SPREADSHEET USE IN BUDGETING: A DIALECTIC PROCESS THEORY PERSPECTIVE

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Abstract

In this paper we describe and explain how and why spreadsheets are used in budgeting from a dialectic process theory perspective. It starts from the assumption that organizations in the new information age face a tension in a decision-making process between local and organizational levels. To describe this, budgeting is used to represent a decision-making process. To deal with the tension, business controllers resort to spreadsheets because they give a flexibility to coordinate the organizational and local requirements. However as spreadsheets are primarily developed to support local decision-making, business controllers invent creative ways to use spreadsheets. Some stabilize their spreadsheet use practice to accommodate organizational requirements. Some use spreadsheets to balance a power play between local and organizational levels. In short, spreadsheets could be seen as a synthesis in the new information age in which information needs for local decision-making cannot be properly answered by a centralized IS technology like ERP system or BI. The research contributes to academia and practitioners in three ways. First, it shows an extensive use of spreadsheets in budgeting. Second, it demonstrates how spreadsheets are used to coordinate local and organizational requirements. Third, it warns practitioners and academia about the risks that extensive usage of spreadsheets entails.

Keywords: Budgeting, Decision-making, Spreadsheets, Dialectic.