

**Experimental Budgeting Research:
What are the insights, weaknesses and future opportunities?**

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Budgeting is an activity that takes place in almost all organizations. While the activity is ubiquitous, there is little consensus on how best to implement budgeting. At the extreme, some advocate doing away with budgeting systems and that budgeting (as currently implemented at many firms) leads to severe moral dilemmas, decreased employee morale and decreased firm performance.

Following a reductionist perspective, experimental research has focused on factors that may impact budget outcomes. Focusing mostly on implementation choices, this literature has examined factors that may impact budget outcomes. Some of these studies have been motivated by testing economic theory while other studies have focused on the impact of “real world” factors.

This plenary will provide background on budgeting and why these systems are controversial. The plenary will discuss how experimental research may provide insights on budgeting practices. In addition, the weaknesses inherent in this research approach will be discussed. A partial survey of the current literature and future research opportunities will be discussed.