AN EVALUATION OF THE EFFECTIVENESS OF BUDGETING AND BUDGETARY CONTROL ON RESULTS-BASED MANAGEMENT IN THE CENTRAL GOVERNMENT OF ZIMBABWE

A CASE STUDY OF THE MINISTRY OF DEFENCE (2009-2013)

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Abstract

The study sought to evaluate the effectiveness of budgeting and budgetary control in the central government of Zimbabwe, Ministry of Defence being a case study. The study mainly sought to identify the link or relationship between budgetary control and organisational performance, the effects of budgeting and budgetary control on RBM, establish how budgeting and budgetary control influence employees’ performance towards set targets and also establish the best practices pertaining budgeting and budgetary control and RBM. The researcher used a descriptive research design in the study. A sample of sixty respondents made up of 6 seniors managers, 10 middle managers and 44 non-managerial employees. Stratified random sampling was used. The data was presented in the form of tables, bar graphs and pie charts. The researcher established that the budget was not linked to the performance measures. The researcher also established that there was not much commitment from the managers in terms of budgetary control and the success of RBM. It was also noted that most employees were not involved in the budget setting and linking it to results. It was also established that some resources were diverted to areas which were not initially budgeted for. Variance analysis was not done to establish why set targets were not achieved. Employees were also not conversant with the both the concepts of budgetary control and RBM. The researcher concluded that the budget was not linked to performance target hence the budget had no positive impact on RBM. Managers also gave little attention to the achievement of those targets. The researcher recommends that all employees should participate in the budgetary process and setting out of targets. The government should strive to provide resources that are linked to performance targets. It is vital that all employees are offered refresher courses on budgetary control and RBM. Above all leadership support is crucial for the success of budgetary control and RBM.
Acknowledgements

My heartfelt thanks goes to my wife Jotina, my sons Philemon, Tapiwa, Tinashe and Tinotenda for their enduring patience during the whole period of study.

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Dedications

To my mother, father, wife and sons. I love you all.
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### ABBREVIATIONS

<table>
<thead>
<tr>
<th>ABB:</th>
<th>Activity Based Budgeting</th>
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<tbody>
<tr>
<td>CAFRAD:</td>
<td>The African Training and Research Centre in Administration for Development</td>
</tr>
<tr>
<td>CIMA:</td>
<td>The Chartered Institute of Management Accountants</td>
</tr>
<tr>
<td>DAC:</td>
<td>Development Co-operation Agencies</td>
</tr>
<tr>
<td>FAO:</td>
<td>Food and Agricultural Organisation</td>
</tr>
<tr>
<td>IDP:</td>
<td>Integrated Development Planning</td>
</tr>
<tr>
<td>M &amp; E:</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>OECD:</td>
<td>The Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PPS:</td>
<td>Personnel Performance Systems.</td>
</tr>
<tr>
<td>RBM:</td>
<td>Results-Based management.</td>
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</table>
CHAPTER I
INTRODUCTION

1.0 Introduction

This chapter looked at the background of study, the statement of problem, aim of the study, research objectives and research questions, assumptions, definitions, limitations of the study and delimitations of the study.

1.1 Background of the Study

The research focused on the impact of budgeting and budgetary control on the concept of Results-Based Management (RBM) in Zimbabwe’s public sector, taking Ministry of Defence as a case study. The RBM system across the globe had been triggered by the growing concerns and pressure from both internal and external stakeholders for governments to provide more tangible and demonstrable results. The success story of the RBM system in developed nations led to growing pressures for developing countries to adopt the new system as a way of improving performance and upholding accountability (Madhekeni: 2012). The RBM System comprises the key components of Integrated Development Planning (IDP), Results Based Budgeting (RBB) System and Results Based Personnel Performance System (PPS). Other supporting components are Results Based Monitoring and Evaluation (M&E) System and Management Information System. The electronic Government (e-Government) component provides an environment that makes Government strive for providing better services to the citizens. (api.ning.com: 2014)

The concept of Results Based Management was adopted by the Zimbabwean government in 2005. It came as a result of a number of factors. The stakeholders seek increased accountability, transparency and results from government organizations. According to Madhekeni (2012) RBM was triggered by the problems of resource constraints, the quest for better quality and more responsive service delivery by members of the public, calls for politicians to be more people-sensitive and service-oriented, arguments for more effective resource allocation by financial controllers, demands by the private sector for improved services and infrastructure for development and growth, claims by donors for efficient and effective use of limited funds and the growing challenges of the globalised and competitive world.
Over the years, little success was scored in achieving this concept. Notable achievements have been made since the inception for example in improved public sector accountability, the achievement of the programme’s overall objectives is still a dream to be realised. (www.api.ning.com 2014)

The resource constraints have been a major setback on the implementation of this programme, chief among them lack of fund. This has seen the civil service employees coming up with targets to be achieved in a given performance period but only a quarter if not less is achieved. The supervisors and their subordinates agree on the performance targets that would not be achieved at the end of the performance cycle. Set targets are not achieved because those in management have their own priorities; as a result funds are diverted from their initial intended purpose. (www.hssma.org 2014)

The Herald of 20 June 2014 reported that every year the Auditor-General’s Office exposes corruption and misappropriation of funds by Government officials and those mandated to run State entities. Also in The Financial Gazette of 22nd of June 2012, the Auditor General indicated that ineffective budgetary control systems resulted in unauthorised excess expenditure of US$776 144 in the office of the Prime Minister. In the Zimbabwe Independent of 8th November 2013, the Auditor-General’s report, which was tabled in parliament, revealed glaring inconsistencies within various government ministries including exaggerated payments and gross violations of set regulations. In such a scenario, budgeting and budgetary control are not effective. The funds earmarked for certain projects are misappropriated. In her report for the year ended 31 December 2013, Ms. Chiri, the Auditor General, highlighted that cases of cross transfer of funds. This was contrary to the requirements of Treasury Circular number 31 of 1983 which does not allow transfer of funds from an item which has received funds to other items. Failure to comply with the requirements of Treasury Circulars defeats the purpose of budgetary control.

The importance of financial stability in enabling an organization to function efficiently and maximize the potential for service delivery cannot be underestimated. The quest for better service delivery under new public management in public organizations necessitates the need for public organizations to have proper financial
standing in order to run operations and motivate workers through better remuneration as well as improved working conditions. (Adongo and Jagongo: 2013)

The African Training and Research Centre in Administration for Development (CAFRAD) report (2010) cited resource constraints such as limited human capital and financial resources. The problem of resource constraints is hampering training initiatives for the majority of employees to become conversant with the new concept. Owing to financial constraints, programs could not be fully executed and hence training has been largely limited to top officials and heads of departments. The authorities are not providing enough funds towards the full implementation of this concept. No or little funds are provided to achieve employees set targets. The concept is still at its infancy.

1.2 Statement of the Problem

The Central Government of the Republic Zimbabwe is facing challenges in implementing The Results Based Management since 2005. In recent times, government ministries have performed poorly due to the fact that they lack effective and efficient budgets, and budgetary control systems to adequately and judiciously allocate resources to meet organizational goals, and maximize performance. Various ministries fail to recognize the power of budgets and budgetary control over performance outcomes. These organizations go ahead without paying more attention to improving their performances through their budgets (researchClue.com:2014). Despite the introduction of planning systems after attaining independence in Zimbabwe, very little attention has been given to budgetary controls as a tool for achieving planned targets (Madhekeni, 2012). From the foregoing background information it is evident that, the need for accountability and efficiency of service delivery has been faced by financial challenges that according to Dixon, (2011) have led to discontent among workers due to unmet or unfulfilled targets.

The literature reviewed largely reveal that Zimbabwe has made attempts to adopt budgetary reforms seeking to address resource constraints, national development priorities, and operational efficiency, but a gap remain on the influence of the budgetary controls on the performance of state ministries This study therefore sought
to investigate the relationship between budgetary control and financial performance of state ministries in Zimbabwe.

1.3 Aim of the Study

The aim of this research is to establish the relationship between budgeting and budgetary control and Results Based Management.

1.4 Research objectives

1.5.1 To identify the link/relationship between budgetary control and organizational performance.
1.5.1 State the effects of budgeting and budgetary control on Results Based management.
1.5.3 Establish how budgeting and budgetary control influence employees’ performance towards the set targets.
1.5.3 To establish the best practices pertaining to Budgeting and Budgetary Control and Results-Based Management

1.5 Research Questions

1.6.1 What relationship exists between budgetary control and organizational performance?

1.6.2 What are the effects of budgeting and budgetary control on Results Based Management?

1.6.3 How is an employee’s performance influenced by budgeting and budgetary control towards achieving the set targets?

1.6.4 What are the best practices pertaining to Budgeting and Budgetary Control and Results-Based Management.
1.6 **Assumptions of the Study**

- The government continued using RBM for measuring performance during the period of the study.

1.7 **Significance of the Study**

To the Researcher:

The researcher gained an insight of the importance of budgeting and budgetary control towards the implementation of Results Based Management.

To the Organisation:

It is the researcher’s fervent hope that the organisation is going to find some of the project’s recommendation useful such that they will be taken on board towards the successful implementation of the Results Based Management.

To Bindura University:

The Bindura University can also come out with literature that helps the central authorities on budgeting and budgetary control towards achieving the Results Based Management concept.

1.8 **Delimitations of the Study**

(i) The research focused on the Ministry of Defence as a case study.

(ii) The research also focused on government activities from 2009 to 2013.

(iii) The research focused on the impact budgeting and budgetary control on Results Based Management.

1.9 **Limitations of the Study**

The time used to undertake the study was limited. The time was loaded with other academic activities and as a result limited time was made available during the study; however the researcher made sure that he covered all what was supposed to be done within the given period. The researcher had to work during the nights and weekends.
Due to official secrecy act, some officials did not want to divulge pertinent information required by the researcher. However a waiver was given as the information was going to be used for academic purpose and the improvement of the results based management.

1.10 Definition of Terms

**Budget** A plan quantified in monetary terms, prepared prior to a defined period of time to attain a given objective for a relatively short period, e.g. 1 year. (CIMA 2014)

**Budgetary Control** The establishment of budgets relating the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results, either to secure by individual action the objective of that policy, or to provide a basis for its revision. (CIMA 2014)

**Results Based Management** is a management strategy by which all actors on the ground, contributing directly or indirectly to achieving a set of development results, ensures that their processes, products and services contribute to the achievement of desired results (outputs, outcomes and goals). (www.undg.org 2010)

**Inputs** human, financial, technological and information resources used to achieve results. (Bester 2012)

**Outputs** The products and services which result from the completion of activities within a development intervention. (www.undg.org 2010)

**Performance** the degree to which a development intervention or a development partner operates according to specific criteria/standard/guidelines or achieves results in accordance with stated plans. (www.undg.org 2010)

**Result** the output, outcome or impact (intended or unintended, positive and/or negative) of a development intervention. (Bester 2012)
1.11 **Summary**

This chapter started with the introduction followed by the background of the study. The background revealed the major concerns of various stakeholders on the implementation of RBM. It also highlighted some challenges on the impact of budgeting and budgetary on RBM. It went on to focus on the statement of the problem, aim of the study, objectives, questions pertaining to the research, assumptions of the study, significance of the study, delimitations, limitations and definition of terms. The next chapter focused focus on literature review.
CHAPTER II

LITERATURE REVIEW

2.0 INTRODUCTION

The previous chapter looked at the general introduction of the study. This chapter is going to focus on theoretical framework, empirical evidence, and gap analysis. The literature is mainly premised on the link between budgeting and budgetary control and performance (results). A summary is going to be given at the end.

2.1 THEORETICAL FRAMEWORK

2.1.1 BUDGETING

2.1.1.1 DEFINITIONS

Every organization doing exceedingly well on the face of the earth rely heavily on budgets, and budgetary control measures to improve performance, through adequate resource allocation. Budget and Budgetary control, both at management and operational level looks at the future and lays down what has to be achieved. Control checks whether or not the plans are realized, and puts into effect corrective measures where deviation or shortfall is occurring. (researchClue.com 2014)

A budget is a financial plan for the future concerning the revenues and costs of a business. However, a budget is about much more than just financial numbers. (Riley: 2012)

Drury C (2006) says budgeting is concerned with implementing of the long term plan for the year ahead.

Budgetary control is the process by which financial control is exercised within an organization. (Riley: 2012)

Managers are responsible for controllable costs within their budgets and are required to take remedial action if the adverse variances arise and they are considered excessive. (Riley: 2012)
2.1.2 FUNCTIONS OF A BUDGET

Riley (2012) articulates that there are many management uses for budgets. For example, budgets are used to:

- Establish priorities and set targets in numerical terms
- Assign responsibilities to budget holders (managers) and allocate resources
- Communicate targets from management to employees
- Motivate staff. Staff is motivated if involved in the preparation of budgets.
- Improve efficiency. Managers try to utilise resources effectively thereby improving efficiency
- To improve planning and control with ultimate intention of stabilising the financial position of the organisation
- To force management to focus on particular operating and financial problems so that effective planning would be made for them.
- To translate the objective of an organisation into action.

2.1.3 CHARACTERISTICS OF A BUDGET

The FAO corporate document repository stated that a good budget is characterised by the following:

- **Participation**: involve as many people as possible in drawing up a budget.
- **Comprehensiveness**: embrace the whole organisation.
- **Standards**: base it on established standards of performance.
- **Flexibility**: allow for changing circumstances.
- **Feedback**: constantly monitor performance.
- **Analysis of costs and revenues**: this can be done on the basis of product lines, departments or cost centres.

2.1.4 STEPS IN BUDGET PREPARATION

Siyanbola (2013) came out with following steps for preparing a budget:
(a) **Existence of a budget manual:** the manual shall contain the standing instructions governing the responsibilities of persons, procedures, forms and records relating to the preparation and use of the budget.

(b) **Constitution of the budget committee:** the committee consists of the chief executive officer and representatives of functional areas as finance, procurement, etc. The committee is to formulate the programme for preparation of the budget.

(c) **Identifying the principal budget factor:** the factor limits the level of activities (such as the shortage of skilled labour, financial resources) the extent of which should firstly be assessed before preparing the functional budgets.

(d) **Appointment of a budget officer:** normally an accountant who is charged with the responsibility of issuing budget instructions to various departments; receiving and checking the budget estimates; providing historical information to departmental managers to help them in their forecasting; preparing the budget summaries; submitting budgets to committee and furnishing explanation on particular points; discussing difficulties with managers and co-ordinating all budget works.

(e) **Establishing budget periods:** budget could be established into control periods which could be weekly, monthly, quarterly or yearly.

(f) **Preparation of the master budget:** this is consolidation of various functional budgets

### 2.1.1.5 TYPES OF BUDGET

The Chartered Institute of Management Accountants (CIMA) (2013) came out with the following types of budgets.

- **Short-term budget**
  Budget established for use over a short period of time, usually a year, which the responsible officer is to use for control purposes.

- **Long-term budget**
  This is a long term plan, also called development plan. It is normally for a minimum duration of five years and is sometimes called the strategic plan of the organisation. Government prepares five year development plan which can be rolled over for every five years.
Fixed budget
A budget which is normally set prior to the start of an accounting period, and which is not changed in response to subsequent changes in activity or cost/revenues. It may serve as a benchmark in performance evaluation.

Flexible budget
A flexible budget can be prepared for any level of activity within the relevant range before or after the actual activity is known.

Zero based budget
A method of budgeting which requires the cost element to be specifically justified, as though the activities to which the budget relates were being undertaken for the first time. Without approval, the budget allowance is zero.

Rolling budget
In the first quarter, the monthly budget for the second quarter will be prepared; and during the second quarter, the monthly budgets for the third quarter will be prepared. This is also known as continuous budgeting, and this ensures that a twelve month budget is always available by adding a quarter in the future as the quarter just ended is dropped. Rolling budgets also ensure that planning is not something that takes place once a year when the budget is being formulated. (Drury: 2006)

Activity based budgeting
Activity Based Budgeting (ABB) is a method of budgeting which activities and services that incur costs in every functional area are accounted for, analysed and linked to the strategic mission of the organisation.

Incremental budgeting
A method of budget setting in which the prior period budget is used as base for the current budget, which is set by adjusting the prior budget to take account of any anticipated changes.

2.1.2 CONCEPT OF CONTROL

Siyanbola (2013) stated that the goal of control is to ensure that operations and performance confirms to plans. Controlling includes all activities that ensure that the actions of the organisations are directed towards the stated goals.
Lucey (1996) opined that the purpose of control is to help to ensure that operations and performance conform to the plans. There are two broad elements of the control process:

- Firstly, the comparison of actual and planned performance on a regular and continuing basis and;
- Secondly, the longer term process of reviewing the plan itself to see whether it needs modification in the light of comparisons made or because of changes in the assumptions on which the plan was based, for example, new government regulations, material shortages, new competition.

It follows therefore that effective control is not possible without planning and planning without a complementary control system is pointless. In organisational systems, control is exercised by the use of information frequently of financial nature.

2.1.2.1 STEPS IN THE CONTROL SYSTEM

There are steps that are to be followed in the control system. Siyanbola (2013) went on to explicate the steps in control which are as follows:

- Establishing plan, goal or objective decision rule;
- Recording of actual performance of activity;
- Creation of mechanism to compare the above two steps;
- Extraction of variances, that is, the difference between the first two steps;
- Investigation of the causes leading to variances;
- Correcting the variance or taking appropriate action on the variances.

2.1.3 BUDGETARY CONTROL

Budgetary Control is the process of establishment of budgets relating to various activities and comparing the budgeted figures with the actual performance for arriving at deviations, if any. Accordingly, there cannot be budgetary control without budgets. Budgetary Control is a system which uses budgets as a means of planning and controlling. (www.gntmasterminds.com 2014)
2.1.3.1 OBJECTIVES OF BUDGETARY CONTROL

The following are objectives of budgetary control (gntmasterminds.com 2014):

- **Definition of Goals**: Portraying with precision, the overall aims of the organisation and determining targets of performance for each section or department of the organisation.
- **Defining Responsibilities**: Laying down the responsibilities of each individual so that everyone knows what is expected of him and how he will be judged.
- **Basis for Performance Evaluation**: Providing basis for the comparison of actual performance with the pre-determined targets and investigation of deviation, if any, of actual performance and expenses from the budgeted figures. It helps to take timely corrective measures.
- **Optimum use of Resources**: Ensuring the best use of all available resources to maximize profit or production, subject to the limiting factors.
- **Coordination**: Coordinating the various activities of the business and centralising control, but also making a facility for the Management to decentralize responsibility and delegate authority.
- **Planned action**: Engendering a spirit of careful forethought, assessment of what is possible and an attempt at it. It leads to dynamism without recklessness.
- **Basis for policy**: Providing a basis for revision of current and future policies.

2.1.3.2 CONDITIONS FOR EFFECTIVE BUDGETARY CONTROL SYSTEM

In his article, Chand (2012) expounded the following conditions for effective budgetary control:

- **Sound forecasting**: The estimates for the future needs of business should be precise and accurate. A scientific forecasting system gives adequate and reliable data for budgeting.
- **Goal orientation**: Budgets must directly flow from objectives of the enterprise, and goals of budgetary control must be clearly defined.
- **Proper recording system**: Sound accounting procedures should be allowed for proper recording of actual operations. Unless the actual performance is accurately recorded and quickly reported; the whole structure of budgeting will fall.
• **Participation:** All individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates. Participation assures full co-operation and commitment for making budgets successful. Participation also makes budgets realistic and workable.

• **Top Management support:** Since budgeting highlights inefficiencies there is bound to be resistance. This makes it more necessary that top management should believe in the importance of budgetary control. Thus the overall budgets must be set and approved at the chief executive level.

• **Flexibility:** Budgets should be flexible. If actual conditions differ from what was expected, it should be possible to recast the budget quickly.

• **Enforce timeliness:** Budgets must be prepared so as to be ready before the period to which they relate. Moreover sufficient time should be allowed for the budget programme to develop and reach near perfection.

• **Efficient organization:** A good organisation structure is necessary for success in budgeting. There should be fixed responsibility centres, budget committee and budget controller.

• **Proper Co-ordination:** The budget plans must be properly co-ordinated in order to eliminate bottlenecks. Individual budgets should be co-ordinated with one another.

• **Sound administration:** Budgets cannot replace good management. Budgets should be administered efficiently by responsible executives.

• **Constant Review:** Constant review of the budgets is necessary so as to prevent them from degenerating into license for spending the full budgeted amount even though it may not be necessary.

• **Reward and punishment:** The concerned employees should be suitably rewarded for performance as per the budget. But slack employees should not be allowed to go unpunished.

• **Results take time:** The budgetary control is an efficient tool to control performance. But it requires time to show results. Those who administer budgetary control should have high degree of knowledge and experience in the field.
2.1.3.3 ADVANTAGES OF BUDGETARY CONTROL

Budgets can be highly useful and functional. The FAO CORPORATE DOCUMENT REPOSITORY came out with the following Advantages of budgeting and budgetary control

- Compels management to think about the future, which is probably the most important feature of a budgetary planning and control system. Forces management to look ahead, to set out detailed plans for achieving the targets for each department, operation and (ideally) each manager, to anticipate and give the organisation purpose and direction.
- Promotes coordination and communication.
- Clearly defines areas of responsibility. Requires managers of budget centres to be made responsible for the achievement of budget targets for the operations under their personal control.
- Provides a basis for performance appraisal (variance analysis). A budget is basically a yardstick against which actual performance is measured and assessed. Control is provided by comparisons of actual results against budget plan. Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors.
- Enables remedial action to be taken as variances emerge. Corrective action is taken before the situation gets out of hand.
- Motivates employees by participating in the setting of budgets.
- Improves the allocation of scarce resources. Resources are forwarded to needy areas where there can be used effectively and efficiently.

2.1.3.4 DISADVANTAGES OF BUDGETING

Barnat (2012) elucidated the following as the disadvantages of budgets:

- The major problem occurs when budgets are applied mechanically and rigidly. The budgeted is not subject to revision and the budget line has to be towed.
- Budgets can demotivate employees because of lack of participation. If the budgets are arbitrarily imposed top down, employees will not understand the reason for budgeted expenditures, and will not be committed to them.
• Budgets can cause perceptions of unfairness. One department might view other departments as being given priority in terms of resource allocation thereby creating unfairness.
• Budgets can create competition for resources and politics. There might be internal struggles for the limited resources thereby creating animosity between departments.
• A rigid budget structure reduces initiative and innovation at lower levels, making it impossible to obtain money for new ideas.

These dysfunctional aspects of budgets systems may interfere with the attainment of the organization's goals. One generally accepted guideline for effective budgeting is to establish goals that are difficult but obtainable.

Therefore, skilled managers who understand budgets and how to use them have a powerful control tool with which to attain departmental and organisational goals.

2.1.4 PUBLIC SECTOR BUDGETING

Budgeting in the public sector context shares many similarities with the private sector but contains a greater focus on the relationship with policy development, performance monitoring and statutory objectives. (www.tisonline.net)

The key objectives of public sector budgeting are:

• Assisting in planning expenditure to meet policy requirements; policy requirements need adequate budget allocations without which they will not succeed.
• Policy implementation and control; there is need for effective budgetary control for implemented policies to be successful.
• Measuring and monitoring performance; output should always be measured against set targets and corrective action done timely...
• To determine the total expenditure of the organisation and ensure that it is consistent with total revenues (e.g. fixing the rate of local taxation);
• Provide the basis for authorising expenditure and collection of fees and charges;
• Provide the basis for budgetary control; key control measures need to be instituted in order for the priorities realised.
• Satisfaction of statutory requirements.

2.1.5 MOTIVATIONAL THEORY ON BUDGETING

If managers are to be motivated to achieve higher levels of performance it is not enough that a budget or financial target represents a specific quantitative goal. It is also essential that these targets are accepted.

Otley (1987) has developed a model which demonstrates the theoretical relationship between budget difficulty, aspiration and performance. The aspiration level (i.e. the level of performance which they hope to attain) relates to the personal goal of the budgetee. As the budget difficulty increases, Otley argues that aspiration levels and performance improves until a point is reached when it is perceived as impossible to achieve beyond which inspirational and performance levels decline. This can mean that the budget that is expected to be achieved will motivate a lower level of performance than the one which offers the greatest degree of motivation.

2.1.6 RESULTS-BASED MANAGEMENT

2.1.6.1 DEFINING RESULTS BASED MANAGEMENT

Oliveira (2011) of the United Nations Development Group defines Results-Based Management (RBM) as a management strategy by which all actors on the ground, contributing directly or indirectly to achieving a set of development results, ensure that their processes, products and services contribute to the achievement of desired results (outputs, outcomes and goals). RBM rests on clearly defined accountability for results and requires monitoring and self-assessment of progress towards results, including reporting on performance.

Meier (2009) defines Results-Based Management as management strategy aimed at achieving important changes in the way organisations operate, with improving in terms of the results as the central orientation. Its primary purpose is to improve efficiency and effectiveness through organisational learning, and secondly to fulfil accountability obligations through performance reporting. Key to its success is the involvement of stakeholders throughout the management life cycle in defining
expected results, assessing risk, monitoring progress, reporting on performance and integrating lessons learned into management decisions.

Spreckley (2009) says that Results-Based Management is a shift from focusing on the inputs and activities (the results and procedures) to focusing on the outputs, outcomes, impact and the need for sustainable benefits (the results of what you do). Results are the changes occurring as an effect of a development intervention and imply that a change of behaviour by individuals, groups of people, organisations, government bodies or society has taken place.

He went on to postulate that Results Based Management applies a Results Chain to plan a logical process and manage the implementation. A results chain is an iterative process, the planning starts with a clear view of the project purpose and outcomes, planning backwards to the inputs then implementing the project from the inputs to the outcomes. When monitoring and evaluating the whole plan is kept on focus, the details of implementation existing within the context of the chain.

2.1.6.2 BENEFITS OF FOCUSING ON RESULTS

Governments, donors and programming partners can learn useful lessons by focusing on results, not activities. There are six major benefits of focusing on results: (Armstrong: 2014)

- **Better implementation:** Thinking in terms of problems and opportunities, explicit and shared understanding of “expected results” can strengthen needs assessment, rapid appraisals, planning and monitoring and reveal early in the process misunderstandings or disagreements about goals among stakeholders, which can undermine effective implementation if they are ignored.

- **Better communication:** Clarifying what is meant by results helps to deal with differences of understanding before a project begins, and helps implementing agencies communicate results to funders -- national governments, donor agencies, communities and taxpayers -- in a clear, unambiguous manner.
Stronger capacity development: Identifying intended results in a clear, workable and realistic way, helps build capacity, because it clarifies what needs to be concentrated on, what resources are needed for the job and what the real assumptions are about cause and effect.

More realistic project schedules: Clear results-based planning produces more realistic schedules, forcing the organisers to think through the preconditions and sequence for actions, and the resources they require.

Useful evaluation results: Clarifying results during planning and internal monitoring prepares projects for effective evaluations.

Reducing opportunities and pressures for corruption: Focusing clearly on results, and making the links between inputs, funded activities and the results should be leading to, reduces the potential for corruption -- or simply indifferent thinking and wasted resources in decision-making and project implementation.

2.1.6.3 PURPOSE OF RESULTS BASED MANAGEMENT

Oliveira (2011) encapsulates Results Based Management as a broad management strategy aimed at achieving improved performance and demonstrable results.

He went on to say that Results-Based Management helps to answer four related questions:

- Why does the organisation exist, and is it serving its purpose?
- Whose needs are the organisation intended to serve, and is it serving those needs effectively?
- What is the organisation supposed to deliver, and is it delivering this effectively?
- What are the resources available, and is the organisation using them efficiently?

Any government the world over worth its salt needs to satisfy the above questions in order to embark on meaningful results based management.
2.1.6.4 KEY ELEMENTS OF RESULTS-BASED MANAGEMENT

Binnendijk (2011) stated key elements or phases the Results Based Management involves:

- Identifying clear and measurable objectives (results), aided by logical frameworks.
- Selecting indicators that will be used to measure progress towards each objective. These are the milestones on which progress towards set targets is measured.
- Setting explicit targets for each indicator, used to judge performance.
- Developing performance monitoring systems to regularly collect data on actual results. Ways of monitoring progress towards set targets should be devised.
- Reviewing, analysing and reporting actual results vis-a-vis targets. The underlying causes for the variances should be analysed.
- Using evaluation findings to generate lessons and increase the understanding of strengths, weaknesses and comparative advantages.
- Using performance information for internal management accountability, learning, resource allocation decisions including human resources management, and reporting to stakeholders and partners.

The first three phases relate to results-oriented planning approach, sometimes referred to as strategic planning. The first five steps are included in the concept of performance measurement. All seven phases combined are an essential to an effective results based management system.

2.1.6.5 COMPONENTS OF RESULTS-BASED MANAGEMENT

Binnendijk (2011) enunciated other components for the success of RBM. These other components act to reinforce or facilitate the use of performance information. Some of these organisational components include:

- **Accountability**—instituting new mechanisms for holding managers and units accountable for achieving results at appropriate levels.
Decentralisation—delegating authority to the management level accountable for results, and empowering them with flexibility to shift resources to better performing activities.

Client focus—consulting with beneficiary groups concerning their preferences and satisfaction with goods and services provided, and being responsive to their needs.

Participation and partnership—involving partners and stakeholders in all aspects of performance measurement and management processes, and seeking greater harmonisation of efforts.

Reformed operational policies and procedures—instuting new policy and procedural directives aimed at changing the way the organisation conducts its business.

Supportive mechanism—assisting managers to effectively implement performance measurement and management in various ways, such as providing training, technical assistance, performance information databases, guidebooks, tips and best practices series.

Cultural change—equally important for successful results-based management is transforming the organisational culture, that is, values, attitudes and behaviours of its personnel.

Transparency—transparency is necessary to ensure the benefits of RBM principles are fully utilised. Clarity is needed in defining the respective roles and responsibilities of partners for the development intervention and specifically the implementation of the RBM approach.

2.1.6.6 STEPS IN THE RESULTS-BASED MANAGEMENT PROCESS

Meier (2009) also enunciated the following steps in the Results-Based Management process:

Step one involves establishing the development intervention profile:
- Review mandate and objectives;
- Conduct stakeholder analysis;
- Determine governance structure, roles and responsibilities.

Step two involves building a results-based logic model with stakeholders:
- Determine appropriate stakeholder participation;
Understand the results chain and articulate expected results;
Answer the key questions-Why? What do we Want? For Whom? And How?;
Use a logic model to illustrate causality.

**Step three** involves developing a risk management plan:
- Identify the underlying assumptions in the logic model;
- Conduct a risk analysis of the assumptions;
- Elaborate risk mitigation strategies where needed.

**Step four** involves preparing a performance review plan:
- Determine performance measurement, management audit and evaluation requirements;
- Select performance indicators and complete a performance measurement;
- Estimate performance review costs.

**Step five** involves measuring performance and reporting:
- Develop data collection instruments and systems;
- Establish baseline data and then set performance targets;
- Collect and analyse performance and risk data;
- Fulfil internal and external reporting requirements.

**Step six** involves stakeholders in the appraisal of performance information:
- Diagnose performance shortcomings;
- Design and develop solutions;
- Use performance information for organisational learning.

The RBM management cycle is complete when adjustments are made to annual implementation plans to improve effectiveness based on credible performance information.

**2.1.6.7 RESULTS BASED MONITORING AND EVALUATION**

Spreckely (2009) enunciated that RBM requires continuous results-based monitoring and evaluation. The term Results-Based Management, Monitoring and Evaluation is used to mean:

- Clearly identifying programme/project beneficiaries’, and other stakeholders’, problems and opportunities
- Setting clear and agreed objectives, monitoring targets and milestones
✓ Ensuring adequate resources to achieve objectives
✓ Monitoring progress towards results, and resources consumed, with the use of appropriate indicators
✓ Using quantifiable indicators and qualitative narratives to measure progress
✓ Changing objectives as consequence of learned lessons
✓ Reporting on results achieved and resources involved

Monitoring and evaluation requires resources such as skills, time, access to stakeholders and communication channels that if not planned and budgeted for weaken a project’s management and accountability; careful planning for these elements needs to be in place from beginning.

2.1.6.8 RESULTS BASED MONITORING AND EVALUATION CYCLE

Figure 2.1 Results Based Monitoring and Evaluation Cycle
Stage 1 Programme: Set the context for Monitoring and evaluation

This is the stage where the strategy framework in which projects can be initiated, funded and implemented is established. Lessons learnt from previous evaluations can be reviewed at this point to inform programme strategy.

Stage 2 Identification-Plan to solve problems

The identification stage is where the stakeholders are defined, the problem(s) is defined, and a number of possible solutions are identified.

Stage 3 Formulation-Designing

The information developed in Stage 2 is used in Stage 3 to prepare for a Logical Framework in which objectives, the assumptions, indicators and evidence are ordered. Successful Monitoring and Evaluation is dependent on the clarity of project design achieved at this stage.

Stage 4 Appraisal-Conditionality

The project is submitted for appraisal: it should have been prepared to meet all the necessary conditions. If it has not the previous stages may have to be prepared until the design is feasible.

Stage 5 Implementation-Delivery

The project is implemented: monitoring and evaluation supports management to make decisions and steer the project to success. Activities, budget schedules, outputs and assumptions, stakeholder responses and project’s contribution towards the longer term outcomes will be monitored during this stage.

Stage 6 Formulation-Designing

Evaluation of the project’s outcomes, impact and contribution to the strategy is carried. Conclusions, recommendations, impact and lessons learnt will complete the evaluation.
2.1.7 RESULTS BASED BUDGETING

2.1.7.1 Results based budgeting defined

In order to fully implement RBM, there is a sub component known as Results Based Budgeting (RBB) which acts as an oiling machine. This is the most advanced RBM component and the budgets would be prepared on this basis. RBB emphasises on cost-effectiveness in the allocation and utilization of financial resources toward the implementation of achievable and results-oriented projects and programmes. (Somers and Khosa: 2006)

Besrest (2012) views Results-Based Budgeting (RBB) as a planning and strategic management tool. RBB seeks to align budget allocations with anticipated results. Results-based budgeting goes much further, viewing the organisational management environment and culture in its entirety, including also human resources management. There is no universally accepted definition of exactly what RBB is in general and even less so in the particular context of international organisations, but the definition proposed by the United Nations might be adopted:

Results-based budgeting is a programme budget process in which:

- programme formulation revolves around a set of predefined objectives and expected results;
- Expected results would justify resource requirements which are derived from and linked to the outputs required to achieve such results;
- Actual performance in achieving results is measured by objective performance indicators.

It can be argued that the RBB process is a continuum that involves the availability and use of performance based information at each of the various stages of the budget process; budget preparation, approval, execution, audit and evaluation.

2.1.7.2 AIMS OF RESULTS BASED BUDGETING

Results Based Budgeting aims to improve accountability because budget reports are based upon projected outputs as well as inputs.
RBB should in theory lead to improved decision making, since spending decisions will be aligned to organisational objectives. It could also lead to enhanced service delivery since the budget establishes performance targets which managers will strive to meet.

Marc and Duncan (2009) expounded that Results-Based Budgeting aims to improve the efficiency and effectiveness of public expenditure by linking the funding of public sector organizations to the results they deliver, making systematic use of performance information.

2.1.7.3 THE IMPORTANCE OF RESULTS BASED BUDGETING

Young (2011) enunciated the following as the reasons for embarking on Results Based Budgeting:

- Provides accountability to the public. In the public sector, resources are borrowed from the shareholders. As stewards of the resources, governments are required to deliver some product or result.
- Drives redesign of programs (focuses on improvement). Performance supported budgeting can be a driving force in the redesign of programs and the driving force in integration within agencies, and across agencies.
- Helps rationalise budget allocations (uses performance information as a basis of evidence). Performance budgeting ensures that performance information is part of the budget and resource allocation debate.
- Improves understanding of cross cutting programs in government. It is possible to better understand total costs and benefits of comparative cross cutting programs if they can indeed frame them to be understandable to each other, outsiders, and stakeholders.
- Helps agencies link their daily activities to overall government outcomes and similar activities of other agencies. Tracking costs and performance-based budgets against goals helps to understand roles in achieving government goals.
- Helps align government spending with overall goals. There needs to be an assurance that the resources provided by the public are spent sensibly for public purposes.
• Compares cost effectiveness between programs. More can be achieved if we know which activities are most effective. It is a cost-effectiveness argument where there are similar measures for different programs.

2.1.7.4 LIMITATIONS OF RBB

Results-based budgeting, however, is not a remedy for everything. While there are some clear benefits to gain, it is important to keep in mind what you can and cannot expect from RBB. Only then will managers and staff be clear about how and when to use RBB and when other methodologies might be required to complement it. (staffunion.unon.org)

Limitations of RBB are:

• Outcome findings will not show whether this is the right outcome to measure.
• They will not statistically prove that it was the programme that caused the outcome.
• They will not explain why this level of outcome was achieved.
• They will not, by themselves, tell what to change to improve the outcome.
• RBB is not a substitute, but has to be seen as an addition to existing data collection efforts.
• Indicators of achievement and outputs may not be readily available. In order to make RBB work, you may have to invest resources in developing meaningful measurements.
2.2 EMPIRICAL EVIDENCE

2.2.1 RELATED PAST RESEARCHES

2.2.1.1 PERFORMANCE BUDGETING IN MUNICIPAL GOVERNMENT (USA): Rivenbark and Kelly (2012)

Rivenbark and Kelly (2012) researched about how municipalities use performance measures during budget preparation. Performance budgeting is defined as a process rather than a management tool for outcome. Such a definition is justified by the multiple accountabilities associated with public budgeting, including political, financial, and performance accountability. A survey of municipalities with populations of 2,500 and above was conducted to determine the prevalence of performance budgeting in municipal government. The research found out that municipalities of all sizes are building capacity for performance budgeting by adopting performance measurement systems and by augmenting their budget processes with performance results. They also find out that performance measures were used to inform budget decisions especially when the budget request was new or significantly expanded.

2.2.1.2 BUDGETERS’ VIEWS OF STATE PERFORMANCE-BUDGETING SYSTEMS: DISTINCTIONS ACROSS BRANCHES: USA: Melkers and Willoughby: (2011)

Melkers and Willoughby (2011) realised that a majority of states have had some sort of performance-budgeting initiative on the books for several years. They wanted to establish how implementation of such reform had progressed. To answer this question, they surveyed legislative and executive budgeters from the 50 states, asking them for their impressions of performance-budgeting implementation in their state. Specifically, they asked the budget officers about the reasons for introducing performance budgeting in their state; the types of activities required of their system; responsible oversight bodies; extent of application across state agencies and departments and perceived levels of effectiveness and problems experienced with implementation of the budget reform. Their findings indicated that the implementation of performance-based budgeting systems was proceeding slowly.
While there was some benefits to highlight, results showed that implementing performance budgeting was not without problems. The greatest was differing perceptions of use and success among budget players, particularly across branches of government.

2.2.1.3 **BUDGETARY CONTROL AS A MEASURE OF PERFORMANCE OF STATE CORPORATIONS IN KENYA: Adongo and Jagongo(2013)**

In a research carried out by Adongo and Jagongo (2013) in Kenya they sought to investigate the relationship between budgetary controls and performance of State corporations in Kenya. The study sought to determine the salient features of budgetary controls in State corporations, establish the human factors within budgetary controls, establish the process of budgetary control in public organisations, and determine the challenges affecting the budgetary control.

Adongo and Jagongo’s findings indicated that a positive significant relationship between budgetary control and performance of State corporations. Human factors within the budgetary controls thus managerial commitment, employees’ motivation, employee training, competence as well as attitude affects the budgetary control process. Adongo and Jagongo recommended the sensitisation of management and employees of state corporations on the importance of budgetary controls in enhancing performance, avoidance of political interference in the budgetary process and use budgets as tools for management efficiency.

2.2.1.4 **TRENDS IN PERFORMANCE BUDGETING IN SEVEN OECD COUNTRIES; Miekatrien and Bram (2010):**

Miekatrien and Bram (2010) also found out that international trend exists to use more information on results in public budgeting, but the focus of these initiatives varies from country to country, as demonstrated in the study of performance budgeting reforms in Australia, Canada, Sweden, the Netherlands, New Zealand, the United Kingdom and the United States. On one hand, an evolution is taking place toward output and outcome budgeting, but on the other hand, a trend is moving toward accrual budgeting. The implementation of results-oriented budgeting evokes four major challenges:
• To align the fiscal framework with the results-oriented budget reform,
• To create legislative interest for performance,
• To provide high-quality results information, and
• To establish the leadership and authority of the central budget office.

They found out that little evidence seems to exist that performance information is
used in the budgetary decision-making process or in the legislative oversight function.
The major impact of results-oriented budget reform appears to be situated in the
internal management of departments and agencies.

2.2.1.5 A FRAMEWORK FOR ASSESSING INCENTIVES IN RESULTS BASED
MANAGEMENT: SWISS (2009)

A research carried out by Swiss (2009) revealed that governmental results-based
management systems have not produced the expected positive effects. He analysed
the reasons for this common disappointment by looking at three components of
results-based management:

(a) results-specific information,
(b) capacities
(c) incentives-

He pointed out that that some systems put too exclusive an emphasis on budgetary
incentives and could be strengthened by emphasizing personnel-system rewards,
especially those that look beyond business models.

2.2.1.6 PERFORMANCE BUDGETING IN PUBLIC SECTOR: Premchand (2011)

Furthermore, Premchand (2011) came out with two principal handicaps in the
budgeting system of the public sector:

❖ There was generally very little relationship between the financial outlays of the
budget and the physical content of the programme proposed to be achieved,
❖ The system of financial control is concerned more with cash transactions than
with the cost of operations.
Performance budgeting seeks to avoid these handicaps by enabling determination of
the specific programme goals, selection of the most desirable programmes, a structure
of budget display that serves managerial requirements and an information process
designed for each programme that at once facilitates a review of the progress. It also
builds up a logical relationship between the financial outlays and the actual physical
achievement. It thus ensures greater accountability in terms of what is achieved and,
in terms of control, indicates the cost of achievement.

2.2.2 LESSONS AND FINDINGS FROM INTERNATIONAL ORGANISATIONS

2.2.2.1 GOVERNMENT PERFORMANCE: LESSONS AND CHALLENGES (OECD COUNTRIES): Curristine (2009)

Moreover, Curristine (2009) in her assessment of OECD member countries found out
that many governments sought to adopt an approach to both management and
budgeting which sought the emphasis of budgeting, management and accountability
away from controlling inputs towards achieving results. It was realised that although
some OECD countries have attempted to integrate performance targets into overall
budget process, very few could be said to be carrying out ‘real’ performance
budgeting. This means including performance information in budget documentation
and linking expenditure to outcome/output targets, reporting performance against
these targets and using the information to make decisions on future resource
allocation.

Curristine found out that some of countries faced the following challenges:

✔ Establishing some link between financial information and performance
  information. This is particularly challenging for outcome measures.
✔ In many countries there are also problems with the structure of the budget and
  accounting issues. Budgets tend to be structured in accordance with
  institutional and functional boundaries and not according to results categories.
✔ Also if there is no system of cost recording, it is difficult to relate the costs to
  results.
✔ Most countries continue to struggle with achieving change in the behaviour of
  public servants and politicians.
✓ It is difficult to achieve co-ordination across sections/departments and hold them accountable for results.

Curristine came out with the following findings:

- Very few countries engage in any form of direct performance budgeting, since many countries do not link expenditure to output and outcome targets, let alone make the appropriation of funds an explicit function of performance.
- The introduction of output and/ or outcome targets as a system of management control requires relaxed input controls in order to give managers the freedom to use resources to achieve results and improve performance.
- While many countries have reached the stage of introducing performance targets to their budget documentation, fewer counties have integrated this information into their budgetary decision-making process and even less have used it in the allocation of resources.
- If performance management and budgeting is to have an impact in any system it is important that key factors in decision-making are provided with motivations and incentives to change.

2.2.2.2 RESULTS BASED MANAGEMENT IN THE DEVELOPMENT COOPERATION AGENCIES: Binnendijk (2011)

In her assessment of the Development Co-operation Agencies (DAC), on the implementation of RBM, Binnendijk (2011) came out with the following lessons:

- Leadership support for RBM reforms is important. Without strong advocacy from senior managers, results based management systems are unlikely to be institutionalised broadly or effectively. Leaders can send strong messages of support for RBM to their staff by giving speeches, participating in RBM oriented workshops, providing adequate budgetary support etc.
- Provide a variety of support mechanism. Senior managers can support their internal organisational efforts to establish effective RBM systems by offering
staff training, counselling, technical assistance, supplementary guidance and tools, etc.

- Complement performance monitoring with evaluations to ensure appropriate decisions. Performance monitoring and evaluation should both be viewed as important dimensions of an effective results based management system that can complement each other nicely. Performance monitoring data alerts managers to performance problems but without further analysis may not present solutions.

- Give managers autonomy to manage for results as well as accountability. Managers being held accountable for achieving results should be empowered with the decision-making authority and flexibility to shift resources away for poorer-performing to higher-performing activities and projects.

- Build ownership by using participatory processes. Participatory approaches involve partners, beneficiaries, and stakeholders in all phases of results based management. Such a participatory approach has the potential to increase the effectiveness of development efforts and builds ownership and commitment of partners and stakeholders to shared objectives.

2.2.2.3 RESULTS-BASED MANAGEMENT IN THE UNITED NATIONS DEVELOPMENT SYSTEM: PROGRESS AND CHALLENGES: BESTER (2012)

Bester (2012) on her final report focusing on progress and challenges on the implementation of Results-Based Management came out with following challenges:

- Results-based management has been adopted as a management approach by senior managers in the United Nations development system. There is however an acknowledgement that results-based management is not necessarily understood or embraced by all senior managers.

- Results-based management is a system, and for it to be implemented effectively all elements of the system must work, if one aspect of the system is weak, it lessens the overall effectiveness of results based management. The relevant resources, workable management and accountability systems, and knowledge management must be in place to support results based-management.
There must be incentives in place for managers and staff to use results based management. Incentives must be tailored to the context and culture of the organisation.

Accountability is critical for effective results-based management. Results-based management is unlikely to succeed if there is no institutional accountability and individual accountability for results. If organisations and individuals cannot be held accountable for results, then they are less likely to focus their efforts on achieving results.

Capacity development for results-based management is often conceived narrowly as training of practitioners or field staff in the application of results-based management. Lessons highlight the necessity of training senior management in results-based management approaches in order to foster senior leadership for results-based management.

Studies on results-based management emphasise the importance of leadership. Leaders need to demonstrate commitment through deliberate action, for example, constantly communicating the results-based management message internally and externally; providing the resources or lobbying for resources for results-based management; and asking the ‘results’ questions to show that they are important.

2.2.2.4 RESULTS-BASED MANAGEMENT: TOWARDS A COMMON UNDERSTANDING AMONG DEVELOPMENT COOPERATION AGENCIES: CANADA: Meier (2009)

Meier (2009) scrutinized an evolution in management particularly in the public sector context. She realised that over the years, there has been constant on governments around the world for greater transparency and accountability by tax payers for the use of public resources. Public concern in the face of escalating national account deficits, a declining confidence in political leadership and the need for more transparent and accountable governance have all been important factors contributing to the emergence of Results-Based Management in the Public Sector. Historically, governments focused their attention on human, technical and financial resources as inputs for their programmes. The modern management agenda calls for a major shift in focus where public service managers are expected to define expected results, focus attention on
result achievement, measure performance regularly and objectively, learn from performance information, make adjustments and improve the efficiency and effectiveness of their programmes. However, the implementation of the RBM approach in government has been incremental and not without its challenges and disappointments.

2.2.3 EXPERIENCES FROM OTHER COUNTRIES

2.2.3.1 THE CHILEAN EXPERIENCE

Guzman (2010) in his analysis of the Chilean experience came out with three objectives which must always be kept in mind. They are:

a. To maintain fiscal discipline
b. To allocate resources efficiently
c. To promote operational efficiency in providing services

He stated that Results based budgetary management is needed to achieve these three objectives. As part of a wider series of initiatives to improve public sector management, the Chilean government through the Ministry of Finance developed and introduced a set of tools to make the budgetary process more transparent and improve budget analysis and preparation. It created a system of management controls aimed at making public resource allocation to programs, projects and agencies more efficient, while at the same time helping them improve their management. As a result, it had been possible to create a model for evaluating and revising performance in budget management, which incorporates the concepts of budgeting for result. The model feeds into the decision making cycle as shown in the diagram below;
2.2.3.2  The Malaysian experience

Of the developing world, Malaysia has been at the forefront of public sector reforms especially in the area of budgeting and finance. In line with the principles of RBM, Malaysia introduced what is termed as Outcomes-Based-Budgeting. The budgetary reform focused on greater accountability and financial discipline among the various government agencies entrusted to execute the socio-economic developments for the country. In its 2020 vision, Malaysia to become a fully developed country by the year 2020, the government introduced a number of reforms including improve financial compliance, quality management, productivity and efficiency. Greater emphasis was placed on outcomes and impacts of government programs. It was a bold initiative on the part of the government demonstrating foresight, innovativeness, dynamism, and commitment to ensure value for money in the projects and programs being implemented. (Madhekeni 2012)

2.2.3.3  Experience from The Philippines.

The Philippines has succeeded in putting in place many of the components of results-based management, including strong planning that is being progressively aligned to the budget, and adequate results monitoring focused on outputs rather than inputs. In addition, broad consultation at various points in the RBM process helps ensure
ownership of the plan and transparency in the process. Nevertheless, challenges remain in overcoming weak linkages among RBM components, particularly in implementation, monitoring, and evaluation. With limited resources spread thinly over various reform agendas, past reforms have focused on strengthening planning and budgeting, while implementation, monitoring, and evaluation have received lower priority. The interdependence of components suggest that strengthening weaker components and linkages in the Philippine RBM cycle will be crucial to achieving common results and sustaining initial reforms. (Thomas 2011)

2.2.3.4 Experience from Indonesia.
Indonesia’s journey toward results-based management started with performance based budgeting. The country has made significant achievements in results-focused budgeting, especially in changing the budget from being based primarily on inputs to one in which outputs are defined. Central planning targets are moderately aligned to available budgets despite the numerous programs that cut across ministries and fail to follow the budgetary program structure. Beginning in 2011, the budget was broken down from the plan with clear ceilings and resource envelopes. Through the introduction of performance-based budgeting that reinforces a medium-term strategic plan and results-based monitoring, a performance culture focusing on results has started to emerge in Indonesia. The central government has introduced local incentive funds—fiscal transfers to sub national governments that meet a set of basic education, finance, economics, and welfare criteria, each of which has a set of outcome, intermediate outcome, and output indicators.

While the budgeting process has adopted results features at the output level, planning and monitoring have remained largely input-based. Creating a legal environment conducive to RBM continues to be a challenge. It has been necessary to harmonize existing regulations related to public finance management to avoid overlapping and conflicting rules, while government regulations are being revised to accommodate budgeting reforms. (Thomas 2011)

2.3 Gap Analysis

The researcher would like to establish the role played by budgeting and budgetary control in the results based management. How does budgeting and budgetary control
contribute to the success of Results Based Management? The previous studies focused on the need for resources to achieve the set targets. The current studies focuses on budgeting and budgetary control on the achievement of results. Are resources provided being controlled top achieve the intended results.

2.4 Summary
This chapter looked at the literature review that includes theoretical framework and empirical evidence. Budgeting and budgetary control was covered in this chapter. The steps in budgeting as well as its components were covered. The merits and limitations of budgeting were also covered. RBM was also defined and its components were looked at in this chapter. Experiences of other countries as far as RBM is concerned were also covered.
CHAPTER III

RESEARCH METHODOLOGY

3.0 INTRODUCTION

The previous chapter looked at the literature review. This chapter focuses on the research design used, methods of collecting data, population and sample, sampling procedures and instruments used. The data collection procedures followed were also explained as well as the methods for data presentation and analysis.

3.1 RESEARCH DESIGN

A research design is the framework or plan for a study used as a guide in collecting and analysing data. There are three basic types of research design: exploratory, descriptive and causal. A research design typically includes how data was collected, what instruments were employed, how the instruments were used and the intended means for analysing data collected. (Williams: 2009) The researcher used descriptive survey research design.

A descriptive study in the form of a case study is one in which information is collected without changing the environment (i.e., nothing is manipulated). A descriptive study can provide information about the behaviour, attitudes or other characteristics of a particular group. Descriptive studies are also conducted to demonstrate associations or relationships between things in the world around you. Descriptive studies, in which the researcher interacts with the participant, may involve surveys or interviews to collect the necessary information. Descriptive studies in which the researcher does not interact with the participant include observational studies of people in an environment and studies involving data collection using existing records. (http://ori.hhs.gov)

The descriptive research design had its share of advantages and disadvantages. It allowed a lot of detail to be collected than would not be the case with other research designs. Also data collected was of greater depth as compared to other experimental designs. One of the disadvantages was that subjects were not always truthful and instead gave answers there were comfortable with or gave responses that do not portray their departments in a negative manner. Subjectivity could be another
disadvantage. The respondent could have lacked objectivity as they responded to the questions. Questions presented by the researcher would have been predestined and dogmatic.

3.2 TARGET POPULATION
The target population for this research was 300 employees in the Ministry of Defence. These employees are not part of the uniformed forces as they are the secretariat there of.

3.3 SAMPLE SIZE AND SAMPLING
The researcher focused on a sample of 60 employees which constituted 20 % of the target population. It comprised 6 senior managerial employees, 10 middle managers and 44 non-managerial employees.

3.4 DATA SOURCES
The researcher used both primary and secondary data sources during the study. Primary data sources were in the form of interviews and questionnaires while secondary data sources were the records and files in the offices.

3.5 SAMPLING PROCEDURE
The researcher took all senior and middle management into consideration. He used stratified random sampling. The Ministry’s employees were grouped into five sections namely Internal Audit, Accounts, Human Resources, Procurement and International Relations. The employees were then randomly selected from each section. Departments that had a relative bigger number had more respondents selected.

3.6 RESEARCH INSTRUMENTS
The researcher used questionnaires and interview as research instruments in his study to collect data.

3.6.1 The Questionnaire
A questionnaire is a means of eliciting the feelings, beliefs, experiences, perceptions, or attitudes of some sample of individuals. (Key 1997) It has its own advantages and disadvantages.
Some of the advantages are;

- Large amounts of information were from a large number of people in a short period of time and in a relatively cost effective way.
- The results of the questionnaires were quickly and easily quantified by either a researcher or through the use of a software package.
- This was carried out by the researcher within limited effect to its validity and reliability.

Some of the disadvantages are;

- The researcher could not understand some forms of information - i.e. changes of emotions, behaviour, feelings etc.
- It was also realised that people would read differently into each question and therefore replied based on their own interpretation of the question.
- There was a level of researcher imposition, meaning that when developing the questionnaire, the researcher was making his own decisions and assumptions as to what was and was not important...therefore there could have been missing something that was of importance.

3.6.2 Interviews

The researcher used the personal interview as a data collection technique. Respondents were asked questions from the questionnaire which were recorded.

The main advantages of interviews were:

- They were useful in obtaining detailed information about personal feelings, perceptions and opinions.
- They allowed more detailed questions to be asked.
- They achieved a high response rate.
- Respondents' own words were recorded.
- Ambiguities were clarified and incomplete answers followed up.
- Precise wording was tailored to respondent and precise meaning of questions clarified.
The main disadvantages of interviews are:

- They were very time-consuming: setting up, interviewing, transcribing, analysing, feedback, reporting
- They were costly. Some interviews had to be conducted using cell phones.

3.6.3 Secondary sources

The researcher used secondary data sources such as books, journals, organizational files and the internet in the study. This had some merits. A variety of secondary information sources were available to the researcher. Both the external and internal sources of data were used.

Advantages of secondary sources

✔ Data already existed, so it time was saved.
✔ There was relative ease of access to many sources of secondary data.
✔ The use of secondary data allowed the researchers access to valuable information for little or no cost to acquire.
✔ The use of secondary research helped the researcher to clarify the research question

Disadvantages

✔ In many cases, secondary data was not presented in a form that exactly met the researcher’s needs.
✔ The researcher had less control over how the data was collected.
✔ There could have been biases in the data that the researcher did not know about.

3.7 VALIDITY AND RELIABILITY OF INSTRUMENTS

The research instruments were refined to increase reliability and validity. A pilot study was done to pre-test the research instruments. One person was selected per department and those selected were excluded in the final research analysis.
3.8 DATA COLLECTION PROCEDURES

- The researcher used questionnaires to collect relevant information from both managerial and non-managerial staff.
- The researcher conducted in-depth interviews on managerial staff. The interviews were in the form of structured questions. The managers gave some oral responses. The researcher recorded the interviews with the senior managers.

3.9 DATA PRESENTATION AND ANALYSIS

The researcher used statistical methods to analyse data. The researcher used tables, pie-charts, bar graphs and figures.

3.10 SUMMARY

The chapter focused on research design, target population, sample size and sampling, data sources, research instruments, data collection procedures and data presentation and analysis.
CHAPTER IV
DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 INTRODUCTION

The previous chapter looked at the research methodology. It covered the research design, target population, sample and sampling procedure, data sources, research instruments, reliability and validity, data collection, presentation and analysis procedures. This chapter will cover data presentation, data analysis and the discussion. The chapter is the output of the research methodology, where various research methods such as observation, in-depth interviews and questionnaires were used to collect data from the sample across the Ministry of Defence Staff based at the Head Office.

4.1 PRESENTATION AND ANALYSIS OF RESULTS

4.1.1 RESPONSE RATE

Of the 60 questionnaires distributed, 45 were returned having been completely answered by the respondents. This is shown on the Table 1 below:

Table 1 Response rate

<table>
<thead>
<tr>
<th>No. of questionnaires distributed</th>
<th>No. of questionnaires responded to</th>
<th>Response rate %</th>
<th>No. of questionnaires not responded to</th>
<th>Non response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>45</td>
<td>75%</td>
<td>15</td>
<td>25%</td>
</tr>
</tbody>
</table>

Data source: Primary: 2014

Analysis of the response rate

Of the 60 questionnaires distributed to sample population, 45 respondents completed the questionnaires and retuned them to the researcher and this represented a 75% response rate. The rate was high enough to warrant the research to be conducted.

4.1.2 Level of employment in the Ministry

The level of employment of the respondents is shown in Figure 4.1 below
Figure 4.1: The level of employment of the respondents

Data source: Primary: 2014

Analysis of the level of employment of the respondents

The majority of the respondents as shown in Figure 4.1 were at operational level. This constituted 57.8% of the workforce stationed at the Ministry of Defence head office. Naturally senior management had the least number of the respondents.

4.1.3 Number of years worked for the Ministry

The years that the respondents had worked for the Ministry are depicted in Figure 4.2 below.

Figure 4.2: Number of years worked for the Ministry

Data source: Primary: 2014
The number of years the respondents had worked for the Ministry

The findings in figure 4.2 revealed that the majority of the respondents had been with the organisation for a period between 5-10 years and this constituted 35.6% of the population. Those who had served for more than 10 years constituted 22.2%.

4.1.4 Understanding of budgetary control

Respondents’ perceptions on their understanding of budgetary control are shown Figure 4.3 below,

Figure 4.3: Respondents’ perceptions on their understanding of budgetary control

Data source: Primary: 2014

Discussion of the respondents’ perceptions on their understanding of budgetary control.

Figure 4.3 revealed that the majority (40%) of the respondents could not contemplate what a budgetary control is all about while 11.1% was not sure. This is contrary to Adongo and Jagongo’s (2013) recommendation that there should be sensitisation of management and employees of the importance of budgetary controls in enhancing performance.
4.1.5 Rating of the respondents’ understanding of budget usage

The rating of the respondents’ understanding of budget usage is depicted in Figure 4.4 below

Figure 4.4: Rating of the respondents’ understanding of the budget usage

Data source: Primary: 2014

Discussion of the respondents’ perceptions on their understanding of budget usage.

The findings in Figure 4.4 showed that 19 of the respondents representing 42.2% had a poor understanding as regards the usage of the budget. This was in agreement with Adongo and Jagongo’s (2013) findings who recommended that there should be sensitisation of management and employees on the importance of budgetary controls in enhancing performance. Only 11.1% (5 respondents) indicated that their comprehension of the budget usage was very good.

4.1.6 Basis for compiling a Budget

The basis upon which a budget is compiled is shown in Table 2 below.
Table 2: The basis on which a budget is compiled

<table>
<thead>
<tr>
<th>How the final budget is arrived at</th>
<th>No. of respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imposed by senior management</td>
<td>25</td>
<td>55.6%</td>
</tr>
<tr>
<td>Agreed at operational/dept level and ‘sold’ to senior mngt</td>
<td>9</td>
<td>20%</td>
</tr>
<tr>
<td>Negotiated between budget holders and executives</td>
<td>5</td>
<td>11.1%</td>
</tr>
<tr>
<td>Not sure</td>
<td>6</td>
<td>13.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Data source: Primary: 2014

Discussion of findings upon which the budget is compiled

The majority of the respondents represented by 55.6% indicated that the budget was imposed by senior management. This was contrary to Binnendijk (2011) who found out that there should be budget ownership by using participatory processes. This builds commitment of ownership of partners and stakeholders to shared objectives.

4.1.7 Availability of a budget committee in your organisation

The respondents’ perceptions on the availability of the budget committee in the organisation are indicated in Figure 4.5 below.

Figure 4.5: Availability of budget committee in the organisation

Data source: Primary: 2014
Discussion of the respondents’ views on the availability of the budget committee in the organisation.

The majority of the respondents (66.6%) as shown in Figure 4.5 indicated that there was no budget committee in the organisation. Only 6.7% indicated that they were aware of a budget committee in the organisation. This was contrary to Bester (2012) who found out that a committee should be in place to oversee the budgetary process.

4.1.8 Understanding the concept of Results Based Management

Figure 4.6 below indicate the respondents’ perceptions on the understanding of the concept of Results Based Management.

Figure 4.6: Understanding the concept of Results Based Management

Data source: Primary: 2014

Discussion of the respondents’ understanding of the concept of RBM.

The findings in Figure 4.6 showed 37.8% of the respondents’ understanding of the concept of Results Based Management was very poor. 4.4% of the respondents indicated that their understanding of the RBM concept was very good. This was in agreement with a research carried out by Bester (2012), where there was acknowledgement that RBM was not necessarily understood or embraced by all managers and employees alike.
4.1.9 Trained on the concept of Results Based Management

The respondents who were trained and not trained on the concept of Results Based management are depicted on Figure 4.7 below.

Figure 4.7: Respondents trained on the concept of Results Based Management

Data source: Primary: 2014

Discussion of the respondents who were either trained or not trained on the concept of RBM

The researcher also found out that 73.3% of the respondents were trained on the concept of RBM. This was supported Binnendijk (2011) who found out that leaders ought to support RBM processes by giving speeches and participating in RBM oriented processes. Senior managers can support efforts to establish effective RBM systems by offering training and technical assistance. Only 26.7% indicated that they were not trained on this concept.

4.1.10 The frequency of RBM refresher courses

The perceptions of the respondents on the frequency of RBM refresher courses are depicted in figure 4.8 below.
Figure 4.8: The respondents’ perception on the frequency of RBM courses.

Data source: Primary: 2014

Discussion of the respondents’ perceptions on the frequency of RBM courses.

All the respondents (100%) showed that there were no refresher courses on Results Based Management. This was contrary to Binnendijk (2012) findings who came to the conclusion that leaders should offer and participate in RBM oriented workshops. The managers should offer staff “reengineering” training in order to establish effective RBM systems.

4.1.11 The RBM training achieved the intended objectives

The perceptions of the respondents on whether the RBM achieved its intended objectives are shown in Figure 4.9 below.

Figure 4.9: Respondents’ perceptions on whether RBM training achieved the intended objectives.
Discussion of the respondents’ perceptions on whether RBM training achieved the intended objectives.

The findings in Figure 4.9 indicated that 40% of the respondents strongly disagreed that the RBM training achieved its intended objectives. In order to achieve the intended objectives, Binnedijk (2012) found out that leadership support is important without which RBM systems are unlikely to be institutionalised broadly or effectively. He stated that there should be workshops as well as adequate budgetary support. Only 11.1% strongly agreed that the RBM training achieved the intended objectives.

4.1.12 Resources provided linked to performance measurements

The respondents’ perceptions on whether resources provided are linked to performance measurements are depicted in Figure 4.10 below.

Figure 4.10: Perceptions on whether resources provide are linked to performance.

Data source: Primary: 2014

Discussion on the respondents’ perception whether the resources provided are linked to performance measurements.

The majority of the respondents (62.2%) strongly disagreed that the resources provided were linked to the performance targets. This was in agreement with the research carried out by Premchad (2011) who found out that there was very little
relationship between the financial outlays of the budget and the physical content of the programme proposed to be achieved. Contrary, the research by Rivenbark and Kelly (2012) found out that municipalities were building capacity for performance by augmenting their budget processes with performance results.

4.1.13 **Tracking actual performance is difficult because of an inaccurate record-keeping system within the organisation.**

The respondents’ perceptions that tracking actual performance is difficult because of an inaccurate record-keeping system are exhibited in Figure 4.11 below.

**Figure 4.11 Respondents’ perceptions that tracking actual performance is difficult because of inaccurate record keeping.**

Data source: Primary: 2014

**Discussion of the respondents’ perception that tracking actual performance is difficult due to inaccurate record keeping.**

Twenty-four respondents (53.3%) strongly agreed that tracing actual performance was difficult due to inaccurate record-keeping system within the organisation. Two respondents (4.4%) strongly disagreed with this perception while 8.8% of the respondents were not sure. In a research carried out by Premchad (2011), it was found out that record keeping ensures greater accountability in terms of what is to be achieved as well as in terms of control. Curristine (2009) also found out that if there are no systems of cost recording, it was difficult to relate the costs to results.
4.1.14 Management’s concern over the achievement of the set targets

The respondents’ perceptions on whether management cares if set targets are achieved or not are depicted in Figure 4.12 below.

**Figure 4.12: The respondents’ perceptions on whether management cares if set targets are achieved or not.**

![Management caring for the set targets](chart)

Data source: Primary: 2014

**Discussion of findings of whether management cares for the set targets**

The findings in Figure 4.12 also showed that 48.9% were of the strong opinion that management did not care whether the set targets were achieved or not. This is contrary to the findings of Binnendijk (2011) who found out that leadership support for RBM is crucial. Without strong advocacy from senior managers, RBM systems are unlikely to be institutionalised effectively. Only 6.75% strongly agreed that management cared for the achievement of the set targets.

4.1.15 Frequencies over which meetings are held with line managers to discuss the budget issues/variances.

The perceptions of the respondents on whether regular meetings are held to discuss budget variances are depicted in Figure 4.13 below.
Figure 4.13: The respondents’ perceptions on whether regular meetings are held with line managers to discuss budget variances.

Data source: Primary: 2014

Discussion of the respondents’ perceptions on whether regular meetings are held to discuss budget variances.

The majority of the respondents (64.4%) as shown on Figure 4.13 revealed that budget meetings were not held regularly. This agrees with a research carried out by Curristine (2009), OECD countries were not reporting on performance information in budget documentation and linking expenditure to results. Curristine concluded that reporting performance against target was vital as the information was useful in making decisions for future resource allocation. 8.9% of the respondents indicated that budget meetings were held regularly.

4.1.16 Management’s responses to deviations/variances.

The respondents’ perceptions on whether variances are taken seriously by management are depicted in Figure 4.14 below.
Figure 4.14 The respondents’ perceptions on whether deviations variances are taken seriously by management.

Data source: Primary: 2014

Discussion of the respondents’ perceptions on whether management is concerned with budget variances.

The findings in Figure 4.14 indicated that 24 of the respondents representing 53.3% strongly disagreed that budget deviations/variances were taken seriously by management. This was contrary to views of Bester (2012) who found out that there is need for emphasis on the importance of leadership. Leaders need to constantly communicate results-based management to subordinates as well as providing or lobbying for resources. Binnendijk (2011) also found out that performance monitoring data alerts managers to performance problems but without further analysis may not present solutions. Those who strongly agreed with this notion were 6.7% while also 6.7% of the respondents were not sure.

4.1.17 Levels or individuals involved in the budget preparation and budget setting meetings.

The respondents’ perceptions on their involvement in the budget preparation are shown in Figure 4.15 below.
Figure 4.15: The respondents’ perceptions on their involvement in the budget preparation.

![Bar chart](image.png)

Data source: Primary: 2014

**Discussion of the respondents’ perceptions on their involvement in the budget preparation.**

Most of the respondents (42.2%) strongly disagreed that they were involved in the preparation of budgets. This is contrary to Binnendijk (2011) findings and recommendations that managers should be given autonomy to manage for results as well as accountability. Managers being held accountable for achieving results should be empowered with decision making authority and flexibility to move resources to needy areas. Binnendijk went on to say that ownership has to be built through participatory processes. Participatory processes involve partners, beneficiaries and stakeholders in all processes of budgeting and RBM. Only 4 respondents (8.9%) strongly agreed that they were involved in the preparation of budgets while 8.9% were not sure as to their involvement in the preparation of budgets.

**4.1.18 Budgets are used to measure performance in the organisation.**

The respondents’ perceptions on whether budgets are used to measure performance are depicted in Figure 4.16 below.
Data source: Primary: 2014

Discussion of the respondents’ perceptions on whether budgets are used to measure performance.

The findings in Figure 4.16 indicated that 25 of the respondents (55.6%) strongly disagreed with the notion that budgets were used as a performance measure in the Ministry. Only 3 respondents (6.7%) were in strong agreement with this notion. This in contradiction with findings of Adongo and Jagongo (2013) that there is a positive significant relationship between budgetary control and performance of State enterprises. On the other hand, Curristine (2009) also came out with the conclusion that that very few OECD countries were engaged in any form of direct performance budgeting since many countries did not link performance to output and outcome targets.

4.1.19 The motivation to achieve set performance targets given adequate resources (budget).

The respondents’ views on whether they can achieve set targets given adequate resources are depicted in Figure.17 below.
Figure 4.17 Respondents’ views on achieving set targets given the adequate resources.

![Motivated to achieve set targets given the resources](image)

Data source: Primary: 2014

Discussion of the findings of whether the respondents are rewarded for achieving the set targets.

The findings in Figure 4.17 showed that 22 respondents which translate to 48.9% of the population were of the strong opinion that there would be motivated to achieve set targets given adequate resources. This is in line with Curristine’s (2009) findings that if performance management and budgeting is to have an impact in any system it is important that key factors in decision-making are provided with motivations and incentives to change. Five respondents (11.1%) strongly disagreed with the notion.

4.1.20 Adjustment of set targets due to lack of resources.

The respondents’ views on the frequency of budget adjustments are depicted in Figure 4.18 below.
Figure 4.18 The respondents’ views on the frequency of budget adjustments

Data source: Primary: 2014

Discussion of findings of how often set targets are adjusted due to lack of resources.

The findings in Figure 4.18 revealed that 53.3% (24 respondents) indicated that no budget adjustments were made at all while 24.4% was not sure. 3 respondents (6.7%) indicated that budget adjustments were held quarterly. This is contrary to Binnendijk (2011) findings who found out that there should be complement performance monitoring with evaluations regularly to ensure appropriate decisions.

4.1.21 Rewards for achieving set targets

The views of the respondents on the perceived rewards for achieving the set targets are depicted in Figure 4.19 below.
Discussion of the findings on whether the respondents are rewarded for achieving set targets.

Most of the respondents (68.9%) in Figure 4.19 indicated that achieving set targets come with rewards. This is in line with the findings of Bester (2012) that incentives must be in place for managers and staff to use RBM. Incentives must be tailored to the context and culture of the organisation. 17.8% of the respondents indicated that no rewards were offered for achieving set targets.

4.1.22 The feeling when adequate resources (budget) are not provided.

The feelings of the respondents when adequate resources are not provided are shown on Figure 4.20 below.
Figure 4.20: Feelings of the respondents when adequate resources are not provided.

Data source: Primary: 2014

Discussion of the respondents’ feelings when adequate resources are not provided

Most of the respondents (40%) as shown in Figure 4.20 indicated that they feel discouraged when adequate resources are not provided. This was in agreement with Bester (2012) who found out that for RBM to be implemented effectively all elements of the system must work. The relevant resources, workable management and knowledge management must be in place to motivate and support RBM. 14.4% indicated that they did not care.
4.2 STRUCTURED INTERVIEW QUESTIONS

The interviews focused on three senior managers and six middle managers.

Discussion of findings of structured interview questions.

4.2.1 One’s position and their responsibilities in terms of budgeting and budgetary control

The majority of the managers interviewed stated that they were only asked to come out with anticipated expenditure targets for the ensuing period. The final budget was compiled by the finance department which can curtail the anticipated expenditure without any further consultations. This is contrary to the findings of Binnendijk (2011) who indicated that there should be budget ownership by using participatory approach as this builds ownership to the whole process.

4.2.2 The purpose of budgets and their impact on Results-based management.

The majority of the managers interviewed felt that budgets serve a useful purpose towards the achievement of Results-Based Management goals only if adequate resources are provided towards the achievement of the set targets. They were also of the opinion that they should always be consulted when budget adjustments are made. This is in agreement with the findings of Rivenbark and Kelly (2012) where municipalities were building capacity for performance budgeting by adopting performance measurements systems and augmenting their budget processes with performance results. Premchad (2012) also found out that a budget build a logical relationship between the financial outlays and the actual physical achievements.

4.2.3 Variance analysis on set targets to actual performance. The accountability of employees for the variances.

The majority said that that they do not perform variance analysis as far as budgets are concerned. Since no variance analyses are performed, there is no employee who is held accountable. Only the Director of Finance said that some variance analyses are done quarterly but no remedial action is taken due to lack of resources. He also said that at times funds are diverted to other areas that would not have been budgeted for. This is contrary to the findings of Binnendijk (2011) who found out that there should be performance monitoring with evaluations to ensure appropriate decisions.
Performance monitoring and evaluation should both be viewed as important dimensions of an effective RBM and budgetary control. Bester (2012) also found out that RBM is unlikely to succeed if there is no institutional accountability for results.

4.2.4 The budgetary control system provides a framework for judging performance (RBM). The managers’ view on human perspectives/motivation.

All the managers were of the opinion that if budgetary control is exercised with due diligence and adequate resources are also supplied to the employees, then the workforce is motivated to achieve the set targets. The Human Resources Director was of the opinion that a well-resourced worker is motivated to do his work and can achieve the set targets. In a research carried out by Adongo and Jagongo (2013) in Kenya, they found out that there is a positive significant relationship between budgetary control and performance of state corporations. If there is a significant relationship then somehow the budgetary process can motivate the employees.

4.2.5 The link between the budgetary process and the Results-Based Management in the organisation/department.

All the managers were also of the opinion that there is a strong link between the budgetary process and the Results-Based Management. They said that the results-based management concept cannot be achieved if there is not enough budgetary support. They all concurred that it will always remain a pipe dream. This is in concurrence with the findings of Adongo and Jagongo (2013) who found out that there is a positive significant relationship between budgetary control and performance of State corporations. Premchad (2011) also concurred that a budget builds a logical relationship between financial outlays and actual physical achievements.

4.2.6 Budgeting and budgetary control contribution to an effective Results-Based Management.

All the respondents concurred that without proper budgetary control and support then the Results Based Management cannot be effective. They said that workers need budgetary support in order to make RBM a success. Rivernbark and Kelly (2012) concurred that performance measures (results) were used to inform budget decisions. Premchad (2012) also found out that budgetary control helps to contribute to an
effective RBM by building a logical relationship between the financial outlays and actual physical output.

4.2.7 Provision of adequate resources to employees to achieve set targets.

All the managers concurred that the employees were not being provided with enough resources (budgetary support) to achieve the set targets. The Director of Finance complained of not receiving adequate financial support from the Ministry of Finance. Other managers said that funds were being diverted to areas that would not have been initially budgeted for and that own its own was a de-motivating factor. This was in agreement with the findings of Curristine (2009) who indicated that very few countries engaged in any form of direct performance budgeting since many countries do not link expenditure to output and outcome targets.

4.2.8 Ways in which budgeting and budgetary control can lead to an improved Results-Based Management.

The majority of the managers indicated that there should be regular meetings to inform them of any changes in the budget. They were of the opinion that there should be quarterly budget meetings. There also suggested that the Ministry should establish a budget committee rather than having the finance department doing everything for them. They also said it was unfair to have funds allocated to other areas that were not budgeted for in the first place. They indicated that they need to participate in every step of the budget.

The Director of Finance said that there should be no interference from the politicians as at times he is forced to fund projects that were not budgeted for. He said that the workforce would be left without or with very limited resources. He said this was a major contributory factor to budget deficit as a result it would be difficult to achieve goals of the Results-Based Management. Bester (2012) found out that there must be incentives in place for managers and staff to use Results Based Management. He also said that accountability is critical for effective RBM. Binnendijk (2011) also found out that budgetary control can lead to an improved RBM if there is leadership support for RBM reforms, complementing performance monitoring with evaluations to ensure appropriate decisions, giving managers autonomy to manage for results as well as accountability and building ownership by using participatory processes.
4.3 **Conclusion**

The chapter focused on the presentation of results. The research results were presented in the form of tables, bar graphs and pie charts. Findings of structured interview questions were also covered. The chapter concluded with the discussion of research findings. The researcher attempted to address the research questions using data from the findings.
CHAPTER V
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter gives a summary of the research by directly focusing on the research questions. The chapter also focuses on conclusions and recommendations as far as the effects of budgeting and budgetary control on Results-Based Management are concerned. The chapter concludes by focusing on or suggesting areas of further study on the effects of budgeting and budgetary control on RBM.

5.1 SUMMARY OF RESEARCH FINDINGS

The summary of research findings will be presented according to the research objectives as follows:

5.1.1 The link/relationship between budgeting and budgetary control and organisational performance.

- The researcher found that there is a link or relationship between budgeting and budgetary control and organisational performance.
- Although there is a positive relationship, the researcher found that there was some difficulty in linking the budget to the performance information.
- There should be capacity building for performance budgeting by adopting performance measurement systems and augmenting budget processes with performance results.
- The system of cost recording is poor hence the costs cannot be traced to results.

5.1.2 The effects of budgeting and budgetary control on Results-Based Management.

- There is improved greater transparency and accountability for the use of public resources as this can have a positive impact on RBM.
- It improves the efficiency and effectiveness of public expenditure by linking the funding of the public sector organisation to the results.
- Budgeting and budgetary control help to focus on results and costs.
5.1.3 **Budgeting and budgetary control influence on employees’ performance towards set targets.**

- There is need for sensitisation of management and employees on the importance of budgeting controls on the success of RBM.
- More training is needed on RBM and budgetary control so as to change the behaviour of the public servants and politicians.
- If RBM and budgeting is to have an impact in any system, it is crucial that key factors in decision making are provided with motivation and incentives to change.
- There is need to build ownership through participatory approach. There is a positive relationship between budget participation and performance.
- There must be incentives in place for managers and staff to use RBM.

5.1.4 **The best practices pertaining to budgeting and budgetary control and Results-Based Management**

- A budget committee should be established to oversee the implementation and function of the budget.
- Variance analysis should be regularly carried out so that the Results-Based Management is always on track.
- Managers and employees should be provided with incentives to enhance budgetary control and RBM.
- Recording of costs is a precursor for the success of budgetary control and RBM.
- Resources should always be linked to results.
- Participatory approach is a prerequisite for the success of budgeting and budgetary control and Results Based Management.

5.2 **CONCLUSIONS**

- There is a significant link between budgeting and budgetary control and Results Based Management.
- Budgeting and budgetary control has positive effects on RBM that can lead to greater transparency and accountability. There is improved efficiency and effectiveness of the budget by linking the budget to the results.
- Employees’ performance can only be enhanced if there is adequate budgetary support.
The participatory approach is vital for the success of both the budgetary process and RBM.

Leadership support is necessary in terms of the provision of resources for the success of RBM.

Without variance analysis on the budget and results, then the concept of RBM cannot be achieved.

5.3 RECOMMENDATIONS

The researcher has come up with the following recommendations to ensure positive effects of budgeting and budgetary control on Results-Based Management.

- Resources / funds should be provided after results or set targets are established.
- The organisation should link the budget to the set targets.
- Managers and employees should be incentivised in order for budgetary control and RBM to be successful.
- All levels and all employees should be involved in the preparation of budgets and performance targets since they are directly affected by them. This also enhances ownership of the process.
- Variances analysis should be carried out regularly so that corrective measures are done on time.
- Training on both budgeting and budgetary control and Results-Based Management should be done regularly so that the employees are well acquainted with the processes.
- Records of all costs pertaining to RBM should be done and kept so as to enhance budgetary control.
- There should be little or no room for unbudgeted for expenditure.
- Political interference on budgetary processes should be minimised or done away with.

5.4 SUGGESTIONS FOR FURTHER RESEARCH

The researcher is encouraging future researchers to look into the following areas.

a) An analysis of the effects of recording of costs on budgeting and budgetary control and Results-Based Management.
b) How variances analysis impacts on budgeting and budgetary control and Results-Based Management?

c) What role is played by incentives as regards the success of budgetary control and Results-Based Management?

d) An evaluation of training on the success of budgetary control and Results-Based Management.
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APPENDIX 1
QUESTIONNAIRE INTRODUCTORY LETTER

Ministry of Defence
96 Kwame Nkrumah Avenue
Defence House
Harare
Cell: 0712547063

04/10/14

Dear Sir/ Madam

My name is Chrispen Mukumba. I am a Bachelor of Accountancy (Honours) degree student at Bindura University of Science Education. I am carrying out a research on the Evaluation of the Effectiveness of Budgeting and Budgetary Control on Results-Based Management in the central government of Zimbabwe: A case study of the Ministry of Defence. May you kindly assist me by filling in the attached questionnaire to the best of your knowledge. Please note that there are no right or wrong answers, only honest answers.

Your responses will be treated with the highest degree of confidentiality and the result of the questionnaire will be used purely for study purposes.

Thank you for your kind assistance.

Mukumba Chrispen.
APPENDIX 2
RESEARCH INSTRUMENTS

QUESTIONNAIRE

SECTION A: DEMOGRAPHIC INFORMATION

*Please indicate by placing a tick in the appropriate box.*

1. What is your level in the organisation?
   - Senior management [ ]
   - Middle Management [ ]
   - Supervisory [ ]
   - Operational [ ]

2. How many years have you worked for The Ministry?
   - Less than 2 years [ ]
   - 2 – 5 years [ ]
   - 5 – 10 years [ ]
   - More than 10 years [ ]

SECTION B: The relationship existing between budgetary control and organizational performance.

3. How do you rate your understanding of budgetary control?

<table>
<thead>
<tr>
<th>Very Poor</th>
<th>Poor</th>
<th>Not sure</th>
<th>Good</th>
<th>Very Good</th>
</tr>
</thead>
</table>

4. How do you rate the use of budgets in your department?

<table>
<thead>
<tr>
<th>Very Poor</th>
<th>Poor</th>
<th>Not sure</th>
<th>Good</th>
<th>Very Good</th>
</tr>
</thead>
</table>

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5. **Basis** – How do you compile your budget? *Choose one.*
   a) Use previous year’s budget as the baseline plus adjustment [ ]
   b) Assume zero resources and build the budget by justifying each activity (no reference to previous year? [ ]
   c) Flexible Budgeting [ ]
   d) Use a combination of A and B above? [ ]
   e) Note sure

6. **Do you have a budget committee in your organisation?**
   Yes [ ] No [ ] Not sure [ ]

   If yes, what is its composition?
   ............................................................................................................................
   ............................................................................................................................
   Who chairs the meeting? ..............................................................................

7. **How do you understand the concept of Results-Based Management?**
<table>
<thead>
<tr>
<th>Very poor</th>
<th>Poor</th>
<th>Not sure</th>
<th>Good</th>
<th>Very Good</th>
</tr>
</thead>
</table>

8. **Where you trained on the concepts of Results-Based Management?**
   Yes [ ] No [ ]

9. **How often are RBM refresher courses held?**
   Semi-annually [ ] Annually [ ] Not at all [ ] Not sure [ ]

10. **Do you think the RBM training achieved the intended objectives?**
    | Strongly disagree | Disagree | Not sure | Agree | Strongly Agree |
    |-------------------|----------|----------|-------|----------------|

11. **Are resources (budget) provided linked to performance measurements?**
    | Strongly disagree | Disagree | Not sure | Agree | Strongly Agree |
SECTION C: The effects of budgeting and budgetary control on Results Based Management

12. Tracking actual performance is difficult because of an inaccurate record-keeping system within the organisation.
   Yes [ ] No [ ] Not sure [ ]

13. How often are the budgets reviewed or adjusted due to lack of resources?
   Monthly [ ] Quarterly [ ] Semi-annually [ ] Annually [ ] Not sure [ ] Never at all [ ]

14. Do you think management cares if set targets are achieved or not?

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

15. Are regular meetings held with line managers to discuss the budget issues/variances?

   Explain briefly.
   Yes [ ] No [ ] Not sure [ ]

16. Are deviations/variances taken seriously by management?

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

SECTION D: Influence of budgeting and budgetary control towards on employee’s performance towards achieving the set targets

17. Are you or all levels involved in the budget preparation?

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

18. The budget is (choose one)

   i. Imposed by senior management [ ]
   ii. Agreed at operational/dept level and ‘sold’ to senior mgt [ ]
   iii. Negotiated between budget holders and executives [ ]
   iv. Not sure [ ]
19. Budgets are used to measure performance in the organisation.

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

20. Resources provided are adequate to achieve set targets are adequate

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

21. Do you have budgetary control meetings?

Yes [  ] No [  ] Not sure [  ]

If yes, how often?

<table>
<thead>
<tr>
<th>Monthly</th>
<th>Quarterly</th>
<th>Semi-annually</th>
<th>Annually</th>
</tr>
</thead>
</table>

22. Are you happy with the frequency?

Yes [  ] No [  ] Not sure [  ]

Explain...........................................................................................................

23. Are you motivated to achieve set performance targets given adequate resources (budget)?

<table>
<thead>
<tr>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not sure</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

24. Are you rewarded for achieving set targets? Yes [  ] No [  ] Not sure [  ]

25. How do you feel when adequate resources (budget) are not provided?

<table>
<thead>
<tr>
<th>Do not care</th>
<th>Discouraged</th>
<th>Very discouraged</th>
<th>Not sure</th>
</tr>
</thead>
</table>
1. What is your **position** and what are your **responsibilities** in terms of budgeting and budgetary control?

2. In your opinion, do budgets serve a **useful purpose** and do they have any effects on Results Based Management?

3. Does your organisation perform **variance analysis** when comparing the budget to the actual amounts as well as targeted output to actual results? Are the employees **held accountable** for the variances, and do they need to put together **comments** as to why they had a variance?

4. The **budgetary control system** provides a framework for judging performance (RBM). What is your view as regards the human perspectives? In other words, does the budgeting system motivate employees?

5. What is the link between the budget process and the **Results-Based Management** in the organisation/department? Kindly explain.

6. How does budgeting and budgetary control contribute to an effective Results-Based Management?

7. Do you think the employees are provided with adequate resources to achieve set targets? If not, what could be the problem?

8. In your opinion, what could be done so that budgeting and budgetary control can lead to an improved Results-Based Management?