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The Historical Analysis of the Budgetary Thinking of Finnish Profes- sional Business Journals 1950–2000

The debate for and against budgeting is very heated nowadays. Some say that budgets must be abandoned because they stifle creativity and strategic development. Others say that budgets can be developed and made more flexible and effective. But no one is really in love with traditional budgeting. Despite their alleged demise, budgets still remain a popular fixture. This study aims to make the present Finnish budgetary discussion understandable with the aid of historical analysis. The central concept in this study is budgetary thinking, which means ideas, opinions and thoughts about budgeting documented in research papers, textbooks, pro-

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professional journals and in other written sources. Budgetary thinking can be on the one hand theoretical and on the other professional. This paper concentrates on professional thinking and presents an historical analysis of the budgetary thinking found in Finnish professional business journals in the period 1950-2000.

The professional business journals that were chosen for analysis were widely read in Finland and treated topics that were of interest at the time. All of the articles on budgeting published in these journals (106 in total) were classified by decade and by subject and then analysed qualitatively. The budgetary thinking reflected in the articles was then related to the development of the national economy, companies' business principles, teleinformatics, production engineering and management and leadership philosophies. The historical progress of budgetary thinking can be summarized as follows:

- in the 1950's budgeting was a necessary tool for cost control;
- in the 1960's budgeting was an integrated profit planning and control system;
- in the 1970's budgeting was a part of an integrated management system;
- in the 1980's budgeting had to be a flexible tool for planning and control;
- in the 1990's budgeting was a producer of basic data and a developable support for strategic management.

The development of the business world made demands on budgeting which were reflected in the budgetary thinking of the professional journals. The budgetary articles had a pioneering and educational role, giving their readers new ideas to ponder. The writing changed over the decades also because readers were becoming more and more familiar with

budgeting. In the 1950's articles dealt with the rudiments of budgeting and during the later decades only with those things that were thought to produce surplus value for budgetary knowledge. This development can also be seen in the widening of the budget concept from a mechanistic tool for cost control to a part of the strategic management system. During the whole period under study the professional journals' budgetary thinking stressed the importance of matching budget practice to the needs of each firm and its business environment. This matching and flexibility were held to be the cornerstones of effective budgeting.

The historical analysis of budgetary thinking proved also that budgets and budgeting have been praised and criticized for the same reasons as long as Finnish firms have used budgets. In the 1950's the utility of budgets was held to lie in planning, coordinating and controlling, while concern was expressed about possible defects such as gaming to keep control of sufficient resources or gain more, and concentrating on budget details rather than on business. The above-mentioned heated debate for and against budgeting can be understood when it is borne in mind the debaters define budgets in different ways. Opponents regard budgets traditionally and restrictively as mechanistic and fixed phenomena. Supporters see budgeting more broadly and they feel that it can be developed to flexibly fulfil the requirements of today's business environment. Ultimately such a debate is fruitless because the debaters are not even talking about the same subject. ■