

---

## EXPLORING THE ROLES OF BUDGET IN MICRO SMALL MEDIUM ENTERPRISES INDONESIA

<sup>1</sup>Septian Bayu Kristanto

<sup>1</sup>septian.bayu@ukrida.ac.id

Ukrida, Jakarta

### Abstract

We explore the role of budget in Micro Small Medium Enterprises (MSMEs) in Indonesia. MSMEs face higher operating uncertainty because of the constraints of budget resources. We used field interviews to know the roles of budget in MSMEs. We used MSMEs engaged in Organic Green & Healthy (OGH) community. OGH community consists of farmers, artisans, and entrepreneurs of local MSMEs which produce organic and natural products. We find that budget development in MSMEs is tend to use a collaborative approach. MSMEs applies the loose use of budget for control purpose. The operational uncertainty in MSMEs leads this finding that small business is not to focus using the budget as a control function. MSMEs that linking budget and reward systems help small businesses to create an accurate budget. This study is the first evaluating budget development and uses using MSMEs in Indonesia

Keywords: Budget, Collaborative, Control, Small, Business, Reward

### Abstrak

*Kami meneliti peran anggaran dalam Usaha Mikro Kecil Menengah (UMKM) di Indonesia. UMKM menghadapi ketidakpastian operasi yang lebih tinggi karena keterbatasan sumber daya anggaran. Kami menggunakan wawancara lapangan untuk mengetahui peran anggaran dalam UMKM. Kami menggunakan UMKM yang bergerak di komunitas Organic Green & Healthy (OGH). Komunitas OGH terdiri dari petani, pengrajin, dan pengusaha UMKM lokal yang menghasilkan produk organik dan alami. Kami menemukan bahwa pengembangan anggaran di UMKM cenderung menggunakan pendekatan kolaboratif. UMKM menerapkan penggunaan anggaran yang longgar untuk tujuan pengendalian. Ketidakpastian operasional di UMKM mengarahkan temuan ini bahwa usaha kecil tidak fokus menggunakan anggaran sebagai fungsi kontrol. UMKM yang menghubungkan sistem anggaran dan penghargaan membantu usaha kecil membuat anggaran yang akurat. Penelitian ini adalah yang pertama mengevaluasi pengembangan dan penggunaan anggaran dengan menggunakan UMKM di Indonesia*

*Kata Kunci: Anggaran, Kolaboratif, Pengendalian, Kecil, Bisnis, Penghargaan*

## 1. INTRODUCTION

Budget is a common term in the organization (Libby & Lindsay, 2010). A budget used for coordinating planning, resources allocation, control, and aligning employee behaviour with company objectives. Previous researchers interest in the budget topic for control system purposes (Chenhall, 2003; Covaleski et al., 2003; Hansen & Van der Stede, 2004). In this study, we interest in the role of budget in Micro Small Medium Enterprises (MSMEs) in Indonesia. We have two main reasons for this matter. First, budgets are a particularly important element of control systems (A. Davila & Foster, 2005; Granlund & Taipaleenmäki, 2005). However, the differences between MSMEs and larger organizations may affect how budgets are used. MSMEs may face higher operating uncertainty because of the constraints of resources and the need to be flexible and agile in managing a budget (Armitage et al., 2020). We also believe how budgets are developed and how they are used for control purposes may differ in MSMEs compared to larger organizations. Second, MSMEs represent a dominant segment of the Indonesian economy with 99 percent of all organizations (OECD, 2020). Thus, developing a better understanding of the development and use of budgets in MSMEs is of considerable practical importance.

To answer our research problem, we develop two research questions. First, we examine how budget developed in MSMEs. We compare two approaches, the top-down vs. a collaborative approach that considering in budgeting literature (Luft & Shields, 2003). Second, we examine the tightness of budget in three aspects, for control, performance evaluation, and reward purposes. Tightness for control purposes aligning individual behaviour with company objectives (Van Der Stede, 2001). Tightness for evaluation purposes would evaluate actual vs. budget results and having a strong influence on employees' performance evaluation (Hansen et al., 2003). Tightness for reward purposes having a direct impact on the determination of employees' performance-based rewards (Li et al., 2013). We use in-depth interviews with owners of MSMEs to gain a detailed understanding of the budgeting process employed in the business.

Our key findings are as follows. Most of the MSMEs in our sample tend to employ a collaborative rather than top-down approach to developing budgets. We find mixed results regarding the tightness of MSMEs' use of budgets for control purposes. Moreover, our evidence suggests that the key value of a budget in MSMEs is derived from the planning activities rather than its use as a control tool. Overall, we find little evidence of tight budget use for evaluation and reward purposes.

Our study contributes to practice and development in management accounting topics, especially budget for small organizations. First, our results showing the benefits of budgets in MSMEs, it is a critical element of the planning process rather than as a tool for controlling and motivating behaviour. This finding differs from larger company settings where budgets are claimed to be beneficial both for planning and control purposes (Libby & Lindsay, 2010). Second, our findings support the theory of budget use, by MSMEs, for control purposes. Finally, our results have implications for management accounting education. We believe our findings will be useful to educators as well as professional accounting bodies in helping to provide students with insights about distinct ways budgets are used in smaller organizations.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

### 2.1. Management Control Systems in MSMEs

Management controls systems (MCS) use to ensure that the behaviours and decisions of their employees are consistent with the organization's objectives and strategies (Armitage et al., 2020). MCS has the main role in reducing agency costs, such as misallocation of resources and facilitating decision making. MCS has evolved from control tools designed to help management in decision making based on financial information (Chenhall, 2003). MCS covers

any information sources, both internal and external, as well as both formal and informal processes and analytical techniques. In a traditional view, MCS inherently conflicts with the goals of small entrepreneurial firms (A. Davila et al., 2009). MCS designed to reduce uncertainty, however, MSMEs require greater flexibility to enable innovation and pursuit of new opportunities. Consequently, the role of MCS in these entrepreneurial and innovation settings should be minimal. The previous research about MCS used in small firms, by early-stage firms of varying size, finds greater reliance on informal controls relative to more formal controls (Abernethy & Brownell, 1997; Armitage et al., 2020; Moores & Yuen, 2001; Ouchi, 1979). However, there are few kinds of research that have examined the use of MCS in SME or micro organizations.

The main difference between MSMEs and large organizations are the implications of MCS, both in design and use (Ang, 1991; Armitage et al., 2020). The smaller size and scope of operations of MSMEs impacting on their less of structure, hierarchy, formality, and coordinating activities (Chenhall, 2003). The owner or founder of MSMEs are more likely to be involved in designing and implementing MCS to reflect their nature of values, attitudes, and skills (Halabi et al., 2010; Jennings & Beaver, 1997). Furthermore, the design MCS in MSMEs can be characterized as dynamic processes that evolve with changes in the operating environment (Ang, 1991; Deakins et al., 2002).

## 2.2. Budget use in MSMEs

A budget defines as a quantitative expression of the management plan, coordination and implementation, for a future period (Armitage et al., 2020). Budget is a central element of an MCS, that potentially impacting major operational decisions related to activity coordination, resource allocation, financing, performance measurement, and compensation. This importance of budget has been defined from previous researches (Covaleski et al., 2003; Libby & Lindsay, 2010; Luft & Shields, 2003). According to our research context, budget practices in MSMEs influencing by contextual factors (Hansen & Van der Stede, 2004). The factors could be reflected in their uniqueness of business or owner characteristics.

Based on contingency theory, budget use in small organizations depends on organizational features such as age, size, operating uncertainty, and decision-making autonomy (Chenhall, 2003; Covaleski et al., 2003). So, it is possible to assume that budget development and use in MSMEs may be shaped by the unique characteristics of these firms discussed above. The few studies examined that budgets in MSMEs are a common and important element of MCS (Cardinal et al., 2004; Sponem & Lambert, 2016). Also, budget is one of the MCS tools during the start-up business phase (Granlund & Taipaleenmäki, 2005). This is consistent with evidence that budgets are the most MCS tool adopted in a business first year of operations (A. Davila & Foster, 2005).

## 2.3. Hypothesis development: Budget Development in MSMEs

Our first research problem is the budget development process in MSMEs. In particular, we focus on the development approach, top-down or collaborative. The top-down vs. collaborative distinction regarding budget development is well established in the budgeting literature and there is evidence that the two approaches can lead to different outcomes (Luft & Shields, 2003; Sponem & Lambert, 2016). Furthermore, understanding this aspect of how budgets are developed in MSMEs is important.

Psychology-based research suggests that a collaborative approach positively impact the motivation of the owner for executing the plan in the budget, attaining budget targets, and greater performance outcomes (Armitage et al., 2020; Chenhall & Brownell, 1988; Chong & Chong, 2002; Nouri & Parker, 1998; J. F. Shields & Shields, 1998; Wentzel, 2002). A collaborative approach also leads to more accurate budgets in settings where there is

information asymmetry between owners and staff (Covaleski et al., 2003; J. F. Shields & Shields, 1998; M. D. Shields & Young, 1993). However, some organizations use a top-down approach because of agency concerns, that allowing staff to participate in budget setting can lead to gaming behaviour, called budget slack (Luft & Shields, 2003). Gaming behaviour considerable negative consequences such as a misallocation of resources, a lack of effort, and budget targets with diminished motivational value (Webb, 2002).

We believe MSMEs might adopt either approach to the budget development process. A top-down approach may be used because it is a less costly process for creating a budget, which is an important benefit if resources are constrained (Sponem & Lambert, 2016). According to contingency theory, the smaller organizations are relatively resource-constrained (Bruns & Waterhouse, 1975; Covaleski et al., 2003). A top-down approach may adopt because owners believe they have a sufficiently deep knowledge of operating activities to develop the budget without needing substantive input from another staff.

For Indonesia context, MSMEs may adopt a more collaborative approach to the budget development process because of the small size of the organization (Chenhall, 2003; Jennings & Beaver, 1997). Consistent with this view, research shows that the control processes employed by smaller organizations are less structured and tend to be informal relative to large organizations (Armitage et al., 2020; Bruns & Waterhouse, 1975; T. Davila, 2005). Thus, we propose the first hypothesis:

*H<sub>1</sub>: MSMEs use a collaborative approach than a top-down approach in budgets development*

#### **2.4. Hypothesis development: Budget Use in MSMEs**

The three main roles of budget are for planning, control, and evaluation (Armitage et al., 2020). Budget encourages innovative behaviour and the provision of information to external parties (Sivabalan et al., 2009). Budgets are also commonly used for control purposes whereby actual results are periodically reviewed against the expected level of performance established in the budget and explanations sought for significant variances (Armitage et al., 2020; Merchant, 1985; Van Der Stede, 2001). The results-control use of budgets can facilitate diagnostic and corrective actions on a timely basis, reducing the likelihood that significant problems will go undetected (Armitage et al., 2020; Simons, 1990; Van Der Stede, 2001). Furthermore, the motivational effects of budgets can be strengthened by linking employees' performance evaluations or rewards to the attainment of budget targets, that is, the evaluation role (Hansen & Van der Stede, 2004; Merchant, 1981).

We examine the tightness of MSMEs' use of budgets as a control. Tightness refers to how stringently or intensely a control is being used to monitor, influence and evaluate behaviour (Groot & Merchant, 2000; Van Der Stede, 2001). Tight budgets control involves frequent and detailed monitoring of results vs. budget targets. In a smaller organization with fewer products and services, departments, and employees it may be less time-consuming and less costly to establish tight budget control compared to a large organization. Moreover, Formal controls are important for firms focused on development and innovation to ensure efficient coordination and use of their resources (Miller & Friesen, 1982). Thus, to the extent innovation is important to MSMEs' success, tighter use of budgets for control purposes could be expected.

There are also reasons to believe that MSMEs may employ loose budget control. In MSMEs senior management likely has more informal opportunities to interact with managers responsible for the attainment of budget goals (Merchant, 1981). As such, they may have ready access to information about actual results versus budget, reducing the need for more formalized reviews. The previous researcher believes that the use of tight controls can result in mechanistic decision making and reduce management's responsiveness to threats and opportunities (Starbuck, 1983; Van de Ven, 1986). Finally, from a resource constraint perspective, the smaller size of organizations may also have less sophisticated information systems and fewer

specialized personnel, limiting their ability to frequently monitor actual results against budget (Halabi et al., 2010). Because formal controls can be costly and timely to implement, MSMEs may be less likely to employ tight budget control (Sandino, 2007). Thus, we propose the second hypothesis:

*H<sub>2</sub>: MSMEs employ loose use of budget than tight use for control purposes*

Budget aligning individual behaviour with business objectives. It enhanced if actual results vs. budget impacting employees' performance evaluations (Armitage et al., 2020). MSMEs with tight budget control frequently monitor actual performance vs. budget. It is made the owner more accountable for taking corrective actions when necessary (Libby & Lindsay, 2010; Simons, 1987; Van Der Stede, 2001). Considering the evidence at the larger organization that budgets are subject to gaming, in MSMEs monitoring budgets can capture the different dimensions of performance. An inaccurate performance benchmark could happen where operating conditions change rapidly, also reducing their value for performance evaluation purposes (Chenhall, 2003; Hansen et al., 2003; Hopwood, 1972; Luft & Shields, 2003). Furthermore, even if budgets are used for control purposes by MSMEs, they must be also used tightly for evaluation purposes. In similar, budget results are an input to the performance evaluation process in MSMEs. Thus, we propose the third hypothesis:

*H<sub>3</sub>: MSMEs employ tight use of budgets than loose use for performance evaluation purposes*

The tightness of budget used for reward purposes in larger companies have some significant evidence (Chenhall, 2003; Libby & Lindsay, 2010; Merchant, 1981; Simons, 1987). However, there is no clear theoretical basis for developing directional expectations in the MSMEs setting. There is no research associating budget and a determinant of performance-based pay in MSMEs. A consideration about informal structures and reward systems practically make MSMEs unlikely to link their budget and reward systems (T. Davila, 2005). MSMEs face a high degree of operating uncertainty and given the difficulty in establishing realistic budget targets (Chapman, 1998). For that reason, we explore the link between the reward system and budget, even though that link sometimes increasing the internal conflict (Armitage et al., 2020; Beer, 1981). Thus, we propose the fourth hypothesis:

*H<sub>4</sub>: MSMEs employ tight use of budgets than loose use for reward purposes*

### **3. RESEARCH METHOD**

#### **3.1. The respondents**

We used field interviews to know the roles of budget in MSMEs. The interview method allows to explore and learn about MSMEs in specific factors affecting budget development and use that differ from large organizations. The respondent categorizes as MSME because the employee no more than 500 and the asset is no more than 500 million IDR (OECD, 2015, 2020). In this study, we used MSMEs engaged in Organic Green & Healthy (OGH) community for potential participants. OGH community consists of farmers, artisans, and entrepreneurs of local MSMEs which produce organic and natural products. Table 1 summarizes the information of the nine MSMEs that participated in our study. In our sample, the oldest MSMEs is Osadha (ID 4), and the youngest is Coco Soap (ID 7) and Towang (ID 8). Our sample is also diverse in the business cluster.

Table 1. MSMEs participants

ID	Name	Year establish	Location	Clusters	Online information
1	Beauty Barn Indonesia	2012	Tangerang	Natural medicine	<a href="https://beautybarnindonesia.com/">https://beautybarnindonesia.com/</a>
2	Nusa Madu	2010	Kupang	Drugs	<a href="https://www.paprikaliving.com/nusa-madu/">https://www.paprikaliving.com/nusa-madu/</a>
3	Havel Tea	2010	Surabaya	Organic Food & Beverages	<a href="https://www.instagram.com/haveltea/?hl=en">https://www.instagram.com/haveltea/?hl=en</a>
4	Osadha	1996	Tangerang	Herbal Food & Beverages	<a href="http://www.ogs.co.id/about.html">http://www.ogs.co.id/about.html</a>
5	Aquilla	2011	Tangerang	Natural cosmetics	<a href="https://aquilaherb.com/">https://aquilaherb.com/</a>
6	Hibo Organic Coffee	2016	Papua	Organic coffee	<a href="https://kkacoffee.com/en/">https://kkacoffee.com/en/</a>
7	Coco Soap Works	2017	Jakarta	Natural body care	<a href="https://www.instagram.com/cocosoapworks/?hl=en">https://www.instagram.com/cocosoapworks/?hl=en</a>
8	Towang	2017	Jakarta	Organic F&B	<a href="https://www.instagram.com/towang_id/?hl=en">https://www.instagram.com/towang_id/?hl=en</a>
9	D'Natural	2007	Surabaya	Organic F&B	<a href="https://www.d-natural.com/">https://www.d-natural.com/</a>

### 3.2. The interview processes

The interview conduct in 15 to 30 minutes between the key informants. We use semi-structured interviews, with prior permission in the middle of the OGH event. Our informants consist of the founder, co-founder, owner, leader, and pharmacist who have a responsibility and/or involved in the budget process. Firstly, we met with Mrs Welly Ng, founder of Beauty Barn Indonesia. Her business contributes to Indonesia future by covering allergy issues and medication in paediatrics. Secondly, we have Mrs Wivina Wurie Wulanjani, the leader of Nusa Madu. Her business sold honey products from wild bees in Nusa Tenggara Timur. Thirdly, we met Mrs Ifana Azizah, co-founder of Havel tea. Since 2019, her business entrance the tea market in Malaysia and Singapore. Next, we met Mr Kurniawan Wahyu Pujianto and Ms Puji Sophandi, the pharmacist of Osadha and Aquilla. Both of our samples is the distributor of healthcare and cosmetics product with the standard of Good Manufacturing Practices (GMP). And the last, we meet Mr. Winston Pandji, Mrs. Mona Yasmina Sjukri, Mrs. Vivi Ang, and Mrs. Shierly Boedihartono. They are the owner of Hibo coffee, Coco Soap Works, Towang, and D'Natural. They providing organic food, beverages, and body care that healthy and environmentally friendly.

We developed a questionnaire consisting of two main segments according to previous research (Kenno et al., 2016). The segments are budget development in MSMEs, and tight budget use for control, performance evaluation, and rewards. We use eight questions to gather all information we needed. For budget development, we use three questions about the person who participates in budget development (Q1), who involved in the budget process (Q2), and who finalize the budget (Q3). The answer to three questions will be coded to know the tendency of the answer. We code 1 for the answer that tends to inform the person involved in budget development is owners only. When the answer informs that owner and staff together develop the budget, we code 2. The coding will be used to answer the first hypothesis.

For the second hypothesis, we also have three questions to capture the budget used for control purposes. We asked about the period of reviewing budget (Q4), who leads the review (Q5), and information about budget revision (Q6). We will categorize the answer into tight use or loose use of the budget. If the answer tends to inform that owner lead the review and the budget doesn't have any revision, we categorize them as tight use of budget. On other hand, a budget with some revision and preferability to be collaborative will be categorized as loose use of budget.

For the third hypothesis, we asking only one question to capture the budget used for evaluation purposes. We want to know if their actual vs. budget evaluation linked to staff evaluation (Q7). If there is a link between budget performance and staff evaluation, we will categorize it as tight use of budget. And the last hypothesis, we also asking one question to capture the budget used for rewards purposes. We want to know if their actual vs. budget evaluation linked to staff rewards (Q8) If there is a link between budget performance and staff rewards, we will categorize it as tight use of budget.

## 4. RESULTS

### 4.1. Budget development in MSMEs

Our first hypothesis is to examine the budget development process in MSMEs, it tends to use a top-down approach or collaborative approach. We code the interview answer in Table 2, Question 1 (Q1) to Question 3 (Q3). In a summary, MSMEs tend to use a collaborative approach (code 2, 74 percent) than a top-down approach (code 1, 26 percent). MSMEs owners mention the important roles of staff in budget development. This evidence is similar to previous research (T. Davila, 2005). MSMEs in Indonesia tend to be decentralized in decision making and described their budget process development using the bottom-up approach. We found several strong mentions from our respondents. **Hibo** owner (ID 6) mentions "*My staff is an important part of budget development*". **D'Natural** (ID 9) owner also mention "*We need staff participation; they know what happens in the market*". For budget finalization, a collaborative approach also preferable in our sample. **Towang** owner (ID 8) mentions "*I offer all of my staff to make a decision. It's an only small business*". Similar to that, **the Aquila** owner (ID 5) also mentions that "*Yeah, this is a small business with little staff. We create a budget together in December*".

### 4.2. Budget use for control purposes

In the second hypothesis, we examine the tight use or loose use of budget for control purposes. We code the interview answer in Table 3, Question 4 (Q4) to Question 6 (Q6). In Q4, we find that most of our sample comparing their actual value vs. budget value is monthly (code 1, 67 percent), and the rest is quarterly (code 2, 37 percent). From the result from Q5 and Q6, we find that our sample applied loose use of budget for control purposes. This finding could be elaborate in Q5 that most of our sample use a collaborative approach to budget review (code 2, 56 percent). The collaboration indicates the loose use of budget (Groot & Merchant, 2000; Van Der Stede, 2001). The strong evidence is our sample tend to revise their budget when incidental events coming. We can find this from the Q6 answer (code 2, 89 percent). This conclusion also supported by several MSMEs comments. **Towang** owner (ID 8) said "*We review budget every month to check the variance*". Similar to **D'Natural** owner (ID 9) said that "*The last week of every month, we are reviewing budget*".

### 4.3. A budget used for evaluation and reward purposes

In the third and fourth hypotheses, we examine the tight use or loose use of budget for evaluation and reward purposes. We code the interview answer in Table 2, Question 7 (Q7) and Question 8 (Q8). We find the mixed budget use for evaluation purposes. In Q7, there are few differences between MSMEs which link the budget and staff evaluation. Even most MSMEs doesn't link that function (code 1, 56 percent), it only a 12 percent difference with MSMEs which link that function. This evidence supports by **Aquila** owner (ID 5), who said "*We do not link the budget with staff evaluation, because of any uncertainty in this business*". These findings are consistent with our previous researches (Chenhall, 2003; Hansen et al., 2003; Hopwood, 1972; Luft & Shields, 2003)

A different finding comes from the Q8. It is used for answering the budget used for reward purposes. MSMEs tend to use the tight budget to link the budget with the reward system (code 2, 89 percent). This finding similar to previous studies (Armitage et al., 2020; Beer, 1981). Linking the budget and reward system improving the accuracy when the budget is developed using a collaborative approach.

Table 2. The Coding Result

ID	Budget development			Budget use for control purposes			Budget use for evaluation purposes	Budget use for reward purposes
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
1	1	1	1	1	1	1	1	2
2	2	2	2	1	2	2	2	2
3	2	2	2	1	1	2	1	2
4	1	1	1	2	2	2	1	1
5	2	2	2	1	1	2	1	2
6	2	2	1	1	2	2	1	2
7	2	2	2	2	2	2	2	2
8	2	2	2	1	2	2	2	2
9	2	2	2	2	1	2	2	2

Note: Code 1: Owners only Code 1:Top-down Code 1: Owners only Code 1: Monthly Code 1: Owners only Code 1: No Code 1: No Code 1: No  
 Code 2: Owners, staff Code 2: Collaborative Code 2: Owners, staff Code 2: Quarterly Code 2: Owners, staff Code 2: Yes Code 2: Yes Code 2: Yes  
 Code 3: Annually  
 Code 4: Other

## 5. CONCLUSION, IMPLICATION AND LIMITATION

We address the issue of the role of budget in MSMEs Indonesia. Overall, we find that budget development in MSMEs is tend to use a collaborative approach. The owners and staff are working together to create a budget and predict some uncertainty from the staff view. This mechanism is good for leadership and belief systems in small organizations. Collaborative approach increasing the accuracy of budget (Armitage et al., 2016; A. Davila & Foster, 2005). Another finding in this research is the loose use of budget for control purposes. The operational uncertainty in MSMEs leads this finding that small business is not to focus using the budget as a control function. the different findings are coming from budget use in the reward system. MSMEs which linking budget and reward systems help small business to create an accurate budget.

We have several implications from our findings. First, MSMEs in Indonesia should use a collaborative approach to develop their budget. This implication based on the uncertainty of operations and the findings of loose use of budget for control purposes. Second, small businesses and MSMEs should link their budget development process and reward systems. This matter will be improving the accuracy of the budget. And the last, for management accounting educators. There are differences in the budget process and the use between large organizations and small organizations. This finding allowing accounting educators to provide broader coverage of this important topic beyond the small business setting for teaching materials. At last, we have limitations in this study. Our sample is small and only in MSMEs context Indonesia. This finding may less generalizable. Future research may enlarge the sample into medium business only or comparing the small vs. large business.

## References

- Abernethy, M. A., & Brownell, P. (1997). Management control systems in research and development organizations: The role of accounting, behaviour and personnel controls. *Accounting, Organizations and Society*, 22(3-4), 233-248. [https://doi.org/10.1016/S0361-3682\(96\)00038-4](https://doi.org/10.1016/S0361-3682(96)00038-4)
- Ang, J. S. (1991). Small Business Uniqueness and the Theory of Financial Management. *Journal of Small Business Finance*, 1(1), 1-13. <http://hdl.handle.net/10419/114623>
- Armitage, H. M., Lane, D., & Webb, A. (2020). Budget Development and Use in Small- and Medium-Sized Enterprises: A Field Investigation. *Accounting Perspectives*, 19(3), 205-240. <https://doi.org/https://doi.org/10.1111/1911-3838.12231>



- Armitage, H. M., Webb, A., & Glynn, J. (2016). The Use of Management Accounting Techniques by Small and Medium-Sized Enterprises: A Field Study of Canadian and Australian Practice. *Accounting Perspectives*, 15(1), 31–69. <https://doi.org/https://doi.org/10.1111/1911-3838.12089>
- Beer, M. (1981). Performance appraisal: Dilemmas and possibilities. *Organizational Dynamics*, 9(3), 24–36. [https://doi.org/10.1016/0090-2616\(81\)90036-X](https://doi.org/10.1016/0090-2616(81)90036-X)
- Bruns, W. J., & Waterhouse, J. H. (1975). Budgetary Control and Organization Structure. *Journal of Accounting Research*, 13(2), 177–203. <http://www.jstor.org/stable/2490360>
- Cardinal, L. B., Sitkin, S. B., & Long, C. P. (2004). Balancing and Rebalancing in the Creation and Evolution of Organizational Control. *Organization Science*, 15(4), 411–431. <https://doi.org/10.1287/orsc.1040.0084>
- Chapman, C. S. (1998). Accountants in organisational networks. *Accounting, Organizations and Society*, 23(8), 737–766. [https://doi.org/10.1016/S0361-3682\(98\)00033-6](https://doi.org/10.1016/S0361-3682(98)00033-6)
- Chenhall, R. H. (2003). Management control systems design within its organizational context: Findings from contingency-based research and directions for the future. *Accounting, Organizations and Society*, 28(2–3), 127–168. [https://doi.org/10.1016/S0361-3682\(01\)00027-7](https://doi.org/10.1016/S0361-3682(01)00027-7)
- Chenhall, R. H., & Brownell, P. (1988). The effect of participative budgeting on job satisfaction and performance: Role ambiguity as an intervening variable. *Accounting, Organizations and Society*, 13(3), 225–233. [https://doi.org/10.1016/0361-3682\(88\)90001-3](https://doi.org/10.1016/0361-3682(88)90001-3)
- Chong, V. K., & Chong, K. M. (2002). Budget Goal Commitment and Informational Effects of Budget Participation on Performance: A Structural Equation Modeling Approach. *Behavioral Research in Accounting*, 14(1), 65–86. <https://doi.org/10.2308/bria.2002.14.1.65>
- Covaleski, M. A., Evans III, J. H., Luft, J. L., & Shields, M. D. (2003). Budgeting Research: Three Theoretical Perspectives and Criteria for Selective Integration. *Journal of Management Accounting Research*, 15(1), 3–49. <https://doi.org/10.2308/jmar.2003.15.1.3>
- Davila, A., & Foster, G. (2005). Management Accounting Systems Adoption Decisions: Evidence and Performance Implications from Early-Stage/Startup Companies. *The Accounting Review*, 80(4), 1039–1068. <https://doi.org/10.2308/accr.2005.80.4.1039>
- Davila, A., Foster, G., & Oyon, D. (2009). Accounting and Control, Entrepreneurship and Innovation: Venturing into New Research Opportunities. *European Accounting Review*, 18(2), 281–311. <https://doi.org/10.1080/09638180902731455>
- Davila, T. (2005). An exploratory study on the emergence of management control systems: Formalizing human resources in small growing firms. *Accounting, Organizations and Society*, 30(3), 223–248. <https://doi.org/10.1016/j.aos.2004.05.006>
- Deakins, D., Morrison, A., & Galloway, L. (2002). Evolution, financial management and learning in the small firm. *Journal of Small Business and Enterprise Development*, 9(1), 7–16. <https://doi.org/10.1108/14626000210419446>
- Granlund, M., & Taipaleenmäki, J. (2005). Management control and controllership in new economy firms - A life cycle perspective. *Management Accounting Research*, 16(1), 21–57. <https://doi.org/10.1016/j.mar.2004.09.003>
- Groot, T. L. C. M., & Merchant, K. A. (2000). Control of international joint ventures. *Accounting, Organizations and Society*, 25(6), 579–607. [https://doi.org/10.1016/S0361-3682\(99\)00057-4](https://doi.org/10.1016/S0361-3682(99)00057-4)
- Halabi, A. K., Barrett, R., & Dyt, R. (2010). Understanding financial information used to assess small firm performance. *Qualitative Research in Accounting & Management*, 7(2), 163–179. <https://doi.org/10.1108/11766091011050840>
- Hansen, S. C., Otley, D. T., & Van der Stede, W. A. (2003). Practice Developments in

- Budgeting: An Overview and Research Perspective. *Journal of Management Accounting Research*, 15(1), 95–116. <https://doi.org/10.2308/jmar.2003.15.1.95>
- Hansen, S. C., & Van der Stede, W. A. (2004). Multiple facets of budgeting: An exploratory analysis. *Management Accounting Research*, 15(4), 415–439. <https://doi.org/10.1016/j.mar.2004.08.001>
- Hopwood, A. G. (1972). An Empirical Study of the Role of Accounting Data in Performance Evaluation. *Journal of Accounting Research*, 10, 156–182. <https://doi.org/10.2307/2489870>
- Jennings, P., & Beaver, G. (1997). The Performance and Competitive Advantage of Small Firms: A Management Perspective. *International Small Business Journal*, 15(2), 63–75. <https://doi.org/10.1177/0266242697152004>
- Kenno, S. A., McCracken, S. A., & Salterio, S. E. (2016). Financial Reporting Interview-Based Research: A Field Research Primer with an Illustrative Example. *Behavioral Research in Accounting*, 29(1), 77–102. <https://doi.org/10.2308/bria-51648>
- Li, P., Tang, G., Okano, H., & Gao, C. (2013). The characteristics and dynamics of management controls in IJVs: Evidence from a Sino-Japanese case. *Management Accounting Research*, 24(3), 246–260. <https://doi.org/10.1016/j.mar.2013.04.002>
- Libby, T., & Lindsay, R. M. (2010). Beyond budgeting or budgeting reconsidered? A survey of North-American budgeting practice. *Management Accounting Research*, 21(1), 56–75. <https://doi.org/10.1016/j.mar.2009.10.003>
- Luft, J., & Shields, M. D. (2003). Mapping management accounting: Graphics and guidelines for theory-consistent empirical research. In *Accounting, Organizations and Society* (Vol. 28, Issues 2–3, pp. 169–249). Pergamon. [https://doi.org/10.1016/S0361-3682\(02\)00026-0](https://doi.org/10.1016/S0361-3682(02)00026-0)
- Merchant, K. A. (1981). The Design of the Corporate Budgeting System: Influences on Managerial Behavior and Performance. *The Accounting Review*, 56(4), 813–829. <http://www.jstor.org/stable/247203>
- Merchant, K. A. (1985). Organizational controls and discretionary program decision making: A field study. *Accounting, Organizations and Society*, 10(1), 67–85. [https://doi.org/10.1016/0361-3682\(85\)90032-7](https://doi.org/10.1016/0361-3682(85)90032-7)
- Miller, D., & Friesen, P. H. (1982). Innovation in conservative and entrepreneurial firms: Two models of strategic momentum. *Strategic Management Journal*, 3(1), 1–25. <https://doi.org/https://doi.org/10.1002/smj.4250030102>
- Moore, K., & Yuen, S. (2001). Management accounting systems and organizational configuration: A life-cycle perspective. *Accounting, Organizations and Society*, 26(4–5), 351–389. [https://doi.org/10.1016/S0361-3682\(00\)00040-4](https://doi.org/10.1016/S0361-3682(00)00040-4)
- Nouri, H., & Parker, R. J. (1998). The relationship between budget participation and job performance: The roles of budget adequacy and organizational commitment. *Accounting, Organizations and Society*, 23(5–6), 467–483. [https://doi.org/10.1016/S0361-3682\(97\)00036-6](https://doi.org/10.1016/S0361-3682(97)00036-6)
- OECD. (2015). *Taxation of SMEs in OECD and G20 Countries*, OECD Tax Policy Studies. (Issue 23). <https://doi.org/http://dx.doi.org/10.1787/9789264243507-en>
- OECD. (2020). *Financing SMEs and Entrepreneurs 2020*. OECD. <https://doi.org/https://doi.org/https://doi.org/10.1787/061fe03d-en>
- Ouchi, W. G. (1979). A Conceptual Framework for the Design of Organizational Control Mechanisms. *Management Science*, 25(9), 833–848. <https://doi.org/10.1287/mnsc.25.9.833>
- Sandino, T. (2007). Introducing the First Management Control Systems: Evidence from the Retail Sector. *The Accounting Review*, 82(1), 265–293. <https://doi.org/10.2308/accr.2007.82.1.265>

- Shields, J. F., & Shields, M. D. (1998). Antecedents of participative budgeting. *Accounting, Organizations and Society*, 23(1), 49–76. [https://doi.org/10.1016/S0361-3682\(97\)00014-7](https://doi.org/10.1016/S0361-3682(97)00014-7)
- Shields, M. D., & Young, S. M. (1993). Antecedents and consequences of participative budgeting: Evidence on the effects of asymmetrical information. *Journal of Management Accounting Research*, 5, 265. <https://search.proquest.com/scholarly-journals/antecedents-consequences-participative-budgeting/docview/210239866/se-2?accountid=50673>
- Simons, R. (1987). Accounting control systems and business strategy: An empirical analysis. *Accounting, Organizations and Society*, 12(4), 357–374. [https://doi.org/10.1016/0361-3682\(87\)90024-9](https://doi.org/10.1016/0361-3682(87)90024-9)
- Simons, R. (1990). The role of management control systems in creating competitive advantage: New perspectives. *Accounting, Organizations and Society*, 15(1–2), 127–143. [https://doi.org/10.1016/0361-3682\(90\)90018-P](https://doi.org/10.1016/0361-3682(90)90018-P)
- Sivabalan, P., Booth, P., Malmi, T., & Brown, D. A. (2009). An exploratory study of operational reasons to budget. *Accounting & Finance*, 49(4), 849–871. <https://doi.org/https://doi.org/10.1111/j.1467-629X.2009.00305.x>
- Sponem, S., & Lambert, C. (2016). Exploring differences in budget characteristics, roles and satisfaction: A configurational approach. *Management Accounting Research*, 30, 47–61. <https://doi.org/10.1016/j.mar.2015.11.003>
- Starbuck, W. H. (1983). Organizations as Action Generators. *American Sociological Review*, 48(1), 91–102. <https://doi.org/10.2307/2095147>
- Van de Ven, A. H. (1986). Central Problems in the Management of Innovation. *Management Science*, 32(5), 590–607. <https://doi.org/10.1287/mnsc.32.5.590>
- Van Der Stede, W. A. (2001). Measuring “tight budgetary control.” *Management Accounting Research*, 12(1), 119–137. <https://doi.org/10.1006/mare.2000.0149>
- Webb, R. A. (2002). The impact of reputation and variance investigations on the creation of budget slack. *Accounting, Organizations and Society*, 27(4–5), 361–378. [https://doi.org/10.1016/S0361-3682\(01\)00034-4](https://doi.org/10.1016/S0361-3682(01)00034-4)
- Wentzel, K. (2002). The Influence of Fairness Perceptions and Goal Commitment on Managers’ Performance in a Budget Setting. *Behavioral Research in Accounting*, 14(1), 247–271. <https://doi.org/10.2308/bria.2002.14.1.247>