Accounting information and Budgeting within the Greek Prefectures: The case of Serres, Drama and Kavala regions.

Nikos D. Kartalis, Konstandinoudes K, Matakos A.
Department of Accounting
ATEI of Serres
Alscav@otenet.gr

Tzanakakis N
Pedagogic Institute
Ministry of Education

Many researchers argue that nearly all organizations of any size have some sort of system of budgetary planning and control, even if it is used solely for financial planning and control rather then overall management control. This paper reports on the results of an intensive case study that investigated changes in the decision making of the Serres, Drama and Kavala Prefectures. Drawing on data from multiple sources including interviews, observations, discussions, and documents, the paper aims to theorize the change in the accounting and financial decision making.

Keywords : Accounting, Budgeting, Public Sector Decision Making

1. Introduction

First Argyris(1952) pointed out that there is a distinction between the effects of the technical characteristics of accounting systems and the effects of the style with the superiors employ management information and budgets. He investigate the way of financial controls used and the attitudes of budget officers and superiors managers. His findings shows that the budgets should include challenging targets to act as a powerful tool in order to motivate employees towards greater productivity. He also conclude that budgets were seen by inferiors employees as pressure tool used by superiors managers in respond to believe that inferiors are essentially indolent and find work unpleasant.

Macintosh conducted that Argyri’s research could be recognised as a seminar work, adding also that an avalanche further research into the impact of management accounting systems, based on human relations of managers and employees was stimulated by the specific research.

Emmanuel et al (1985) argue that nearly all organisations of any size have some sort of a system of budgetary planning and control, even if it is used solely for financial planning and control rather then overall management control.

Budgets are known to play different roles in organisations such as (1) a system of authorisation (2) a means of forecasting and planning (3) a channel of communication and coordination (4) a motivation device (5) a means of performance evaluation and control, and (6) a basis for decision making.

Emmanuele et al (1985) note that budgetary information is used in problem solving because relevant information for decision-making must refer to the future. Past actual results are useful only as a basis for making future predictions, and the budget, together with the production plans and standard costs on which it is based, often forms a convenient source of relevant information.
The first studies of budgeting stemmed from a concern for the individual who was seen as being potentially vulnerable to the impact of impersonal systems of budgetary control from senior levels in the hierarchy (Argyris, 1952).

According to the Emmanuel et al (1985) there are three major areas of potential conflict that need highlighting. The first of such conflicts occurs when budgetary data is used as a forecast of future events, managers see it as being in their own interest to set easier rather than more difficult budgets for themselves and thus incorporate slack into their budget estimate (Schiff and Lewin, 1970).

Williamson (1964) argue that there is evidence that slack is built up during good years and converted into reported profits in poor years.

The second type of conflict occurs when budgetary standards are used as motivational targets. Tosi (1975) observes that there is substantial evidence from psychological studies that having defined, quantitative target results in better performance than when no such target is stated. Psychological evidence thus suggests that the best results will be obtained by setting the most difficult goals that will be accepted by managers and thus internalised and accepted as their own objectives (Emmanuel et al, 1985).

Hofstede (1968) carried out a study on the European context to discover the conditions under which budgets could be used to promote positive attitudes in managing task performance. Brownell (1981) found that the personality of the manager is the key factor for the link between participation and performance. On the other hand Burns and Waterhouse (1975) found that participation is not a panacea but can selectively be useful in helping promote commitment to organisation goals.

The third type of conflict occurs when actual results are compared with standards as a means of evaluating managerial performance. Dearden (1962) argues that the use of return on investment as an overall measure of performance leads to the retention of depreciated assets beyond their economic life.

Ivancevich (1976), Milani (1975) and Steers (1976) found only relatively insignificant connections between budgetary characteristics and job performance. A further study, which focuses on the organisation level, was undertaken by Merchant (1981). Hopwood (1972) found that in the evaluation of managerial performance managers adopt three different styles of using budget and actual cost information.

2. Theoretical framework

New institutional Sociology has been adopted in the accounting literature to explain accounting choice in both public and private sector. The two primary foundation works of the "new" institutional theory are Meyer and Rowan (1977) and DiMaggio and Powell (1983). The "new" institutional theory is based on the premise that organizations respond to pressures from their institutional environments and adopt structures and/or procedures that are socially accepted as being the appropriate organizational choice.

DiMaggio and Powell, (1991) stated that:

"The new institutionalism in organization theory and sociology comprises a rejection of rational-actor models, an interest in
Recent literature examines accounting as a symbol of legitimacy (Carpenter; Covaleski; DiMaggio and Meyer). For instance, Meyer and Rowan argue that many elements of formal structure in bureaucracies function as myths and cite accounting as an example.

Meyer and Rowan (1977) argue that such,

"Institutional techniques are not based on efficiency but are used to establish an organization as appropriate, rational, and modern. Their uses display responsibility and avoid claims of negligence" (p. 344).

DiMaggio and Powell, (1991) also stated that:

"Organizations tend to model themselves after similar organizations in their field that they perceive to be more legitimate or successful. The ubiquity of certain kinds of structural arrangements can more likely be credited to the universality of mimetic processes than to any concrete evidence that the adopted models enhance efficiency".

Moreover, they state that bureaucratization is caused, in part, by the proliferation of these rationalized myths in society. By designing a formal structure that adheres to the prescription of myths in the institutional environment, an organization demonstrates that it is acting in a proper and adequate manner.

Meyer and Rowan(1977), maintain that myths of generally accepted procedures — such as GAAP — provide a defense against the perception of irrationality and enhanced continued moral and/or financial support from external resource providers. They go on to state that,

In modern societies, the myths generating formal organizational structure have two key properties. First, they are rationalized and impersonal prescriptions that identify various social purposes as technical ones and specify in a rule like way the appropriate means to pursue these technical purposes rationally (Ellul, 1964).

Second, they are highly institutionalized and thus in some measure beyond the discretion of any individual participant or organization. They must, therefore, be taken for granted as legitimate, apart from evaluations of their impact on work outcomes (Meyer & Rowan, 1977).

Professional power not only shields decision-makers from having others pass judgement on their decisions but also "binds supervisors and subordinates to act in good faith." (Meyer & Rowan, 1977, pp. 343-344).
Thus organizations that have highly institutionalized formal structures tend to delegate work activities to appropriate professionals thereby avoiding the need for efficiency evaluations. Institutionalization of management practices may be viewed as "a process entailing the creation of reality" (Scott, 1987, p. 505). Covaleski and Dirsmith (1988a) define institutionalization as "the processes by which societal expectations of appropriate organizational form and behavior come to take on rule-like status in thought and action" (p. 562).

Neoinstitutionalism traces its roots to the 'old institutionalism'. Both old and new approaches share a scepticism toward rational - actor models of organization, and each views institutionalisation as a state -dependent process that makes organizations less instrumentally rational by limiting the options they can pursue.

Both emphasize the relationship between organizations and their environments, and both promise to reveal aspects of reality that are inconsistent with organizations formal accounts. Each approach stresses the role of culture in shaping organizational reality (Powell and DiMaggio 1983; DiMaggio and Powell, 1991).

There is a view that Institutional theory is important in explaining accounting choice in organizations where self-interest maximizing actors cannot exert effective influence over the choice of accounting practices because of their relative power positions in their organizations (Carpenter and Feroz, 2001). Kimberly (1975), Mezias (1990) Scott (1987), Stinchcombe (1965) referred to the above as organization imprinting.

Scott (1987) views this as "the process by which organizations tend to maintain certain practices adopted at the time that the organization was founded and not by rational decision or design but because they are taken for granted as the way these things are done"1.

2.1 New Institutional Sociology

The birth day to the new institutionalism in organization studies should be in 1977 when Meyer J published two seminar papers. The first one "the effects of education as an institution and Institutionalized Organizations : formal structure as Myth and ceremony" In those seminar papers they set out many elements of institutional thought.

Scott argues that since the early period, institutional theory and research have developed rapidly and currently occupy a prominent place in the field of organizational analysis. Zucker 1998a, Powell &DiMaggio 1991, made a lot of sociological work in this field.

Meyer and Rowan (1977) argue that one of the most central problem in Organizational theory is to describe the conditions that give rise to rationalized formal structure. They argue as well as that as markets expand the relational networks in a given domain become more complex and organizations in that domain must manage more internal and boundary -spanning interdependencies.

Size and technology (Woodward, 1965) increase the complexity of internal relations and the devision of labor among organizations increases boundary-Spanning problems ( Aiken and Hage,1968; Freeman 1973; Thompson 1967). The result is that organizations are structure

1 in Carpenter,V & Feroz, E
Berger and Luckmann (1967) argue that organizations structurally reflect socially constructed reality. Organizations both deal with environments at their boundaries and imitate environmental elements in their structures.

Meyer and Rowan(1977) argues that there are some myths which describe the elaboration of complex relational networks in society or some myths that describe specific structural elements. For example the laws, the educational and credentialing systems, and public opinion then make necessary or advantageous for organizations to incorporate the new structures. They stated that the myths generated by particular organizational practices and diffused through relational networks have legitimacy based on the supposition that they are rationally effective.

Furthermore, Meyer and Rowan (1977) stated that, there are many organizations where in order to institutionalize their goals and structures, seek charters from collective authorities. First, powerful organizations force their immediate relational networks to adapt to their structures and relations and second powerful organizations attempt to build their goals and procedures directly into society as institutional rules.

Moreover, Meyer and Rowan (1977), stated that isomorphism has some crucial consequences for organizations a) they incorporate elements which are legitimated externally, rather than in terms of efficiency; b) they employ external or ceremonial assessment criteria to define the value of structural elements; and c) dependence on externally fixed institutions reduces turbulence and maintains stability.

According to the Meyer and Rowan this happen because the organization must be enable to remain successful by social definition, avoiding from failure.

Moreover Isomorphism in terms of institution identified as the process by which organizations tend to adopt the same practices and structures over time in response to common institutional pressures which may exist at the individual, organizational or organization field level.

This leads to have not radical changes in the organization field because isomorphism makes organizations to seem identical without necessarily improving them. In order to approve institutional legitimacy the organization tend to arise bureaucratization and other forms of standardization.

Furthermore DiMaggio and Powell (1983) suggests that government which often have ambiguous goals and unreliable performance measure resort to legitimacy rituals to demonstrate social and economic fitness.

In 1971 Silverman first attempt to introduce institutional arguments to the study of organizations. Reed (1985) however argues that Silverman in his subsequent work shift his focus to an ethnomethodological emphasis on the multiple meanings and rationalities associated with the participants phenomenological accounts of their common situation.

Moreover, in 1977 two influential articles from Meyer & Rowan and Zucker tried subsequent efforts to introduce institutional
arguments into organizational sociology with the micro-environmental perspective.

2.2 Types of isomorphism

DiMaggio and Powell (1983) argue that organizations come to imitate each other because they are in similar environments. They distinguish between competitive and institutional types of isomorphism. The institutional isomorphism can be separated into three categories.

2.2.1 Coercive Isomorphism

First category is the coercive which concern the ways in which organizations may be subject to external pressure from organizations upon which they are dependent or from more general cultural expectations. Furthermore, when there are formal or informal pressures to organizations by others upon which they are dependent and by cultural expectations in the society within organizations function. In some cases organizational change is a direct response or obligation to government mandate.

DiMaggio and Rowan stated that manufactures adopt new pollution control technologies to conform to environmental regulations; nonprofits maintain accounts and hire accountants in order to meet tax law requirements; and organizations employ affirmative action officers to fend off allegations of discrimination.

Greening et al (1994) argues that pressure from public interest groups clearly appears to act as a coercive institutional force impelling firms to initiate or elaborate structural responses to issues. Although institutional theory has traditionally been concerned with homogeneity among firms, it appears that firms that interest groups have singled out may respond in a special manner and become different from those that have escaped such coercion. The findings suggest that interest groups function selectively as institutional agents that coercively influence organization design.

Greening et al (1994) in their research examines whether organizations with different collectivized agency arrangements have different survival prospects. They propose that the structure of monitoring and incentive systems determines the agency costs of collectivized agencies and, in turn, their vulnerability to competition and environmental variability.

Konrad et al (1995) asked that if formalized human resources management (HRM) structures promote goals of equal employment opportunity and affirmative action or symbolize good faith in the absence of real change? They examined the antecedents and outcomes of formalized HRM structures in over a hundred organizations, assessing the presence of "identity-conscious" and "identity-blind" HRM structures. Findings indicated that identity-conscious structures were associated with some positive indicators of the employment status of women and people of color. It was concluded that such practices, although perhaps adopted for symbolic purposes, improved the employment status of protected groups.

Hayagreeva et al (1992) examines whether organizations with different collectivized agency arrangements have different survival prospects. They proposed that the structure of monitoring and
incentive systems determines the agency costs of collectivized agencies and, in turn, their vulnerability to competition and environmental variability. Their research focuses on mutual and stock savings and loan associations (SLAs) and notes that stock SLAs have superior monitoring, incentive systems, and capital structures in comparison with mutual SLAs.

An analysis of 900 SLAs founded during 1960-1987 indicates that mutual companies were more vulnerable than stock companies to competition from commercial banks, but there was no conclusive evidence that mutuals were more susceptible to environmental variability than stocks were. The results also show that deregulation sharply attenuated the agency advantages of stocks, implying that agency-cost advantages may be constrained by institutional processes (Coercive isomorphism).

Greening and Gray (1994) argues that the positive impact of interest group pressure on committee use indicates that firms develop internal communication and coordination systems to process information about how to respond to issues raised by these groups.

2.2.2 Normative Isomorphism

The second category is the normative isomorphism which the profession play a major role in the third category. Professional power not only shields decision-makers from having others pass judgment on their decision but also “binds supervisors and subordinates to act in good faith (Meyer & Rowan, 1977, pp.343).

Normative isomorphism analyzes the major role of the profession within organizations. Meyer & Rowan (1977); Palmer, et al (1993) and Scott (1987) argue that tradition or organization imprinting is the path where the legitimated structures or practices can be transmitted to organization.

Meyer & Scott^2 (1982) argue that: "the institutional legitimacy refers to the degree of cultural support for an organization- the extent to which the array of established cultural accounts provide explanations for its existence, functions and jurisdiction and lack or deny of alternatives".

Institutional legitimacy is derived from the wider institutional environment - not from the local bureaucrats who may employ their own unique interpretations of proper procedure. DiMaggio and Powell stated that while “various kinds of professionals in earlier organizations may differ from one another, they exhibit much similarity to their professional counterparts in other organizations. In addition, in many cases, professional power is as much assigned by the state as it is created by the activities of the professions”.

In addition DiMaggio and Powell argue that there are two aspects of professionalization which are important sources of isomorphism. "The first is the resting of formal education and of legitimation in a cognitive base produced by university specialists; the second is the growth and elaboration of diffuse rapidly.”

Furthermore DiMaggio and Powell argue that:

"one important mechanism for encouraging normative isomorphism is the filtering of personnel. Within many organizational fields, filtering occurs through the hiring of individuals from firms within the same industry. Many professional career tracks are so closely guarded, both at the entry level and throughout the career progression, that the individuals who make it to the top are virtually indistinguishable."

The exchange of information among professionals helps contribute to a commonly recognized hierarchy of status of center and periphery, that becomes a matrix for information flows and personnel movements across organizations.

Managers in highly visible organizations may in turn have their stature reinforced by representation on the boards of other organizations, participation in industry wide or interindustry councils, and consultations by agencies of government. In the nonprofit sector where legal barriers to collusion do not exist, structuration may proceed even more rapidly.

Thus executive producers or artistic directors of leading theaters head trade or professional association committees, sit on government and foundation grantaward panels, consult as government or foundation-financed management advisers to smaller theaters, or sit on smaller organization boards even as their stature is reinforced and enlarged by the grants their theaters receive from the government, corporate, and foundation funding sources.(DiMaggio 1983).

DiMaggio and Powell argue that “Organizational prestige and resources are key elements in attracting professionals. This process encourage homogenization as organizations seeks to ensure that they can provide the same benefits and services as their competitors”.

DiMaggio and Power argue that “ each of the institutional isomorphic processes can be expected to proceed in the absence of evidence that it increases internal organizational effectiveness is enhanced, the reason is often that organizations are rewarded for their similarity to other organizations in their fields. This similarity can make it easier for organizations to transact with other organizations, to attract career-minded staff, to be acknowledged as legitimate and reputable, and to fit into administrative categories that define eligibility for public and private grants and contracts. None of this, however ensures that conformist organizations do what they do more efficiently than do their more deviant peers.”....

2.2.3 Mimetic isomorphism

The third category which refer to uncertainty is the mimetic isomorphism. When organizations are not sure what to do very often look to a reference group, to kindred organizations, and emulate what they do in the same situation.

Di Maggio and Powell state that “organization tend to model themselves after similar organizations in their field that they perceive to be more legitimate or successful. The ubiquity of certain kinds of structural arrangements can more likely be credited to the universality of mimetic processes than any concrete evidence that the adopted models enhance efficiency (p.152)”
Uncertainty is also a powerful force than encourages imitation. March and Olsen (1976), stated that when organizational technologies are poorly understood, when goals are ambiguous, or when the environment creates symbolic uncertainty, organizations may model themselves on other organizations.

Cyert and March (1963), argue that the advantages of mimetic behavior in the economy of human action are considerable; when an organization faces a problem with ambiguous causes or unclear solutions, problemistic search may yield a viable solution with little expense.

Much homogeneity in organizational structures stems from the fact that despite considerable search for diversity there is relatively little variation to be selected from.

Kimberly (1980) stated that new organizations are modeled upon old ones throughout the economy, and managers actively seek models upon which build.

3. Research Method

In the first period of our research we implemented the method pilot study from which we took some useful facts for our research. Pilot study is not a pre-test. Pilot study helped us to discover some questions, which otherwise would not be possible to pose them. It has also helped to design better our research.

In our research we followed the following stages:

a. questionnaire
b. file facts and discussion
c. interview

A. Background information

The characteristic of a researcher who is a manager of a prefecture company, helped in collecting information from the equivalent prefecture managers. In this helped the syntax of a questionnaire which was sent to everyone who is involved with the taking of decisions. In this questionnaire there is all the information, which involves the studies of the people who are asked and also the connection they have with the procedure of taking decisions, the experience they have until now, the number of people in which they have the management or are in their management.

The questionnaires have been posed directly from the researcher and their information was collected after a long conversation with the people who were asked.

The advantages of the questionnaire’s collection are the following:

a. The researcher helped in the questionnaire’s filling explaining to the people who were asked the questions and giving any kind of explanation relevant to the questions.

b. The researcher also participating in the questionnaire’s filling and spending time with the people, managed to obtain more facts relevant with the taking of decisions in every level of their section. He also helped in the questionnaire’s filling in a comparative same temporal period for all the people who were asked.

In this period which was spent for the questionnaire’s filling, the researcher had the possibility to discover other questions which were relevant with the taking of decisions.
The only difficulty is contributed to the fact that the relationship of the researcher as a general manager of a prefecture company and the very good relationships with the equivalent managers of the other prefectures could be an obstacle in the free expression of the people’s opinion, which is in the subdirections. This was overcome by the researcher’s assurance that all the answers and the names of these people would not be posed in their director’s disposal.

Even some personal elements were held confidential by the rest participants and were not given names, age and place in the directors of these companies.

**Stage 2: Documentary evidence and discussion**

The researcher in this stage collected the necessary elements for the research after he spent enough time in every company. Specifically, he was given a lot of records which proved the administrative organization of every enterprise and the way of taking every decision. Besides that, the researcher’s experience in management and matters which demanded ability of taking decisions helped in order more facts to be asked, which were specific for the taking of administrative decisions from the use of logistic information.

The questions in relation to the historical procedures of the company, the way the company was organised, the interior and exterior influences in the taking of decisions, was needed to be done in the whole staff, which worked in every enterprise.

In the second stage, the researcher focused on the procedure of designing the budget and also on the valuation of the company’s progress. In few questions it was needed to go over to different sections, such as the logistic section, in order to inquire the procedure of the budget’s syntax, the administrative section, in order to inquire the procedure of the valuation of the company’s progress.

The only problem we observed was that not all the facts, which were related to the business, were given, but only those that concerned the procedure of taking decisions. This cannot be estimated as a disadvantage of the research, because the researcher from his experience managed from the facts he collected, to record the procedure of taking decisions.

**Stage 3: Interview**

In the third stage of the research, the researcher spent a few days in every company and took interview on average in 10 people for 2 hours for each one (see table 1 and 2). In the personal interview the questions were focused on the procedure of taking decisions in all levels of the prefecture. Enough time was also spent for the interview with the members of the prefecture board council and with the prefecture co-operators (outside accountants, auditors, etc.).
Table 1

General Directors Interviewed

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Middle Managers</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Junior Managers</td>
<td>7</td>
<td>4</td>
<td>5</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>9</strong></td>
<td><strong>10</strong></td>
<td><strong>31</strong></td>
</tr>
</tbody>
</table>

The interview participants selected from each company include senior, middle and junior managers in both Budgeting and non-Budgeting positions. Table 2 shows the number of directors interviewed who were involved or not involved in Budgeting.

Table 2

Directors Interviewed: Involvement in Budgeting

<table>
<thead>
<tr>
<th>Directors (by Seniority)</th>
<th>Alpha Budgeting</th>
<th>Beta Budgeting</th>
<th>Gamma Budgeting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Senior Managers</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Middle Managers</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Junior Managers</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
<td><strong>3</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

The questions which were included in the interview can be separated in stages.

a. In approach 10 questions were examined during the interview about the budget. The first questions were related relatively with the procedure of a budget’s syntax. If there is a relationship between the budget and the supervision, if the superior and inferior employees have an impact on the budget, how important are the information, which are related with the index of attribution and record of the budget.

The second stage of questions was applied around the role the budget in companies and in every day practise plays. Specifically the questions were related from the one side as a management organ (bureaucratic or not, plan of action or not, plan for the control of cost), or as an organ of relationships with the employees as a means of pressure for the achievement of targets.

The third stage of questions was applied to the exterior influences, which can or cannot influence the budget’s syntax. Specifically, because the structure of the chart is that in the top
of the pyramid there is a political person, who is the major or the president of the board council, who is the municipal councillor, and influences the syntax and its reformation.

There were also three questions, which are concerning the participation of the superior and inferior employees in the formation of the budget and to what extent. Furthermore, two questions were related to the information according to the rates of the budget’s record and what are the relative problems, which face in the syntax of a budget.

There are also questions relatively with the advantages of the budget’s adaptation.

Furthermore there are questions relatively with the measurement of the company’s record, how often this record is counted (monthly, every four months, annually), who is the responsible for this measurement and if there are confirmations for the non-achievement of the budget’s targets.

There are also questions for the reports of efficiency. Specifically, who is responsible for the preparation and to whom is applied the report of the budget’s record.

The fourth stage was concerning questions relatively with the target of cost management and the information relatively with the cost. Specifically there are questions relatively if cost management is used in order to count personal efficiency, if we can count the company’s efficiency, or we use it as a means for the control of cost. Furthermore how the cost management is used for the charging of services or for the design of new services or in the hiring of new employees or in investing decisions.

There are also questions relatively with information, which are not connected with money economics or cost information.

Furthermore there are questions relatively with the changes that occurred the past few years in the taking of decisions and which are the factors that influence the taking of decisions in one company.

The questions that are related with pressures, which are exterior, such as the pressure by the prefecturer or by political authorities. If there are pressures by creditors, like the banks, the pressures from the board of council, from superior employees, or from the Greek culture, or from the local society or pressure to imitate or to follow other prefectures.

4. How the Prefecturer influence the budgets composition at prefectures.

Bearing in mind that the Greek Culture which many times places the head authority, like the prefecture, at a role above the schedule of the prefecture. His influence in the formation of the budget, depends on external impacts of the different prefecture institutes.

The prefecture of Alpha emphasized that in the formation of budget should the prefecture needs—which are limitless—be taken into account and he goes on to argue that it is vital to fulfill the prefecture needs though the pressure from other companies lead us to make such decisions.

For this reason the budget’s formation relies on the fact that there are quite many influences by other institutions or the prefecture Council.

The head of the board, frequently tries to propose and promote a budget which is more focused on the company’s plans.
The Head of the Board stress that the formation of the budget should be based upon satisfying as much the company’s as the municipality’s needs.

It is fact that the Prefecturer of Alpha, recognizes that the budget formation should be founded on the recommendation of the General Director of the company.

The prefecturer of Beta company on the other hand, emphasized that the formation of the Budget should always pass by the prefecture Council, since it has been recommended by the prefecture councils.

Moreover the Prefecturer of Beta prefecture stress that the company’s budget should have sums that aid the investments of the municipality and provide the possibilities in order to reinforce all( institutions).

The Head of the board of Beta prefecture, emphasizes that the budget’s shaping depends on many internal as well as external factors. The internal factors are the recommendation of the General secretary, the incomes and expenses of the previous year, as well as the suggestions of the appropriate departments. In the external factors, the influence of the prefectures institutes is definitely included, as well as the prefecturer impact, who affects the budgets shaping, due to his position; apart from that another significant external influences is that by various institutes of the Prefecture.

The law that governs the shaping of budget offers the possibility its formation to be made, during the year. This means that some unpredictable expenses to be proposed by the prefecture and vice prefectures and become acceptable by the board of prefectures councilors.

There are of course, various institutes that quite regularly endeavour to recommend for sponsorships to the appropriate commission.

The sharing of budget certainly occurs after it has been inspected and supervised, every three months and it proposed by the special director of the specific department.

However, as far as the Alpha prefecture is concerned, the formation and super vision of the budget, takes place every month.

Additionally, the supervision and impact on the budget is conducted by the General secretary of the prefecture, who frequently seek the advice of the both the subordinates and the councilord, for its formation.

As far as the Gamma prefecture is concerned, its head of the prefecture councilors possesses no economic knowledge; and for this reason, his influence in the budgets’ shaping is not so great.

The budgets recommendation is made by the directors of the departments who has the exclusive responsibility for its execution.

According to the fulfillment of the interview, it is obvious that the Head of the board exercises important influences on the budget and he wishes sums of money to be channeled towards a particular direction.

The proposals of the directors of the various departments are always taken into consideration, though the view points of the town council are always put into practice.

5. Decision making process

The budget which is mentioned in the regulation of the company’s management predicts that it should be voted by the board of directors of the prefecture and approved by the prefectures councilors. The resolution of the company’s board of directors about budgets voting should be adopted, by the end of October of the previous year, the year that concerns the budget.
The General secretary is authorized for the shaping of the budget as far its execution; furthermore he proposes its reformation whenever is needed during the budgetary year.

In addition the General Secretary of Alpha prefecture has the authority to recommend the various alterations that should be made to the budget about the sale or purchase of mobile or stationary properties, belonging to the prefecture.

Consequently, the budget is the General Secretary total duty, as far as its recommendation and execution is concerned; however it should be first of all approved by the board of councilors and secondly by the region secretary. Moreover, there are arrangements that should be adopted by Alpha prefecture which even if it is an anonymous one, should at same cases follow the prefecture code that governs the prefecture.

Furthermore, Beta prefecture, follows the prefecture code as well, though it has an Board of councilors.

Beta prefecture follows the code of the prefecture, concerning the budgets recommendation more sternly. This happens because the majority of the members in the board of directors are prefectures councilors and affect its formation.

The Prefecture of Beta emphasizes that by time the budget is voted and approved afterwards by the Prefecture Council the sensation that company reinforces the Municipality or its other enterprises should exist.

The General secretary of Beta acknowledges the right that the practice by which the budget is voted should be followed, but mainly the real expenses of the prefecture should be taken into consideration.

The budget of Beta is voted by the board of Directors of the prefecture and it is inspected by the prefecture Council. Because of the fact that, many of the participants in the board of directors are prefecture councilors the procedure is bureaucratic.

The General Secretary in cooperation with the Head of the board are responsible for the shaping of the budget. Many times they fall back on questions to other prefectures, concerning the sums of money given for marketing promotion.

The budgets reformation is made, since it has been recommended by the General Secretary and decision are made afterwards during the year. Gamma prefecture’s budget is also mentioned in the Municipality’s or Community’s regulations, since the Human Organization is independent and operates on an independent, economic management.

The budget is proposed by the General Secretary before the beginning of the new year, and after it has been recommended by the directors of the appropriate departments.

The budgets is inspected every two months by the General Secretary and it is proposed to the Board of Directors for its readjustment.

Alpha prefecture like the others, relate to a certain degree the budgets compilation to a bureaucratic practice, according to the code of the prefectures.

Alpha, and Beta prefectures consider that the budget is a useful tool for the future planning of the prefecture, while Gamma company regards the budgets as a useless tool for the prefecture planning.

The General Secretary of Alpha prefecture stresses that the budget could be reckoned as a bureaucratic tool, as long as there are rules that should be taken into account as much in its compilation as in its revision.
However, the budget easily becomes a useful tool for the future planning of the prefecture, since all the obstacles are relatively easily overcome.

Furthermore, all prefectures use the budgets as a tool in order to motivate their employees, since the targeting through the budget is more easy and discern. The only company that does not use the budget to motivate the employees is Gamma.

Moreover, Alpha and Beta prefectures consider that the budget serves as a tool so as the prefectures’ performance to be measured while Gamma prefecture does not regard the budget as a measurement tool for its effectiveness with respect to the contribution of the General Secretary and the Head of the prefecture council to the budget shaping is extremely remarkable.

The General Secretary of Alpha stresses that many times the Prefecture introduces many corrections to the final project of the company’s budget, relying on the prefecture’s schemes. Respectively, the General Secretary of Beta emphasizes that the Prefecture contribution to the formation of the budget is indispensable. The Prefecture of Beta introduces that the Prefecture Council’s desire that many times is opposing to the budget introduced by the prefecture’s Board of Directors.

Furthermore, the General Secretary of Gamma stresses that the shaping of the budget is mainly his duty, but the Prefecture on the other hand, influences the final scheme, by expressing the prefecture’s policy as regards the institutions.

There are some problems though, taken into consideration in order to form the budget. The main problem for Alpha is that the budget should keep up with the Prefecture code and it should also be approved by the prefecture council.

However, the principal advantage of the budgets composition is the fact that possibility is offered to the company to plan, inspect and motivate the employees in order to achieve the goals.

The General Secretary of Beta emphasizes that the measurement of the effectiveness is always conducted by himself and rarely the Board of Directors. The General secretary of Gamma stresses that the measurement of the effectiveness is carried out by the Head, who inspects the progress of the budgets aims, every months.

On the contrary, the General Secretary of Alpha, emphasizes that there is no act so far, concerning the non-achievement of goals. This is feasible since the administration of the companies changes every two years in some cases, or every four in others.

The General Secretary of Alpha prepares a report every month and submits it to the board of directors and especially to the Head who afterwards presents it to the meeting of the Board of directors.

Moreover, the General Secretary of Beta stresses that his report to the board of Directors is compiled every three months with relative references to the earnings and goals of the budget. Almost the same policy exists in Gamma where the Secretary proposes the report to the Board of directors and the Head of the Board recommends it to the Prefecture.

The role of cost management is utterly important for Alpha because it is used in order to measure the effectiveness of the staff. At this point Gamma use the cost management or the cost information for the management of the effectiveness.

Only Beta does not use cost management in order to measure the staff’s effectiveness, while it takes into account the report to the cost management for the measurement of the company’s effectiveness. Alpha, Beta, and Gamma make use of cost management as a tool for the tool for the staff’s inspection and particularly the inspection of the Management as it also efficient for the service cost.
6. Concluding comments

The relation between accounting information and budgeting has been debated in the literature. This paper sought to add to this literature by examining how changes in the accounting in the Greek prefectures were shaped by the interplay between institutional and intra-organizational power relations.

We provided an illustration of the way in which a fixed public organization designed structured to respond pressures from both institutional and market environments.

Apart from contributed to an understanding of institutional change our analysis of interplay between institutional factors and intra-organizational power relations also contributes to broaden the field of New Institutional Sociology in general (Powel 1991; Oliver 1992) and in management accounting research in specific (Brignall and Modell, 2000; Collier, 2001; Modell 2002;).

However our analysis is limited as it is only three prefectures case study; the results may be not applicable to the other Greek prefectures. Our aim was to explain and understand the dynamics of institutional change and its implications for accounting and budgeting rather than provide any generalizations.
References


Moriarity, S and C.P Allen, 1987, Cost Accounting. West Sussex: John Wiley and Sons


