INTERNATIONAL JOURNAL OF BUSINESS AND MANAGEMENT (IJBM)
ISSN: 2815-9330 (Online)

VOL. 5, NO. 2 2026 https://iessociety.org/

Behavioural aspects of budgeting and job performance: A conceptual model with organisational culture as a moderator

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Abstract

This study develops a conceptual model examining the relationship between behavioural aspects of budgeting and job performance, with organisational culture proposed as a moderating variable. It focuses on four behavioural budgeting dimensions, namely budgetary participation, budgetary goals, motivation, and budgetary slack, and draws on agency theory, expectancy theory, budgetary goal theory, and contingency theory to explain their influence on job performance. Organisational culture is incorporated as a moderator on the premise that strong cultures foster trust, goal congruence, and reduced agency conflicts, whereas weak cultures are more likely to encourage dysfunctional budgeting behaviour. Based on an extensive review of the literature, the study proposes a conceptual framework and eight testable hypotheses linking behavioural budgeting factors, organisational culture, and job performance. The framework offers a theoretical basis for understanding these interrelationships, though it requires empirical validation using real workplace data before practical conclusions can be drawn. Future research is encouraged to test the proposed model across diverse organisational and business contexts to assess its robustness and generalisability.

Keywords: Budgeting, Behavioural Factors, Job Performance, Budgetary Participation, Budgetary Goals, Budgetary Slack, Motivation, Organisational Culture, Moderating Variable

JEL Classification: M41, M54, D23

DOI: https://doi.org/10.56879/ijbm.v5i2.129

1. Introduction

One of the key foundations for any corporate-sector company and management accounting is the effective budgeting system, which permits strategic planning, organising, operational evaluation, and behavioural adjustments among employees (Drury &Tayles, 2021). Budgeting systems are increasingly recognised as behavioural processes that influence employees' attitudes, motivation, and job performance, in addition to serving as financial control mechanisms in modern organisations. To enhance organisational performance and promote greater managerial responsibility, organisations rely not only on budgeting techniques but also on behavioural factors such as explicit goal setting, budgetary participation, motivation, and the management of budgetary slack during the budget preparation process. Through participation in budgeting, managers develop a clearer understanding of organisational goals and how these objectives can be translated into improved performance. However, the effectiveness of budgeting practices is shaped by behavioural responses, including employees' motivation and the creation of budgetary slack. This suggests that contextual and organisational factors play a significant role in determining how budgeting systems influence employee outcomes (Brownell & McInnes, 1986).

In particular, organisational culture offers the setting for the development and interpretation of budgeting practices. However, there is still little empirical data on how culture influences the connection between job performance and behavioural aspects of budgeting systems. Therefore, under various organisational culture settings, this study theoretically explores this by developing a model on the behavioural aspects of budgeting and their influence on job performance, including organisation culture as a moderating variable. What and how motivation, budgetary goals, budgetary participation, and budgetary slack affect job performance are among the research issues in this study. Furthermore, does the organisational culture moderate the associations between job performance and behavioural components of budgeting?

In light of the above research questions, the prime objective of this study is to examine the influence of behavioural aspects of budgeting on job performance and also to analyse the moderating role of organisational culture in these relationships.

Specifically, the study focuses on

1. To investigate how motivation affects job performance.
2. To analyse the effect of budget participation on job performance.
3. To investigate the relationship between budgetary goals and job performance.
4. To examine the effect of budgetary slack on job performance.
5. To investigate the moderating effect of organisational culture on the relationship between behavioural budgeting components and job performance.

DOI: https://doi.org/10.56879/ijbm.v5i2.129

Budgetary goal theory describes how it influences budgetary goals (e.g., Macinati, Bozzi, & Rizzo, 2016). Drawing from the goal-setting theory, it is established that specific and well-defined goals contribute to improved performance (Locke & Latham, 2002). This theory emphasizes the significance of establishing specific, challenging goals to direct managerial behaviour and enhance performance outcomes (Locke & Latham, 2002). In this context, previous research has indicated that goal clarity mitigates role ambiguity and helps employees in understanding expectations, ultimately facilitating goal attainment (Hussein, Maji, & Panda, 2021).

Understanding goal clarity has the potential to improve managerial performance by empowering managers to make well-informed decisions and match their resources and efforts with the predetermined goals. Furthermore, Hussein, Maji and Panda (2021) posit that managers who have an understanding of the budgetary goals are expected to improve their job performance. On the other hand, unclear budget goals may produce vague, lack of focus, and low performance.

Expectancy theory is connected with job performance as it relates employee motivation with job performance directly (Hackman & Porter, 1968). It implies that the perceived relationships between performance, effort and rewards regulate managerial motivation, which in turn affects participation and effort allocation (Vroom, 1964).

This theory argues that employees are motivated to perform well when they believe their effort will lead to successful performance and valued rewards (Vroom, 1964). In this context, participative budgeting makes these expectations robust by clarifying goals and increasing employees' commitment to budget achievement. Therefore, employees are more likely to improve their job performance through a higher level of effort and persistence. This relationship is supported by Han et al. (2015), who reported that stronger performance–reward expectancy significantly enhances employee job performance.

Agency theory suggests that managers might prioritise their own interests over the organisation's objectives. Participative budgeting can reconcile these interests leading to increased motivation and job performance. At the same time, however, weak monitoring and information asymmetry may lead to creation of budgetary slack by employees. Previous studies show that budget participation can improve performance through higher goal acceptance and motivation while affecting budgetary slack depending on organisational controls and accountability (e.g., Chong, Kim, & Yang, 2019; Sawitri & Ratnadi, 2023). Therefore, it can be argued that job performance can be effective when principals reconcile conflicting goals through budget participation.

Contingency theory describes the evolving role of organisational culture (moderator) in influencing these contingent variables affecting job performance (e.g., Chenhall, 2003). According to contingency theory, developing a conditional "fit" between operational procedures and contextual elements is what maximizes work performance in management systems rather than a single universal design (e.g., Donaldson, 2001; Drazin & Van de Ven, 1985).

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In the present study the proposed behavioural aspects of budgeting framework and role of organisational culture including budgetary goals, budgetary participation, motivation and budgetary slack contribute as the primary explanatory predictors of job performance. However, the influence of organisational culture is an important moderating variable to determine how and whether these budgetary variables influence or shape performance metrics. Thus, the effects of deep budgetary participation or goal challenges on employee performance may be entirely dependent on the surrounding corporate values and motivational-budget pathways (e.g., Baerdemaeker & Bruggeman, 2015). The results obtained by Subramaniam and Ashkanasy (2001) support the cultural moderation. The present study makes a conceptual advancement by integrating the four foundational organisational behaviour theories such as agency theory, goal-setting theory, expectancy theory, and contingency theory through a comprehensive strategic performance framework related in the budgeting process. Additionally, it provides a holistic explanation by combining budgeting practices such as budget participation, motivation, budgetary goals, and budgetary slack as interconnected behavioural mechanisms rather than isolated accounting tools influencing employee performance.

Incorporating organisational culture as a moderating variable with the help of contingency theory into the effectiveness of behavioural budgeting practices on job performance is another contribution. The study also shows the effects of motivation, participation, budgetary goals, and slack, reflecting that there is no fixed effect across organisations. It posits that organisational culture serves not only a confounding variable but also a constraint that moderates how employee behave in their workplace performance and how results are impacted by budgeting systems.

The remainder of this paper is organised into six sections. Section 2 explains the methodology adopted for the study. Section 3 reviews the relevant prior literature related to the research topic and objectives, identifies existing research gaps, and develops the study's hypotheses. Section 4 presents the theoretical framework, defines the variables included in the model, and proposes the regression model. Section 5 discusses the proposed framework and regression model, highlighting their implications. Finally, Section 6 concludes the paper by presenting the study's conclusions, implications, limitations, and directions for future research.

2. Research Methodology

This research utilises a qualitative theory-driven literature evaluation in the area of management accounting and control. It is integrative and purposeful in nature and draws on peer-reviewed journal articles, scholarly books and empirical studies sourced from some sources such as Scopus, and ScienceDirect, Google Scholar etc. to enhance importance and academic rigour. The study employs a selective and thematic selection of relevant material in place of systematic approaches (Snyder, 2019).

The review focuses on behavioural dimensions of budgeting and job performance, including budgetary slack, motivation, goal-setting, and budgetary participation. Classical theoretical

DOI: https://doi.org/10.56879/ijbm.v5i2.129

perspectives, including agency theory, expectancy theory, contingency theory, and goal-setting theory, are synthesised with recent empirical research to integrate established and emerging insights.

An interpretive approach is used to blend core themes and highlight gaps in the literature, emphasising the interplay between budgeting and job performance. It considers international evidence to reflect variations across organisational, cultural, and institutional contexts, particularly in emerging economies.

3. Literature Review

Research on the behavioural aspects of budgeting dates back to Argyris (1952), who proved that rigid budgets create psychological stress and reduce participation. Later studies examined behavioural factors such as information asymmetry, budgetary slack, participation, and motivation. Merchant (1985) and Young (1985) identified incentive misalignment and asymmetric information as key drivers of slack, while Brownell (1982) and Locke and Latham (2002) showed that participation bolsters performance through goal commitment, though opportunistic behaviour may persist. The literature supports for independent variables, contextual variables and the dependent variable is provided below.

3.1 Job Performance

The effectiveness of an employee in performing their duties includes observable actions and behaviours that lead to the organisation's goals (e.g., Campbell, 1990). Employees are able to accomplish their targets and objectives when goals are justifiable and feasible. For example, Microsoft motivates job satisfaction among its employees by balancing workloads and unbiased assessment. Various studies confirm that participative approaches increase job satisfaction (Brownell & McInnes, 1986), while Belias and Koustelios's (2014) study links satisfaction to improved performance outcomes. According to a study by Karakoc and Ozer (2016), managers' work performance is positively impacted by budgetary participation through enhanced commitment to budget goals and information exchange.

Behavioural aspects of budgeting, such as participative budgeting, goal clarity, budgetary slack, and employee motivation, influence job performance, which is the key for evaluating the effectiveness of financial control systems. There may be indirect relations between these budgeting factors and job performance; therefore, this relationship is often influenced by contextual factors, including organisational culture (e.g., Chong et al. 2006). Furthermore, these explanations may not be generalised across all settings. Organisational culture, includes shared values, beliefs, and norms, impacts job performance by fostering belonging, satisfaction, and goal alignment within organisations (Schein, 1985). As per the contingency theory, there may not be a standalone budgeting system which may be effective across all organisational settings. According

DOI: https://doi.org/10.56879/ijbm.v5i2.129

to Govindrajan (1986), the efficacy of a budgeting system depends to a large extent on its aligning with organisational and

3.2 Budgetary Goals

It aims to follow a judicious allocation of resources and performance targets. Toyota, for instance, sets lean production goals to strike a balance between cost and efficiency. Previous research suggests that clear and interactive approaches promote dedication and performance (e.g., Brownell, 1982; Locke & Latham, 2002). While recent evidence emphasises that goal clarity improves managerial performance (e.g., Le & Nguyen, 2020). In other words, these findings suggest that employees perform better when budgetary goals are specific, clearly communicated, and well accepted. Goal-setting theory is the most relevant framework to explain the relationship with job performance. This theory emphasises that, in contrast to other motivational theories, setting lucid and challenging goals increases employee motivation, effort, and performance.

3.3 Budgetary Slack

Managers build a “fat” factor into budgeting. They do this by underestimating revenues or overestimating expenses to hit easy targets. According to Horngren et al. (2014), it provides managers with some tolerance for errors if unexpected expenditures increase within the fiscal period. For instance, General Electric has historically permitted slack to hedge against market swings. Prior evidence suggests that slack is due to problems of incentives and information asymmetry (e.g. Young, 1985; Merchant, 1985). According to more recent studies, such slack is made worse by behavioural characteristics and shortcomings in the budgeting systems (e.g., Ramlall & Grobbelaar, 2024), which include propensity to over-optimism and resistance to change. It impairs resource allocation among departments. Additionally, managers usually intentionally create budget slack because of company reward systems and their own power to influence budget targets.

3.4 Budgetary Participation

It positively affects the employee participation in budget formation and job performance. It emphasises that when employees participate in budgeting, their motivation, commitment, and connection to organisational goals are enhanced (Alhasnawi et al., 2024). This process enables honest lines of communication, helping everyone share vital workplace information and feedback and understand their exact job duties (e.g., Chenhall & Brownell, 1988). When employees are seriously involved in budget creation, they feel more motivated, committed, and connected to the company's goals. As a result, employees gain the clarity and motivation needed to enhance their efficiency and overall performance. Recent empirical evidence also reflects this relationship, where budgetary participation influences and improves job performance through reduced role ambiguity and increased goal commitment (e.g., Jermias & Yigit, 2013). According to Nouri and

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Parker's (1998) study, organisational commitment and budget adequacy are two ways that budgetary participation improves job performance.

3.5 Motivation

It is a critical variable to improve job performance as it motivates the employees to put more effort into their work and guides them to improve their productivity and get better results. Motivation may have incentives and fairness that may influence motivation as employees strive to achieve their goals. Incentives motivate employees to work hard to achieve their targets. Salesforce, for example, ups their involvement by linking budgets directly to reward programmes. Classical theories propose that incentives drive organisational performance (e.g., Vroom, 1964; Deci & Ryan, 1985).

Recent research reflects that employee commitment and performance are both influenced by participatory budgeting (e.g., Brownell, 2015; Maas & Hartmann, 2011). A study by Chong and Chong (2002) revealed that budget participation positively influences job performance by enhancing motivational involvement. Similarly, the study findings of Le and Nguyen (2020) demonstrate that participative budgeting affects employees' motivation and performance by boosting their goal commitment. For this variable, expectancy theory is the most relevant and effective, as it explains that motivation affects employees' behaviour. It posits that employees are motivated by their belief that their efforts will result in an increased performance and the attainment of rewards they value.

3.6 Organisational Culture: Moderating Variable

For behavioural aspects of budgeting, organisational culture has been acknowledged as a contextual factor influencing managerial performance. For example, Google culture significantly affects budgeting participation and performance outcomes. In this regard, research indicates that organisational culture significantly improves managerial performance and enhances behavioural outcomes in budgeting and performance management processes, especially during planning, target setting, and evaluation stages. These outcomes include budget participation, goal clarity, motivation, information asymmetry, budgetary slack, and role stress (Kin et al., 2023). This suggests that a positive workplace culture improves staff alignment and collaboration, which raises performance levels. Similar to this, behavioural budgeting shows how environmental and cultural elements, such as role stress and budgetary slack, have a significant impact on how budgeting systems function (Merchant & Van der Stede, 2007).

Strong cultures with shared norms and ethical values reduce opportunistic behaviour and increase intrinsic motivation. This reduces the need for formal monitoring. In contrast, weak cultures increase agency conflicts by increasing incentive misalignment and budgetary slack. Culture filters behaviour, turning the potency of formal control into social compliance. It creates trust and decreases dysfunctional managerial behaviours in performance systems (Van der Stede, 2011;

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Maas & Hartmann, 2011), thereby moving agency control from strict formal mechanisms to a combination of formal and informal governance. According to more recent research, cultural controls enhance behavioural alignment and mitigates goal incongruence, which increases the effectiveness of budgeting practices (Striteska & Zapletal, 2020). Additionally, although empirical data on the strength and consistency of this link are still conflicting, contemporary research suggests that organisational culture has a significant impact in determining the mechanisms via which job performance objectives are obtained (O'Reilly et al., 2024). All things considered, organisational culture plays a crucial moderating role among behavioural variables of budgeting and job performance.

3.6.1 Organisational Culture, Budgetary Participation and Job Performance

A few empirical studies found that organisational culture positively moderates the budgetary participation of performance (e.g., Sucitrawati & Ratna Sari, 2017; Subramaniam & Ashkanasy, 2001). Similarly, O'Connor (1995) reported that in organisations which encourage cultural values and lower power distance, budgetary participation is more effective. Other studies' findings also support that organisational culture positively moderates job performance.

3.6.2 Organisational Culture, Budgetary Goals and Job Performance

Employee responses to budgetary goals are influenced by organisational culture, which either promotes or hinders goal achievement. Organisational culture should encourage employees to perceive budgetary goals as a chance for partnerships and improvement in their performance. Previous evidence showed a positive association between budgeting practices, organisational culture, and managerial performance (Brownell & McInnes, 1986; Tsamenyi et al., 2003).

3.6.3 Organisational Culture, Motivation and Job Performance

A moderating variable changes the strength or direction of a relationship between two other variables. An effective organisational culture increases employees' motivation to pursue the organisation's goals in a defined direction (Santoso & Soehari, 2020). A study by Radakovich (2016) indicates that a positive organisational culture acts as an important contextual variable that magnifies the effects of intrinsic motivation on employee job performance. Similarly, the findings of a study by Jamali et al. (2024) show that employee motivation and organisational culture significantly influenced employee performance within the organisation. Last but not least, in the Malaysian context, Lau et al. (2020) report that corporate culture influences and changes the attitudes and behaviours of employees, resulting in influencing their performance significantly.

3.6.4 Organisational Culture, Budgetary Slack, and Job Performance

Incorporating organisational culture as a moderating variable may influence the power and guidance of the budgetary slack and job performance relationship. Adi and Lestari (2022) noted that by influencing employees' budgeting behaviours, managerial responses, and perceptions of

DOI: https://doi.org/10.56879/ijbm.v5i2.129

slack utilisation, organisational culture determines whether budgetary slack results in advantageous or unfavourable performance outcomes. The findings of Ardanari et al. (2020) indicate that organisational culture shapes budgetary slack behaviour by influencing managerial actions. This suggests that the characteristics of a culture play a crucial role in determining whether budgetary slack is detrimental or facilitates effective resource allocation.

In organisations with a high-performance or ethical culture, employees may have less tendency to create budget slack. In low-performance or organisational cultures that serve their own interests, employees may distort budgetary goals to meet performance targets, leading to decreased efficiency and innovation. Therefore, organisational culture can either weaken the negative effects of budgetary slack on job performance or enhance the performance (e.g., Mukhtaruddin, Susanto, Zahratunnisa, & Nurullah, 2025).

3.7 Control Variable

Employee Experience: Prior literature has indicated that employee experiences impact job performance and budgetary effectiveness through improved role clarity, organisational commitment, and strategic resource allocation. Therefore, this variable is incorporated in the model as a control variable. These linkages are frequently studied within the framework of budgetary participation in the literature on management accounting and organisational behaviour (Pangaribuan, Pangaribuan, & Siagian, 2024). Knardal and Bjørnenak (2020) discovered that through objective clarity, systematic planning, and budget involvement, managerial and employee experiences greatly enhance work and budgeting performance. In a similar vein, work experience and motivation account for 32.4% of the variation in employee performance, according to Ratnawati, Sukidjo, and Efendi (2020). In view of their known influence on firm and budgeting outcomes, in this study, employees' experiences are taken as a controlled variable to mitigate the likely confounding effects and to separate out the relationships between the independent variables, the moderating variable and budgetary effectiveness.

It is stated that though there is a considerable amount of research on behavioural aspects of budgeting, there are not many studies that use organisational culture as a moderating variable inside agency-based budgeting frameworks, particularly in the context of emerging economies where linkages between behavioural, institutional, and control systems persist. In this context, it can be explained that behavioural aspects of budgeting factors (as suggested in this study framework or model) influence budgeting responses, institutional factors shape organisational practices, and management control systems reinforce accountability, with these interconnected influences continuing to affect job performance in emerging economies (e.g.,Degenhart, Zonatto, & Lavarda, 2022).

Therefore, prior studies have examined behavioural budgeting and performance but have not adequately integrated organisational culture as a moderating mechanism.

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Table 1. **Moderating Role of Organisational Culture in the Relationship Between Independent Variables and Job Performance (A Summary)**

Explanatory Variable	Does Organisational Culture Moderates Job Performance?	Explanations	Prior Evidence
Goal-setting	☑	Participatory approach or performance-related cultures may enhance commitment to budget goals.	Guidini et al. (2020); Isgiyarta et al. (2019).
Budgetary participation	☑	Open cultures make it easier for employees to share information, which enhances information symmetry.	Huang, Davison, & Gu (2011); Choo (2013); Raziq et al. (2024).
Motivation	☑	During budgeting process, the effect of motivation on job performance is enhanced by a favourable culture.	Kin, Pangastuti, & Sumtaky (2023); Her, Shin, & Pae (2019).
Budgetary slack	☑	The negative effects of budgetary slack may be diminished in cultures that prioritize ethics and control.	Chong & Sudarso, (2016); Lucyanda, & Sholihin (2023)

3.8 Hypotheses Development

- H01: Budget participation has a significant and positive influence on job performance.
- H02: Budgetary goals has a significant and positive influence on job performance.
- H03: Motivation positively influences job performance.

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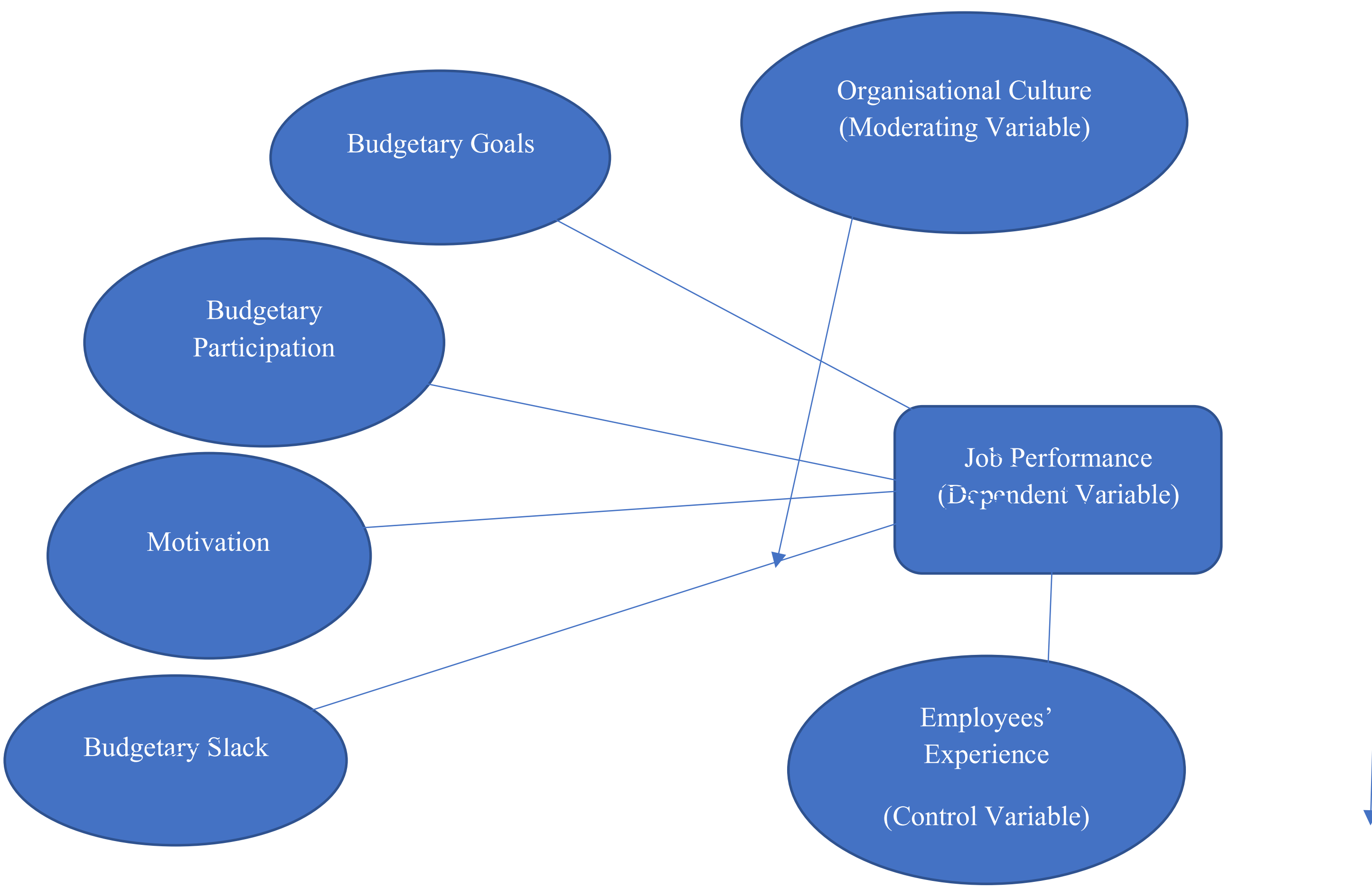
- H04: There is a negative influence of budgetary slack on job performance.

Moderating Effect of Organisation Culture

- H5a: Organisational culture significantly moderates the relationship between budgetary participation and job performance.
- H5b: Organisational culture significantly moderates the relationship between budgetary goals and job performance.
- H5c: Organisational culture significantly moderates the relationship between motivation and job performance.
- H5d: Organisational culture significantly moderates the relationship between budgetary slack and job performance.

3.9 Proposed Framework

Figure 1. Proposed Framework related to Behavioural Aspects of Budgeting and Effects on Job Performance taking Organisational Culture as Moderating Variable:



DOI: https://doi.org/10.56879/ijbm.v5i2.129

4. Model Formulation

The variables and their relationships with the dependent variable are incorporated into the following model:

JP = β0+β1(MOT) + β2(BP)+ β3(BS)+ β4(BG)+ β5(OC)+ β6(MOT×OC) +β7(BP×OC) +(β8 (BS×OC) +β9(BG×OC) + β10 (EXP)+ε

Dependent variable: Job performance

JP= Job performance

MOT= Motivation

BP= Budget participation

BS = Budgetary slack

BG = Budgetary goal

OC = Organisational culture (moderating variable)

(MOT×OC) = The interaction terms (e.g., Motivation × Organisational Culture) test the moderating effect.

(BP×OC) = The interaction terms (e.g., Budgetary Participation × Organisational Culture) test the moderating effect.

(BS×OC) = The interaction terms (e.g., Budgetary Slack × Organisational Culture) test the moderating effect.

(BG×OC) = The interaction terms (e.g., Budgetary Goals × Organisational Culture) test the moderating effect.

EXP= Employee experience (control variable)

A regression model is suggested to investigate the connection between job performance and behavioural aspects linked to budgeting based on the conceptual framework developed in this study. The model incorporates organisational culture as a moderating variable, employee experience as a control variable, and budgetary participation, budgetary goals, budgetary slack, and employee motivation as explanatory variables.

A typical 5-point Likert scale is used to quantify the independent and dependent variables in the regression model. Employee experience, on the other hand, is operationalised as a continuous variable that represents the precise number of years that respondents have worked in their particular sectors.

This model significantly contributes to behavioural accounting literature by integrating budgetary participation, budgetary goals, budgetary slack, and employee motivation as predictors of job

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performance. It adds value to previous studies by including organisational culture as a moderating variable and employee experience as a control variable, thus offering a comprehensive view of how budgeting-related behavioural factors affect performance. This model is well founded in prior research linking budgetary participation to job performance (Chong & Johnson, 2007) as well as based on recent evidence on behavioural factors impacting managerial performance (Sopanah et al., 2023), providing a robust framework for understanding performance determinants.

5. Discussions and Implications

5.1 Analysis of the Suggested Framework and Model

The suggested conceptual framework discusses that behavioural aspects of budgeting influence job performance in a variety of ways, particularly through budgetary goals, budgetary participation, budgetary slack, and employee motivation, in addition to incorporating organisational culture as a moderating variable to further influence these relationships. Furthermore, employees' experience may control them because it affects budgeting competence and performance. According to goal-setting theory, setting clear and challenging financial goals improves job performance by increasing role clarity, commitment, and effort of the employees. According to agency theory, budgetary participation can provide opportunities for building budgetary slack when individual interests deviate from organisational goals, even while it also reduces information asymmetry and encourages goal congruence between managers and employees. Expectation theory relates to employees being more driven to meet budgetary goals when they consider their efforts will result in favourable performance results and worthwhile rewards, which enhances job performance.

These behavioural relationships in budgeting practices rely on the organisational context, bringing in contingency theory. The interpretation and implementation of budgeting systems are helped by organisational culture by shaping employees' perceptions of trust, fairness, and accountability as well as managerial support. A culture that encourages partnerships and learning enhances the positive effects of budgetary participation, goal commitment, and motivation while mitigating opportunistic behaviours like budgetary slack. On the contrary, a control-orientated culture may increase pressure and role stress, leading to defensive behaviours that can undermine the effectiveness of behavioural budgeting. Furthermore, employee experience plays a critical role; seasoned employees have better budgeting knowledge, enabling them to leverage budgeting activities for improved performance.

There is also empirical evidence to support these relationships. For example, the Degenhart, Zonatto and Lavarda (2022) study show that budgetary participation strengthens psychological capital, indirectly improving managerial performance through psychological capital and managerial attitudes.

DOI: https://doi.org/10.56879/ijbm.v5i2.129

Similarly, Kin et al. (2023) study findings reveal that as a moderating variable, organisational culture significantly improves the positive relationship between budgetary participation and job performance.

All the theories, on an overall basis, indicate a complementary justification that budgeting systems significantly help in improving job performance when behavioural aspects of budgeting practices are linked to motivating incentives, aligned interests, clearly defined goals, and a supportive organisational culture.

5.2 Implications

The framework highlights that behavioural aspects of budgeting have significant implications for managerial practice and job performance outcomes. Managers should integrate budgetary goals, participation, motivation, and performance evaluation with both financial and non-financial indicators to improve decision quality and reduce dysfunctional behaviours.

Budgeting systems should balance technical controls with behavioural considerations to minimise budgetary slack and enhance accountability. Empirical evidence suggests that budget participation and social interactions influence budgetary slack creation, requiring managers to strengthen transparency and reduce information asymmetry (Kin et al., 2023). Organisations should develop supportive cultures that enhance trust, commitment, and motivation while reducing opportunistic behaviours. Consistent with contingency perspectives, budgeting effectiveness depends on aligning control mechanisms with organisational culture and contextual conditions (Chenhall, 2003). Integrating behavioural budgeting with a supportive positive organisational culture enhances employee performance by encouraging motivation, accountability, and association with organisational goals, leading to improved outcomes (e.g., Melasari et al., 2025).

6. Conclusions, Limitations, and Future Research Directions

This study presents a theoretical framework deduced from a qualitative, theory-driven literature review that investigates the effects of behavioural aspects of budgeting—specifically budgetary goals, participation, motivation, and slack—on employee job performance. The framework also incorporates organisational culture as a moderating factor, with employee experience as a control variable. It formulates a regression model and proposes eight testable hypotheses grounded in four theoretical perspectives: budgetary goal theory, expectancy theory, agency theory, and contingency theory. These theories collectively elucidate how behavioural budgeting practices affect employee attitudes and performance in various organisational contexts. The study outlines the framework's characteristics and discusses its theoretical and managerial implications, contributing to the literature on behavioural management accounting, budgeting, and organisational performance. The review is integrative and purposive, using peer-reviewed publications, scholarly books, and empirical studies from databases like Scopus, ScienceDirect Google Scholars, etc. It embraces an interpretive literature review methodology rather than a

DOI: https://doi.org/10.56879/ijbm.v5i2.129

systematic approach, focusing on thematic synthesis of relevant literature. The study pays special attention to the interplay between behavioural budgeting practices and performance measurement systems, while also encompassing evidence from diverse organisational, cultural, and institutional contexts, particularly in emerging economies where such practices are less explored.

6.1 Limitations of the Study

This study suffers from certain limitations that should be acknowledged despite its theoretical and practical contributions.

i) The proposed framework is conceptual and was developed through a qualitative, theory-driven literature review without incorporating actual empirical data analysis. The suggested framework is supported based on widely accepted theories and supported with the help of prior studies; the relationships among budgetary goals, budgetary participation, motivation, budgetary slack, organisational culture, and job performance remain conceptually founded. Therefore, it needs validation to determine the magnitude, direction, and significance of the proposed relationships across different firm settings.

ii) Additionally, the suggested comprehensive regression model and the eight hypotheses have not been tested using primary data, therefore restricting its power to draw causal inferences.

iii) The study uses a simple methodology based on a selective and interpretive literature review rather than a systematic review methodology, despite the fact that well-known databases are used as a source (Scopus, DirectScience, Google Scholar, etc.). There may be a strong possibility that this approach might have excluded some relevant literature.

iv) Organisational culture is incorporated as a moderator and employee experience as a control variable; it is also likely that other leadership styles, technological abilities, governance methods and institutional pressure may also influence behavioural budgeting practices and employee job performance.

6.2 Future Research Directions

Future research should empirically test the proposed conceptual framework using various research designs, such as quantitative, qualitative, and mixed-method approaches. Specifically, survey-based studies utilising multiple regression and structural equation modelling could explore direct and moderating relationships, while longitudinal studies may offer insights into the causal impact of behavioural budgeting on job performance. Case study-based research is also suggested.

It is crucial to focus on organisations in emerging economies, as most existing literature is grounded in mature Western contexts, which differ significantly in institutional and cultural aspects. Furthermore, future studies should expand the framework by including additional factors such as digital transformation, ERP systems, and leadership styles. Comparative research across different industries and countries is recommended to improve the comprehension of budgeting

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behaviour and its implications for management accounting practices, aiming to produce findings that are both context-specific and broadly applicable.

Such types of studies in the future may advance the budgeting practices and behavioural factors influencing the shaping of such practices for effectiveness and contributions to literature. They may provide some practical guidance for managers and employees in better designing or redesigning budgeting and control systems which may assist in enhancing job performance and productivity under different organisational and institutional settings.

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Appendix- I: Operationalisation of Research Constructs and Supporting Evidence from Prior Studies

Construct/Dimension	Proposed Statement	Suggested source	Supporting Evidence
Budgetary participation	- I have the opportunities to take part in drafting the budget for my department. - My opinions are shared and honoured during the budgeting process. -I can influence the final budget for my area of responsibilities.	Milani (1975); Brownell & McInnes (1986)	Milani (1975) created participation measures, while Brownell and McInnes (1986) connected participation to performance. Shields and Shields (1998) conducted a review of the existing evidence.
Budgetary goals	-The budget targets communicated to me are lucidly understandable. -Budget targets are challenging but achievable. - My department's budgetary goals are easily comprehensible. -Budget goals provide understandable guidelines for my work actions.	Locke & Latham (2002); Kenis (1979)	Budgetary goals, clarity, and performance were connected by Kenis (1979); goal-performance effects were reported by Locke and Latham (2002) and Alhasnawi et al. (2023).
Motivation	- I am motivated to do my job as well as I can. - I put extra effort into my work when necessary. - I remain committed and dedicated even when work becomes challenging.	Ryan and Deci (2000); Gagné et al. (2015)	Gagné et al. (2015) found a positive correlation between autonomous types of work motivation and important job outcomes, including employee effort and performance. while Ryan and Deci (2000) connected motivation with effort and perseverance.
Budgetary slack	-Budget estimates frequently incorporate allowances beyond actual operational requirements.	Deng, Liu, & Wen (2020); Dunk (1993); Young (1985)	According to Young (1985), budgetary slack creation is influenced by knowledge asymmetry.

DOI: https://doi.org/10.56879/ijbm.v5i2.129

	-Budget targets are occasionally set lower than what can realistically be achieved. - Managers may purposefully overestimate the amount of resources needed. -Budget numbers occasionally offer a safety cushion to increase the probability of achieving goals.		Dunk (1993) found that slack behaviour is influenced by certain circumstances. Recent research on control mechanisms affecting budgetary slack was presented by Deng et al. (2020).
Organisational culture(moderator)	-Our organisation has similar values. –Management encourages open dialogue. -The organisation culture supports employees to achieve organizational goal**.**	Denison & Mishra (1995); Schein (1985)	Denison and Mishra (1995) connected culture with effectiveness; Schein (1985) conceptualised culture; and Hartnell et al. (2011) verified the connections between culture and performance.
Job performance	- I constantly meet the performance parameters expected in my job. - I successfully finish my assigned duties given to me. **-** On an overall basis, my job performance either meets or exceeds organizational expectations.	Williams and Anderson (1991); Campbell (1990**)**	Job performance was conceptualised by Campbell (1990), while task performance was measured by Williams and Anderson (1991). Individual work performance was confirmed by Koopmans et al. (2014).

DOI: https://doi.org/10.56879/ijbm.v5i2.129