

**THE BEHAVIORAL ASPECTS  
OF BUDGET:  
ITS IMPACT AND  
IMPLICATION**

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# BEHAVIORAL ASPECTS OF BUDGET : ITS IMPACT AND IMPLICATION

## ' BUDGETING - YARDSTICK FOR PERFORMANCE MEASUREMENT '

### I. INTRODUCTION

#### A. DEFINITION

The basic definition for budgeting is

*"A quantitative analysis prior to a defined period of time, of a policy to be pursued for that period to attain a given objective."*

A more elaborate definition is given by the Institute of Cost and Management Accountants as

*"A financial and / or quantitative statement, prepared and approved prior to a defined period of time, of the policy to be pursued during that period, for the purpose of attaining a given objective. It may include income, expenditure and the employment of capital."<sup>1</sup>*

Nevertheless, a scholar, W.J Vatter, defines budgets as follow ;

*"Budgets state formally - in terms of expected transactions - the decisions of all levels of management, about the resources to be acquired, how they are to be used, and what ought to result. Budgets put the details of management plans for operations in money units, so that the results may be projected into expected financial statements."<sup>2</sup>*