

Summary of Paper: [An Empirical Investigation of Beyond Budgeting Practices](#)

What is this Study About?

The study examines the adoption of Beyond Budgeting (BB) practices in organizations and how these practices compare to traditional budgeting methods in terms of management control and decision-making flexibility.

What are the major findings of the study?

Organizations implementing BB practices exhibit higher levels of decentralization, flexible resource allocations, and relative target setting, and weaker individual incentives compared to those using traditional budgeting methods. Despite the appeal of BB for its adaptability and responsiveness, many organizations struggle to fully abandon fixed annual budgets and financial performance measures, indicating a deep-rooted reliance on traditional budgeting for decision-making and performance evaluation. Additionally, the findings suggest a negative correlation between the adoption of BB practices and the emphasis on long-term investment coordination, highlighting potential challenges for organizations that prioritize structured long-term planning. This research underscores the complexity of adopting BB practices, revealing significant variation in implementation among organizations.

Why is the study important?

The researchers highlight the shift toward more adaptive and decentralized management control systems, pointing out the practical challenges and variations in adoption. The findings underscore the difficulties in moving away from fixed annual budgets and the reliance on financial measures for performance evaluation. By showcasing the impact of BB on organizational flexibility and control, the research contributes valuable insights for managers and organizations considering transitioning away from traditional budgeting to improve responsiveness and decision-making in rapidly changing environments.