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

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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 determinate 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 behavioral 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.