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## BUDGETING PRACTICES APPLIED TO SUPERMARKET IN THE STATE OF SANTA CATARINA, BRAZIL

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## ABSTRACT

*The supermarket retail sector plays an important part in the Brazilian economy, especially in the state of Santa Catarina. As such, this work seeks to provide evidence on the budgeting practices adopted by supermarket companies of said state. In order to reach this objective, an empirical study was carried out by way of a survey, with a questionnaire sent to all of the supermarkets making up the ACATS (Catarinense Supermarket Association), generating an initial study population of 451 supermarkets. From this initial population, 19 supermarkets displaying a formal budget were selected. In seeking to provide a better base for discussion, descriptive statistics were applied to the results gathered. The findings show that the majority of the supermarkets in question carries out a budgeting process, with the Top-Down approach shown to be predominant among them. Additionally, the study shows the varied bases for budgeting, the characteristics of the stages of execution and control, as well as the respective goals of the same.*

**Keywords:** *Budget. Planning. Supermarket. Brazil*

## 1 INTRODUCTION

The budget is one of the oldest systems of planning and control employed by companies (OTLEY, 1994; DAVILA & FOSTER, 2005 & 2007; SANDINO, 2007; KING, CLARKSON & WALLACE, 2010). Along with this, it continues to be one of the fundamental instruments used extensively by organizations for operations management (SZYCHTA, 2002; ABDEL-KADER & LUTHER, 2006; UYAR, 2009; SIVABALAN et al., 2009; LIBBY & LINDSAY, 2010; OSTERGREN & STENSAKER, 2011; UYAR e BILGIN, 2011). The budget system is one of the tools most frequently used by managers to control costs and improve performance (KING, CLARKSON & WALLACE, 2010).

The budget is an important planning, execution, and control instrument, with its primary function being the conversion of strategic objectives into operational goals and values, creating a guide for operations and managerial decision-making. Horngren, Foster and Datar (2000) define budget as a quantitative expression of a plan of future managerial action over a determined period.

Despite being a widely used instrument in companies, it is also a frequent target for criticism. Some studies show that budgeting problems are related to the way in which they are implemented (HORNGREN, FOSTER & DATAR, 2000), while others go on to state that the budgeting process itself is flawed (HOPE & FRASER, 2003;

HANSEN, OTLEY & VAN Der STEDE, 2003). As per Jones (2008a), these approaches pose differing solutions, but they also share many of the common concerns in corporate budgeting. Beside this and despite the existing debate on the matter, corporate budgeting is seen in extensive use in companies (JONES, 2008b; UYAR & BILGIN, 2011; CASTRO et al., 2012). According to Libby and Lindsay (2010), though the budget might not be perfect, companies prefer to make use of it to take such problems into account, rather than abandoning it entirely.

Some traditional budgeting processes –the corporate model among them- are considered incapable of meeting the demands of a competitive and rapidly changing environment. As such, they are criticized for obstructing the efficient allocation of resources and promoting dysfunctional behavior, based in shortsightedness, while also allowing for gamesmanship. Regardless, the budget is still considered an organizational imperative, and little empirical evidence suggests that companies will phase it out in the future (De WAAL, HERMKENS-JANSSEN & VAN De VEN, 2011; KORNACKER, et al., 2011).

In general, a major component of these discussions is the notion that companies must improve their budgeting processes, seeking to make it more both more effective and efficient, and along with this, obtain greater benefits (UYAR & BILGIN, 2011). Such an efficiency gain can be achieved with changes in the methods and practices applied in budget planning, execution, and control. Studies by Umapathy (1987) and King, Clarkson and Wallace (2010) showed that successful companies adopted practices that led to greater efficiency in their respective budgeting systems. Among the standout practices, commitment generation, cross-organization alignment, and the adoption of detailed and comprehensive procedures in budget preparation, as well as variation analysis and corrective measures.

Despite the fact that budgeting processes are addressed in the literature (SCHMIDGALL et al., 1996; SCHMIDGALL & DeFRANCO, 1998; JONES, 1998; JONES, 2008; SUBRAMANIAM et al., 2002; WINATA & MIA, 2005; YUEN, 2006; PAVLATOS & PAGGIOS, 2009; STEED & GU, 2009; UYAR & BILGIN, 2011; and CASTRO et al., 2012), they must be investigated in a more ample manner in order to identify and discuss more efficient practices and processes across industries.

The retail sector in particular has gained attention in various regions of Brazil. Retail, especially when considering the share of it held by supermarket companies, represents an important industry in the national economies of many countries. As such, the objective of this study is to explore budgeting practices in place in supermarket retailers in the state of Santa Catarina, Brazil. A contribution to an understanding of budgeting practices employed by supermarket companies in Brazil is a justification for the work, given that this topic has received relatively little attention in the literature in comparison to the use of more sophisticated practices in other countries. By analyzing the findings with those gathered from the literature and previous empirical studies, methods not yet incorporated by Brazilian supermarket companies might be explored. In terms of practical implications, the study seeks to assist managers in the selection of adequate methods, fitting into the larger goal of the best investment decision.

Subsequent evaluation stands to highlight gaps between theory and practice in the detailing of budgeting methods and techniques. Further, it can prove valuable toward the creation of a diagnostic of the incorporation of new concepts developed in recent years, such as zero-based budgeting. In this way, this work strives to offer a diagnostic of the current state of said practices, which, along with the synthesis and integration of other studies on the topic, will enable comparisons, research opportunities, and practical applications, with the goal of improving planning in Brazilian supermarket companies.

Additionally, as stressed by Araújo (2001), upon coupling planning of this type with cost reduction, supermarket companies differentiate themselves in the eyes of their customers, offering higher quality services. Following this introduction, the body of this work contains a theoretical framework in its second section, while the third section consists of an outline of the methodological procedures employed in research. The fourth section presents the results obtained in the study, while the fifth and final section provides space for the final considerations.

## 2 THEORETICAL FRAMEWORK

Budgeting involves a process of operations planning, execution, and control. Horngren, Foster and Datar (2010) define budget as a quantitative expression of a plan of future managerial action over a determined period. Budgeting can also be a means for converting company strategic plans in measurable standards (ADAMS, 2006).

The budget represents an effort, on part of the company, to quantify the intake and utilization of resources, thusly concerning two management functions: planning and controlling (GARRISON et al., 2008). It is a forecast of the upcoming year, which includes marketing and other information that flow into the determination of objectives

and performance measurement (HARRIS, 1999). As an integral part of the budget, forecasting is essential for planning the most efficient and effective ways to meet sales volumes (SCHMIDGALL, 2006).

Studies on budgeting practices in companies have been carried out in several countries, including the United States (SCHMIDGALL & DeFRANCO, 1998; STEED & GU, 2009), the United States and Scandinavia (SCHMIDGALL et al. 1996), the United Kingdom and United States (JONES, 1998; JONES, 2008), Australia (SUBRAMANIAM et al., 2002; WINATA & MIA, 2005); China (YUEN, 2006), Greece (PAVLATOS & PAGGIOS, 2009), Turkey (UYAR & BILGIN, 2011) and Brazil (CASTRO et al., 2012). Table 1 displays the main budget preparation practices used by companies in different parts of the world.

Concerning budget execution, studies of note include those by Jones (2008b), Uyar and Bilgin (2011) and Castro et al. (2012), which diagnosed practices concerning execution process evaluation, objectives and purposes, information used and behavioral facets. In turn, items of interest within the realm of performance evaluation specifically include the use of benchmarking, the role of the budget in monitoring procedures, the chief performance measures considered, and the personnel in charge of variation analysis.

Along with these, three other studies on budgets merit attention. The first, carried out by Subramaniam et al. (2001), deals with the role and impact of decentralized structure, the need to reach goals, and the participatory budgeting on organizational behavior, drawing data from 91 managers in Australia. The results showed direct and positive relationships between two of the variables –decentralized structure and need to reach goals- for fulfillment of and participation in the budget. Further, participatory budgeting might bear a direct and positive relationship with organizational behavior.

**Table 1 – Corporate budgeting practices**

MAIN BUDGET PREPARATION TOPICS RESEARCHED		Castro et al. (2012) Brasil	Uyar & Bilgin (2011) Turquia	Steed & Gu (2009) EUA	Pavlatos & Paggios (2009) Grecia	Jones (2008b) Reino Unido	Jones (1998) - Reino Unido	Schmidgall & DeFranco (1998) EUA	Schmidgall et al. (1996) EUA	Schmidgall et al. (1996) - Escandinávia	Schmidgall & Ninemeier (1989) - USA
Budget manual		100	63								50
Budget committee		79	87								
Budget preparation time	Less than 40 hours	69		15							
	40 to 80 hours	23		27.5							
	81 to 120 hours	0		27.5							
	More than 120 hours	8	80	30							
Budgeting process approach	Top-down	29	24	2.4		26	13.6	4.5	4.5	4	13.3
	Bottom-up	57	34	16.7		36	54.6	64	79.5	64	56.7
	Combination	14	42	78.6		39	31.8	28	16	28	26.7
Revenue increase bases											
Budget period (12 months)		79	63		98.8		91	2			
Budget Review	Bimonthly	29	48				89	3			
	Semiannually	14	29					12	70	44	65
Budget report period (Monthly)		77	92								
Budget package components											
Uses flexible budget		43	70		15.3		16				
Uses zero-based budgeting (ZBB)		0	15		49.4		52		42	7	
Uses activity-based budgeting (ABB)		0			14.1						
Software used by companies	Microsoft Excel®	36	78								
	Other program	7	14								
	Other program & Excel®	57	6								
Uses long-term planning	Up to 3 years	61.5	22							33.3	
	Between 3 and 5 years	0	27								
	More than 5 years	7	13						76	29.6	33.3

Source: Review data

The second study, by Winata and Mia (2005), was carried out on 74 companies in Australia, analyzing the role of managers in the use of information technology and communication in relation to perceived performance and its participation in the budget. The results indicate that department manager performance is perceived as positive when concerning the interaction of information technology use and budget participation.

Lastly, Yuen (2006) researched the effects related to employee satisfaction and participation in the participatory budgeting process within hotels in Macau, China. Among its results, the study provided evidence suggesting that greater employee participation increases responsibility and builds a positive workplace experiences. As per the main practices taken into consideration, existing studies on budgeting methods in developing countries, such as Brazil, are shown to be limited, which provides additional justification for the present work.

### 3 RESEARCH METHODOLOGY

The methodological procedures used for the construction of a theoretical framework as well as the supermarket selection process are detailed in this section.

#### 3.1 Theoretical framework construction process

The process employed toward selection and analysis of international references is divided into three stages: database selection, article selection and systemic analysis (AFONSO et al., 2012; AZEVEDO et al., 2011; BORTOLUZZI, ENSSLIN, ENSSLIN & VALMORBIDA, 2011; ENSSLIN et al., 2010; LACERDA, ENSSLIN & ENSSLIN, 2011; LACERDA, ENSSLIN & ENSSLIN, 2012; ROSA, ENSSLIN & ENSSLIN, 2009; TASCA et al., 2010). The first stage provides a foundation for the selection of databases; the second compiles a portfolio of articles in agreement with an established and structured process, and, finally, the third stage serves to provide systemic analysis on said references portfolio.

Initially, a search was carried out in the journals collections contained in the CAPES (*Coordenação de Aperfeiçoamento de Pessoal de Nível Superior*), including the following: OneFile (GALE) (278), SciVerse ScienceDirect (Elsevier) (6), Social Sciences Citation Index (Web of Science) (4), Emerald Management and Journals (2), and MEDLINE (NLM) (1), using the keyword “budgeting”. Two-hundred and eighty-four articles were selected. Using this initial sample, the abstract of each article was read, seeking to identify the articles or relevance to the topic of budgeting practices; those articles that were selected went on to make up the theoretical framework of the study.

For a review of Brazilian journals specifically, the publications in the *Qualis* library of the CAPES database containing the words “Accounting”, “Administration”, “Business”, “Finance” and “Management” were selected (Author’s Note: searches completed using terms in Portuguese). During this stage, no relevant articles were found. Additionally, no time period limit was imposed, which is to say, the searches made into the databases returned results published in any year.

#### 3.2 Questionnaire preparation procedures

The questionnaire was compiled with base in the main budget characteristics presented by the literature (SCHMIDGALL & NINEMEIER, 1986, 1987 and 1989; SCHMIDGALL et al., 1996; SCHMIDGALL & DeFRANCO, 1998; JONES, 1998, 2008a and 2008b; SUBRAMANIAM et al., 2002; WINATA & MIA, 2005; YUEN, 2006 and 2007; PAVLATOS & PAGGIOS, 2009; STEED & GU, 2009; UYAR & BILGIN, 2011; CASTRO et al., 2012), which are illustrated in Table 2.

**Table 2 – Main budget characteristics**

<b>Main Budget Characteristics</b>	
<b>Budget Manual</b>	Includes guidelines, objectives, goals and indicators preliminarily set by upper management.
<b>Budget Committee</b>	Can include owners, directors and general managers, department supervisors, the controller, etc.
	Top-down – the budget is prepared by upper management and placed over the other members of the organization,
	Bottom-up – the budget is prepared by the segments or departments responsible for it and forwarded to upper management for approval.
	Combination – the budget is prepared by way of an interactive process involving corresponding departments and upper management.
<b>Period</b>	Less than one year, one year, multiannual
<b>Review</b>	Monthly, quarterly, semiannually, etc.
<b>Budget Type</b>	Public Budget
	Corporate Budget
	Zero-Based Budget

	Flexible Budget
	Activities-Based Budget
	<i>Beyond Budgeting</i>
<b>Intended Objectives</b>	Forecasts
	Maximize financial performance
	Introduce new products and services
	Plan, control, and assess results
	Create incentives and rewards
<b>Purposes</b>	Assist in long-term planning
	Assist in short-term planning
	Measure performance
	Coordinate operations
	Motivate employees
	Communicate plans
<b>Information Used During Preparation</b>	Controlling
	Prior-year financials
	Statistics
	Market analysis
	National economic indicators
	Local and regional economic indicators

Source: Compiled by authors using review data.

With base in the characteristics detailed above, the research questions were compiled. The questionnaire was applied in two stages: the first involved characteristics of supermarkets in the state of Santa Catarina, Brazil, including 3 questions; the second contained 12 questions concerning budget planning, 7 topics regarding budget execution (using the Likert scale), and 6 objective questions related to organizational performance evaluation and control.

### 3.3 Population and Sample

The initial population was set as all supermarket retailers making up the Catarinense Supermarket Association (ACATS), which totals 451 companies. By way of telephone contact, those among them that prepare budgets were identified. In those cases of negative response, information concerning the company was solicited regardless, seeking to determine characteristics of companies that do not apply the budgeting process in their management practices.

From the results gathered, a total of 19 companies that apply a formal budget were identified. The questionnaire detailed above was sent by email to the individual responsible for the budgeting process, requesting information on budgeting practices in place so as to illustrate the related characteristics of supermarkets in the state of Santa Catarina.

## 4 STUDY RESULTS

The supermarkets in question and their budget planning, execution, and control processes are categorized below, in order to provide basis for discussion budgeting practices in place in Brazil.

### 4.1 Supermarket Categorization

Questions concerning the category of the supermarkets were made to later categorize them. Beside this, response on the denomination used by each was also solicited.

**Table 1 – Overview of supermarkets in Santa Catarina**

What is the total number of company employees?				
Up to 100 employees	From 101 to 500 employees	From 501 to 1,000 employees	Over 1,000 employees	
21%	26%	21%	32%	
What is the total company annual revenue? (In R\$ millions)				
Up to R\$ 1.2	From R\$ 1.2 to 5	From R\$ 5 to 10	From R\$ 10 to 60	Over R\$ 60
5%	11%	16%	21%	42%
Does the company conduct business overseas?				
Yes		No		
58%		42%		

Source: Compiled by the authors using survey data.



Due to a predominance of supermarkets with annual revenues over R\$60 million, these results show that the majority of the companies sampled employs more than 1,000 people. Additionally, the table shows that 58% of the supermarkets surveyed conduct business overseas, while just 42% operate only within Brazilian borders.

#### 4.2 Budget planning

The results concerning this item were gathered only from the share of the sample that applies a budgeting process. Table 3 displays a set of questions regarding budget planning.

**Table 3 – Budgeting process characteristics**

<b>Does the Company use a budget manual to establish the budgeting process?</b>				
Yes		No		
74%		21%		
<b>Does the Company have a Budget Committee?</b>				
Yes		No		
74%		21%		
<b>How many hours does it take to prepare and review the budget?</b>				
Less than 40 hours	From 41 to 80 hours	From 81 to 120 hours	More than 120 hours	
63%	16%	11	11	
<b>How is the budget process carried out?</b>				
Bottom-up (prepared by departments or segments)		Top-down (prepared by upper management)	Combination / Participatory (joint preparation)	Other
6%		61%	33%	-
<b>What is the budget time horizon?</b>				
One month	Three months	Six months	One year	Other
26%	11%	16%	42%	5%
<b>Does the budget undergo a review during this period?</b>				
Monthly	Quarterly	Semiannually	Other	
37%	32%	26%	5%	
<b>How often are budget reports carried out?</b>				
Monthly	Semiannually	Annually	Other	
68%	16%	16%	-	
<b>Does the company make adjustments along with sales volume – flexible budgeting?</b>				
Yes		No		
89%		11%		
<b>What software or other technology does the company use during the budgeting process?</b>				
Microsoft Excel®	Company network	Microsoft Excel® and another	Other	
32%	5%	63%	-	
<b>Does the company carry out and practice strategic planning?</b>				
Defines and implements		Defines, does not implement	Does not define	
79%		0%	21%	
<b>If yes, what is the strategic planning time horizon?</b>				
One year	Three years	Five years	More than five years	Other
18%	35%	41%	6%	-%
<b>What budgeting method or type of budget does the company use?</b>				
Corporate budgeting	Flexible budgeting	Continuous budgeting	Zero-Based Budgeting	Other
27%	72%	-	-	-

Source: Study authors using survey data.

The practice of creating a Budget Committee is shown to not be common, as only 33% of the respondents elect to do so. Conversely, Uyar and Bilgin (2011) concluded that both a budget commission and manual are common practice in the Antalya region of Turkey. Steed and Gu (2009) observed that budgets are created using electronic spreadsheets and month-to-month data in the United States.

Further, the time required to prepare the budget was shown to be generally short in the companies in question, taking up less than 40 hours in 63% of the cases, and between 41 and 80 hours in 16% of the sample.

The budgeting process in the supermarkets surveyed is carried out, for the most part, by way of the Top-Down approach (61%), while 33% of the respondents reported using the Combination/Participatory method. These results concur with the findings of Schmidgall and Ninemeier (1987), which showed the Top-Down approach to be in use in the majority of the US companies surveyed. Schmidgall et al. (1996) compared budgeting practices in US and Scandinavian hotels, concluding that they generally use the Bottom-Up method. In contrast, Jones (2008) drew the conclusion that none of the approaches (Bottom-Up, Top-Down and Combination/Participatory) was predominant in the sample of hotels in the United Kingdom. Uyar and Bilgin (2011) observed a different scenario in Turkey, as did Steed and Gu (2009), which concluded that, in the United States, the majority of the hotels sampled use the Combination/Participatory method.

In general, the budgets observed are flexible in nature and correspond to a one-year time horizon. These findings are in agreement with those of Schmidgall and DeFranco (1998), in the United States, Jones (1998), in the United Kingdom, and, Uyar and Bilgin (2011), in Turkey.

Concerning the application of the budget types, the results show a low rate of use of the Zero-Based Budget (ZBB) method. Compared against studies on hotels in the United Kingdom by Jones (1998 and 2008), which, though it showed little use of the Flexible Budgeting method, found that half of the companies surveyed elect to use the ZBB method, with a slight drop in the same in the latter study. Similarly, Pavlatos and Paggios (2009) carried out studies in Greece that found use of the ZBB to be significant, while the Activities-Based and Flexible Budgeting models were not often applied.

In terms of budget review, the results show that 32% of the companies do so quarterly and 37% on a monthly basis. Further, 11% of the respondents stated that no adjustments are made to their respective budgets in light of sales volume, while 89% do adjust their budget as a result of such variation. According to Uyar and Bilgin (2011), and Jones (1998 and 2008), budget reviews are carried out quarterly in most cases using reports generated monthly, discussing Turkey and the United Kingdom, respectively.

#### 4.3 Budget execution

Among the results obtained in respect to budget execution, a good flow of information was noted in 42% of the respondents, with another 32% partially agreeing with the query (Table 4).

**Table 4: Budget execution results**

BUDGET EXECUTION	Completely disagree	Somewhat disagree	Indifferent	Somewhat agree	Completely agree
The budget is considered to be a secret held by upper management	11%	21%	0%	26%	42%
The budgeting process provides an effective leadership	5%	11%	5%	47%	32%
A good flow of information is available to the budget	0%	11%	16%	32%	42%
Inter-department coordination is easily achieved	0%	5%	26%	42%	26%
Goals are first set in departments and later submitted to upper management	16%	16%	21%	32%	26%
Goals are set by upper management, and later, opinions are gathered from departments	0%	5%	11%	53%	32%
Goals are the product of a structured process that is aligned with Strategic Planning	5%	0%	11%	42%	42%

Source: Compiled by the authors, using survey data

In the section regarding the intended objectives of the budget, a great degree of homogeneity between the surveyed companies is apparent, showing that control is one of the principal purposes of the process. This finding corroborates those of previous studies carried out on US and Scandinavian companies, namely, Schmidgall et al. (1996) and Schmidgall and DeFranco (1998).

#### 4.4 Performance evaluation

As shown in Table 5, the results demonstrate that 50% of the companies in question employ benchmarking techniques in budget evaluation. This usage is grouped with the 61% of respondents that use some type of reference point, the majority of which bases such evaluation on monetary value indicators. The results shown here illustrate that the role of budgeting in the monitoring of real organizational performance is, in fact, characterized as the main performance indicator, similar to the results of studies by Jones (1998 and 2008), themselves carried out in the United Kingdom.

**Table 5 – Budget evaluation**

<b>Are predetermined criteria used to evaluate significant differences between budgeted and actual amounts?</b>					
Benchmarking		No reference points used		Uses reference points	
50%		17%		61%	
<b>If so, which method(s) is (are) used?</b>					
Monetary value		Percentage		Repetition of an unfavorable variation	
61%		72%		17%	
<b>What is the budget's role in monitoring real organizational performance?</b>					
Main performance indicator		One of the few key indicators used in the company		Used little	
68%		17%		37%	
<b>What are the main performance measures used?</b>					
Prior-year financials	Budgeted Amounts	Balanced Scorecard indicators and goals	Comparisons against competitors	Industry statistics	Others
68%	47%	21%	26%	32%	0%
<b>Who is in charge of variation analysis?</b>					
Upper management	Company manager	Department supervisors	Budget Committee	Controller	Others
79%	42%	16%	47%	26%	5%

Source: Compiled by the authors, using survey data.

The following are among the main performance measures seen in use: prior-year financials, with 68%; budgeted amounts, with 47%; and industry statistics, with 32%. Of the other response options, the Balanced Scorecard was indicated in just 21% of the cases, which might point to either a lack of knowledge or non-use of the tool for performance evaluation purposes on part of managers.

As shown by previous studies, such as Schmidgall et al. (1996), one of the main practices in place concerning the adoption of a budget is variation analysis, which provides the company with the chance to apply corrective actions to detected problems.

Variation analysis is carried out monthly in 74% of the cases, as shown in Table 6. The primary purpose of this activity are geared toward controlling costs and expenses, in agreement with Schmidgall et al. (1996), which compared US and Scandinavian companies. Other items of note were the timely identification and evasion of problems, controlling costs and expenses, and manager performance evaluation, with 63%, 53% and 53% positive response rates, respectively.

**Table 6 – Variation Analysis**

<b>Variation analysis takes place:</b>					
Monthly	Quarterly	Semiannually	Annually	Other	
74%	11%	11%	11%	0%	
<b>What are the goals of budget variation analysis?</b>					
Evaluate manager performance	Evaluate manager forecast ability	Controlling costs/expenses	Identify and avoid problems in time	Provide feedback for subsequent-period budgets	Other
53%	5%	53%	63%	16%	0%

Source: Compiled by the authors using survey data.



Similar to the empirical research carried out previously in other countries, the companies surveyed in this study display an abundant use of the budget as one of the most important tools for managers in their roles of organizational planning and control (ABDEL-KADER & LUTHER, 2006; UYAR, 2009; SIVABALAN et al., 2009; LIBBY & LINDSAY, 2010; OSTERGREN & STENSAKER, 2011; UYAR & BILGIN, 2011).

## 5 DISCUSSION AND CONCLUSION

We conclude that the objective of this study was reached, considering that the application of the questionnaire allowed for a deeper understanding of the budgeting practices employed by supermarket companies in the state of Santa Catarina, Brazil. Besides characterizing said supermarkets, the study also enabled empirical observation of their budget planning, execution, and control procedures.

The most-frequently used budgeting process is the Top-Down approach, a finding that corroborates those of previous studies by Schidgall and Ninemeier (1987), in the United States, and Schmidgall et al. (1996), in the United States and Scandinavia. Jones (2008) did not find a similar predominance of any of the approaches (Bottom-Up, Top-Down, and Combination/Participatory) in a study conducted in the United Kingdom. Uyar and Bilgin (2011) observed that in Turkey, along with Steed and Gu (2009) in respect to the United States, found that the majority of hotels uses the Combination/Participatory approach. These previous studies provided indications that the way budgets are prepared is changing over time, with employees gaining ground in the process, despite the fact that this study, itself carried out in Brazil, confirms that the process remains, in this case, largely centralized in upper management.

Regarding the information used in budget preparation, we observe that statistical data displays a lower rate of use among the companies in the sample. As such, the findings suggest that budgets are based in economic indicators as well as prior-period financials.

This study also showed that responsibility for variation analysis is largely concentrated in department supervisors, with cost and expense control analysis completed on a monthly basis serving to check whether the budget is efficiently applied in accordance with that planned; Schmidgall et al. (1996) also found this to be the primary purpose of variation analysis.

In general, the results show that budgeting remains underutilized in supermarket retail companies in Santa Catarina, given that many of its characteristics and techniques are seen in only partial use. Upon analysis of these findings, it might be noted that some of the practices highlighted by Umapathy (1987) are absent, which, according to that same author, are fundamental in the application of the budgeting process and in place in successful companies. Additionally, the importance of joining subsystems including planning, control, and accounting for achieving strategic objectives is highlighted, or, rather, there is more to it than sophisticated budgeting practices (TELES, 2011)

Despite the fact that flexible budgeting be the recommendation for use in this industry segment, research showed that 27% of the supermarkets employ corporate budgeting procedures. Though discussion on the topic is ongoing, corporate budgeting continues to be widely used in companies, as shown in this and other, similar studies (JONES, 2008; UYAR & BILGIN, 2011).

For further studies, we suggest that budgeting practices be observed in other regions of the country. Additionally, we recommend that queries be made concerning capital budgeting and the environmental performance of supermarket retail companies.

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