

Institutionalization of beyond budgeting ideas is going beyond the traditional budgeting system: Literature Review

Silva L.M.

University of Colombo Sri Lanka, *silmenadil@yahoo.com*

ABSTRACT

Traditional budgeting is commonly used as a management control tool in organizations. However, there are limitations of traditional budgeting, and budgets have been heavily criticized due to such criticisms beyond budgeting techniques that have been developed. Identifying the gap in literature while budgeting involves improved budgeting systems, beyond budgeting is a management framework. Despite the claimed theoretical merits, and calls for organizations to move beyond budgeting, there is little understanding of how beyond budgeting is practiced in real-life organizations. Addressing the above gap, this research attempts to explore how budgeting ideas have been institutionalized in companies given the limitations of traditional budgeting systems in the prevailing rapidly changing business environment. The objective of this research is to identify why the companies moved beyond budgeting ideas and abandoned the traditional budgeting system. This research discusses the literature review as a method for conducting research and provides an overview of the different types of reviews as well as some guidelines for both conducting and evaluating a literature review paper. This study would be an important addition to existing management accounting literature in the area of beyond budgeting. This research shows that it offers valuable insights to practicing managers on the implementation of beyond-budgeting ideas when faced with the limitations of traditional budgeting. This article is a comprehensive literature review that adds value to companies' forced offshoring beyond budget. The literature shows that researchers have tested the concept both theoretically and empirically. However, it appears that many companies are moving beyond budgeting due to various problems with the traditional budgeting system. In addition to that many research show that researchers are reluctant to publish studies beyond the budget due to lack of knowledge, theories and methodologies. This paper suggests that further research is needed on the beyond budgeting, and challenges, and issues resulting from the implementation of beyond budgeting.

Keywords: Traditional budgeting, Beyond budgeting, Institutionalization, Business environment, management framework