

# SELF-REPORTED BUDGET PERFORMANCE AND SATISFACTION WITH PERCEIVED ORGANIZATIONAL REWARDS IN A PUBLIC ACCOUNTING FIRM

Collins, Mary K.  
Le Moyne College  
[collinsm@lemoyne.edu](mailto:collinsm@lemoyne.edu)

## ABSTRACT

*This study explores the relationship between self-reported budget performance and satisfaction with perceived organizational rewards by staff and senior level personnel in the tax and audit departments of a local office of an international public accounting firm. The relationship between the degree of satisfaction with sixteen reward components offered by the firm's environment and budget attainment on client engagements is examined. An optimal model is determined that shows significant relationships exists between four of these reward components and budget performance.*

## INTRODUCTION

What motivates individuals to achieve organizational goals in a budget context? Behavioral studies of the budget process have sought to identify factors which enhance, as well as inhibit, budget performance within an organization (Otley, 1978; Searfoss, 1976). The relationship between an individual who is responsible for attaining budget goals and satisfaction with rewards available in an organization is not well examined in the accounting literature. This paper builds upon the findings from three earlier studies (Collins, 2007, 2008, 2009) that examined the relationship between an individual's satisfaction with an organization's reward structure and the individual's budgetary performance in a division of a cooperative. However, in this study the relationship between an individual's satisfaction with an organization's reward structure and the individual's budgetary performance on client engagements in a public accounting firm as opposed to a cooperative is explored.

## THEORETICAL FRAMEWORK

The theoretical framework for examining the relationship between satisfaction with one's job and performance is provided by cognitive evaluation (Deci, 1975), expectancy (Lawler and Porter, 1967; Naylor, Pritchard and Ilgen, 1980; Vroom, 1964) and need hierarchy (Maslow, 1954, 1968) theories. These theories suggest that extrinsic and intrinsic aspects of rewards have an impact on an individual's motivation, satisfaction and performance. An individual's satisfaction with rewards perceived available in the organization can be measured by using an instrument constructed and tested by Porter (Porter, 1961, 1962, 1963; Porter and Lawler, 1968).

## DATA

Data was collected from all staff and senior level personnel in the tax and audit departments of a local office of an international public accounting firm. These individuals are directly responsible for meeting time budgets prepared for client engagements. A questionnaire was devised from prior research to measure self-reported budget performance and the salience of perceived rewards within the organization to each individual. Working directly with a Partner and Manager in the firm, the questionnaire was adapted to address the firm's environment and organizational language.

Dillman's (1977) total design method was used to enhance the quality and the quantity of survey responses. There were 24 usable responses which represents a usable response rate of 86%.

**VARIABLE OPERATIONALIZATION**

The questionnaire was designed to measure an individual’s self-rated performance on client budgets as well as an individual’s satisfaction with the firm’s reward structure. Instruments previously developed in the research literature were used to measure these variables of interest and modified to address organizational differences in language which existed.

**Reward structures.** The original instrument constructed and tested by Porter (Porter, 1961, 1962, 1963; Porter and Lawler, 1968) was used to measure the strength and satisfaction of perceived rewards available within the firm by an individual. Porter's (1961) instrument consists of 16 items classifiable into one of six types of need categories: security needs, social needs, esteem needs, autonomy needs, self-actualization needs and an “other” category for items which could be included in more than one need category.

Each respondent was asked to indicate how much of a respective need *is* perceived present now and how much of the same need item *should be* there. For each of the respective 16 items, salience, and thereby satisfaction, with components of the firm’s reward structure was measured by taking the difference between what an individual thought *should be* there and what *is* there ("should be" minus "is"). Table 1 summarizes the variable names and descriptions for each of the 16 items used to measure satisfaction with rewards.

**TABLE 1  
VARIABLE NAMES AND DESCRIPTION  
FOR PERCEIVED ORGANIZATIONAL REWARDS**

Variable	Description	Variable	Description
SSEC	Feelings of Security	SSET	Opportunities for Setting Goals
STOGIVE	Opportunities for Helping Others	SMETH	Participation in Determining Methods and Procedures
SFRIEND	Opportunities for Developing Close Friendships	SGROWTH	Opportunities for Personal Growth
SESTEEM	Feelings of Self-Esteem	SFULFILL	Feelings of Self-Fulfillment
SINPREST	Sense of Prestige Associated with the Position Received by Others Inside the Organization	SACCOMP	Feelings of Worthwhile Accomplishment
SOUTPREST	Sense of Prestige Associated with the Position Received by Others Outside the Organization	SINFORM	Feelings of Being Informed
SAUTH	Sense of Authority Associated with a Respondent’s Position	SPRES S	Feelings of Pressure
STGHT	Opportunities for Independent Thought and Action	SPAY	Pay Associated with a Respondent’s Position

**Budget performance.** Prior studies have utilized self-report scales with multiple dimensions (Brownell and McInnes, 1986; Mahoney, Jerdee, and Carroll, 1963, 1965) as well as single-statement overall self-ratings (Brownell and McInnes, 1986; Kenis, 1979) to measure budgetary performance by individuals. Based on wording provided by Kenis (1979), a self-reported

evaluation measure was constructed and used as an indicator of budget performance on client engagements. Each individual was requested to report on a five-point verbal frequency scale ranging from 1 (always) to 5 (never) how often they have met the time budgets for client engagements to which they had been assigned.

**PROCEDURE AND RESULTS**

Linear regression techniques and applications available in SAS were used to explore the relationship between an individual’s self-rated performance on client engagements and the sixteen needs used to measure satisfaction of the individual respondent with the firm's reward structure. Exploratory in nature, an optimal model that would best predict the relationship between the variables was sought. Selection techniques were used to assess and identify whether an optimal subset of variables that best predicts performance (SELPERF) on client engagements by individuals within the firm exists. Specifically, the relationship between the variables in the following model is examined using forward, backward and stepwise selection methods.

$$(1) \text{ SELPERF} = B_0 + B_1 (\text{SSEC}) + B_2 (\text{STOGIVE}) + B_3 (\text{SFRIEND}) + B_4 (\text{SESTEEM}) + B_5 (\text{SINPREST}) + B_6 (\text{SOUTPREST}) + B_7 (\text{SAUTH}) + B_8 (\text{STGHT}) + B_9 (\text{SSET}) + B_{10} (\text{SMETH}) + B_{11} (\text{SGROWTH}) + B_{12} (\text{SFULFILL}) + B_{13} (\text{SACCOMP}) + B_{14} (\text{SINFORM}) + B_{15} (\text{SPRESS}) + B_{16} (\text{SPAY})$$

Forward and stepwise regression did not identify any variables or subset of variables to be significant at the .10 level. However, the results of backward regression found SAUTH, SESTEEM, SSEC and SINFORM significant at the .10 level.

Based on the foregoing results, a four-variable model which includes SAUTH, SESTEEM, SSEC and SINFORM is considered to be the “best” model for further analysis. The resultant regression model analyzed is:

$$(2) \text{ SELPERF} = B_0 + B_1 (\text{SAUTH}) + B_2 (\text{SESTEEM}) + B_3 (\text{SSEC}) + B_4 (\text{SINFORM})$$

The empirical results are summarized in Table 2. The results in Table 2 show a significant positive relationship between satisfaction with feelings of self-esteem (SESTEEM) and attainment of budget goals by the individual (Beta = + .55; p < .05), as well as a significant positive relationship between satisfaction with feelings of being informed (SINFORM) and budget performance by the individual (Beta = + .20; p < .10). Additionally, a significant negative relationship between satisfaction with authority (SAUTH) associated with a respondent’s position and budget performance by the individual (Beta = - .74; p < .05), as well as a significant negative relationship between satisfaction with feelings of security (SSEC) with the respondent’s current position and budget performance by the individual (Beta = - .30; p < .10) are shown to exist.

**TABLE 2  
SUMMARY OF REGRESSION RESULTS  
OPTIMAL MODEL**

Estimated Coefficients and Model t-statistic p-values	R <sup>2</sup> and PROB> F
SELPERF = 2.37 - .74(SAETH) + .55(SESTEEM) - .30(SSEC) + .20 (SINFORM) (.0102)*      (.0149)*      (.0544)**      (.0765)**	.3534 (.0692)**

The PROB>F represents the p-values associated with the F-statistic. The p-values associated with the t-statistic for each coefficient are included in parentheses.

\*Significant at the .05 level (one-tailed test for the t-statistic).

\*\*Significant at the .10 level (two-tailed test for the F-statistic and one-tailed test for the t-statistic).

### SUMMARY AND CONCLUSIONS

Selection techniques and regression analysis was used to explore the relationship between an individual's budget performance and satisfaction with components of an organization's reward structure in a public accounting firm environment. The results indicate an overall significant relationship, with an  $R^2$  of .3534, between an individual's self-reported budget performance on client engagements and satisfaction with four components of the organization's reward structure, i.e., the sense of authority associated with a respondent's position (SAUTH), the feelings of self-esteem (SESTEEM) associated with a respondent's position, the feelings of security (SSEC) associated with a respondent's position and the feelings of being informed (SINFORM) associated with a respondent's position. Both, the relationship between an individual's satisfaction with feelings of self-esteem (Beta = + .55;  $p < .05$ ) as well as the individual's satisfaction with feelings of being informed (Beta = + .20;  $p < .10$ ) were found to be positively related to an individual's budget performance on client engagements. The positive sign suggests that the greater an individual's satisfaction with feelings of self-esteem and/or the greater an individual's satisfaction with feelings of being informed are within the firm, then the more likely the individual will report attaining budget goals associated with client engagements. In contrast, the relationships between an individual's satisfaction with the sense of authority associated with a respondent's position (Beta = - .74;  $p < .05$ ) as well as an individual's satisfaction with feelings of security associated with the position (Beta = - .30;  $p < .10$ ) were found to be negatively related to an individual's budget performance. The significant negative coefficients suggest that the greater an individual's dissatisfaction with the sense of authority associated with the individual's respective position within the firm and/or the greater an individual's dissatisfaction with feelings of security associated with their respective position within the firm, the more likely the individual will report attaining budget goals for client engagements.

### REFERENCES

- Brownell, P., and M. McInnes (1986). "Budgetary Participation, Motivation, and Managerial Performance." *The Accounting Review*, October, 587-600.
- Collins, M. (2007). "The Interaction Between Organizational Rewards and Budget Performance". *Proceedings of the Annual Meeting of the American Society of Business and Behavioral Sciences*.
- Collins, M. (2008). "The Interaction Between Need Satisfaction of Organizational Rewards and Budget Performance". *Proceedings of the Annual Meeting of the American Society of Business and Behavioral Sciences*, Volume 15, Number 1, 1319-1328.
- Collins, M. (2009). "Managers' Self-Reported Budget Performance and Satisfaction with Perceived Organizational Rewards". *Proceedings of the Annual Meeting of the American Society of Business and Behavioral Sciences*, Volume 16, Number 1.
- Deci, E.L. (1975). *Intrinsic Motivation*. New York: Plenum Press.
- Dillman, D.A. (1977). *Mail and Telephone Surveys, The Total Design Method*. Washington: Pullman.
- Kenis, I. (1979). "Effects of Budgetary Goal Characteristics on Managerial Attitudes and

- Performance." *The Accounting Review*, October, 707-21.
- Lawler, E. E. and L.W., Porter (1967). "The Effect of Performance on Job Satisfaction." *Industrial Relations*, Volume 7, 20-28.
- Mahoney, T.A., T.H. Jerdee, and S.J. Carroll (1963). *Development of Managerial Performance: A Research Approach*. Southwestern Publishing Company.
- Mahoney, T.A., T.H. Jerdee, and S.J. Carroll (1965). "The Jobs of Management." *Industrial Relations*, February, 97-110.
- Maslow, A.H. (1954). *Motivation and Personality*. New York: Harper and Row.
- Maslow, A.H. (1968) *Toward a Psychology of Being*. New York: Von Nostrand Reinhold Company.
- Naylor, J. C., R.D. Pritchard and D.R. Ilgen (1980). *A Theory of Behavior in Organizations*. New York: Academic Press.
- Otley, D.T. (1978). "Budget Use and Managerial Performance." *Journal of Accounting Research*, Spring, 122-49.
- Porter, L.W. (1961). "A Study of Perceived Need Satisfaction in Bottom and Middle Management Jobs." *Journal of Applied Psychology*, February, 1-10.
- Porter, L.W. (1962). "Job Attitudes in Management: Perceived Deficiencies in Need Fulfillment as a Function of Job Level." *Journal of Applied Psychology*, December, 375-84.
- Porter, L.W. (1963). "Job Attitudes in Management: Perceived Importance of Needs as a Function of Job Level." *Journal of Applied Psychology*, 141-48.
- Porter, L.W. and E.E. Lawler III (1968). *Managerial Attitudes and Performance*. Homewood, Illinois: Richard D. Irwin, Inc.
- Searfoss, D.G. (1976). "Some Behavioral Aspects of Budgeting for Control: An Empirical Study." *Accounting, Organization and Society*, 375-85.
- Vroom, V. H. (1964). *Work and Motivation*. New York: Wiley.