International journal of applied management and economics
Vol : 02 , N° 23 , December 2026
ISSN : 2509-0720

# Budgeting process as a Management Control Tool: A Conceptual and Theoretical Analysis.

- AUTHOR 1 : KHALLAF Zakaria,
- AUTHOR 2 : FARIS Asmaa,
- AUTHOR 3 : EL BOUHALI

(1) : Hassan II University of Casablanca, Morocco.
(2) : Hassan II University of Casablanca, Morocco.
(3) : Sultan Moulay Slimane University of Beni Mellal, Morocco.

Conflict of interest: The author reports no conflict of interest.

To quote this article: KHALLAF .Z, FARIS .A & EL BOUHALI .M (2026) « Budgeting process as a Management Control Tool: A Conceptual and Theoretical Analysis »,

IJAME : Volume 02, N° 23 | Pp: 001 – 021.

DOI : 10.5281/zenodo.23986140
Copyright © 2026 – IJAME

**ABSTRACT**

This article proposes a conceptual and theoretical analysis of the budgeting process (BP) as a central practice of management control (MC). It is based on an in-depth literature review drawing on academic works related to key concepts such as management control, the budgeting process, diagnostic control, and interactive control. The analysis also mobilizes organizational theories in order to better understand the role of the budgeting tool within organizations. Four theoretical perspectives structure this analysis: the classical school of management, human relations theory, neo-institutional theory, and contingency theory. This combination highlights the diversity of explanatory approaches regarding the role of budgeting in organizations. The literature synthesis makes it possible to identify analytical elements consistent with the research objective and to propose a comprehensive understanding of the budgeting process as a management tool for organizations. Thus, the study highlights the importance of the budgeting process as a control mechanism that enables both planning and the evaluation of organizational performance in complex and uncertain environments. Furthermore, this conceptual research emphasizes the structuring role of budgeting within management control systems as a decision-support and strategic management tool. It also underlines the interactions between different control mechanisms, particularly diagnostic and interactive control, which contribute to improving organizational performance. Ultimately, this theoretical work offers an integrated vision of the budgeting process as a central practice of management control within organizations.

**Keywords**: Budgeting process, management control, organizational theories, organizational performance.

## 1. Introduction

The budgeting process occupies a central place in management control practices (Ekholm & Wallin, 2000; Noudohouenou & Sylla Doucoure, 2023), due to its role in the planning, coordination, steering, and evaluation of organizational activities. Long regarded as a simple instrument for financial forecasting and expenditure control, it is now understood as a broader management mechanism used to support decision-making, guide the behavior of organizational actors, and sustain business performance. In an environment characterized by uncertainty, increasing competition, and growing organizational complexity, understanding the budgeting process cannot be limited to a strictly technical or financial approach. It requires an in-depth analysis of its organizational, managerial, and behavioral dimensions.

In this perspective, several academic studies have contributed to enriching the analysis of the relationship between the budgeting process and management control. Among the major contributions, the research conducted by Simons (1995) occupies an important place in the evolution of the understanding of the budgeting tool. Building on the earlier work of Anthony (1988), who distinguished between tight and flexible forms of control, Simons (1995) developed the notions of diagnostic control and interactive control. Diagnostic control mainly refers to a logic of objective monitoring, variance measurement, and supervision of organizational performance. In contrast, interactive control emphasizes communication, organizational learning, and the involvement of actors in the decision-making process. These two approaches therefore reflect complementary visions of management control and highlight the diversity of the uses of the budgeting process within organizations.

Furthermore, the analysis of the budgeting process can be deepened through the contributions of organizational theories, which provide a better understanding of the logics explaining its importance and evolution within companies. The classical school of management, through the works of Taylor (1911), Fayol (1918), and the analyses of Berland (2002), highlights the role of forecasting, control, and standardization in improving organizational efficiency. Following the work of Mayo (1933), the human relations theory introduces a more behavioral dimension by emphasizing the importance of motivation, social interactions, and actors' behaviors in the success of budgeting practices. For its part, neo-institutional theory shows that budgeting practices are influenced by institutional pressures, norms, and the requirements of the organizational environment (Covaleski & Dirsmith, 1983; Abernethy & Chua, 1996; Lowe,

2000; Modell, 2001). Finally, contingency theory highlights that the effectiveness of the budgeting process depends on several factors, including the environment, technology, organizational structure, strategy, culture, and company size.

Through this conceptual and theoretical analysis, this article therefore aims to examine the budgeting process as an essential practice of management control, while highlighting the theoretical foundations that help explain its role, evolution, and importance in the management of contemporary organizations.

## 2. Research Context and Problem Statement

### 2.1 Research Context

In contemporary organizations, management control systems play an essential role in the conduct of activities, the coordination of resources, and performance management. Faced with an environment characterized by uncertainty, increasing organizational complexity, and rapid change, management tools are also expected to support strategic decision-making (Shafizadeh, 2024). Among these tools, the budgeting process constitutes a central mechanism widely used in organizational practices (Uyar & Kuzey, 2016). Historically, budgeting was designed as a financial planning and variance control instrument, enabling organizations to translate strategic objectives into quantified forecasts. However, its role has gradually evolved to encompass broader dimensions related to coordination, internal communication, and organizational learning. This evolution reflects the progressive enrichment of management science approaches, which no longer focus solely on a technical view of control tools but also incorporate human, institutional, and contextual dimensions.

Within this framework, management control research has highlighted the coexistence of several forms of control, notably diagnostic control, which is oriented toward performance measurement and variance correction, and interactive control, which promotes communication among organizational actors and strategic adaptation (Simons, 1995). These two dimensions reflect the growing complexity of the role assigned to the budgeting process in modern organizations. Furthermore, organizational theories provide complementary perspectives for understanding this evolution. Classical theory of management emphasizes rationality and planning; human relations theory focuses on the behavior of organizational actors; neo-

institutional theory highlights the influence of institutional pressures on organizational practices; while contingency theory stresses the adaptation of management tools to the specific characteristics of the organizational context. Consequently, the budgeting process now occupies a central position within a rich and diverse field of research, where technical, social, and institutional approaches intersect, reflecting the need for a better understanding of its role in organizational management and control.

## 2.2 Problem Statement

In an organizational context characterized by increasing complexity, growing uncertainty, and a constant demand for performance, the budgeting process occupies a central position within management control systems (Ekholm & Wallin, 2000; Noudohouenou & Sylla Doucoure, 2023). However, despite its recognized importance as a tool for planning, coordination, and evaluation, the literature reveals a plurality of theoretical approaches that make it difficult to achieve a unified understanding of its actual role within organizations. Indeed, budgeting can be viewed both as a rational instrument derived from classical theory of management, as a social mechanism influenced by human dynamics, as an institutional mechanism shaped by environmental norms and pressures, or as a contingent tool dependent on the specific characteristics of organizations (Taylor, 1911; Fayol, 1918; Mayo, 1933; Burns & Stalker, 1961; Chenhall, 2003; Amans et al., 2015; Elhamma, 2015; Nkundabanyanga et al., 2023).

This diversity of analytical frameworks raises a fundamental research question: how can the budgeting process, as a central practice of management control, be conceptually integrated through the different theoretical perspectives mobilized in the organizational sciences literature? In other words, to what extent do the contributions of classical theory, human relations theory, neo-institutional theory, and contingency theory help to better understand the technical, social, and strategic functions of budgeting within organizations?

Accordingly, the general research problem of this study is to analyze the budgeting process as a central tool of management control in order to propose an integrated conceptual interpretation that goes beyond existing theoretical fragmentations and provides a better understanding of its role in organizational performance.

## 3. Theoretical Foundation

### 3.1. The BP and MC: An Exploration of Diagnostic and Interactive Controls

The research conducted by Simons (1995) stands out among the significant studies that have influenced the evolution of budgeting as a management tool. Simons builds upon the earlier work of Anthony (1988), who distinguished between two forms of control: tight control and loose control. In a tight control system, the relationship between managers and employees is characterized by close supervision and direct managerial involvement in employees' decisions and activities. Managers clearly define employees' roles, frequently participate in their decision-making processes, and closely monitor the results achieved. This creates a strong hierarchical structure in which managers exercise detailed control over employees' actions.

In contrast, in a loose control system, the relationship between managers and employees is characterized by a greater delegation of authority and responsibility. Managers grant employees more freedom to decide on the actions to be undertaken. They focus more on overall outcomes than on the specific methods used by employees. This fosters a more autonomous relationship between managers and employees, where the latter have greater latitude to make decisions and develop their own approaches to achieving established objectives.

Within this perspective, several studies have examined these two forms of control, namely tight and loose control, due to their importance in strategy implementation and the achievement of organizational objectives. Among these studies, those that explored these two control modes specifically highlighted the essential role of interactive control in stimulating creativity and innovation within organizational structures (Bellora-Bienengräber et al., 2023).

Diagnostic control and interactive control were introduced and developed by Simons (1995) based on Anthony's (1988) distinction between tight and loose controls. These concepts are situated within the context of budget management and represent distinct approaches to the monitoring and regulation of organizational activities.

#### 3.1.1 Diagnostic Control: A Retrospective Approach to Organizational Management

Diagnostic control constitutes one of the fundamental pillars of management control systems within modern organizations. According to Simons (1995), diagnostic control involves the use

of information systems by managers to examine organizational results by comparing them with previously established objectives and standards. Through this structured approach, managers identify significant deviations between actual performance and expected performance in order to implement the necessary corrective actions.

This type of control is fundamentally retrospective in nature, as it takes place after events have occurred. It is based on a management-by-exception logic: managers intervene only when observed deviations exceed a threshold considered acceptable. This approach helps optimize management time and concentrate managerial resources where they are genuinely needed. For this reason, this mechanism is often referred to as management by exception.

The tools used within the framework of diagnostic control are diverse and include dashboards, periodic financial reports, key performance indicators (KPIs), and budgetary reporting systems. These instruments provide a clear and concise overview of the organization's situation at a given point in time, thereby facilitating corrective decision-making. Managers use the information collected to analyze what has occurred, understand the underlying causes of dysfunctions, and determine the corrective measures to be implemented.

Such analysis may lead to a revision of objectives, a reallocation of resources, or modifications to operational processes. However, it is important to emphasize the limitations inherent in this type of control. Its ex-post nature means that problems are identified only after they have already occurred, which may sometimes generate additional costs or result in missed opportunities. Furthermore, an exclusive reliance on diagnostic control may foster an organizational culture focused on compliance rather than innovation and adaptability.

### 3.1.2 Interactive Control: A Prospective Approach to Organizational Management

Interactive control represents a complementary and dynamic approach to organizational management. According to Simons (1995), control refers to managers' use of information systems to actively participate in decisions made by their teams, by directly engaging in both strategic and operational thinking processes. Its main objective is to promote open communication and cross-functional collaboration, placing the manager at the center of daily interactions rather than in a distant observer position. Unlike diagnostic control, interactive control is clearly future-oriented.

It is continuous over time and encourages regular interaction between the different hierarchical levels of the organization. Managers use this control mode to influence ongoing decisions, guide behaviors, and align individual and collective initiatives with the organization's overall strategic objectives. This type of control relies on regular meetings, collaborative work sessions, informal exchanges, and real-time communication tools. It also mobilizes strategic information systems that highlight uncertainties, emerging risks, and new opportunities in the organization's environment. This information serves as a basis for managerial dialogue and stimulates collective reflection on strategic directions.

One of the main contributions of interactive control lies in its ability to foster organizational learning. By encouraging employees to report weak signals, share their observations, and propose adjustments, this type of control helps develop a more agile and resilient organization in the face of environmental changes. However, its effectiveness largely depends on the quality of relationships between organizational actors and the management style adopted. A manager who concentrates decision-making power or who does not encourage employee participation risks diverting this tool from its primary purpose, turning it into a simple monitoring mechanism. To fully deploy its potential, interactive control therefore requires an organizational culture based on mutual trust, transparency of communication, and the encouragement of initiative-taking at all levels of the hierarchy.

### 3.2. Analysis of the Importance of the Budgetary Process in Light of Organizational Theories

From now on, in order to examine and analyze the dynamics between the budgeting tool and management control, as well as to understand its essential role within firms, we will rely on organizational theories. The beginning of the 20th century was marked by the emergence of organizational theories.

The advent of these theories brought about a conceptual revolution, redefining the understanding of how organizations function by integrating the multiple variables that may influence them, whether originating from their internal or external environment. The pursuit of improved organizational performance encouraged practitioners to theorize their findings derived from research and empirical observations. In this context, the organization is understood as a structured social system aimed at achieving specific objectives.

This conception implies the existence of a formal objective, a division of tasks and roles, a decision-making mechanism, as well as a set of standards for evaluating activity. Several schools of thought can be distinguished, each favoring a specific approach to the organization. From the classical school to the human relations school, as well as neo-institutional approaches and contingency theory, each intellectual movement emerges in reaction to its predecessor.

This process of succession generates a continuous evolution of management paradigms, with each school contributing to the overall structure of thought in this field. The transitions between these different schools of thought illustrate a dynamic of adjustment and re-evaluation of previous ideas, thereby contributing to the shaping of a constantly evolving conceptual landscape.

### 3.2.1 The Classical School and Human Relations Theory: Foundational Theoretical Contributions

- **The Classical School of Management**

The classical school of Management, as a pioneering school of thought, has had a profound influence on the foundations of management control, thereby contributing significantly to reflections on business management. This school emerged during the period of the Second Industrial Revolution, which spanned from 1860 to 1920, marking a radical transformation in work practices within organizations. The classical school, which emerged during this period, makes it possible to trace the evolution of organizational practices, particularly regarding the distribution of tasks and power. This theory is mainly based on two pillars: Scientific Management (OST), developed by Taylor (1911), and Industrial and General Administration by Fayol (1918). These approaches share the idea that individuals are involved in the execution of tasks characterized by a mechanical and repetitive nature, positioning them as easily replaceable resources within the organizational structure.

The principles set out by Taylor include three key elements. First, vertical division, which involves separating responsibility for task design from task execution. Second, horizontal division, which aims to break down the production process into a multitude of elementary operations. Finally, the timing system, which serves as the basis for worker remuneration through a piece-rate wage system (Taylor, 1911), as noted by Charef et al. (2022). During the

same period, Fayol (1918) identified and distinguished five key management functions: planning, organizing, commanding (or directing), coordinating, and controlling.

Furthermore, Berland's (2002) work highlights the essential contributions of two pioneers of "scientific management," Fayol and Taylor. It is important to note that although these two engineers did not primarily focus their work on the budgeting process, they introduced the principles of planning, management based on scientific standards, as well as the notion of control. Their ideas converge on the importance of forecasting and control for the proper conduct of organizational operations. These foundational elements put forward by Taylor, Fayol, and Berland's analyses represent the fundamental basis of management control and budgeting management, highlighting the importance of forecasting, control, and the establishment of standards to ensure optimal organizational performance.

- **The Human Relations Theory**

The human relations school of thought occupies a fundamental position within the field of business management. Its emergence during the 20th century, specifically in the 1930s, arose as a response to conventional management models focused on efficiency and productivity. This approach, often referred to as the "behaviorist" approach, is distinguished by its central focus on the human and social dimensions within organizations. The experiment conducted by Mayo (1933) at the Hawthorne plant of Western Electric constituted a crucial milestone in the development of this school of thought, highlighting the decisive role of human relations in organizational performance dynamics. The major contributions of Mayo (1933), as well as the evolution of the human relations school, have profoundly shaped the understanding of the importance of the human factor in the context of management control.

These advances highlighted the essential need to take into account social and behavioral dimensions within organizations, going beyond a purely economic perspective in management. This significant transformation in the field of management control opened the way to an approach that places greater emphasis on individual and social dimensions, while also creating new perspectives for a better understanding and improvement of quality of working life. The works of Sponem (2004) and Kuzior et al. (2022) illustrate this essential evolution and continue to inspire research in this field. Furthermore, the concept of management control has undergone a significant evolution over time, reflecting a growing awareness of the importance of the

human factor in organizations. This recognition is reflected in the redefinition of management control, as expressed by Anthony (1988), as cited by Erraoui and Slimani (2021): ‘‘Management control is the process by which managers influence members of the organization to implement organizational strategies.”

The evolving dynamic of management control, taking into account the human dimension, is also closely linked to the significant contributions of Mayo (1933). His innovative research on the impact of social relations and employee motivation on performance in work environments profoundly influenced the structuring of the budgeting system. By integrating the practical implications of these findings, the budgeting process began to more explicitly take into account the complexities of human dynamics and employee motivations in achieving organizational objectives.

Consequently, the redefinition of management control with greater consideration of human dynamics has become deeply embedded in the conceptual and practical fabric of organizations, reflecting the major impact of Mayo’s (1933) pioneering work. This integration has enriched budgeting practice by introducing elements of motivation and human relations at the very core of the budgeting process, thereby fostering a better understanding of behavioral factors influencing organizational performance.

### 3.2.2 The Neo-Institutional Theory and Contingency Theory: Two Complementary Approaches

- **The Neo-Institutional Theory**

In the field of budgeting management research, neo-institutional theory constitutes a rich and diverse conceptual framework encompassing several distinct theoretical streams, including incomplete contract theory, transaction cost theory, agency theory, and many others. Owing to its plural intellectual origins and diverse conceptual formulations, this institutional approach provides an essential perspective for understanding how organizations operate and interact with their institutional environment.

Neo-institutional theory broadens the understanding of budgeting management by highlighting the impact of institutional factors on budgeting practices and decisions within organizations. The various schools of thought that compose neo-institutional theory enrich academic debate

by offering diverse perspectives for understanding the challenges and opportunities faced by organizations in a complex and constantly evolving environment.

The work of Amans et al. (2015) builds upon earlier studies, particularly those of Covaleski and Dirsmith (1983), Abernethy and Chua (1996), Lowe (2000), and Modell (2001). These researchers draw on neo-institutional theories and emphasize the essential role of the budgeting tool within organizations. According to these authors, organizations rely on formalized management tools, such as budgets, in order to strengthen their external legitimacy. This means that budgets are used as mechanisms enabling organizations to demonstrate their compliance with the norms and expectations of their institutional environment. More specifically, Amans et al. (2015) emphasize that control systems, including budgets, operate as "rationalization machines," in accordance with the characterization established by Burchell et al. (1980). In other words, this management tool enables organizational actors to justify their decisions ex-post and rationalize their actions. By adopting such a perspective, organizations can better adapt to the institutional constraints surrounding them while maintaining an appearance of conformity and legitimacy in the eyes of their stakeholders.

Thus, the work of Amans et al. (2015) provides valuable insights into how organizations integrate budgeting tools into their management strategies, highlighting their role as instruments for legitimizing and rationalizing organizational decisions and actions. This neo-institutional approach underscores the crucial importance of the interaction between organizations and their institutional environment in understanding the dynamics of budgeting practices.

Neo-institutional approaches, such as agency theory formulated by Jensen and Meckling (1976), have played a fundamental role in the development of management control research. These conceptual advances have provided researchers with a solid framework for modeling relationships between managers and their subordinates within the context of budgeting management. Agency theory, as developed by Jensen and Meckling (1976) and discussed by Habba et al. (2021), laid the foundations for understanding agency conflicts within organizations. This theory suggests that such conflicts arise because of divergent interests between owners and managers, and that control mechanisms, including budgeting tools, constitute responses to these conflicts.

Accordingly, the work of Jensen and Meckling inspired research aimed at exploring how the theoretical concepts of agency theory find practical application in budgeting management. Kenno et al. (2018) made a significant contribution to this field by examining more closely how agency theory principles and information asymmetry dynamics influence interactions among actors within the framework of management control. Their work clarified the role of budgeting tools in coordinating activities within organizations.

Furthermore, in his analysis of the relationship between agency theory and the use of budgeting tools, Bouquin (2010) highlights the essential role of organizational owners in monitoring and guiding internal activities. According to Bouquin (2010), these external actors are driven by a fundamental need for information to ensure that the actions of the organization serve their interests. Consequently, budgets, as conceived in this context, may be interpreted as instruments for creating and distributing value among the various stakeholders of the organization. This perspective implies the existence of an implicit contract designed to satisfy shareholders' expectations.

In other words, budgets are not merely internal management tools; rather, they function as mechanisms that regulate relationships between internal and external stakeholders in order to ensure the achievement of the organization's owners' objectives. Thus, Bouquin's (2010) work enriches the understanding of budgeting tools by emphasizing their central role in the complex relationship among managers, owners, and other stakeholders, a point that aligns with the considerations put forward by Miroir-Lair (2012) regarding the contractual and strategic dimensions of budgets within organizations.

- **The contingency theory**

Having examined the dominant organizational theories in the field of management control, namely the classical school of management, the human relations school, and agency theory as a neo-institutional approach, our focus now turns to an in-depth analysis of contingency theory. We seek to explore its significant contributions to the field of management control, as well as its interconnection with the budgeting process. The foundations of contingency theory originate from the work of Burns and Stalker (1961), as discussed by Miroir-Lair (2012). This theory emerged in response to the need to provide coherent explanations for divergent empirical findings. Fundamentally, it departs from the assumptions of classical theory, which advocates

the existence of an optimal organizational structure in which managers hold the authority to make decisions and define the responsibilities of their subordinates.

The pioneering work of Burns and Stalker (1961) laid the foundations of contingency theory by highlighting the need to adapt organizational structures to the contingencies of their environment, whether stable or dynamic. This perspective challenged the notion of a universal organizational structure and emphasized the importance of flexibility and adaptability in achieving organizational performance. Subsequently, Lawrence and Lorsch (1969), as cited by Komarev (2007), made a significant contribution by developing and refining the foundations established by Burns and Stalker (1961). These researchers formulated the essential principles that constitute the core of contingency theory. Their contribution is based on the idea that the way an organization should be structured depends on the degree of uncertainty in its environment.

In environments characterized by high uncertainty, Lawrence and Lorsch (1969) observed that organizations performed better with less formalized structures. This means that rules and procedures are less rigid, allowing greater flexibility to respond to unforeseen changes. Moreover, in such contexts, organizations tend to adopt a long-term orientation focused on planning and preparing for the future.

Conversely, in more stable environments, where variables do not change as frequently, Lawrence and Lorsch (1969) found that organizations were more effective with highly centralized structures. This implies a significant concentration of power and decision-making authority at the top of the organizational hierarchy. Furthermore, in these contexts, organizations tend to have a short-term orientation, focusing more on immediate objectives and specific tasks.

This perspective is supported by more recent research, such as that of Nkundabanyanga et al. (2023), which emphasizes that the specific characteristics of organizational structures depend closely on the particular circumstances in which an organization operates. Consequently, there is no “one best way”; rather, there are multiple possible organizational configurations, each suited to specific contexts. Expanding this perspective, Chenhall (2003), as cited by Elhamma (2015), identifies six contingency factors that influence organizational design. These factors include the environment, technology, organizational structure, size, strategy, and culture. The

integration of these elements into reflections on organizational design further reinforces the idea that there is no single model, but rather a necessary adaptation to the multiple dimensions and requirements that define the organizational context.

Within the context of budgeting management, an in-depth analysis of these contingency factors highlights that the environment in which an organization operates, the technology it adopts, its organizational structure, its size, its strategy, and its culture play a decisive role in the design of the budgeting system.

Taking the environment as an example, if an organization operates in a dynamic and uncertain environment, its budgeting system must be sufficiently flexible to adapt to rapid changes. Likewise, the technology used by the organization will influence the way financial data are collected, analyzed, and integrated into the budgeting process. Organizational structure determines the distribution of responsibilities, which directly affects the design of the budgeting system. Organizational size is also an important factor, as a small or medium-sized enterprise (SME) may require a budgeting system specifically adapted to its needs. Organizational strategy influences financial objectives, which in turn affects the structuring of the budgeting system. Finally, organizational culture, which shapes values, norms, and behaviors within the organization, influences the way individuals interact with the budgeting system.

## 4. Methods and material

This article is based on an extensive literature review covering the main concepts mobilized within the framework of this research, namely the budgeting process, management control, diagnostic control, interactive control, and organizational theories. This review relies on a selection of relevant academic studies that make it possible to examine the various theoretical approaches, identify the main contributions of the literature, and derive analytical insights consistent with the objectives of the research.

## 5. Discussion of Results

The results of this analysis highlight that the budgeting process constitutes a central practice of management control, whose scope extends far beyond the mere preparation of financial forecasts. In light of Simons' (1995) work, it appears that no organization relies on a single mode of control. On the contrary, control mechanisms complement and interact with one

another according to the objectives pursued and the characteristics of the organizational environment (Boutakbout & Grine, 2025). This perspective provides a better understanding of the role of the budgeting process in managing organizational activities and supporting decision-making.

Within the framework of diagnostic control, the findings emphasize that budgeting constitutes a key instrument for monitoring and evaluating performance. Through the regular comparison of actual results with budget forecasts, managers are able to identify significant variances, analyze their causes, and propose the necessary corrective actions. This control logic is based on the continuous monitoring of resources and the pursuit of their efficient utilization (Simons, 1995; Boutakbout & Grine, 2025). The budgeting process thus appears as a tool that helps ensure cost control, compliance with established objectives, and the maintenance of the organization's financial balance.

At the same time, the analysis reveals that interactive control gives the budgeting process a more dynamic and participative dimension. Under this approach, budgeting is no longer limited to an ex-post control function but becomes a medium for communication, exchange, and organizational learning. Managers interact more closely with operational managers to discuss uncertainties, anticipate changes, and adapt decisions to environmental developments (Simons, 1995; Boutakbout & Grine, 2025). This complementarity between diagnostic control and interactive control confirms that the budgeting process simultaneously contributes to organizational stability and the organization's capacity for adaptation.

The analysis of the findings in light of organizational theories further reinforces the importance of the budgeting process in organizational functioning. The contributions of the classical school of management, particularly those of Taylor (1911) and Fayol (1918), highlight the fundamental role of forecasting, planning, and control in the pursuit of organizational efficiency. From this perspective, budgeting appears as a structuring mechanism that enables the coordination of activities and the alignment of behaviors toward the achievement of organizational objectives.

The insights provided by the human relations school enrich this perspective by emphasizing the importance of behavioral dimensions in management practices. Mayo's (1933) work demonstrates that organizational performance depends not only on formal control mechanisms but also on employee motivation, communication, and involvement. The budgeting process

therefore becomes a space for coordination that promotes participation and employee commitment to organizational objectives. Furthermore, neo-institutional perspectives highlight that budgeting also fulfills a legitimizing function. Organizations adopt formal budgeting systems in order to meet the expectations of their institutional environment and strengthen their credibility among various stakeholders.

Finally, contingency theory suggests that the effectiveness of the budgeting process is contingent upon the organizational context in which it is implemented. In this perspective, factors such as the environment, technology, organizational structure, size, strategy, and organizational culture are viewed as contextual variables that may affect budgeting practices and their effectiveness (Chenhall, 2003; Elhamma, 2015).

These findings therefore confirm that the budgeting process constitutes a multidimensional management tool whose relevance rests on its ability to reconcile control, coordination, adaptation, and value creation within organizations.

## Conclusion

This research highlights that the budgeting process occupies a strategic position within the management control system (Ekholm & Wallin, 2000; Noudohouenou & Sylla Doucoure, 2023). Its role is not limited to financial planning but extends to the management of organizational activities, the support of decision-making, and the improvement of organizational performance. The analysis of the work of various researchers shows, in particular, that the effectiveness of control relies on the combination of several complementary mechanisms rather than on the use of a single mode of control (Simons, 1995; Boutakbout & Grine, 2025).

In this regard, diagnostic control highlights the contribution of budgeting to performance monitoring and resource management. Through the comparison of forecasts and actual results, managers are able to identify variances, understand their causes, and implement the necessary corrective actions. Budgeting therefore appears as an essential instrument for monitoring and regulating organizational activities. At the same time, interactive control reveals a more collaborative dimension of the budgeting process. It encourages exchanges among the various organizational actors, facilitates the anticipation of change, and supports adaptation to environmental uncertainties. This dual function highlights the ability of budgeting to simultaneously ensure operational control and foster a process of organizational learning.

The examination of the budgeting process through the main organizational theories also confirms its importance. The classical school emphasizes its role in planning and coordinating activities, while the human relations school highlights the decisive influence of behavioral factors such as employee motivation and participation. Neo-institutional approaches, for their part, emphasize the contribution of budgeting to organizational legitimacy, whereas contingency theory demonstrates that its effectiveness depends on the specific characteristics of each organization and its environment (Taylor, 1911; Fayol, 1918; Mayo, 1933; Burns & Stalker, 1961; Chenhall, 2003; Amans et al., 2015; Elhamma, 2015; Nkundabanyanga et al., 2023). From this perspective, the budgeting process can be considered a multidimensional management tool that may play a role in supporting organizational performance, coordination, adaptation, and value creation within organizations.

## References

- **Reference to a journal publication:**

Abernethy, M. A., & Chua, W. F. (1996). A field study of Control System "Redesign" : The Impact of Institutional Processes on Strategic Choice*. *Contemporary Accounting Research, 13*(2), 569-606. https://doi.org/10.1111/j.1911- 3846.1996.tb00515.x

Amans, P., Mazars-Chapelon, A., & Villesèque-Dubus, F. (2015). Budgeting in institutional complexity : The case of performing arts organizations. *Management Accounting Research, 27*, 47-66. https://doi.org/10.1016/j.mar.2015.03.001

Bellora-Bienengräber, L., Derfuss, K., & Endrikat, J. (2023). Taking Stock of Research on the Levers of Control with Meta-Analytic Methods : Stylized Facts and Boundary Conditions. *Accounting, Organizations and Society, 106*, 101414.

Berland, N. (2002). Comment peut-on gérer sans budget ? [Conférence]. *Sciences de Gestion et Pratiques Managériales*. France.

Boutakbout, S., & Grine, A. (2025). L'évolution des dispositifs de contrôle face aux exigences de l'agilité organisationnelle. *Revue Internationale des Sciences de Gestion*, *8*(3), 1294-1315.

Burchell, S., Clubb, C., Hopwood, A., Hughes, J., & Nahapiet, J. (1980). The roles of accounting in organizations and society. *Accounting, Organizations and Society, 5*(1), 5-27. https://doi.org/10.1016/0361-3682(80)90017-3

Charef, F., Ibn Majdoub Hassani, M. A., & Akesbi, M. (2022). Contextualisation de la marque employeur dans l'évolution de la théorie des organisations. *Revue Internationale des Sciences de Gestion, 5*(2), 276-300.

Chenhall, R. H. (2003). Management control systems design within its organizational context : Findings from contingency-based research and directions for the future. *Accounting, Organizations and Society, 28*(2-3), 127-168.

Covaleski, M. A., & Dirsmith, M. W. (1983). Budgeting as a means for control and loose coupling. Accounting, *Organizations and Society, 8*(4), 323-340. https://doi.org/10.1016/0361-3682(83)90047-8

Ekholm, B.-G., & Wallin, J. (2000). Is the annual budget really dead? *European Accounting Review, 9*(4), 519-539. https://doi.org/10.1080/096381800020024007

Elhamma, A. (2015). The relationship between budgetary evaluation, firm size and performance. *Journal of Management Development, 34*(8), 973-986. https://doi.org/10.1108/JMD-06-2014-0053

Erraoui, Y., & Slimani, H. (2021). Contrôle de gestion et systèmes ERP : sens d'une relation. *International Journal of Financial Accountability, Economics, Management, and Auditing (IJFAEMA), 3*(4), 534-551.

Habba, B., Allioui, A., & El Azizi, T. B. (2021). La Performance Financière et la Croissance des Entreprises Familiales Africaines Cotées : Les Effets de la Concentration Familiale dans les Conseils d'Administration et la Richesse SocioEmotionnelle. *Revue africaine de management, 6*(2), 205-221. https://doi.org/10.48424/IMIST.PRSM/ram-v6i2.21238

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm : Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3(4), 305-360. https://doi.org/10.1016/0304-405x(76)90026-x

Kenno, S. A., Lau, M. C., & Sainty, B. J. (2018). In search of a theory of budgeting : A literature review. *Accounting Perspectives, 17*(4), 507-553. https://doi.org/10.1111/1911-3838.12186

Komarev, I. (2007). *La place des budgets dans le dispositif de contrôle de gestion : Une approche contingente* [Thèse de doctorat en Sciences de Gestion]. Université Montesquieu - Bordeaux IV.

Kuzior, A., Kettler, K., & Rąb, Ł. (2022). Digitalization of Work and Human Resources Processes as a Way to Create a Sustainable and Ethical Organization. *Energies, 15*(1), 172. https://doi.org/10.3390/en15010172

Lowe, A. (2000). Accounting in health care : Some evidence on the impact of casemix systems. *The British Accounting Review, 32*(2), 189-211.

Miroir-Lair, I. (2012). *L'évolution de la pratique du budget comme outil de communication financière* [Thèse de doctorat en Sciences de Gestion]. Conservatoire national des arts et metiers - CNAM.

Modell, S. (2001). Performance measurement and institutional processes : A study of managerial responses to public sector reform. *Management Accounting Research, 12*(4), 437-464. https://doi.org/10.1006/mare.2001.0164

Nkundabanyanga, S. K., Jayasinghe, K., Abaho, E., & Mugambe, K. (2023). Contingency factors and budget actors' behaviour during COVID-19 : The case of Uganda. *Journal of Public Budgeting, Accounting & Financial Management, 35*(3), 354-384. https://doi.org/10.1108/JPBAFM-03-2021-0058

Noudohouenou, E., & Sylla Doucoure, K. (2023). Contingency factors and choice of management control tools in small and medium-sized enterprises : Moderating role of the use of people who speak the same language as the manager of the small and medium-sized enterprise. *International Journal of Accounting, Finance, Auditing, Management and Economics, 4*(5-2), 276-296. https://ijafame.org/index.php/ijafame/article/view/1238

Shafizadeh, H. (2024). Decision-Making Under Uncertainty: How Organizations Adapt to Environmental Changes?. *Journal of Resource Management and Decision Engineering, 3*(1), 4-10.

Sponem, S. (2004). *Diversité des pratiques budgétaires des entreprises françaises : Proposition d'une typologie et analyse des déterminants* [Thèse de doctorat en Sciences de Gestion]. Université Paris IX - Dauphine.

Uyar, A., & Kuzey, C. (2016). Contingent factors, Extent of Budget Use and Performance : A Structural Equation Approach. *Australian Accounting Review, 26*(1), 91-106. https://doi.org/10.1111/auar.12090

- **Reference to a book:**

Anthony, R. N. (1988). *The Management Control Function*. Harvard Business School.

Bouquin, H. (2010). *Le contrôle de gestion* (9ème éd.). Editions PUF.

Burns, T., & Stalker, G. M. (1961). *The Management of Innovation*. Tavistock Publications.

Fayol, H. (1918). *Administration industrielle et générale : Prévoyance, organisation, commandement, coordination, contrôle*. H. Dunod et E. Pinat.

Lawrence, P. R., & Lorsch, J. W. (1969). *Organization and Environment*. Homewood.

Mayo, E. (1933). *The Human Problems of an Industrial Civilization*. Macmillan.

Simons, R. (1995). *Levers of control : How managers use innovative control systems to drive strategic renewal*. Harvard Business School Press.

Taylor, F. W. (1911). *The principles of scientific management*. NuVision Publications.