



Budgeting practice, Budgeting reconsidered during covid-19

(A survey on listed companies on the Palestine Exchange)

Sharif Mohammad Aqabna

Department of Accounting and Finance, Hebron University, Palestine

Email: sharefa@hebron.edu

Adel Abusharar

Department of Accounting and Finance, Hebron University, Palestine

Email: adelsh@hebron.edu

ABSTRACT

This paper aims to examine the Budgeting practice; budgeting reconsidered during covid-19 on the budgeting practice for companies listed on the Palestine Exchange, this budget as an act should be followed, by those companies. The sample came from all firms listed Palestine Stock Exchange. Our sample consisted of 620 members, A total of 384 surveys were received from respondents through the web-based system with a percentage of 61.9%. After collecting the questionnaire from the respondents, the data was analyzed statistically using the t-statistical program, and based on calculating the mean, standard deviation, and conducting statistical tests. Our findings indicate that the company's continued reliance on the budget was a control tool, which was evident from the respondents to the survey during corona epidemic. But there have been many criticisms of the budget.

Keywords: Budget, Budgeting practice, budgeting reconsidered, COVID-19.



INTRODUCTION

The spread of the corona pandemic has increased risks, economic uncertainty, and financial market volatility. In light of this, countries have taken several measures to limit the spread of Corona, which it had. It has a significant impact on both supply and demand for many goods and services through The political, financial, and monetary measures that were implemented to support the Economy (Albulescu, 2021; Wang et al., 2023).

Budgets as future plans and ways of achieving these goals in accordance with monetary standards are seen as difficult and lead thus, on the basis of historical variables surrounding the environmental organization, to formulate and implement future policies for the activities of the organization. Sometimes, especially during covid-19, these factors might be modified rapidly and abruptly. In this instance, the traditional budget will not be appropriate to take advantage of market opportunities to maximize profit during best performance. The owners aim at increasing control over operating expenses of enterprises at all levels; the intensity of competitive markets is perhaps one of the key reasons for strengthening supervision in order to achieve the greatest financial performance. For every level of management during the following time frame, budgets are the main means of controlling cash flow, usually one year (Shash & Qarra, 2018). The management, however, seeks to achieve the best level of financial performance, which therefore leads to higher profits. Total budget commitment may lead to some opportunities or failure to use them on a timely basis, as mentioned earlier (Alrawazqee & Tsatkhlanova, 2021). Rapid computing must be ready for any changing business environment on the worldwide market and must be accountable for modifying a strategy in the needed time frame.

Many still believe in the occurrence of a global economic recession, hence the importance of financial reports, which are an essential tool that helps management companies receive information that shows the company's financial position and the extent of its profitability within a limited period (Glaeser & Omartian, 2022; Zhang et al., 2020).

This information is essential for the company's management to make internal decisions. It also reveals information for capital providers, such as creditors and investors, about the profitability and financial stability of the company, and it may be essential. The current uncertainty caused by Corona has negative or positive effects on share prices, so it is necessary to know the risks associated with companies' business resulting from the spread of the Coronavirus and by how much Its effect on stocks (Al-Awadhi et al., 2020; Baker et al., 2020; Moslehpour et al., 2022).

The rapid growth of the COVID-19 outbreak was a shocking surprise to the world, and unsure of the risks of this virus and whether a vaccine could be delivered soon. In reaction, most governments worldwide have rushed to take preventive steps, including movement restriction, prevention of celebration and population rallies, restriction of travel, and quarantine. The governments seek to ensure social distancing between people, on the one hand, to restrict the dissemination of the disease (Murphy et al., 2022; Phan & Narayan, 2020), and on the other, to minimize the adverse economic effects. However, these measures did not come with a magical solution but also posed



questions about the efficacy and scope of these measures. While closures can help to reduce infection spread, many companies with different activities have experienced adverse consequences (Alsamhi et al., 2022; Darabee, 2022).

This has led to a need outside the budget. However, a lot of proponents for what is outside the budget have tried hard to build their ideas; moreover, many companies prefer beyond budget model to improve their performance and sufficient customers with shareholder because their viewpoint is modification powers lower-level management will be required (Bogsnes, 2016). While criticisms of the budget remain the major factor for monitoring and planning future actions, the traditional budget cannot be fully dispensed with (Isaac et al., 2015). In executing aspects of the operating budget, the government budget has a number of cash distribution authorities. The guidelines are tight, sometimes facing predicted events or crises that need quick reactions, budget changes are prohibited for reasons beyond the budget to solve this problem to meet an unforeseen situation. without clearance by the Ministry of Finance which took a long time and process. It helps supply the public with better services, whereas government budget manipulation may, in its existence, lead to corruption. This research will explore budgeting; the budgeting of companies listed on the Palestinian exchange is examined during Covid-19. In operating activities, which authority may be delegated to lower administrative levels for adaptive budgeting? And the debate on budget and implementation will be held with money to defend against anticipated corruption as a result of the revised budgeting. A list of surveys that shall be sent to companies registered on the Palestine Securities Exchange shall provide information resources. Advocates beyond budgeting claim in private sector firms to be followed with the excuse that traditional budgets have become inappropriate tools of control, and planning and cannot be adopted at unforeseen circumstances. This article explores whether it will depend on private sector budgeting methods during COVID-19 or contribute to corruption and abuse.

Motivation of the Study:

The COVID –19 shocks is world-wide severe compared to the Great Financial Crisis 2007–2008. None of COVID - 19's effect on the budgetary practice, budgeting revisited in Palestine during the period of covid-19. Different worldwide monetary organizations and forums warned of the serious effects of the new COVID – 19 on the world economy, which might overcome the 2007/2008 global economy crisis. Literature indicates a considerable effect of the coronavirus pandemic in all companies worldwide. In many financial markets worldwide, COVID -19 influence signs have been seen. Of course, all companies are trying to respond to avoid the impact of the coronavirus pandemic.

Objective of the Study:

This paper will examine the Budgeting practice; budgeting reconsidered during covid-19 on the budgeting practice for companies listed on the Palestine Exchange.



Significance of the Study:

This research will generate fresh, revised budgeting information from existing literature on budgeting practice, budgeting reconsidered. The major objective of the study is to help investors and policy makers evaluate budget adaptation in order to avoid probable errors.

Literature review

Historically, budgeting has played center stage in the management control systems of most companies (Otley, 1994). However, Hansen et al., (2003) said, it has recently been the subject of much criticism. The budget has been considered "ineffective and idle" (Jensen, 2002), "a tool from the past" (Gurton, 1999; Zeller & Metzger, 2013), and "something superfluous" (Libby & Lindsay, 2003; Wallander, 1999). Several European studies also indicate increasing dissatisfaction among firms with the used budgeting systems (Moses & Moses, 2022; Neely et al., 2003; Olaf et al., 2019; Samudrage & Beddage, 2018; Wallin et al., 2000).

In the history of the budgets, management controls have been of fundamental importance. The previous studies claimed that most companies continue to use budgets to manage and add value. In its survey of government agencies (Isaac et al., 2015; Libby & Lindsay, 2010). Previously a traditional budget for regulating and allocating expenses needed management of the budget in order to obtain the best results in an international business environment. At the same time, the budget is a key management tool for a long time (Rosanas, 2016). In addition, several relevant experts believe that budgeting explains a company's financial objectives and vital management control technology. The budget is a significant control system, according to (Fähndrich, 2023; Hansen et al., 2003; Rosanas, 2016). Although the advancements in managing tools that have taken place today can be of great assistance to management and often helpful indications that are broader than financial numbers. We must however be careful when utilizing these instruments because the risk of performance action in use is evident, multiple and at times counterproductive (Cugueró-Escofet & Rosanas, 2017; Rosanas & Velilla, 2005). We need to be vigilant. On the basis of this, going beyond the budget undermines internal and external supervision, leading to corruption, especially in the public sector. Other researchers feel that the budget is not entirely to be used by merging the two budgets and/or by establishing the typical market budgets (Goode & Malik, 2011; Melangen & Sofo, 2019; No & Hsueh, 2022; O'Grady et al., 2017; Otley, 2008). However (O'Grady et al., 2017) it has been determined that decentralization can be stopped and budgetary restrictions can be circumvented and separated into four modes of organizational performance, namely better budget, advanced budget, restrictive budgets and the non-budget, after budgetary execution. We can observe from above that the traditional abandonment of budgets can be widespread, however beyond budget advocates, employee capabilities, skills, responsibilities and cooperation are developed which lead to the development of the control system in the face of corruption and other illegal manipulation (Sandalgaard & Nikolaj Bukh, 2014).



Winnie et al., (2017) identified four adaptive performance management systems reflecting the varied approaches to managing uncertainty. Off-budgeting mode as one technique and identification of other performance adaptive management patterns provide an opportunity to discover how organizations adjust the budget and compare (O'Grady et al., 2017). On the basis of this, we can split the Beyond Budget approach into two ideas approaches. First, there is the need to spend money among the several administrative levels (Hope & Fraser, 2003b). The advocates are also the same. In their view, beyond the budget, financial decision making can be defined as an area of greater freedom that helps to increase the effectiveness and efficiency of workers in the Organization in carrying out its tasks in order to modify strategies in order to meet the needs of the market and make better use of resources. Second, budgetary critics argue that the distribution of financial resources helps enhance financial corruption prospects, decrease financial control, and achieve long-term top management programs.

Of course, the practice of budgeting has been criticized before. However, there are differences in the criticisms among researchers. In the past, criticism was directed at "traditional budgeting," In many studies, the "current worst practices" were exaggerated and often targeted for criticism. However, they can make adjustments or can avoid errors (Nielsen, 2018). The budget message is derived from budgeting practices. Their perspective is that traditional budgeting should be abolished as fundamentally disruptive (Hope & Fraser, 2003a). Their belief is that the best solution does not exist to conventional budgeting optimization (Hope & Fraser, 2003c).

It should be noted that about this course of events three things have been seen. First, the main incentive for academic study was to analyze business performance by using participatory budgeting and by using the budget targets (Hartmann, 2000; Schneider & Busse, 2019). You can say the research is now separate, but practitioners highlight these concerns as well (Hansen et al., 2003). Academic studies have often seen mixed outcomes (Cieslak & Kalling, 2007; Hartmann, 2000; Kren & Liao, 1988; Shields & Young, 1993). The peer evaluation and consideration of different perspectives of the practitioner can contribute to the development of fresh research views with respect to the budget.

Secondly, the views of Hope and Fraser are set forward as universal requirements. The fact that numerous companies will continue to use budgeting to monitor and evaluate performance does not seem straightforward if this is the main aim (Telle & Svensson, 2020). The evolution of budgeting practice has no longer been correct in a previous study suggesting intense budget use in practice (Steed & Gu, 2009). However, there is not enough recent information (Frow et al., 2010) to show whether and how companies are adapting their budgetary processes.

Third, the nature and operations of the budget are conflicting with or unexpected contexts (Hansen et al., 2003; Hope & Fraser, 2003b). Considerations appear to be different from unpredictability, environmental insecurity, or the failure to adapt to the surrounding environment.



These points indicate that we cannot clearly understand budgeting capable of explaining and defining the processes or mechanisms that lead to acceptable or unacceptable results for budget systems (Bunge, 2004).

Study questions:

Depending on the literature review and in order to achieve the objective of the study, the researcher asked the following questions:

1. Is the budget still used as a control tool by companies listed on the Palestine Exchange during COVID-19?
2. Is the budget considered value added during the Corona pandemic?
3. Does the company still use the budget as performance evaluation tool ?
4. Are the changes surrounding the company adopted when preparing the budget, especially during crises?

METHODOLOGY

Sample selection and survey design

I collected data through an online survey of managers who are in a position to prepare and use budgets in companies listed on the Palestine Exchange. The sample came from all firms listed Palestine Stock Exchange. To be included in the sample, individuals must be employed by companies listed on the Palestine Exchange and companies doing business in Palestine. In addition, I selected potential respondents based on the respondent's position in the company, whether he vice president, chief financial officer, financial controller, budget manager, or department manager. These criteria were set to ensure that the target sample of firms had formal budgeting systems in place, and thus respondents to this survey would have sufficient experience in the design and use of budgets. Based on the previous criteria, the target sample consisted of 620 members.

The Questionnaire

Through the welcome page, the objectives of the survey were clarified, in addition to providing the sample members with links explaining all the variables used in the survey. They were also provided with contact information in case of any inquiries. We divided the survey into several sections and each section addressed a specific topic. Respondents were unable to return to the section once the section had been completed. Where possible, we relied on previous studies to develop standards or formulate statements. We also developed new procedures and measures if needed.

The questionnaire had eight sections, and 64 questions. The questions are designed and selected to know some of the key dimensions of budgeting in the companies. The questions are organized along with four thematic blocks—the first looks at whether the budget is used as a control tool for the company. The second focuses on the impact of budgeting to add value and predictability. Questions from the third block cover several aspects related to market changes, linkage, Budget Emphasis. Finally, the questions in the fourth block examine if the company management uses the budget as a tool for evaluation. The questionnaire was built to combine questions and inquiries with a yes or no answer, and on the other hand, questions with five predetermined options that provide participants with the ability to choose and rank



among several options or the opportunity to grade on a “strongly disagree” to “strongly agree” scale. Building these questions in this way, in order to determine the answers of the respondents. Space has been left in order to clarify some of the answers and this open part is of great importance because it contributes to the interpretation of some results and helps the researcher in clarifying some of the results.

Sample statistics and results:

Part1

Since the survey conducted online, a Google Form was established for this purpose. Respondents were required to answer all questions before submitting the questionnaire. The results show no missing data values as shown Missing Data Examination.

A total of 384 surveys were received from respondents through the web-based system with a percentage of 61.9%. The following table shows that respondents have an average employment rate of 7.71 years in their current position and 11.08 years in the company. As for the job title of the sample, it was as follows: Chief Financial Officer (19.5%), Manager executive (20.6%) Controller (21.9%), Director of budgeting (20.3%), and Other (17.7). About 62.8% of the responding companies were from the service companies and 37.2% were from the manufacturing companies. In addition, 28.4% of the companies were subsidiaries of larger companies while 71.6% were stand-alone companies. The following table 1 shows the specific characteristics of our sample.

Table 1 sample characteristics

(Current position)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	155	40.4	40.4	40.4
	6-10 years	129	33.6	33.6	74.0
	11-15 years	67	17.4	17.4	91.4
	more than 15	33	8.6	8.6	100.0
	Total	384	100.0	100.0	
(Years of employment with current company)					
	1-5 years	44	11.5	11.5	11.5
	6-10 years	118	30.7	30.7	42.2
	11-15 years	163	42.4	42.4	84.6
	more than 15	59	15.4	15.4	100.0
	Total	384	100.0	100.0	
(Position in the company)					
	CFO	75	19.5	19.5	19.5
	Manager	79	20.6	20.6	40.1
	Controller	84	21.9	21.9	62.0
	Director	78	20.3	20.3	82.3
	OTHER	68	17.7	17.7	100.0
	Total	384	100.0	100.0	
(company's activity)					
	Manufacture	143	37.2	37.2	37.2
	Service	241	62.8	62.8	100.0
	Total	384	100.0	100.0	



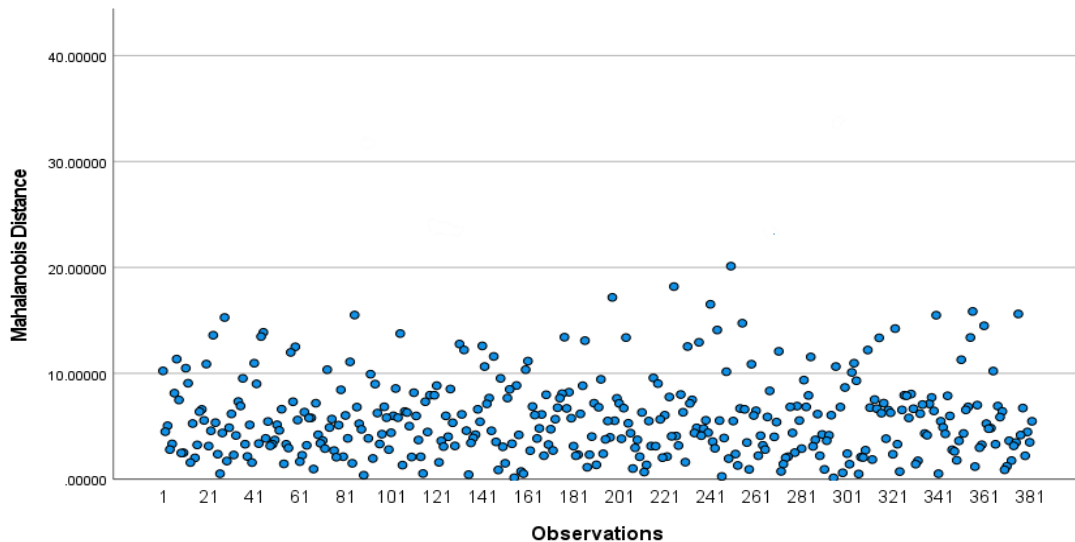
(Corporate structure)					
	Stand alone	275	71.6	71.6	71.6
	Subsidiaries	109	28.4	28.4	100.0
	Total	384	100.0	100.0	

Outlier Examination

The Mahalanobis' distance, D^2 , is used to analyze multivariate outliers.

Figure 1 shows that all observations are $D^2 < 20.00$, indicating that there is no outlier observation.

Figure 1: Mahalanobis' Distance



Assumptions of Linear Regression for Latent Factors

In order to do the factor analysis, I examined the four assumptions on which the linear regression model depends, and as it is known that if the data meet the assumptions made by the linear regression model, then in most cases, it will not need further research. The results were as shown in Figures 1, 2, 3 and Table 2:



1.Linearity

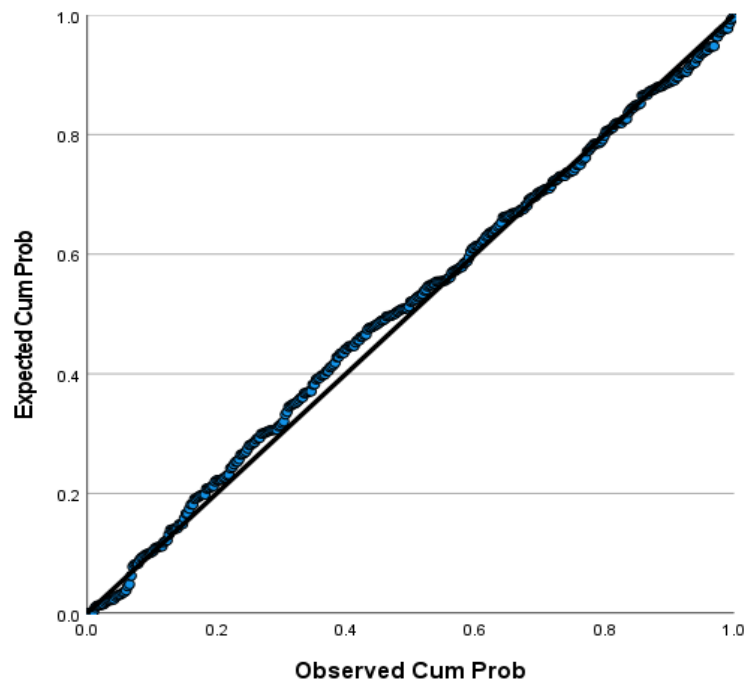


Figure 2: Regression Standardized Residuals

2.Homogeneity

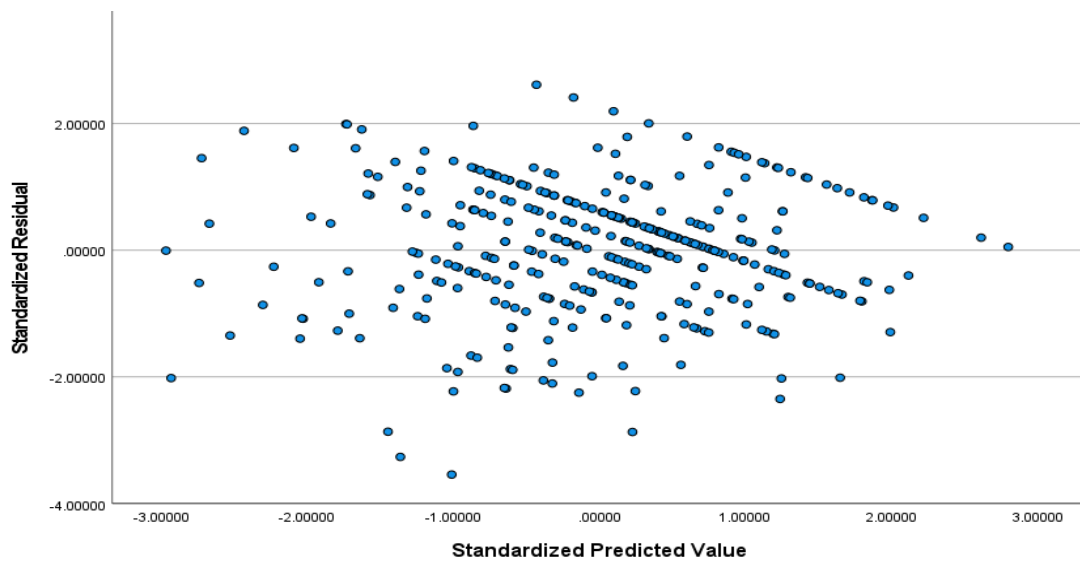


Figure 3: Standardized Predicted Residual Values



3.Normality

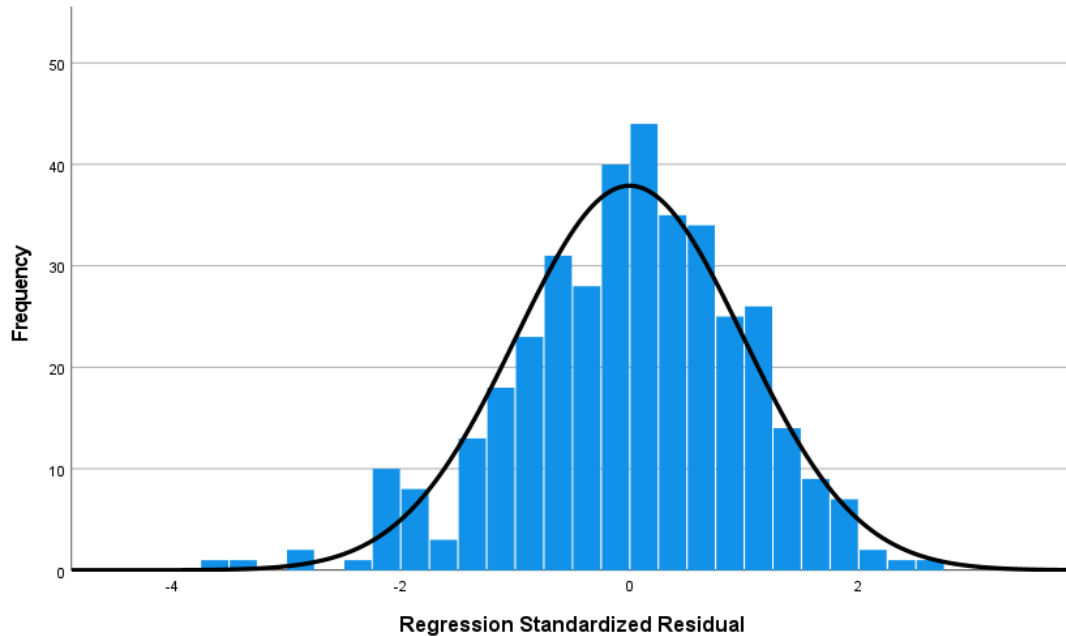


Figure 4: Normality of Standardized Residuals

5. Absence of Multicollinearity

The results in Table 2 show that there are Absence of Multicollinearity

Table 2: Multivariate Collinearity Tests

Independent Variables	Tolerance	VIF
Budget Adapt	0.665	1.503
Budget Emphasis	0.498	2.009
Budget Value	0.784	1.276
Linkage	0.510	1.961
Performance Evaluation	0.780	1.282
Predictability	0.719	1.390

Part2

This part deals with 59 items related to the survey sections except for the first section related to sample characteristics, the results of which are evaluated from the presentation of Table 3. I calculated min, max, mean, standard deviation, skew, kurtosis and standard error for each statement considering that those who responded to this part of the questionnaire.



Table 3: Descriptive Statistics of Questionnaire Items

Item	Min	Max	Mean	Std. Deviation	Skewness	Kurtosis	Std. Error
C1	1	5	2.73	0.83	0.28	-0.41	0.04
C2	1	5	2.86	0.89	0.10	-0.81	0.05
C3	1	5	2.72	0.88	0.29	-0.49	0.05
C4	1	5	3.09	0.91	-0.28	-0.69	0.05
C5	1	5	2.99	0.94	-0.08	-0.89	0.05
C6	1	5	3.03	0.95	-0.11	-0.93	0.05
C7	1	5	2.88	0.89	0.06	-0.63	0.05
C8	1	5	2.95	0.94	-0.03	-0.70	0.05
C9	1	5	2.94	0.91	0.01	-0.67	0.05
BV 1	2	5	3.99	0.65	-0.80	1.84	0.03
BV 2	2	5	3.85	0.69	-0.66	0.85	0.04
BV 3	2	5	4.09	0.60	-0.69	2.25	0.03
BV 4	1	5	3.91	0.71	-0.84	1.75	0.04
BV 5	1	5	3.70	0.79	-0.57	0.45	0.04
P 1	2	5	4.02	0.71	-0.68	0.88	0.04
P 2	1	5	3.97	0.70	-0.68	1.20	0.04
P 3	1	5	3.98	0.71	-0.57	0.81	0.04
P 4	1	5	3.97	0.69	-0.58	1.02	0.04
P 5	1	5	4.04	0.71	-0.54	0.76	0.04
P 6	1	5	4.06	0.70	-0.86	2.01	0.04
P 7	2	5	4.08	0.69	-0.35	-0.12	0.04
P 8	1	5	3.99	0.71	-0.59	0.86	0.04
P 9	2	5	4.05	0.66	-0.38	0.39	0.03
P 10	1	5	4.01	0.73	-0.64	0.82	0.04
P 11	2	5	4.02	0.68	-0.46	0.47	0.03
P 12	1	5	4.02	0.72	-0.62	0.87	0.04
BE 1	1	5	2.65	0.97	0.27	-0.81	0.05
BE 2	1	5	3.24	0.96	-0.42	-0.71	0.05
BE 3	1	5	2.53	0.99	0.43	-0.45	0.05
BE 4	1	5	2.67	1.03	0.30	-0.88	0.05
BA 1	1	5	2.40	0.94	0.82	0.15	0.05
BA 2	1	5	2.36	0.98	0.69	-0.13	0.05
BA 3	1	5	2.21	0.83	0.79	0.53	0.04
BA 4	1	5	2.26	0.91	0.69	-0.03	0.05
BA 5	1	5	2.25	0.86	0.77	0.39	0.04
BA 6	1	5	2.27	0.89	0.75	0.34	0.05
BA 7	1	5	2.26	0.90	0.81	0.43	0.05
BA 8	1	5	2.26	0.89	0.80	0.38	0.05
BA 9	1	5	2.26	0.89	0.79	0.28	0.05



Item	Min	Max	Mean	Std. Deviation	Skewness	Kurtosis	Std. Error
L 1	1	5	3.46	0.92	-0.39	-0.24	0.05
L 2	1	5	3.49	0.93	-0.44	-0.22	0.05
L 3	1	5	3.54	0.91	-0.61	0.21	0.05
L 4	1	5	3.72	0.83	-0.96	1.19	0.04
L 5	1	5	3.37	0.95	-0.28	-0.45	0.05
L 6	1	5	3.64	0.85	-0.64	0.29	0.04
L 7	1	5	3.71	0.86	-0.75	0.62	0.04
L 8	1	5	3.55	0.88	-0.57	0.11	0.05
L 9	1	5	3.57	0.90	-0.75	0.4	0.05
L 10	1	5	3.53	0.92	-0.60	0.08	0.05
PE 1	1	5	3.75	0.76	-0.71	0.91	0.04
PE 2	1	5	3.88	0.73	-0.87	1.77	0.04
PE 3	1	5	3.88	0.74	-0.61	0.89	0.04
PE 4	1	5	3.75	0.76	-0.71	0.91	0.04
PE 5	1	5	3.75	0.72	-0.65	0.95	0.04
PE 6	1	5	3.90	0.81	-0.69	0.54	0.04
PE 7	1	5	3.82	0.74	-0.50	0.66	0.04
PE 8	1	5	3.25	0.90	-0.05	-0.48	0.05
PE 9	1	5	3.80	0.78	-0.67	0.66	0.04
PE 10	1	5	3.66	1.26	-0.54	-0.81	0.06

Based on the results shown in Table 3, the statements from (C1-C9) related to using the budget in companies as a control tool; the results indicated that Budgets were used for control purposes in their companies. This result is in agreement with several studies (Cieslak & Kalling, 2007; Hope & Fraser, 2003b; Telle & Svensson, 2020). Most of the sample members of this study will continue to do so use budgets for control purposes, so budget benefits outweigh the costs. They also think budgets and the budget process are value-added, and these results are shown in the statements (BV1- BV5). But the statements (P1-P12) related to measuring the company's predictability to prepare the budget results show that there is difficulty predicting the reaction of competitors, revenue, operating expenses, customer needs, and technological changes during the spread of the epidemic.

On the other hand, the statements (BA1-BA9) related to the adoption of the prepared budget and its ability to respond to changes during the epidemic period. The sample's response indicates the budget's weakness in adapting to changes in the business environment as a result of the spread of the epidemic. The results also suggest that the company must conduct a continuous review and amendment of the budget.

As for the questions (L1-L10) related to measuring the extent to which the budget can help the company implement the strategy, is there a connection between the company's budget and strategy? Based on the respondents' opinions, the results



indicate that the company is preparing the company budget to serve the implementation of the strategy and the achievement of the company's goals. But in the end, companies fail to link the budget with the company's strategy because companies prepare the budget in isolation from the strategy, and this is confirmed by many studies (Hope & Fraser, 2003b; Mio et al., 2022).

In the last section of the survey, respondents were asked if the budget is used in the company to evaluate employees' performance. This was done through the expressions (PE1-PE10), where the arithmetic means of all these expressions was more than (3.66), except for the expression (PE8). This confirms what was mentioned in the literature review that most companies use budgets to evaluate performance.

Part3

Some additional analyzes have been performed for understand the factors and outcomes that can be linked to perceptions of the budget's use of control, predictability, value added, budget emphasis, budget, adopting changes, linkage, and use the budget performance evaluation.

3.1 Exploratory Factor Analysis

Table 4: Kaiser-Meyer-Olkin and Bartlett's Test

Kaiser-Meyer-Olkin Measure	Bartlett's Test of Sphericity		
	Approximate χ^2	Degree of Freedom	Sig.
0.94	20470.85	1711	0.0000

The previous table 4 shows two tests that indicate the suitability of my data to discover the structure, it can be seen that Kaiser-Meyer-Olkin and Bartlett's equal (0.94), this ratio is considered acceptable because many previous studies have stated that if the ratio is more than 0.70. On other hand, The Kaiser-Meyer-Olkin Sampling Adequacy Scale is a statistic that indicates the percentage of variance in your variables that may be caused by underlying factors. Values close to (1), which are considered high enough in general, indicate that factor analysis is useful for these data. But if the value is less than 0.50, the results of factor analysis are not useful. Bartlett's test of sphericity tests the hypothesis that your correlation matrix is an identity matrix, which would indicate that your variables are uncorrelated and therefore unsuitable for structure detection. However, (0.000) of the significance level indicate that factor analysis is useful for the data, less than 0.05 of the significance level.



3.2 Communalities Explained by Each Item

Table 5: Communalities Explained by Each Item

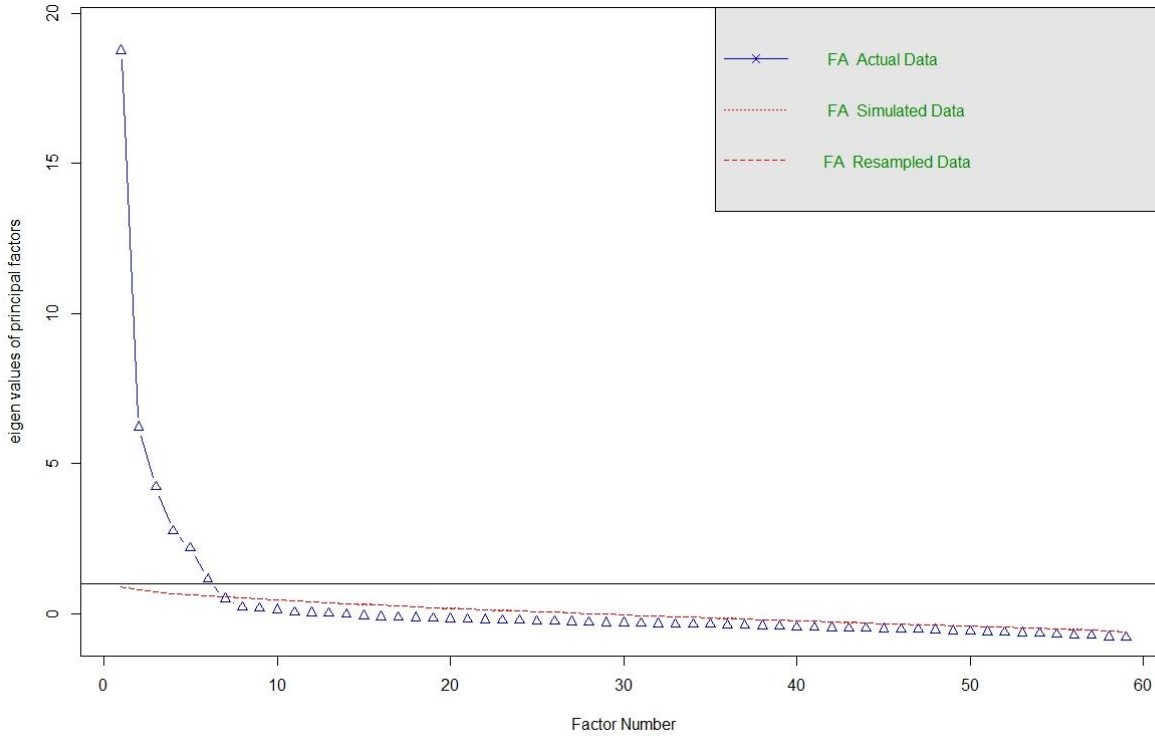
Item	Comm.	CXTY	Item	Comm.	CXTY	Item	Comm.	CXTY
C1	0.390	1.20	P 7	0.557	1.20	L 2	0.748	1.00
C2	0.669	1.00	P 8	0.829	1.00	L 3	0.737	1.10
C3	0.568	1.10	P 9	0.053	2.70	L 4	0.760	1.00
C4	0.589	1.20	P 10	0.699	1.00	L 5	0.692	1.00
C5	0.738	1.00	P 11	0.765	1.00	L 6	0.683	1.10
C6	0.791	1.00	P 12	0.684	1.00	L 7	0.724	1.00
C7	0.555	1.00	BE 1	0.537	1.00	L 8	0.667	1.00
C8	0.653	1.00	BE 2	0.591	1.10	L 9	0.757	1.00
C9	0.764	1.00	BE 3	0.502	1.00	L 10	0.802	1.00
BV 1	0.543	1.70	BE 4	0.514	1.10	PE 1	0.545	1.90
BV 2	0.544	1.40	BA 1	0.694	1.00	PE 2	0.678	1.00
BV 3	0.572	1.50	BA 2	0.743	1.00	PE 3	0.757	1.00
BV 4	0.590	2.10	BA 3	0.814	1.00	PE 4	0.650	1.00
BV 5	0.396	1.80	BA 4	0.780	1.00	PE 5	0.710	1.10
P 1	0.713	1.10	BA 5	0.749	1.00	PE 6	0.483	2.10
P 2	0.798	1.00	BA 6	0.764	1.00	PE 7	0.563	1.30
P 3	0.821	1.00	BA 7	0.761	1.10	PE 8	0.316	1.60
P 4	0.865	1.00	BA 8	0.879	1.00	PE 9	0.698	1.10
P 5	0.708	1.00	BA 9	0.847	1.00	PE 10	0.065	2.90
P 6	0.620	1.00	L 1	0.606	1.10			

Comm.: Communality Extraction; CXTY: Item Complexity

Table displays communalities explained by each item. Commonalities with values below 0.3 mean these items are poor and do not completely match with other items within the construct. Only two items were detected to have communality value less than 0.3, namely P 9, 0.053, and PE 10, 0.065. Therefore, these two items, P 9 and PE 10, fell out of next analyses.

The following figure 5 (Eigenvalues Scree Plot) shows that the number of factors that must retain in an exploratory factor analysis is seven factors.

Figure 5: Initial Eigenvalues Scree Plot



3.2 Rotated Pattern Matrix

In order to know the suitability of the components of the factors that were relied on in the study, I made a Rotated Pattern Matrix, and the following Table 6 shows the results:

Table 6: Rotated Pattern Matrix

Items	Component						
	C	BV	P	BE	BA	L	PE
C1	0.53						
C2	0.80						
C3	0.70						
C4	0.66						
C5	0.87						
C6	0.91						
C7	0.68						
C8	0.77						
C9	0.88						
BV 1		0.47					
BV 2		0.43					
BV 3		0.42					
BV 5		0.42					
P 1			0.81				
P 2			0.81				



مجلة الفنون والآداب وعلوم الإنسانيا والاجتماع

Journal of Arts, Literature, Humanities and Social Sciences

www.jalhss.com

Volume (94) August 2023

العدد (94) أغسطس 2023



P 3	0.90		
P 4	0.93		
P 5	0.83		
P 6	0.75		
P 7	0.67		
P 8	0.88		
P 10	0.75		
P 11	0.82		
P 12	0.83		
BE 1		0.72	
BE 2		0.74	
BE 3		0.70	
BE 4		0.65	
BA 1			0.72
BA 2			0.74
BA 3			0.70
BA 4			0.65
BA 5			0.72
BA 6			0.74
BA 7			0.70
BA 8			0.65
BA 9			0.72
L 1			0.70
L 2			0.85
L 3			0.82
L 4			0.84
L 5			0.83
L 6			0.76
L 7			0.85
L 8			0.81
L 9			0.88
L 10			0.89
PE 1			0.81
PE 2			0.85
PE 3			0.82
PE 4			0.78
PE 5			0.52
PE 6			0.68
PE 7			0.55
PE 8			0.80
PE 9			0.81

Through the results shown in Table 6, it was found that each of the following statements (BV4, P9, PE10) were excluded. Accordingly, these statements should be



excluded from future studies.

3.4 Goodness-of-Fit Indices of Exploratory Factor Analysis

Table 7: Goodness-of-Fit Indices of Exploratory Factor Analysis

Measure Indices	Fit Indices	Results	Criteria	Decision
Absolute Fit Measure	χ^2	2238.88		Acceptable
	χ^2/df	1.997	$1 < \chi^2/df < 3$	Fit
	RMSR	0.020	< 0.05	Fit
	RMSEA	0.049	< 0.05	Fit
Incremental Fit Measure	TLI	0.917	≥ 0.90	Fit
	CFI	0.938	≥ 0.90	Fit

Table 7 shows the fit index (GFI) between the assumed model and the observed covariance matrix. The GFI ranges from 0 to 1 or higher. The results indicate the suitability of the model on which the study was based.

conclusion

Our findings indicate that the company's continued reliance on the budget was a control tool, which was evident from the respondents to the survey during corona pandemic. And companies, in general, are not thinking of giving up the practice of using the budget at present, and they have no plans to abandon it due to the spread of the Corona epidemic. But on the other hand, many of them are thinking of taking steps to improve them and overcome some of the things hindering them. This is in complete agreement with what was stated by (Samudrage & Beddage, 2018) study, they consider that the important reason hindering people are not following through on budget forecasts is low awareness, lack of forecasting, reliance on budgets for monitoring and performance evaluation, difficulty in assessing team members, and bureaucracy. The use of budget by the companies is considered value-added. Also, there is difficulty predicting competitors' reactions, revenue, operating expenses, customer needs, and technological changes during the spread of the corona epidemic. The result indicates that the budget's weakness in adapting to changes in the business environment results from the spread of the COVID-19 epidemic. The results also suggest that the company must conduct a continuous review and amendment of the budget. Companies fail to link the budget with the company's strategy because companies prepare the budget in isolation. Companies still rely on the budget in evaluating performance and following up on their employees.

In addition to the above, and based on our findings in the study, it seems that many of the criticisms and assumptions behind the argument of hope and Fraser Walt have been adopted with great suspicion, as was evident through the literature review. Our study found that:

- It is often noted that reliance on personal opinion in evaluating performance and not only on the rate of achievement according to the budget.



- The use of constant performance is not very widespread, but it relies on evaluation in proportion to the changes.
- The time that the company spends in preparing the budget is not considered significant compared to the interest.
- Although companies prepare the budget based on the strategy, it still does not meet the budget's strategic goals in the company.

Finally, I suggest improving their control and efficiency. Without its improvement, traditional budgeting abandonment allows misusing authority in the companies. However, there is a possibility to use a budget and changing authority between its levels of management. Companies should constantly reconsider and review the budget to avoid the limitations mentioned during the study and make any amendments to it if necessary. The Corona pandemic affected all businesses, but there is still fear among many managers in companies, and they consider that the effects of the pandemic are unusual.

References

1. Al-Awadhi, A. M., Alsaifi, K., Al-Awadhi, A., & Alhammadi, S. (2020). Death and contagious infectious diseases: Impact of the COVID-19 virus on stock market returns. *Journal of behavioral and experimental finance*, 27, 100326.
2. Albulescu, C. T. (2021). COVID-19 and the United States financial markets' volatility. *Finance Research Letters*, 38, 101699.
3. Alrawazqee, A., & Tsaikhlanova, T. (2021). Improve performance or corruption motivation in beyond budget implementation, survey in public sector organizations. *Research Journal of Finance and Accounting*, 12(6).
4. Alsamhi, M. H., Al-Ofairi, F. A., Farhan, N. H., Al-Ahdal, W. M., & Siddiqui, A. (2022). Impact of Covid-19 on firms' performance: Empirical evidence from India. *Cogent Business & Management*, 9(1), 2044593.
5. Baker, S. R., Farrokhnia, R. A., Meyer, S., Pagel, M., & Yannelis, C. (2020). How does household spending respond to an epidemic? Consumption during the 2020 COVID-19 pandemic. *The Review of Asset Pricing Studies*, 10(4), 834-862.
6. Bogsnes, B. (2016). *Implementing beyond budgeting: Unlocking the performance potential*. John Wiley & Sons.
7. Cieslak, K., & Kalling, T. (2007). Reasons behind contemporary use of budgets. Nordic Academy of Management,
8. Cugueró-Escofet, N., & Rosanas, J. M. (2017). The ethics of metrics: Overcoming the dysfunctional effects of performance measurements through justice. *Journal of business ethics*, 140, 615-631.
9. Darabee, T. (2022). The impact of COVID-19 on the financial performance of the listed firms in Palestine. *Gazi İktisat ve İşletme Dergisi*, 8(3), 398-407.
10. Fähndrich, J. (2023). A literature review on the impact of digitalisation on management control. *Journal of Management Control*, 34(1), 9-65.
11. Frow, N., Marginson, D., & Ogden, S. (2010). "Continuous" budgeting: Reconciling budget flexibility with budgetary control. *Accounting, organizations and society*, 35(4), 444-461.



12. Glaeser, S., & Omartian, J. D. (2022). Public firm presence, financial reporting, and the decline of US manufacturing. *Journal of accounting research*, 60(3), 1085-1130.
13. Goode, M., & Malik, A. (2011). Beyond budgeting: the way forward? *Pakistan Journal of Social Sciences (PJSS)*, 31(2).
14. Gurton, A. (1999). Bye bye budget... the annual budget is dead. *Accountancy International*, 123(1267), 61.
15. Hansen, S. C., Otley, D. T., & Van der Stede, W. A. (2003). Practice developments in budgeting: an overview and research perspective. *Journal of management accounting research*, 15(1), 95-116.
16. Hartmann, F. G. (2000). The appropriateness of RAPM: toward the further development of theory. *Accounting, organizations and society*, 25(4-5), 451-482.
17. Hope, J., & Fraser, R. (2003a). *Beyond budgeting: how managers can break free from the annual performance trap*. Harvard Business Press.
18. Hope, J., & Fraser, R. (2003b). New ways of setting rewards: The beyond budgeting model. *California Management Review*, 45(4), 104-119.
19. Hope, J., & Fraser, R. (2003c). Who needs budgets?
20. Isaac, L., Lawal, M., & Okoli, T. (2015). A systematic review of budgeting and budgetary control in government owned organizations. *Research Journal of Finance and Accounting*, 6(6), 1-10.
21. Jensen, M. C. (2002). Corporate budgeting is broken, let's fix it.
22. Kren, L., & Liao, W. M. (1988). The role of accounting information in the control of organizations: A review of the evidence. *Journal of accounting literature*, 7(1), 280-309.
23. Libby, T., & Lindsay, R. M. (2003). Budgeting-an unnecessary evil A European idea to drop budgeting altogether is starting to find receptive ears in North America. In this two-part series, we consider what's wrong with the present model and how some are suggesting we fix it. *CMA MANAGEMENT*, 77(1), 30-33.
24. Libby, T., & Lindsay, R. M. (2010). Beyond budgeting or budgeting reconsidered? A survey of North-American budgeting practice. *Management accounting research*, 21(1), 56-75.
25. Melangen, M., & Sofo, N. (2019). *Beyond Budgeting and Performance Management: A multiple case study of how performance is managed drawing on the Beyond Budgeting principles* Universitetet i Agder; University of Agder].
26. Mio, C., Costantini, A., & Panfilo, S. (2022). Performance measurement tools for sustainable business: A systematic literature review on the sustainability balanced scorecard use. *Corporate Social Responsibility and Environmental Management*, 29(2), 367-384.
27. Moses, M., & Moses, M. (2022). Conventional Budgeting Solutions. *The Municipal Financial Crisis: A Framework for Understanding and Fixing Government Budgeting*, 53-62.
28. Moslehpour, M., Al-Fadly, A., Ehsanullah, S., Chong, K. W., Xuyen, N. T. M., & Tan, L. P. (2022). Assessing financial risk spillover and panic impact of Covid-19 on



European and Vietnam stock market. *Environmental Science and Pollution Research*, 29(19), 28226-28240.

29. Murphy, K., McCarthy, M., Sargeant, E., & Williamson, H. (2022). COVID-19 conspiracies, trust in authorities, and duty to comply with social distancing restrictions. *International Criminology*, 2(1), 44-58.

30. Neely, A., Bourne, M., & Adams, C. (2003). Better budgeting or beyond budgeting? *Measuring Business Excellence*, 7(3), 22-28.

31. Nielsen, S. (2018). Reflections on the applicability of business analytics for management accounting—and future perspectives for the accountant. *Journal of Accounting & Organizational Change*, 14(2), 167-187.

32. No, W., & Hsueh, L. (2022). How a participatory process with inclusive structural design allocates resources toward poor neighborhoods: the case of participatory budgeting in Seoul, South Korea. *International Review of Administrative Sciences*, 88(3), 663-681.

33. O'Grady, W., Akroyd, C., & Scott, I. (2017). Beyond budgeting: distinguishing modes of adaptive performance management. In *Advances in management accounting* (Vol. 29, pp. 33-53). Emerald Publishing Limited.

34. Olaf, S. S., Agnieszka, M., & Thomas, H. (2019). Beyond Budgeting—A Fair Alternative for Management Control?—Examining the Relationships between Beyond Budgeting and Organizational Justice Perceptions. *Studies in Business and Economics*, 14(2), 160-180.

35. Otley, D. (1994). Management control in contemporary organizations: towards a wider framework. *Management accounting research*, 5(3-4), 289-299.

36. Otley, D. (2008). Did Kaplan and Johnson get it right? *Accounting, Auditing & Accountability Journal*, 21(2), 229-239.

37. Phan, D. H. B., & Narayan, P. K. (2020). Country responses and the reaction of the stock market to COVID-19—A preliminary exposition. *Emerging Markets Finance and Trade*, 56(10), 2138-2150.

38. Rosanas, J. M. (2016). Budgeting Beyond Budgeting: A Tool for Management, Surprise Avoidance, Trust Creation and Organizational Learning. *European Accounting And Management Review*, 3(1), 24-44.

39. Rosanas, J. M., & Velilla, M. (2005). The ethics of management control systems: Developing technical and moral values. *Journal of business ethics*, 57, 83-96.

40. Samudrage, D. N., & Beddage, H. S. (2018). Status and Challenges in implementing beyond budgeting: evidence from Sri Lanka.

41. Sandalgaard, N., & Nikolaj Bukh, P. (2014). Beyond budgeting and change: A case study. *Journal of Accounting & Organizational Change*, 10(3), 409-423.

42. Schneider, S. H., & Busse, S. (2019). Participatory budgeting in Germany—A review of empirical findings. *International Journal of Public Administration*, 42(3), 259-273.

43. Shash, A. A., & Qarra, A. A. (2018). Cash flow management of construction projects in Saudi Arabia. *Project Management Journal*, 49(5), 48-63.



44. Shields, M. D., & Young, S. M. (1993). Antecedents and Consequences of Participative Budgeting: Evidence on the Effects of Asymmetrical Information. *Journal of management accounting research*, 5.
45. Steed, E., & Gu, Z. (2009). Hotel management company forecasting and budgeting practices: a survey-based analysis. *International Journal of Contemporary Hospitality Management*, 21(6), 676-697.
46. Telle, S., & Svensson, S. (2020). An organizational ecology approach to EGTC creation in East Central Europe. *Regional & Federal Studies*, 30(1), 47-71.
47. Wallander, J. (1999). Budgeting—an unnecessary evil. *Scandinavian journal of Management*, 15(4), 405-421.
48. Wallin, B.-G., Jan, x. F. r. E., & Ekholm, B. (2000). Is the annual budget really dead? *European accounting review*, 9(4), 519-539.
49. Wang, Y., Wang, X., Zhang, Z., Cui, Z., & Zhang, Y. (2023). Role of fiscal and monetary policies for economic recovery in China. *Economic Analysis and Policy*, 77, 51-63.
50. Zeller, T. L., & Metzger, L. M. (2013). Good bye traditional budgeting, hello rolling forecast: has the time come? *American Journal of Business Education (AJBE)*, 6(3), 299-310.
51. Zhang, D., Hu, M., & Ji, Q. (2020). Financial markets under the global pandemic of COVID-19. *Finance Research Letters*, 36, 101528.