



TABLE OF CONTENTS

TITLE	i
ABSTRACT	ii
INTISARI	iii
TABLE OF CONTENTS	iv
1. INTRODUCTION	1
1.1 Background	1
1.2 Research questions	2
1.3 Relevance of the subject and its relation to the subject of the section	2
1.4 Research methodology and justification	2
1.5 Thesis Structure	3
2. THEORETICAL FRAMEWORK	4
2.1 Management Control System (MCS) and budgeting	4
2.2 The traditional “top-down” approach	5
2.2.1 Defining the traditional “top-down” approach of budgeting	5
2.2.2 Criticisms on the top-down approach	5
2.3 Participative “bottom-up” budgeting	6
2.3.1 Participative budgeting characteristics	6
2.3.2 Criticisms on participative budgeting	7
2.4 Management control tool and the supporting organizational factors	7
2.4.1 Organization structure and level of control	7
2.4.2 Incentives	8
2.4.3 Information asymmetry and communication system	8
2.4.4 Budget emphasis and participation, and perceived fairness	8
2.5 Conclusion	9
3. METHODOLOGY	11
3.1 Data Collection	11
3.2 Data Analysis	11
4. LITERATURE REVIEW	13
4.1 Organization structure	13
4.2 Incentive	14
4.3 Budget participation	16
4.4 Communication system	18
4.5 Conclusion	20
5. CONCLUSION	22
5.1 Discussion and conclusion	22
5.2 Limitations of study and suggestions for future research	25
Bibliography	26