Behavior Aspect of Public Sector Planning and Budgeting

(A Literature Review)

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Abstract—The debate about the factors that influence human behavior in determining planning and budgeting in the public sector makes researchers interested in conducting studies. The method used in this research is the study of literature, by analyzing a number of studies that have been carried out and published online in the period 2010-2019 and occurred in several countries. This study illustrates the phenomenon of behavioral aspects and the factors that influence it during this period, and concludes that the factors that influence human behavior in determining planning and budgeting in the public sector, including the most research is research on material aspects and personal interests, other research is still scattered into aspects of work pressure, distrust and resistance, the existence of information technology and organizational culture, which causes budget irregularities, budget mark ups and multiple budgets.

Keywords: behavioral, planning and budgeting

I. INTRODUCTION

Initially accounting was only based on reporting financial information, now accounting does not only cover finance but also supporting information from financial reports such as Corporate Social Responsibility (CSR), corporate environment, managerial information, etc., which are needed for decision-making tools. Behavioural accounting is part of accounting information not in finance that integrates the dimensions of human behaviour with traditional accounting [1]. Behavioural accounting research is a new field that is broadly related to the behaviour of individuals, groups and business organizations, especially those related to accounting and audit information processes [2], while in the public sector, existing research is still about research within organizations business, such as research on accounting control systems related to performance conducted by Darma [3], budgetary slack [4].

Behavioural accounting is influenced by the function of accounting and financial reports, such as planning and budgeting in the public sector is strongly influenced by aspects of human behaviour to carry out activities with the use of funds that are right on target, effective and efficient.

In fact many budgeting processes are not in accordance with procedures, as data from Indonesia Corruption Watch misuse of the public / government sector budget is still the highest at Rp. 455 billion rupiah, so it is necessary to ask whether the mistake is from planning or from budgeting. It also does not escape the human behaviour that is responsible for the implementation of planning and budgeting. Behavioural aspects of planning and budgeting arise when the process of preparing plans and budgets are made, and have an impact on what human behaviour will be done, the limits on the amount to be spent and the budget are also a measure of the performance of human beings themselves. So that human behaviour that makes or carries out planning and budgeting is very instrumental. For this reason, the writer is very interested in studying behavioural aspects in planning and budgeting in the public sector.

II. LITERATURE REVIEW

A. Scope of Behavioral Accounting Research

According to Lubis, Behavioural accounting research includes issues relating to [2]:

Decision making and consideration by accountants and auditors.

Effects of accounting functions, such as budgetary participation, information system characteristics, and audit functions on the behaviour of employees, managers, investors and taxpayers.

Effects of the results of these functions, such as accounting information and use of considerations in decision making.

According to Koger, Behavioural Aspects in public sector budgeting that the budget can affect the behaviour of leaders and employees who act as budget executors [5]. Behavioural aspects in the budget can affect budget performance. Some aspects of behaviour in public sector budgeting include: Budget participation, senior manager involvement, budgetary slack.
Three main stages in the budget preparation process are [2].

1) Setting goals
- Alignment of goals
- Participation
- Benefits of participation
- Limitation and problems of participation

2) Implementation
- Budget communication
- Cooperation and communication

3) Performance control and evaluation
- Performance reports

According to Mardiasmo, there are 4 stages in the budget cycle [6], namely as follows:

1) Budget preparation stage: At this stage the estimated expenditure is based on the estimated available income. Related to this problem, what needs to be considered is that before agreeing to the estimated expenditure, it should first be interpreted more accurately.

2) Budget ratification stage: This stage is a stage that involves a political process that is quite complicated and quite heavy. At this stage the chief executive must have the ability to answer and provide rational arguments for all questions and rebuttal by the legislature.

3) Budget implementation stage: In the budget execution stage, the most important thing that must be considered by public financial managers is having an accounting (information) system and management control system. The public finance manager in this case is responsible for creating an adequate and reliable accounting system for agreed budget planning and control, and can even be relied on for the next stage of budget preparation. A good accounting system includes an adequate internal control system.

4) Budget reporting and evaluation stage: The last stage of the budget cycle is budget reporting and evaluation. If the implementation phase has been supported by a good accounting and management control system, it is expected that the reporting and evaluation stages will not find many problems.

5) Behavioral aspects in planning
- Impact of the planning environment
- Size and structure of the organization
- Leadership style

Of the various opinions regarding the budgeting process mentioned above, human interaction is needed at every step of the budgeting process, thus, aspects of behavior need to be fully understood to avoid the dysfunctional side effects associated with humans from budgeting [1].

III. RESEARCH METHODOLOGY

This study aims to determine aspects of behavior in budgeting in the public sector. This research is a literature study of journals published online, and uses descriptive qualitative methods. This research is text based and uses analytical content.

The research sample is a variety of research on behavioral aspects in budgeting that the author has collected through a Google scholar indexed checking system starting from 2010-2019, and 30 literatures have been collected which are then discussed in depth in this paper.

IV. RESEARCH RESULTS AND DISCUSSION

A. Types of Behavioral Aspects Affecting Budgeting in the Public Sector in the 2010-2019 Timeline

Based on the results of the analysis content, the aspects that underlie human dysfunctional behavior in conducting the budgeting process are:

1) Material aspects and personal interests: The aspect of wanting to get material that is more than the salary or work benefits that have been obtained by the budget makers is the most discussed aspect in studies of human dysfunctional behavior in the budgeting process. Research conducted by Michelle and Talib connects motivation, incentives with employee performance, where in the study discussion it is stated that employees are motivated to achieve budgets with incentives, which are tools that motivate them [7]. Incentives can be monetary and / or non-monetary. A motivational budget can extend actual performance to reach the budget performance limit. When reaching the budget performance limit, there is no point in increasing the number of incentives. That does not motivate employees anymore, because the budget becomes unachievable and cannot be achieved. Vonorova produces findings that participation of all parties in the budget team becomes a motivation for the budget team [8]. While research conducted by Yuhertiana, Pranoto, and Priono, resulted in the finding that weak participation in both pseudo participation, monologue, formality will provide an opportunity for moral hazard to take advantage of "opportunities" [9]. Opportunistic behavior in the nuances of "wrong" political culture causes the actors in the preparation of the budget, executive and legislative branches to use their "discretionary power" to use it for their own personal and group interests. While other research on aspects of motivation conducted by Raghunandan, Ramgulam, and Raghunandan, produced findings that behavioral aspects are very closely related to success in budgeting, especially aspects of motivation in prioritizing personal interests and dysfunctional behavior [10]. In line with this research, problems in public sector organizations are generally caused by aspects of human behavior that are motivated by material or financial aspects of their own personal and group interests [4]. Dunk states the
same thing that aspects of human behavior play an important role in budgeting [11].

2) Stress aspects in the work of accountants: Research conducted by Smith, Derrick, and Koval, results in the finding that stress in work that occurs in accountants results in inefficiencies in an organization [12].

3) Aspects of organizational culture: The results of Sardjito and Osmad Muthaher's research prove that there is a significant influence between organizational culture variables in moderating budgetary participation and managerial performance [13].

4) Information technology aspects: Sutton et al. states that the era of openness caused by the development of information technology also causes changes in the behavior of budget officials in controlling performance measurement. Which affects job satisfaction, role ambiguity, employee transfers and various other social and psychological factors [14].

5) Aspects of disbelief and resistance: The budgeting process that does not pay attention to the real interests of the community will result in dysfunctional behavior, it was stated by Jonni and Husein which states that deviant behavior can occur is 1) distrust, because the budgeting process does not pay attention to the actual conditions and the budget only pays attention to the results, not to the process, 2) Resistance, this is caused by the budgeting process that is only based on the status quo [15].

V. CONCLUSION, LIMITATIONS AND IMPLICATIONS

A. Conclusion

Based on the overall sample of content analysis successfully conducted, the research sample that has been conducted in the period 2010-2019 regarding behavioural aspects in the budgeting process in the public sector, the most research is research on material aspects and personal interests, other research is still scattered into aspects of work pressure, distrust and resistance, the existence of information technology and the overall organizational culture of the discussion in these papers have the same conclusion that behavioural aspects in budgeting can cause budget failure, inaccurate budget disbursement and further on white-collar crime, namely corruption and manipulation aimed only at personal or group interests.

B. Limitations

This research uses analytical content, so that in conducting the discussion is still limited, further researchers are advised to use other analytical tools such as N Vivo and others so that deeper conclusions can be obtained.

Researchers can then discuss studies on one of the reputed indexed reference sources, so that the quality of the paper discussed can be further improved.

C. Implications

This research broadens the scope of research based on behavioural aspects in the budgeting process in the public sector, where such research is rarely found. This research can broaden the reader's insight on different aspects of behaviour towards the budgeting process, and is expected to provide input to the parties involved in the budgeting process to prevent deviant behaviour in the budgeting process in the public sector.

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