

Approach of Budget



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There are two types of approaches

- Top down approaches
- Bottom up approaches
- **TOP DOWN APPROACHES**- Budgeting approaches in which the budgetary amount is established at the executive level and monies are passed down to the various department. These budgets are essentially predetermine and have no true theoretical basis top down basis .
- These budgets are essential y predetermined and have no true theoretical basis. Top-down methods include the affordable method, arbitrary allocation, percentage of sales, competitive parity, and return on investment.

Top-down budgeting (Imposed budgeting)

- Definition: Top-Down Budgeting is the term given to a budgeting process based on estimating the cost of higher level tasks first and using these estimates to constrain the estimates for lower level tasks (Anon, 2010)
- Advantages:
 - Takes less time
 - Promotes upper-level commitment
 - Can address the objectives of the organisation
- Disadvantages:
 - The decision made by the upper managers might be inaccurate due to limited knowledge, which in turn will result in insufficient budget for the department and cause potential for underperformance
 - Lower morale of subordinates that they are not involved

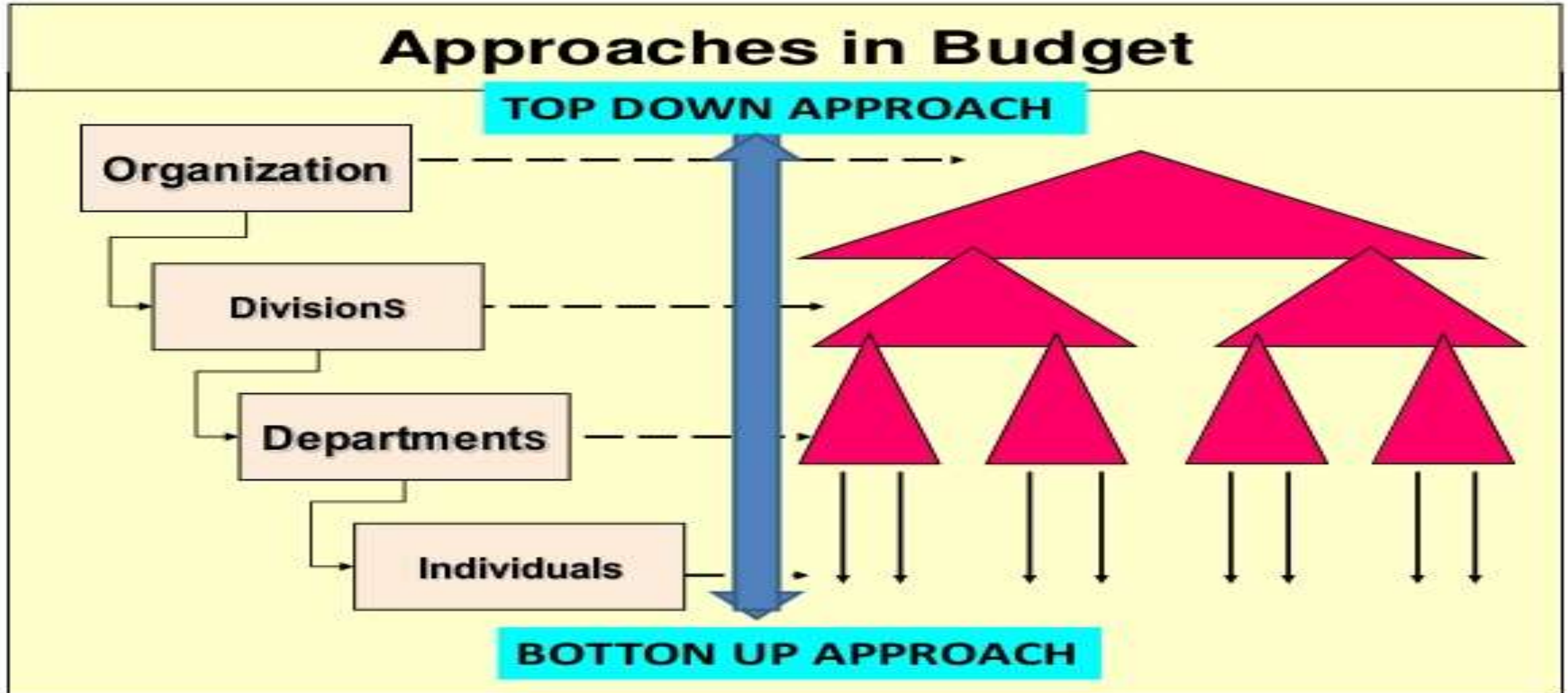
Bottom-up budgeting (Participated budgeting)

- **Definition:** Bottom-up budgeting begins with identifying all the constituent tasks that are involved in implementing a project and working out the resources and funding required by each
- **Advantages:**
 - Clear and detailed information
 - Get involved all employees → Higher level of morale and motivation
- **Disadvantages:**
 - Top management has little influence over the budgeting process
 - Some essential areas might be overlooked by the lower-level managers
 - Some parts in the budget might be exaggerated
 - Time consuming and costly

School of Hospitality

Course Code :BSCH3003

Course Name: Front Office Management



References

- **Hotel Front Office – R. Jatashankar Tewari – Oxford Publication—
Core Textbook, Students & Faculty to follow this book.**
- Hotel Front Office – A Training Manual By Sudhir Andrews – Tata McGraw Hill
- Managing front office Operations by Michale L Kasavana (AHLEI - Books)
- Front Office Operations and Management by Ismail Ahmed (Cengage Earning)
- Text book of front office operations and Management by Sudhir Andrews (Tata McGraw Hill)



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Name of the Faculty: Jyoti

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