



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF BUDGET PRACTICE IN NGO'S, IN THE CASE
OF GRARBET TEHADISO MAHBER**

BY: MELAT FANTU

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BY

MELAT FANTU

SGS/0130/2014B

**THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF
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STATEMENT OF DECLARATION

I, Melat Fantu, declare that this thesis is my original work, prepared under the guidance of Mohammed Seid (Asst. Professor). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for earning any degree.

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St. Mary's University, Addis Ababa

January, 2024

STATEMENT OF CERTIFICATION

This is to certify that the thesis presented by Melat Fantu entitled: “Budget implementation and practice in NGO’s, the case of Grarbet Tehadiso Mahber” in Partial fulfillment of the requirement for degree of MBA in Accounting and Finance fulfills with the regulation of university and meets the accepted standards with respects to originality and quality.

Name: Mohammed Seid (Asst. Professor)

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ACRONYMS AND ABBREVIATIONS

CMAI - Cost and Management Accountant Institution

CSOs - Civil Society Organisations

GTM – Garabet Tehadiso Mahber

NAF - Non-profit Assistance Foundation

NGOs - Non-Governmental Organisations

PPBS - Planning Programming Budgeting System

ZBB – Zero Based Budgeting

ABSTRACT

The study aims to assess budget practices in Garbet Tehadiso Mahber, The research pursues to describe budgeting processes and budget monitoring practices in Garbet Tehadiso Mahber and the conditions that result good budget implementation.

The study utilizes primary data from questionnaire surveys. Questionnaires were distributed to the entire target population of 52 staff directly engaged in the budgeting process, resulting in 46 completed and returned surveys. Qualitative data were subjected to analysis using descriptive statistical methods, including percentages and frequency, through SPSS version 25. The findings reveal that the organization's overall budget preparation and utilization system lacks the involvement of relevant staff members and the timely & accurate recording of actual results is identified as an area needing improvement, Furthermore, the study indicates that a well-documented budgeting process for new projects or donors is less likely to pose challenges, requiring minimal time for learning and adaptation. The study concludes that the absence of user participation in budgeting, coupled with delays in recording actual results, irregular budget comparisons, and untimely reporting, hampers decision-making, emphasizing the crucial recognition of budgets for effective execution; nevertheless, a well-documented budgeting process facilitates smoother implementation for new projects, with organizational stability positively influencing goal achievement.

Keywords: Budget implementation, Budget monitoring, Budget control, Budget preparation.

Chapter 1: INTRODUCTION

This chapter tries to cover the background of the study, background of the company, statement of the problem, objective of the study, research questions, significance, scope, limitation and organization of the study.

1.1 Background of the Study

To make budget is to be forward looking management, namely, to control budgetary provisions. By budgeting is determined affecting resources and responsibilities each activity centre. Budget is forecast figure of earmarked resources and insurance responsibilities to achieve the objectives of the institution in terms of efficiency and effectiveness (Cretu, 2010).

The modern notion of budgeting started in the central government of the United Kingdom. It later evolved gradually because of parliament's battle to gain control over the crown's finances. Magna Charta of 1217 stated that "no cottage or aid shall be imposed in the kingdom unless by the common council of kingdom." Following the 1688 revolution, parliament accepted the right to sanction crown expenditure as well as taxation aside from items on the sovereign's civil list, which was subsequently decreased until it included only the royal family's personal costs.

A budget is the quantitative statement of management's projected plan of action for a specific period, and it aids in coordinating what must be done to put the plan into effect. (Horngren et al, 2003). A budget can cover both financial and non-financial parts of the plan and serves as a road map for the organization to follow in the future. It is a crucial instrument in the running of any firm. It necessitates functioning efficiently and providing high-quality service, both of which necessitate spending.

Traditionally, budgeting has always been viewed as a way of limiting expenditure, hence a great part of managements time is devoted to the allocation of fund. However, empirical evidence in todays globalized world, suggest that budgeting goes beyond merely showing expected revenue and project expenditure. Rather, a budget protects and controls the way management reacts to proposals brought before it, while also examining the present and

future cost as well as benefits associated with such a proposal. In achieving this though, it must not lose sight of the environment in which it operates. This same principle goes with the preparation of a budget, such that in preparing a budget, management of businesses must realize that it is indeed a part of the economic system and as such, can influence as well as be influenced by activities within the economic system (Lambe, 2014).

Ethiopia established the practice of government budgeting during the reign of Hailesilase I. However, it was not initially designed in such a way as to allow efficient financial administration, but over time, constant modifications to the budget system were made before it acquired its current state (Miju and Girma, 2014).

A budget, whether for a public institution or a private corporation, was a fundamental and effective management tool. It serves as a tool for planning and controlling the use of limited financial resources in the achievement of organizational goals (Schick, 1999). A budget is a quantitative plan that details the approach to be used in resource acquisition, allocation, and usage over a specific time. A well-planned budget is essential for cost management.

The Public Budget is a process by which government sets levels of expenditure, allocates the spending of resources among all sectors to meet national objectives. It is the financial plan of action for the year reflecting government priorities on expenditure, revenue, and overall macroeconomic policy. Policies, programs, and projects would remain as wishful aspirations of government unless they receive the required funding to translate them into practice. For these reasons, the public budget is considered as an important process that attracts the attention and consideration of the public at large. The government needs to prepare a budget since it must plan the extent of its expenditure and revenue (Esayas, 2014). Budgetary control is a technique applied to the control of total expenditure on materials, wages and overhead by comparing actual performance with planned performance. This technique is also believed to be another valuable aid in cost control and coordination (Mkrue, 2013).

NGOs have invested billions of dollars in a wide range of sectors, including food security, emergency relief, water development, health, education, agriculture, women's, and children's development, and so on. It is too obvious that projects are essential to the existence and success of multinational NGOs. Consistent with this, (Meskendahl, 2010) describe projects as the key building block utilized in implementing organizational strategies and go on to argue that organizational success is decided by the success of their projects. As a result, project success and its drivers are hotly debated topics.

Thus, the purpose of this research is to assess Garbet Tehadiso Mahber's budget implementation and practice. The specific goal is to investigate the effect of budget implementation, budget use, and budget processes on organizational performance..

1.2 Background of the Company

Garbet Tehadiso Mahber (GTM) is an indigenous Non-Governmental Organization (NGO) dedicated to improving lives of rural communities in central Ethiopia. It was established in 1996 and legally registered with the Agency for Civil Society.

GTM provides rehabilitation and medical services to people with visually impairment, hard of hearing, post-polio paralysis, skill training of PWD and epilepsy. As part of its comprehensive eye care service, GTM is actively involved in the national effort to control and eliminate Trachoma, the commonest infectious cause of blindness in the country.

The main center of GTM is in Butajira town, 135 kilometers south of Addis Ababa. The medical and rehabilitation service delivery catchment areas in the Southern Nations Nationalities and Peoples' Region (SNNPR) include seven districts (Woredas) of the Gurage and Silti Zones. The second GTM center is in Batu/Zeway, 50 kilometers southeast of Butajira. The Batu/Zeway GTM specialty eye care center is the only one of its kind in the Oromia region and provides comprehensive eye care services to the rural community of four Woredas (districts) in East Shoa and West Arsi Zones.

Grarbet Tehadiso Mahber gets fund from its donors and service income the majority fund is from donors.

1.3 Statement of the Problem

Sometimes NGOs are unable to carry out their activities as planned, resulting in funding being underspent or overspent. NGOs may be required to request no cost extensions in cases of underspending and cost extensions in cases of overspending, with possible budget amendments, which can be viewed as ineffectual in carrying out projects in accordance with the donor's agreement.

Non-governmental international organizations working in Ethiopia on humanitarian and development issues in various ways are facing budget and control challenges, which are affecting organizational performance due to the government of Ethiopia's unbalanced budget utilization proclamation, which is 30% for administration expenses and 70% for program purposes from the total proportion of budget. NGOs have difficulties in meeting the 70/30 requirement and NGOs are forced to compromise on programs 'deliverables quality. NGOs are sandwiched to satisfy donor's interest by achieving high quality project outputs and on the other being compliant to the guideline by reducing administrative costs. The difficult part is major activities that are required for successful project accomplishments are found in the administrative category of the guideline (Meseret, 2016).

Most non-governmental organizations in Ethiopia place a high value on budgeting and budget monitoring when it comes to managing funds to conduct initiatives to help the disadvantaged. Budgets are created to allocate resources and mobilize funding through proposals to funders. NGOs have a master budget that directs resource allocation and mobilization when developing budget submissions to collect cash from funders. However, all NGOs, regardless of size, have all aspects of the budgeting process and monitoring variances to make timely choices. Some NGOs are under pressure and produce a budget rapidly without sufficient consultation with concerned staffs and fail to

document how the budget is prepared, which becomes a hurdle at the next phases of implementation and monitoring the plan (Alice,2012: 12).

A study on the budget preparation and utilization for Save the Children Ethiopia prepared by Meseret (2016) concentrated on budget planning, monitoring, and utilization activities carried out during project cycle times. The analysis found that the organization's budget preparation and utilization mechanism lacked the participation of key personnel. Participation of staff in budget preparation aids in accomplishing budget objectives such as collaboration, communication, and motivation in the process of obtaining the required performance level. The researcher proposed that the organization involve the relevant personnel in budget planning, budget monitoring, and budget utilization.

Lily (2021) researched budget implementation and practice in Hamlin Fistula Ethiopia. The study focused on the planning and approval procedure of a budget, utilization, implementation, and control in the organization. The study showed Hamlin Fistula Ethiopia because of ineffective planning the organization faced underspending in implementation process, and the organization has no standardized time for monitoring budget and doing variance analysis regularly. The researcher recommended for variance analysis to be done regularly to compare budget versus expenditure by budget holders and finance experts who are responsible for the project.

As the researcher's understanding recently, there has been limited research conducted on budget practices among NGOs involved in medical treatment in Ethiopia. The only study identified pertains to the Hamelin Fistula Ethiopia organization, which was exclusively carried out by the head office. This highlights a significant research gap in understanding the budget practices of regional office NGOs in Ethiopia, So that, this study is expected to enhance understanding of budget implementation and practice in regional office, including preparation, constraints, implementation, regulation, variations, and performance, within Garbet Tehadiso Mahber.

1.4 Basic Research Questions

The research aimed to address the following question:

- To determine the personnel responsible for budget planning, evaluation and performance report.
- How do organizations prepare their budgets, and what factors influence their budgeting processes and practices?
- What are the major challenges of budget allocation and utilization?
- How do organizations implement their budgets, and what are the factors that influence the effectiveness of budget implementation processes?
- Does budget monitoring and evaluation contribute for effectiveness of Grarbet Tehadiso Mahber?

1.5 Objectives of the Study

1.5.1 General Objective of the Study

The overall objective of the study was to assess budget implementation and practice in the case of Grarbet Tehadiso Mahber.

1.5.2 Specific Objective of the Study

1. To assess on what basis and what consideration are taken to plan a budget.
2. To identify factors that affect (determine) the effective budget utilization.
3. To investigate major challenges of budget allocation and budget utilization in Grarbet Tehadiso Mahber.
4. To evaluate budget implementation and performance of Grarbet Tehadiso Mahber.

1.6 Significance of the study

The study aimed to provide information on how the planning and implementation of budget is done at Grarbet Tehadiso Mahber which will be significant to the following individuals:

- First it will contribute to filling the budget utilization and allocation gap of Grarbet Tehadiso Mahber and helps the top management to have clear understanding about budget utilization in the organization and take the necessary measure to improve budget utilization in line with GTM's plan.
- The study identified the challenges faces when budgets are allocated and utilized at Grarbet Tehadiso Mahber.
- The study will provide knowledge on how Grarbet Tehadiso Mahber plans and implements budgets.
- The study will provide additional source for researchers focusing on planning and implementation of budgets specifically on NGO's.

1.7 Scope and Limitation of the study

The scope of this research is limited to Grarbet Tehadiso Mahber in Addis Abeba and Butajira branch excluding regional Office in Batu/Zeway. Therefore, it lacks covering of Batu center because of time and financial constraints. The research goes through to assess budget practice in GTM and focused on budget preparation, implementation, controlling, variance & performance and experience of employees of the head office and Butajira center of Grarbet Tehadiso Mahber. However, similar study is needed to be conducted in the Batu branch center and further study on other variables as well.

1.8 Organization of the paper

The structure of this master's thesis is divided into five sections. The first chapter provides an overview of the study. The second chapter includes a review of pertinent literature. The third chapter details the research methodology and design. The fourth part is dedicated to the presentation and analysis of data. The final part, and the last one, delves into the conclusions and recommendations for Grarbet Tehadiso Mahber.

Chapter 2: LITERATURE REVIEW

2.1 Introduction

In this chapter the concept of budgets, budget preparation and the budget implementation and some empirical literatures are discussed. This is achieved by gathering the available literature by Scholars and academician on the subject.

2.1.1 Concept of Budget

The word “budget” comes from the French word: bougette which is a small leather bag or wallet containing spending money along with the spending purpose. In the views of Charles (1997) a budget is a quantitative expression of plan of action and an aid to coordination and implementation. This suggest that budgets are designed to carry out a variety of functions, planning, evaluating performance, coordinating activities, implementing plans, communicating, motivating and authorization, thus punctuating the basic element of a result oriented budgetary system.

Budgeting systems are universal and have been considered an essential tool for financial planning. These systems are meant to organize and encourage the performance of nongovernmental organizations (Abernethy and Brownell, 1998). Budgeting no doubt is a veritable tool for planning, controlling, coordinating, evaluating, directing, communicating and aiding decision making, but the whole process is not perfect altogether. For some years now, there has been movement against budgetary process. As a result, budgeting has evolved leading to the development of techniques like: Activity based budgeting, performance budgeting, value budgeting, process reengineering, balanced score card, Zero based budgeting, IT based budgetary process, and planning programming budgeting system(PPBS) etc.

The budgeting system of every organization provides those saddled with the responsibilities of managing such organization the basis to determine how to source, allocate and utilize funds to support logical decision making and achieve organizational

goal. Through the budgetary system, organizations have planned activities which are effectively quantified into monetary terms and definite periods.

One of the emerging issues in today's globalized world is that managers are planning for the future of their organizations in an environment where changes in conditions are experienced at frequent intervals. The value of currencies rise and fall, prices of input materials suddenly fluctuates and there are generally structural imbalances and rigidities in the global economic systems. Amid these conditions, management must make comprehensive appraisals and take critical decisions about the future of the organization in order to remain a going concern and result oriented. According to Lambe (2014), one of the effective ways to prepare for changing conditions is to provide a framework that contains specific plan that is sufficiently flexible to adapt to unanticipated changes. A comprehensive process of providing such framework is known as budgeting. It involves the setting of targets, and effectively monitoring of actual performance against those budgeted.

The Cost and Management Accountant Institution (CMAI) describes a budget as a financial or quantitative declaration crafted and sanctioned before a specified timeframe, outlining the policy to be followed during that period with the aim of achieving specific objectives. This statement may encompass income, expenses, and the utilization of capital.

2.1.2 Budgeting Process

The various activities within an organisation require to be coordinated by preparation of plans of actions for future periods (Drury, 1992). Lucey and Drury (1992), emphasise the importance of budgeting to an organisation and indicate that no goal of an organisation can be achieved without planning. Top managers provide the strategic directions of the organisation and select the strategic option that have the greatest potential of achieving the organisation objectives. Long-term plans should be developed to implement the strategies and of course the financial implication is defined through projections. Generally, a budget translates the long term plans of an organisation into annual

operating plans. The budgeting process therefore involves reviewing the projections of the long term plans and revises them in the light of more recent information (Drury, 1992). As such, Drury (1992), states that the budgeting process cannot be viewed as being purely concerned with the current year but must be considered as an integral part of the long-term planning process as it is influenced by decisions taken in the past and has implications on programmes that will be undertaken in future. Likewise, Muleri (2001), stated that budgeting practice comprises the whole budget cycle process which entails 12 the philosophies adopted to guide preparation of a budget, the approval process and the mandate for implementation. The keys to a successful budgeting process as provided by NAF financial foundation in its handbook on practical financial information for NGOs are that first clearly identify programmatic objectives that are aligned with the mission and strategic plan, determine the financial resources needed and available to achieve program goals, involve staff and board members in the process to improve accuracy of information and commitment to the plan, document indicating the assumptions and formulas and finally customise the process to suit your organisation. All over the world, participatory budgeting is being advocated. This is based on the belief that stakeholders' participation in the budgeting process improves transparency, accountability and service delivery. Mukokoma, (2010) found that the participation of CSOs in the budgeting process is still very low and that the relationship between this participation and effectiveness of the budget process is very weak. Therefore, it is recommended that relevant organisations build the capacity of CSOs to participate in the budgeting process, to secure the benefits of budget effectiveness associated with such participation. Ibrahim (2004) stated that "there is need to determine budget objectives and purposes, as well as finding ways of achieving them. Plans depend upon the existence of alternatives and then discussions have to be made regarding what to do, how to do it, when to do it and by whom it is to be done, planning budget need early preparation, this is because budgeting is a back room activity and can take a lot of time". Budget request usually go through series of stages. Therefore, the early it is started the better. 13 Some of the key reasons for producing budgets as explained by Drury, Hongren and Lucey are planning, coordination, communication, motivation, and control and performance evaluation. A

sound budgeting system helps to coordinate the separate activities and ensures that all parts of the organisation are in mutual harmony. Everyone in the organisation must be clear on the role they are expected to play in achieving the annual budgets, this way accountability levels of different positions are defined (Mukokoma, 2010). To measure progress of budget utilization, there is need for a specific check points to be fixed that will allow effective control of budget implementation. The tool not only allows measurement to be made but also allows comparison to be made between the actual results with planned and budget goals. A careful management study should be made to determine the underlying causes (Suberu, 2010).

(Drury, 2012, p. 361), has identified that budget has a number of use full advantages including,

1. **Planning** annual operations;
2. **Coordinating** the activities of the various parts of the organization and ensuring that the parts are in harmony with each other;
3. **Communicating** plans to the various responsibility centre managers;
4. **Motivating** managers to strive to achieve the organizational goals;
5. **Controlling** activities;
6. **Evaluating** the performance of managers.

Drury discussed these advantages in detail as shown here under.

1. Planning

The major planning decisions already have been made as part of the long-term planning process. However, the annual budgeting process leads to the refinement of those plans, since managers must produce detailed plans for the implementation of the long-range plan. Without the annual budgeting process, the pressures of day-to-day operating problems may tempt managers not to plan for future operations. The budgeting process ensures that managers do plan for future operations, and that they consider how conditions in the next year might change and what steps they should take now to respond to these changed conditions. This process encourages managers to anticipate problems

before they arise, and hasty decisions that are made on the spur of the moment, based on expediency rather than reasoned judgment, will be minimized, (Drury, 2012, p. 361).

2. Coordination

The budget serves as a vehicle through which the actions of the different parts of an organization can be brought together and reconciled into a common plan. Without any guidance, managers may each make their own decisions, believing that they are working in the best interests of the organization. For example, the purchasing manager may prefer to place large orders so as to obtain large discounts; the production manager will be concerned with avoiding high inventory levels; and the accountant will be concerned with the impact of the decision on the cash resources of the business. It is the aim of budgeting to reconcile these differences for the good of the organization as a whole, rather than for the benefit of any individual area. Budgeting therefore compels managers to examine the relationship between their own operations and those of other departments, and, in the process, to identify and resolve conflicts (Drury, 2012, p. 361).

3. Communication

If an organization is to function effectively, there must be definite lines of communication so that all the parts will be kept fully informed of the plans and the policies, and constraints, to which the organization is expected to, conform. Everyone in the organization should have a clear understanding of the part they are expected to play in achieving the annual budget. This process will ensure that the appropriate individuals are made accountable for implementing the budget. Through the budget, top management communicates its expectations to lower level management, so that all members of the organization may understand these expectations and can coordinate their activities to attain them. It is not just the budget itself that facilitates communication – much vital information is communicated in the actual act of preparing it, (Drury, 2012, p. 361).

4. Motivation

The budget can be a useful device for influencing managerial behaviour and motivating managers to perform in line with the organizational objectives. A budget provides a standard that under certain circumstances, a manager may be motivated to strive to achieve. However, budgets can also encourage inefficiency and conflict between managers. If individuals have actively participated in preparing the budget, and it is used as a tool to assist managers in managing their departments, it can act as a strong motivational device by providing a challenge. Alternatively, if the budget is dictated from above, and imposes a threat rather than a challenge, it may be resisted and do more harm than good, (Drury, 2012, p. 362).

5. Control

A budget assists managers in managing and controlling the activities for which they are responsible.

By comparing the actual results with the budgeted amounts for different categories of expenses, managers can ascertain which costs do not conform to the original plan and thus require their attention. This process enables management to operate a system of management by exception which means that a manager's attention and effort can be concentrated on significant deviations from the expected results. By investigating the reasons for the deviations, managers may be able to identify inefficiencies such as the purchase of inferior quality materials. When the reasons for the inefficiencies have been found; appropriate control action should be taken to remedy the situation, (Drury, 2012, p. 362).

The budget is used as a tool for evaluating the success of the project, when it is finished. It helps to answer the question: Did the project achieve what it set out to achieve? (Lweis, 2012, pp. 27-28)

According to Manso (2014) budgeting and budgetary control practices and procedures in timber firms, found that budgeting and budgetary control serves as a basis of planning, controlling cost of operations and evaluating performance of workers of the organization.

According to his finding, budget serves as a blue print for any organization to follow in an up-coming period usually for one year period.

6. Performance evaluation

A manager's performance is often evaluated by measuring his or her success in meeting the budgets. In some companies bonuses are awarded on the basis of an employee's ability to achieve the targets specified in the periodic budgets, or promotion may be partly dependent upon a manager's budget record. In addition, the manager may wish to evaluate his or her own performance. The budget thus provides a useful means of informing managers of how well they are performing in meeting targets that they have previously helped to set. The use of budgets as a method of performance evaluation also influences human behaviour, (Drury, 2012).

2.1.3 NGO's Budgeting Techniques

According to Lewis (2012), there are two main methods to build budget in nongovernmental organizations that is incremental and zero-base budgeting in the process of proposal budget preparation. Also studies shows activity based approach and Rolling Forecasts/Rolling Budgets approach are also used on NGO's environment.

2.1.3.1 Zero-based budgeting (ZBB)

This approach is to start with a clean sheet with a zero base. Zero-base budgeting does not refer previous experience and starts with next year's targets and activities. ZBB requires satisfactory budget justification to all the resource requirements. This process may suit organizations going through a period of rapid change and those, like NGOs, whose income is activity-based that is going to implemented in the project periods. Zero-based budgets are more accurate to non-government organizations budgeting since they are based on the detail of planned activities. This approach imposes much greater workload on managers than incremental budgeting approach.

Zero-based budgeting is an approach to planning and decision-making which reverses the working process of traditional budgeting. In traditional incremental budgeting (Historic

Budgeting), departmental managers justify only variances versus past years, based on the assumption that the "baseline" is automatically approved. By contrast, in zero-based budgeting, every line item of the budget must be approved, rather than only changes. During the review process, no reference is made to the previous level of expenditure. Zero-based budgeting requires the budget request be re-evaluated thoroughly, starting from the zero-base. This process is independent of whether the total budget or specific line items are increasing or decreasing (Drury, 2012).

The term "zero-based budgeting" is sometimes used in personal finance to describe, "zero-sum budgeting", the practice of budget every unit of income received, and then adjusting some part of the budget downward for every other part that needs to be adjusted upward. Zero based budgeting also refers to the identification of a task or tasks and then funding resources to complete the task independent of current resourcing (Yesuf, 2015).

2.1.3.2 Incremental budgeting

This is a budget prepared using a previous period's budget or actual performance as a basis with incremental amounts added for the new budget period. The allocation of resources is based upon allocations from the previous period. This approach is not recommended as it fails to take into account changing circumstances. Moreover it encourages "spending up to the budget" to ensure a reasonable allocation in the next period. It leads to a "spend it or lose" mentality.

This approach bases any year's budget on the previous year's actual, or budgeted, figures with an allowance for inflation and known changes in activity levels. It has the advantage of being simple and quick to implement. It is most useful for organizations where activity and resource levels change little from year to year. This approach does not encourage fresh thinking and may perpetuate existing inefficiencies. It also makes it difficult to justify the figures to donors since the original calculations may be long forgotten.

The advantages of incremental budgeting:

1. The budget is stable and change is gradual.

2. Managers can operate their departments on a consistent basis.
3. The system is relatively simple to operate and easy to understand.
4. Conflicts should be avoided if departments can be seen to be treated similarly.
5. Co-ordination between budgets is easier to achieve.
6. The impact of change can be seen quickly.

The disadvantages of incremental budgeting:

1. Assumes activities and methods of working will continue in the same way.
2. No incentive for developing new ideas.
3. No incentives to reduce costs.
4. Encourages spending up to the budget so that the budget is maintained next year.
5. The budget may become out of date and no longer relate to the level of activity or type of work being carried out.
6. The priority for resources may have changed since the budgets were set originally. There may be budgetary slack built into the budget, which is never reviewed-managers might have overestimated their requirements in the past in order to obtain a budget which is easier to work to, and which will allow them to achieve favourable results.

Activity-based budgeting is a special form of ZBB and is frequently used in the NGO sector to create project budgets (Mango, 2009).

2.1.4 Budget Utilization

According to Tommasi (2007) budget utilization is the phase where resources are used to implement policies incorporated in the budget. As he noted, 'A well-formulated budget can be poorly implemented, but a badly formulated budget cannot be implemented well. Good budget preparation comes first'. Successful budget utilization depends on factors, such as the ability to deal with changes in the macroeconomic environment, and the implementation capacities of the organizations concerned, assurance of effective expenditure control, resolving problems arising during implementation, managing the purchase and use of resources efficiently (Allen and Tommasi, 2001). Budget utilization

system should ensure not only accurate aggregate expenditure control, but also effective and efficient uses of resource in accordance with budget priorities. Its procedure should be appropriately balanced in order to avoid conflicts between these objectives (Allen and Tommasi, 2001).

2.1.4.1 Concept of under and over utilization of budget

Performance- Based Budgeting ?

Performance-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.

There are a number of models of performance based budgeting that use different mechanisms to link funding to results. Some have very sophisticated features and require the support of correspondingly sophisticated public management systems, while others focus more on the basics. Performance-based budgeting should not be seen as an isolated initiative. It should be viewed, rather, as part of a set of broader reforms often referred to as an aging for results designed to focus public management more on results delivered and less on internal processes.

The most basic form of performance based budgeting is that which aims to ensure that, when formulating the government budget, key decision makers systematically take into account the results to be achieved by expenditure.

The essential requirements for this most basic form of performance based budgeting are information about the objectives and results of government expenditure, in the form of key performance indicators and a simple form of program evaluation and a budget preparation process designed to facilitate the use of this information in budget funding decisions, including simple expenditure review processes and spending ministry budget decisions. A program classification of expenditure in the budget is also highly recommended. By classifying expenditure into groups of similar services with similar objectives, a program budget helps budget decision makers compare the costs and benefits of expenditure options. Systematic consideration of results in the budget preparation process has the potential to improve expenditure prioritization (the capacity to allocate limited resources to where they will do the most good) and encourage line

ministries to spend more efficiently and effectively by making them aware that their performance will influence their level of funding and by reducing or streamlining the controls that impede good performance.

2.1.4.2 Budget Processes to Use Performance Information

The availability of the right performance information is a necessary but not a sufficient condition for the success of performance-based budgeting. The performance information also has to be actually used in the budget process. There have been a number of examples of countries that have made great efforts to develop the necessary performance information—and have also placed the budget on a program basis but have then failed to make any significant use of this information when deciding the budget. Experience shows that, in order for performance-based budgeting to work, reconsideration of spending priorities and program performance need to be formally integrated into the budget process. These routines need to be designed so as to make maximum use of available information on program performance. The precise form such routines should take should be country-specific, depending in part on national specifics such as the characteristics of the political and administrative systems. However, some key common elements are a strategic phase early on in the budget cycle, which incorporates a preliminary consideration of the government's broad expenditure priorities.

2.1.5 Budgetary control meaning and requisites

In relation to budgeting there is a concept known as budgetary control where budget is a means and budgetary control is the end result. As defined by the Chartered Institute of Management Accountants, London, Budgetary Control is —The establishment of budgets relating to the responsibilities of executives to the requirements of a policy, and the continuous comparison of the actual with the budgeted result, either to secure by individual action the objective of the policy or to provide a basis for its revision, (Gopal, 2009).¹

(Gopal, 2009) states that establishing budgetary control involves:-

- establishment of budgets,
- continuous comparison of actual with the budgets for achievement of targets and fixing the responsibility for failure to achieve the budget figures,

- Revision of budgets in the light of changed circumstances.

This facilitates the management to take the required corrective action by the persons who have been made responsible, but contributed for the failure.

For a budgetary control to be success full there must be requisites to be considered. (Gopal,2009). These requisites include:-

- ✓ **Determination of the Objectives:** There should be clear perspective of the objectives to be achieved through the budgetary control system. To achieve, the following problems are to be sorted out:
 - ✓ Laying down the Plan for implementation to achieve the objectives
 - ✓ Bringing **co-ordination** amongst the different departments and
 - ✓ **Controlling** each function so as to bring the best possible results.
- ✓ **Proper Delegation of Authority and Responsibility:** The first step is to have clear organization chart explaining the authority and responsibility of each individual executive. There should be no uncertainty regarding the point where the jurisdiction of one authority ends and that of another begins.
- ✓ **Proper Communication System:** The flow of information should be quick so that the budgets are implemented. **Two-way communications is important.** What is required to be achieved and how it is to be achieved should reach the lowest level. Similarly, upward communication in respect of implementation difficulties should reach the top level to sort out, without loss of time. The performance reports at the various levels help the management in monitoring and leading to the achievement of the budgeted goals.
- ✓ **Participation of all Employees:** Budget preparation and control are done at the top level.

However, involvement of all persons, including at the lower level, is necessary in framing the budget and its implementation for the success of budgetary control. In practice, budgets are executed at the lower level. With experience, they can offer practical suggestions that can lead to success.

The success of Budgetary Control depends more on the active participation of all employees of the organization.

- ✓ **Flexibility:** Future is uncertain. Despite the best planning and foresight, still there may be Occurrences that may require adjustments. Budgets should work in the changed circumstances.
- ✓ **Motivation:** Human beings execute Budgets. There should be incentive in achieving the required targets. All persons should be motivated to improve their working to achieve the goals set in the budgets.

2.2 Empirical Literature

The empirical investigation focuses on preceding scholarly inquiries into the evaluation of budget implementation and practices. Within this study, various researchers have conducted relevant investigations, and some of these are outlined as follows.

According to Turyakina (2004) pointed that, budgets play a highly important role in performance evaluation. Attaining corporate objectives is per amount to success. Performance of any organization is often evaluated by measuring success in meeting the budget objectives. When budget is successfully implemented and executed will enable realization of company objectives and once this has been done the organization is said to have achieved at performance level. Thus, efficient budget management is important for smooth performance of any organization financial control over inputs. It is also instrumental for allocating scarce resources to government priorities so that government objectives are achieved in the most efficient and effect manner (Bradley, 1968).

According to Dugdale & Lyne (2006), there are series of articles in management accounting, calling for non-governmental organizations to replace budgets with a range of indicators and techniques. They see the use of budgets as part of a performance contract, as a pernicious practice, claiming that it leads to numerous problems which include; meeting only the lowest targets, using more resources than necessary, making the bonus-whatever it takes, spending what is in the budget and providing inaccurate forecasts.

Muleri (2001) did a study on budgeting practices among the major British NGOs in Kenya. The aim of the study was to ascertain budgeting practices amongst British NGOs in Kenya and to examine the extent to which budgets are used in management and control of the British NGOs. The researcher targeted four international NGOs and twelve local NGOs they funded. A questionnaire and field study were used to collect data which was analysed through summary, statistics, tables and percentages. The researcher found that most organization used modern practices as zero based and philosophies to reduce financial mismanagement. The study revealed that budgets are normally prepared using such methods as zero based or priority based budgeting. Budgets form an integral part of the planning process and have become a standard practice in NGOs. The study noted that, there is over emphasis on conformity to budgets and donor parameters which tends to relegate proper financial management to the periphery. Many organisation strive to spend with no regard to value for money and impact of their work. The study further revealed that aspects of cost effectiveness are not considered in the budget management and once budgets are approved little effort is made to use them to control the activities or measure performance of the budget holders. The researcher recommends that budget management should be adopted as the yard-stick to measure performance in NGOs.

A study by Weisenfeld and Tyson (1990), in a sample of 68 US managers from two companies, found that budgeting and variance analysis can be positive tools, if the accounting information and communication process is functioning appropriately. A total of 90 percent of the respondents indicated that variances were a good way to measure their performance. All of them agreed that variance reports positively influenced them to improve performance and increase their bonuses. A study by Blansfield (2002) of 250 respondents in the US, found that only 14 percent of companies have a fully integrated planning process that combines long term and operational planning, performance measures and reporting. The survey further underscored the fact that financial executives still struggle with the need to synthesize financial and non-financial data and performance measurements in a single system in which they can also perform planning, budgeting, forecasting, financial consolidation, reporting and analysis in real time.

Peter (2001) carried a study on budgetary controls in NGOs in Kenya. The study was to furnish a conceptual basis for evaluating the effectiveness of budgeting practices. The objective was how accurate budget anticipates the level and direction of actual results, what factors influence budget accuracy. The population of the study was a relief project spread all over the country; data was collected using primary and secondary data. It was concluded that budget controls practices in NGOs vary significantly between relief projects and development projects. Murrison (2001) carried out a survey of budgeting practices among the major British non- governmental organizations in Kenya; he focused on budgeting practices used in British Non- governmental organizations in Kenya and the extent to which budgets are used as a management control. Data was collected from thirty relief projects of World Vision which were surveyed all over the country, the objective of the study was to determine how accurate budgets anticipate the level and direction of results, at the end of the research it was found that 100% of the Relief projects over estimates their income budgets.

According to Getachew (2006) conducted a study on the analysis of medium term expenditure planning and budget allocation in Ethiopia stated that, even though there have been several attempts to address the weaknesses of the Ethiopian budgetary system and try to resolve conflict between annual budget perspectives with medium term planning horizons, successful modern budgeting system remains a continuous problem of the country.

Yesuf (2016), Did a study on budgeting and budget monitoring practice in NGOs operating in Ethiopia. The purpose of the study is to evaluate the effect of budgeting practice in NGOs operating in Ethiopia to achieve the Objectives of the thesis, suitability method was used and managers of the sample organization were communicated to the key staff that are responsible in the budgeting process accordingly to the structure of organization. A self-administered questionnaire was distributed to respondents, secondary data collected from budget performance reports and manuals. The study used both qualitative and quantitative research approach. As the findings show, the overall budgeting system in the sample organization missed the participation of staff in budget

development helps to achieve the purpose of budget such as coordination, communication and motivation in the process of achieving the expected performance level. The study recommend that finance department should keep reporting budget verses actual expenditure to support the monitoring to revenue and expenses levels in the operating activities and conducting budget review meetings.

Evaluation and monitoring go hand in hand. Monitoring provides the raw data to answer questions. But in itself, it is a useless and expensive exercise. Evaluation is where the learning occurs, questions answered, recommendations made and improvements suggested (Bremser, 1998). A monitoring program should not be designed without clearly knowing how the data and information was evaluated and put to use.

According to Yimer (2011) in his study on Ethiopia and two east African countries budget practices and procedure by focusing on the different phases of budget cycle and cross cutting issues such as budget transparency and participations, the overall assessment of the level of transparency in the area which is broadly linked to the different phases of budget cycle, the relevant budget information is very poor in Ethiopia, Kenya and Uganda. Lack of availability of information on budget policies, expenditure and outcomes in the three countries discourage participation and deactivate the budget users to meet budget targets efficiently.

Mulu (2018), Conduct a study on assessment of budget implementation and control system: a case study of Ethio telecom west Addis Ababa zone. The researcher uses mixed research approach and census sampling technics. accordingly, the result of the study review that budget implementation and controlling system of the organization is affected through several factors such as lack of lower level manager, underutilization of estimated budget, time delay in reporting budget variance lack of higher officials monitoring and evaluation systems.

Evaluation and monitoring go hand in hand. Monitoring provides the raw data to answer questions. But in itself, it is a useless and expensive exercise. Evaluation is where the learning occurs, questions answered, recommendations made and improvements

suggested (Bremser, 1998). A monitoring program should not be designed without clearly knowing how the data and information was evaluated and put to use.

2.2.1 Summary and Research Gap

Budget preparation and implementation in Non-governmental organizations are important aspects for they ensure projects goals and objectives are achieved. As they are prepared in advance, they give a detailed breakdown of the activities which the organization wants to carry out. The process of budget preparation and implementation is a great challenge to many organization yet those who embrace it reap from its tremendous benefit. Once a budget is established, one of the main financial tasks for the operations or support manager is to explain variances between actual performance and the budget. Rarely does life work out exactly according to budget. Any large organization, and most others, will require managers to review and explain any variances on the budget variance report.

Previous studies in NGOs shows that there is a direct relationship between budget preparation and implementation. It is also indicated that budget preparation, budgetary control and budget implementation significantly influence on budget variance.

Based on this, the main focus of this study is to understand the budget implementation and practice in NGO's: the case of Garbet Tehadiso Mahber.

Chapter 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that will be used to carry out the study. It will discuss the research design, the population of the study, sample and sampling techniques, data collection methods as well as data analysis and data presentation methods that will be used in the research study.

3.2 The Research Design

Msabila and Nalaila (2013), defined research design as conditions that aim to combine the collected and analysed data with the relevance of the main objective in which the research was undertaken. The study will use a descriptive survey study research design which will be aimed at answering the Assessment of budget implementation and practice in the case of Garbet Tehadiso Mahber. A descriptive survey was used to describe the existing aspects of budget preparation, implementation, and practice to gain a better understanding of the elements that contribute to the budgeting process's success or failure.

3.3 Research Approaches

The primary aims of this investigation were to assess the implementation of budgets and practices within Garbet Tehadiso Mahber. There exist three prevalent strategies for managing research objectives, each tailored to optimize the attainment of research objective. The selection of research approaches is contingent upon the practicability of the chosen research approach. The typical research approach encompasses quantitative, qualitative, and mixed approaches, as delineated by Williams (2007).

Quantitative approach uses surveys of cross-sectional or longitudinal using self-administered semi structured questionnaires or structured interviews for data collection, with the intent of generalizing from a sample to a population (Babbie, 1990).

A qualitative research approach uses strategies inquiry including narratives, ethnographies, case studies, observations, interviews, and the results are communicated subjectively through descriptions using words rather than numbers (Creswell, 2003). Moreover Qualitative researchers tend to use open-ended questions so that participants can express their views. Under this method contact with the field of research may be based on interviews, observations, or analysis of documents and other artifacts. In addition, literature studies are performed to the extent required to develop sensitivity in observation and interpretation (Atkinson and Hammersley, 1994).

In order to have a holistic view about this topic, the study employed qualitative methods to extract the required information. Qualitative research is an inquiry into identified problem, with numbers, and analysed using statistical techniques.

3.4 Study Population

The population is the total number of respondents who can be used in the study (Onen, 2016). A population can also be defined as the target group of respondents to a study in a certain location, whereas a sample is a subset of the population (Alladi & Berkovich, 2000).

Garbet Tehadiso Mahber employs a total of 149 individuals, out of which 52 are directly involved in budget-related tasks. The census method was employed in selecting the study's target population, which comprises the 52 employees engaged in budget planning, implementation, or evaluation at Garbet Tehadiso Mahber.

3.5 Data Collection & Instruments

This study will utilize a questionnaire to gather essential information.

Questionnaires: are important for studies since they gather data that is not straight forwardly discernible (Mellenbergh, 2008). Questionnaire which contains closed ended questions. The format of the questionnaire was adopted from prior authors. The close ended questionnaires had three sections.

The first section focuses on the general aspect of the respondents. The second section is on standard of budget preparation and utilization to evaluate whether the status and experience of the respondents has the challenge of integration of budget and plan, and assess the effect on budget variation from actual performance. The third section is budget implementation and control of Garabet Tehadiso Mahber. The questionnaire uses a five scale ranging from strongly agree to strongly disagree.

The questionnaires will be distributed to the respondents by the researcher using a drop and pick later method to reduce disruptions on the respondents' routines.

3.6 Data Processing & Analysis`

Using SPSS version 25, the quantitative data will be examined using a descriptive statistical method, including percentages and frequency. The analysed data will be displayed in Microsoft Excel via tables.

Chapter 4: DATA PRESENTATION AND ANALYSIS

This chapter presents the data analysis, presentation and interpretation of the collected data from the participants. To address the research question(s) and objective(s) data was collected by questionnaires which are developed based on the literature review of budget implementation and practices of GTM.

The collected data from different sources which are related to budget preparation, utilization and control of Garbrt Tehadiso Mahber. These data categorized in to two parts:-The first part deals with the general information of the respondents which describe the study population by gender, age, educational background and service year, while the second part deals with the analysis and discussion of the study that were gathered through questionnaire.

4.1 Response Rate of Respondents

The researcher distributed 52 questionnaires to staffs of Garbet Tehadiso Mahber whose works are directly related to budget preparation, utilization and control and response is received from 46 of them. The rest 6 staffs did not complete the questionnaire for various reasons. The response rate is 88% which meet Mugenda (2003) the statistical response rate for analysis at least 50%.

Table 4.1 Rate of Respondents

	No. of Questionnaire	Percent
Completed	46	88%
Not-Completed	6	12%
Total	52	100%

Source: data collection 2023

4.2 Respondents' Demographic Information

Departments and key staffs who have the experience are selected to respond to the questionnaire from program, finance and Admin departments of the organization. This helps to get the experience from different departments that they are responsible for the implementation of project budgets.

Table 4.2 General Information

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	24	52.2	52.2	52.2
	Female	22	47.8	47.8	100
Level of Education	Secondary school	1	2.2	2.2	2.2
	Diploma	7	15.2	15.2	17.4
	Degree	21	45.7	45.7	63
	Masters	16	34.8	34.8	97.8
	PhD	1	2.2	2.2	100
What is your field of study	Accounting or financial management	11	23.9	24.4	24.4
	Business management or administration	10	21.7	22.2	46.7
	Health science	21	45.7	46.7	93.3
	Management	3	6.5	6.7	100
Would you please specify your department in the organization	Program management	18	39.1	39.1	39.1
	Finance or Grant management	11	23.9	23.9	63
	Support service department	7	15.2	15.2	78.3
	Technical department	10	21.7	21.7	100
How long have you worked for GTM	1-2 years	3	6.5	6.5	6.5
	2-5 years	11	23.9	23.9	30.4
	Over 5 years	32	69.6	69.6	100

Source: data collection 2023

According to the data from 46 staffs involved in the questionnaire 22(47.8%) are female respondents and 24 (52.2%) are male respondents. This shows that there is no big difference between female and male respondents.

As prevailed in the table 4.2, regarding to educational background 2.2 percent of the respondents are secondary school, 15.2 percent of respondents are diploma holders, 45.7 percent of respondents are first degree, 34.8 percent of respondents are master's holders and 2.2 of respondents are PhD holders. This means the majority of the respondents have first degree and above. Therefore, this result indicates that almost all of respondents can understand the budget implementation and practices of GTM.

As indicated on the above table 23.9% of the respondent were study Accounting and Finance Management, 21.7% of the respondents were study Business management or Administration 45.7% of the respondents were study health science and 6.5% of the respondents were study Management.

In connection to the question raised in assessing the department held in their respective organizations, 39.1% of the respondents were from program management, 23.9% from finance and grant management, 15.2% from support service department and 21.7% from technical departments are responded to the questionnaire.

On the other hand as shown in the above table , 6.5% of the respondents had 1- 2 service year, 23.9% of the respondents had 2-5 service year and 69.9% of the respondents had >5 years' experience. This implies majority of the respondents are experienced and they had enough information regarding budget implementation and practice of the organization.

4.3 Budget planning, Implementing and monitoring process

Questions containing issues related to budget planning, implementing and controlling procedures were distributed to the selected respondents to assess the budget preparation and utilization process in Garbet Tehadiso Mahber.

The responses of experts were shown as follows in relation to budget preparation and utilization of the responses were presented in table below.

1. What is the time dimension does your organization budget cover?

From the interview, respondent indicated that the organization budget covered a time dimension of one year. This suggests that the time dimension of budget preparation and implementation is primarily monitored over one fiscal period for projects.

2. Who approves the final decision on budget proposals?

From the interview, budget proposal are sanctioned by top management based on the risk level and delegation scheme. This suggests that, in line with the organization's structure of delegation, top management approves budgets before project activities commence. It illustrates that budgets receive approval from various levels of staff as deemed suitable.

3. What kind of budget does your organization prepare?

From the interview, the organization used zero based budgeting. Muleri (2001) did a study the study revealed that budgets are normally prepared using such methods as zero based or priority based budgeting. Budgets form an integral part of the planning process and have become a standard practice in NGOs. As per the research result GTM used zero based budgeting.

4. Do you think budgeting process takes appropriate time duration?

Table 4.3 Appropriate Time Duration

		Freque ncy	Percen t	Valid Percent	Cumulative Percent
Valid	Yes	43	93.5	93.5	93.5
	No	3	6.5	6.5	100.0
	Total	46	100.0	100.0	

Source: data collection 2023

As shown in the above table 4.7, 93.5% of respondents indicated that GTM took appropriate time duration and 6.5% of respondents indicated that GTM didn't take appropriate time duration. From this the majority of the respondents answered that the organization had appropriate time duration.

Table 4.4 Reason for Budgeting

		Frequency	Percent
Financial Planning	Neutral	11	23.9
	Agree	25	54.3
	Strongly Agree	10	21.7
Goal Setting and Objective Alignment	Neutral	18	39.1
	Agree	13	28.3
	Strongly Agree	15	32.6
Performance Evaluation	Neutral	24	52.2
	Agree	9	19.6
	Strongly Agree	13	28.3
Resource Allocation	Agree	16	34.8
	Strongly Agree	30	65.2
Communication and Coordination	Disagree	12	26.1
	Neutral	10	21.7
	Agree	8	17.4
	Strongly Agree	16	34.8
Risk Management	Neutral	3	6.5
	Agree	38	82.6
	Strongly Agree	5	10.9

	Agree		
Decision Support	Neutral	3	6.5
	Agree	23	50
	Strongly Agree	20	43.5
Motivation and Control	Disagree	5	10.9
	Neutral	11	23.9
	Agree	8	17.4
	Strongly Agree	22	47.8
Compliance and Accountability	Disagree	4	8.7
	Neutral	17	37
	Agree	13	28.3
	Strongly Agree	12	26.1
Continuous Improvement	Neutral	3	6.5
	Agree	21	45.7
	Strongly Agree	22	47.8

Source: data collection 2023

Likert scale was used in collecting and analyzing the data. The data was analyzed on a scale of 1 to 5 with point 1 assigned to strongly disagree and 5 assigned to strongly agree. The results were presented in the table 4.8, 25(54.3%) majority of respondents in the total strongly agree to the importance of financial planning as a reason for budgeting and 10(21.7%) respondents firmly affirm the significance of financial planning as a reason for budgeting. Group responses here display a positive feeling towards financial planning as part and parcel of budgeting. Most of the respondents in the agree and strongly agree categories identify the place of financial planning within budgeting. However, the

presence of neutral responses further suggests a portion of the respondents may not have been entirely convinced or have alternate perspective on this aspects.

On the other hand, a substantive number of respondent, 18(39.1%) in total do not express any agreement or disagreement with the idea that goal setting and objective alignment are crucial reasons for budgeting, thirteen or 28.3 percent of the respondents agree that goal setting and aligning objectives is an important consideration in the context of budgeting and fifteen or 32.6 percent strong affirm the significance of goal setting and objective alignment as reasons for budgeting. The responses look to indicate different opinions from respondents' side with regards to setting goals and aligning them with objectives in the budgeting process. As much as very large proportion strongly agrees to this, most of them do not have any strong feelings about it other than saying about opinion differing among people on this. In all, the positive responses put together point to acknowledgement of the role played by the goal setting and objective alignment in the budgeting process.

This clearly shows that majority of respondents, amounting to 52.2%, express neutrality in the sense that there is neither agreement nor disagreement with the idea that performance evaluation alignment is a significant reason for budgeting, a minority of respondents indicated by 19.6% agree that performance evaluation alignment is an important consideration within the context of budgeting and a sizeable percentage of respondents 28.3% strongly affirm the significance of performance evaluation alignment as a reason for budgeting. The responses give a loose indication of differing perspectives across the respondents on whether performance evaluation should be aligned into the budgeting process. Even though quite a substantial number of respondents were neutral about the proposition, a significant number strongly agreed with it. To some extent, the divergence of responses means that probably respondents had varied perspectives or exposure in regards to the role of performance evaluation in budgeting. In general, the strongly agree responses combine to bestow recognition on the relevant performance evaluation alignment in the budgeting context.

A percentage amounting to 34.8% of respondents agree that resource allocation is an important factor in the context of budgeting and a majority of respondents amounting to 65.2% strongly affirms the significance of resource allocation as reason for budgeting. From the responses, it is evident that the respondents strongly agree on the importance of resource allocation in the budgeting process. The total proportion for those who agreed and strongly agreed showed a strong recognition to the importance of the budget in effective resource allocation. The alignment in the responses indicated a common understanding of the respondents that within the budgeting framework, the resource allocation process had derived utmost importance or has attained critical nature.

Amongst the subgroup of respondents, 26.1% expressed their disagreement with the idea that communication and coordination are the reasons why budgeting is important, a notable percentage of 21.7% falls in the neutral camp, neither agreeing nor disagreeing with this notion that communication and coordination are important aspects of budgeting, a minority of respondents 17.4% agrees to the statement that communication and coordination play a significant role in the context of budgeting and the majority of respondents comprising 34.8% strongly affirm the significance of communication and coordination as reasons for budgeting. From the responses, it is clearly evident that the respondents are varied on their opinions concerning the role of communication and coordination in the process of budgeting. Though a substantial number strongly agrees to the role of communication and coordination in the process of budgeting, others either disagree or give a neutral response. The fact that the responses are varied means a perspective of communication and coordination in budgeting may not be similar among the people who were surveyed. In general, most strongly agree would mean there is appreciation on how important the process of communication and coordination is to the process of budgeting takes place.

A small subset of respondents, amounting to 6.5%, expresses a neutral stance, neither agreeing nor disagreeing with the notion that risk management is a crucial reason for budgeting, the majority of the heads of portfolio comprising 82.6% agree that risk management is a important consideration in the context of budgeting and a smaller

percentage of respondents 10.9%, strongly affirm on the significance of risk management as a reason for budgeting. The responses reflect a strong agreement by the respondents to the importance of risk management in relation to budgeting. With some difference in percentage, majority did agree with the notion that risk management is a critical factor in relation to budget while a lesser but significant percentage strongly agreed to the importance of risk management. On the other hand, for the neutral responses, it may suggest of a small fraction do not fully agree with the notion and hence this could mean that people might have very different opinions or experience in this regard. Generally, when adding up agrees and strongly agrees basically senses an overwhelming acceptance of the relevance of risk management for both the planning and budgeting process by the respondents.

The ideation that motivation and control are important reasons in budgeting is disagreed upon a great percentage amounting to 10.9% of the respondents, neutrality, whether or not motivation and control are reasons for budgeting, may be true on a big time basis amounting to 23.9% of respondents, agree that motivation and control are reasons in budgeting on a sum of 17.4% while the majority strongly agrees that motivation and control are major reasons for budgeting on a percentile of 47.8% of the respondents. The responses brought out a difference in opinion with regard to the role of motivation and control in budgeting. Agreeing little but disagreeing strongly to most suggest to me an acceptance of the role that motivation and control play in the context of budgeting. Neutral responses indicate that some of the respondents are not strongly for or against this viewpoint. On the whole, the fact that most of the feedbacks are 'strongly agree' therefore shows a similarity in opinion when it comes to realizing the importance of motivation and control with respect to budgeting.

A smaller proportion of respondents, 8.7% disagree with the idea that compliance and accountability are significant reasons for budgeting, a significant proportion agrees with 37% neither being in agreement nor disagreeing on the idea of compliance and accountability as an important feature of budgeting, followed by a minority 28.3% agree that compliance and accountability does play a big role in the context of budgeting and

that a significant portion of respondents comprising 26.1% strongly affirm the significance of compliance and accountability as reasons for budgeting. The responses show wide differences of opinions amongst the respondents with respect to the importance of compliance and accountability in the budgets. Only very few strongly disagree, while most, with the highest percentage coming from the category of those who agree strongly, concurs that compliance and accountability in the aspect of budgeting are highly important. The existence of neutral responses implies that maybe a proportion to the respondents may not really agree or disagree at length to this viewpoint. Generally, the combined agree and strongly agree responses mean quite a significant number of the participants are well aware of the fact that compliance and accountability play an important role in the budgeting procedure.

Up to 6.5% of the respondents express neutral standing or neither agreed nor disagreed with the notion that continuity and improvement are crucial reasons for budgeting, the stood out percentage 45.7%, agreed such as continuity and improvement are important considerations in the context of budgeting while the majority of the respondents comprising 47.8% strongly affirm the significance of continuity and improvement as reasons for budgeting. They generally show agreement among the respondents about continuity and improvement as an aspect of budgeting. While a negligible part expresses neutrality, the significant majority especially in the strongly agree category acknowledges the significance of continuity as well as improvement in the context of budgeting. Existence of the neutral responses implies that the some of the respondents may not necessarily strongly agree or disagree with this view. In summary, in generally summarizing the agree and strongly agree responses correspond a significant recognition for a need for continuity and improvement in budgeting.

This goes to show that in NGOs, budgeting is done as a tools of financial planning, goal setting & objective alignment, performance evaluation, resource allocation, communication & coordination, risk management, decision support, motivation & control, compliance & accountability and continues improvement as a ways to calculate rewards in that order of reducing importance.

Budgeting systems are universal and have been considered to be an essential tool in financial planning. These systems are meant to organize, as well as encourage the performance of nongovernmental organizations (Abernethy and Brownell, 1998). Budgeting no doubt is a veritable tool for planning, controlling, coordinating, evaluating, directing communicating and aiding decision making.

The following also showed that it was financial planning, among other factors for the budgeting process and goal setting & objective alignment play in increasing the importance of the budgeting process along with this plays in the effective allocation of resources with these' to close-ended question answers provided by the respondent. Hence, responses alignment indicates consensus amongst the respondents in terms of how crucial resource reallocation is within the budgeting framework. However different views b/n the respondent exist in regard to importance performance evaluation alignment as a reason for budgeting half of the respondents express a neutral stance and the rest concur with the important performance evaluation.

Table 4.5 Budget Preparation Analysis

		Frequency	Percent
Budgets are prepared in alignment with the organization's yearly plans, strategic agenda, and overarching objectives.	Neutral	9	19.6
	Agree	19	41.3
	Strongly Agree	18	39.1
Budgets are used to allocate the resources	Neutral	7	15.2
	Agree	9	19.6
	Strongly Agree	30	65.2
All staff or functions of the organization are involved in budget preparation.	Strongly disagree	15	33
	Disagree	21	46
	Agree	10	22

The budgeting process starts with preparation of forecasts of the expected confirmed income/grants.	Agree	14	30.4
	Strongly Agree	32	69.6
The senior management always grants approval to the budgets before any implementation takes place	Agree	9	19.6
	Strongly Agree	33	71.7

Source: data collection 2023

A notable minority 19.6%, expresses a neutral stance, neither agreeing nor disagreeing that budgets are aligned with the plans and objectives of the organization, a significant percentage 41.3%, agrees that budgets are aligned with the yearly plans, strategic agenda and overreaching objective of the organization while the majority of respondents comprising 39.1%, strongly affirm that budgets are aligned with the plans and objective of the organization. There exists a positive consensus through responses among the respondents about budget's alignment with the plans and objectives of the organization. Although a large percentage of the indicate neutrality, the aggregated responses of agree and strongly agree could suggest some general recognition that budgets are prepared in conjunction with the annual plans and strategic issues of the company and for purposes of overall goals. Overall, the responses comprising agree and strongly agree show significant recognition of alignment of budgets with organizational plans and objectives.

A minority, 15.2%, expresses a neutral stance, neither agreeing nor disagreeing with the assertion that budgets are used to allocate resources, a relatively small percentage 19.6%, agrees that budgets are used for resource allocation and the majority of respondents comprising 65.2%, strongly affirm that budgets are indeed used to allocate resources. The responses indicate a strong consensus among the respondents regarding the role of budgets in resource allocation. The substantial majority, particularly in the strongly agree category, acknowledges that budgets play a significant role in determining how resources are allocated within the organization. The presence of a minority expressing neutrality suggests that there might be diverse perspectives or experiences among the respondents.

Overall, the combined agree and strongly agree responses reflect a widespread acknowledgment of the role of budgets in resource allocation.

A significant minority, 33%, strongly disagrees that all staff or functions of the organization are involved in budget preparation, the majority of respondents, comprising 46%, disagree with the assertion that all staff or functions of the organization are involved in budget preparation and a smaller portion, 22%, agrees that all staff or functions of the organization are involved in budget preparation. The responses indicate a substantial consensus among the respondents that not all staff or functions of the organization are involved in budget preparation. The majority, expressed through the strong disagreement and disagreement categories, suggests that a significant portion of respondents does not perceive broad involvement in budget preparation across the organization. The minority expressing agreement implies that some respondents do see involvement from all staff or functions in the budget preparation process, but this perspective is not widely shared. Overall, the responses reflect a prevailing perception among the respondents that the involvement in budget preparation is not comprehensive across all staff or functions within the specified context.

The overwhelming response, with 69.6% strongly agreeing and an additional 30.4% agreeing, suggests a strong consensus among the respondents regarding the initiation of the budgeting process with the preparation of forecasts for expected confirmed income and grants. This high level of agreement indicates that a substantial majority acknowledges and affirms the significance of incorporating income and grant forecasts at the outset of the budgeting process. The unanimity in the strongly agree category particularly emphasizes the importance attached to this practice. Overall, the responses indicate a widespread acknowledgment among the respondents that forecasting expected income and grants is a fundamental and integral step in the organization's budgeting process.

A minority, 19.6%, agrees that senior management always grants approval to budgets before any implementation takes place and the majority of respondents, comprising 71.7%, strongly affirm that senior management indeed always grants approval to budgets

before any implementation takes place. The responses indicate a strong consensus among the respondents regarding the involvement of senior management in approving budgets before implementation. The substantial majority, particularly in the strongly agree category, acknowledges the consistent practice of obtaining approval from senior management before proceeding with the implementation of budgets. The minority expressing agreement suggests a potential variation in perceptions or experiences among the respondents. Overall, the combined agree and strongly agree responses reflect a widespread acknowledgment of the importance of senior management approval in the budgeting process.

As per Gregory (2005), active involvement is a key attribute of an effective budget. The engagement of staff in the budgetary process contributes to fulfilling the budget's objectives, fostering coordination, communication, and motivation throughout the endeavor to attain the anticipated performance level.

Peters (1998) outlined weaknesses in budget planning and utilization, highlighting issues such as inadequate planning, poor alignment between planning and budgeting, a limited connection between the formulated budget and its actual utilization. Furthermore, he emphasized that a lack of a robust link between planning and budget preparation often leads to frequent revisions of the budget. Conversely, a robust relationship between the plan and budget is expected to mitigate the need for repetitive budget revisions.

The questionnaire indicates: the process of planning and budgeting is done by the particular personnel in the department leaving the input of staffs directly involved in day to-day operations. This has resorted in a budget formulation that lacks exact pitfalls on taking reasonable estimates and baseline data. Some departments loom their budgets every year by copying past budget requests without making any amendments. The other challenge inherent from questionnaire that there is no recorded budgeting process which is reference in the budgeting process. Some of the problems arise from an organization not having a documented budgeting process referred to in within the budgeting process. Accordingly, inconsistent practices across departments the outcome of a lack of clear documentation accountability becomes compromised when roles and responsibilities lack

clarity which may cause friction amongst team members, and it reduces the accuracy as well as completeness of budgets.

The above data dictates the many strengths of the organization. Rigorous budgeting process that easily links to the yearly plan of the organization, strategic agenda as well as the overall goals of the organization. Besides, the organization adopts a cautious practice of drawing the budget only it is confirmed to have been granted. In addition, an impressive practice is that it has an orderly process of management's approval before applying the budget. Together, these strengths epitomize a strategic and well-structured approach regarding budgeting within the organization that guarantees an integrated alignment with broad organizational focus aspects as well as comprehensive validation process up to front-before.

Budget Controlling Analysis

The respondents were requested to indicate their level of agreement on the following statements in relation to budget controlling. The responses are rated on a five point Likert scale where: 1 strongly disagree; 2 disagree; 3 neutral; 4 agree and 5 strongly agree.

Table 4.6 Budget Controlling Analysis

		Frequency	Percent
The endorsed budgets are distributed among all departments and individuals responsible for the budget, ensuring comprehension	Agree	16	34.8
	Strongly Agree	30	65.2
Leadership and support provided by managers to the subordinate throughout budget execution is effective.	Disagree	5	10.9
	Neutral	16	34.8
	Agree	20	43.5
	Strongly Agree	5	10.9
When endeavoring to execute a	Disagree	4	8.7

project, the individual responsible for the budget takes into account how their actions impact the attainment of the organization's overall objectives	Neutral	23	50
	Agree	14	30.4
	Strongly Agree	5	10.9
Before approving any request to undertake an activity, there is always a check with the budget to ensure sufficient funds are available.	Strongly Disagree	15	33
	Disagree	18	39
	Neutral	5	11
	Agree	8	17
Recording of actual result is accurate and timely	Strongly Disagree	23	50
	Disagree	10	22
	Neutral	13	28
Budget vs actual comparison and identification of variances is done regularly	Strongly Disagree	28	61
	Disagree	10	22
	Neutral	8	17
Budgets are reviewed as need arises to capture the reality during implementation	Disagree	23	50
	Neutral	19	41
	Agree	4	9
Reports on budget variance are shared with budget holders and senior management	Strongly Disagree	18	10.9
	Disagree	28	26.1
Variances are investigated & justified to take timely corrected action	Strongly Disagree	16	15.2
	Disagree	30	60.9
The organization devises remedies for issues identified through budgetary	Neutral	22	47.8
	Agree	13	28.3

control	Strongly Agree	11	23.9
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Source: data collection 2023

Concerning the distribution of endorsed budgets, between departments and individuals responsible in preparing the budget hence their understanding, a small portion agrees up to 34.8%. On the other hand, the majority strongly agree about up to 65.2% that endorsed budgets are distributed among these entities whereby they understand them. The responses indicate a strong consensus in the distribution of endorsed budgets. A considerable majority especially those who strongly agree realizes the practice as being vital in ensuring that a shared understanding is arrived at. The minority agrees implying possible differences in perceptions or experiences across the respondents. In general, the collective and strong agreement responses underpin to the fact that there is a significant recognition on the importance of distributing budgets in improving the understanding amongst the parties concerned.

Ten-point nine percent only disagrees on the effectiveness of leadership and support that managers provides to subordinates during the budget execution, a large percentage 34.8 expresses neutral standing neither agreeing nor disagreeing on the effectiveness of leadership and support, majority comprising 43.5% agrees to the effectiveness of the leadership and support from managers to subordinates during the budget execution and a small minority at 10.9% strongly affirms the effectiveness of leadership and support that managers give to subordinates throughout budget execution. The responses indicate a varied opinion amongst the respondents regarding the effectiveness of leadership and support during budget execution. According to the hybrid analysis, 160 agreed on the effectualness, which contains a considerable portion of the total, while another 4 agree with reservation, and 2 totally disagree. From such diversity in responses, this implies potential variations in experiences or perceptions among respondents. Generally, the responses reflect diverse opinions on effectiveness of leadership and support during budget execution.

A small minority, 8.7%, disagrees that the individual responsible for the budget considers how their actions impact the attainment of the organization's overall objectives during project execution, a significant percentage, 50%, expresses a neutral stance, neither agreeing nor disagreeing with the assertion, a notable portion, 30.4%, agrees that the individual responsible for the budget does consider how their actions impact the attainment of the organization's overall objectives during project execution and a small minority, 10.9%, strongly affirms that the individual responsible for the budget indeed considers how their actions impact the attainment of the organization's overall objectives during project execution. The responses indicate a diverse set of perspectives among the respondents regarding the consideration of the impact of actions on the organization's overall objectives by the individual responsible for the budget during project execution. While a notable portion is neutral, there is also a range of opinions, with some disagreeing and others agreeing or strongly agreeing. This diversity in responses suggests potential variations in experiences or perceptions among the respondents. Overall, the responses reflect a variety of opinions on the extent to which individuals consider the organizational objectives during project execution.

A significant portion, 33%, strongly disagrees with the statement that there is always a check with the budget before approving any request to undertake an activity to ensure sufficient funds, a larger proportion, 39%, expresses disagreement with the notion that there is always a budget check before approving activity requests, a minority, 11%, remains neutral on this issue, neither agreeing nor disagreeing and a smaller but notable portion, 17%, agrees that there is always a check with the budget to ensure sufficient funds before approving activity requests. The prevailing disagreement among the respondents suggests a lack of consensus regarding the assertion that there is always a budget check before approving activity requests to ensure sufficient funds. The significant proportion strongly disagreeing indicates a substantial divergence of opinion on this matter. This might imply that, according to a considerable number of respondents, the organization does not consistently adhere to the practice of checking the budget before approving activities. The minority expressing agreement suggests that there are respondents who believe in the existence of such a practice, but this perspective is not

widely shared. Overall, the responses indicate a lack of unanimity among the respondents on the consistent adherence to the practice of checking the budget before approving activity requests for sufficient funds.

A significant half of the respondents, 50%, strongly disagree with the statement that recording of actual results is accurate and timely, a notable portion, 22%, expresses disagreement with the notion that recording of actual results is accurate and timely and a considerable proportion, 28%, remains neutral on this issue, neither strongly agreeing nor disagreeing. The prevailing strong disagreement among the respondents suggests a substantial consensus that the recording of actual results is not perceived as accurate and timely. This might indicate a perceived deficiency or challenge in the organization's processes related to recording actual results. The minority expressing disagreement and the notable neutrality suggest that there are varying perspectives within the respondent group. Overall, the responses indicate a prevailing sentiment of skepticism or concern regarding the accuracy and timeliness of the recorded actual results.

The majority, constituting 61% of the respondents, strongly disagree with the statement that budget vs. actual comparison and identification of variances are done regularly, a small percentage, 10%, expresses disagreement with the notion that this comparison is done regularly and another small percentage, 8%, remains neutral on this issue, neither strongly agreeing nor disagreeing. The predominant sentiment is a strong disagreement among the respondents, indicating a widespread perception that the budget vs. actual comparison and variance identification are not carried out regularly in the organization. This could suggest a potential gap in the organization's practices related to monitoring and controlling budgets. The minority expressing disagreement and the small percentage of neutrality suggest that there might be some variation in experiences or perceptions within the respondent group. Overall, the responses imply a prevailing concern about the infrequency of budget vs. actual comparisons and variance identification.

Half of the respondents express disagreement with the statement that budgets are reviewed as needed to capture the reality during implementation, a significant portion, 41%, remains neutral on this issue, neither strongly agreeing nor disagreeing and a small

percentage, 9%, agrees that budgets are reviewed as needed during implementation. The prevailing sentiment among the respondents is disagreement, indicating a common perception that budgets are not reviewed as needed during implementation. This could suggest a potential area for improvement in the organization's budget management practices, particularly in terms of responsiveness to changing circumstances during implementation. The high percentage of neutrality suggests a degree of uncertainty or variability in perceptions within the respondent group. Overall, the responses highlight a concern about the responsiveness of the budget review process to the dynamic nature of project implementation.

A significant percentage, 39%, strongly disagrees that reports on budget variance are shared with budget holders and senior management and the majority of respondents, 61%, express a general disagreement with the statement, indicating a prevailing sentiment that reports on budget variance are not adequately shared. The dominant response is disagreement, suggesting a substantial gap or perceived deficiency in the communication of budget variance information within the organization. This could be indicative of challenges in transparency or information sharing processes related to budget management. The absence of any agreement, even in the neutral category, underscores a clear concern among the respondents. The organization might consider enhancing its practices for disseminating budget variance reports to ensure that relevant stakeholders are well-informed and engaged in the budgetary decision-making process.

A notable percentage, 35%, strongly disagrees that variances are investigated and justified to take timely corrective action and the majority of respondents, comprising 65%, express a general disagreement with the statement, indicating a prevailing sentiment that the investigation and justification of budget variances might not be occurring in a satisfactory manner. The dominant response is disagreement, suggesting a substantial concern or perceived deficiency in the organization's approach to investigating and justifying budget variances. This may imply a potential gap in the organization's practices related to variance analysis and corrective actions. Addressing this concern could involve a review of the organization's processes for handling budget

variances, ensuring that there is a systematic and timely approach to investigating discrepancies and implementing corrective measures. The organization might consider enhancing its mechanisms for tracking and responding to budget variances, thereby improving financial management practices.

A significant majority, 47.8%, expresses a neutral stance, neither agreeing nor disagreeing with the assertion, a notable portion, 28.3%, agrees that the organization devises remedies for issues identified through budgetary control and a minority, 23.9%, strongly affirms that the organization indeed devises remedies for issues identified through budgetary control. The responses suggest a lack of consensus among the respondents regarding the organization's practices in devising remedies for issues identified through budgetary control. The substantial neutrality implies a notable portion of respondents either lacking clarity or holding a neutral stance on whether the organization actively addresses issues identified through budgetary control. Overall, the responses reflect a lack of clear agreement among the participants on this particular aspect of organizational practice.

According to Lambe (2014), one of the effective ways to prepare for changing conditions is to provide a frame work that contains specific plan that is sufficiently flexible to adapt to unanticipated changes. A comprehensive process of providing such frame work is known as budgeting. It involves the setting of targets, and effectively monitoring of actual performance against those budgeted.

To measure progress of budget utilization, there is need for a specific check points to be fixed that will allow effective control of budget implementation. The tool not only allows measurement to be made but also allows comparison to be made between the actual results with planned and budget goals. A careful management study should be made to determine the underlying causes (Suberu, 2010).

The lack of consensus on consistent adherence to budget checks, coupled with a prevailing sentiment of skepticism or concern about the accuracy and timeliness, indicates potential deficiencies or challenges in the organization's recording processes.

Moreover, there is a widespread perception that the comparison between actual and budgeted figures is not conducted regularly, suggesting a potential gap in monitoring and controlling budget activities. Additionally, the finding that budgets are not reviewed as needed during implementation highlights a potential inadequacy in adapting to changing circumstances. The study also reveals potential challenges in transparency or information-sharing processes, particularly in inadequately sharing reports on budget variance. Furthermore, the deficiency in investigating and justifying budget variances suggests a potential gap in the organization's approach to variance analysis.

Table 4.7 Budget Implementation Analysis

		Frequency	Percent
At times, budgets may incorporate goals or standards that are challenging to achieve.	Neutral	19	41.3
	Agree	13	28.3
	Strongly Agree	14	30.4
Uncertainty within the budget hampers the efficient execution of plans	Disagree	17	37
	Neutral	23	50
	Agree	6	13
The insufficient allocation of funds to departments or projects adversely impacts the implementation of the budget	Strongly disagree	5	10.9
	Disagree	8	17.4
	Neutral	18	39.1
	Agree	15	32.6
The process of budgeting is both time-consuming and costly and may become unpredictable before actual implementation	Disagree	24	52.2
	Neutral	19	41.3
	Agree	3	6.5
Institutional weakness could hinder effective budget utilization	Strongly disagree	5	10.9
	Disagree	5	10.9

	Neutral	18	39.1
	Agree	18	39.1
User departments might follow the budget process merely to conform to organizational or donor requirements.	Strongly disagree	8	17.4
	Disagree	10	21.7
	Neutral	20	43.5
	Agree	8	17.4
Foreign exchange rate fluctuations in the market hinders organization to affect their budgets	Disagree	17	37
	Neutral	8	17.4
	Agree	15	32.6
	Strongly Agree	6	13
The alteration of project staff or those responsible for budget implementation impacts the attainment of budget objectives.	Disagree	35	76
	Neutral	6	13
	Agree	5	11

Source: data collection 2023

A majority, 41.3%, expresses a neutral stance neither agreeing nor disagreeing with the assertion, notable portion, 28.3% agrees that budgets at times incorporate goals or standards that are challenging to achieve and a minority, 30.4%, strongly affirms that budgets indeed incorporate challenging goals or standard. The answers indicate an apparent lack of a clear consensus among the respondents on incorporation of challenging goals or standards into budgets. The substantial neutrality means that a serious part of respondents either lacked clarity over or were neutral on whether the budgets consistently include the setting of challenging objectives. Given this result and up until a significant majority who disagree or strongly disagree, the rest express neutrality which could probably suggest some differences in experiences or perceptions among the respondents. In that sense, generally, there is no strong concurrence among the participants with regards to this particular aspect of budgeting.

Indeed, a significant majority, 50%, expresses a neutral stance to neither agreeing nor disagreeing with the assertion, a small minority, 13%, agrees that uncertainty within the budget hampers efficient execution of plans and the majority of respondents comprising 37% disagrees that uncertainty within the budget hampers efficient execution of plans. The responses imply lack of clear consensus among the respondent on the impact of budgetary uncertainty on effective execution of plans. The substantial neutrality implies significant number of respondents either lacking clarity or holding neutral stance whether the budgetary uncertainty is hindrance in this aspect. In overall, the responses are reflecting lack of clear agreement among the participants on this particular aspect of challenges related with budget.

A tiny majority, 10.9% strongly disagrees that inadequate allocation of funds impacts negatively on implementation of the budget, another minority, 17.4%, disagrees with the notion of insufficient allocation of funds adversely impacting the implementation of the budget, a significant majority, 39.1% expresses a neutral stance, neither agreeing nor disagreeing with the assertion and majorities of respondents, comprising 32.6%, agrees that insufficient allocation of funds adversely impacts the implementation of the budget. The responses suggest a significant lack of clear consensus among the respondents on the impacts of under allocations of funds to actual budget implementation. Outright neutrality makes quite a significant proportion either lack clarity or took a neutral stance on this matter. Overall the responses reflect an absence of clear agreement amongst the participants relating to this particular aspect of budget challenges.

Majority, 52.2%, of the respondents are in disagreement with the notion that the process is both time-consuming, costly, and unpredictable before actual implementation, a significant proportion, 41.3%, expresses a neutral position either agreeing or disagreeing with the assertion and small minority, 6.5%, agrees that the budgeting process is both time-consuming, costly, and may become unpredictable before actual implementation. The answers describe lack of clear consensus among the respondents in relation to what challenges are pertaining to time, cost and predictability of the budgeting process. The substantive disagreement means that a majority of the respondents do not view the

budgeting as unduly time-consuming, expensive, and unpredictable. Generally, in this procurement opinion, the responses accord a wide range of opinion in this particular aspect of the budgeting process.

A small minority, 10.9%, strongly disagrees that institutional weaknesses could hinder the effective budgeting process, another minority, 10.9%, disagrees with the assertion that institutional weaknesses could hinder the effective budget utilization, a significant majority, 39.1%, expresses a neutral stance, neither agreeing nor disagreeing with the assertion and the majority of respondents, comprising 39.1%, agrees that institutional weaknesses could hinder the effective budget utilization. The responses suggest a lack of clear consensus among the respondents regarding the impact of institutional weaknesses on the effective budgeting process. The substantial neutrality implies a significant portion of respondents either lacking clarity or holding a neutral stance on this matter. Overall, the responses reflect a diversity of perspectives on this particular aspect of the budgeting process.

A small minority, 17.4%, strongly disagrees with the notion that user departments follow the budget process merely to conform to organizational or donor requirements, another minority, 21.7%, disagrees with the assertion that user departments follow the budget process merely for compliance, a significant majority, 43.5%, expresses a neutral stance, neither agreeing nor disagreeing with the assertion and another small minority, 17.4%, agrees that user departments might follow the budget process merely to conform to organizational or donor requirements. The responses suggest a lack of clear consensus among the respondents regarding the motivation behind user departments following the budget process. The substantial neutrality implies a significant portion of respondents either lacking clarity or holding a neutral stance on this matter. Overall, the responses reflect a diversity of perspectives on the motivations behind user departments' adherence to the budget process.

A small minority, 13%, strongly disagrees that foreign exchange rate fluctuations hinder organizations from affecting their budgets, the majority of respondents, comprising 37%, disagrees with the assertion that foreign exchange rate fluctuations significantly hinder

organizations in affecting their budgets, a minority 17.4%, expresses a neutral stance, neither agreeing nor disagreeing with the assertion and a significant minority, 32.6%, agrees that foreign exchange rate fluctuations have an impact on organizations affecting their budgets. The responses suggest a diversity of perspectives among the respondents regarding the impact of foreign exchange rate fluctuations on budgeting. The substantial disagreement implies that a majority of respondents do not consider foreign exchange rate fluctuations as a significant hindrance to organizations in affecting their budgets. The significant minority expressing agreement suggests that a portion of respondents sees foreign exchange rate fluctuations as having an impact on budgeting. The neutrality expressed by a smaller portion suggests potential variations in experiences or perceptions among the respondents. Overall, the responses reflect a range of perspectives on the influence of foreign exchange rate fluctuations on budgeting within the specified context.

The majority of respondents, constituting 76%, express disagreement with the statement that the alteration of project staff or those responsible for budget implementation impacts the attainment of budget objectives, a small portion, 13%, remains neutral on this issue, neither agreeing nor disagreeing and a minority, 11%, agrees that the alteration of project staff or those responsible for budget implementation does impact the attainment of budget objectives. The overwhelming disagreement among the respondents suggests a strong consensus that the alteration of project staff or those responsible for budget implementation is not perceived as having a significant impact on the attainment of budget objectives. This may indicate a level of stability or adaptability within the organization, implying that changes in personnel do not substantially disrupt the achievement of budgetary goals. The minority expressing agreement implies that there are some respondents who do perceive a connection between staff alterations and budgetary outcomes, but this perspective is not widely shared. Overall, the responses indicate a prevailing perception among the respondents that changes in project staff or those overseeing budget implementation do not substantially hinder the achievement of budget objectives.

According to data collected from respondents user department didn't follow the budget process according to the organization & donor requirement and ineffective budget utilization were observed in Garabet Tehadiso Mahber. According to Allen and Tommasi (2001), to utilize budget successfully it depends on various factors, such as the executing capability of the agencies or institution concerned.

Chapter 5: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This chapter includes the summary, conclusion, recommendations, and direction of future study that resulted from the previous chapters, which included an introduction, a review of the literature, research design and methodology, and a result and discussion section.

As it is discussed in chapter one introduction part this research aimed to assess budget implementation and practice in Garbrt Tehadiso Mahber. During the investigation the researcher used descriptive statistics and based on the findings made the following major conclusion were drawn from the study.

The descriptive results of background information of respondents indicated that majority of the total respondents have first and second degree with more than five years work experience. Therefore, level of education and service year of respondents are appropriate and they are experienced to budget utilization.

It has been found that Garbrt Tehadiso Mahber have their own policies and procedures in place for budget preparation and implementation to identify the role and responsibility of staffs from different departments in reference to the organization annual plans, strategic plan and overall goals. Budgets are prepared and approved by top management or board of trustees as per the structure of the organizations.

Lack of consensus on consistent adherence to budget checks, prevailing sentiment of skepticism or concern about accuracy and timeliness, indicates potential deficiencies or challenges in the organization's recording processes, widespread perception that this comparison is not conducted regularly, a potential gap in monitoring and controlling budget activities, budgets are not reviewed as needed during implementation, inadequacy in sharing reports on budget variance, potential challenges in transparency or information sharing processes, deficiency in investigating and justifying budget variances, a potential gap in the organization's approach to variance analysis.

The study highlights several areas where Garbet Tehadiso Mahber could enhance its budgeting practices. Addressing concerns related to budget approval processes, recording accuracy, regular budget comparisons, and variance investigation could contribute to more effective financial management. Additionally, improving transparency in sharing budget variance reports is crucial for engaging stakeholders in decision-making processes. These findings provide valuable insights for organizational improvement in budgeting practices.

The fluctuations of exchange rate are not seen as a significant hindrance, new budgeting guidelines are not considered a significant obstacle and stability or adaptability within the organization, with changes in personnel not significantly disrupting budgetary goals. The findings highlight the importance of recognizing diverse experiences within the organization, providing insights for potential areas of improvement in addressing specific challenges. A careful consideration of these perspectives can contribute to more informed decision-making and effective organizational strategies.

5.2 Conclusion

This research paper examines budget implementation and practice in Garbet Tehadiso Mahber. Relevant literatures have been studied, and primary data was acquired through a questionnaire. As a result, based on the outcomes of this investigation, the following conclusion is provided.

- The study concludes that there is no a well document reference which is referenced during the budgeting process.
- The institution did not involve all its employees in budget preparation. The budget does not include users participating in day-to-day operations, who may have valuable knowledge that could improve decision-making. Recognizing the significance of budgets in organizations is crucial for effective budget execution.
- The study found that the alignment of budgets with yearly plans, strategic agenda, and the objectives of the Garbet Tehadiso Mahber.

- The recording of actual result is not done timely and accurately. Because of this the comparison and variance between actual and budget are not done regularly and reports to senior management are not made on time which hampers the decision-making process.
- The researcher found the variances between actual vs budget are less likely to be investigated.
- The study further found that because of the well documented budgeting process implementing for new projects or donors are less likely to be challenging, and do not require time to learn and adapt.

5.3 Recommendation

To address the variance between planned and actual budgets, Grarbet Tehadiso Mahber should take proactive steps. One key strategy would be to establish a routine training program for budget holders at the commencement of each budget period. This training would focus on equipping employees with the skills and knowledge required to make informed budget decisions and translate plans into reality.

Implement a monthly budget analysis process led by budget holders and finance experts. This should involve comparing actual vs budgeted amounts, identifying, and explaining any variances, and proposing concrete action points to address issues like overspending or underspending. Timely implementation of these actions will ensure effective financial control.

Staff in charge of budget monitoring and project implementation must be empowered to actively engage in budget creation. This not only improves accuracy but also encourages employees to stay within budget during implementation, allowing them to efficiently manage variations and meet fundraising goals.

To ensure that budgeted plans are completed on time, schedule regular follow-ups and provide timely feedback.

Finally, managers may maximize the effectiveness of budget tools throughout the grant cycle by prioritizing staff capacity building and cultivating a culture of transparency and good work practices.

Further research should investigate: (a) The management and disbursement processes used by the organization to handle donor-approved project budgets for operating plans and budgets. (b) The reason for present budgeting procedures, as well as their possible impact on future funding security and donor finance continuity.

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APPENDIX

LETTER OF INTRODUCTION TO THE RESPONDENTS

Melat Fantu

MBA Student,

St. Mary's University,

Addis Ababa

Dear respondent,

I am a post graduate student in the school of business, at the University of St. Mary's University. I am carrying out a research on the Assessment of budget implementation and practice in Non-Governmental Organizations in the case of Garbet Tehadiso Maahber.

You have been carefully selected to participate in this research. Please assist me in this venture by completing the attached questionnaire. The information you provide will be treated with utmost confidentiality and it will be used for the purpose of this study only.

Your assistance towards this is highly appreciated.

Yours faithfully,

Telephone mobile +251967285787

Email melatfantudy@gmail.com

QUESTIONNAIRE

This questionnaire is designed to collect data on assessment of budget implementation and practice in NGOs in Garabet Tehadiso Mahber. The data collected shall be used for academic purpose only, and thus shall be treated confidentially.

Your participation in facilitating this study is highly appreciated.

Kindly answer the following questions by ticking in the appropriate box

PART I; General Information

1. Gender
 - a) Female []
 - b) Male []
2. Level of Education
 - a) Secondary school []
 - b) Diploma []
 - c) Degree []
 - d) Masters []
 - e) PhD []
3. What is your field of study?
 - a) Accounting or financial management []
 - b) Business management or administration []
 - c) Health science []
 - d) Economics
 - e) Management []
 - f) Sociology or Statistics []
 - g) If other, please specify -----
4. Would you please specify your department in the organization?
 - a) Program management []
 - b) Finance or Grant management []
 - c) Support Service Department []

- d) Technical Department []
- 5. How long have you worked for GTM?
 - a) Less than 1 year []
 - b) 1 - 2 year []
 - c) 2-5 Years []
 - d) Over 5 years []

PART II: PREPARATION, IMPLEMENTATION AND MONITORING PROCESS

- 5. What is the time dimension does your organization budget cover?
 - a) 3 months []
 - b) 6 months []
 - c) 1 year []
 - d) More than 1 year []
 - e) Not specific []
- 6. How often are the budgets reviewed?
 - a) 3 months
 - b) 6 months []
 - c) 1 year []
 - d) Randomly []
 - e) No revisions are done.
- 7. Who approves the final decision on budget proposals?
 - a) Board of Directors/Trustee []
 - b) Top Management []
 - c) Budget Committee []
 - d) Finance Manager []
 - e) Other specify []
- 8. What kind of budget does your organization prepare?
 - a) Fixed budget []
 - b) Variable budget []
 - c) Both fixed and variable budget []

- d) Zero based Budget []
 - e) Incremental Budget []
 - f) Master Budget []
 - g) Activity based Budget []
9. Do you think budgeting process takes appropriate time duration?
- a) Yes []
 - b) No []
10. There are various reasons for budgeting in an organization. To what extent do you agree that the following are the reasons for budgeting in your organization?

Where 5= strongly agree; 4= agree; 3 = neutral; 2= disagree; 1= strongly disagree

Reasons for budgeting	1	2	3	4	5
Financial Planning					
Goal Setting and Objective Alignment					
Performance Evaluation					
Resource Allocation					
Communication and Coordination					
Risk Management					
Decision Support					
Motivation and Control					
Compliance and Accountability					
Continuous Improvement					

11. Budget Preparation

Indicate your view on the following statements on budget preparation to your organization.

Using a rating of 1 to 5 please indicate your view of the following statement on the budget preparation.

Where 5= strongly agree; 4= agree; 3 = neutral; 2= disagree; 1= strongly disagree

	5	4	3	2	1
Budgets are prepared in alignment with the organization's yearly plans, strategic agenda, and overarching objectives.					
Budgets are used to allocate the resources					
All staff or functions of the organization are involved in budget preparation.					
The organization has documented budgeting process which is referenced during the process					
The budgeting process starts with preparation of forecasts of the expected confirmed income/grants.					
The senior management always grants approval to the budgets before any implementation takes place					

12. Budgetary Control

Using a rating of 1 to 4 please indicate your view on the following statement on the budgetary control.

Where 5= strongly agree; 4= agree; 3 = neutral; 2= disagree; 1= strongly

	5	4	3	2	1

The endorsed budgets are distributed among all departments and individuals responsible for the budget, ensuring comprehension					
Leadership and support provided by managers to the subordinate throughout budget execution is effective.					
When endeavouring to execute a project, the individual responsible for the budget takes into account how their actions impact the attainment of the organization's overall objectives					
Before approving any request to undertake an activity, there is always a check with the budget to ensure sufficient funds are available.					
Recording of actual result is accurate and timely					
Budget vs actual comparison and identification of variances is done regularly					
Budgets are reviewed as need arises to capture the reality during implementation					
Reports on budget variance are shared with budget holders and senior management					
Variances are investigated and justified to take timely corrective action					
The organization devises remedies for issues identified through budgetary control					

9. Budgeting Implementation

Using a rating of 1 to 4 please indicate your view on the following statements on budgeting process and its effect on variance.

Where 5= strongly agree; 4= agree; 3 = neutral; 2= disagree; 1= strongly disagree

	5	4	3	2	1
At times, budgets may incorporate goals or standards that are challenging to achieve.					
Uncertainty within the budget hampers the efficient execution of plans					
The insufficient allocation of funds to departments or projects adversely impacts the implementation of the budget					
The process of budgeting is both time-consuming and costly and may become unpredictable before actual implementation					
Institutional weakness could hinder effective budget utilization					
User departments might follow the budget process merely to conform to organizational or donor requirements.					
Implementing budgets for new projects or donors can be challenging as they bring different budgeting guidelines and a new set of rules, requiring time to learn and adapt					
Foreign exchange rate fluctuations in the market					

hinders organization to affect their budgets					
The alteration of project staff or those responsible for budget implementation impacts the attainment of budget objectives.					

Thank you for your time and cooperation!