to match actual outcomes with the plan (3.38). Also, they agreed that the budgetary control begins at the lowest levels and works its way up (3.33) and budgetary control aids in the connection between the firm's operational control and strategic planning gained the lowest mean of 3.29.

The construction companies generally apply the budgetary control practices in terms of budgetary control with a grand weighted mean of 3.38.

Anchored in a study by Ntirandekura and Friday (2022), budgetary control mitigates wastage and misappropriation. Lack of clear hierarchy increases the risk of destruction of budget support within the company. The individual statements also gain scores in the 4-point scale with the first statement, emphasizing on managers to match actual outcomes with the plan garnering the highest average with 3.38 as its mean. As stated in a study by Li (2021), budget controlling is a strategic instrument that informs decision makers and provides valuable insights to optimize management and organizational performance.

As can be seen in Table 4, the respondents strongly agreed that the company uses computers to help in budgeting process coordination which garnered the highest mean of 3.52. Also, they agreed that at all levels of management, the company places a high value on sharing and exchanging information (3.48) and firm

guarantees that employee engagement in the budgeting process improves budgeting success gained the lowest mean of 3.43.

Table 4

Extent of the Budgetary Control Practices of the Selected Construction Companies in terms of Budget Coordination

Budget Coordination	Mean	Verbal Interpretation
1. The firm guarantees that employee engagement in the budgeting process improves budgeting success.	3.43	Agree
2. At all levels of management, the company places a high value on sharing and exchanging information.	3.48	Agree
3. The company uses computers to help in budgeting process coordination.	3.52	Strongly Agree
Grand Weighted Mean	3.48	Agree

The construction companies agreed in applying the budgetary control practices in terms of budget coordination which garnered a grand weighted mean of 3.48.

Based on the study of Nin Do Lun (2023), budget coordination tunes to the elements of a construction firm in the most efficient way to ensure achievement of the firm's goals. For individual statements, high weighted score of 3.52 was acquired for the third statement, concerning the usage of computers to help in budgeting process coordination. Nin Do Lun (2023) also indicated that communication aids the promulgation of objectives to all sub-units of the firm and eventually realize it.

Table 5

Extent of Statistic of the Budgetary Control Practices of the Selected Construction Companies in terms of Budget Monitoring

Budget Monitoring	Mean	Verbal Interpretation
1. We frequently conduct budget meetings by the board.	2.90	Agree
2. Budgetary responsibilities are established for different sections during the meetings.	3.05	Agree
3. Staff are aware of their responsibilities in each section.	3.33	Agree
4. Income and expenditure appear on the budget statements.	3.43	Agree
5. A member of staff reviews each budget: A. At senior level	3.48	Agree
A member of staff reviews each budget: B. At junior level	2.86	Agree
A member of staff reviews each budget: C. Non-staff level	2.86	Agree
6. Our organization adheres to its time table for the preparation and release of the budgets.	3.38	Agree
7. Information is sent to budget holders: A. Monthly	2.95	Agree
Information is sent to budget holders: B. Quarterly	3.05	Agree
Information is sent to budget holders: C. Annually	3.19	Agree
8. Budgets are useful for assessing the performance of your organization.	3.43	Agree
Grand Weighted Mean	3.16	Agree

As can be seen in Table 5, the respondents agreed that a member of staff reviews each budget: at senior level which garnered the highest mean of 3.48. More

so, they agreed that the income and expenditure appear on the budget statements (3.43) and the budgets are useful for assessing the performance of your organization (3.43). Also, they agreed that their organization adheres to its time table for the preparation and release of the budgets (3.38) Moreover, they agreed that staff are aware of their responsibilities in each section (3.33). Consequently, they agreed that the information is sent to budget holders: annually (3.19). Apparently, they agreed that the budgetary responsibilities are established for different sections during the meetings (3.05) and information is sent to budget holders: quarterly (3.05). Additionally, they agreed that information is sent to budget holders: monthly (2.95) and they agreed that they frequently conduct budget meetings by the board (2.90). Lastly, they both agreed that a member of staff reviews each budget: at junior level and at non-staff level gained the lowest mean of 2.86.

The grand mean for the six statements concerned with the budgetary control practices based on budget monitoring is 3.16 which means that generally,

Overall, the construction companies apply the budgetary control practices in terms of budget monitoring with a grand weighted mean of 3.16.

Henri et al. (2020) highlighted the extent of interdependence of management control practices and how it affects decision-making that supports or serves as impediment in production innovation. Among the statements, the fifth one focusing on the member of staff reviews each budget at senior level got 3.48 as the highest mean score. It was aligned with the study of ProPM (2023), where they pointed out that the project management should properly handle processes to make a

successful project.

Table 6

Extent of the Budgetary Control Practices of the Selected Construction Companies in terms of Budgetary Evaluation Process

Budgetary Evaluation Process	Mean	Verbal Interpretation
1. Managers take part in the budgetary process's appraisal and monitoring.	3.48	Agree
2. The firm evaluates budget execution and its consequences.	3.52	Strongly Agree
3. The evaluation is conducted by an entity that is impartial of the firm and has sufficient resources and expertise to do so.	3.48	Agree
4. The evaluation of whether resources have been used wisely and productively.	3.71	Strongly Agree
Grand Weighted Mean	3.55	Strongly Agree

As can be seen in Table 6, the respondents strongly agreed that the evaluation of whether resources have been used wisely and productively which garnered the highest mean of 3.71. More so, they strongly agreed that the firm evaluates budget execution and its consequences (3.52) Also, they agreed that the managers are take part in the budgetary process's appraisal and monitoring (3.48) and the evaluation is conducted by an entity that is impartial of the firm and has sufficient resources and expertise to do so gained the lowest mean of 3.48.

Overall, the respondents strongly agreed on their budgetary control practices which gained a grand weighted mean of 3.55.

This was aligned with a study by Saputro et al. (2022) where budget

evaluation affects the measurement of performance. This indicates having the process of evaluating the construction company's budget to validate the processes and in turn improve it. The highest mean score is 3.71 which comes from the fourth statement that refers to resources that have been used wisely and productively. According to Ebhota et. al. (2024), significant improvement was observed when budgetary control processes were incorporated along with increased customer satisfaction.

Difference on Budgetary Control Practices of the Selected Construction Companies According to Profile

Tables 7 to 8 present the difference in the budgetary control practices of the selected companies when they are grouped according to the form of organization and capital.

Table 7

Significant Difference on Budgetary Control Practices According to the Form of Organization

Type of Business	Mean	Standard Deviation	T-test	P-value	Decision	Remarks
Corporation	3.59	0.23	2.026	0.059	Accept the Null Hypothesis	Not Significant
Sole Proprietorship	3.10	0.73				

A one-tailed t-test for two independent samples, assuming equal variances, was conducted to evaluate whether there is a significant difference in the budgetary control practices between corporations and sole proprietorships in the construction

industry. This test was appropriate because the goal was to determine if one group (corporations) exhibited significantly higher budgetary control practices compared to the other (sole proprietorships).

From the analysis, the mean score for corporations was 3.587 (standard deviation = 0.23), whereas the mean score for sole proprietorships was 3.10 (standard deviation = 0.53). The observed difference suggests that corporations may implement stronger or more structured budgetary control practices compared to sole proprietorships. According to Zepth (2024), an organized budget outlines the financial framework that supports the project as a whole, acting as a roadmap and guide especially for complex operations. The t-test yielded a test statistic of 2.026 and a p-value of 0.029, indicating that the difference between the two groups was statistically significant at the 5% significance level ($p < 0.05$).

These results suggest that the type of business organization has a meaningful impact on budgetary control practices. Corporations, likely benefiting from more formalized structures, larger resources, and possibly regulatory requirements, demonstrate a higher degree of budgetary discipline. In contrast, sole proprietorships, which may operate with more flexibility but fewer formalized processes, show comparatively weaker budgetary control practices. This was in relation to a study by Bedford et. al. (2022), where companies, especially small and medium enterprises, tend to get constricted when faced with difficulties and/or crises.

It is important to note that the assumption of equal variances was maintained

based on prior checks. While the findings provide evidence of a significant difference, the effect size and practical implications should also be considered. The relatively small standard deviation for corporations (0.23) indicates less variability in budgetary control practices among this group, potentially reflecting consistent adherence to structured practices. Conversely, the larger standard deviation for sole proprietorships (0.53) suggests greater variability, which could be attributed to differences in scale, resources, or managerial expertise.

Table 8

Significant Difference on Budgetary Control Practices According to the Capitalization

Source of Variation	SS	df	MS	F-test	P-value	Decision	Remarks
Between Groups	0.87	2	0.44	1.33	0.29	Accept the Null Hypothesis	Not Significant
Within Groups	5.91	18	0.33				

Analysis of variance was utilized to determine if there is any significant difference in the budgetary control practices of the construction company according to their capitalization. Based on the table, the difference on the budgetary control practices according to their capitalization, ₱5,000,001 to ₱10,000,000 got a mean = 3.518 and standard deviation = 0.4014; for ₱1,000,000 to ₱5,000,000 (mean = 3.063, standard deviation = 0.5426), and more than ₱10,000,000 (mean = 3.188, standard deviation = 0.8646) was not significant with an F-stat of 1.327 and a p-value of 0.2899. Thus, the null hypothesis was accepted.

CHAPTER V

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents an overview of the study, the summary of the findings, the conclusions drawn, and the proposed recommendations.

Summary of the Findings

This study attempted to assess the budgetary control practices of the selected construction companies located in Pinagbuhatan, Pasig City.

The Researchers formulated questions in order to distinguish the answers relevant to the study.

1. What is the demographic profile of the construction companies in terms of:

1.1. Form of Organization,

1.2. Number of Employees, and

1.3. Capital?

2. What is the extent of the budgetary control as implemented by the selected construction companies?

3. Is there a significant difference on the budgetary control practices of the selected construction companies in Pinagbuhatan, Pasig City when grouped according to:

3.1 Form of Organization, and

3.2 Capital?

The following are the findings of the study:

1. Majority of the companies are sole proprietorship with a frequency of 10 or 47.62%. There are also companies falling under partnership and corporation with 42.86% and 9.52%, respectively. Majority of the companies have a number of employees ranging from 1 - 50 with a percentage of 80.95%. There are also 51 to 150 and 101 to 150 with 14.29% and 4.76%, respectively. In terms of capitalization, majority of the respondents have Php P5,000,001 up to 10,000,000 with a frequency of 10 or 47.62%. P1,000,000 to 5,000,000 has a percentage of 23.81% or a frequency of 5 while more than P10,000,000 has 6 or 28.57%.

2. In terms of budgetary planning, the respondents strongly agreed that the allowances and variations from the various requirements that must be made are specified in the budget plan with the highest mean of 3.52. The grand mean for budgetary planning is 3.30. In terms of budgetary control, the companies agreed that budgetary control better explains budget fluctuations, which allows for the elimination of some components while focusing on others having the highest mean of 3.48. The grand mean for budgetary control is 3.38. In terms of budget coordination, the companies strongly agreed on using computers to help in budgeting process coordination with the highest mean of 3.52 while the grand mean is 3.48. In terms of budget monitoring, the companies agreed that a member of staff reviews each budget at Senior level having the highest mean of 3.48. The

grand mean is 3.16. In terms of the budgetary evaluation process, the respondent strongly agreed on the evaluation of whether resources have been used wisely and productively which gained 3.71 mean (Strongly agree) while the mean is 3.55.

3. The result of a one-tailed t-test resulted in a mean of 3.587 for corporation and 3.10 for sole proprietorship signifying a stronger and more structured budgetary control practices. While, the result of ANOVA showed a mean of 3.518 for capitalization, P5,000,001 to P10,000,000 which was above 3.063 and 3.188 of P1,000,000 to P5,000,000 and more than P10,000,000, respectively. It showed no significant difference.

Conclusions

Based on the findings, the following conclusions were drawn:

1. Majority of the selected construction companies in Brgy. Pinagbuhatan, Pasig City are sole proprietorship with 1 to 50 employees, and have a capitalization of Php 5,000,001 up to Php 10,000,000.
2. The selected construction companies have a high extent of practicing the budgetary control in terms of planning, control, coordination, monitoring and evaluation process.
3. There are no significant differences on the budgetary control practices of the selected construction companies according to the form of organization and capitalization.

Recommendations

The following recommendations are hereby given:

1. The companies may apply separation of budget preparation per department to ensure that all the needs of each department will be addressed.
2. The companies may align their operational control and strategic planning with their budgetary control practices to ensure that they will obtain their goals efficiently.
3. The companies may engage their employees in the process of budget preparation and improvement in budget control practices in order to address their concerns and to pool ideas.
4. The result of this study may help the professors teaching Auditing in Special Industries as construction companies are under such type of industry. They could dive deeper into this topic by exploring other factors that relate to the budgetary control practices of the construction companies.
5. The Researchers recommend students, especially those taking up Bachelor of Science in Accountancy to have further study by taking a new perspective and considering other factors affecting budgetary control practices and other business profiles.
6. Further research may be explored including factors influencing these practices, such as organizational size, leadership styles, or external regulatory pressures, to build a more comprehensive understanding of how budgetary control differs across business types in the construction sector.
7. The Researchers recommend for the future researchers to also

navigate this topic with higher degree of consideration to other locales to verify whether the results in this study will be prevalent as well to other studies when location and scope differs.

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APPENDICES

APPENDIX A

LETTER OF REQUESTS

October 18, 2024

Business Permits and Licensing Office

To whom it may concern,

Good day! We are fourth year BS Accountancy students from Pamantasan ng Lungsod ng Pasig and we are here to request for the list of the construction companies in Pasig. We will use this for the purpose of our research entitled, **"Assessment of Budgetary Control Practices of Selected Construction Companies in Pinagbuhatan, Pasig City"**

Your response will be very beneficial to us. Thank you for your kind consideration and most favorable response.

Respectfully yours,

Carlos Fernan G. Ferrer
Researcher

Rayya KC M. Deblois
Researcher

Rafaela Emmanuelyn L. Cervantes
Researcher

Patrisha A. Geronimo
Researcher

Adilyn Grace C. Virrey
Researcher



PAMANTASAN NG LUNGSOD NG PASIG
COLLEGE OF BUSINESS AND ACCOUNTANCY
 Bachelor of Science in Accountancy (BSA)



December 13, 2024

Dr. Jonathan V. Diosana
 Doctor, Validator

Dear Dr. Diosana,

Good day! I hope this letter finds you well. I am writing to seek your valuable expertise in validating the research instrument we have developed for our study entitled **"Assessment of Budgetary Control Practices of Selected Construction Companies in Pinagbuhatan, Pasig City"**

The aim of this research is to:

- Evaluate how budgetary control affects the productivity of construction companies in Pinagbuhatan, Pasig City;
- Investigate how budgetary control planning affects the efficiency of construction companies in Pinagbuhatan, Pasig City; and
- Formulate recommendations for the industry and future researchers.

Given your extensive experience and knowledge as Doctorate degree, I believe that your feedback and evaluation will greatly enhance the reliability and validity of the instrument. Specifically, I would appreciate your assistance in reviewing the following aspects of the instrument:

I have attached the research instrument along with this letter. I would be grateful if you could kindly review the instrument and provide your feedback. Your assistance will be highly acknowledged in our research.

Should you have any questions or require further information, please do not hesitate to contact me at ferrer_carlosfernan@plpasig.edu.ph.

Thank you in advance for your time and support. I look forward to your positive response.

Sincerely,

Carlos Fernan G. Ferrer
 BSA 4B, Student



PAMANTASAN NG LUNGSOD NG PASIG
COLLEGE OF BUSINESS AND ACCOUNTANCY
 Bachelor of Science in Accountancy (BSA)



December 13, 2024

Engr. Jonnar Caesar E. Diosana
 Engineer, Validator

Dear Engr. Diosana,

Good day! I hope this letter finds you well. I am writing to seek your valuable expertise in validating the research instrument we have developed for our study entitled **"Assessment of Budgetary Control Practices of Selected Construction Companies in Pinagbuhatan, Pasig City"**

The aim of this research is to:

- Evaluate how budgetary control affects the productivity of construction companies in Pinagbuhatan, Pasig City;
- Investigate how budgetary control planning affects the efficiency of construction companies in Pinagbuhatan, Pasig City; and
- Formulate recommendations for the industry and future researchers.

Given your extensive experience and knowledge as a Civil Engineer, I believe that your feedback and evaluation will greatly enhance the reliability and validity of the instrument. Specifically, I would appreciate your assistance in reviewing the following aspects of the instrument:

I have attached the research instrument along with this letter. I would be grateful if you could kindly review the instrument and provide your feedback. Your assistance will be highly acknowledged in our research.

Should you have any questions or require further information, please do not hesitate to contact me at ferrer_carlosfernan@plpasig.edu.ph.

Thank you in advance for your time and support. I look forward to your positive response.

Sincerely,

Carlos Fernan G. Ferrer
 BSA 4B, Student



PAMANTASAN NG LUNGSOD NG PASIG
COLLEGE OF BUSINESS AND ACCOUNTANCY
 Bachelor of Science in Accountancy (BSA)



December 13, 2024

Ms. Vistacion P. Maribbay, CPA, MBA
 CPA and MBA, Validator

Dear Ms. Maribbay,

Good day! I hope this letter finds you well. I am writing to seek your valuable expertise in validating the research instrument we have developed for our study entitled **"Assessment of Budgetary Control Practices of Selected Construction Companies in Pinagbuhatan, Pasig City"**

The aim of this research is to:

- Evaluate how budgetary control affects the productivity of construction companies in Pinagbuhatan, Pasig City;
- Investigate how budgetary control planning affects the efficiency of construction companies in Pinagbuhatan, Pasig City; and
- Formulate recommendations for the industry and future researchers.

Given your extensive experience and knowledge in the field of accounting, I believe that your feedback and evaluation will greatly enhance the reliability and validity of the instrument. Specifically, I would appreciate your assistance in reviewing the following aspects of the instrument:

I have attached the research instrument along with this letter. I would be grateful if you could kindly review the instrument and provide your feedback. Your assistance will be highly acknowledged in our research.

Should you have any questions or require further information, please do not hesitate to contact me at ferrer_carlosfernan@plpasig.edu.ph.

Thank you in advance for your time and support. I look forward to your positive response.

Sincerely,

Carlos Fernan G. Ferrer
 BSA 4B, Student

APPENDIX B

CERTIFICATE OF VALIDATION



PAMANTASAN NG LUNGSOD NG PASIG
COLLEGE OF BUSINESS AND ACCOUNTANCY
 Bachelor of Science in Accountancy (BSA)



CERTIFICATE OF VALIDATION OF QUESTIONNAIRE

This is to certify that I have assessed and proofread the instrument to be used by the group of researchers namely, **RAFAELA EMMANUELYN L. CERVANTES, RAYYA KC M. DEBLOIS, CARLOS FERNAN G. FERRER, PATRISHA A. GERONIMO AND ADILYN GRACE C. VIRREY** in their thesis **“ASSESSMENT OF BUDGETARY CONTROL PRACTICES OF SELECTED CONSTRUCTION COMPANIES LOCATED IN PINAGBUHATAN, PASIG CITY”**. This instrument has passed my evaluation and is appropriate for gathering data necessary for this study.

This certificate is issued for any legal – academic purpose it may serve.

Given this 16th Day of Dec 2024.

Signed by:


Dr. Jonathan V. Diosana
 Signature Over Printed Name

Date: 12/16/2024



PAMANTASAN NG LUNGSOD NG PASIG
COLLEGE OF BUSINESS AND ACCOUNTANCY
 Bachelor of Science in Accountancy (BSA)



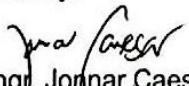
CERTIFICATE OF VALIDATION OF QUESTIONNAIRE

This is to certify that I have assessed and proofread the instrument to be used by the group of researchers namely, **RAFAELA EMMANUELYN L. CERVANTES, RAYYA KC M. DEBLOIS, CARLOS FERNAN G. FERRER, PATRISHA A. GERONIMO AND ADILYN GRACE C. VIRREY** in their thesis **"ASSESSMENT OF BUDGETARY CONTROL PRACTICES OF SELECTED CONSTRUCTION COMPANIES LOCATED IN PINAGBUHATAN, PASIG CITY"**. This instrument has passed my evaluation and is appropriate for gathering data necessary for this study.

This certificate is issued for any legal – academic purpose it may serve.

Given this 16th Day of Dec 2024.

Signed by:


Engr. Jonnar Caesar E. Diosana
 Signature Over Printed Name

Date: 12/16/2024



PAMANTASAN NG LUNGSOD NG PASIG
COLLEGE OF BUSINESS AND ACCOUNTANCY
 Bachelor of Science in Accountancy (BSA)




CERTIFICATE OF VALIDATION OF QUESTIONNAIRE

This is to certify that I have assessed and proofread the instrument to be used by the group of researchers namely, **RAFAELA EMMANUELYN L. CERVANTES, RAYYA KC M. DEBLOIS, CARLOS FERNAN G. FERRER, PATRISHA A. GERONIMO AND ADILYN GRACE C. VIRREY** in their thesis **“ASSESSMENT OF BUDGETARY CONTROL PRACTICES OF SELECTED CONSTRUCTION COMPANIES LOCATED IN PINAGBUHATAN, PASIG CITY”**. This instrument has passed my evaluation and is appropriate for gathering data necessary for this study.

This certificate is issued for any legal – academic purpose it may serve.

Given this 16th Day of Dec. 2024.

Signed by:


Ms. Visitacion Maribbay, CPA, MBA

Signature Over Printed Name

Date: 12/16/2024

APPENDIX C

SURVEY QUESTIONNAIRE



**PAMANTASAN NG LUNGSOD NG PASIG
COLLEGE OF BUSINESS AND ACCOUNTANCY**
Bachelor of Science in Accountancy (BSA)



Survey Questionnaire

**“Assessment of Budgetary Control Practices of
Selected Construction Companies in Pinagbuhatan, Pasig City”**

Part I: General Information

Instruction: Please fill out the needed information or check the corresponding answer for each question about your company.

1. Name of the Construction Company: _____

2. Form of Organization:

Sole Proprietorship

Partnership

Corporation

3. Number of Employees:

- 1 - 50
- 51 - 100
- 101 - 150

4. Capitalization:

₱1,000,000 - ₱5,000,000

₱5,000,001 to ₱10,000,000

More than ₱10,000,000

Part II: Budgeting Practices

Instruction: Please check the appropriate boxes based on a scale of 1 to 4, where 1 indicates no extent and 4 indicates a very large extent.

5. How effective has your company adhered to the budgeting procedures stated below? Check the appropriate boxes based on a scale of 1 to 4, where 1 indicates no extent and 4 indicates a very large extent.

Budgeting Process	Respondents Ratings			
A. Budgetary Planning	1	2	3	4
1. Budgets are created by the separate managers for their own departments, which are then merged to make the total budget.				
2. The senior management team convey budget plans to employee in charge of budget preparation.				
3. Previous data forms the baseline to prepare budget plans.				
4. The allowances and variations from the various requirements that must be made are specified in the budget plan.				
5. The required steps of the budgeting process are outlined in the budget plan.				
B. Budgetary Control				
1. Budgetary control enables managers to match actual outcomes with the plan.				
2. Budgetary control aids in the connection between the firm's operational control and strategic planning.				
3. Budgetary control in the firm entails				

comparing actual cost to the budget and implementing corrective actions as needed.				
4. Budgetary control begins at the lowest levels and works its way up.				
5. Budgetary control better explains budget fluctuation, which allows for the elimination of some components while focusing on others.				
C. Budget Coordination				
1. The firm guarantees that employee engagement in the budgeting process improves budgeting success.				
2. At all levels of management, the company places a high value on sharing and exchanging information.				
3. The company uses computers to help in budgeting process coordination.				
D. Budget Monitoring				
1. We frequently conduct budget meetings by the board.				
2. Budgetary responsibilities are established for different sections during the meetings.				
3. Staff are aware of their responsibilities in each section.				
4. Income and expenditure appear on the budget statements.				
5. A member of staff reviews each budget: A. At senior level				
A member of staff reviews each budget: B. At junior level				
A member of staff reviews each budget: C. Non-staff level				

6. Our organization adheres to its time table for the preparation and release of the budgets.				
7. Information is sent to budget holders: A. Monthly				
Information is sent to budget holders: B. Quarterly				
Information is sent to budget holders: C. Annually				
8. Budgets are useful for assessing the performance of your organization.				
E. Budgetary Evaluation Process				
1. Managers are take part in the budgetary process's appraisal and monitoring.				
2. The firm evaluates budget execution and its consequences.				
3. The evaluation is conducted by an entity that is impartial of the firm and has sufficient resources and expertise to do so.				
4. The evaluation of whether resources have been used wisely and productively.				

Thank you for taking the time to complete this questionnaire.

Your responses are highly valuable to our study!

APPENDIX D

STATISTICAL DATA

Significant difference on Budgetary Control Practices According to the Type of Business Organization

	<i>Corporation</i>	<i>Sole Proprietorship</i>
Mean	3.587	3.10
Variance	0.0519	0.53
standard deviation	0.23	0.73
Observations	10	9
Pooled Variance	0.28	
Hypothesized Mean Difference	0	
df	17	
t Stat	2.026	
P(T<=t) one-tail	0.029	
t Critical one-tail	1.740	
P(T<=t) two-tail	0.059	
t Critical two-tail	2.110	

A one-tailed t-test for two independent samples, assuming equal variances, was conducted to evaluate whether there is a significant difference in budgetary control practices between corporations and sole proprietorships in the construction industry. This test was appropriate because the goal was to determine if one group (corporations) exhibited significantly higher budgetary control practices compared to the other (sole proprietorships).

From the analysis, the mean score for corporations was 3.587 (standard deviation = 0.23), whereas the mean score for sole proprietorships was 3.10 (standard deviation = 0.53). The observed difference suggests that corporations may implement stronger or more structured budgetary control practices compared to sole proprietorships. The t-test yielded a test statistic of 2.026 and a p-value of 0.029, indicating that the difference between the two groups was statistically significant at the 5% significance level ($p < 0.05$).

These results suggest that the type of business organization has a meaningful impact on budgetary control practices. Corporations, likely benefiting from more formalized structures, larger resources, and possibly regulatory requirements, demonstrate a higher degree of budgetary discipline. In contrast, sole proprietorships, which may operate with more flexibility but fewer formalized processes, show comparatively weaker budgetary control practices.

It is important to note that the assumption of equal variances was maintained based on prior checks. While the findings provide evidence of a significant difference, the effect size and practical implications should also be considered. The relatively small standard deviation for corporations (0.23) indicates less variability in budgetary control practices among this group, potentially reflecting consistent adherence to structured practices. Conversely, the larger standard deviation for sole proprietorships (0.53) suggests greater variability, which could be attributed to differences in scale, resources, or managerial expertise.

Further research might explore additional factors influencing these practices, such as organizational size, leadership styles, or external regulatory pressures, to build a more comprehensive understanding of how budgetary control differs across business types in the construction sector.

Significant difference on Budgetary Control Practices According to the Capitalization

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>	<i>standard deviation</i>
₱5,000,001 to ₱10,000,000	10	35.18	3.518	0.1612	0.4015
More than ₱10,000,000	5	15.94	3.188	0.7475	0.8646
₱1,000,000 to ₱5,000,000	6	18.38	3.063	0.2944	0.5426

ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.8721	2	0.43606	1.327437	0.28990	3.554
	2		1		103	557
Within Groups	5.9129	18	0.32849			
	73333		9			
Total	6.7850	20				
	95238					

Analysis of variance was utilized to determine if there is any significant difference in the budgetary control practices of the construction company according to their. According to the table above the difference on the budgetary control practices according to their capitalization, ₱5,000,001 to ₱10,000,000 (mean = 3.518, standard deviation = 0.4014), ₱1,000,000 to ₱5,000,000 (mean = 3.063, standard deviation = 0.5426), and More than ₱10,000,000 (mean = 3.188, standard deviation = 0.8646) was not significant (F-stat =1.327, p-value = 0.2899).

<i>Types of Business</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>T – test</i>	<i>P-value</i>	<i>Decision</i>	<i>Remarks</i>
Corporation	3.59	0.23	2.026	0.059	Accept the null Hypothesis	Not Significant
Sole Proprietorship	3.10	0.73				
Total						

ANOVA							
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F-test</i>	<i>P-value</i>	<i>Decision</i>	<i>Remarks</i>
Between Groups	0.87	2	0.44	1.33	0.29	Accept the null Hypothesis	Not Significant
Within Groups	5.91	18	0.33				
Total	6.79	20					

APPENDIX E

CERTIFICATE OF EDITING

CERTIFICATE OF EDITING

This certifies that editorial services were provided for the thesis titled **ASSESSMENT OF BUDGETARY CONTROL PRACTICES OF SELECTED CONSTRUCTION COMPANIES IN PINAGBUHATAN, PASIG CITY**, authored by **Rafaela Emmanuelyn L. Cervantes, Rayya KC M. Deblois, Carlos Fernan G. Ferrer, Patrisha A. Geronimo, and Adilyn Grace C. Virrey**, from the College of Business and Accountancy.

The services included a thorough review of grammar, spelling, and punctuation to ensure the paper's accuracy. Sentence structure and phrasing were carefully evaluated to enhance clarity and coherence while maintaining the original intent and style of the paper. Additionally, this was reviewed to ensure adherence to the formatting standards of the Pamantasan ng Lungsod ng Pasig

This certification was issued on April 4, 2025.



CECILE DM. ESPIRITU, DEM
Editor

APPENDIX F

CURRICULUM VITAE

CERVANTES, RAFAELA EMMANUELYN L.

71 Dimanlig St. San Nicolas, Pasig City
0949-972-6894
cervantes_rafaelaemmanuelyn@plpasig.edu.ph
rafaxcervantes224@gmail.com

**EDUCATIONAL BACKGROUND**

Tertiary	Bachelor of Science in Accountancy Pamantasan ng Lungsod ng Pasig Alcalde Jose St. Brgy. Kapasigan, Pasig City 2021 - Present
Secondary	St. Paul College Pasig - Fr. Louis Chauvet Foundation, Inc. Velasco St. Sandoval Ave, Palatiw, Pasig City 2019 - 2021
Primary	Liberato Damian Elementary School Kapt. Ato St. Sta. Cruz, Pasig City 2009 - 2015

ORGANIZATIONS

Pamantasan ng Lungsod ng Pasig
Junior Philippine Institute of Accountants
Public Information Officer I
2021 - 2022

Pamantasan ng Lungsod ng Pasig
Junior Philippine Institute of Accountants
Vice President for Membership
2022 - 2023

Pamantasan ng Lungsod ng Pasig
University Scholars Association of the Philippines
Vice President for Internal Affairs
2023 - 2023

Pamantasan ng Lungsod ng Pasig
Golden Z Club
Assistant Treasurer
2023 - 2024

Pamantasan ng Lungsod ng Pasig
Junior Philippine Institute of Accountants
Executive President
2023 - Present

National Federation of Junior Philippine Institute of Accountants - NCR
Regional Executive Board Member
2023 – Present

Pamantasan ng Lungsod ng Pasig
Rotaract
Member
2025 - Present

Pamantasan ng Lungsod ng Pasig
PLP Supreme Student Council
Member
2021 - Present

Pamantasan ng Lungsod ng Pasig
Junior Accountants Entrepreneurs and Marketing Management Executives
Member
2021 - Present

National Federation of Junior Philippine Institute of Accountants
Member
2021 - Present

WORK EXPERIENCE

Accounting Intern
LCN & Co. Accounting Firm
September 2024 - December 2024

PERSONAL INFORMATION

Date of Birth : November 04, 2002
Place of Birth : Pasig City
Gender : Female
Civil Status : Single
Citizenship : Filipino

CHARACTER REFERENCES

Vernelyn J. Daniel
Accounting Manager
218A Beltran St. Balut, Tondo, Manila
0976-565-4840

Charlie M. Liu
Human Resource Manager
218A Beltran St. Balut, Tondo, Manila
0932-493-0753

Ella Joana P. Layes
Accounting Bookkeeper
218A Beltran St. Balut, Tondo, Manila
0985-984-8371

DEBLOIS, RAYYA KC M.

21C ROTC St., Brgy. Rosario, Pasig City
09973057335
deblois_rayyakc@plpasig.edu.ph
miguelrayyakc@gmail.com

**EDUCATIONAL BACKGROUND**

Tertiary	Bachelor of Science in Accountancy Pamantasan ng Lungsod ng Pasig Alcalde Jose St. Brgy. Kapasigan, Pasig City 2021 - Present
Secondary	Eusebio High School C. Raymundo Avenue, Rosario, Pasig City 2019 - 2021
Primary	Rosario Elementary School Dr. Sixto Antonio Avenue, Rosario, Pasig City 2009 - 2015

ORGANIZATIONS

Pamantasan ng Lungsod ng Pasig
Junior Philippine Institute of Accountants
Vice President for Finance
2024 - Present

Pamantasan ng Lungsod ng Pasig
Lundayan
Photojournalist
2024 - Present

Pamantasan ng Lungsod ng Pasig
PLP Supreme Student Council
Member
2021 - Present

Pamantasan ng Lungsod ng Pasig
Junior Accountants Entrepreneurs and Marketing Management Executives
Member
2021 - Present

National Federation of Junior Philippine Institute of Accountants
Member
2021 - Present

WORK EXPERIENCE

Accounting Intern
Guevent Investment Development Corporation
September 2024 - December 2024

PERSONAL INFORMATION

Date of Birth	:	October 26, 2003
Place of Birth	:	Abu Dhabi, UAE
Gender	:	Female
Civil Status	:	Single
Citizenship	:	Filipino

CHARACTER REFERENCES

Gemma F. Josafat-Guino
CFO / General Manager of GRC
Guevent Building, Mandaluyong City
8 534-9185 loc.1

Rosalie V. Loyola
Accounting Supervisor
Guevent Building, Mandaluyong City
(632) 8534-9185

Pamela De Vera
Accounting Associate
Guevent Building, Mandaluyong City
8 534-9185 loc.43

FERRER, CARLOS FERNAN G.

Blk 3 Lot 6 Villa Maria, Pinagbuhatan, Pasig City
09388626105

ferrer_carlosfernand@plpasig.edu.ph
carlos.ferrer0205@gmail.com

**EDUCATIONAL BACKGROUND**

Tertiary	Bachelor of Science in Accountancy Pamantasan ng Lungsod ng Pasig Alcalde Jose St. Brgy. Kapasigan, Pasig City 2021 - Present
Secondary	Jose Rizal University 80 Shaw Blvd, Mandaluyong City 2019 - 2021 Lord's Hand Academy Inc. Gate 3, Sandoval Ave., Pinagbuhatan, Pasig City 2015 - 2019
Primary	La Immaculada Concepcion School E. Caruncho Ave., Malinao, Pasig City 2009 - 2015

ORGANIZATIONS

Pamantasan ng Lungsod ng Pasig
Junior Philippine Institute of Accountants
Vice President for Finance
2023 - 2024

Pamantasan ng Lungsod ng Pasig
Junior Philippine Institute of Accountants
Associate for Finance
2023 - 2024

Pamantasan ng Lungsod ng Pasig
Junior Philippine Institute of Accountants
Associate for Finance
2024 - Present

Pamantasan ng Lungsod ng Pasig
Rotaract
Member
2023 - 2024

Pamantasan ng Lungsod ng Pasig
Rotaract
Executive President
2024 - Present

Pamantasan ng Lungsod ng Pasig
PLP Supreme Student Council
Member
2021 - Present

Pamantasan ng Lungsod ng Pasig
Junior Accountants Entrepreneurs and Marketing Management Executives
Member
2021 - Present

National Federation of Junior Philippine Institute of Accountants
Member
2021 - Present

Pamantasan ng Lungsod ng Pasig
PLP Shuttlers
Financial Manager
2023 - Present

Pamantasan ng Lungsod ng Pasig
PLP Chess Team
Member
2024 - Present

WORK EXPERIENCE

Accounting Intern
Macare Medicals Inc.
September 2024 - December 2024

PERSONAL INFORMATION

Date of Birth : February 05, 2002
Place of Birth : Pasig City
Gender : Male
Civil Status : Single
Citizenship : Filipino

CHARACTER REFERENCES

Jonalou P. Pantaleon
Senior Accountant
Brgy. Duyan-Duyan, Project 3, Quezon City
0917-125-2154

Charito M. Peralta
Team Leader, Accounting Department
Brgy. Duyan-Duyan, Project 3, Quezon City
0917-869-8803

Anndee Galvez
Importation Manager
Brgy. Duyan-Duyan, Project 3, Quezon City
0935-745-0753

GERONIMO, PATRISHA A.

589 Acacia St., Napico, Manggahan, Pasig City
 09089717190
 geronimo_patrisha@plpasig.edu.ph
 geronimopatrisha@gmail.com

**EDUCATIONAL BACKGROUND**

Tertiary	Bachelor of Science in Accountancy Pamantasan ng Lungsod ng Pasig Alcalde Jose St. Brgy. Kapasigan, Pasig City 2021 - Present
Secondary	Arellano University - Andres Bonifacio Campus Pag-asa St. Caniogan, Pasig City 2019 - 2021
	ADT Montessori School Manggahan, Pasig City 2015 - 2019
Primary	ADT Montessori School Manggahan, Pasig City 2009 - 2015

ORGANIZATIONS

Pamantasan ng Lungsod ng Pasig
 PLP Supreme Student Council
 Member
 2021 - Present

Pamantasan ng Lungsod ng Pasig
 Junior Accountants Entrepreneurs and Marketing Management Executives
 Member
 2021 – Present

National Federation of Junior Philippine Institute of Accountants
Member
2021 - Present

PERSONAL INFORMATION

Date of Birth	:	September 28, 2002
Place of Birth	:	Pasig City
Gender	:	Female
Civil Status	:	Single
Citizenship	:	Filipino

CHARACTER REFERENCES

Paolo G. Marquez
Senior Operations Manager
Ortigas Ave, Quezon City
0915-764-0506

Alyanna Joie E. Aoanan
Air and Land Specialist
Ortigas Center, Pasig City
0963-308-7252

Michelle G. Garcia
Platinum Billing Team Leader
Crockford Street, Northgate, QLD
+6173-181-7122

VIRREY, ADILYN GRACE C.

4 Tatlong Bayani St. Caniogan, Pasig City
 09919570536
 virrey_adilyngrace@plpasig.edu.ph
 virreyadilyngrace@gmail.com



EDUCATIONAL BACKGROUND

Tertiary	Bachelor of Science in Accountancy Pamantasan ng Lungsod ng Pasig Alcalde Jose St. Brgy. Kapasigan, Pasig City 2021 - Present
Secondary	Rizal High School Dr. Sixto Antonio Ave., Pasig, 1600 Metro Manila 2019 - 2021
Primary	Caniogan Elementary School Caniogan, Pasig, Metro Manila 2009 - 2015

ORGANIZATIONS

Pamantasan ng Lungsod ng Pasig
 Junior Philippine Institute of Accountants
 Associate for Membership
 2023 - 2024

Pamantasan ng Lungsod ng Pasig
 PLP Supreme Student Council
 Member
 2021 - Present

Pamantasan ng Lungsod ng Pasig
 Junior Accountants Entrepreneurs and Marketing Management Executives
 Member
 2021 - Present

National Federation of Junior Philippine Institute of Accountants
Member
2021 - Present

WORK EXPERIENCE

Call Center Agent
Concentrix
2024 - Present

PERSONAL INFORMATION

Date of Birth	:	October 26, 2003
Place of Birth	:	Pasig City
Gender	:	Female
Civil Status	:	Single
Citizenship	:	Filipino

CHARACTER REFERENCES

Mary Ann D. Garcia
Team Leader
Doña Julia Vargas Ave., Ortigas Center, Mandaluyong City
0949-364-6505

Mary Fiona Louise De Ausen
Advisor I - Customer Service Representative
Doña Julia Vargas Ave., Ortigas Center, Mandaluyong City
0906-021-1720

Michaela N. Banastao
Advisor I - Customer Service Representative
Doña Julia Vargas Ave., Ortigas Center, Mandaluyong City
0945-258-0015