

دور الموازنة التشاركية في تحسين الأداء في ضوء كوفيد 19

The Role of Participatory Budgeting in Improving Performance in light of Covid 19

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Abstract:

The current research aims to analyze the role of participatory budgeting in improving performance, especially during crises such as the Covid-19 crisis. The research used the descriptive analytical method to reach the results by distributing 100 questionnaires to a number of employees in Iraqi joint stock companies and at multiple administrative levels. The research came to several important conclusions, the most important of which is that the bottom-up approach to budgeting produces more achievable budgets than the top-down approach, which is imposed on the company by senior management with much less employee participation. Additionally, there is a better information flow from the lower levels of the organization to the upper management, which gives the upper management a better understanding of the issues the organization is facing. This is better for the behavioral spirit of the employees who are trying to put forth more effort to achieve what they anticipated in the budget. By promoting employee engagement in the resultant budget and performance review, the participatory budget may also help the business achieve its goals.

keywords: Participatory Budgeting, Behavior Management Accounting, Improving Performance, Covid 19.

Introduction:

An important condition for the sustainability of present-day democracies is the political and civic participation of their inhabitants. Active and engaged citizens are an inevitable part of this category. The importance of their participation, in specific cases is reflected in the regular "collaboration" within local governments, affecting the daily life of the individual and his environment increasingly in recent times the concept of political participation has expanded, meaning that many traditional tools have undergone a process of "modernization". Asia, North America, and Africa. Local governments in Europe have embraced it to the point where a third of all participatory budget efforts globally are implemented there, giving specialists the chance to deal with its implementation at various political or administrative levels and in various cultural contexts throughout the world.

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However, because of their potential to advance local democracy and shared governance, empower citizens, and enhance public services, participatory budgets are receiving attention within the governance field. Small community initiatives to selecting how to deliver municipal public services were all included in public budget exercises. The manner in which a budget is created has a significant impact on the program's performance. Budgeting is frequently enforced from the top down with little involvement from lower level management. However, managers actively participate in creating their own budgets in the most effective budgeting processes. Instead of encouraging collaboration and dedication, imposing expectations from above and then penalizing workers who do not live up to them will cause animosity. In fact, a lot of managers think the best way to budget is to let employees make and enforce their own self-enforced budgets. Self-imposed or participatory budgeting is the process of creating a budget with the full support and involvement of management at all levels.

The Research problem

Participatory budgeting is a relatively new phenomenon that, since the beginning of the second millennium, has become the subject of dozens of studies in different countries since the generalization of this tool has contributed to its spread in different parts of the world, and it has been applied in different countries of the world because the process of preparing budgets can have an impact on performance, and the problem can be formulated in the following questions:

1. How does participatory budgeting contribute to improving performance in Iraqi joint stock companies?
2. What is the impact of participatory budgets on performance during crises? For example, the global health crisis caused by Covid 19?

Research aims:

1. The importance of participatory budgets and their effective role in improving performance.
2. Knowing the extent to which the participatory budget is reflected in improving performance during crises, especially during Covid 19 epidemic crisis.
- 3.

Research hypothesis:

1. The participatory budget contributes to improving administrative performance.
2. Participatory budgets affect performance during crises.

Research literature

Participatory budgeting (PB) is a model that enables citizens to decide directly how to spend part of the public budget (Aziz and Shah, 2020), and (Cabannes, 2015) sees that participatory budgeting has greatly contributed to improving the provision and management of basic services, with projects that are usually cheaper and better maintenance due to community control and censorship. In the Wales Public Policy Institute report the term participatory budgeting is used to describe a wide range of activities that are designed to achieve different goals, and are carried out in very different contexts. They have in common the participation of the local population in decision-making regarding the distribution of public funds; Although the level and mode of participation extend from full delegation of decision-making, to light consultation (Williams et al, 2017). The World Bank report mentioned several case studies at the state level of the civil participatory budget in the local budget in Russia, India, Bangladesh, the Philippines, Ukraine, Thailand, and South Africa (SHAH, 2007).

The concept of participatory budgeting

One of the most well-known forms of social participation in urban management is participatory budgeting. When it was first put on the international agenda in 1996, participatory budgeting was chosen as one of the "best practices" of urban management worldwide at a United Nations

conference. Since then, PB has undergone a significant expansion. Major cities like New York (USA), Paris (France), Beijing, Maputo (Mozambique), and many smaller ones—about 2,800 so far—have embraced it. Participatory budgeting was quickly embraced by cities throughout Latin America. National law has been passed in Peru making participatory budgeting required. Participatory budgeting has also been used in European towns in Portugal, Spain, France, Italy, and Spain. Africa subsequently took the same PB route and is currently one of the regions with the greatest development in PB efforts. Participatory budgeting has finally spread to the USA and Asia. The engagement of international governmental and non-governmental organizations as well as transnational broadcasting are only a few of the methods that have helped PB expand. A group of transport agents known as "participation ambassadors" who promoted PB internationally were instrumental in this effort (Oliveira, 2019).

According to (Bartocci, 2016), participatory budgeting are a collection of structured techniques for including the general public in the process of distributing the public budget. According to some academics, the following standards should be used to identify the participatory budget in the **strictest sense**:

- (1) It is necessary to talk about the financial and/or budgetary aspect.
- (2) There must be participation at the district or city level with an elected body.
- (3) An iterative procedure is required.
- (4) It must incorporate some type of public discussion within the confines of particular gatherings and/or forums.
- (5) There must be some accountability for the results.
- (6) The potential and preferred involvement of common people.

In order to achieve the main goals and directions of public fiscal policy or the allocation of public funds in relation to other participatory processes, participatory budgets represent a process in which unelected citizens participate in setting the guidelines (Mczka et al., 2021). This process must have four components.

1. Talking about the budget and financial planning stage to deal with the restricted resources
2. Involvement of the district-level decentralized administration with an elected body in charge of the administration. The participatory budget process cannot be sufficiently shaped by neighborhood involvement.
3. Deliberation requires that the debate be structured with consideration for the completeness of the procedure, the interchange of viewpoints, and the existence of clear guidelines.
4. A certain amount of control, such as the participants' feedback.

However, the budget also plays a significant influence in the private sector. Sukandani, and Istikhoroh think that participatory budgeting necessitates the participation of subordinates in formulating a set of criteria that impact their operations and incentives (Sukandani, and Istikhoroh, 2016). Improvements in attitudes, productivity, and outcomes are the implied benefits of participatory budgeting, and some studies have confirmed the claim that involvement in budgeting increases work satisfaction.

The advantages of participatory budgets

According to (Oliveira, 2019), participatory budgeting provides a lot of benefits, such as the following:

1. By allowing residents, especially the poorest, to actively engage in the distribution of public funds, the participatory budget has the potential to advance social justice.
2. The creation of participatory budgeting reflects the aim to give residents more control.
3. PB now resembles selective listening.
4. The use of participatory budgets as a strategy to fight corruption and increase the openness of government operations.

5. PB stands for a variety of diverse policy initiatives, from tools for social control to strategies for advancing social justice.

As the participatory budget process has resulted in significant changes, including the inclusion of large portions of the (poor) population—up to 33,600 people in 2002 AD—and the reduction of corruption by making public budgets more effective and transparent, (Röcke, 2013) sees additional benefits of participatory budgets.

Participatory budget models

There is a large variety of procedural forms that may be adapted by different actors and in different settings, and at least six models can be characterized as ideal kinds (Röcke, 2013):

1. Porto Alegre adaptation: the key components of the original process (such as the delegation of decision-making authority to civil society and the high degree of citizen autonomy) are adapted to a new setting.
2. Close Participation: Neighborhoods are the only places where participatory budgeting are used. The civic society has minimal autonomy and no defined regulations.
3. Consultation on public finances: Citizens' priorities and the general state of a town or city's finances are discussed. There are unambiguous norms but minimal civil society autonomy.
4. Multi-stakeholder participation: People from the public and commercial sectors engage in discussion on real projects that are supported through public-private partnerships. Although there are clear norms, civil society has little independence.
5. Community Participatory Budgeting: Local communities frequently take part, make decisions, and carry out specific initiatives themselves. The civic society has a great degree of autonomy and clear norms.
6. Participation of Organized Interests: The level of independence of civil society varies, and various groups (unions, associations, enterprises) take part in discussions centered around certain public policies and potentially individual initiatives.

Management performance

According to Bourguignon, a performance is only a collection of words in which each performer uses a relevant idea. Performance is a multidimensional structure, and there are many different things that go into evaluating it. Today, performance evaluations must take into account a number of criteria, including effective organizational leadership, technological advancements, domestic and international competitiveness, the quality of the goods and services provided to consumers, etc. Business needs effective performance management. They aid in the alignment of their personnel, assets, and systems to accomplish their strategic objectives through both formal and informal approaches.

Companies work hard to establish innovative strategies for their survival and growth in this cutthroat economic climate. Profits and productivity are consistently at the top of their priority list. The accomplishment of corporate objectives is influenced by a variety of variables. However, if job satisfaction among employees is lacking and corporate policies do not prioritize the welfare of its staff, then all efforts will be unsuccessful. Industrial psychology helps businesses help workers do their tasks successfully, treat employees fairly, and make occupations more pleasurable and gratifying by improving workplace efficiency and understanding employee behavior (Dhaliwal et al, 2015).

It's crucial to go over performance expectations with workers at the start of the performance management cycle, including employee actions that are anticipated to reflect the outcomes they hope to attain over the forthcoming rating cycle. Behaviors are significant because they show how an employee completes a task, including how they help their team, communicate, mentor, etc (Pulakos, 2004). Performance management aims to match various procedures with company goals (such as performance-related reward schemes) (McKenna and Beech, 2008). All corporate,

divisional, departmental, team, and people objectives must be integrated, and there must be a process shared by managers, individuals, and teams where objectives are agreed upon and assessed collectively (Gunnigle and McDonnell, 2008).

Behavioral accounting research has investigated the impact of participatory budgeting on attitudes and performance. Traditional accounting literature has believed that goal-setting involvement is a method of affecting motivation, behavior, and task performance. Participation in decision-making was widely defined as "the organizational process in which individuals engage, and has an impact on decisions that have direct impacts on these persons" (Belkaoui, 2002), which revealed a mixed link between participatory budgeting and performance. In her analysis of decision-making participation, Brownell discovered evidence of the interaction impacts of ex-mediators on it as well as the beneficial benefits of involvement in conditioned outcomes by result moderators.

The use of participatory budgeting is primarily a practical matter and not an ethical one. Participation is defined as taking part in the decision-making process or in joint decision-making. There are numerous cognitive and motivational mechanisms that, when used in conjunction with budget setting, may promote high morale and high performance. (Brownell and McInnes, 1986).

Performance evaluation during global crises (global health crisis and corona epidemic)

COVID-19 has affected the entire world. From a business management point of view, it was not easy to manage the unexpected development of the situation, which was severe on all social, economic and environmental fronts. And the situation was influenced by the often chaotic decisions of heads of state, whose announced closures often meant a significant reduction in the production of companies until it was stopped, (Bhusal, 2020). Therefore, the COVID-19 pandemic naturally affected the management performance in companies. The COVID-19 pandemic has affected the management performance of companies with a change in ratings reported by nearly a third of companies. These changes consist mainly in changing the evaluation periodicity and in introducing new weights and criteria into the employee performance appraisal system and these changes have been implemented regardless of the size of the company (Čemerková et al, 2021). The COVID-19 pandemic has affected the daily lives of its citizens and changed the usual patterns of behavior, practices, and operations. At the same time, it affected the economic side of life. National, as well as subnational governments and companies in the private sector, have had to deal with loss of income on the one hand and increased costs in some specific areas on the other. The "normative" work of societies has been relatively disrupted in 2020. It has led to conditions that have greatly affected the performance of all countries in the world.

Therefore, it was necessary for everyone to take measures and devise ways to overcome this economic, social and environmental crisis. The participatory budget was and still is one of the effective solutions in this field. The epidemic has changed many behaviors that were known and inherited and also showed behaviors that did not exist before.

It can be said that participatory budgeting has succeeded in many countries in overcoming the disparity in the multiple behaviors of managers at different administrative levels. On the other hand, communication and group cohesion will be improved, because managers will feel that they are an important part of the team and that they are partners in the decision-making.

A study was conducted on 46 local governments in Slovakia to look at the implementation of participatory budgeting within local governments during the epidemic year, and the results of the study showed that a large number of local governments decided to suspend the application of participatory budgets despite their initial plan to implement it. As only 21 out of 46 of all the local governments analyzed decided to continue implementing the participatory budget until the approval stage. This group, however, also includes local governments that have decided to suspend or postpone projects for the next year only after the approval phase (Bardovič and Gašparík, 2021). Practical part: Presentation, analysis, and interpretation of field data and discussion of the results

Population and Sample

The research community is represented by the Iraqi joint stock companies, and the research sample was represented by a number of employees in these companies and from various administrative levels.

100 questionnaire forms were distributed and were fully recovered. The questionnaire questions included two main axes, the first: the extent to which the participatory budget contributes to improving performance, and the second axis: the extent to which the participatory budget affects performance improvement in times of crises such as the Covid-19 crisis

Analysis of the questionnaire items and testing of hypotheses

The first axis: the participatory budget contributes to improving administrative performance.

To identify the responses of the study members about the first axis, a single-sample t-test and P. value were used, and the results are shown in Table No. (1), which shows the opinions of the study sample members in paragraphs (the participatory budget contributes to improving administrative performance), at the level of significance = 0.05, arranged according to what was stated in the questionnaire:

Table (1) The opinions of the study sample members in paragraphs(the participatory budget contributes to improving administrative performance)

No.	Paragraphs	Average	SD	T Value	Significance level
1.	The company's management invests all available resources during the performance	4.560	0.711	10.956	0.000*
2.	Workers perform work according to a specific schedule	4.281	0.737	8.683	0.000*
3.	Delegating some powers to employees increases their motivation to work	4.240	0.969	6.395	0.000*
4.	Involving employees in decision-making leads to raising their morale	4.404	0.844	6.186	0.000*
5.	The productivity of workers increases with teamwork	3.677	0.723	5.253	0.000*
6.	The employees perform their assigned duties in the best manner	3.880	0.881	4.993	0.000*
7.	Distribute work fairly to ensure speedy completion	3.800	1.00	4	0.000*
8.	Appropriate terms and titles are chosen by the workers	4.650	0.712	10.693	0.000*
9.	Monitoring helps improve performance	4.820	0.737	8.638	0.000*
10.	Delegating powers to employees contributes to their sense of responsibility in carrying out the work accurately	4.280	0.969	6.355	0.000*

By noting Table (1), it was found that the arithmetic mean is 4.08, the standard deviation is 0.84, the T-test equals 6.64, and the probability value is 0.000, which is less than 0.05, which indicates that the average degree of response for the first axis, has increased than the degree of neutrality, which is 3, and this indicates that Participatory budgeting contributes to improving administrative performance.

Second axis: The effect of participatory budgeting on improving performance during crises

The t-test was used for one sample, P. value, and the results are shown in Table (2), which shows the opinions of the study sample members in paragraphs (The effect of participatory budgeting on

improving performance during crises), at the level of significance = 0.05, arranged according to what was mentioned in the questionnaire:

Table (2) The opinions of the study sample members in paragraphs(The effect of participatory budgeting on improving performance during crises)

No.	Paragraphs	Average	SD	T Value	Significance level
1.	Participation in the preparation of budgets helps to overcome the disparity in the multiple behaviors of managers	3.965	0.611	7.856	0.000
2.	Preparing the budget from the bottom - up helps raise the morale of employees	3.920	0.759	6.058	0.000
3.	Participatory budgeting helps prepare achievable budgets	3.922	0.862	5.335	0.000
4.	Participatory budgeting helps in the flow of more information, which gives the management a better idea of solving the problems facing the organization	3.880	0.850	3.662	0.001
5.	Encouraging participation in the preparation of budgets contributes to achieving the objectives of the organization	3.880	0.820	3.772	0.001
6.	Participatory budgeting encourages managing unexpected changes and developments	3.680	0.788	3.181	0.004
7.	Participatory budgeting helps develop quick solutions to business problems	3.960	0.798	6.080	0.000
8.	Participatory budgeting helps managers find a replacement for them while they are away from work for any reason	3.840	0.721	7.856	0.000
9.	Participatory budgeting effectively helps in managing crises	4.00	0.760	6.058	0.000
10.	Participation in the preparation of budgets helps to spread a sense of security and stability among employees	3.922	0.763	5.335	0.000

It is clear from Table () that the arithmetic means of all the paragraphs of the second axis is equal to (3.895) and with a standard deviation of (0.773).

The results of the t-test presented in Table (2), show that the value of t is (5.519) and that the value of P value is (0.0006), which is less than the level of significance α (0.05), which indicates that the average score the response to the second axis has exceeded the degree of neutrality, which is 3, meaning that there is approval by the sample members on this axis, and this indicates that there is an effect of participatory budgeting on improving performance during crises. Thus, the second hypothesis will be accepted

Conclusion

Based on the field study conducted by the researchers, and testing the study hypotheses, the following conclusions were reached:

1. Budget-affected individuals actively participate in the budget-creation process through participatory budgeting. With this strategy, lower level managers feel more invested in the final budget. Since pure participatory budgeting does not take into account high-level

strategic issues, management must provide staff members instructions on the company's overarching strategy and how each department fits into it.

2. Initial budgets go up through the company hierarchy when participatory budgeting is implemented throughout the firm, where middle level managers assess and may make adjustments as they go. The submitted budgets may not mesh once they are combined into a single master budget; in this instance, they are often given back to the authors for revision with instructions outlining what top management is seeking.
3. As opposed to top-down budgets that are forced on the business by top management with very little employee engagement, this bottom-up method to budgeting tends to provide more achievable budgets. Additionally, it boosts staff morale and encourages them to work harder to meet their goals for the budget.
4. A stronger information flow from the bottom of the company to the top management also helps the top managers understand the issues the organization is facing. By promoting employee engagement in the resultant budget and performance review, the participatory budget may also help the business achieve its goals.
5. However, because a larger number of workers are involved in participatory budgeting than in top-down budgeting, which is done by a much smaller number of individuals, the creation of a budget may take longer and be more expensive in terms of manpower.
6. Another issue with participatory budgeting is that because those who create the budget are also the ones whose performance will be measured against it, participants have a tendency to adopt conservative budgeting with additional expenditure stuffing so that they are reasonably confident that they will achieve what they expect in the budget.
7. When incentives are given to employees depending on how well they do in comparison to the budget, the pattern becomes more obvious. However, this issue may be resolved by requiring a budget review by management, since they are more likely to be aware of when the budget is exhausted and are free to make changes as necessary. This strategy may result in the budgetary framework including organizationally-wide objectives.

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