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## **Budget Communication Moderate Incongruent Budget Emphasis between the Superior and Subordinate**

The effectiveness of superior evaluation style in using the budgets has been a topic of research interest since the studies of Hopwood (1972) and Otley (1978) produced what has been seen as contradictory results. These studies have spawned a series of studies as researchers have attempted to determine combinations of factors under which budget controls are effective or not.

The theoretical development of this study is based on the early argument made by Otley (1978, p. 132). He suggested that dysfunctional outcomes are not strictly dependent on the level of superior budget emphasis, but they are instead dependent on the extent to which a manager is in agreement with his superior about the way his performance is evaluated. Otley concluded that as a manager increasingly disagrees with the appropriateness of evaluation criteria, then his job-related tension will increase. Critical for an effective functioning of budgetary control is therefore not so much the absolute level of superior budget emphasis as advocated in earlier studies. The issue is rather, if the relative level of superior budget emphasis is higher than what the subordinate himself places on the budget for performance evaluation. Incongruent budget emphasis exists only in this study when the superior emphasises the budget more than the subordinate.

The results from a survey in a decentralised corporation indicate that budget communication as a dimension of budgetary participation will not moderate high budget emphasis per se (absolute emphasis) to impact on performance. Instead, incongruent budget emphasis (relative emphasis) between the superior and subordinate will be moderated by budget communication to influence on functional budget behaviour. Although budget control effectiveness represents one of the most well-organised critical masses in management accounting research (Brownell and Dunk, 1991 p. 703), the focus of previous studies has been solely on the role of superior budget emphasis and not on difference in budget emphasis between the superior and subordinate.