Abstract:
Purpose of the article: Many studies show that dissatisfaction of traditional budget models was growing among the companies over the last decades. However it is possible to compete effectively in the rapidly changing environment if enterprise refuse to use the old planning budgeting approaches, involve all employees in budget model’s continuous improvements and development. For this purpose budgets models identification and change methodical was created.
Methodology/methods: For examination of the theoretical aspects of the budget models, there were used these scientific methods – scientific literature analysis, synthesis, induction, deduction and modelling. In order to achieve this aim, extensive research of academic publications was required; on the grounds of the resources gathered from academic materials, consistent budget model identification and alteration methodology was developed for practical application in major enterprises.
Scientific aim: The aim of the present academic research is the development of a methodology of budgeting model identification and alteration.
Findings: Analysis of budgets models in the literatures showed that the traditional budgets are outdated approach to business planning and control. There were also determined four main budget models. The review of different researches of companies budgets, shows that even the different researches are incomparable with one each other because of different countries and years when they were done, but most of them indicate that even if companies are not planning to reject budgets.
Conclusions: Budgets models identification and change methodical is presented in details, by which companies can move to modern budgets models and because of such change respond more quickly to business changes in the market and pay greater attention to motivation of their employees.
Keywords: budgets, traditional budgets, advanced budgets, beyond budgets, budgets models
JEL Classification: M 21
Introduction

For many years the traditional budget model has been effective; it worked well as market conditions were stable, the competitors were known and it was possible to predict their actions. However, the conditions have changed over some decades.

The majority of previously conducted academic researches indicate that a large part of enterprises practicing traditional budget models are actually dissatisfied with them. These researches merely present generalized results; they do not share a methodology allowing to identify what budget model is applied in an enterprise to establish the level of the staff satisfaction with the current budgeting system and to find out the problems caused by the currently applied budget model. As a result, an extensive research is required to develop a methodology for the implementation of the budget model identification and alteration at an enterprise.

Essentially, four types of budgeting models may be singled out: beyond budgeting, advanced, better and simple (see Figure 1). The issue why a number of enterprises do not reject inefficient traditional budget models systems from their inability to obtain precise assessment of what budgeting model should be the most efficient and appropriate in their particular case and to evaluate the extent of resources required for the change (time, financial and human resources); besides, they have no idea as to what stages of the substitution of the current model could be the most efficient.

The object of the academic research is budgeting models applied in enterprises. The aim of the present academic research is the development of a methodology of budgeting model identification and alteration.

In order to achieve this aim, extensive research of academic publications is required; on the grounds of the resources gathered from academic materials, a consistent budget model identification and alteration methodology will be developed for practical application in major enterprises in order to improve or alter budgeting models and thus to adapt more easily to the ever changing business environment.

1. Budget models improvement and alteration in the enterprises


When researching academic writings and focusing on the criticism of traditional budgeting models and the analysis of their drawbacks, it was observed that no fully developed and consistent methodolo-
gy is available to provide grounds for enterprises to evaluate their business models and alter them efficiently. The only budget alteration methodology presented in academic writings is the evolutionary adoption framework system developed by Waal, Hermkens-Janssen and Van de Ven in 2011 (see Figure 2). This system covers four stages of budget model improvement and alteration in an enterprise; however, it mostly focuses not on these stages but rather on the core factors regarding the decisions concerning budget alterations or shifts and limitations impending the implementation of changes. As a result, the system is not fully developed; the authors conducted researches in four enterprises regarding the above mentioned factors and the limitations in change implementation. Unfortunately, the budget model alteration stages are neither detailed nor were they applied in operating enterprises; besides, no suggestions are presented regarding their impact in the course of change implementation.

According to Waal, Hermkens-Janssen and Van de Ven (2011), solution takers are restricted by various factors posing difficulties in the search of a rational solution and its implementation. Restrictions preventing a well-motivated solution may be divided into these categories: cognition, acceptability, egocentric and emotional restrictions. Enterprises may possess a well-established budgeting process, and the staff may be unwilling to undergo any changes. In order to implement any new instruments at an enterprise they are compared with the current ones, some novelties are instantly and unmotivatedly considered useless, and the choice is not rational. Enterprises may decide to apply specific budgets willingly or be forced to do it. Various strategies may be imposed within an enterprise due to their popularity, novelty or adoption by competitors; however, this often results in a failure as the selected strategy is not necessarily optimal for the particular enterprise.

Having analyzed the budget models presented in academic writings it is possible to claim that traditional budgets are criticized as among a number of drawbacks they hamper the adaptation to the ever changing environment.

Scholars as well as enterprises are looking for novel budgeting models aiding the processes of planning and budget drafting. The previously conducted theoretical research provides grounds for the development of budgeting model identification and alteration enabling the enterprise to perform a consistent change or corrections of the budgeting model.

2. Dissatisfaction with the traditional budgeting model

A number of researches conducted in enterprises during the last decade highlight their growing dissatisfaction with the traditional budgeting model. According to Libby and Lindsay (2003), in the contemporary business world, enterprises need to be more flexible, sensitive and rapid in their reaction towards the unexpected developments of the business environment and the increasing competitiveness to be able to preserve the increasingly inconsistent clients.

The traditional budget-based management accounting was developed so that to provide managers
<table>
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<th>Table 1. Drawbacks and limitations of traditional budgets.</th>
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<tr>
<td><strong>Drawbacks of the traditional budget</strong></td>
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<tr>
<td>Traditional budgets obstruct rapid reaction.</td>
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<td>Traditional budgets are excessively time-consuming and expensive.</td>
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<td>Budgets are not renewed or improved frequently enough – usually it takes place once a year.</td>
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<td>The budget may become an obstacle for innovations.</td>
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<td>Due to the use of traditional budgets it may be hard to recruit and preserve the talented staff of the enterprise.</td>
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<td>The budget may be a restriction of the efficiency of an activity.</td>
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<td>Traditional budgets strengthen barriers among departments rather than incite exchange of knowledge; they also prompt unethical behavior of managers in order to comply with the budget.</td>
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<td>The budget may become an obstacle for closer relationship with the clients.</td>
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<tr>
<td>Budgets rarely are strategically oriented; they are often inconsistent.</td>
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<td>The budget may be an obstacle for long-term competitive business results.</td>
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**Source:** Owned by the authors based on Lucey, 1993; Hope, Fraser, 1999; Ekholm, Wallin, 2000; Daum, 2001; Libby, Lindsay, 2003; Neely, Bourne, Adams, 2003; Bourne, 2004; Frezatti, 2004; Eldelburg, Wolcott, 2005; Rickards, 2006; Atrill, McLaney, 2007; Proctor, 2009; Taylor, 2009; Uyar, 2009; Goode, Malik, 2011; William, 2012.
with the conditions of ruling and controlling the enterprise “from above”; however, in the current business environment, traditional budgets pose various problems and are harshly criticized (see Table 1).

A conclusion may be drawn that traditional budgets are an outdated attitude towards the planning and control of the activity of an enterprise. These budgets create too little added value to the enterprise, are extremely time-consuming, their drafting is expensive, they are inflexible when the business environment is undergoing alterations. The drawbacks of traditional budget models may lead to poor operational results of an enterprise. In order to make budgets efficient, first of all they need to be coherent with the strategies of the enterprise and to possess solid grounds; they need to be consistent with the values of the enterprise and to concentrate upon the permanent creation of value within the enterprise. The dissatisfaction among enterprises with traditional budgets incited them to look for other ways of efficient planning of their activity and achieving better results. This ultimately led to the development of contemporary budget models.

Most changes usually feature indeterminateness. As a result, it is useful to split the process of changes into several stages by determining in what sequence the changes will be implemented in the enterprise. In a simplified way, the alteration of a budget model may be depicted on the basis of the three-stage change model by K. Lewin which is frequently applied when planning changes in organizations.

3. Methodology of budget model identification and alteration

Thus first of all it is necessary to evaluate the current situation of the enterprise in order to find out what budgeting processes are efficient and where changes are required. The staff must admit that the current model is no longer efficient and that changes are imminent. The changes should not be imposed; the staff needs to understand the necessity and usefulness of the alterations; hence, at this stage, spread of certain change-related information is required. Afterwards, it should be established what specific changes are required. It is also essential to alter the attitude of the enterprise staff towards the currently established budgeting procedures. At this stage, new solutions are being searched for: alternatives are explored, new values are established, the structure of the enterprise is modified if required, and information corroborating the new attitude is gathered. Finally, the integration of the changes is reinforced by establishing the procedures of the new budgeting model. After the completion of the budgeting model substitution, the enterprise returns to stage one, namely, to the assessment of the satisfaction with the altered budgeting model. When developing a budget model identification and alteration methodology it is highly useful to provide highly detailed methodological stages so that the integration of the new model should be as efficient and successful as possible and that there should be no opposition. Figure 3 presents a methodology of budget model identification and alteration developed by the above mentioned authors covering integrated stages acting as a guideline for an efficient change of the budgeting model of an enterprise.

Stage 1. First of all, the leader of an enterprise needs to consent the application of the budget identification and alteration methodology in the enterprise. This may include an order of the leader confirming the adoption of this methodology if the procedures applied in the enterprise require such an act. Stage 2. After having obtained the consent, the budget model is applied by employing the budget model identification methodology involving both qualitative and quantitative research of the current budget model (see Figure 4). The fundamental objective of this stage is by applying questionnaire and interview strategies to explore the current budgeting model, the issues it poses and to render the need to alter the currently established model to the enterprise staff involved in drafting the budget in order to obtain their support.

The questionnaire method is involved into the budget model identification methodology to provide an opportunity to interview a larger number of employees involved into the process of budgeting than other research methods would allow. The questionnaire method was selected because of possessing good value in terms of reliability, speed and costs. In order to obtain an objective estimate of the currently applied budgeting model, questionnaire questions are prepared in advance. Its structure is as follows: 1) the introductory part of the questionnaire explaining why the research is conducted and presenting instructions regarding how to fill in the questionnaire; 2) the main body containing questions aimed at researching the currently applied budgeting model; 3) the concluding part containing questions regarding the position held by the respondent in the enterprise and his/her age.

In order to perform a more profound analysis of the budgeting model in the enterprise and to obtain reliable data on the areas of the budgeting model that are bound to be changed, another research me-
As qualitative research is employed, a minor part of the staff is sufficient to be selected. When selecting the participants, their representation of different departments and their participation in the process of budget drafting should be considered. This qualitative research provides results supplying the data obtained from the questionnaire with the valid complementary information and aids the identification of the fundamental issues and drawbacks that are related with the budgeting process. The questions of the questionnaire were designed regarding the functions performed by the budget and the types of traditional and contemporary budgets. The questionnaire seeks to identify the prevalent types of budgets in the enterprise.

Stages 3 and 4. After having assessed the budget questionnaire and interview results, the type of the budgeting model applied in the enterprise is established: traditional, contemporary or traditional containing elements of the contemporary budget; the need to alter the current budgeting model is identified.

Stage 5. This stage contains the decision taking in order to change the budgeting model. This decision may be taken during the enterprise budget board meeting where all the individuals involved in the budgeting process participate by presenting them with information on the systemized drawbacks of the budgeting model. After having decided to change or shift the current budgeting model, it is useful to appoint responsible individuals who will be nominated to perform the research and analysis of the
4. Discussion

During the last couple of decades, more and more attention has been paid to research in enterprises in order to analyze the budgets they apply, the issues they face and their attitude to the change of budgeting systems. Uyar (2009) overviews dozens of previous researches on budget application and claims that the research provides sufficient proof that budgets are among the most frequently applied strategies of planning and supervision in various enterprises. Researches conducted in Malaysia, Bahrain, India, Australia, Japan, Singapore and Poland show that activity budgets represent the most important accounting instrument applied in enterprises. A management accounting research conducted in Poland showed that the majority of participating enterprises mostly belonging to the majors operating in the fields of manufacturing or services (80% of the respondents) draft annual activity budgets of the whole enterprise. Another research was conducted in Singapore; it demonstrated that 97% of the research sample employ budgets. According to A. Uyar (2009), there are ongoing discussions regarding the usefulness of the traditional budgets: their partisans claim that budgets should still be applied and are suitable while the opponents insist that...
One of the best-known drawbacks of traditional budgets is their time consumption. The results of the empirical research by Horvath&Partners CFO-panel showed that in more than a half of the participating enterprises, the activity and budget planning process requires four to six months (Uyar, 2009). Meanwhile, T. Libby and R. M. Lindsay claim that budgets consume about 20 to 30 per cent of the managers’ and financial specialists’ time. A question naturally arises whether the benefit obtained by enterprises from the budget drafting process is worth such major expenses. A research conducted in 1999 showed that the staff of the financial sector dedicate 21 per cent of their working time to the analysis and interpretation of numbers while the major part of their working hours is devoted to activities producing lower added value such as data collection and processing, which actually is frequently devoted to budget-related discussions (Hope, Fraser, 2003). Statistics by The Hackett Group shows that 78% enterprises do not alter their budgets throughout the whole year; they use static budgets (Libby, Lindsay, 2003).

Even though the overviewed researches are different in terms of sample size, year and country and their results are incomparable but they still indicate that most enterprises employ budgets usually focusing on planning and supervision objectives. A large majority of enterprises apply traditional budgets and even though researches show that most enterprises do not intend to get rid of budgets they are still willing to upgrade the current budgeting model. As the budgeting model and the related issues are independent and enterprise-specific, it is essential to research the specific budgeting model applied in an enterprise, to identify the areas to be improved and to outline a plan of the model correction or alteration. This was the objective of the development of the methodology of budgeting model identification and alteration.

Moreover, in the budget model, there has to be a place for such management accounting instrument as activity based costing (ABC). Yet one important factor which increases the need to apply the method ABC is planning changes in the production or marketing strategy (I. Vereš, I. Bondareva, 2009).

Organizations that have made a decision to apply new management disciplines may expect benefits not only in the area of knowledge utilization, innovations and innovative potential, but subsequently also in the increasing of efficiency of the entire organization (H. Urbancová, M. Königová, J. Urbanec, J. Fejfar, 2012). So one of the new management models which can increase of efficiency of the entire organization is advanced budgeting or beyond budgeting.

Conclusions

1. Having conducted a research of budgeting models presented in academic publications it was established that traditional budgets constitute an “outdated” attitude to the planning and control of the activity of an enterprise; they are criticized because of the obstacles they pose regarding the adaptation to the ever changing environment. Scholars as well as enterprises are in search of new budgeting methods assisting the processes of planning and budget drafting. A number of authors single out the superior and advanced budget models as an alternative to the traditional model. Yet, they merely involve occasional improvements in comparison with the traditional budgeting model. Meanwhile, the beyond budgeting model eliminates a major part of issues posed by the traditional budgeting model, but it requires radical change and the rejection of the traditional budget. As this is a long-term process, many enterprises attempt to upgrade their currently used models by involving separate corrections.

2. In order to avoid a major part of issues stemming from the application of the traditional budgeting model, systematic and radical changes are required not only in the budgeting model but also in the organizational model of management and the organizational culture.

3. An overview of academic researches focusing on the application of budgets in enterprises revealed that a major part of enterprises are not inclined to get rid of budgets but rather tend to upgrade them. Each enterprise is unique and may face specific issues of budgeting model application as well as express willingness to improve specific budget areas. As a result, it is impossible to present a universal recipe of a model for the budgeting model alteration for all enterprises. Yet, stages of budgeting model alteration for any enterprise willing to perform consistent budgeting model changes were established.

4. On the basis of the analysis of academic writings and an empirical research, a budgeting model identification and alteration methodology for major enterprises was developed. It may be applied with individual customizations in business entities of various sizes and types. This methodology first of all advises to identify the
currently applied budgeting model of an enterprise and its drawbacks and to take decisions regarding the model change of the improvement of specific model areas only afterwards by adhering to the consecutive stages highlighted by the methodology. It is essential that the staff should understand the importance and usefulness of the changes and second them as the implementation of changes may result in failure if it is excessively rushed, inconsistent or if no preparation took place in advance and if the staff disagrees with or opposes the changes.

5. It is essential to understand that a drafted budget by itself does not guarantee the provision of benefits to the enterprise. In order to enjoy the advantages yielded from the budget, systematic development of the budgeting system is required.

References