

THE ORIGIN OF TERM BUDGET FOR BUSINESS ENTERPRISES: THE DEVELOPMENT OF BUSINESS BUDGETING FROM BEGINNING TO THE 1940S*

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ABSTRACT

Economic and technologic developments experienced after industrial revolution caused some problems required to be solved by accounting science. Costing, pricing, short-term and long-term planning and budgeting, activity control and cost management issues are the primary problems. Especially after the Industrial Revolution which affects the world economy and consequently trading; the factors like machinery instead of the manpower, development of the service concept, increase in the products produced and increase in the means of transportation and communication led to the significant increases in the number of enterprises. In addition to this, economic conditions after the great war caused a growth in number and volume of enterprises in Continental Europe and USA and the needs arisen in terms of business management triggered the improvement of business budgets which were the financial and administrative controlling instruments in that process.

Developments witnessed in budgeting are substantially in line with the developments occurred in democratic and parliamentary systems. While the government budget in Great Britain and Continental Europe was providing advantage for a period more than a century; applying government budget in the USA was established afterwards and the business budget have been developed by the industrialists considering government budget's advantages.

Analysing the history of business budget is the objective of this article as from the beginning to the 1940s.

Key Words: *Budget, business budgeting, historical development of business budgeting.*

* This article is developed based on a section of a paper, "Budget Concept and The History of Budget Application in Turkey" which is presented by Professor Vasfi Haftacı and Res. Ass. A.Cemkut Badem during the 12th World Congress of Accounting Historians. The author would like to present his special thanks Professor Vasfi Haftacı who encouraged and supported him for this study in researching the history of business budgets and performing significant academic studies in Turkey on business budgets as well as for all his academic studies.

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İŞLETMELER İÇİN BÜTÇE KAVRAMININ DOĞUŞU; İŞLETMERDE BÜTÇELEMENİN BAŞLANGIÇLA 1940'LI YILLAR ARASINDAKİ GELİŞİMİ

ÖZET

Sanayi devriminden sonra ortaya çıkan ekonomik ve teknolojik gelişmeler muhasebe biliminin çözmesi gereken bir takım problemleri beraberinde getirmiştir. Maliyetlerin hesaplanması, fiyatlandırma, kısa ve uzun dönemli planlama, faaliyetlerin kontrolü ve maliyet yönetimi bu problemlerin başında gelmiştir. Özellikle, dünya ekonomisini ve dolayısıyla ticareti etkileyen Sanayi Devrimi'nden sonra emeğin yerini makinenin alması, hizmet kavramının gelişimi, üretilen ürün sayısındaki artış, ulaşım ve haberleşme imkânlarının artması gibi etmenler, işletme sayılarında önemli artışlara neden olmuştur. Bununla birlikte büyük savaş sonrası ekonomik koşullar Kıta Avrupası ve ABD'de işletmelerin sayı ve hacim olarak büyümesine yol açmış, işletme yönetimi anlamında ortaya çıkan ihtiyaçlar bu süreçte finansal ve yönetsel kontrol aracı olan işletme bütçelerinin gelişimini tetiklemiştir.

Bütçeleme faaliyeti, demokratik ve parlamenter sistemlerdeki gelişmelere paralel olarak devlet düzeni içerisinde gelişmiştir. Bütçe, İngiltere ve Kıta Avrupasında devlet bütçesi uygulamalarıyla gelişmiş olmasına rağmen, devlet bütçesi uygulamalarının daha geç yerleştiği ABD'de sanayiciler devlet bütçesi uygulamalarının faydalarından esinlenerek işletmeler için bütçe uygulamalarını geliştirmişlerdir.

Bu makalenin amacı işletmeler için bütçe uygulaması fikrini ve bütçenin doğuşundan 1940'lı yıllara kadar geçen dönemde ortaya çıkan gelişmeleri incelemektir.

Anahtar kelimeler: *Bütçe, işletmelerde bütçeleme, işletme bütçelerinin tarihsel gelişimi.*

1. INTRODUCTION

Technology which has been improved since the late 19th century and early 20th century and start of use of machinery and electronic devices in working life allowed the generation of data and information which was not possible before. In these centuries, especially when having the advantage of competition started to be critical, for the issues like the purpose of the enterprises to obtain the highest profit with the lowest cost, gathering, reporting and control of financial information and for the solution of any kind

of problem possibly to arise revealed the necessity of accounting information system².

Financial accounting known as double entry accounting founding the infrastructure of accounting information system for external reporting basically had been solely implemented until industrial revolution.³ However, economic and technological developments increased after industrial revolution caused some problems that accounting needed to solve. Costing, pricing, short-term and long-term planning and budgeting, activity control and finance management issues are the primary problems.⁴ The solutions related to these problems were not possible with the financial accounting for external reporting; the studies for the solution of the problems came from cost and management accounting areas which were the infrastructure of accounting information systems for internal reporting in the late 19th century and early 20th century.

Especially after Industrial Revolution which affects the world economy and consequently trading; the factors like usage of machinery instead of the manpower, development of the service concept, increase in the products produced and increase in the means of transportation and communication led to the significant increases in the number of enterprises. This increase in the number of enterprises directed the enterprises to the purposes like low cost, production plans, new production decisions, cost calculation techniques, profitability and cost analysis by pushing them out of the purpose of only gaining profit.⁵ Together with this, economical conjuncture arisen after the great war caused the growth in production capacities of the enterprises and in the developing enterprises, the idea of benefiting from the budgets used for public sector for planning, carrying out and controlling of the activities.

Budgetary implementations was born primarily in Great Britain within the government budget system and developed in Continental Europe. In USA where the government budget implementations were formed later, the industrialists initiated the development of business budgets in enterprises by being inspired by the benefits of government budget systems.

With the purpose of controlling and regulating financial activities, the companies designed and began to use the idea of budget which was initially

² T., Hyvönen, "Management Accounting and Information Systems: ERP Versus BOB," **European Accounting Review**, 2003, 12(1), p.155.

³ Y. M., Chia, "Decentralization, Management Accounting System (MAS), Information Characteristics and Their Interaction Effects on Managerial Performance: A Singapore Study," **Journal of Business Finance & Accounting**, 1995, 22(6), p. 812.

⁴ M. Uracun, **Maliyet Muhasebesi ve Mali Tablolar (Cost Accounting and Financial Statements)**, Ankara, Yetkin Yayınevi, 1993, p.3.

⁵ R. Cooper - R.S.Kaplan, **Accounting & Management: Field Study Perspectives**, Boston, Harvard Business School, 1986, p.204.

developed by the governments through various forms.⁶ By means of the budgets, financial resources had been assigned for the prospective expenditures of public sector. Scarce financial resources had been distributed among different sectors and including public sectors through the usage of governmental budgets.⁷ It was benefited from the budgets in government and also in other public institutions including commercial and industrial ones. It was a mutually agreed opinion that budget systems are useful for defining the resources, observing the activities and planning the expenditures.⁸

The process of budgeting and its product, the budget, were highly useful in supporting business management to complete its functions of planning, directing and controlling business activities.⁹ Budgeting involves a few significant goals. Determining specific goals for future activities is part of the planning function of management, while executing actions to achieve the goals is the directing function of management. Periodically comparing actual results with these goals and taking appropriate action is the controlling function of management.¹⁰ Goals are used to achieve control of the organization by monitoring actual performance against goal by division, department, section or individual in order that swift remedial action may be taken if goals are not reached. A feedback loop is constituted between performance against goal and management reaction.¹¹

In the following section of this study, the definitions of the business budgets are given in different aspects under the title of origin of budget term and the differences between the business budgeting and government budgeting are mentioned. In the third section, historical development process is summarized under the title of development of the budgeting for the enterprises and the factors contributing to the development process are examined.

2. THE ORIGIN OF BUDGET TERM

2.1. Overview

The word “budget” is a Latin derived word for the presentation and the provision of “bulga” in Latin.¹² While the word was used to have

⁶ P.R Marple, “Combining The Forecast and Flexible Budgets”, *The Accounting Review*, 1946, 21(2), p.140.

⁷ Ş. Aksoy, *Kamu Bütçesi (Public Budgeting)*, İstanbul: Filiz Yayınevi, 1993, p.1-2.

⁸ B.N. Feyzioğlu, *Nazari, Tatbiki, Mukayeseli Bütçe (Theoretical, Practical, Comparative Budget)*, İstanbul, Filiz Yayınevi, 1984, p.4.

⁹ E.I., Hanson, “The Budgetary Control Function,” *The Accounting Review*, 1966, 41(2), p.239.

¹⁰ C.Warren, et al., *Financial and Managerial Accounting*, Ohio, Thomson South Western Publications, 2005, p.834.

¹¹ J.M.Quail, “More Peculiarities of The British: Budgetary Control in US and UK Business to 1939,” *Business and Economic History*, 1997, 26(2), p. 617.

¹² C. Erçin, *Bütçe Nazariyat ve Tatbikatı (Budget, Theory and Practice)*, İstanbul: Devlet Matbaası, 1938, p.4.

provisions such as “money bag”, “leather suitcase”, “drawer”, and “letter case” in Latin and in time, it became as “Bouge” and “Bougette” in French, and finally during 17th century it started to be used and to be understood as it is being used today as “budget” in English.¹³

The word “budget” was originally used in the Great Britain with the meaning for controlling the public expenditure.¹⁴ During the day when the budget discussions were supposed to start, in 17th century England, the Chancellor of the Exchequer used to bring the documents related to the allocations for the parliament in a “leather case” and budget discussions started with the opening of this bag “opening the budget”.¹⁵ There were;

- An accounting report showing the previous years’ governmental expenditures,
- Estimation of next years’ expenditures presented as a financial statement,
- Suggestions containing methods of collecting and the sources for estimated expenditures.¹⁶

Thereby, the word “budget” started to be used in the meaning of “documents showing the annual estimations of the governments’ income and expenditure” instead of the meaning of “the case that includes the budget documentation”.¹⁷

The words “etat, livre, aperçu” were used to imply the term of budget during the first half of 17th and 18th century in France. Jean Baptiste Say offered to use the word “balance” instead of “budget”, but it didn’t work out. The text in which the word “budget” was used for the first time in France was dated as 1816.¹⁸

2.2. Definitions of The Business Budgeting from Various Aspects

The budgeting idea in business was probably borrowed from the municipal field.¹⁹ In the past, budgetary control has been considered initially in relation to the governmental units like cities and states. Therefore many people have imagined the budgetary control as an instrument for governmental administration. While the need for the budgetary supervision over public finances will be admitted by almost everyone giving this practise into

¹³ J.H. Williams, **The Flexible Budget**, New York and London: McGraw-Hill, 1934, s.3.

¹⁴ E.L. Theiss, “The Beginnings of Business Budgeting,” **The Accounting Review**, 1937, 12(1), p.43.

¹⁵ J.H. Williams, *ibid*, p.3.

¹⁶ E.L. Theiss, *ibid*, p.43.

¹⁷ J.Burkhead, **Government Budgeting**, New York: John Wiley and Sons, 1956, p.2.

¹⁸ B.N. Feyzioğlu, *ibid*, p.12.

¹⁹ J.L. Dohr, “Budgetary Control and Standard Cost in Industrial Accounting,” **The Accounting Review**, 1932, 7(1), p. 31.

consideration, the need for budgetary supervision over individual business enterprises was barely accepted.²⁰ The terms referred in budgetary supervision as the budget and budgetary control depend upon the public budget and substantially represent the definitions within the scope of governmental budget instead of the definitions of the present enterprise.²¹

Before mentioning about various scientific definitions regarding the business budgets, main purposes of budgeting activities in the enterprises wrote by Coonley (1925) are mentioned. According to Coonley²², the goals of the budgetary control go into three divisions;

“(1) As a sales guide to provide an accurate forecasting of customer demand and to use that forecasting not only as a basis for production, but also as a foundation for a merchandising campaign. (2) As a production guide; a. To provide an intelligent program of manufacture which will insure a supply of merchandise in advance of demand, while keeping inventories in proportion to that demand. b. To prevent fluctuations of employment which tend to decrease efficiency and contentment. c. To arrange for maximum production in the season when efficiency is at its highest point and the labour supply is ample. (3) As a financial guide; a. To estimate the amount of working capital that is permanently required by the business. b. To indicate the amount of outside money that should be arranged for to take care of peak investment.”

Different academicians and associations define business budgets as “a tool that estimates future revenue levels, costs, and expenses and tries to determine cash flow”.²³

Examples of academic definitions:

M.V.Hayes defines budgeting as “that branch of accounting which deals with the science and the art of forecasting future operations”.²⁴

W. A. Paton describes the business budget as “a report which shows the estimated results of the future activities of the business”.²⁵

Eric L. Kohler defines the business budget as “a financial plan that helps to estimate future activities of the business and control these activities”.²⁶

²⁰ J.O. Mckinsey, **Relation of Budgetary Control to Cost Accounting**, NACA Official Publications, 1922, III(8), p.4.

²¹ F.G. Donner, “General Motors Budgetary Control,” **The Accounting Review**, 1932, 7(1), p.22.

²² H. Coonley, “The Development of Industrial Budgeting,” **Annals of American Academy of Political and Social Science, Science in Modern Industry**, 1925, 119, p.67.

²³ M.C.Thomsett, Translator: E. Sungur, **Bütçeleme ve Tahmin (Budgeting and Prediction)**. Istanbul, Epsilon Publishing, 1997, p.9.

²⁴ M.V.Hayes, **Accounting For Executive Control**, New York, Harper and Brothers, 1929, p. 197.

²⁵ F.G. Donner, *ibid*, p.22.

²⁶ E.L Kohler, **A Dictionary for Accountants**, US: Prentice Hall Inc., 1961, p.75.

Charles T. Horngren basically describes the business budget as “a formal numerical expression of management planning”.²⁷

Roger L.M.Dunbar defines the budgetary control system as “a hierarchically linked combination of a goal setting and goal achieving machine”.²⁸

Carl L. Moore and Robert K. Jaedicke defines the business budget as “a plan showing how the sources will be gathered and spent within a certain period of time”.²⁹

Glen A. Welsch’s description of business budget is stated as “a plan that covers all stages of business actions for a specific period of future”.³⁰

Business budget is described within Turkish academics as follows; by İlhan Cemalcılar³¹; “a management plan includes all actions of the business and is prepared in order to achieve the declared objectives”, by Yüksel Koç-Yalkın³² as “the numerical and formal expression of the policies, plans, objectives, and targets stated by top management for a business for the future operating period”, by Tuna Taner and Semra Öncü³³; “a management tool that undertakes at least three of the management functions including planning, coordination, and controlling” and by Vasfi Haftacı³⁴ as “an activity plan that contains the revenue and expenses, profits and costs within an accounting period which is also declared in terms of monetary value”

Examples of institutional definitions:

In USA the National Industrial Conference Board (NICB) defines the business budget as “an essentially planned forecast of expected business operations for a definite period expressed in numerical terms in accordance with the accounting forms employed to record the operations of the enterprise”³⁵.

²⁷ C.T. Horngren, **Accounting for Management Control-An Introduction**, US: Prentice Hall Inc, 1965, p.144.

²⁸ R.L.M. Dunbar, “Budgeting for Control”, **Administrative Science Quarterly**, 1971, 16(1), p.88.

²⁹ C.L. Moore- R.K. Jaedicke, Translator: A. Peker, **Yönetim Muhasebesi (Managerial Accounting)**, İstanbul Üniversitesi. Yayın No: 2683, İstanbul, 1980, p.667.

³⁰ C. Manav, **Yönetim Açısından İşletme Bütçeleri ve Finansal Planlama (Business Budgeting and Financial Planning in Terms of Management)**, Ankara, 1990, p.62.

³¹ I.Cemalcılar, **İşletme Bütçeleri (Business Budgets)**, Eskişehir, The Academy of Commercial and Economic Publishing, 1965, 24(2), p. 3.

³² Y. Koç-Yalkın, **Yönetim Aracı Olarak İşletme Bütçeleri (Business Budgets as a Management Tool)**, Ankara, Ankara Üniversitesi Yayınları, 1985, p.7.

³³ T.Taner – S. Öncü, **İşletmelerde Planlama, Bütçeleme, Kontrol (Planning, Budgeting, Control in Business)**, Manisa, 1999, p.37.

³⁴ V. Haftacı, **İşletme Bütçeleri (Business Budgets)**, İstanbul, Beta Publishing, 2007, p.1.

³⁵ National Industrial Conference Board (NICB), **Budgetary Control in Manufacturing Industry**, New York, 1931, p.1.

In Great Britain the Institute of Cost and Work Accountants describes the business budget as “a report or set of reports that explains the policy which will be followed and the actions which will be done by the business in a future period with monetary and numerical terms in order to achieve a preset goal”³⁶

Again in a book entitled Terminology which has been published by the Institute of Cost and Work Accountants in Great Britain, business budget is described as “a preset quantitative or financial account chart that shows the policy which will be followed for a certain period in order to achieve an objective”³⁷.

The Federal Germany Industrialists Association uses the following definition to describe the business budget; “an economic plan related to the cost accounts, production amounts, research and development and which helps businesses to make managerial decisions and control the applications of these decisions”³⁸.

National Management Planning Committee of Supervisors Institute of the USA for its own guidance defines the business budget as “management planning and control, organization, application of techniques and methods; short and long term plans that can be formulated, reviewed, and approved; responsibility is transferred for implementation, adaptation to modifying conditions is composed, developments in the process of plan are reported, deviations in the operations are analyzed, corrections which are necessary to reach to desired aims are made”³⁹.

2.3. The Difference between Business Budgeting and Government Budgeting

Even though the business budget was developed through the government budget, there were still some differences between them.⁴⁰ Practices applied in the governmental budget could not be applied by business enterprises too despite it was developed based on the government budgets since their foundations were not similar.⁴¹ The components of these variations are the superior budgeting practices on expenditures and incomes⁴², applying

³⁶ Y. Koç-Yalkın, , **Yönetim Aracı Olarak İşletme Bütçeleri (Business Budgets as a Management Tool)**, p.7.

³⁷ I.Cemalçılar, ibid, p.4.

³⁸ I.Cemalçılar, ibid, p.4.

³⁹ C. Manav, ibid, p.62.

⁴⁰ A. Lazarus, “**The Budget in Business**” The Annals. The American Academy of Political and Social Science, 1924, 113, p.68.

⁴¹ National Industrial Conference Board (NICB), ibid, p.1.

⁴² J.L. Dohr, ibid, p. 31.

budget practices strictly and inflexibly⁴³ and also balanced structure of the budget being prepared.⁴⁴

- In the government budget, firstly, the determination of required allocations for the expenses, secondly, gaining the revenue according to the necessary expenses are applied. In fact, the government can collect the revenue based on its sovereign rights.⁴⁵ In businesses however, after the determination of the revenue supplied by sales volume that will implement the profit target which is the main purpose, expenses are assigned on this revenue or the profit target.
- Another difference is caused by the rigidity and inflexibility characteristics of the government budget. Rigidity and inflexibility characteristics are necessary for the government budget in order to limit the expenditures government corporations but for the admit references of administrators.⁴⁶ Business budgets are not that rigid and inflexible. Business budgets are flexible and they allow a flexible thinking and intelligent acting. In businesses, management is in the managers' hands, not in the budgets, and they can always easily change the budget when necessary.⁴⁷ None of the businesses are static. All businesses are changing, sometimes even unconsciously. Therefore, business budget should be flexible and even controlled and updated monthly in order to keep in step with the changes.⁴⁸
- Another difference between government and business budget is that revenues and expenditures are balanced in government budgets and the equivalence of revenues and expenses are not the main goals for businesses. Businesses have to make some profit at least to keep the operation running and alive. Consequently, a place should be given to the principle which says that revenues should be more than expenses during the budgeting period.⁴⁹

⁴³ F.G. Donner, *ibid*, p.22.

⁴⁴ I.Cemalcılar, *ibid*, p.16.

⁴⁵ G. Coşkun, **Devlet Bütçesi: Türk Bütçe Sistemi (Government Budget: Turkish Budgetary System)**, Ankara, Turhan Kitabevi, 2000, p. 171.

⁴⁶ F.G. Donner, *ibid*, p.22.

⁴⁷ I.Cemalcılar, *ibid*, p.16.

⁴⁸ P.M. Millians, "Profit Planning and Budgetary Control", **The Accounting Review**, 1947, 22(1), p.66.

⁴⁹ I.Cemalcılar, *ibid*, p.16.

3. THE DEVELOPMENT OF BUDGETING FOR BUSINESS

3.1. Overview

Because of the perfectly booked accounting records which registered past transactions only from historical documents in an environment where cutthroat competition conditions were valid, were not enough for businesses, especially after the World War I. In these years the industries of western countries' plans for the necessity for work, prepared and based on accounting data for the future was declared as a budget. Within the business world and usually used in public areas it became very remarkable.⁵⁰ The enterprises of which the main goal is to profit need to plan, carry out and control their activities. In many large enterprises, the activities of planning, carrying out and controlling have been performed with budget systems.⁵¹

Competition among private business enterprises highly increased after World War I when the businesses operating in western economies had progressed. These enterprises initiated organisations within the scope of budgetary concept which was firstly found and applied by the governments in order to supervise and regulate the financial activities. Individual business enterprises have advanced budgeting in various forms which are used as a controlling and programming facility in accordance with their own objectives. It may be stated that business budgeting started to be used as a term in the private economy showing improvements in line with the economic growth.

The business budgeting accepted as being originated from the advantages of the government budgets during the period of development is pertinent to the budgets of the government. Stephen Gilman stated that "Heritages of the government budgets were used by the current business budgets" during the National Association of Cost Accounting (NACA) congress in 1922⁵² and W.O. Cutter⁵³ also gave support to this idea expressed during the same congress. Walter Vieh⁵⁴ and Henry Bruere⁵⁵ have supported the same thought indicated in their articles respectively headed as "Why the Budget" in 1925, and "Budgeting-realistic method of business control".

⁵⁰ A.W. Hanson, "The Relation of Cost Accounting to the Budgetary Control Problem," **The Accounting Review**, 1932, 7(1), p.34.

⁵¹ B.H. Sord - G.A. Welsch, **Business Budgeting, A Survey of Management Planning and Control Practices**, New York: Controllership Foundation, 1958, p.3.

⁵² National Association of Cost Accountants (NACA), **Year Book**, Proceedings of The International Cost Conference, 1922, p.260.

⁵³ W.O. Cutter, "How Executives Make Use of Budgetary Information," **NACA Yearbook: Proceedings of the International Cost Conference**, 1922, p.237.

⁵⁴ W.F. Vieh, "Why The Budget?," **The Journal of Accountancy**, September, 1925, p.173.

⁵⁵ H. Bruere, "Budgeting-Realistic Method of Business Control" **Forbes**, August, 1925, p.665.

3.2. Historical Development of Business Budgeting

Even though, they had been benefiting from the government budget in Great Britain and continental Europe for more than a hundred years, in the USA, where government budget application was formed later, industrialists have developed the business budget being inspired by the benefits of government budget.⁵⁶ Evolution of accounting implementations in the enterprises had been expressed by World War II as: Firstly, the period before World War I when commercial operations of the enterprises were recorded and kept; secondly the period between 1918-1925 when the control of commercial operations were supported with the implementations of business budgets and thirdly, the period between 1925-1945 when the business budgets by which the efficiency of the business activities were measured and standard costing methods were developed.⁵⁷ Accordingly, the period entered in after the Great War witnessed the developments directing the budget applications in the enterprise.

The idea of using the budgets in the businesses was appeared in the USA right after the admission of the new budget system formed by the 1921 Budget and Accounting Act. Actually, the idea about businesses being operated by using budgets relates to old times and some articles about business budgets published by Fredersdorf in 1802, by Reterson in 1811 in Germany, and by Cazaux in 1825 in France.⁵⁸

However, the development of business budget in practice took place in the USA between 1922 and 1932, and this quick development kept going extensively. In those years, the actions of the trade associations of American industrial groups, on accepting the budget concept, were very effective on the development of budget control concept. In this period, while some businesses never used the budget application, some others used it for certain activities, and some did make an effort to budget all of their actions.⁵⁹ These budgets, which were generally ordered to get the government budgets into shape, were prepared as fragmentary according to the business activities.⁶⁰

The main target of all the industrial, commercial, or service oriented businesses is to make profit and to estimate this profit level prior to the activity. This target, which may be as old as the establishments of the businesses, is nowadays the main purpose for the modern businesses. Because of this fact, profit target is taken as the main purpose in budgeting on a large scale. The main idea of budgeting is to protect and increase the capital of the business.

⁵⁶ Y. Koç-Yalkın, **Yönetim Aracı Olarak İşletme Bütçeleri (Business Budgets as a Management Tool)**, p.15.

⁵⁷ J.L. Dohr, *ibid*, p. 31.

⁵⁸ I.Cemalçılar, *ibid*, p. 13.

⁵⁹ A.W. Hanson, *ibid*, p. 34.

⁶⁰ E.L. Theiss, *ibid*, p. 48.

The idea of making profit and protecting the capital stimulates almost all of the budget applications.⁶¹

The evaluation of business budgets can be implied with the historical development stages listed below;⁶²

- Departmental type like governmental budgets,
- Standardization studies in production process,
- Improvements in cost calculating systems

Departmental type like governmental budgets:

Businesses previously used the budget in order to limit the expenses such as advertising, welfare, research and development, personnel, and plant extensions which can be counted as a luxury. The purpose in this case is not measuring the efficiency of the expenses but keeping them under certain limits.⁶³ For this reason, the business budgets were prepared as the government budgets, which limit the expenditure allowances. Besides, very few of the businesses made a budget about the volume of sales, and they were not supposed to measure the efficiency of the sales departments but to stimulate the production department.⁶⁴

Standardization studies in production process:

Except through rough computing, production costs couldn't be computed precisely for long periods of time. This situation kept going until Frederic Winslow Taylor standardized the production activities with the studies called "time study" and "test runs" (1856-1915) when it became possible to calculate the production costs exactly. With the time study actions for labour, and standard specifications for material, it became possible to measure every production activity exactly and reduce the production cost as a result of the increasing competition in the industry.⁶⁵ The period between the years of 1920-1935 was the one when the methodology of cost accounting was revolutionized. In that period, existing accounting systems were renovated and the studies regarding standard costing method which could be the subject for many researches in cost accounting literature were realized. Standard costs that show the scientific assumptions of production costs under normal or ideal conditions and are used in the measurement of production⁶⁶, became very

⁶¹ E.L. Theiss, *ibid*, p. 48.

⁶² E.L. Theiss, *ibid*, p. 48.

⁶³ P.R Marple, *ibid*, p.140.

⁶⁴ E.L. Theiss, *ibid*, p. 48.

⁶⁵ R.K. Fleischman - R.P. Marguette, "Government/Business Synergy: Early American Innovations in Budgeting and Cost Accounting", *The Accounting Historians Journal*, 1992, 19(2), p.124-130.

⁶⁶ W.B. Lawrence, *Cost Accounting*, New York: Prentice- Hall., 1930, p.376; L.C. Amidon-T.Lang, *Essentials of Cost Accounting*, New York: The Ronald Press Company, 1928, p.270.

important tools in the budget control. Consequently, budgets got rid of being simple estimation tools and became important control tools; budgeting and standard costing became inseparable and necessary adjunct components of managerial planning.⁶⁷

Improvements in cost calculating systems:

Another major phase of the history of business budgets dates back to the early developments of cost accounting. Within this period, the efforts of industrial engineers to reduce cost made cost accounting an important subject. Cost accountants first kept adequate cost records then reported these records to the management as special knowledge. These applications caused cost accountants to get experienced in developing cost systems, and reporting flawless and fast cost knowledge.⁶⁸ By observing the weakness of actual costs on either controlling or planning actions in the 19th century, estimated cost systems were developed. Estimated costs firstly appeared as estimated costs and secondly as standard costs.⁶⁹ Consequently, cost accountants, who developed the standard production costs, implemented the most efficient and necessary actions at preparation of modern business budget. Later on, not only the production but all the activity of a business had been standardized and the budgets had been prepared scientifically.⁷⁰

3.3. The Main Factors Contributing to the Development of Business Budgeting

Within the period between 1895 and 1920 which is described above, the business budgets experienced a germination period through all the stages of development. After 1920 when World War I ended, the major development period of business budgets was formed. It is possible to explain why business budgets were becoming important with the following developments which appeared especially after the 1920s.⁷¹

Industrial Growth and Serious Competition Environment:

Industrial businesses have increased by number and capacity. This growth has created the need for professional business management and this situation has been the major factor for business management that became a discipline. Growing American industry has stimulated increased competition and created a huge experimental area to test various budgeting methods and

⁶⁷ J.G. Blocker, "Budgeting in Relation to Standard Costs", *The Accounting Review*, 1936, 11(2), p.117.

⁶⁸ R.K. Fleischman - R.P. Marguette, *ibid*, p.130-131.

⁶⁹ Z. Hatunoğlu, "Tekstil Sektöründe Standart Maliyet Sistemi Uygulaması (Standard costing practices in Textile Industry)", PhD Thesis, University of Çukurova, Turkey, 1999, p.9.

⁷⁰ E.L. Theiss, *ibid*, p. 49.

⁷¹ E.L. Theiss, *ibid*, p. 49-55.

procedures.⁷² Industrial production which was not high in variety and volume especially before World War I transformed into high levels in volume and a great variety of industrial production after World War I. The main reason of this transformation was the necessity of building European economy again and rapidly which was destroyed because of the conditions of the Great War. Especially Atlantic Sea Trading paved the way of a much more improvement of USA economy which didn't have the war conditions in their lands and the economies of England and France which were among the winners of the Great War.

However, growing and varying production volumes led to the significant problems and distress in terms of business economics in the points of planning-distributing-controlling. The primary problems were the necessity of planning of the working capital to maintain the coordination between production and sales and as liquid. Estimation of the sales in the way to give the best result, planning of the production according to this production made it obligatory for the persistence of trade.⁷³

Collaborative approaches of business managements:

This kind of approaches of business managements about adaptation to the business budgets and applying them within this period helped budgeting grow quickly in the USA. At this time, none of the managers thought of hiding their budgeting methods, in opposition to that, they wanted these applications to be extended in order to increase their profitability. Thus, these workable and functional budget ideas were shared between the businesses which speeded up its development. Business managers have played a constructive role in the development of business budgets. These people whose main duty was to coordinate the business functions were, also assigned other duties in the preparation, application, and finally control of the budget.⁷⁴

Production standardization studies by industrial engineers:

Industrial engineers have made two main contributions to the development of the business budgets. One of them is, accelerating the development of budgeting by creating scientific standards completing the methods of factory production activities. And the second of them is the personal efforts of industrial engineers. These people have used their experiences at production planning to create production budgets with ease and they have been standing among the most important assistants to the factory managers.⁷⁵

⁷² E.L. Theiss, *ibid*, p. 49.

⁷³ H. Coonley, *ibid*, p.65.

⁷⁴ E.L. Theiss, *ibid*, p. 50.

⁷⁵ E.L. Theiss, *ibid*, p. 50.

Improvements in the science of statistic and employment of statisticians in business:

Statisticians, who refer to the statistical methods to solve managerial problems and get employed at the businesses to collect periodic development data and trends related to sales and production, report it to the management as a summary. Estimation actions relevant to revenue and cost of business management, without the actual findings and trends, don't enable the budgeting form in a scientific atmosphere.⁷⁶

Contributions of financial institutions:

In this period, financial institutions suggested applying the budgeting systems to their corporate customers. Those corporations, which let their corporate customers use credit, followed the business budgets of their customers and laid down conditions of not giving credit to the customers who didn't set a budget.⁷⁷ In a research made in several major banks in New York, Boston, Chicago and Cleveland, it was determined that many banks while giving credit to the commercial customers requested business budgets covering the period of credit using by those customers. According to the results of this research, they stated that they found the enterprises which did not provide the budget as more risky than the ones which provided the budgets.⁷⁸

Contributions of trade associations:

Many trade associations discussed budget application in their meetings and published them in their association magazines. In this way, association members benefited from the practical experiences on budgeting of others.⁷⁹ While the number of trade associations was 4 in 1920, it went up to 55 in 1921-1922.⁸⁰ Trade Associations made one of the most active contributions to budgeting activities in the enterprises showing a rapid and comprehensive improvement between the years of 1920-1930. In the study "Budgetary Control In Manufacturing Industry" published by NICB, budget experiences of nearly 300 companies from 75 different industrial fields.⁸¹

Contributions of the accountants and the improvements of budget literature:

⁷⁶ E.L. Theiss, *ibid*, p. 50.

⁷⁷ E.L. Theiss, *ibid*, p. 52.

⁷⁸ National Association of Cost Accountants (NACA). **Year Book**. Proceedings of The International Cost Conference, 1932, p.14-15.

⁷⁹ E.L. Theiss, *ibid*, p. 52.

⁸⁰ R.K. Fleischman - R.P. Marguette, *ibid*, p.133.

⁸¹ A.W. Hanson, *ibid*, p. 34-36.

Accountants, in both public and private sectors, have been pioneers and leaders in budgeting. In private sector businesses, accountants have designed and installed budget systems and controlled the preparation of the current budget reports at the same time. Recording of the business transactions, which is the main responsibility of the accountants, from the beginning, was flawless and formed the best infrastructure to estimate the future. Preparing the comparative financial statements, analysing and interpreting activities, which is another duty of the accountants, also generate beneficial knowledge in budget preparation. Cost accountants have also played an important role in the developments of budgeting.⁸² Insufficiency of the actual costs of planning and control have been an effective factor in developing, at first, the estimated costs and then the standard costs. In 1885, Henry Metcalfe suggested to burden factory overheads to production cost with a burden rate which was based on past experience.⁸³ In 1889, George P. Norton spoke about the estimated cost and variances in his study entitled “Accounting Transactions of Textile Products”⁸⁴, and in 1903, an English accountant Stanley Garry in an announcement he gave called “The Society of the Chemical Industry” suggested the use of standard cost system in the production.⁸⁵ From the historical perspective, it could be said that the standard cost system and business budgets systems were developed at the same time. But, the directions of the development were different from each other during the first years to the effect that, while the standard costs mostly were developed in the factory in accordance with production, budgets were applied with the financial departments of the business. Later on they became complementary units by being used with cost control by the managers.⁸⁶ Flawless standard costs made the budgeting activities easier and cost accountants was in a good position with industrial engineers in order to determine the variances from the standards which provided the control of production costs.⁸⁷ The first budget talk represented at the “Meeting of American Society of Mechanical Engineers” by H. M. Lane in 1896 in New York speaks of variance analysis. This presentation was the first big step in the use of budgets which organized standards at the cost control with the concept of variance analysis.⁸⁸ In 1922, G. Charter Harrison named the costs as ‘standard costs’ which used to be called “scheduled cost”, and in Illinois at the “Boss Manufacturing Company” used and applied “standard cost” for the first time. “The Westing House

⁸² E.L. Theiss, *ibid*, p. 51.

⁸³ Y. Koç, **Sanayi İşletmelerinde Standart Maliyetler (Standard Costing in Industrial Business)**, Ankara, Ankara Üniversitesi Yayınları, 1972, p. 23.

⁸⁴ D. Solomons, “Costing Pioneers: Some Links with the Past”, **The Accounting Historians Journal**, 1994, 21(2), p. 139-140.

⁸⁵ Y. Koç, **Sanayi İşletmelerinde Standart Maliyetler (Standard Costing in Industrial Business)**, *ibid*, p.23.

⁸⁶ I.Cemalçılar, *ibid*, p. 20.

⁸⁷ E.L. Theiss, *ibid*, p. 52.

⁸⁸ R.K. Fleischman - R.P. Marguette, *ibid*, p.131.

Company” decided to apply the standard cost system in 1928.⁸⁹ The full standard cost system developed by Harrison wasn’t found satisfactory because it did not show the effects of capacity changes. A group of engineers and accountants educated by Harrison resolved this problem by developing the “flexible budget” and put it into practice as “flexible budgeted full standard costs”. The first published article about flexible budgets as such was titled as “A Technique for the Chief Executive” by J. H. Williams in 1922. This article was historically important because it presented a formula for dividing the fixed and variable factors of semi-variable costs.⁹⁰ In 1928, H. W. Maynard wrote articles on the interrelation of flexible budgeting and the standard costs.⁹¹ A similar article was written by Drucker.⁹² The following articles about flexible budgets were published by Dixon, J. W.⁹³ and Chubbuck, A. C.⁹⁴ Hugh Jackson and William Perry wrote that the next articles were the first reference to flexible budgets in the publications of the National Association of Cost Accountants.⁹⁵

A great number of proceedings explaining the experience gained by individual companies related to the budget is included in the publications of The National Association of Cost Accountants headed “Yearbook”.⁹⁶

At this time, business budgets showed big improvements about being able to start to make the budgeting principles as rules by enabling the users to make a selection of the best methods. Anyhow, when science came to a certain point on its own, professional educators started to work on this subject and improved the scientific classifications. In this way, business budgets were taught in the business management departments of the universities and colleges. Studies about the government budgets composed the majority of the budget literatures until the 1920s. Studies about business budgets started to speed up with the end of World War I.⁹⁷ In the “volume of accounting index” in 1920, of which only four published by American Associations, are the

⁸⁹ D. Solomons, *ibid*, p.144-145.

⁹⁰ G.H. Newlove, “In All My Years: Economic and Legal Causes of Changes in Accounting”, **The Accounting Historians Journal**, 1975, 2(1-4), p. 42.

⁹¹ H.W. Maynard, “What the Standard Cost and the Flexible Budget Are Doing for the Reduction of Costs in the Manufacturing Department”, **NACA Yearbook: Proceedings of the Ninth International Cost Conference**, 1928, p. 300-308.

⁹² A.P.R. Drucker, “Budgeting and The Sales Quota”, **The Accounting Review**, 1929, 1.4(3), p. 175-180.

⁹³ J.W.Dixon, “Standard Costs and Flexible Budgets in the Brewing Industry”, **NACA Bulletin**, January, 1934, 1, p. 593-619.

⁹⁴ A.C. Chubbuck, “The Flexible Budget and Standard Costs in a Business of Moderate Size”, **NACA Bulletin**, 1934, March 15, p. 850-864.

⁹⁵ National Association of Cost Accountants (NACA), **Year Book**, Proceedings of The International Cost Conference, 1938.

⁹⁶ National Association of Cost Accountants (NACA), 1927: 2-339; 1929: 31-290; 1931: 178-297; 1932: 105-314; 1933: 199-262; 1934: 21-214; 1936: 217-290.

⁹⁷ E.L. Theiss, *ibid*, p. 53.

articles about construction, retail dry-goods, engineering, and usage of the budget in iron production. The majority of this literature was composed of government budgets with more than 100 articles. This situation reversed in 1921- 1922, and 50 government budget related articles and about 140 business budget related articles were published. Between the years 1923 and 1927, about 300 articles related to the business budgets and less than 40 articles relevant to the government budgets were published. In spite of this improvement in business literature, a very few of these studies took place in accounting publications, most of them were published in managerial and industrial engineering journals. There was an analysis among the studies in the JA (Journal Accounting) between the years 1900 and 1925 and it was seen that about 12 articles between 1905 and 1916 were written by the municipality financial specialists and were related to government budgets.⁹⁸

Between 1916 and 1924, cost accounting articles about standard costs were found, but there was no study which included the term “business budget”. It is estimated that the term “budget” is referred in the first article published in the JA as “Budgeting for the Newspaper” written by Lazarus.⁹⁹

However, as mentioned above, between 1916 and 1924, most articles were to be appeared in journals about management science and industrial engineering. J.O.Mckinsey, a Chicago CPA, published nine articles in the journal named “Administration”.¹⁰⁰ These articles generated significant evidence for business budgeting, pointed out the significance of budget committee and coordination between departments of authority a responsibility for effective business control.¹⁰¹ In 1922, in the 3rd publication of National Association of Cost Accounting (NACA), written by J. O. McKinsey, in which the relationship between budgeting and cost accounting was discussed.¹⁰² Using methods of budgeting process in production cost was defined in his article. Nevertheless, McKinsey made a reference to the role of accountants in the budget preparing and implementing process. According to his statements in his book called “Budgetary Control”, the accountants could not become budget analysts.¹⁰³ McKinsey’s book was the first standard work on budgeting and the first attempt to cover the entire budgetary program. He was aware that his book was a pioneer effort, and the first paragraph of the preface acknowledged that “this is the first attempt, so far as the author is aware, to present the subject as a whole, and cover the entire budgetary program.” In

⁹⁸ R.K. Fleischman - R.P. Marguette, *ibid*, p.133.

⁹⁹ A. Lazarus, “Budgeting in the Newspaper”, **The Journal of Accountancy**, September, 1924, p.174-182.

¹⁰⁰J.O. Mckinsey, **Administration: The Journal of Business Analysis and Control**, 1921, a-i.

¹⁰¹ R.K. Fleischman - R.P. Marguette, *ibid*, p.132.

¹⁰² J.O. Mckinsey, “Relation of Budgetary Control to Cost Accounting”, **NACA Official Publications**, 1922, III(8), p.3-14.

¹⁰³J.O. Mckinsey, **Budgetary Control**, New York: Ronald Press Company, 1922.

fact, before the publication of McKinsey's book, budgeting was not even considered applicable to business operations. With respect to the popular conception of budgeting at that time, McKinsey stated: "In the past, budgetary control was considered primarily in connection with the governmental units. There was much interest manifested in the budget of the national government. ..."¹⁰⁴

Within the first 10 years after the World War I many books relevant to business budgets were published. The economic fluctuations in industry in the 1930's and 1940's strongly enhanced the interest in flexible budgets. Some following books were historically significant between the years of 1930's and 1940's.: C. E. Knoeppel ¹⁰⁵; J. H. Williams ¹⁰⁶; and F. V. Gardner ¹⁰⁷.

As a result of the studies made by the engineers, trade associations, the accountants, the business managers, and the educators; budget literature developed and the first International Discussion Conference was organized by The International Management Institute in Geneva, Switzerland in 1930.

Main headings below mentioned were discussed in the conference¹⁰⁸;

- The Budget as an Aid to the Determination of Policy
- The Budget as an Aid to the Control of Performance
- The Preparation of the Sales Budget
- The Preparation of the Expense Budget
- Budgeting for Stock and Working Capital Requirements
- Budgeting for Equipment and Fixed Capital Requirements
- How to Overcome Opposition while Introducing a Budget Control System
- Common Mistakes and Misunderstandings in the use of Budgets
- The Management of Industrial Concerns and the Budget
- Budget Principles and Procedures in their Broader Aspect
- The Comparison of Government and Business Budgets
- National and International Economic Planning

¹⁰⁴ T.K. Flesher- D.L. Flesher (1985). "James O.Mckinsey", **The Accounting Historians Journal**, 1985, 12(2), p.117-128.

¹⁰⁵ C.E. Knoeppel, **Profit Engineering**, New York and London, McGraw-Hill, 1933.

¹⁰⁶ J.H. Williams, **The Flexible Budget**, New York and London: McGraw-Hill, 1934.

¹⁰⁷ F.V. Gardner, **Variable Budget Control**. New York and London: McGraw-Hill, 1940.

¹⁰⁸ E.L. Theiss, *ibid*, p. 53.

Two hundred participants from 25 countries including US, Canada, Great Britain, Belgium, Germany, Switzerland, and France, presented papers about the subjects listed above.¹⁰⁹ The concept of making budgets in businesses became widespread in Europe after the conference.¹¹⁰ Germany carried a banner on this subject, and they attracted the attention to the improvements in Germany, which built its industry after the war, mentioned at “The Reichkuratoium” National Industrial Committee, and warned the private businesses to adapt on planning. Dr. Heinz Ludwing in his thesis relevant to budgetary methods mentioned that German business should have embraced the budgetary methods of the USA. German business magazines published an article about budgeting and, Max H. Schmid and Heinz Pulvermann made important contributions to German budget literature. In France, there were some publications about budgeting as a translation, and budgeting studies of USA were mentioned with the examples and some adaptations that were made to the Industry of France. Other than that, no article was seen on this subject. In Great Britain, in a study by A. W. Willsmore published in 1932 entitled “Business Budgets”, the importance of budgeting for English Economy was mentioned.¹¹¹

At the same time, World Congresses of Accountants were the most important events in the accounting world of the Twentieth Century. These congresses were the biggest organizations which brought together accountants from different countries during the last century. Years and the places of the congresses were as follows;¹¹²

- The First World Congress of Accountants- 1904, St. Louis, United States.
- The Second World Congress of Accountants- 1926, Amsterdam, Netherlands.
- The Third World Congress of Accountants- 1929, New York, United States.
- The Fourth World Congress of Accountants- 1933, London, United Kingdom.
- The Fifth World Congress of Accountants- 1938, Berlin, Germany.

The first congress where the budget implementations were discussed was The Third World Congress of Accountants organized in 1929. In the

¹⁰⁹ National Industrial Conference Board (NICB), *ibid*, p.20-21.

¹¹⁰ I.Cemalçılar, *ibid*, p. 15.

¹¹¹ E.L. Theiss, *ibid*, p. 54.

¹¹² Chamber of Certified Public Accountant of Istanbul (CCPAI), **World Congresses Relevant To Accounting and Turkish Accounting Congresses and Symposiums**, Istanbul, CCPAI Publications Number: 67, 2006, p.29.

sessions held on the day 5 of the congress, business budgetary practices and municipal and governmental budgets were discussed. However, in this congress, governmental budget implementations were discussed relatively more than the business budgets. Among the congresses mentioned above, the first congress where the business budgets were discussed with all functions was The Fifth World Congress of Accountants- 1938.¹¹³

4. CONCLUSION

Financial accounting which is the external face of the enterprises and used for external reporting was implemented alone until the industrial revolution and met the necessities. However, economic and technological developments occurred after the industrial revolution brought along the internal problems which the enterprises must have solved like costing, pricing, short-term and long-term planning and budgeting. The solutions of these problems were not possible with the financial accounting for external reporting; the studies for the solution of the problems came from the financial and administrative accounting areas which served for internal reporting of the enterprises in the late 19th century and early 20th century.

After Industrial Revolution, the developments occurred as increase in usage of machinery for production; increase in the products produced and in the facilities of transportation and communication led to significant increases in the number of enterprises. This increase directed the enterprises to the purposes like low cost, production plans, new production decisions, cost calculation techniques, profitability and cost analysis by pushing them out of the purpose of only gaining profit. Together with this, economical conjuncture arisen after the Great War caused the growth in production capacities of the enterprises and in the developing enterprises, the idea of benefiting from the budgets used for public sector for planning, carrying out and controlling of the activities.

Budgetary practices was born primarily in Great Britain within the governmental budget system and developed in Continental Europe. In USA where the governmental budget implementations were formed later, the industrialists initiated the development of the business budgets by being inspired by the benefits of government budget systems.

It is possible to gather the evolution of the budget implementation in the enterprise basically in two periods. In the first period and in the first implementations similar to governmental budgets, the enterprises realized budget implementations which were not flexible and were directed at the restriction of the expenditures in order to control the basic activity costs like

¹¹³ Chamber of Certified Public Accountant of Istanbul (CCPAI), *ibid*, p.29-86.

advertisement, marketing, management, research and development. The purpose of these implementations was not to measure the efficiency of the activities but to keep the costs of the activities in certain levels. The second period is the one when the production activities were standardized. In this period, the budgets were no longer the means of a simple assumption and control but they turned into the critical means of assumption and control formed on the basis of production standards. This period was the one between 1920-1935 which was accepted as revolution period in the cost and management accounting. In this period, beside the studies of production standardization, the developments occurred in calculation of production cost methods made budgeting studies deeper. Standard costing method and variance analysis developed especially for reducing the production costs and keeping them under control in formation of new budget systems were very effective in this period.

It is possible to say that in the period between the last quarter of 19th century and the end of World War I was the germination period of business budgets. The period after World War I can be referred as the main improvement period of budget implementation in terms of both theory and practice. In this period, industrial production which were not high in variety and volume before the war, transformed into high levels in volume and a great variety of industrial production after the war and the main reason of this transformation was the necessity of building European economy again and rapidly which was destroyed because of the conditions of the Great War. However, growing and varying production volumes led to significant problems and distress in terms of business economy in the points of planning-distributing-controlling. Estimation of the sales in the way to give the best result and planning of the production according to this production made it obligatory for the persistence of trade.

Again in this period, the directors of businesses presented their budget studies in seminars and congresses via trade unions. Thus, practical budget ideas were shared among the enterprises and this participative understanding allowed the improvement of budget methods. Again in this period, owing to the developments occurred in the science of statistics and employment of the statisticians in the enterprises, scientific data and analysis were used in planning studies and this situation increased the success of budgeting activities. It is not possible to deny the contributions of the industry engineers in this period as well. Efforts and experiences of the industry engineers in the issues of production standardization, planning and control contributed to an easy arrangement of production budgets. Also short or long-term budget demand of the credit institutions from the enterprise for the short and long-term credits they provided, forced the enterprises to make an effort in the issues of budgeting and planning. Another factor which contributed to the

development of budget implementations is the studies of cost accountants on estimated and standard costs. When academicals studies are examined in this period, while it is seen that the studies taking place in the magazines of management science and industry engineering were more in number; it is also seen that after 1925, the number of the articles related to the budget in the magazines of accounting science increased. When the conferences arranged by NACA are examined, it is possible to say that the studies led by Mckinsey in 1922 increased in the conferences organized between the years of 1927-1938. As Mckinsey also stated, academic adaptation of the accountants to this issue was a bit later. On the other hand, the first congress held only on enterprise budget was organized in Geneva, Switzerland by International Management Institute in 1930 and participants from nearly 25 countries took place in the congress. After this congress, the idea of making budget in the enterprises spread especially in Europe.

The indication of the late adaptation of the accountant academically to the studies of business budgeting is the congresses of world accountants. The congress where business budgeting were discussed with all their aspects for the first time was The Fifth World Congress of Accountants held in 1938.

This article study draws attention to the birth of budget implementation idea realized in the late of 19th century for the enterprises and how the budget implementations progressed in the enterprises until World War II and the factors contributing to this improvement process.

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