

## **Comparative Study of the Budgeting Process Reforms Within Two International Accounting Organisations: Malaysia and Australia Perspectives.**

Dr. Edward Wong Sek Khin

Department of Accounting Faculty of Business and Accountancy, University of Malaya, Kuala Lumpur, Malaysia

---

**Abstract:** This paper discusses the budgeting process and the extent of organisational political influence within the budgeting process in two different accounting firms. It identifies the role of organisational politics on the relationship between managerial roles and the budgeting process. It discusses the activities involved in the budgeting process which includes the budgetary participants, budgetary communications, budgetary controls and budgetary evaluation. It also explores the characteristics of managerial roles including interpersonal roles, information roles and decisional roles. In this paper, two accounting firms are used here; one an Australian international accounting firm and the other a Malaysian international accounting firm, called Austral and Malaya respectively, and both are examined to determine the establishing an operating and organisational budget. This paper begins by examining the processes seeking the basis of the controls used, and then by examining the behaviour and the information flows that accompany the new digital information systems that are being put into effect. Initially the paper describes how a company's budgetary control analysis was used to identify organisation #Malaya's and # Austral's budgetary processes. It will then further focused on the framework of behavioural research towards comparing and investigating the information flows of the two Accounting firms in the new digital economy.

**Key words:** Management Accounting, Corporate Financial Management, Accounting Corporate Governance.

---

### **INTRODUCTION**

The main aim of this paper is to examine the role of organisational politics upon the relationship between managerial roles and the budgeting processes. It discusses the activities involved in these budgeting processes which include the budgetary participant, budgetary communications, budgetary controls and the evaluation of the budget. It also explores the characteristics of managerial roles including the interpersonal roles, information roles and decisional roles in effecting competitive advantage to organisation. In this paper, the integrated budgetary control model is used to test a model of organisational political influence upon the relationship between the budgeting process and these managerial roles.

In order to develop and test a model of organisational political influences on the relationship between the budgeting processes and managerial roles, an enterprise must understand what its core activities competencies are and how it can produce a proper budget if the organisation is able to create interactions among participants that are in line with the objectives of this particular budget. This can be achieved by the activities of the budgeting process that involves three process stages, firstly the budgetary participation, secondly the budgetary communication and thirdly the budgetary control. From this, a political and social contingency model of the budgeting process would provide the theoretical foundations for the link between the budgeting process and managerial roles.

The use of this model requires that the organisation concerned has the necessary skills to prepare a budget and then be able to transform the data to the model. It must know what business it is in, and what business it will be in during the budget, and what will its business be at the end of this particular budget. In other words, it must know its business and its data flows that identify and determine costs, past, present and future. In addition, the three stage process of budgetary participation, communication, and control establishes the reasons for having such a process in the first instance, and this links with the roles of management.

---

**Corresponding Author:** Dr. Edward Wong Sek Khin, Department of Accounting Faculty of Business and Accountancy, University of Malaya, Kuala Lumpur, Malaysia

Syakhroza, A., and Islam, A. (2002), investigated the influence of politics on the budgeting process within the fertiliser manufacturing industry in Indonesia. In this study, the importance and influence of political interferences within the budgetary processes of industry in Indonesia is shown to be significant, and also applied differently depending upon whether the interference and influence is personal or structural.

### **1.1 Objectives of this Research:**

This paper reviews two international accounting practices Malaya, a Malaysian firm and Austral, a firm based in Australia and this paper deals with organisational political influence that affects budgeting processes. A moderate regression analysis is used to apply an integrated budgetary control model, this to examine how organisational political manoeuvrers (Cohen & Cohen, 1975) influence an organisation's budget, both as a system and as a foundation supporting the budget's distributions and responsibilities. Here is also investigated, differences in the individual political interests that produce budgetary inconsistencies (Pfeffer, 1981). Arising from this, conflicts arise and individuals tend to engage in organisational political 'horse trading' of political support, and this bargaining relies more on an individuals influence and power than the organisation's general progress and wellbeing. The findings of this work, also identifies the mutual interest in the success of the budget as a tool in achieving mutual management goals (Wong E.S.K. 2010c). This was found in both firms, Malaya and Austral. Specifically, the primary factor that helped management in establishing this budgetary system is: -

That organisational politics in both companies, Malaya and Austral support budgetary control in the achieving of the stated organisational objectives.

The paper ends with recommendations for the future budgetary strategies of both companies, Malaya and Austral, in managing their organisational objectives, that is, to use the budget as a control instrument that aids the co-ordination activities within each unit and those functional activities that carry the organisation's objectives. This study also presents information and suggestions for each organisation to create competitive advantages for all stakeholders involved within a set of systematic budgetary processes.

This paper is divided into five sections, the first section deals with the current literature concentrating on three budgetary theoretical areas - economic, psychological, and social. The second deals with the cases presented, the third deals with the research methodology used, the fourth deals with the finding, and the fifth deals with the limitations of the study and avenues for further research

## **2.0 Literature Review:**

### **2.1 Traditional Budgeting Studies:**

Govindarajan, 1986 and Anthony & Young, 1988, define a budget as an instrument that is used by an organisation to quantitatively express a plan of action; to coordinate and implement a plan of action; to control its operational activities and to evaluate managerial performance within an organisation particularly for SMEs.

For example, in Rohra C, Junejo M. A., Kanasro H.A, (2009) research, they reveal that SMEs contribute about 30 percent of annual GDP in Pakistan. In 2006, SMEs represented almost 90 percent of all the enterprises in Pakistan employing 78 percent of industrial labour force (Rohra C, Junejo M. A., Kanasro H.A, 2009).

Cherrington and Cherrington (1973) suggest that the development of a budgetary system must consider its effect upon an organisation's human factors, as budgets serve the purpose of guiding people's actions, controlling their activities, and measuring their performance. Additionally, Shield and Shield (1998), suggest that the behaviour of people involved in the budgeting process engages three theoretical frameworks, economics, psychology, and social theory.

Under the economic framework, information and associated costs are the choices between alternative ways of organising productive activity for meeting the company's objectives (Sisaye, 1998). The assumptions under the economic framework suggest that a budget is to provide the right information that is shared among the budget participants (Sisaye, 1998), as the participants need to acquire information to coordinate the decision making in line within the organisation's stated objectives. This two stage process, concerns information sharing and task coordination. The idea of information sharing means sharing information between managers and their subordinates (Baiman & Evans, 1983). From this, the managers formulate better unit budgets as there are mutual opportunities to balance the involvement of managers and their subordinates. With this task coordination, budgetary participants allow subordinates to bring private information to the tasks of maintaining and improving standards of an individual's performance (Wong E.S.K. 2010 a). This process allows the fostering of a deeper understanding of their tasks and from this, subordinates, are able to develop a proper personal budget, adding to the sum of all personal best approaches and supported by proper budgets, a form of Management by Objectives.

With the psychology theory framework, the participants exchange information between the manager and a subordinate (Locke and Latham, 1990). A subordinate is able to provide his or her own private relevant operational information to his or her superior. Both the economic and psychology theory frameworks involve cooperation among the managers and their subordinates. This concept reduces information asymmetry, which is a situation where the manager the information given to him or her from above, while the ‘coal face’ information, the actual situation, is not generally available except from subordinates.

With the sociology theory framework, budgetary participation with managerial performance involves factors considered as contingency variables (Chow, Shields and Chan 1991). The principle of contingency suggests there is no single type of organisation structure or management system that can be considered as the most effective. From this, company structures and management systems in different corporate ecological situations are considered contingent upon certain factors such as organisation size, technology base, and its local environment (Birnberg, 1998).

Finally, other studies of traditional budgeting behaviour have concentrated mainly on investigating the relationship between budgetary participation and the managerial performance in a simple, direct, and expanded association (Brownell & McInnes, 1986; Kenis, 1979). While existing studies have identified critical areas that address the investigation of relationships between budgetary participants and managerial performance (Brownell & McInnes, 1986, Kenis, 1979; Ivancevich, 1976, Kren, 1992; Bryan & Locke, 1967), Table 1 highlights the gaps between theory and practice described within the literature. Based on the above studies and these identified gaps, the author then began to investigate the possible role of organisational politics as impacting the budgetary processes.

**Table 1:** Research areas concentrated on investigating the relationship between budgetary participation and managerial performance.

Relationship of Budgetary participation vs Managerial performance	Research
Significant positive	Bronell & McInnes, 1986; Kenis, 1979
Negative, eg. no significant relationship	Ivancevich, 1976; Kren, 1992
Significant negative association	Stedry, 1960; Brayan & Locke, 1976.
Gaps between theory and practice	Related research
Advance studies on the relationship of budgetary participation with managerial performance identified other factors -contingency variables	Hopwood, 1976
<ul style="list-style-type: none"> <li>• Focus uncertainty variables in terms of environmental uncertainty</li> <li>• Focus uncertainty variables in terms of task uncertainty</li> <li>• Used personal variables, eg focus on control</li> </ul>	<ul style="list-style-type: none"> <li>• Brownell, P., &amp; McInnes, M, 1986</li> <li>• Govindarajan, 1986</li> <li>• Brownell, 1982</li> </ul>
Interpersonal variables in terms of evaluation style	Invancerich, J. 1976; Brownell, 1983;
Cultural variables	Chow, Shields and Chan 1991

## **2.2 Discussion of Case Malaya and Austral:**

Recently, a considerable amount of behavioural research has emerged concerning budgetary systems. Most traditional budgeting studies have focused on individual, interpersonal, and cultural factors rather than on social perspectives (Hopwood, 1976; Pfeffer, 1981). However, some growing concerns to such studies relate to the role of organisational political characteristics and their impact upon the budgeting process as a system, and most previous research relate to the roles of organisational political characteristics mainly with non-profit organisations (Wong E.S.K. 2010b).

To investigate the elements of organisational politics influencing budgetary processes, a study of two group of accounting practice companies, one based in Malaysia called Malaya and the other based in Australia and called Austral have been undertaken.

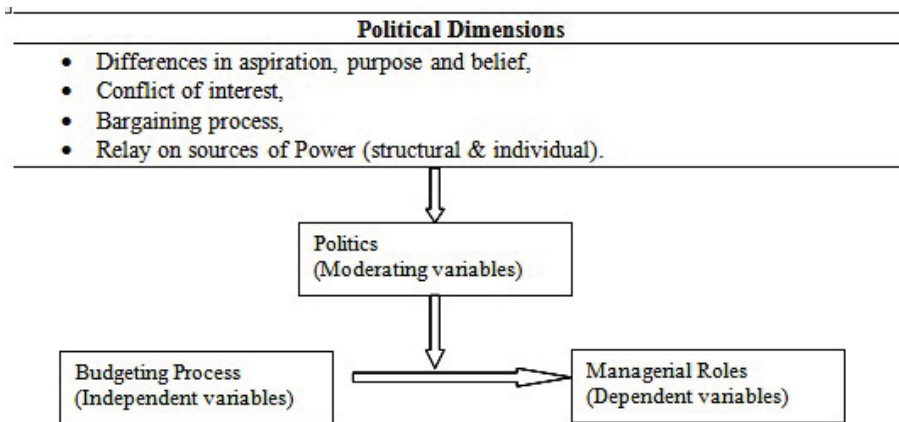
The study investigated the nature and the extent of organisational political influences within the budgeting processes and the availability of easy to obtain information and data using available technology. There are five characteristic groups of these political processes. Firstly concerning the budget’s goals and preferences, secondly on the characteristics of the budgeting processes, thirdly, the budget rules and norms, fourthly the budget information requirements and uses, and finally the budget process outcomes and ideology in accordance with the organisation’s actual political structure.

Company Malaya and company Austral are international accounting firms and they combine Internet technology with availability of on-line accounting and taxation reporting to provide better services for their client base. Both employ over 150 staff, both contain several business operations dealing with auditing, business services consultant, managerial accounting, taxation services, IT consultancy and mergers and acquisitions consultations as well.

To conduct research on the questions raised above, the author has held preliminary discussions with company Malaya's and Austral's managers and their respective staff and balanced these discussions with attempts to develop and test a model of organisational politics impacting managerial decisions for developing a 'best' budget.

**3.0 Research Agenda:**

The aim of this study is to identify a link between the budgeting process and the role of management, and include the role of organisational politics and the processes of budgetary participation. In the process of budgetary participation, individual interests are rarely same as organisational interests. Individuals tend to view the budget as an instrument for promoting their own personal and professional interests rather than as a means of employing their managerial decision making skills. From this, the issues and influences of organisational politics are inevitable, and in order to attain 'best' budgetary system results, managers resort to the political processes in order to maintain their own criteria in evaluating and rewarding their management units. Fig 2 shows the theoretical framework of the study.



**Fig. 2:** Theoretical framework of the moderating effect of politics on the relationship between budgeting process and managerial roles. (adapted from Syakhroza, A and Islam, A, 2001, 2002).

A moderated regression analysis was used to determine the interaction effects between the budgeting process and the influencing politics from various managerial roles (adapted from Syakhroza, A and Islam, A, 2001, 2002). According to Syakhroza, A and Islam, A (2001, 2002), in order to determine the interaction effect, a two way interactive model needs to apply in order to examine the main effect and the interaction effects for the independent variable. They suggest that to investigate the effects of structural power, a study of a split-file system where department operations were coded 1 and others as 0 is needed. This in order to investigate the effect of individual power, the study coded 1 for high individual unit manager's influences and budgetary qualification and 0 for others. The relationships between the variables are as follows. Direct and Moderating effect (adapted from Syakhroza, A and Islam, A, 2001, 2002).

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 X_3 + \epsilon$$

Where Y is managerial roles,  $\beta$  is Pearson correlation coefficient (strength association between 2 variables),  $X_1$  is budgetary participation or budgetary communication or budgetary control or budgetary evaluation,  $X_2$  is organisational politics,  $X_1 X_2$  is interaction effect, and  $\epsilon$  is the error term.

In view of the above discussion, it was obvious that politics has a significant influence on the process of budgetary participation. Hence, the process of budgetary participation is viewed as a political process where the outcomes are a function of the balancing of various interests, conflicts, and bargaining issues. Based on the above discussion, the following hypotheses are formulated (adapted from Syakhroza, A and Islam, A, 2001, 2002).

1. H1: There is a significant relationship between budgeting participation and managerial roles.
2. H2: There is a significant relationship between budgetary communication and managerial roles.
3. H3: There is a significant relationship between budgetary control and managerial roles.
4. H4: There is a significant relationship between budgetary monitoring and managerial roles.
5. H5: The relationship between budgetary participation and managerial roles is moderated by organisational politics.

**3.1 Research Methodology:**

The research methodology for this study was based on a mixed research methodology approach: - a survey method supplemented by interviews. Key players were identified from company Malaya and company Austral and these individuals (the regional senior managers/partners, managers, administration officers and accountings officers) were interviewed.

In addition, the survey questionnaires were adapted from previous studies and documentary evidence was used in order to obtain rich process descriptions of the project processes (Syakhroza, A & Islam, A, 2001). Respondents were asked to rate on a seven point scale their agreement or disagreement with issues relating to the budgetary process, managerial roles, and organisational politics. A series of quantitative technique within the survey questionnaire were used that covered the key areas of:

1. Whether or not the budgetary participant is significantly related to their managerial roles;
2. Whether budgetary control, including budgetary monitoring and budgetary communication, is significantly related to managerial roles;
3. Whether organisational politics significantly moderates the relationship between budgetary participation and managerial roles.

The study attempted to develop and test an integrated budgetary control model of organisational political influence upon the relationship between the budgeting processes and managerial roles. The study uses a quantitative technique to obtain relevant data. The findings of the study would provide more reliable conclusions and add further insight into the relationship between the variables of interest in this area.

**4.0 Preliminary Findings:**

In this section, the results of statistical analyses are presented. Moderating regression analysis technique is used to detect moderating effect and to test the hypotheses (refer to 3.0 above). Firstly, the test of the hypothesis would review whether the relationship between X and Y changes for different values of Z (called as moderating variable). For example, budgeting process and managerial roles relationship changes because of the existence of organisational politics.

The survey questionnaire provided data for a descriptive statistic analysis. In the descriptive statistics, there is a seven point Likert scale which responses ranging between 1(strongly disagree) to 7 strongly agree) with average actual range of 5. Minimum responses reviewed that most respondents agree on the terms of budgetary participation, budgetary communication, budgetary control, budgetary monitoring, and managerial roles. The mean values of all items are above the median of the scale 3.5. The budgetary communication variable was having the highest mean score for both company Malaya and Austral. The budgetary communication variable has the highest variance score compared to their variables for both company Malaya and Austral.

**Table 3:** Descriptive Statistics

Company Malaya,	N	Range	Actual	Min	Max	Mean	Std D	Variance
Budgetary Participation	85	7	5.05	1.85	7.00	4.43	0.9439	0.891
Budgetary Communication	85	7	5.92	1.89	7.00	4.25	1.2227	1.495
Budgetary Control	85	7	4.26	2.00	6.80	4.13	0.6985	0.488
Budgetary Monitoring	85	7	4.52	2.11	6.80	4.42	0.8270	0.684
Managerial roles	85	7	5.13	2.00	7.00	4.51	0.8671	0.752
Company Austral,	N	Range	Actual	Min	Max	Mean	Std D	Variance
Budgetary Participation	85	7	5.03	1.98	7.00	4.34	0.9465	0.896
Budgetary Communication	85	7	5.78	1.24	7.00	4.22	1.2231	1.496
Budgetary Control	85	7	4.55	2.00	6.85	4.15	0.6992	0.489
Budgetary Monitoring	85	7	4.65	2.00	6.75	4.42	0.8294	0.688
Managerial roles	85	7	5.00	2.00	7.00	4.51	0.8694	0.756

In the table 3 above, many respondents tended to give a positive response to the activities in the budgeting process that is the managerial roles. However, most respondents showed the most positive response to the activities of budgetary communication for both company Malaya and Austral.

**4.1 Analysis of Direct Correlation:**

For multiple regression analysis, R is the correlation between the observed and predicted values of the dependent values. This study is investigating the correlation between managerial roles and budgetary participation, H1; between managerial roles and budgetary communication, H2; between managerial roles and budgetary control, H3; between managerial roles and budgetary monitoring, H4.

The strength of a relationship between two variables is measured by the coefficient correlation [R]. The results of direct correlation between two variables provide evidence of strong correlation between these variables. For company Malaya, Malaysia, the R-value of the coefficient correlation between budgetary participation and managerial roles, H1 is significant, with R=0.842, R<sup>2</sup> = 0.708. This indicates that budgetary participation explains almost 71% of the variability of managerial roles.

The coefficient correlations between budgetary communication and managerial roles, H2; between budgetary control and managerial roles, H3 and budgetary monitoring and managerial roles, H4 are R =0.832, R=0.866, R=0.877 respectively. All the results of the coefficient of correlation are very strong.

For company Austral, Australia, the R-value of the coefficient correlation between budgetary participation and managerial roles, H1 is significant, with R=0.798, R<sup>2</sup> = 0.636. This indicates that budgetary participation explains almost 64% of the variability of managerial roles within the budgetary process.

The coefficient correlations between budgetary communication and managerial roles, H2; between budgetary control and managerial roles, H3 and budgetary monitoring and managerial roles, H4 are R =0.822, R=0.845, R=0.798 respectively. All the results of the coefficient correlation are strong but not as strong compared to company Malaya of Malaysia.

**Table 4:** Moderate Regression Analysis 1

Company Malaya,	R	R <sup>2</sup>
H1: Budgetary Participation vs managerial roles	0.842	0.708
H2: Budgetary Communication vs managerial roles	0.832	0.692
H3 : Budgetary Control vs managerial roles	0.866	0.779
H4: Budgetary Monitoring vs managerial roles	0.877	0.769
Company Austral,	R	R <sup>2</sup>
H1: Budgetary Participation vs managerial roles	0.798	0.636
H2: Budgetary Communication vs managerial roles	0.822	0.675
H3 : Budgetary Control vs managerial roles	0.845	0.714
H4: Budgetary Monitoring vs managerial roles	0.798	0.636

Overall the results of the above statistical tests provide evidence that there is a strong correlation between budgeting process and managerial roles; between budgetary communication and managerial roles, between budgetary control and managerial roles and between budgetary monitoring and managerial roles. Hence, they support hypothesis, H1, H2, H3 and H4. This leads to the conclusion that a greater involvement of the budgetary process in the organisation is strongly associated with higher managerial roles. The result of the statistical test also proved substantial support for previous findings in respect of the relationship between budget-related behaviour and managerial roles (Williams, J.J., Hua., and Liu, M., 1995.; Syakhroza, A and Islam, A, 2001, 2002).

**4.2 Analysis of Moderate Effect:**

Hypothesis 5 stated that:

H5: The relationship between budgetary participation and managerial roles is moderated by organisational politics.

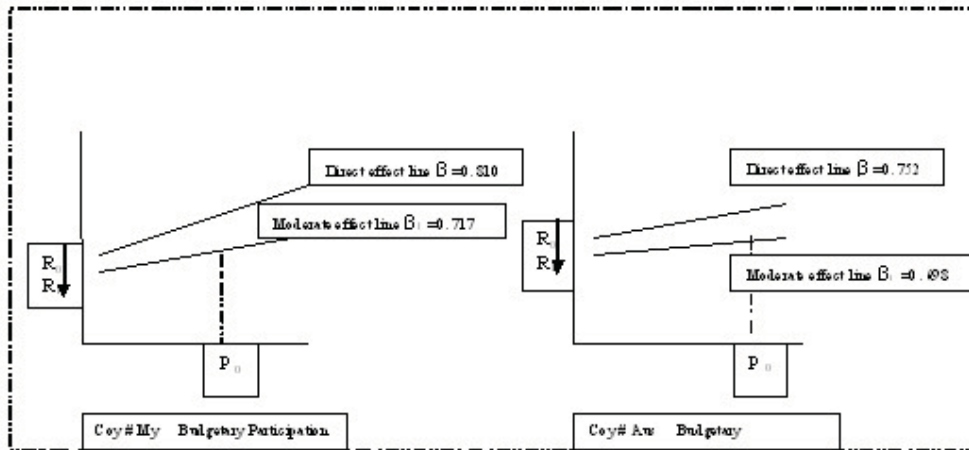
This hypothesis was tested using the above equation model (refer to section 3.0). The moderate regression was used to produce the coefficient of the equation model.  $[Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_3 X_4 + \epsilon]$

The effect of interaction is indicated by R<sup>2</sup> change from direct effect to moderating effect (Cohen and Cohen, 1975; Williams, 1998; Syakhroza, A and Islam, A, 2001, 2002). The incremental of R<sup>2</sup> for company Malaya is 0.049 and for company Austral is 0.026. The R<sup>2</sup> becomes stronger compared to direct correlation, for company Malaya is from 0.708 to 0.750 and for company Austral is from 0.636 to 0.659, both at p<005 level. This indicates that there is evidence to support the hypothesis that the influence of politics on the budgetary participation is positive. Hence, the relationship between budgetary participation and the managerial role is significantly moderated by organisational politics, or in other words, there is a substantial influence of organisational politics in the process of budgetary participation.

For example, managers have a variety of interests in the outcome of their own budgets. They seek to gain corporate political power so as to expand their bargaining ability. The budgeting process is viewed as an important tool for assisting manager to perform their managerial roles.

**Table 5:** Moderate Regression Analysis 2

Company Malaya, Malaysia	R	R <sup>2</sup>	β
H1: Budgetary Participation vs managerial roles –direct effect	0.842	0.708	0.81
H5 : Budgetary Participation vs managerial roles – moderate effect	0.866	0.750	0.717
Company Austral, Australia	R	R <sup>2</sup>	β
H1: Budgetary Participation vs managerial roles- direct effect	0.798	0.636	0.752
H5: Budgetary Participation vs managerial roles – moderate effect	0.812	0.659	0.698



**Fig. 6:** Moderating effect of organisational politics on the relationship between Budgetary Participation and Managerial Roles for company Malaya and company Austral.

The influence of organisational politics on budgetary participation is demonstrated in Figure 6. For company Malaya, the slope  $\beta_1$  of the correlation between budgetary participation and managerial roles (H5) becomes smaller as compared to the direct correlation with  $\beta$  (H1), e.g. value from 0.810 to 0.717. Moreover, for company Austral, the slope  $\beta_1$  of the correlation between budgetary participation and managerial roles (H5) also becomes smaller compared to direct correlation with  $\beta$  (H1), e.g. value from 0.752 to 0.698. Therefore, it can be shown that the effect of budgetary participation on managerial roles is stronger when the effect of organisational politics is ignored. When the moderate effect of organisational politics is taken into account, the slope of the line flattens considerably. That is, the managers concerned are not encouraged to improve their managerial effectiveness.,and by the same level of participation  $P_0$ , the managerial role's effectiveness decreases from  $R_0$  to  $R_1$  (Figure 6). The findings of the study are consistent with prior studies that found the process of budgetary participation was influenced by organisational politics (Cohen and Cohen, 1975; Williams, J.J., Hua., and Liu, M., 1995; Syakhroza, A and Islam, A, 2001, Coyz,

**5.0 Discussion and Conclusions:**

The results of this study show that the impact of organisational politics on the budgetary process including budgetary participation, budgetary control, budgetary monitoring, and managerial roles are significant. The statistical test of the entire five hypotheses also addresses how the effect of organisational politics has affected the budgetary process. They also demonstrate that the role of an organisations politics on the budgeting process differs across the sources of managerial power for companies Malaya and Austral.

Finally, it is considered that these findings with their particular references to the effect of organisational politics will explain the following:

1. In relation to whether or not the budgetary participant is significantly related to managerial roles. The results of the statistic test within H1 provide evidence that there is a strong correlation between budgeting process and managerial roles. Company Malaya has a stronger correlation factor than company Austral. This means that greater involvement in the budgeting process in the organisation is strongly associated with higher managerial roles for company Malaya than company Austral;
2. In relation to whether budgetary control, including budgetary monitoring and budgetary communication, is significantly related to managerial roles. The results of the statistic test within H2, H3, and H4 provide evidence that there is a strong correlation between budgeting control and managerial roles. Company

Malaya has a stronger correlation factor than company Austral, indicating that a greater involvement in the budgeting control in the organisation is strongly associated with higher managerial roles for company Malaya than company Austral; and

3. In relation to whether organisational politics significantly moderates the relationship between budgetary participation and managerial roles. The results of the statistic test within H5 provide further evidence that there is a substantial influence of politics in the process of budgetary participation as a whole. Company Malaya has a stronger correlation factor than company Austral, indicating that there is evidence to support the hypothesis that the influence of politics on the budgetary participation is positive. Hence, the relationship between budgetary participation and managerial role is significantly moderated by organisational politics, that is, there is a substantial influence of organisational politics in the process of budgetary participation.

#### **5.1 Limitations and Directions for Further Research:**

The approach used in this paper may be geared to provide successful budgetary management strategies to a company. However, the finding of the study should also be viewed in the light of certain constraints and limitations. First, there is a possibility that dependent (managerial roles) and independent variables (e.g., budgetary participation, budgetary communication, budgetary control, and budgetary monitoring) are contaminated by uncontrolled external environmental variables.

Second, the testing on organisational politics has been done solely on budgetary participation, not on the communication, control and monitoring processes.

Third, the data used was elicited by a questionnaire survey. The Likert type scale used to measure the independent variables may not be of identical characteristic values, these external values such as the cultural differences between Australia and Malaysia, may introduce bias into the data. In addition, the result of this study can be easily generalised to other similar organisations – in particular, to Government, Private, and Non-Profit Organisations, in other states and other countries.

However, the directions for further research will concentrate on bring together the theoretical underpinning and empirical data. Hopefully, this study will advance the thinking of scholars in this direction and create interest in replicating this method of analysis and validating the findings.

#### **ACKNOWLEDGMENTS**

The author gratefully acknowledged the work of Dr Syakhroza, A. on the authentic achievements which influenced his thinking in this area; some of his ideas were adopted in this paper.

#### **REFERENCES**

- Anthony, R.N. and D.W. Young, 1988. Management control in non-profit organisations, 4th ed, Boston: Irwin.
- Baiman S. and H. Evans, 1983. Pre-decision information and participative management control systems. *Journal of accounting Research*, 21: 371-395.
- Birnberg, J., 1998. Some reflections on the evolution of organisational control. *Behavioural research in accounting*, 10 (supplement), pp: 22-47.
- Brownell, P., & M. McInnes, 1986. Budgetary participation, motivation, and managerial performance. *The accounting Review*, 61: 587-600.
- Bryan, J.F. and E.A. Locke, 1967. Goal setting as a means of increasing motivation. *Journal of applied psychology*, 51: 274-277.
- Cherrington, D. and J. Cherrington, 1973. Appropriate reinforcement contingencies in the budgeting process. *Journal of accounting Research*, 11 (supplement), pp: 225-253.
- Chow, C.W., M.D. Shields, & Y.K. Chan, 1991. The effect of management controls and national culture on manufacturing performance: an empirical investigation. *Accounting, organisations and society*, pp: 209-226.
- Cohen, J., and C. Cohen, 1975. *Applied multiple regression/correlation analysis for the behavioural sciences*. Hillsdale, NJ: Lawrence Erlbaum associates, Inc.
- Govindarajan, V., 1986. Impact of participation in the budgetary process on managerial attitudes and performance: universalistic and contingency perspectives. *Decision Sciences*, 17: 496-516.
- Hopwood, A.G., 1976. *Accounting and human behaviour*. Englewood Cliffs, NJ: Prentice Hall.
- Ivancevich, J., 1976. The effects of goal setting on performance and job satisfaction. *Journal of applied*



psychology (Oct), pp: 605-612.

Kenis, I., 1979. Effects of budgetary goal characteristics on managerial attitudes and performance. *The accounting review*, 54: 707-721.

Kren, L., 1992. Budgetary participation and managerial performance: the impact of information and environmental volatility. *The accounting Review*, 67(3): 511-526.

Locke, E.A. and G. Latham, 1990. *A theory of goal setting and task performance*. Englewood Cliffs, NJ: Prentice Hall.

Pfeffer, J., 1981. *Power in organisations*. Marshfield, MA: Pitman Publishing Company.

Rohra, C., M.A. Junejo, H.A. Kanasro, 2009. Analyzing the Stylized facts for Developing SME's Business Opportunities in Pakistan. *Australian Journal of Basic and Applied Sciences*, 3(3): 2315-2321.

Syakhroza, A. and A. Islam, 2002. A study of the Role of Politics in the budgetary Monitoring Process: The Case of Indonesian Fertiliser Industry. *American Accounting Association, Management Accounting section Research and Case*, Austin, Texas, USA, January 11-12.

Syakhroza, A. and A. Islam, 2001. Role of Politics on the Setting of Budget Plans: A study of Public Sector Fertilizer Enterprises in Indonesia. *13th Asian Pacific Conference on International Accounting Issues*, Rio De Janeiro, Brazil, 29-30.

Sisaye, S., 1998. An overview of the social and behavioural sciences approaches in management control research. *Behavioural research in accounting*, 10: 11-26.

Williams, J.J., Hua. and M. Liu, 1995. Budget participation and satisfaction: the influence of managerial interactions and task uncertainty. *Accounting and business Review*, 2(1): 85-110.

Wong E.S.K., 2010a. The Role of Reflective Practitioner Heuristic Inquiry in Institutional learning and Research. *International. Journal of Education*, 2(1): 2-11.

Wong E.S.K., 2010b. Women's Role in ICT Accounting Research: An Account from Self- Reflection. *Journal of Management Research*, 2(1): 2-10.

Wong E.S.K., 2010c. Economic and Accounting Interpretative Approach on Income Disparity: Evidence from China. *Asian Culture and History*, 2(1): 59-70.