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**The Role of Budgeting, Budgetary Control and Implementation for the
Performance of Addis Ababa City Administration**

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Declaration

I hereby declare that this work entitled “The role of budgeting, budgetary control and implementation for the performance of Addis Ababa City Administration.” is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person, nor material which has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, except where due acknowledgment has been made in the text.

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This research project has been submitted to Addis Ababa University, College of Business and Economics Department of Public Administration and Development Management for examination with my approval as an advisor.

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Abstract

The aim of this study was to examine the role of budget planning and preparation, budget utilization and implementation, budget monitoring and control, and budget evaluation on the performance of the Addis Ababa City Administration. To realize this target a study used descriptive and explanatory (mixed) design, where both qualitative and quantitative methods were used in the study. In this thesis, a descriptive and inferential statistical analysis of correlation and regression analysis has been used and SPSS package version 25 was used to process the data analysis. Interpretation and discussions were made on the basis of results from the analysis. Reliability was assessed using Cronbach's alpha coefficient of internal consistency. The study revealed the determinant factors that had a significant role in the performance of Addis Ababa City Administrations were Plan and Budget Preparation, Budget Utilization and Implementation, Budgetary Control and Monitoring, Budget Evaluation. The study also revealed the overall bundles, as well as the individual practices; significantly contribute to the performance of the Addis Ababa City Administration. Finally, the study recommends AACA to build effective linkage of strategic plan and budget, involving all staff or functions of the organization in budget preparation, engage all the organization key stakeholders in budget preparation decisions, recruit enough number budget and planning officers who have adequate knowledge and skill to prepare and plan budget effectively, the budget demand prepared by the office is should be based on approved plans and programs, build strong budget control mechanism, timely, explanatory, and complete budget utilization report, budget policies that monitor budget spending, the management should be well committed toward budget control and objectives, the organization's budget deviation should be reported to the budget committee and should have regular follow up on budget plans by the budget committee.

Keywords: Budget preparation, budgetary Monitoring and Control, Budget Utilization and Implementation, Budget Evaluation

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This is to certify that the thesis prepared by Etalem Zegeye entitled “The role of budgeting, budgetary control and implementation for the performance of Addis Ababa City Administration”, which is submitted in partial fulfillment of the requirements for the Degree of Master in Public Management and Policy (MPMP), complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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List of acronyms

AACA	Addis Ababa City Administration
CIMA	Chartered Institute of management accountants
FDRE	Federal Democratic Republic of Ethiopia
MEFF	Macro-Economic and Fiscal Framework
MoFECE	Ministry of Finance and Economic Cooperation of Ethiopia
MoFED	Ministry of Finance and Economics Development
M&E	Monitoring and Evaluation
ZBB	Zero-based budgeting

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

We know from ancient history that ancient man had to figure out what he wanted ahead of time, prepare ahead of time, and figure out how to get it. Budgeting and fiscal monitoring are now a part of our everyday lives. Up to the end of the year, the person sets a budget for what he wants to spend each day, week, and month. The municipal government creates a budget that includes the revenues and expenditures required to provide basic social services and pay employees. The state government created its budget, which detailed the projected revenues from the federal government and other programs, as well as the costs of operating the state's institutions. The federal government creates a national budget that shows what it needs to send down to the states and local governments, as well as what it needs to run government ministries, public corporations, and other institutions. Every organization, whether public, private, or local, must plan its budget and implement budgetary control measures to translate policies, coordinate operations, and maintain financial controls to achieve the best possible outcome (Obi, 2015).

Organizations have evolved several processes and strategies to aid in the planning and control functions of today's business world. Budgeting is one of the most significant and commonly used of these methods. Setting predetermined targets, disclosing actual performance outcomes, and evaluating performance in terms of the predetermined goals are all part of budgeting. Budgetary control systems are widely used and are regarded as important tools for financial planning. Budgetary control aims to have a prediction of revenues and expenses. This is accomplished by creating a model of how our company could perform financially if such policies, events, and plans are implemented (Kimani, 2014).

One of the most commonly used methods for managing and monitoring the efficiency of an organization is the budget. Managers' perspectives are turned forward by budgeting systems. Managers were better able to exploit opportunities with a forward-looking perspective. It also helps them to foresee issues and take action to avoid or mitigate them (Richard, 2006). A budget is a numerical representation of a plan of action that aids in coordination and execution. Since a budget is a financial plan for any activity, it is a financial plan that implies a planned expenditure for the year and the means of funding it. In governmental and nonprofit organizations, it is used for assessing results, organizing events, executing plans, and communicating, encouraging, and approving the action. Appropriations in

the budget serve as the authoring and ceiling for management action. A budget is also a tool that administrators can use to help them organize and control their operations. The boss, on the other hand, uses them to assess what happened in the past (Horngren C., 2006).

When budgeting is done correctly, it can lead to systematic and efficient management. Budgeting allows for better control and coordination, as well as employee motivation. Budgeting is the process of allocating funds to meet specific goals. A budget will cover any period. It may be short term (one year or less), intermediate-term (two to three years), or long term (four years or more) (three years or more). Short-term budgets include more specifics and detail. Intermediate budgets look at the projects that the organization is currently working on and begin the plans that will help the company meet its long-term goals. Long-term plans are wide in scope and can be converted into short-term plans. The budget duration varies depending on the budget's goals, intended usage, and the accuracy of the data used to create it. The budget duration is determined by market risk, revenue and operational stability, manufacturing processes, and processing cycle length (Redburn &.Buss, 2016)

Budgetary control is the method of creating a spending schedule and adjusting real expenses to the plan regularly to see whether the plan or spending trends need to be adjusted to remain on track. This procedure is required to keep track of spending and achieve different financial objectives. Budgetary regulation is used extensively by organizations to regulate their spending practices, and it is also used by the public and private sectors, as well as private people such as heads of household who want to make sure they work within their means (Dunk, 2009). It is a management control mechanism in which real income and expenditures are compared to expected income and spending so that the company can determine whether or not plans are being met and whether or not such plans need to be adjusted to make a profit. Budgetary control is one of the most effective methods of monitoring, managing, and financing, in which each department's budget is created using projected data. The management then compares the calculated data to the original data and assigns blame to the employee if the difference is not favorable (Obi, 2015).

Plan comparisons with real operations, performance assessment, and budget management are all designed to improve productivity and effectiveness. Effective preparation is critical to every company's success. The financial planning stage of the business planning process is crucial. Budgeting is the financial activity of a company. Budgets are a written accounting plan for a company for a specified period represented in dollars. A budget is a comprehensive plan that lays out the revenue and spending

plans for a future period in monetary terms. It is planned ahead of time and is based on a mutually agreed-upon goal.

Most organizations use budgetary control as a method for managing resources and activities within the organization. Managers can easily be given responsibility for the use of allocated financial resources to achieve their assigned organizational goals in a company with well-defined budgetary controls. Budget monitors allow you to compare real outcomes to the budget plan. Departures from the budget can then be explored, and the causes of the discrepancies can be separated into controllable and non-controllable variables, which is critical for minimizing inefficiencies and poor budget practices and ensuring effective resource allocation (Joshi & Abdulla, 1996). According to Hosted (1986), budgetary control can be thought of as a plan that begins as a plan and ends as a control system. Budgetary control aims to provide a structured framework for monitoring the progress of the company as a whole and its constituent parts toward achieving the budget's objectives. Budgetary management determines the production plan or standards, and projected income is compared to real income, and corrective action is taken if necessary (Hofstede, 1968)

Weak ties between policymaking, planning, and budgeting are often blamed for poor results. At one stage, policymaking and planning are unconstrained by a country's medium-term financial ability. On a different level, policymaking and planning are not adequately informed by their financial consequences and possible neighborhood impacts. Inadequate financing of operations, insufficient spending management, and unpredictability in the flow of budgeted capital to agencies responsible for service delivery result from the inadequacy of hard budget constraints on policymakers during the preparation and budget creation stage of the cycle (Peters, 1998). Aside from that, it is important to monitor spending outcomes to make efficient use of resources and obtain a better understanding of how public funds have been spent and how they relate to government policies. As a result, government monitoring and evaluation (M&E) systems have been developed. The Ministry of Finance keeps spending agencies in check by demanding reports on financial and non-financial results, which is a common feature of such programs. The latter is also known as the consequences of government spending and can be calculated at the production, effect, and impact stages, which requires the use of performance metrics. Policymakers need to identify and monitor metrics to understand what they are attempting to accomplish with their strategies, how far they have progressed, and how to prepare accordingly. As a result, budget monitoring and performance-based budgeting are inextricably linked (Rebecca, S.Natasha, & Imran, 2011).

To cope with changes and developments in the dynamic business environment and achieve its set goals and objectives, any company must project into the future by planning sound budgets and implementing appropriate budgetary control measures. Budgets and budgetary controls are critical tools for the financial planning and management of every organization. The organization is essential. Budgeting and budgetary controls are important resources for effective financial planning, as most companies have learned. As a result, they devote ample attention to their annual budgets and resource distribution to the main result areas (Adeniji, 2016).

Since the imperial era, Ethiopian budgeting has been initiated by the government, which begins the budget cycle each year on October 11 by issuing a collator budget proposal. According to reports, the various ministries and agencies completed the budgetary process using dead hones. The ministry of finance received current and capital budget proposals from these organizations. All requests are prepared by the council of ministries. Annual budget calls with preliminary details and recommendations were provided by the ultimate power for approval in July or August. According to the new guidelines, ministries and agencies must finish their plans by January 1, when the budget hearings begin (Abshiro, Befkadu, & Mengstu, 2014). Since Ethiopia is a federal state, the budget creation, approval, spending, and control system of the government structure necessitates government transparency and accountability at each specific echelon (level) to avoid resource mismanagement. It also necessitates public involvement in all aspects of the budgeting process, as well as budget allocation and utilization at various levels and sectors of production (Abebe, 2018). Ethiopia has been reforming its budget system since 1996 E.C. as part of the government's civil service reform program, intending to enhance budget control and execution within the government body by modifying the mechanism and structure of budgeting. The reform mechanism is concerned about how budgeting is carried out, while the structure is concerned with what should be done. The change includes many new components, including a new map of accounts, a budget classification system, and coding of budget transactions for activities that should be compatible with the accounting system, as well as new formats (H/Meskel, 2018).

Thus, this study will aim to examine the role of budgeting, budgetary control, and implementation on the performance of the Addis Ababa City Administration.

1.2 Statement of the problem

Budgeting is the foundation for an organization's performance and productivity, and it entails meticulous preparation, environmental consideration, and alignment with the organization's short and long-term strategies. Budgeting correctly promotes management oversight by establishing a foundation for monitoring how resources are used as expected and checking the organization's alignment within the bounds of its long-term strategic goals. As a result, an organization's failure to plan an adequate budget will result in further losses, as an unequal distribution of resources among departments will result in overspending in some departments and under spending in others. This is dangerous because it would prevent the company from achieving its overall goals because resources are limited and distributed inequitably in comparison to the needs of each department (Spes, 2014).

Organizations have performed poorly in recent years as a result of a lack of effective and productive budgets and financial management mechanisms to distribute resources appropriately to achieve organizational priorities and optimize efficiency. Companies continue to blunder and struggle, according to a study conducted by Boquist (2001), because they have flaws in their financial planning and control processes that they fail to identify. As a result, business strategy and capital allocation become misaligned and stay that way amid poor financial results. To eliminate budget variances and optimize performance, many companies understand the importance of having well-developed and robust budgeting and budgetary control systems. It is common knowledge in Ethiopia that public utilities do not meet the standards for which they were established. The fact that most of them are funded by their supporting governments rather than as a result of their success has created a problem of concealing inefficiency in these businesses. As a result, management avoids setting specific goals or expectations against which outcomes or output can be measured during the budget cycle.

Despite the value of budgeting, many businesses and organizations fail to understand the influence of budgeting and budgetary control on their performance outcomes (Eberhard, 2002). As a result of the large budget/actual variances, these businesses continue without paying attention to enhancing their output across their budgets (Joseph, 2014).

According to Allen and Tommasi (2001), the official budget in several countries is under-spent, especially in terms of non-wage expenditures. This does not necessarily imply that these countries have strong fiscal discipline. Under spending of the official budget can coexist with large amounts of off-budget spending in some countries with weak governance. According to Allen and Tommasi's

conclusion, in most instances, underutilization and overutilization are caused by inadequacies in budget planning, implementation, and control (Allen & Tommasi, 2011).

Tilahun (2010) used a descriptive and qualitative analysis methodology to conduct a study on budget management and control with a focus on the Ministry of National Defense, and found that there is idle cash in the Ministry of Defense due to a lack of a coherent procurement schedule, which leads to a rush spending near the end of the budget year (Tilahun, 2010).

Birhanu (2011) uses a qualitative analysis methodology to evaluate Ethiopia's budget practice concerning two east African countries (Kenya and Uganda), focusing on budget practice and transparency. The results show that Ethiopia, Kenya, and Uganda have very low levels of transparency in terms of full disclosure of all relevant budget details.

Zerihun (2014) conducted a descriptive survey on budget planning and educational finance utilization in public secondary schools in Shashemene city, Oromiya zone, and found that the level of budget control and effectiveness and efficiency in budget utilization are more or less positively linked.

Due to a lack of appropriate and competent experts in the budget department, Ketema (2015) examined the evaluation of budget planning and utilization in the Addis Ababa city administration health bureau and discovered that there is no transparency in budget and no market-oriented cost estimation (Ketema., 2015).

In recent years, the Addis Ababa city administration's finance and economic development bureau has performed poorly due to a lack of effective and efficient budget execution and budgetary management mechanisms to distribute resources appropriately to fulfill the BoFED targets and optimize the bureau's performance. To minimize budget variances and maximize performance, the Addis Ababa city administration of the finance and economic bureau recognizes the importance of having a well-developed and robust budget implementation and controlling system. It is common knowledge that public utilities in BoFED do not meet the standards for which they were established. The problem of hiding inefficiency in these BoFED has arisen as a result of the fact that they are largely run based on the amount of budget allocated by governments rather than the results of their success. As a result, management avoids setting specific goals or expectations against which outcomes or output can be measured during the budget cycle. Budgets are primarily used to make plans for how the BoFED will conduct its future activities, as well as to evaluate the BoFED's success by comparing real results to budgeted results (Abebe, 2018).

According to Asefa (2007), the budget planning, acceptance, execution, and control stages of the budget cycle represent the crucial challenge and contentious problem of public budgeting.

Owing to a lack of budgets in preparation and control, funds are being used indiscriminately for less feasible purposes, and budgetary targets are not being met due to a lack of understanding of the budget structure among middle and lower management workers. The finance and economic development bureau must achieve fast and long-term economic growth in budget efficiency. Therefore the research concentrated on the assessment of budget implementation and controlling in Addis Ababa city administration bureau of finance and economic development. In this situation, the study attempted to fill the knowledge gap by assessing on implementation and controlling system in enhancing the performance budget utilization and controlling in BoFED (Abebe, 2018).

This problem requires further investigation with a scientific approach to how the budget implementation and control practices proceeded and how much do it affect performance. This research thus bridges an evident research gap as there is no organized document with full sources that reports on the role of budgeting, budgetary control, and implementation for the performance of the Addis Ababa City Administration. The lack of research, especially under the city Administration context, coupled with the sign of improper budget management has been a major motivation to carry out the study and the paper tried to assess the role of implementation and control system on the performance of the city Administration.

From the review of past research, studies have conducted on budget practice, transparency, accountability, but to the best of the researcher's knowledge, there is no a better case study research conducted to investigate the above-stated problem in this organization about budgeting, budgetary control, and implementation and its impacts on the performance.

In brief, the paper will focus on examining budgeting, budgetary control, and implementation and its impacts on the performance in Addis Ababa City Administration.

1.3. Objective of the study

1.3.1. General objectives

The general objective of this study will be to examine the role of budgeting, budgetary control and implementation for the performance of Addis Ababa City Administration.

1.3.2. Specific Objectives

The specific objective of the study is:

- ✚ To investigate the role of budget preparation on performance of Addis Ababa City Administration
- ✚ To examine the contribution of budget utilization on performance of Addis Ababa City Administration
- ✚ To investigate the role of budgetary control and monitoring on performance of Addis Ababa City Administration
- ✚ To examine the impact of budget evaluation on performance of Addis Ababa City Administration

1.4 Research questions

From this point of view the researcher wants to investigate the following basic questions would be answered in this study;

- ✓ What are the roles of budget preparation on performance of Addis Ababa City Administration?
- ✓ To what extent budget utilization contribute to the performance of Addis Ababa City Administration?
- ✓ What are the role of budgetary control and monitoring on performance of Addis Ababa City Administration?
- ✓ To what extent does budget evaluation contribute to performance of Addis Ababa City Administration?

1.5Hypothesis of the study

H₀₁: Budget preparation has no positive relationship and statistically significant role to performance of Addis Ababa City Administration.

H₀₂: Budget utilization has no positive relationship and statistically significant role to performance of Addis Ababa City Administration.

H₀₃: Budgetary control and monitoring has no positive relationship and statistically significant role to performance of Addis Ababa City Administration.

H₀₄: Budget evaluation has no positive relationship and statistically significant role to performance of Addis Ababa City Administration.

H₀₅: The overall bundle of factors has no positive relationship and statistically significant role to performance of Addis Ababa City Administration.

1.6 Significance of the study

The significance of this study is to help the organization managers to investigate and solve the problems of budget implementation and control and also it is significant to the community. Moreover, it help to compare the theoretical effectiveness of performance budgeting and principle with the amended one. It also used for various parties for a wide picture of how theoretical concepts are applicable in actual practice of the organization.

1.7 Scope of the study

This study was delimited conceptually, geographically and as well as methodologically.

Conceptually: The study focused on budget preparation, implementation and control and evaluation.

Geographically: The study is delimited to only Addis Ababa City Administration, which is wide in population and demographic aspects.

Methodologically: this research was a sample survey research i.e. based on the sample conclusion for the population was made.

1.8 Organization of the study

The researcher paper will have five chapters. The first chapter includes background of the study, statement of the problem, research question, objective of the study both specific and general objective, significance of the study and scope or delimitation of the study. The second chapter of the research paper will deal review of literature. The third chapter will be about research design and methodology of the study .The Fourth chapter was data presentation analysis and interpretation. The last chapter will encompasses summary, conclusion and recommendation. Finally list of bibliography, sample questionnaire questions attached to the researcher appendix.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Definitions and concepts

2.1.1 Budget

The term budget comes from the French word "boguette," which means "tiny bag or pouch." A budget is defined as "a statement of the likely revenue and expenditure for the ensuing year with functional proposals financed thereon," according to the Oxford Dictionary. It is also defined as "a financial or quantitative statement prepared before a defined period." A budget is a document that outlines the company's goals and how management intends to procure and allocate capital to meet those goals. According to another writer, the term "budget" originally meant "the most purchase of the public purse" (small bag). This acted as a container for the state's revenue and expenditures. A budget is a systematic listing of a governmental unit's expenditures and assessments. It is a long-term financial strategy. The integration of the budget and financial accounts of very limited administrative units of government has resulted from the budget being legally binding on administrators. Budgets serve several functions in the general fund, special revenue fund, and all other funds required by state law to adopt a budget, and the budget document records the decisions made through the political interaction of citizens, legislators, bureaucrats, and public executives. Budgets serve several functions in the general fund, special revenue fund, and all other funds required by state law to adopt a budget, and the budget document records the decisions made through the political interaction of citizens, legislators, bureaucrats, and public executives. A budget is also a strategic tool since it allows people to weigh the advantages of different projects against their costs, putting them in a stronger position to make wise decisions. Modern budget procedures contain projections of expenditure and revenues (Wilson, 2010).

A budget, according to the Chartered Institute of Management Accountants (CIMA) London, is "a schedule quantified in monetary terms prepared and accepted before a fixed period, generally showing expected income to be produced, expenditure to be incurred during the period, and capital to be employed to achieve a specified objective" (Allen, 2011).

"A budget is a pre-determined statement of management strategy for a given time that provides a benchmark for comparison with the actual result achieved," according to Brown and Howard (2001). While several scholars have described budget and budgeting in various ways, the majority of them have come up with similar connotations. The following are some of the meanings that have been chosen. The term budget refers to a company's financial plan for a given period of time. Predicting financial

results and the intents of the financial statement over the course of the year and pedants at the financial statement over the course of the year and predicting in detail the pertinent financial results of all the company's organizational elements. The method of creating budgets is known as budgeting. Budget often refers to an operating budget.” In most cases, the budget corresponds to the annual and quarterly reporting requirements for public companies. Due to the fact that the investment community keeps score on these times, this is an appropriate response. Even a business has to borrow money or wants to equate itself to the rest of the world of business and finance, and a budget is used effectively for regulation (Cheratomy, 2004).

A budget is a financial representation of a country's long-term plans. It explains how and where the company will invest money, as well as where the funds will come from to cover these costs (Badu, 2011). Budgets ensure that a country's most pressing needs are addressed first and that less pressing needs are postponed before adequate funds are available to pay for them. Even though budget planning is not the only factor to consider when budgeting, it is the foundation for having at least a close estimate.

Budgets cannot displace good management. It is only a tool whose use depends on the skills of managers brings to their jobs. Even though there is much more to management and budget are inextricable. The relationship between them is identical to the visualized by concerning inseparability of dancers from their dances. You may see the relationship between an organization and its budget as being symbiotic technical elements of the budget and its organizational aspect enjoy a mutually supportive relationship the two help shape each other (Richard, 2006).

2.1.2 Budgeting

The process of obtaining a budget that will direct the allocation of resources to projects and services in an organization is known as budgeting. It refers to a span of time that is normally expressed in numerical terms. Much of the policies, processes, and technological methods that we associate with modern budgeting were established during the nineteenth century, according to the California Department of Finance. France was the first country to undergo significant reforms. During Napoleon Bonaparte's reign, the French government brought about significant social reforms. The budgetary initiative was aimed at improving the Napoleonic Code of Law and the Metric System's usefulness and accuracy. Later, in an attempt to gain greater control over total spending in both military and non-military affairs, France introduced the English terms "budget" and "budgeting," as well as expanding English technological capacities and practices. The French accomplishments were notable not only because they were groundbreaking at the time, but also because they were completed in such a short

period of time (Obi, 2015). Budgeting, according to Armstrong (2006), is the method of creating a budget, which is a declaration of quantitative and generally financial terms of planned distribution and usage of a company's resources for a period of one year, five years, or even longer. Budgeting is the method of putting together a written statement of anticipated financial performance over a certain time span in the future. “Expected” refers to anything that is likely to occur, and “future” refers to a future time frame (Obi, 2015).

2.1.3 Budgetary control

Budgetary management refers to how effectively administrators use budgets to monitor and control expenses and operations over the course of a financial year. In other words, budgetary management is a mechanism by which managers use budgets to set financial and performance targets, compare actual results, and adjust performance as required. “Budgetary management is a method of cost control that involves the preparation of budgets, managing teams and determining obligations, comparing real output to the budgeted, and acting on results to achieve optimum profitability,” according to Brown and Howard (Shaikh, 2016)

Budgetary control is a management control mechanism in which real outcomes over a period are linked to the period's budget (Dyson, 2001). Budgetary regulation is the creation of budgets relating to executive duties to policy specifications, as well as the ongoing comparison of real with budgeted performance, either to ensure that specific activities achieve the policy's goals or to provide a basis for its revision (CIMA terminology, 2006).

Budgetary management is the method of creating budgets for different operations and comparing them to the budgeted figures to identify any anomalies that need to be addressed in the future. As a result, the budget is a means to an end, and budgetary control is the end result. Budgetary management is an ongoing mechanism that aids in the preparation and coordination of resources. It also has a control mechanism (Badu, 2011).

2.1.4 Performance

Performance refers to qualitative and quantitative description of results which enables to shape the future of an entity.

Organization performance is a set of financial and non-financial indicators which offer information on the degree of achievement of objectives and results (Lebans & Euske, 2006).

2.2 Theoretical Framework

2.2.1 The Theory of Budgeting

By creating an efficient system of control, a detector of variances between organizational goals and results, Hirst (1987) explain that successful budgetary control solves an organization's need to prepare and determine how to confront possible potential threats and opportunities (Shields and Young, 1993). Budgets are regarded as the most important component of an effective control mechanism and, as a result, a critical component of the overall definition of effective budgetary control. Budgets forecast potential financial results, allowing you to assess the financial feasibility of a plan. This mechanism is formalized in most organizations by planning annual budgets and tracking output against those budgets. Budgets are therefore nothing more than a series of plans and projections (Bhabatosh, 2013).

Short- and medium-term goals are established to include forecasts of potential sales revenues and expenditures, as well as short- and long-term objectives for a coordinated management strategy. By comparing actual results to budgeted plans and taking corrective steps as needed, benchmarks for management and task controls are established. Employee actions and decisions can be influenced further by budgets, which translate company goals and provide a baseline against which to evaluate results. According to Hancock (2009), organizational planning is the foundation of management (Allen R. , 2009).

Alternative courses of action are seen as part of the budget planning process, which contributes to increased rationality. A budget enables the establishment of a target, a performance standard, and the subsequent comparison of actual results to the created standard. It necessitates that those concerned look forward rather than backward. As a result, budgets have been described as playing a variety of functions, including making priorities clear, coding learning, promoting regulation, and contracting with third parties. Fisher demonstrated this by "linking rewards to performance measures against the budget," thus making targets clear, communicating goals, coding understanding, and clarifying performance measures for individual employees within an organization(Horngren & Dater, 2006).

The most critical task of a government legislator or manager might be budgeting. Citizens expect elected officials to prioritize community program and service objectives, approve the allocation of resources to achieve such goals, follow the legislation on budget appropriations, increase the standard of services in the short term, and show long-term commitment to public funds. A successful budget should have majority buy-in from all affected parties at the very least. Budgets must be implemented and incorporated into the financial accounting system before the fiscal year starts, so that real outcomes can be compared to budgeted plans at regular intervals. By incorporating the budget into the accounting

system, management can keep track of individual unit performance and react quickly to discrepancies between actual results and budget projections. A budget, according to the legalistic view, is a financial operating schedule that includes an estimate of planned expenses over a given period of time as well as the proposed means of funding them. Budgets can be thought of as tools that help management run a business more efficiently. Governments create budgets to show compliance with legislation and to communicate the success of their programs (Wilson, 2010).

2.2.2 Budgetary Control Model

According to Robinson and Last (2009), a budgeting mechanism is a method that a company uses as a structure for allocating expenditures and revenue. The company must be able to come up with an efficient budgeting mechanism to ensure that the firm's resources are not wasted. This is important because it ensures that the outputs and services delivered meet the goals. According to this principle, a strong budgeting method should be able to address the organization's spending efficiency and effectiveness. The amount of income of the company determines a good budget (Robinson, 2009).

The company must implement effective controls to ensure that the budget is adequately managed and allocated. A company that can effectively manage its activities can devote more money to the organization. This is accomplished by reducing prices in order to improve the firm's quality and quantity of products and services. When an organization's revenue is lower, it will need to borrow money or restructure its taxes to finance its projected budget (Robinson and Last, 2009). As a result, the budget is often viewed as a tool for controlling spending. The company does not surpass the budget allocation as the cumulative amount of annual spending.

In some nations, such as Malaysia, the budgeting process is conducted in an apolitical manner, primarily in the parliament. Budgets are important not only as political instruments, but also as a promise between the governing organization and the public to meet the people's needs and demands. The budget can also be used as a barometer of the ruling government's results. It's a declaration of whether or not they're capable of managing the company and national resources (Sawhill and Williamson, 2001). Performance Based Budgeting Framework is one of the budgeting models. The performance-based budgeting method (PBBS), according to Robinson and Last (2009), aims to increase the efficiency and effectiveness of government spending. Unlike other budgeting systems, PBBS makes use of resources to help achieve the desired results and outcomes based on the intended region or preparation. In simple terms, the PBBS is viewed as a management system that focuses on outcomes (Marc Robinson and Duncan Last, 2009). Unlike conventional budgeting, which focuses on

the quantity of inputs, performance-based budgeting is more concerned with the result. Since an organization's spending spans a year, it's critical to comprehend the essence of the organization's spending, which is often detailed in the budget. As a result, it is important for the company to recognize its budgeting structure and give priority to pressing issues. It is critical for the firm to assess the trends of the organization's spending and efficiency in order to determine the relationship between the budgeting mechanism and organizational performance (Anohene, 2011).

2.2.3 Accounting Theory in Budgetary Control

Accounting theory, according to Kaplan and Norton (1996), aims to include a consistent collection of logical principles that serve as the general frame of reference for evaluating and developing sound accounting practices and policy growth. The aim of developing a theory of accounting, according to Otley and Pollanen (2000), is to create a norm for assessing the acceptability of accounting methods. In accounting practice, procedures that follow the norm should be used. According to Horvath (2009), accounting approaches that do not follow the criterion should be refused. Accounting theory aids in the explanation and direction of management decisions in recognizing and finding details needed for budget planning. The money calculation principle in accounting has aided in quantifying, converting, and translating various inputs in relation to materials and machines used in the preparation of budgets to a greater extent (Horvath and Seiter, 2009).

Accounting theory aids in the selection of concepts and functions to be used in specific situations. Accounting theory has developed various models of analysis for budget management, such as cost volume benefit analysis and uniform costing, which act as a standard setting in budgeting. In evaluating budget and control procedures to be implemented, theory plays a significant normative role.

Theory has aided in forecasting the probable outcome of budget intervention in a given set of circumstances, as well as the impact of any changes in circumstances. Accounting theory, according to Horngren (2002), views a company as an independent organization whose operations are distinct from those of its owners. These values act as a catalyst for the budget's overall strategy as a tool for successful management (Horngren & Dater, 2006).

Budgeting as a method for norm setting and output assessment makes extensive use of many accounting concepts. Accounting theory has established models that can be used to set standards. Several regulation yardsticks are also provided by management accounting theory. That's how variance analysis works. Since a budget is a planning tool. It establishes a structure for providing feedback to management on budget execution. Historical data is important when applying accounting theory because it serves as an input for forecasting. The cost accounting theory, introduced by Wedgwood in

the early twentieth century and focusing on cost identification, allocation, and revenue maximization, has provided a foundational understanding and blueprint for budgeting and controlling an organization. In budget analysis, the accounting principle of matching also serves as a reference point (Burkhead, 2013).

2.2.4 Budgeting Formulation process

2.2.4.1 Budget Preparation

According to Maitland (2001), the process of planning and deciding on a budget is a way of transforming the organization's overall goals into a comprehensive, feasible plan of action. Public budget planning is one of the time-consuming activities that every country should consider; the annual budget preparation process takes a lot of effort, time, and money. As a result, it is important for a country to be able to correctly follow all of the procedures for planning an annual budget. The emphasis of budgeting is not only on preparing the budget, but also on having a budgeting follow-up activity and acting on known data. Budgets, according to Falk (1994), are financial expressions of a country's long-term strategy. It explains how and where the company will invest money, as well as where the funds will come from to cover these costs. Budgets, he adds, set boundaries. Budgets, according to Andrews and Hill (2003), not only set limits but also ensure that a country's most pressing needs are addressed first and that less pressing needs are postponed before adequate funds are available to pay for them. Even though budget planning is not the only factor to consider when budgeting, it is still necessary in order to provide a reasonable estimate (Anohene, 2011)

According to Shah (2007), budget planning takes months and includes all government institutions: the Ministry of Finance oversees the process, the Cabinet/President sets or approves policy targets, line ministries prepare and lobby for their resource requirements, and the legislature reviews and approves the final plan. The decision on how to allocate the state's limited resources to competing demands is at the center of the democratic process.

A prominent topic in public budgeting has been preparing a budget plan that proposes a series of recommended policies while staying within whatever financial constraints are deemed politically feasible. Setting clear dollar ceilings on budget requests is one process. This method has the distinct benefit of forcing organizations to prepare requests that only include solutions that are financially viable (Anohene, 2011). Fixed-ceiling budgeting is a term used to describe this process. Budget ceilings direct departments to request budgets for the next year based on certain assumptions, such as their rating goals. Another approach is for the governor to provide policy guidance in terms of overall priorities and/or guidance by major program.

The key starting points for the planning of the annual budget, according to Schiavo-Campo and Tommasi (1999) and Allen and Tommasi (2001), should be a consistent definition of fiscal goals and a strategic structure consisting of a detailed collection of objectives and priorities. An effective budget preparation process, according to Schiavo-Campo (2007), incorporates top-down guidance and bottom-up planning. The Ministry of Finance and the Cabinet/executive normally set the total budget envelope and sector/ministry expenditure ceilings in line with policy objectives. These are then passed on to the line ministries, who are in charge of planning their own sector budgets. A consolidated budget is hammered out through an iterative process of analysis, discussion, and negotiation. After that, a budget plan is submitted to the legislature, which debates and negotiates with the executive before becoming law. Preparing a budget is a process that begins with close consideration of what is needed and what new programs can be implemented. At the same time, top-level leadership and vision provide some direction for departments in terms of turning the organization's overall goals into a comprehensive, actionable plan of action. Preparing a public budget is one of the most tedious activities that every nation can undertake. The annual budget planning phase consumes a significant amount of time, effort, and money.

2.2.4.2 Budget Utilization

Budget utilization, according to Tommasi (2007), is the process in which resources are used to execute budget policies. 'A well-formulated budget can be executed poorly, but a badly formulated budget cannot be implemented well,' he said. Budget utilization success is determined by factors such as the organizations' ability to cope with changes in the macroeconomic climate and their execution abilities, as well as assurance of successful expenditure management, addressing issues that arise during implementation, and effectively managing the procurement and usage of resources (Allen and Tommasi, 2001).

Not only should the budget utilization framework ensure reliable aggregate expenditure monitoring, but it should also ensure effective and efficient resource utilization in compliance with budget objectives. In order to prevent contradictions between these goals, the method should be well-balanced (Allen and Tommasi, 2001).

After the legislature has adopted a budget, the government begins the difficult task of allocating funds. It's also just as difficult to strategically use public funds to achieve specified policy goals while maintaining value for money as it is to plan how to invest them. Several studies of developed country public financial management results indicate that countries score substantially higher on budget planning than on budget implementation. Budget utilization, according to Schiavo-Campo and Tommasi (1999), is the process in which resources are used to execute budget policies. As they argued, it is possible to utilize badly a well-prepared budget; it is not possible to utilize well a badly prepared budget.

Effective budget use, according to Allen and Tommasi (2001), is dependent on a number of factors, including the willingness to cope with changes in the macroeconomic climate and the implementation capacities of the agencies involved. Aside from that, the budget mechanism should ensure that expenditures are effectively controlled. A successful budget utilization system should have a full budgetary/appropriation accounting system in addition to a reasonable budget to begin with. Transactions and movements between appropriations or budget items must be tracked at each point of the expenditure cycle (commitment, verification, and payment) (Schiavo-Campo and Tommasi, 1999).

2.2.4.3 Managing and Monitoring Budget Utilization

According to Tommasi (2007), there should be a division of responsibilities for budget use, budget appropriation management laws and budget adjustments, various budget-related special issues, and budget execution control. At the same time, budget execution encompasses all policy management operations and budget administration functions. These functions are shared between the central agencies (the ministry of finance, the ministry of planning in a dual budgeting scheme, and the prime minister's "office") and the expenditure agencies.

The allocation of budget control tasks should be coordinated by the agencies' respective areas of responsibility and accountability. Budget process monitoring and control is a determinant of effectiveness; once budgets have been enacted, they must be monitored and managed to ensure

that they are successful in aligning budgets over a given period of time (Horngren & Dater, 2006).

If the organization ensures effective monitoring and control of the budget process, a competent and open approach to budget preparation will help persuade investors, development banks, and national or foreign donors to make financial resources available. This is accomplished by ensuring that the projected budget does not differ from the actual result, allowing for the requisite steps to be taken (Otley and Van der Stede, 2003).

2.2.4.4 Budgetary Control

Budgetary control is described by the Institute of Cost Management Accountants as "the creation of a budget relating to the executive's responsibilities to the requirement of a policy and the continuous campaign of accrual budgeted results either to by individual acts the policy's objectives are to provide a basis for provision."

Budgeting control mechanism, according to Omolehinwa(2004), uses budget as a preparation tool for managing all aspects of services. Preplanning is an important aspect of budgeting control, since each budget reflects the actions of the people, their results, and the costs they incur.

Controlling budgets from a management standpoint or allowing for exceptions reported that budgeting control is a mechanism that allows management to focus on exceptions and only consider things that do not go according to plan. Budgeting control, on the other hand, is described by Godwin (2001) as a method that uses budgets to schedule and control all aspects of services. Budgetary monitoring can help management in the following ways:

- ❖ In the allocation of responsibility and authority.
- ❖ To aid in making estimate and plans for the future.
- ❖ To assist in the analysis of variations between estimated and actual results.
- ❖ To develop basic of measurement or standards with which to activate the efficiency of operations.

Budgetary control can be carried out without standard costing, but standard costing makes budgeting control much easier. However, if standard budget costing is not used, it will be difficult to run the system. Budgetary costs cannot be linked to the people who pay them so that real expenses can be comparable to budgeted expenditures.

Budgetary control is used in industry to provide a coordination aspect. Its significance as a management tool can be inferred from the preceding debate. It can be seen that it is just as important in planning as it is in budget injustice management. Real output is opposed to the budgeted result, and a beneficial or unfavorable difference is calculated. The source of the variance is identified and investigated, allowing managers to prepare for possible operations. Budget control, according to Ama (2003), is a cool for forecasting, while budgetary control serves as a yardstick for comparing real results to that budgeted by review of variance. For budgetary process to be effective the participation of top management is not only required but

the true participation, co-operation and understanding of the middle and tower management is also comparative.

2.2.4.5 Evaluation

The firm will explain what path the assessment can take depending on goals, finances, time, and expertise required to complete the evaluation with an evaluation schedule. The executive committee should be directly engaged in the monitoring and review of financial control systems and procedures to improve efficiency and accountability (Hancock, 2009).

The method of creating an assessment strategy in conjunction with a stakeholder evaluation workgroup fosters collaboration and a sense of common interest, which greatly aids in maintaining successful budgetary regulation (Simiyu, 2002).

2.2.5 Over and Underutilization of Budget

Fund overuse can be exacerbated by budget managers' failure to adhere to the budget's expense limitations before committing expenses, as well as flaws in budget planning (Allen and Tommasi, 2001). As they said, payments made by extraordinary processes in certain countries are not checked against appropriations and are therefore a major source of overruns. Strengthening the audit and reporting systems, as well as maintaining the efficiency of the simple budget utilization controls, will help to resolve non compliance. Sound budget preparation processes and adequate institutional arrangements are a prerequisite to avoid over utilization caused by deficiencies in budget preparation.

On the other hand, according to Allen and Tommasi (2001), the official budget in a number of countries is under-spent, particularly in terms of non-wage expenditure items. This does not actually imply that these countries have strong fiscal discipline. Under spending of the official budget can coexist with large sums of off-budget spending in some countries with weak governance.

Based on the conclusion given by Allen and Tommasi; in most cases, underutilization and over utilization, is related to insufficiencies in budget preparation and program preparation. An overestimated budget and unrealistic projections of revenues may lead to budget revisions during budget execution and to a practice known as “repetitive budgeting”. poor planning and budgeting; no links between policy making; poor expenditure control; little relationship between budget as formulated and budget as utilized; inadequate accounting systems; unreliability in the flow of budgeted funds to agencies and to lower levels of government; and

poor cash management are some of the factors that affect resource allocation and use (Peters, 1998).

2.2.6 Causes of Deviations between Budgeted and Actual Expenditure

According to Omitoogun and Hutchful (2006), there are a variety of reasons why real spending in any sector differs from the rate agreed at the start of the financial year. Deviations may have a variety of causes, and can change over time. Deviations in gross spending, fund reallocation during budget execution, policy adjustments during the year, failure to execute legislation, programs, and schemes, and a lack of budgetary management are some of the most prevalent reasons.

According to Ketema (2015), the causes of variance between budgeted and actual expenditures are primarily due to a lack of coordinated purchasing effort, a lack of consistency and delay in purchase processes, incapacitated budget staff in terms of skill and knowledge in each respective budget office, and a lack of information by management at each level to evaluate the budget utilization status (Ketema., 2015).

2.2.7 Organization performance

Organizational success is founded on the concept that an organization is a voluntary group of valuable properties, including money, human capital, and services, with the goal of pursuing a common goal. According to Drury, budgets have been extensively used by numerous organizations as a framework for performance assessment (2001) Budgets are a useful tool for managers to evaluate their own and the organization's performance by comparing budgeted plans to actual results to see if planned objectives were met. If there are any variances, appropriate measures are emphasized. The foundation of overall quality control and total quality organizations is performance assessment. Companies have traditionally evaluated results in a way through financial performance, whether through benefit or loss. As a starting point for understanding current results, a company wants to create its own collection of metrics (Allen R. , 2009).

Performance is an indicator of an entity's improvement in financial position or the financial consequences that arise from management decisions and implementation of such decisions by employees of the organization in the light of corporate financial performance (Carton and Hofer, 2006).

According to Merchants and Stede (2003), success is described as the qualitative and

quantitative description of outcomes that can help shape an organization's fortunes. The old adage "what you calculate is what you get" emphasizes the importance of success assessment (Kaplan and Norton, 1996). Bogt (2004) states that evaluation is concerned with organizational operations, production, or usage, and that performance assessment in the public sector is concerned with primary actions and outcomes arising from public policy.

Performance assessment is essentially a way of determining how far you've come from achieving your objectives. It is meant to serve as a contact and control instrument rather than a reward or punishment process. The aim of implementing success assessment in government is to move the emphasis away from the number of money available and toward the outcomes obtained with those resources (Anohene, 2011).

Performance measurement in the public sector can serve a variety of purposes. First, it serves as a vehicle for communication. To the public, they signal the things that government deems important, and how the government should be judged. Second, it serves as a motivational tool. To those within the organization, measures signal what is important, and what is necessary for success. Finally, measures can serve as a vital management and decision-making tool, providing information that can be used to make improvements in program design and service delivery (Anohene, 2011).

2.2.8 Budget in Ethiopia

At the regimes of Hailesilase, Ethiopians begin the practice of government budgeting early. However, it will not be configured in such a way to allow efficient financial administration at first, but the budget system will be continuously modified overtime before it reaches its current status. Depending on the administrative structure adopted by each government, the budgetary scheme differed. The central government is responsible for resource allocation and financial management in a centralized structure. The central government will prepare the budget and allocate money. The entire spending process will be closely monitored by executive bodies at the federal level. On the other hand, in a decentralized political system, financial administration is devolved to autonomous and semi-autonomous governmental units such as ministry offices, provincial, and local governments. After a range of changes, Ethiopian budgeting schemes have arrived at the current situation. The country's constitution gave its approval to these changes. Article 65 of the Federal Democratic Republic of Ethiopia (FDRE) constitution, as well as proclamations No. 1/1995, 57/1996, and 17/1997, briefly describe the budget framework and its structure.

As a result since the imperial era, Ethiopian budgeting has been initiated by the government, which begins the budget cycle each year on October 11 by issuing a collator budget proposal. According to reports, the various ministries and agencies completed the budgetary process using dead hones. The ministry of finance received current and capital budget proposals from these organizations. All requests are prepared by the council of ministries. Annual budget calls with preliminary details and recommendations were provided by the ultimate power for approval in July or August (MoFED, 2010).

The Ministry of Finance and Economic Development (MOFED), whose name was recently changed to Ministry of Finance and Economic Cooperation of Ethiopia, issues a directive (financial calendar) that guides the budget process in Ethiopia (MOFECE). This directive has a schedule in place to ensure that preparation and budgeting are planned, authorized, appropriated, and implemented in accordance with predetermined development timelines.

The Macro-Economic and Fiscal Framework (MEFF), prepared by MOFED, is used to direct budget planning. Over the next three years, the MEFF includes forecasts of government revenue and spending, expenditure financing, gross expenses split between federal and regional, and federal expenditures split between recurrent and capital. MOFED prepares the annual fiscal plan based on the three-year MEFF, which involves identifying the sum of capital (foreign and domestic) known as resource envelops. These comprise the amount of money needed, known as the expenditure need, setting the block grant amount for regional governments and administrative councils from all sources (domestic and foreign), and splitting the federal share between the CapitalLand recurrent budgets (MoFED, 2010).

The lack of predictability of financial resources in public spending management inhibits strategic prioritization and makes it difficult for public officials to prepare for service delivery. The private sector faces a challenge in guiding its own production, marketing, and investment decisions due to the unpredictability of government spending in the aggregate and across sectors. Furthermore, budgetary laws are ambiguous and apply equally to all. Another issue for an informed executive, legislature, and public is fiscal and financial information transparency. Scholars have shown that disclosing massive volumes of raw financial data to the public has little impact on fiscal accountability (Lewis, 2007).

The budget implementation period, or financial years, in Ethiopia's public sector runs from July 1 to June 30. At this time, the national budget is prepared and implemented using a laid-out

medium-term spending structure of the budget cycle. The actual execution of the budget and the allocation of funds to the intended operations are referred to as budget implementation. However, not all funds are spent according to schedule during the fiscal year (Alemayehu & Dawit, 2011).

2.3. Empirical Literature Review

Gershon (2012) investigated budgeting, budgetary control, and performance assessment using the Alterrian service community as a case study (ATS). The study's goal was to determine the position of the budget in the business and how the budget's main actors use it in their day-to-day operations. The data was collected through personal interviews and questionnaires, as well as secondary data sources, and the data was analyzed using both qualitative and quantitative methods. The study's format was descriptive and explanatory. The results show that most main actors do not collaborate with the budget due to a lack of proper induction and job profile of the office they held, and project managers rotate without consulting the budget, resulting in budget deficits in the majority of cases. According to the report, all business managers should champion the budget information distribution down to the project units, so that project managers can recognize and understand the resources for the process. This would increase project managers' participation.

The problem of budget execution in public institutions: A case study of the University of Nairobi was researched by Elizabeth in 2010. The aim of the study was to look into the budget issues at the University of Nairobi. A descriptive research was conducted in order to achieve the study's goal. To collect data, the researcher used descriptive analysis and both primary and secondary methods. Statistical methods such as pie charts, bar graphs, frequency tables, and graphical displays were used to display the results. One of the major challenges that affect budget implementation is that when the initial budgets were made, they were later amended during aggregation and could resist the proposed budgets. Other challenges include insufficient funds allocated to departments, institutional weakness, and the recognition that budgets play a role in the organization. Budget execution, according to the report, needs appropriate processes and guidance in the allocation of funds as well as operational implementation policies.

Christine (2012) investigated the factors that influence budget utilization by Kenyan government ministries. The study used a cross-sectional research design, with questioners sent to finance officers in different ministries and data analyzed using descriptive statistics and factor analysis. Tables and a factor index matrix were used to evaluate the results. According to the study's

results, the ministries had reported their budgeting and budgeting processes, which serve as a reference material for how funds will be used and budgeting control procedures will be maintained. The systemic and cultural factors that exist in the ministry have the greatest impact on budget utilization, with training and educational program expenditure having the least impact. The implication was that there was a need to minimize the amount of bureaucracy involved in obtaining approvals from government departments before funds could be obtained from the treasury.

Yesuf (2015) conducted research on budgeting and budget monitoring practices in Ethiopian non-governmental organizations. The aim of this study is to assess the impact of budgeting and budget monitoring practices in Ethiopian non-governmental organizations. The convenience sampling approach was used to achieve the thesis's goals, and managers of the sample company were contacted to determine the main staff members who are responsible for the budgeting process based on the structure of each organization. Respondents were given a self-administered questionnaire. Budget success analyses and manuals were also used to gather secondary data. The analysis employed both qualitative and quantitative methods. The results indicate that in the sample organizations, the overall budgeting structure failed to include the input of concerned employees. Staff participation in budget preparation aids in the achievement of budget objectives such as teamwork, communication, and encouragement in the process of achieving the desired level of results. According to the analysis, the finance department should continue to track budget versus real expenses in order to facilitate the measurement of revenue and cost levels in operational activities and budget review meetings.

Tilahun (2010) investigated the Ethiopian Ministry of National Defense's budget management and control. The study was motivated by a lack of research, particularly in the Ethiopian defense context, as well as signs of poor budget management. The paper attempted to examine vulnerabilities found in budget holders during the budget process. To investigate the current issues, both primary and secondary data were used. A total of 64 people were interviewed, including 13 budget holders. Budget and audit experts were also involved in the collection of primary data through standardized questionnaire. According to this report, while budget guidelines have been provided in Ethiopian defense on how to prepare budget requests, execute budgets, and manage budgets by budget holders, the guidelines alone are insufficient to achieve the desired results unless budget executing bodies within the organization are directly involved and held responsible for all expenditures. Descriptive and qualitative studies reveal a lack of

strict transparency, allowing for the interpretation of institutional expenditure perceptions. There is no reasonable cost estimation practice. Lack of adequate and experienced budget workers is other issue that contributes to worsen the problems (Tilahun, 2010).

At Ernest Chemist Laurea, Badu (2011) performed a budgeting and budgetary control investigation. The aim of this study was to conduct research into the budgeting practices at Ernest Chemist, a pharmaceutical company based in Ghana, as well as to define the perceptions of the company's budgeting experts and evaluate their perspectives on the company's current state. This research was required in order to determine the likelihood of resolving any issues that this organization will encounter in developing an effective budgeting and budgetary control system. A self-designed interview questionnaire was sent to a member of the company's staff to get his thoughts on the company's budgeting and budgetary management issues and concerns. The study's findings showed that an effective budgeting and budgetary control structure had been implemented and used to plan the pharmacy's budgets, but there were a few ethical concerns that were also revealed (Badu, 2011).

(Nickson and Mears 2012) investigated the relationship between budgetary control and state ministry performance in Boston, Massachusetts. A sample of five ministries were examined to test the relationship between budgetary control and state ministry performance, secondary data was used and a 10-year review was used, a regression model was used for data analysis, and a statistician was used. The regression analysis found that proper budgetary control measures resulted in state ministry results.

Zerihun (2014) conducted a study to evaluate the existing practice of budgeting and educational finance use in Shashemene's public secondary schools. His research aimed to address the following questions in particular. What are the primary sources of funding in Shashemene's public secondary schools? What factors are taken into account when allocating funds? Is the budget sufficient? To what degree are budget procedures consistent with budget principles? What is the effectiveness and efficiency of budget utilization? The research used a descriptive survey approach, which included questionnaires, interviews, and record analysis as data collection methods. Purposive sampling and random sampling were used as sampling techniques. Quantitative data was analyzed using frequency count, percentage, and mean, while qualitative data was analyzed using thematic analysis. According to the results of the report, schools have budgetary sources other than those provided by the government. Internal school revenue, community contributions, and NGO funding were the primary sources of funding. The allocation of budget was based on the standard unit cost per student and the budget used the previous year.

The budget allocated to execute the education plan and achieve the minimum quality/standard was found to be insufficient. The study finding revealed how the level of transparency and accountability in budget processes and effectiveness and efficiency in utilization of finance were measured more or less positive. Lack of forum, delay of budget, lack of block grant budget, lack of training on financial management, lack of internal audit and control, limitation in use of financial materials and rules and guidelines were among problems indicated. In light of findings, the following conclusions were drawn. Schools have sources of budget other than government budget. There were necessary financial rules and guidelines whose application was limited. Block grant budget was found to be small and its administration was in material form. There was infrequent internal auditing implying lack of timely audit and internal control system.

At the Addis Ababa City Administration Health Bureau, Ketema (2015) assessed budget planning and use. The paper's overall goal was to evaluate the City Administration Health Bureau's budget planning and utilization. With a total of 50 respondents, five out of seventeen budget holders were chosen, with ten primary informants chosen from each budget holder. In addition, five budget experts and three more BOFED budget experts were involved in the collection of primary data through standardized questionnaire. More qualitative studies show that budget usage is unaccountable, and there is no market-based cost assessment practice. Lack of adequate and experienced budget experts is other issue that contributes to worsen the problems and also there is no evidence based evaluation mechanisms in the budget utilization at each level of the Health Bureau (Ketema., 2015).

Intrinsic Factors Affecting Budget Utilization in Ethiopian Public Universities is a journal article written by Dejene and Semeneh (2016). The aim of this study was to look into the internal (intrinsic) factors that influence budget utilization in Ethiopian public universities in 2016. A total of 178 people were chosen at random from the universities of Dilla, Wolaita Sodo, and Bule Hora. Closed and open questionnaires were used to obtain primary data. Secondary data was gathered from the federal general auditor's annual report to complement the survey results. Various descriptive statistics were used to interpret the results. The results revealed a substantial increase in budget allocation to public universities from the previous year. However, in these universities, a lack of adequate preparation and budget allocation has been identified as a serious problem. The key causes of the aforementioned problems were found to be inadequate timely revision of the initial proposed physical activity plan based on the authorized and available budget, inadequate awareness of the definition of program budgeting framework, shortage of adequate number of human resources, and insufficient participation of all concerned bodies

during the budget plan planning. The most important internal factors that affect planning are a decentralized budget administration system, a lack of result-oriented evaluation of budget performance and regular revision of plans in accordance with the available budget, a lack of effective communication, a lack of effective budget monitoring and evaluation, and a lack of full involvement of line managers in the planning process. According to the report, university top management should pay close attention to budget planning, allocation, and execution. The result also suggested capacitating the employees' skill, knowledge and attitude through continuous on job training programs (Dejene & Semeneh, 2016).

According to Joshi et al. (2013), this study looks at budgetary preparation, control, and assessment in developing countries. A questionnaire survey of 54 medium and large businesses, both publicly traded and privately held, was conducted. His results showed that the majority of businesses create long-term plans and operating budgets, and that they use budget variance to monitor performance in order to spot issues early and boost the next period's budget. Furthermore, the results revealed that most businesses use budgeting to forecast, assist in benefit maximization, and monitor efficiency by examining variances. Poor cooperation and ineffective planning are the main reasons for not achieving the required standard targets.

Chemweno (2009) examined the company's use of an annual budget as a management tool. Its aim was to find out how organizational budgeting is actually performed, what the budgeting process entails, and how budgets are used as a management and control tool. The research focused on companies in Kenya that provide mortgage financing. The data was collected mainly through detailed questionnaires and analyzed using descriptive statistics by way of summary statistics, tables and percentages. Budgets are usually prepared on an annual basis, according to the report. All of the major Kenyan mortgage financing institutions was discovered to have an organizational budgeting mechanism, which they regarded as extremely significant because it is defined in the organization's goals, priorities, means of achievement, cost of achievement, and responsibilities.

Mwaura (2010) looked into participatory budgeting and budget engagement as a factor influencing the success of NSE listed companies. To determine the cause and effect relationship, this study used a causal research design. In this report, the population of interest consisted of 55 businesses, but only 53 of them were still operational. Since the data for this study was quantitative as well as qualitative, descriptive and content analysis methods were used. The researcher was able to classify the data and assess the degree to which it was used with the aid of descriptive statistical methods. In addition, the researcher used multiple regression to measure

the intensity of the relationship between the variables. The study found that budgetary engagement has a significant impact on return on capital employed and return on assets.

Budgetary engagement also has a moderate impact on return on investment and budget commitment, according to the findings.

Marcormick and Hardcastle (2011) investigated budgetary control and operational efficiency in European government parastatals. Secondary data was used to determine the relationship between budgetary control and organizational performance in a sample of 40 government parastatals over a ten-year span. The data was analyzed using a regression model, and the findings showed a positive relationship between budgetary control and the organizational performance of government parastatals.

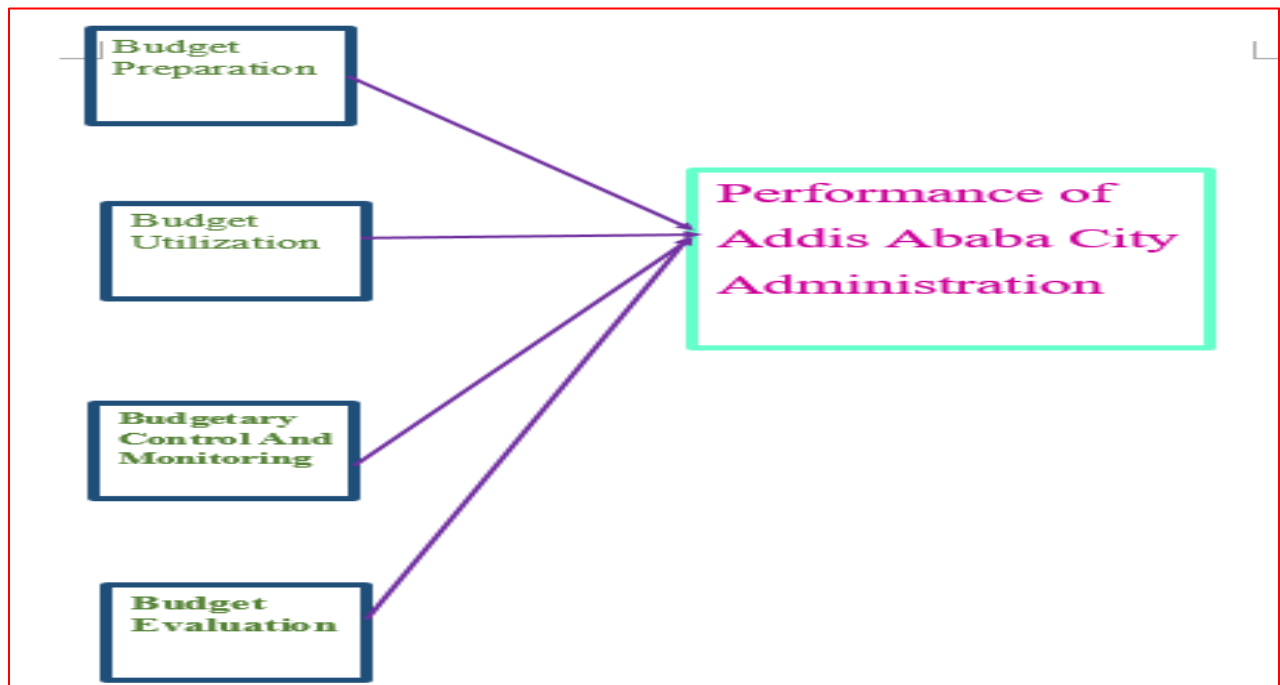
Karanja (2011) looked at the impact of budgetary control in SACCOs, specifically in Nyeri County SACCOs. Since it allows the researcher to generalize the results to a wider population, the descriptive study design was chosen. According to the Ministry of Cooperative Development and Marketing in 2011, the study's population included 120 finance officers of SACCOs in Nyeri. Using a simple random sampling process, the researchers selected 30% of each stratum's population. The researcher used questionnaires to collect primary data, which is information collected directly from respondents. Finance and administration divisions engaged in budgetary monitoring procedures, according to the study's findings. Processes of budgetary management are not inextricably connected to labor control considerations. The budgetary process would be too long and time consuming if all stakeholders were involved.

Nickson and Mears (2012) investigated the relationship between budgetary control and state ministry performance in Boston, Massachusetts. A sample of five ministries was examined to test the relationship between budgetary control and state ministry performance, secondary data was used and a 10-year review was conducted, data was analyzed using a regression model, and a statistically significant positive r was found. The regression analysis found that proper budgetary control measures resulted in state ministry results.

Serem (2013) investigated the effects of budgetary control in non-governmental organizations on their results. According to the Non-Governmental Organization Board of Kenya, the study target population consisted of 7,127 non-governmental organizations. For this analysis, convenience judgmental sampling was used to pick 30 NGO's, both local and foreign, with headquarters in Nairobi and its environs. The results of the study revealed that budgetary control has a poor positive impact on NGO performance in Kenya, implying the need for employees to be educated on budgetary controls in order to boost their performance.

2.4 conceptual framework

A conceptual framework is a logical tool with many variations and contexts. It was used to make conceptual distinctions and organize ideas by using diagrams or charts and the like. Hence, the researcher tries to see the relationship between variables (plan and preparation, utilization, monitoring and reporting, evaluation) and implementation and control below.



Source: compiled by the author

Figure 2.1: conceptual framework

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Research Approach

This research is basically of a mixed research approach where both qualitative and quantitative methods are employed. Creswell, (2014) stated that the combined use provides an expanded understanding of research problems and to explain or build the results of research by triangulating different qualitative and quantitative data sources. A qualitative research is a “subjective” assessment of a problem and takes the form of an opinion, view, perception, or attitude towards objects (that are referred to as an attribute, variable, factor or question). Kothari, (2004) stated that qualitative research is concerned phenomenon and takes place in the natural setting. This enables the researcher to develop a level of detail about the individual or the organization. Quantitative research, on the other hand, is an objective measurement of the problem that investigates facts and tries to established relationships using statistical tools. Creswell, (2014) described quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. Hence, this research used both approaches.

3.2 Research Design

The purpose of academic research can be exploratory, descriptive, or explanatory. Exploratory studies aim for basic knowledge within the problem area. When a problem is broad and not specifically defined exploratory studies are a valuable means of understanding what is happening; to seek new insights; to ask questions and to assess phenomenon in a new light (Yin, 1994). Literature research, survey, focus group and case studies are usually used to carry out exploratory research. Explanatory research which is grounded in theory is another research design, and the theory is created to answer why and how questions. It is more interested in understanding, explaining, predicting and controlling relationships between variables than detecting causes.

Descriptive research is appropriate when a problem is clearly structured but the intention is not to conduct research about connections between causes and symptoms. Moreover typical

descriptive studies will concerned with the assessment of attitudes, opinions, demographic information, conditions, and procedures (Creswell J. , 2012). Accordingly, a mixed design of descriptive and explanatory deign was suited to the objectives of this research. It involves collecting data from the respondents and describing it and sees the effects of independent variables on dependent variables in order to test hypotheses and answer questions concerning the current status of the subject(s) of a study.

3.3 Study Population

The study population was employees of Addis Ababa City Administration and each sub cities of city, who have familiar with overall activities of the organization and involved in budget preparation, planning, monitoring and evaluation. The researcher excluded employees of non-clerical like janitors and securities, employees outsourced from other organization; and also employees who have less than one year service were excluded from target population. Accordingly, the study identifies 1473 employees of Addis Ababa City Administration as target population.

3.4 Sampling Technique and Sample Size Determination

3.4.1 Sampling technique

To conduct this research the researcher used proportionate sampling technique to select samples from each sub cities of the total population, and distribute questionnaire and collect the required information from the samples determined. This technique preferred to assist in minimizing bias when dealing with the population. With this technique, the sampling frame was organized into relatively homogeneous groups (strata) before selecting elements for the sample. According to Janet (2006), this step increases the probability that the final sample was being representative in terms of the stratified groups. Addis Ababa City Administration has 10 sub cities and city Administration. After excluding employees based on the above criteria the employees taken for target population in the 10 sub cities and the head office is 1473. The ten sub cities and the head office considered as strata. After the sample size is determined the respondents from the target population were selected using judgment sampling.

3.4.2 Sample Size

Among, 1473 employees of Addis Ababa City Administration, the researcher used the following formula to determine the sample size which is developed by Yamane (1967) (Yamane, 1967).

$$n = \frac{N}{1+N(e)^2} = \frac{1473}{1+1473(0.05)^2} = 315 \text{ respondents, by using this formula at 95\% confidence level and 5\% level}$$

Where:

N=population size

n=sample size

e=level of statistical significance set (5%=0.05)

Therefore, the sample size (n) =315

As indicated above to determine the sample size, this study was employee a confidence interval of 95%. The justification for this is that to have manageable sample size by considering the resources and time constraints and also for the purpose of making analysis process encouraging and free from laborious task. Then, to determine the sample size of each stratum using

Proportionate sampling. $ni = \frac{n \cdot Ni}{N}$

Where

ni=sample of ithstrata

n=targeted ample=315

Ni=population of ithstrata

N=Total population=1473

Judgmental sampling method is preferred to collect comprehensive and reliable information from the sources having relevant knowledge and/or experience directly related to the subject of the study (Kothri, 2004).

Table 3.1: Sample Size determination

Sr.No	City/Sub city	Target Population	sample($n_i=(n*N_i)/N$)
1	Addis Ababa City Administration/Office of mayor	15	7
2	Yeka Sub city	179	37
3	Bole Sub city	187	39
4	Arada Sub city	101	22
5	Gulele Sub city	142	30
6	Addis Ketema Sub city	119	26
7	Kirkos Sub city	128	27
8	AkakiKality Sub city	172	36
9	Nefas silk lafto Sub city	174	36
10	Kolfe/Keranio Sub-City	154	33
11	Lideta Sub-City	102	22
12	Total	1473	315

Proportionate sampling

3.5. Data sources and instruments

In this study, the researcher was employed both secondary and primary data sources. Primary data was obtained using questionnaire. Secondary source on the other hand, was collected from printed materials, reports, journals and books. The questionnaire method as instrument of data collection used because it provides wider coverage to the sample and also facilitates collection of a large amount of data. The questionnaire contained closed ended questions with 5 Likert Scale from “Strongly Disagree” =1 to “Strongly Agree” =5 and it was administered by the researcher and including open ended questions. The questionnaire will developed by the researcher, and it is compared with valid sources including journal and published materials. After its reliability is checked. The works of other researchers and publications (mainly, journals, thesis, and online resources) and Internet was also used.

3.6 Data Analysis Method

Data from questionnaires was analyzed through both descriptive and inferential statistics using SPSS software version 25 (Statistical Package for Social Science). The descriptive statistics (frequency distribution, percentile, mean and standard deviation) which helped the researcher to assess the general level of budgeting procedures in the city.

This transformation of the processed data to look for patterns and relationship between and/or among data groups by using descriptive and inferential (statistical) analysis. The SPSS were used to analyze the data obtained from primary sources. Specifically, descriptive statistics (mean, standard and deviation) and inferential statistics (correlation and regression analysis) was employed in this study.

3.7 Model Specification

Regression is the determination of a statistical relationship between two or more variables (Kothari, 2004). This regression analysis is conducted to know by how much the independent variable explains the dependent variable. In this study, the hypotheses of the research were tested using regression analyses as this technique is considered most appropriate. This regression analysis is conducted to know by how much the independent variable explains the dependent variable. In this study, the hypotheses of the research were tested using regression analyses as this technique is considered most appropriate. According to Kothari (2004) a simple linear regression is carried out to estimate the relationship between a dependent variable, Y , and a single explanatory variable, x , given a set of data that includes observations for both of these variables for a particular population, for independent variables, x , it can be possible to find a dependent using $Y_i = \beta_0 + \beta_1 x_i + e_i$. Where β_0 the *intercept* and β_1 is the slope of the line. The relationship between y and x is then estimated by carrying out a simple linear regression analysis. In multiple linear regressions, there are p explanatory variables, and the relationship between the dependent variable and the explanatory variables is represented by the following equation:

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} \dots \dots \beta_p X_{pi} + e_i$$

Where:

β_0 is the constant term and β_1 to β_p are the coefficients relating the p explanatory variables to the variables of interest. So, multiple linear regression can be thought of an extension of Multiple

linear regression, where there are p explanatory variables, or simple linear regression can be thought of as a special case of multiple linear regression, where p=1. The term ‘linear’ is used because in multiple linear regressions we assume that y is directly related to a linear combination of the explanatory variables. A multiple linear regression analysis is carried out to predict the values of a dependent variable, Y, given a set of p explanatory variables (x₁, x₂,...,x_p). Thus, in this study the multivariate regression will be conducted between Independent variables (Budget preparation, Budget utilization, budgetary control and Budget evaluation) and the dependent variable performance of Addis Ababa City Administration. The model of the regression analysis is presented as follows.

$$Y=a+b_1X_1+b_2X_2+b_3X_3+b_4X_4+E$$

In the above equation,

Y.....Performance

X1.....Budget Preparation

X2.....Budget Utilization and Implementation

X3.....Budgetary control and Monitoring

X4.....Budget Evaluation

E..... Error

3.8 Reliability of the Instrument

According to Kothari (2004), a measuring instrument is reliable if it provides consistent results. Cronbach’s alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. For testing the reliability of the data instrument, Cronbach’s Alpha was calculated to test the reliability of the research instrument. According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered having very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability. Thus, Cronbach's Alpha of all dimensions and over all values should be above 0.7.

Table 3.2: Reliability Statistics

Reliability Statistics		
Variable	Cronbach's Alpha	N of Items
Plan and Budget Preparation	0.884	14
Budget Utilization and Implementation	0.872	13
Budgetary Control and Monitoring	0.904	12
Budget Evaluation	0.91	11
Performance	0.872	8
Overall	0.971	58

3.9 Validity of the Instrument

Content validity involves the degree to which the study is measuring what it is supposed to measure. More simply, it focuses on the accuracy of the measurement (John et.al, 2007). All measures used to construct the instruments should have shown acceptable level of construct and content validity in previous studies and are used in this study with modification. Additionally, several measures were employed to ensure that the results are free from material errors from the design of the questionnaire. Such measures are clarity of instructions, clarity of the questions, the layout of the questionnaire and other comments.

3.10 Ethical Consideration

According to Creswell (2012) “as the researchers’ anticipate data collectors, they need to respect the participants and sites for the research”. In the study the researcher maintained objectivity, courtesy and high professional standards through scientific process and no falsification, alteration or misrepresentation of data for biased or other purposes. The study conducted by considering ethical responsibility. This includes providing information to the respondents the purpose of the study and the use of the information as well. Information obtained held in strict confidentiality by the researcher. Respondents’ anonymity will keep so that participants would feel free and safe to express their ideas.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This chapter presents the data analysis, the research findings, or results, and based on the results, the researcher gives discussion on the findings and gives interpretation of the results. To present findings and discussions about the role of budgeting, budgetary control and implementation for the performance of Addis Ababa City Administration, the researcher used different tables and figures. The results of the study are discussed by triangulating the results of different sources, like questionnaire results, interview and document review results. The data analysis intends to accomplish the objectives of the study and answer the research questions.

The total number of questionnaires distributed to the purposively selected employees of City Administration was 315. The data collected from the respondents are presented and analyzed in this chapter. This section of the study deals with the research questions and interpretation of the result using SPSS version 25.

4.2 Response Rate

As stated in the previous chapters of this paper, questionnaires were designed and distributed to a total of 315 employees of City Administration. Accordingly, the 282 questionnaires were appropriately filled in and returned, which gives 89.5% return rate. A total of 282 employee respondents' responses were collected successfully and used for analysis.

4.3 General Information (Demographic Data) of the Respondents

The first part of the questionnaire consists of items about the demographic information of the respondents. It covers the personal data of respondents, such as gender, academic level, year of service and current position in the City Administration. The following table shows the demographic characteristics of the respondents.

Table 4.1: Demographic Information of Respondents

		Frequency	Percentage (%)
Gender	Male	153	54.6%
	Female	129	45.74%
Age	Below 25	12	4.3%
	25-30	52	18.4%
	31-35	82	29.1%
	36-40	42	14.9%
	Above 41	94	33.3%
Level of Education	Diploma	25	9.1%
	Bachelor degree	170	61.6%
	Masters	81	29.3%
	PhD	0	0.0%
Marital status	Single	116	41.1%
	Married	148	52.5%
	Divorced	18	6.4%
	Widowed	0	0.0%
Year of Service	1-4 Years	38	13.5%
	5-9 Years	51	18.1%
	10-29 Years	119	42.2%
	Above 20 Years	74	26.2%

According to Table 4.1, the demographic data for gender shows that out of the 282 respondents, there were 153 were males and 129 were females. Accordingly, the male respondents formed majority of the target population with a percentage of 54.26 %, while female respondents were representing 45.74%. This implies that the higher number of the respondents were males.

As it can be seen in the same table , 82 (29.1%) of the respondents were between 31-35 years old, 42 (14.9%) were 36-40 years old, 52 (18.4%) were 25-30 years old , 94 (33.33%) were above 41 years old and the remaining 12(4.26%) were below 25 years old. Thus, the majority of the respondents were above 41 years old, which show the organization has employing a larger proportion of older workers which generates stronger detrimental effects.

It can be seen in the table 4.1, that respondent's educational qualification starting from diploma to master's degree. Most of the respondent have bachelor's degree which accounted 170 (61.59%); the rest 81 (29.35%) and 25 (9.06%) of the respondents master's degree and diploma respectively. According to table 4.1, 116 (41.13%) of the respondents were single, 148 (52.46%) of the respondents were married and the rest 18(6.38%) were divorced. This implies that the majority of the respondents were married, which implies most of the employees of City Administration were live settled life. As table 4.1 indicate, 38 (13.5%) of the respondents have an experience of 1-4 years in City Administration, 51 (18.1%) have an experience of 5-9 years, 119 (42.2%) have an experience of 10-20 years; the remaining 74 (26.2%) have an experience of above 20 years. This implies the majority of the respondents have an experience of 10-29 years which is higher experienced.

4.4 Descriptive Statistics

In this part, various statistical data analysis tools such as mean, standard deviation, frequency and percentage were used to analyze the collected data. The summary of descriptive statistics of all variables that are evaluated based on a 5-point Likert scale ("1" being "strongly disagreed" to "5" being "strongly agreed"). According to Zaidaton & Bagheri (2009) the overall mean (M) score between 4.21-5.00 is considered as the respondents strongly agreed (SA), if the respondents score between 3.41-4.2 means they agreed (A), the score between 2.61-3.40 is considered as the respondents are neutral (N), the respondents score between 1.81-2.60 shows that they disagreed and if the respondents score between 1-1.80 shows that they strongly disagreed. Thus, detail of the analysis is presented as follows.

4.4.1 Plan and Budget Preparation of Addis Ababa City Administration

Table 4.2: Plan and Budget Preparation

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	S. D
	F	%	F	%	F	%	F	%	F	%		
Budget is prepared based on the volume of activities	7	2.5%	63	22.3%	31	11.0%	169	59.9%	12	4.3%	3.41	0.962
There is an effective linkage of strategic plan and budget	26	9.2%	58	20.6%	69	24.5%	117	41.5%	12	4.3%	3.11	1.073
All staff or functions of the organization are involved in budget preparation	12	4.3%	82	29.1%	64	22.7%	100	35.5%	24	8.5%	3.15	1.067
Organizational departments prepare budget plans prior to the budget year	19	6.7%	39	13.8%	56	19.9%	136	48.2%	32	11.3%	3.44	1.076
The organization key stakeholders engages in budget preparation decisions	20	7.1%	75	26.6%	82	29.1%	93	33.0%	12	4.3%	3.01	1.026
Budgets are prepared with reference to the organization annual plans, strategic plan and overall goal	7	2.5%	38	13.5%	70	24.8%	148	52.5%	19	6.7%	3.48	0.897
The budgeting process starts with preparation of forecasts of the expected confirmed income/grants	12	4.3%	39	13.8%	87	30.9%	104	36.9%	40	14.2%	3.43	1.032
The organization has documented budgeting process (budget notes) which is referenced during the process	19	6.7%	32	11.3%	49	17.4%	143	50.7%	39	13.8%	3.54	1.077
The budget plan is prepared based on reliable data and estimates.	20	7.1%	12	4.3%	74	26.2%	144	51.1%	32	11.3%	3.55	0.994
The approved budgets are shared with all departments and budget holders and ensure they are understood	6	2.1%	43	15.2%	75	26.6%	106	37.6%	52	18.4%	3.55	1.026

Departments has enough number of budget and plan officers who have adequate knowledge and skill to prepare and plan budget effectively	32	11.3%	56	19.9%	120	42.6%	61	21.6%	13	4.6%	2.88	1.021
The budget demand prepared by the office is based on approved plans and programs	19	6.7%	26	9.2%	101	35.8%	117	41.5%	19	6.7%	3.32	0.972
The organization has long term and short term budget plans	13	4.6%	32	11.3%	61	21.6%	121	42.9%	55	19.5%	3.61	1.065
All the necessary information (past experience, future expectation, variances, factors leading to budget variances and etc.) are assessed before preparing budget	13	4.6%	42	14.9%	88	31.2%	115	40.8%	24	8.5%	3.34	0.986
Aggregate Mean=3.34												

Source: Sample survey, 2021

According to Table 4.2, 7 (2.5%) of the respondents strongly disagreed with the statement Addis Ababa City Administration prepare a budget based on the volume of activities, 63 (22.3%) were disagreed, 31(11%) were not sure, 169 (59.9%) were agreed, and the remaining 12 (4.3%) strongly agreed. The mean of 3.41 shows overall respondents agreed as Addis Ababa City Administration prepares a budget based on the volume of activities. The standard deviation of 0.962 is slightly higher which indicates that there is dispersion or variation between respondents' responses. Thus, according to the respondents, it can be deduced Addis Ababa City Administration prepares a budget based on the volume of activities. However, the mean is found in the lower boundary which implies the city administration should enhance to prepare all the budget based on the total volume of activities.

Table 4.2 Item 2 shows, 26 (9.2%) of the respondents strongly disagreed as there is an effective linkage of strategic plan and budget in the City Administration, 58 (20.6%) were disagreed, 69(24.5%) were not sure, 117 (41.5%) agreed and the remaining 12 (4.3%) strongly agreed. The mean of 3.11 shows the respondents are not sure as there is an effective linkage of strategic plan and budget in the City Administration. Therefore, based on the respondents' responses, Addis

Ababa City Administration is ensured effective linkage of strategic plan and budget which need special attention in the future.

As it can be seen in item three of table 4.2, 12 (4.3 %) of the respondents strongly disagreed that all staff or functions of the organization are involved in budget preparation, 82 (29.1%) were agreed, 64 (22.7%) were not sure, 100 (35.5%) agreed and the rest 24 (8.5%) strongly agreed. The mean of 3.15 indicates the overall respondents were not sure as all staff or functions of the organization are involved in budget preparation in the city Administration. According to the respondents, Addis Ababa City Administration did not ensure that all staff or functions of the organization are involved in budget preparation. Thus, Addis Ababa City Administration should participate all staff or functions of the organization in budget preparation.

As indicated in table 4.2 item four, 19 (6.7%) of the respondents strongly disagreed with the statement organizational departments prepare budget plans before the budget year, 39 (13.8%) were disagreed, 56 (19.9%) were not sure, 136 (48.2%) agreed, and the remaining 32 (11.3%) strongly agreed. The mean of 3.44 indicates that overall respondents are agreed as organizational departments prepare budget plans before the budget year. Therefore, based on the respondent's response it can be deduced organizational departments in the city administration prepare budget plans before the budget year.

As it can be seen in item five of table 4.2, 20 (7.1%) of the respondents strongly disagreed that organization key stakeholders in the city administration engage in budget preparation decisions, 75 (26.6%) disagreed, 82 (29.1%) were not sure, 93 (33%) agreed and the rest 12 (4.3%) strongly agreed. The mean of 3.01 indicates that respondents are not sure as city administration involves organization key stakeholders in the budget preparation decisions.

Table 4.2 item six shows, 7 (2.5%) of the respondents strongly disagreed the statement budgets are prepared concerning the organization annual plans, strategic plan, and overall goal, 38 (13.5%) disagreed, 70 (24.8%) were not sure, 148 (52.5%) were agreed, and the remaining, 19 (6.7%) strongly agreed. The mean of 3.48 shows the overall respondents agreed as budgets are prepared regarding the organization's annual plans, strategic plan, and overall goal. The standard deviation of 0.897 was slightly higher which indicates there is dispersion between respondents' responses. Thus, according to the respondents, it can be deduced Addis Ababa City Administration prepares a budget concerning the organization's annual plans, strategic plan, and overall goal.

According to Table 4.2 Item 7, 12 (4.3%) of the respondents strongly disagreed the statement budgeting process starts with the preparation of forecasts of the expected confirmed income/grants in the city administration, 39 (13.8%) were disagreed, 87 (30.9%) were not sure, 104 (36.9%) were agreed and the remaining 40 (14.2%) strongly agreed. The mean of 3.43 shows overall respondents agreed as the budgeting process starts with the preparation of forecasts of the expected confirmed income/grants in Addis Ababa City Administration. The standard deviation of 1.032 is slightly higher which indicates that there is dispersion or variation between respondents' responses. Thus, according to the respondents, it can be deduced budgeting process starts with the preparation of forecasts of the expected confirmed income/grants in the city administration.

Table 4.2 item 8 shows, 19 (6.7%) of the respondents strongly disagreed as the organization has documented budgeting process (budget notes) which is referenced during the process, 32 (11.3%) disagreed, 49 (17.4%) were not sure, 143 (50.7%) agreed and the remaining 39 (13.8%) strongly agreed. The mean of 3.54 shows the respondents were agreed as Addis Ababa city administration has documented budgeting process (budget notes) which is referenced during the process. Therefore, based on the respondents' responses, Addis Ababa City Administration has documented the budgeting process (budget notes) which is referenced during the process.

On Item nine of table 4.2, 20 (7.1%) of the respondents strongly disagreed as the budget plan in the city administration is prepared based on reliable data and estimates, 12 (4.3%) were agreed, 74 (26.2%) were not sure, 144 (51.1%) agreed and the rest 32 (11.3%) strongly agreed. The mean of 3.55 indicates that overall respondents were agreed as the budget plan is prepared based on reliable data and estimates. Thus, according to the respondents, it can be inferred Addis Ababa City Administration budget plan is prepared based on reliable data and estimates.

As indicated in table 4.2 Item ten, 6 (2.1%) of the respondents disagreed as the approved budgets are shared with all departments and budget holders and ensure they are understood, 43 (15.2%) were not sure, 75 (26.6%) were agreed and the remaining 106 (37.6%) were strongly agreed. The mean of 3.55 indicates that overall respondents were agreed as the approved budgets are shared with all departments and budget holders and ensure they are understood. Accordingly, based on the respondent's response it can be inferred the approved budgets are shared with all departments and budget holders and ensure they are understood.

On question eleven of table 4.2, 32 (11.3%) of the respondents strongly disagreed departments has enough budget and planning officers who have adequate knowledge and skill to prepare and plan budget effectively, 56 (19.9%) disagreed, 120 (42.6%) were not sure, 61 (21.6%) agreed and the rest 13 (4.6%) strongly agreed. The mean of 2.88 shows the overall respondents were neutral as departments have enough budget and plan officers who have adequate knowledge and skill to prepare and plan budget effectively. Thus, the city administration should ensure to have enough budget and plan officers who have adequate knowledge and skill to prepare and plan budget effectively.

As indicated in table 4.2 item twelve, 19 (6.7%) of the respondents strongly disagreed with the statement the budget demand prepared by the office is based on approved plans and programs, 26(9.2%) disagreed, 101 (35.8%) were not sure, 117 (41.5%) were agreed and the remaining 19 (6.7%) were strongly agreed. The mean of 3.32 indicates the overall respondents not sure as the budget demand prepared by the office is based on approved plans and programs. The standard deviation of 0.972 was slightly higher which indicates there is dispersion between respondents' responses.

As indicated in table 4.2 Item 13, 13 (4.6%) of the respondents strongly disagreed as the organization has long term and short term budget plans, 32 (11.3%) were not sure, 61 (21%) were agreed and the remaining 121 (42.9%) were strongly agreed. The mean of 3.61 indicates that overall respondents were agreed as the organization has long-term and short-term budget plans. Accordingly, based on the respondent's response it can be inferred the organization has long-term and short-term budget plans.

According to table 4.2 last item, 13 (4.6%) of the respondents strongly disagreed that all the necessary information (experience, future expectation, variances, factors leading to budget variances, etc.) are assessed before preparing budget in the city administration, 42 (14.9%) disagreed, 88 (31.2%) were not sure, 115 (40.8%) agreed and the rest 24 (8.5%) strongly agreed. The mean of 3.34 shows the overall respondents were neutral as all the necessary information (experience, future expectation, variances, factors leading to budget variances, etc.) are assessed before preparing the budget in the city administration. Thus, the city administration should ensure to have the necessary information (experience, future expectation, variances, factors leading to budget variances, etc.) are assessed before preparing the budget.

4.4.2 Budget Utilization and Implementation of Addis Ababa City

Administration

Table 4.3: Budget Utilization and Implementation

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. D
	F	%	F	%	F	%	F	%	F	%		
The organization utilizes the approved budget based on its plan	0	0.0%	76	27.0%	81	28.7%	89	31.6%	36	12.8%	3.30	1.004
The organization had break down the budget in activities and time, all expenditures are charged to the proper accounting period	6	2.1%	59	20.9%	113	40.1%	74	26.2%	30	10.6%	3.22	0.967
The implemented budget is the same with the approved budget	21	7.4%	61	21.6%	118	41.8%	64	22.7%	18	6.4%	2.99	1.000
The budget utilization reports are consistent with the plans , there is no overutilization and underutilization of approved budget	33	11.7%	44	15.6%	107	37.9%	86	30.5%	12	4.3%	3.00	1.050
Coordination among the various departments during budget execution is achieved through clear communication and consultation.	26	9.2%	43	15.2%	75	26.6%	126	44.7%	12	4.3%	3.20	1.051
There is a practice of regular follow up on budget utilization	12	4.3%	65	23.0%	88	31.2%	99	35.1%	18	6.4%	3.16	0.992
Political interference does not influence effective implementation of budgets	65	23.0%	55	19.5%	80	28.4%	64	22.7%	18	6.4%	2.70	1.230
There is no budget request without a plan	33	11.7%	44	15.6%	87	30.9%	87	30.9%	31	11.0%	3.14	1.165
There is proper cash management practice for resource allocation	18	6.4%	58	20.6%	67	23.8%	121	42.9%	18	6.4%	3.22	1.049

There are necessary resources (facilities) for budget utilization process	7	2.5%	75	26.6%	63	22.3%	107	37.9%	30	10.6%	3.28	1.048
All expenditures are sufficiently documented	13	4.6%	37	13.1%	83	29.4%	99	35.1%	50	17.7%	3.48	1.071
Insufficient funds allocated to department or projects affect budget implementation.	12	4.3%	37	13.1%	69	24.5%	119	42.2%	45	16.0%	3.52	1.044
The organization has mechanism to implement the audit comments	7	2.5%	19	6.7%	131	46.5%	86	30.5%	39	13.8%	3.46	0.901
Aggregate Mean:3.2												

Source: Sample survey, 2021

According to table 4.3 item one, 76 (27%) of the respondents disagreed that the organization utilizes the approved budget based on its plan, 81 (28.7%) not sure, 89 (31.6%) were agreed and the rest 36 (12.8%) strongly agreed. The mean 3.30 shows the overall respondents were not sure as the organizations utilize the approved budget based on its plan. The standard deviation 1.004 was slightly higher which indicates there is dispersion between respondents' response. Accordingly, the city administration didn't ensure to utilize the approved budget based on its plan. Therefore, the AACA should be committed to its approved budget by first planning correctly.

Based on table 4.3 item two, 6 (2.1%) of the respondents strongly disagreed that the organization had break down the budget in activities and time, all expenditures are charged to the proper accounting period, 59 (20.9%) were disagreed, 113 (40.1%) not sure, 74 (26.2%) were agreed and the rest 36 (12.8%) strongly agreed. The mean 3.22 shows the overall respondents were not sure on the organization had break down the budget in activities and time, all expenditures are charged to the proper accounting period. The standard deviation 0.967 was slightly higher which indicates there is dispersion between respondents' response. Thus, the organization should plan and work to break down the budget in activities and time; all expenditures are charged to the proper accounting period.

Based on table 4.3 item three, 21 (7.4%) of the respondents strongly disagreed that the implemented budget is the same with the approved budget, 61 (21.6%) were disagreed, 118 (41.8%) not sure, 64 (22.7%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 2.99 shows the overall respondents were not sure on the implemented budget is the same with the

approved budget. The standard deviation 1.000 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should do to balance the implemented budget and the approved budget.

According table 4.3 item four, 33 (11.7%) of the respondents strongly disagreed that the budget utilization reports are consistent with the plans, there is no overutilization and underutilization of approved budget, 44 (15.6%) were disagreed, 107 (37.9%) not sure, 86 (30.5%) were agreed and the rest 12 (4.3%) strongly agreed. The mean 3.00 shows the overall respondents were not sure on the budget utilization reports are consistent with the plans, there is no overutilization and underutilization of approved budget. The standard deviation 1.050 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should do make the budget utilization reports consistent with the plans; by avoiding overutilization and underutilization of approved budget.

According table 4.3 item five, 26 (9.2%) of the respondents strongly disagreed that coordination among the various departments during budget execution is achieved through clear communication and consultation, 43 (15.2%) were disagreed, 75 (26.6%) not sure, 126 (44.7%) were agreed and the rest 12 (4.3%) strongly agreed. The mean 3.20 shows the overall respondents were not sure on the coordination among the various departments during budget execution are achieved through clear communication and consultation. The standard deviation 1.051 was higher which indicates there is dispersion between respondents' response. Thus, AACA should do the coordination among the various departments during budget execution to achieve clear communication and consultation.

On the given table 4.3 item six, 12 (4.3%) of the respondents strongly disagreed as there is a practice of regular follow up on budget utilization, 65 (23%) were disagreed, 88 (31.2%) not sure, 99 (35.1%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 3.16 shows the overall respondents were not sure as there is a practice of regular follow up on budget utilization. The standard deviation 0.992 was slightly higher which indicates there is dispersion between respondents' response. Therefore, AACA should practice regular follow up on budget utilization.

On the given table 4.3 item seven, 65 (23%) of the respondents strongly disagreed that Political interference does not influence effective implementation of budgets, 55 (19.5%) were disagreed, 80 (28.4%) not sure, 64 (22.7%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 2.70 shows the overall respondents were not sure on political interference do not influence effective implementation of budgets. The standard deviation 1.230 was slightly higher which

indicates there is dispersion between respondents' response. Thus, AACA should try to avoid political interference influence for effective implementation of budgets.

On the given table 4.3 item eight, 33 (11.7%) of the respondents strongly disagreed that there is no budget request without a plan, 44 (15.6%) were disagreed, 87 (30.9%) not sure, 87 (30.9%) were agreed and the rest 31 (11%) strongly agreed. The mean 3.14 shows the overall respondents were not sure on there is no budget request without a plan. The standard deviation 1.165 was slightly higher which indicates there is dispersion between respondents' response.

On the given table 4.3 item nine, 18 (6.4%) of the respondents strongly disagreed that there is proper cash management practice for resource allocation, 58 (20.6%) were disagreed, 67(23.8%) not sure, 121(42.9%) were agreed and t he rest 18 (3.22%) strongly agreed. The mean 3.22 shows the overall respondents were not sure as there is proper cash management practice for resource allocation. The standard deviation 1.049 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should ensure proper cash management practice for resource allocation.

On the given table 4.3 item nine, 7 (2.5%) of the respondents strongly disagreed that there are necessary resources (facilities) for budget utilization process, 75 (26.6%) were disagreed, 63 (22.3%) not sure, 107 (37.9%) were agreed and the rest 30 (10.6%) strongly agreed. The mean 3. 28 shows the overall respondents were not sure on there are necessary resources (facilities) for budget utilization process. The standard deviation 1.048 was slightly higher which indicates there is dispersion between respondents' response.

On the given table 4.3 item ten, 13 (4.6%) of the respondents strongly disagreed that all expenditures are sufficiently documented, 37 (13.1%) were disagreed, 83 (29.4%) not sure, 99 (35.1%) were agreed and the rest 50 (17.7%) strongly agreed. The mean 3.48 shows the overall respondents were agreed on all expenditures are sufficiently documented. The standard deviation 1.071 was slightly higher which indicates there is dispersion between respondents' response. Thus, it can be deuced that expenditures are sufficiently documented in AACA

On the given table 4.3 item eleven, 12 (4.3%) of the respondents strongly disagreed that insufficient funds allocated to department or projects affect budget implementation, 37 (13.1%) were disagreed, 69 (24.5%) not sure, 119 (42.2%) were agreed and the rest 45 (16%) strongly agreed. The mean 3.52 shows the overall respondents were agreed as insufficient funds allocated

to department or projects affect budget implementation. The standard deviation 1.044 was slightly higher which indicates there is dispersion between respondents' response. Therefore, it can be inferred insufficient funds allocated to department or projects affect budget implementation in AACCA.

On the given table 4.3 item eleven, 7 (2.5%) of the respondents strongly disagreed that the organization has mechanism to implement the audit comments, 19 (6.7%) were disagreed, 131 (46.5%) not sure, 86 (30.5%) were agreed and the rest 39 (13.8%) strongly agreed. The mean 3.46 shows the overall respondents were agreed the organization has mechanism to implement the audit comments. The standard deviation 0.901 was slightly higher which indicates there is dispersion between respondents' response. Thus, based on the respondents it can be deduced the organization has mechanism to implement the audit comments.

4.4.3 Budgetary control and monitoring practices of Addis Ababa City Administration

Table 4.4: Budgetary control and monitoring

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	S. D
	F	%	F	%	F	%	F	%	F	%		
The organization has strong budget control mechanism, there is timely, explanatory, and complete budget utilization report	26	9.2%	51	18.1%	87	30.9%	99	35.1%	19	6.7%	3.12	1.077
The organization has budget policies that monitors budget spending	13	4.6%	46	16.3%	87	30.9%	105	37.2%	31	11.0%	3.34	1.025
The management is well committed toward budget control and objectives	27	9.6%	51	18.1%	104	36.9%	94	33.3%	6	2.1%	3.00	0.993
The organization's budget deviations are reported to budget committees	25	8.9%	50	17.7%	94	33.3%	76	27.0%	37	13.1%	3.18	1.140
There is a regular follow up on budget plans by the budget committee and departmental heads	20	7.1%	51	18.1%	82	29.1%	105	37.2%	24	8.5%	3.22	1.064
The organization conducts regular audit of the estimated and actual budget	20	7.1%	37	13.1%	90	31.9%	123	43.6%	12	4.3%	3.25	0.981
The management team reviews regularly the implementation of budgetary control measures in the organization	18	6.4%	51	18.1%	107	37.9%	88	31.2%	18	6.4%	3.13	0.995
There are sufficient skilled internal auditors to control the budgetary system	12	4.3%	70	24.8%	100	35.5%	82	29.1%	18	6.4%	3.09	0.980

There are well developed budget policies that monitors budget spending(s)	19	6.7%	51	18.1%	88	31.2%	118	41.8%	6	2.1%	3.15	0.968
Budgeting and budgetary control integrates budget planning and implementations with control and monitoring	19	6.7%	51	18.1%	92	32.6%	102	36.2%	18	6.4%	3.17	1.020
Budgeting and budgetary control helps the organization to estimate its expenditure in the coming financial year	6	2.1%	58	20.6%	73	25.9%	114	40.4%	31	11.0%	3.38	0.998
Internal auditors conduct financial auditing to ensure that funds are utilized for the intended purpose, they can independently conduct their duties and responsibilities and conduct performance auditing to evaluate efficiency and effectiveness of budget utilization	7	2.5%	37	13.1%	93	33.0%	112	39.7%	33	11.7%	3.45	0.947
Aggregate Mean:3.206												

Source: Sample survey, 2021

According table 4.4 item one, 26 (9.2%) of the respondents strongly disagreed that the organization has strong budget control mechanism, there is timely, explanatory, and complete budget utilization report, 51(18.1%) were disagreed, 87 (30.9%) not sure, 99 (35.1%) were agreed and the rest 19 (6.7%) strongly agreed. The mean 3.12 shows the overall respondents were not sure the organization has strong budget control mechanism, there is timely, explanatory, and complete budget utilization report. The standard deviation 1.077 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should work to have strong budget control mechanism; there is timely, explanatory, and complete budget utilization report.

According table 4.4 item two, 13 (4.6%) of the respondents strongly disagreed that the organization has budget policies that monitors budget spending, 46 (16.3%) were disagreed, 87 (30.9%) not sure, 105 (37.2%) were agreed and the rest 31 (11%) strongly agreed. The mean 3.34 shows the overall respondents were not sure the organization has budget policies that monitor budget spending. The standard deviation 1.025 was slightly higher which indicates there

is dispersion between respondents' response. Thus, the organization should do budget policies that monitor budget spending.

According to table 4.4 item three, 27 (9.6%) of the respondents strongly disagreed that the management is well committed toward budget control and objectives, 51 (18.1%) were disagreed, 104 (36.9%) not sure, 94 (33.3%) were agreed and the rest 6 (2.1%) strongly agreed. The mean 3.00 shows the overall respondents were not sure the management is well committed toward budget control and objectives. The standard deviation 0.993 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA management should be committed toward budget control and objectives.

Based on table 4.4 item four, 25 (8.9%) of the respondents strongly disagreed that the organization's budget deviations are reported to budget committees, 50 (17.7%) were disagreed, 94 (33.3%) not sure, 76 (27%) were agreed and the rest 37 (13.1%) strongly agreed. The mean 3.18 shows the overall respondents were not sure the organization's budget deviations are reported to budget committees. The standard deviation 1.140 was slightly higher which indicates there is dispersion between respondents' response. Thus, the organization's budget deviations should report to budget committees.

Based on table 4.4 item five, 20 (7.1%) of the respondents strongly disagreed that there is a regular follow up on budget plans by the budget committee and departmental heads, 51 (18.1%) were disagreed, 82 (29.1%) not sure, 105 (37.2%) were agreed and the rest 24 (8.5%) strongly agreed. The mean 3.22 shows the overall respondents were not sure there is a regular follow up on budget plans by the budget committee and departmental heads. The standard deviation 1.064 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should ensure regular follow up on budget plans by the budget committee and departmental heads.

Based on table 4.4 item six, 20 (7.1%) of the respondents strongly disagreed that the organization conducts regular audit of the estimated and actual budget, 37 (13.1%) were disagreed, 90 (31.9%) not sure, 123 (43.6%) were agreed and the rest 12 (4.3%) strongly agreed. The mean 3.25 shows the overall respondents were not sure the organization conducts regular audit of the estimated and actual budget. The standard deviation 0.981 was slightly higher which indicates

there is dispersion between respondents' response. Thus, the organization should conduct regular audit of the estimated and actual budget.

According to table 4.4 item seven, 18 (6.4%) of the respondents strongly disagreed that the management team reviews regularly the implementation of budgetary control measures in the organization, 51 (18.1%) were disagreed, 107 (37.9%) not sure, 88 (31.2%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 3.13 shows the overall respondents were not sure the management team reviews regularly the implementation of budgetary control measures in the organization. The standard deviation 0.995 was slightly higher which indicates there is dispersion between respondents' response. Thus, the management team should review regularly the implementation of budgetary control measures in the organization.

On the given table 4.4 item eight, 12 (4.3%) of the respondents strongly disagreed that There are sufficient skilled internal auditors to control the budgetary system, 70 (24.8%) were disagreed, 100 (35.5%) not sure, 82 (29.1%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 3.09 shows the overall respondents were not sure there are sufficient skilled internal auditors to control the budgetary system. The standard deviation 0.980 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should recruit sufficient skilled internal auditors to control the budgetary system.

Based on table 4.4 item nine, 19 (6.7%) of the respondents strongly disagreed that there are well developed budget policies that monitors budget spending(s), 51 (18.1%) were disagreed, 88 (31.2%) not sure, 118 (29.1%) were agreed and the rest 6 (2.1%) strongly agreed. The mean 3.15 shows the overall respondents were not sure there are well developed budget policies that monitor budget spending(s). The standard deviation 0.968 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should develop budget policies that monitor budget spending(s).

Based on table 4.4 item ten, 19 (6.7%) of the respondents strongly disagreed that budgeting and budgetary control integrates budget planning and implementations with control and monitoring, 51 (18.1%) were disagreed, 92 (32.6%) not sure, 102 (36.2%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 3.17 shows the overall respondents were not sure Budgeting and budgetary control integrates budget planning and implementations with control and monitoring. The standard deviation 1.020 was slightly higher which indicates there is dispersion between

respondents' response. Thus, AACA budgeting and budgetary control should integrate budget planning and implementations with control and monitoring.

Based on table 4.4 item eleven, 6 (2.1%) of the respondents strongly disagreed that budgeting and budgetary control helps the organization to estimate its expenditure in the coming financial year, 58 (20.6%) were disagreed, 73 (25.9%) not sure, 114 (40.4%) were agreed and the rest 31 (11%) strongly agreed. The mean 3.38 shows the overall respondents were not sure as budgeting and budgetary control helps the organization to estimate its expenditure in the coming financial year. The standard deviation 0.998 was slightly higher which indicates there is dispersion between respondents' response.

Based on the given table 4.4 item twelve, 7 (2.5%) of the respondents strongly disagreed that internal auditors conduct financial auditing to ensure that funds are utilized for the intended purpose, they can independently conduct their duties and responsibilities and conduct performance auditing to evaluate efficiency and effectiveness of budget utilization, 37 (13.1%) were disagreed, 93 (33%) not sure, 112 (39.7%) were agreed and the rest 33 (11.7%) strongly agreed. The mean 3.45 shows the overall respondents were agreed as internal auditors conduct financial auditing to ensure that funds are utilized for the intended purpose, they can independently conduct their duties and responsibilities and conduct performance auditing to evaluate efficiency and effectiveness of budget utilization. The standard deviation 0.947 was slightly higher which indicates there is dispersion between respondents' response. Thus, it can be deduced AACA employees believe as internal auditors conduct financial auditing to ensure that funds are utilized for the intended purpose; they can independently conduct their duties and responsibilities and conduct performance auditing to evaluate efficiency and effectiveness of budget utilization.

4.4.4 Budget Evaluation of Addis Ababa City Administration

Table 4.5: Budget Evaluation

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. D
	F	%	F	%	F	%	F	%	F	%		
The organization review the process of budget allocation, implementation and monitoring	0	0.0%	32	11.3%	88	31.2%	138	48.9%	24	8.5%	3.45	0.889
Department provide timely feedback to budget users to correct the detected weaknesses	13	4.6%	39	13.8%	102	36.2%	103	36.5%	25	8.9%	3.55	0.805
The management of organization review the budget and make adjustment	7	2.5%	37	13.1%	77	27.3%	143	50.7%	18	6.4%	3.31	0.974
The organization review the process of budget allocation, implementation and monitoring	0	0.0%	32	11.3%	88	31.2%	138	48.9%	24	8.5%	3.10	1.016
Department provide timely feedback to budget users to correct the detected weaknesses	13	4.6%	39	13.8%	102	36.2%	103	36.5%	25	8.9%	3.06	1.021
The organization conducts regular audit to evaluate implementation and report the result for the audited department and head of the organization on time.	6	2.1%	96	34.0%	61	21.6%	101	35.8%	18	6.4%	3.28	0.895
The management team discusses on the results of audit report for taking corrective actions.	25	8.9%	51	18.1%	99	35.1%	95	33.7%	12	4.3%	3.26	1.017
There is consistent review of budget implementation by managements of the organization.	13	4.6%	39	13.8%	92	32.6%	132	46.8%	6	2.1%	3.34	0.876
Budget defines goals and objectives that serve as bench mark for evaluation	14	5.0%	58	20.6%	68	24.1%	124	44.0%	18	6.4%	3.17	0.965
The organization has a good budget performance evaluation	7	2.5%	37	13.1%	108	38.3%	112	39.7%	18	6.4%	3.26	1.002
The organization always take timely corrective actions when adverse variances are reported	20	7.1%	39	13.8%	106	37.6%	92	32.6%	25	8.9%	3.84	0.948
Aggregate Mean=3.33												

Source: Sample Survey, 2021

Table 4.5 item one, 32 (11.3%) of the respondents disagreed that the organization review the process of budget allocation, implementation and monitoring, 88(31.2%) not sure, 138(48.9%) were agreed and the rest 24 (8.5%) strongly agreed. The mean 3.45 shows the overall respondents were agreed on the organization review the process of budget allocation, implementation and monitoring. The standard deviation 0.889 was slightly higher which indicates there is dispersion between respondents' response. Therefore according to the respondents it can be deduced the organization reviews the process of budget allocation, implementation and monitoring.

According to table 4.5 item two, 13(4.6%) of the respondents strongly disagreed that Department provide timely feedback to budget users to correct the detected weaknesses, 39 (13.8%) were disagreed 102 (36.2%) not sure, 103 (36.5%) were agreed and the rest 25 (8.9%) strongly agreed. The mean 3.55 shows the overall respondents was agreed Department providing timely feedback to budget users to correct the detected weaknesses. The standard deviation 0.805 was slightly higher which indicates there is dispersion between respondents' response. Thus, based on the respondents it can be deduced departments of AACCA provide timely feedback to budget users to correct the detected weaknesses.

Based on table 4.5 item three, 6 (2.1%) of the respondents strongly disagreed that the organization conducts regular audit to evaluate implementation and report the result for the audited department and head of the organization on time, 96 (34%) were disagreed 61 (21.6%) not sure, 101 (35.8%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 3.28 shows the overall respondents were not sure the organization conducts regular audit to evaluate implementation and report the result for the audited department and head of the organization on time. The standard deviation 0.895 was slightly higher which indicates there is dispersion between respondents' response. Thus, according to respondents it can be deduced that AACCA conducts regular audit to evaluate implementation and report the result for the audited department and head of the organization on time.

According table 4.5 item four, 25 (8.9%) of the respondents strongly disagreed the management team discusses on the results of audit report for taking corrective actions, 51 (18.1%) were disagreed, 99 (35.1%) not sure, 95 (33.7%) were agreed and the rest 12 (4.3%) strongly agreed. The mean 3.26 shows the overall respondents were not sure the organization conducts regular audit to evaluate implementation and report the result for the audited department and head of the

organization on time. The standard deviation 1.017 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA management team should discuss on the results of audit report for taking corrective actions.

Table 4.5 item five shows, 13 (4.6%) of the respondents strongly disagreed the statement there is consistent review of budget implementation by managements of the organization, 39 (13.8%) were disagreed, 92 (32.6%) not sure, 132 (46.8%) were agreed and the rest 6 (2.1%) strongly agreed. The mean 3.34 shows the overall respondents were not sure there is consistent review of budget implementation by managements of the organization. The standard deviation 0.876 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should ensure consistent review of budget implementation by managements of the organization.

According table 4.5 item six, 14 (5%) of the respondents strongly disagreed the statement budget defines goals and objectives that serve as bench mark for evaluation, 58 (20.6%) were disagreed, 68 (24.1%) not sure, 124 (44%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 3.17 shows the overall respondents were not sure budget defines goals and objectives that serve as bench mark for evaluation. The standard deviation 0.965 was slightly higher which indicates there is dispersion between respondents' response.

Based on table 4.5 item seven, 7 (2.5%) of the respondents strongly disagreed the organization has a good budget performance evaluation, 37 (13.1%) were disagreed, 108 (38.3%) not sure, 112 (39.7%) were agreed and the rest 18 (6.4%) strongly agreed. The mean 3.26 shows the overall respondents were not sure the organization has a good budget performance evaluation. The standard deviation 1.002 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should work to have a good budget performance evaluation.

According table 4.5 item eight, 6 (2.1%) of the respondents strongly disagreed that the organization's budget performance evaluation reports are prepared frequently, 69 (24.5%) were disagreed, 102 (36.2%) not sure, 81 (28.7%) were agreed and the rest 24 (8.5%) strongly agreed. The mean 3.22 shows the overall respondents were not sure the organization's budget performance evaluation reports are prepared frequently. The standard deviation 1.028 was slightly higher which indicates there is dispersion between respondents' response. Thus, the organization's budget performance evaluation reports should prepare frequently.

Based on table 4.5 item nine, 20 (7.1%) of the respondents strongly disagreed the organization always take timely corrective actions when adverse variances are reported, 39 (13.8%) were disagreed, 106 (37.6%) not sure, 92(32.6%) were agreed and the rest 25 (8.9%) strongly agreed. The mean 3.84 shows the overall respondents were agreed the organization always take timely corrective actions when adverse variances are reported. The standard deviation 0.948 was slightly higher which indicates there is dispersion between respondents' response. Thus, based on the respondents response it can be deduced AACA always takes timely corrective actions when adverse variances are reported.

4.4.5 Performance of Addis Ababa City Administration

Table 4.6: Performance of Addis Ababa city Administration

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. D
	F	%	F	%	F	%	F	%	F	%		
Effective and efficient use of resources through the use of budgetary control system improve performance	7	2.5%	18	6.4%	57	20.2%	132	46.8%	68	24.1%	3.09	1.281
Budget control system can be used to evaluate organization's performance.	19	6.7%	32	11.3%	53	18.8%	104	36.9%	74	26.2%	3.19	1.276
Budgeting control affects the quality of service in the organization	44	15.6%	56	19.9%	44	15.6%	107	37.9%	31	11.0%	3.33	1.119
Budgeting and budgetary control influence on employee's performance towards set targets.	31	11.0%	64	22.7%	57	20.2%	80	28.4%	50	17.7%	3.46	1.054
Budgets are used to measure performance in the organization	13	4.6%	62	22.0%	71	25.2%	92	32.6%	44	15.6%	3.66	0.978
The budgetary control system provides a framework for judging Performance	13	4.6%	38	13.5%	82	29.1%	105	37.2%	44	15.6%	3.53	0784
The organization budget preparation, implementation ,control and frequent evaluation process influences the performance directly.	7	2.5%	31	11.0%	63	22.3%	130	46.1%	51	18.1%	3.66	0.978
Aggregate Mean=3.4												

Source: Sample survey, 2021

The given table 4.6 item one indicate, 7 (2.5%) of the respondents strongly disagreed effective and efficient use of resources through the use of budgetary control system improve performance, 18 (6.4%) were disagreed, 57 (20.2%) not sure, 132(46.8%) were agreed and the rest 68 (24.1%) strongly agreed. The mean 3.09 shows the overall respondents were not sure effective and efficient use of resources through the use of budgetary control system improve performance. The standard deviation 1.281 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA should work for effective and efficient uses of resources through use of budgetary control system improve performance.

According table 4.6 item two, 19 (6.7%) of the respondents strongly disagreed the statement budget control system can be used to evaluate organization's performance, 32 (11.3%) were disagreed, 53 (18.8%) not sure, 104 (36.9%) were agreed and the rest 74 (26.2%) strongly agreed. The mean 3.19 shows the overall respondents were not sure Budget control system can be used to evaluate organization's performance. The standard deviation 1.276 was slightly higher which indicates there is dispersion between respondents' response.

Based on table 4.6 item three, 44 (15.6%) of the respondents believe budgeting control affects the quality of service in the organization, 56 (19.9%) were disagreed, 44 (15.6%) not sure, 107 (37.9%) were agreed and the rest 31 (11%) strongly agreed. The mean 3.33 shows the overall respondents were not sure as budgeting control affects the quality of service in the organization. The standard deviation 1.119 was slightly higher which indicates there is dispersion between respondents' response..

According table 4.6 item four, 31 (11%) of the respondents disagreed as budgeting and budgetary control influence on employee's performance towards set targets, 64 (22.7%) were disagreed, 57 (20.2%) not sure, 80 (28.4%) were agreed and the rest 50 (17.7%) strongly agreed. The mean 3.46 shows the overall respondents were agreed on budgeting and budgetary control influence on employee's performance towards set targets. The standard deviation 1.054 was slightly higher which indicates there is dispersion between respondents' response. Thus, it can be inferred AACA believe as budgeting and budgetary control influence on employee's performance towards set targets.

Based on table 4.6 item five, 13 (4.6%) of the respondents disagreed the statement that budgets are used to measure performance in the organization, 62 (22%) were disagreed, 71 (25.2%) not

sure, 92 (32.6%) were agreed and the rest 44 (15.6%) strongly agreed. The mean 3.66 shows the overall respondents were agreed as budgets are used to measure performance in the organization. The standard deviation 0.978 was slightly higher which indicates there is dispersion between respondents' response. Thus, it can deduce budgets are used to measure performance in the organization.

According to table 4.6 item six, 13 (4.6%) of the respondents disagreed on the budgetary control system provides a framework for judging Performance, 38 (13.5%) were disagreed, 82(29.1%) not sure, 105 (37.2%) were agreed and the rest 44 (15.6%) strongly agreed. The mean 3.53 shows the overall respondents were agreed as budget are used to measure performance in the organization. The standard deviation 0.74 was slightly higher which indicates there is dispersion between respondents' response. Thus, it can be inferred AACA consider as budgets are used to measure performance in the organization.

The last item of table 4.6 indicate, 7 (2.5%) of the respondents disagreed the organization budget preparation, implementation, control and frequent evaluation process influences the performance directly, 31 (11%) were disagreed, 63 (22.3%) not sure, 130 (46.1%) were agreed and the rest 51(18.1%) strongly agreed. The mean 3.66 shows the overall respondents were agreed as the organization budget preparation, implementation, control and frequent evaluation process influences the performance directly. The standard deviation 0.978 was slightly higher which indicates there is dispersion between respondents' response. Thus, AACA consider and believe budget preparation, implementation, control and frequent evaluation process influences the performance directly.

4.5 Correlation Analysis

Correlation analysis is done to examine this relationship between dependent variable and independent variable. The Pearson Product-Moment Correlation Coefficient is a statistic that indicates the degree to which two variables are related to one another. The sign of a correlation coefficient (+ or -) indicates the direction of the relationship between -1.00 and +1.00. Variables may be positively or negatively correlated. A positive correlation indicates a direct positive relationship between two variables. A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Ruud et. al. 2012).Table below clearly shows that the relationship between two variables will be negligible, low, moderate, substantial, or very strong.

Table 4.7: Correlation Coefficient

Correlation coefficient(r)	Strength of correlation
From 0.01 up to 0.09	Negligible association
From 0.10 up to 0.29	Low association
From 0.30 up to 0.49	Moderate association
From 0.50 up to 0.69	Substantial association
From 0.70 and above	Very strong association

Source: Joe W. Kotrlík, J. C. Atherton, A. Williams and M. Khatajabor.(2011)

Determining the degree of association between the selected independent variables and performance is the main purpose of conducting an analysis using Pearson correlation. So, in this section the hypotheses were tested based on the correlation result summarized in table below.

Table 4.8: Correlations

Correlations						
		Plan and Budget Preparation	Budget Utilization and Implementation	Budgetary control and monitoring	Budget Evaluation	Performance
Plan and Budget Preparation	Pearson Correlation	1	.728**	.806**	.850**	.770**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	282	282	282	282	282
Budget Utilization and Implementation	Pearson Correlation	.728**	1	.830**	.799**	.660**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	282	282	282	282	282
Budgetary control and monitoring	Pearson Correlation	.806**	.830**	1	.864**	.796**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	282	282	282	282	282
Budget Evaluation	Pearson Correlation	.850**	.799**	.864**	1	.789**

	Sig. (2-tailed)	.000	.000	.000		.000
	N	282	282	282	282	282
Performance	Pearson Correlation	.770**	.660**	.796**	.789**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	282	282	282	282	282
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: Sample survey Analysis, 2021

4.5.1 Correlation Analysis between Plan and Budget Preparation and Performance

Hypothesis 1

H1: Plan and Budget Preparation has positive relationship and statistically significant role to Performance of Addis Ababa City Administration.

H0: Plan and Budget Preparation has no positive relationship and statistically significant role to Performance of Addis Ababa City Administration.

From the above table it can be seen that Plan and Budget Preparation ($r=0.77$, $p<0.01$) is positively correlated with Performance of AACAA. This implies the presence of strong relationship between Plan and Budget Preparation and Performance which is statistically significant. And change in Plan and Budget Preparation has a corresponding effect on Performance. Therefore, **the null hypothesis (H₀) is rejected.**

4.5.2 Correlation Analysis between Budget Utilization and Implementation and Performance

Hypothesis 2

H1: Budget Utilization and Implementation has positive relationship and statistically significant effect on Performance of Addis Ababa City Administration.

H0: Budget Utilization and Implementation has no positive relationship and statistically significant role to Performance of Addis Ababa City Administration.

It can be seen in the above table Budget Utilization and Implementation is positively correlated with Performance ($r=0.66$, $p<0.01$), which has a strong positive relation and statistically significant role. This means an increase in Budget Utilization and Implementation positively will increase Performance of AACAA correspondingly. Therefore, **the null hypothesis (H₀) is rejected.**

4.5.3 Correlation Analysis between Budgetary control and monitoring and Performance

Hypothesis 3

H1: Budgetary control and monitoring has positive relationship and statistically significant effect on Performance of Addis Ababa City Administration.

H0: Budgetary control and monitoring has no positive relationship and statistically significant effect on Performance of Addis Ababa City Administration.

As indicated in the above table the correlation coefficient result of Budgetary control and monitoring and Performance ($r= 0.796$, $p<0.01$) indicate correlated positively. This implies the presence of strong positive relationship between budgetary control and monitoring with Performance have positive relationship with Performance which is statistically significant. Therefore, **the null hypothesis (H0) is rejected.**

4.5.4 Correlation analysis between Budget Evaluation and Performance

Hypothesis 4

H1: Budget Evaluation has positive relationship and statistically significant effect on Performance of Addis Ababa City Administration.

Ho: Budget Evaluation has no positive relationship and statistically significant effect on Performance of Addis Ababa City Administration.

From the above table it can be seen that Budget Evaluation ($r=0.789$, $p<0.01$) is positively correlated with Performance of AACA. This implies the presence strong positive relationship and role between budget evaluation relationship and Performance. And change in Budget Evaluation has a corresponding effect on Performance of AACA. Therefore, **the null hypothesis (H0) is rejected.**

4.6 Multi linear Regression Analysis

4.6.1 Multiple regression Assumption tests

Linearity, independence of errors, homoscedasticity, normality, and collinearity are some of the assumptions of multiple regressions that have been described as being of primary concern in the study. This section will describe each assumption in detail, review the implications of assumption loss, and discuss how to measure each assumption as well as how to interpret the findings. This presumption, according to some scholars, is the most significant since it clearly

affects the distortion of the whole study' findings (Keith, 2006). The dependent variable is defined as a linear function of the predictor (independent) variables by linearity (Darlington, 1968). When the relationship between the dependent and independent variables is linear, multiple regressions will reliably approximate it (Osborne & Waters, 2002). In the social sciences, the likelihood of non-linear interactions is strong, so it's important to check for linearity in studies (Osborne & Waters, 2002). The homoscedasticity assumption states that errors have the same variation at all stages of the independent variables (Osborne & Waters, 2002). This implies that researchers believe that errors are evenly distributed around the variables (Keith, 2006). When the deviation along the regression line is the same for all values of the predictor variable, this is apparent. The concept of collinearity (also known as multicollinearity) is that the independent variables are uncorrelated (Darlington, 1968; Keith, 2006). When collinearity is minimal, the researcher should view regression coefficients as effects of the independent variables on the dependent variables (Keith, 2006; Poole & O'Farrell, 1971). This assumes we can draw accurate inferences about the causes and consequences of factors. When multiple independent variables have a strong correlation with one another, or when one independent variable is a near linear mixture of other independent variables, multicollinearity happens (Keith, 2006).

Normality tests

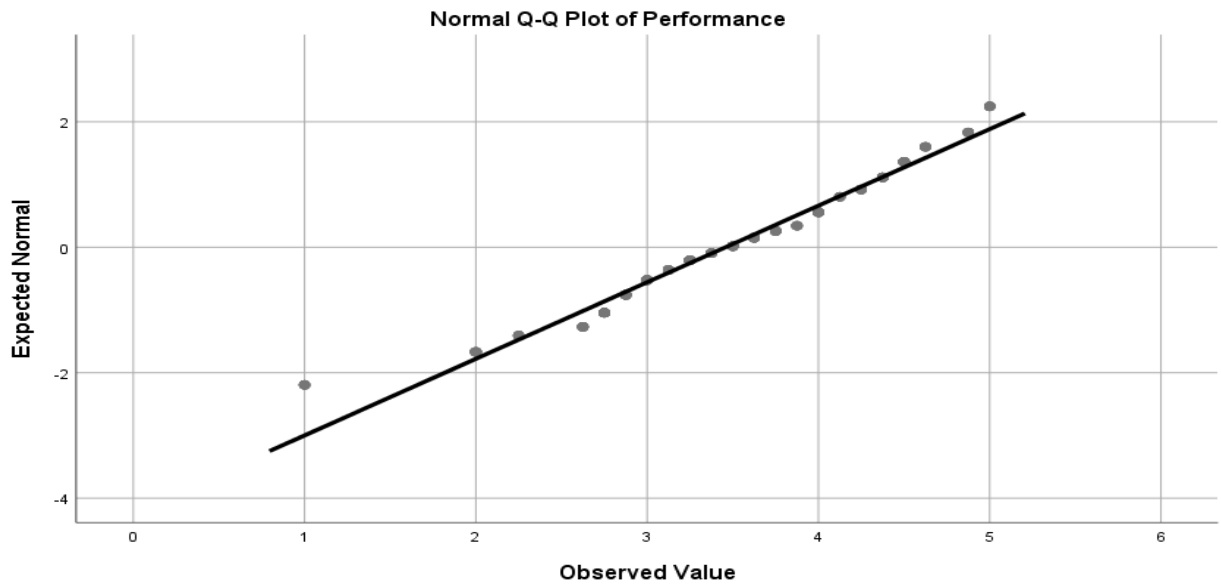
Multiple regressions (Darlington, 1968; Osborne & Waters, 2002) suggest that variables have normal distributions. This indicates that errors are naturally distributed, and a map of the residual values would resemble a regular curve (Keith, 2006). The inference is based on the shape of the normal distribution and informs the researcher about the expected values (Keith, 2006). It is possible to make predictions for a new sample until the sampling distribution of the mean is understood (Keith, 2006).

Table 4.9 :Normality Test Using Skewness- Kurtosis Test

Descriptive				
		Statistic	Std. Error	
Performance	Mean		3.4574	.04878
	95% Confidence Interval for Mean	Lower Bound	3.3614	
		Upper Bound	3.5535	
	5% Trimmed Mean		3.4864	
	Median		3.5000	
	Variance		.671	
	Std. Deviation		.81922	
	Minimum		1.00	
	Maximum		5.00	
	Range		4.00	
	Interquartile Range		1.13	
	Skewness		-.534	.145
	Kurtosis		.496	.289

Source: Sample survey Analysis, 2021

According to Cramer (1998) in order to the data distributed normally the Z value of Skewness and Kurtosis should be between -1.96 to +1.96. Here the Z value of skewness is $(0.145/(-0.534))$ which is -0.27 located between -1.96 and +1.96. On the other hand the Z Value of kurtosis is $(0.289/.496)$ which is 0.583 found in between -1.96 to +1.96 implies the data is distributed normally.



Source: Sample survey Analysis, 2021

Figure 4.1: Q-Q Plot Test

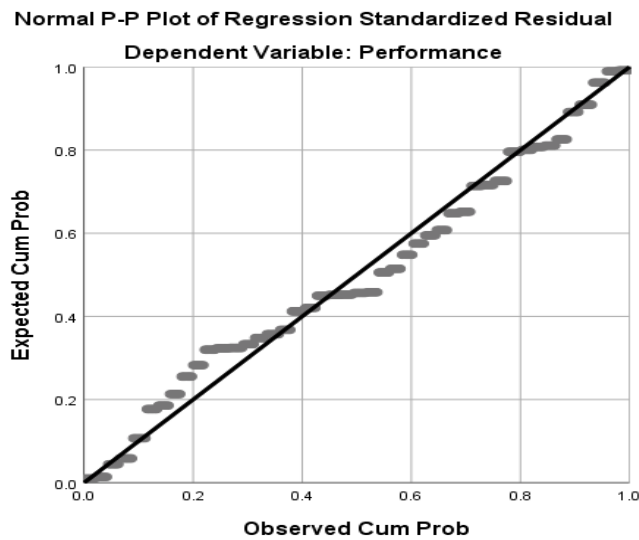
Figure 4.5 show the dots are aligned along the line which implies the data are normally distributed.

Table 4.10: Normality Test Using Sharpiro Wilk Test

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Performance	.101	282	.000	.964	282	.000
a. Lilliefors Significance Correction						

Source: Sample survey Analysis, 2021

According to Razali (2011), In shapiro Wilk test the null hypothesis for this test of normality is that the data are normally distributed. The null hypothesis is rejected if p value is below 0.000. In this study, the p value for Shapiro Wilk test is 0.964 which is well above 0.05 .Thus, Interims of Shapiro-Wilk test, it can be assume the data are approximately normally distributed.



Source: Sample survey Analysis, 2021

Figure 4.2: Normality test using P-P plot test

As it can be seen figure 4.6 above the expected and observed cumulative probabilities, while not matching perfectly, are fairly similar. This suggests that the residuals are approximately normally distributed.

4.6.1.2 Multi co linearity Test

When two or more causal factors are strongly correlated, multicollinearity occurs. This is a challenge since determining which of them better describes the mutual uncertainty in the result can be difficult. It also raises the possibility that the two variables reflect the same fundamental cause. Examining a correlation matrix is the easiest way to determine if explanatory variables are strongly correlated with one another. Using the collinearity statistics provided by SPSS is a more accurate technique. The variance inflation factor (VIF) and tolerance statistic will tell you if one explanatory variable has a close interaction with the others.

Table 4.11: Multi co linearity Test table

Model		Sig.	Collinearity Statistics	
			Tolerance	VIF
1	(Constant)	.487		
	Plan and Budget Preparation	.000	.257	3.894
	Budget Utilization and Implementation	.044	.285	3.510

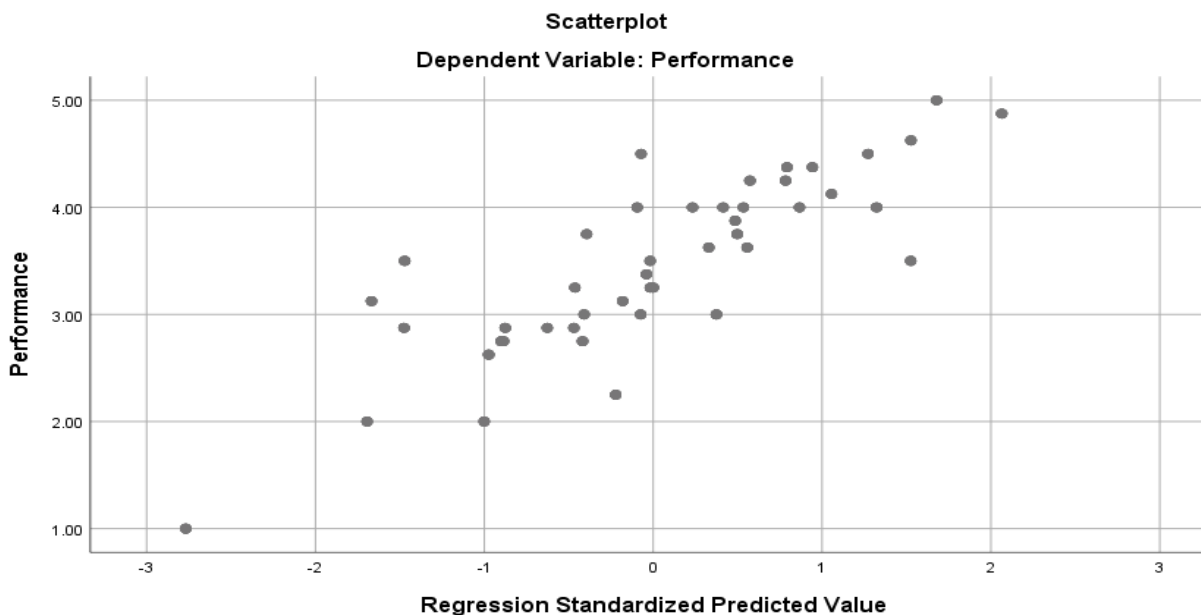
	Budgetary control and monitoring	.000	.189	5.282
	Budget Evaluation	.001	.176	5.694

Source: Sample survey Analysis, 2021

Until running the model, Tolerance and VIF (Variance Inflation Factor) tests were used to determine the presence of multi-collinearity problems. According to Pallant (2007), tolerance shows how well the independent variables describe the uncertainty of a given independent variable, and the value should not be too low (less than 0.10) to show the absence of co-linearity. Furthermore, the inverse of tolerance value, VIF, should be less than 10 to eliminate any questions about co-linearity (Pallant, 2007). Hence, the values in the table 4.11 indicate low co-linearity because all Tolerance values are above 0.1 and all VIF values are less than 10. Therefore, these tests reflect that the variables used in the study are free from multi co-linearity.

4.6.1.3 Homoscedasticity test

The residuals should do not vary systematically with the predicted values by plotting the residuals against the values predicted by the regression model. It can be looking for any evidence that residuals vary in a clear pattern.



Source: Sample survey Analysis, 2021

Figure 4.3: Homoscedasticity test using Scatter plot

Figure 4.3 show the data points seem fairly randomly distributed with a fairly even spread of residuals at all predicted values. Therefore, it can be assume the Homoscedasticity test in this study is met. **However, if** then data points seem to funnel towards the negative end of the x-axis indicating that there is more variability in the residuals at higher predicted values than at lower predicted values. This is problematic as it suggests the model is more accurate when estimating lower values compared to higher values. In cases where the assumption of Homoscedasticity is not met it may be possible to transform the outcome measure.

4.6.2 Multilinear regression Analysis

Regression analysis is a systematic method that can be used to investigate the effect of one or more predictor variables on dependent variable. That is, it allows making statements about how well one or more independent variables will predict the value of a dependent variable. Specifically this multiple regression was conducted in order to investigate the effect overall bundle of selected determinant factors of budgeting procedures on performance of the city.

Hypothesis 5

H1: The overall bundle of factors has positive relationship and statistically significant role to performance of Addis Ababa City Administration.

H0: The overall bundle of factors has no positive relationship and statistically significant role to performance of Addis Ababa City Administration.

Table 4.12: Model Summary

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.834 ^a	.696	.692	.45476
a. Predictors: (Constant), Budget Evaluation , Budget Utilization and Implementation, Plan and Budget Preparation , Budgetary control and monitoring				
b. Dependent Variable: Performance				

As shown in the above table the overall bundle of determinant factors of the four independent variables such as Plan and Budget Preparation, Budget Utilization and Implementation Budgetary control and monitoring, Budget Evaluation explains 69.6 % ($R^2 = 0.696$ of the

dependent variable (Performance). This suggests that 69.6 % of Performance level in the city clearly depends on the independent variables while the remaining 30.4 % is determined by other unaccounted factors in this study. Since as we show table 4.13 the result $F= 158.721$ which is greater than 1 and $P<0.01$ we can conclude that the combination of practices have positive effect on Performance which is statistically significant. Thus, **this study rejects the null hypothesis** which states that the overall bundle of factors has no positive relationship and statistically significant role to Performance of Addis Ababa City Administration is **rejected**.

Table 4.13: Anova

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	131.298	4	32.824	158.721	.000 ^b
	Residual	57.285	277	.207		
	Total	188.583	281			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Budget Evaluation , Budget Utilization and Implementation, Plan and Budget Preparation , Budgetary control and monitoring						

Table 4.14: Multiple Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	.105	.150		.487
	Plan and Budget Preparation	.341	.083	.268	.000
	Budget Utilization and Implementation	.156	.077	.126	.044
	Budgetary control and monitoring	.515	.088	.447	.000
	Budget Evaluation	.325	.093	.275	.001

Source: Sample survey Analysis, 2021

Table 4.14, show the relative contribution of each of the different variables by taking the beta value under the unstandardized coefficients. The values in unstandardized B column contain

regression parameter estimates. The unstandardized B is the intercept for the model. The constants are the predicted value on Y when independent variables are all zero. Another way of putting it is that the intercept is the conditional mean on Y when the independent variables are all zero. The higher the beta value, the strongest its contribution becomes without regarding its sign. Accordingly, Budgetary control and monitoring (B=0.515, Sig= 0.000) makes the strongest unique contribution to explaining the dependent variable in which the results revealed that, a one unit increase or positive change in " Budgetary control and monitoring " would lead to a 0.515 unit increase in performance, followed by plan and budget preparation (B= 0.341, Sig= 0.000), Budget evaluation (Beta= 0.325,Sig=0.001) , Budget Utilization and Implementation (B= 0.156, Sig=0.044) . Thus, among all predictors budgetary control and monitoring have the strongest contribution.

It can be seen the statistical significance of each variable from the above coefficients table 4.14, Budgetary Control and Monitoring (Sig. = 0.000), plan and budget preparation (Sig= 0.000, Budget Evaluation(Sig. = 0.001), Budget Utilization and Implementation(Sig=0. 044) have a statistically significant contribution (Sig<.05) for the prediction of the dependent variable (performance), which refer that statistically significant effect to make prediction. Thus, the predictors in the model are significant to have effect to contribute to the dependent variable (performance) so, should be retained.

4.7 Regression Mathematical Model (Estimation of Multiple Regression equation)

The equation of multiple regressions on this study is generally built on around two sets of variables, namely dependent variables (Performance) and independent variables (Plan and Budget Preparation, Budget Utilization and Implementation, Budgetary control and monitoring, Budget Evaluation). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

Performance=F (PBP, BUI, BCM, BE)

$$P = \beta_1 + \beta_2 * PBP + \beta_3 * BUI + \beta_4 * BCM + \beta_5 * BE$$

Where

P= Performance

PBP=Plan and Budget Preparation

BCM=Budgetary control and monitoring

BE=Budget Evaluation

Mathematically, $Y_i = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$

Where Y is the dependent variable- Performance X2, X3, X4, X5, are the independent β_1 is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero. $\beta_2, \beta_3, \beta_4, \beta_5$, refer to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

Therefore, based on the result in the regression coefficient table 4.14 and accordingly to the above general mathematical equation the estimated regression model of this study for Addis Ababa City Administration are presented below.

$$\mathbf{Performance = .105 + .341 * PBP + .156 * BUI + .515 * BCM + .325 * BE}$$

4.8 Analysis of Interview

4.8.1 Budget preparation, utilization, evaluation and control practice

According to the interviewees AACA budget preparation system is clear. That means all departments prepare their budget and after all the organization prepare the organizational budget based up on the department budget plan. But the utilization, evaluating and controlling system have a problem. Because, all departments don't control their approved budget based up on their plans. In light of this, budget is one of the important which bring practice for the information of government policies .To prepare budget, AACA follow the budget cycle. After departments prepares physical plan within a year, and then consolidate the plan. Then proportional budget is allocated for the physical plan, dependency of its implementation. Some interviewees also said the budget preparation is directed by politicians and political issues.

4.8.2 AACA budget preparation and planning

AACA plan based on the strategic plan and based on real data. For example, this year our organization prepared 10 years plan and five year plan and annual plan consequently based on reliable data and estimate. So, it implies that the organization prepared its plan according the strategic plan of the organization. The city government has its own strategic plan. Each institution has a budget implemented based the strategic plan. The data is reliable, but during excitation AACA encounter some problem. Like, skilled full personal as per structured.

4.8.3 AACA Budget Implementation and Utilization

AACA used its budget timely and reports its budget utilization to its officers in every quarter, .But, budget utilization of AACA budget is 100% not based on their plans. There is a problem regarding this, organizations are not utilizing the allocated budget as desired.

4.8.4 AACA Budgetary Control System

AACA has a budgetary control system. It controls its budget through budget monitoring and evaluating experts. Then control the organizational budget based on monthly expenditure by using ibex software. According to interviewees, unless one organization controls its budget in a way manner the performance of the organization fails. Also if not the organization prepares its budgetary plan based on its physical plan, its performance fails. That is, it can't reach its targeted

goals. Budgetary control system by ibex and support institution/sector/ their utilization and budget clothing system

4.8.5 Factors influence budget utilization

Based on interviewees factors influence budget utilization include, lack of procurement, utilization of cost, quality of the material and poor monitoring and controlling , if the budget is planned poorly later it will be headache for implementation.

4.8.6 AACA weakness in budget preparation, utilization, control and evaluation

As per interviewees the main weakness of the budget preparation, utilization and evaluation in AACA are lack of training among officers, lack of knowledge of managers in controlling budget, departments are also having problems in order to control their budgets , Poor planning, poor budget excitations, lack of skilled human power, weak management team , political influence, lack of knowledge officers (specially finance), lack of knowledge of managers, routine activities, mismatch between physical and financial plans, the internal auditors ability and commitment to suggest the performance.

4.8.7 AACA Budget Evaluation

AACA used evaluation reports and prepared regularly. But, its regularity is most of the time in questions.

4.8.8 Budget Deviation Report

Although AACA has frequent variation between budget and budget targets, no body reported to the budget committee as I heard.

4.8.9 How to improve performance

To Improve Performance:

- ✚ The organizational managers get training about the ways of controlling budget.
- ✚ Training is offered to officers (especially) finance and audit officers.
- ✚ Training also to department al head
- ✚ Advocate plan, the regularly follow a steps to evaluate the budget. So, need skills and trained budget officers, this in turn requires good payment.

Discussion of results

The correlation and regression result shows budget planning and preparation($r=0.77$, $B= 0.341$, $Sig= 0.000$), Budget Utilization and Implementation($r= 0.66$, $B=0.156$, $Sig=0.000$), Budgetary control and monitoring($r=0.796$, $B=0.515$, $Sig= 0.000$), Budget Evaluation($r=0.789$, $B=0.325$, $Sig=0.001$). Thus, It clearly indicate the variables are positively correlated with the performance with significance value, which implies budget planning and preparation , budget utilization and implementation , budgetary control and monitoring and budget and evaluation process had a significant role .Similarly, according to Abebe (2018) budget monitoring, at $.961^{**}$ highly affected budget performance of the organization, followed by, budget preparation at $.943^{**}$, Budget utilization $.931$ and budget evaluation at $.764^{**}$. Consistently, Teklay (2020) revealed a positive relationship budget planning, budget implementation, budget monitoring, budget evaluation and budget control between performances of EFDRE Construction Works Regulatory Authority. And budget planning, budget implementation, budget monitoring, budget evaluation and budget control with magnitude 0.129 , 0.451 , 0.603 , 0.398 and 0.309 respectively. The study also inlined with Mwangi (2014), the multiple linear regression models indicate that all the independent variables have positive coefficient. The regression results in his study reveal that there is a positive relationship between dependent variable performance and independent variables (Planning, Monitoring and Control, Evaluation). The study findings are in line with Scott, (2005), who claims that considering potential courses of action becomes an integral part of budget planning procedures and contributes to increased rationality.

A budget enables the establishment of a target, a performance standard, and the subsequent comparison of actual results to the created standard. Budgets have thus been described as playing a range of roles, including making goals explicit, coding learning, facilitating control, and contracting with external parties (Budgets have thus been identified as playing a number of roles, including making goals explicit, coding learning, facilitating control, and contracting with external parties). (KIMANI, 2014). According to Nyageng'(2013), programs and schedules should be the basis for allocating financial resources for proper budgetary management. Budget preparation has a very strong and positive correlation (0.993) with organizational effectiveness. Clear result targets should also be defined, with budget outcome goals and objectives tied to programmers. According to Kimani (2014) budget monitoring in terms of budget reviews is

important as it paves way for budget adjustments, shown by a correlation of 0.9111. It also permits continuous assessment of budget variances in terms of actual against the budgeted so that reasons for differences between actual and budgeted performance are always given in a budget conference (Karanja, 2011). Similarly, the findings on monitoring and control revealed substantial negative attitudes among workers, with the majority unsure whether monitoring and control is used in NGOs. Budget conferences do not provide consensus on budget goals, nor do they include budget assessments that are helpful in assessing budget variances. According to Marcormick and Hardcastle (2011), budget control and monitoring leads in the successful and cost-effective execution of budget utilization through an accountability framework, as well as continuous program implementation for improved budget implementation in compliance with agreed-upon plans.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the summary of findings, conclusions and recommendations resulting from the study. This is on the basis of the findings that have been found from the research and discussed in the previous chapter. The chapter ends with appropriate recommendations aimed at fostering to improve Performance of Addis Ababa City Administration.

5.2 Summary of Major Findings

The data analyzed using descriptive statistics, correlation and regression major findings were presented and summarized as follows:

From the arithmetic mean values generated by the descriptive statistics it shows that Plan and Budget Preparation (**mean=3.34**), Budget Utilization and Implementation (**mean=3.2**), Budgetary control and monitoring (**mean=3.206**), Budget Evaluation (**mean=3.33**). From this it can be understand that employees of Addis Ababa City Administration the overall respondents were not sure under the given overall practices or factors.

The values generated in the Pearson correlation for Plan and Budget Preparation($r=0.77$, $P<0.01$) are significantly and positively correlated with Performance. And regression result ($B=0.341$, $Sig=0.000$). Therefore, the null hypothesis (H_0) is rejected.

Budget Utilization and Implementation has Pearson correlation coefficient ($r= 0.66$, $p<0.01$) which show positive and significant relation with Performance as hypothesized. And the regression result ($B=0.156$, $Sig. = 0.044$) which can infer that Budget Utilization and Implementation has positive and significant role to Performance as stated in the alternative hypothesis. Thus, the null hypothesis (H_0) is rejected.

On the other hand Budgetary control and monitoring has a correlation result ($r=0.796$, $p<0.01$) and regression result($B=0.515$) with ($Sig. = 0.000$) in which it can be conclude that Budgetary control and monitoring has positive and significant relationship and contribution to explaining the dependent variable of Performance. Consequently, the null hypothesis (H_0) is rejected.

Budget Evaluation has correlation result ($r=0.789$, $p<0.01$), which implies that there is positive significant relationship with Performance as well as ($B=0.325$) with ($Sig. = 0.001$) which infer

that there is positive role and contribution to the Performance of AACCA. Hence, the null hypothesis (H₀) is rejected.

Finally, overall bundles factors which includes Plan and Budget Preparation, Budget Utilization and Implementation, Budgetary control and monitoring, Budget Evaluation with F-value significant at 0.000 have 69.6% of the role on Performance is contributed for Addis Ababa City Administration.

5.2 Conclusion

The study revealed the determinant factors that had a significant role in the performance of Addis Ababa City Administrations were Plan and Budget Preparation, Budget Utilization and Implementation, Budgetary Control and Monitoring, Budget Evaluation. Thus, the study also revealed the overall bundles as well as the individual practices significantly contribute for Performance of Addis Ababa City Administration.

Regarding Plan and Budget Preparation practices of Addis Ababa City Administration prepare budget based on the volume of activities, organizational departments prepare budget plans before the budget year, budgets are prepared concerning the organization annual plans, strategic plan, and overall goal, the budgeting process starts with the preparation of forecasts of the expected confirmed income/grants, AACCA has documented budgeting process (budget notes) which is referenced during the process, the budget plan is prepared based on reliable data and estimates, the approved budgets are shared with all departments and budget holders and ensure they are understood and AACCA has long term and short term budget plans.

Concerning Budget Utilization and Implementation Addis Ababa City Administration sufficiently document all expenditures, insufficient funds are allocated to department or projects affect budget implementation, the organization has a mechanism to implement the audit comments.

Regarding Budgetary control and monitoring Internal auditors conduct financial auditing to ensure that funds are utilized for the intended purpose, they can independently conduct their duties and responsibilities and conduct performance auditing to evaluate efficiency and effectiveness of budget utilization.

Concerning Budget Evaluation AACCA reviews the process of budget allocation, implementation, and monitoring, the department provides timely feedback to budget users to correct the detected weaknesses, and the organization always takes timely corrective actions when adverse variances are reported.

5.4 Recommendations

Though Addis Ababa City Administration has good Plan and Budget Preparation practice, the study shows AACA was not ensured effective linkage of strategic plan and budget, all staff or functions of the organization are not involved in budget preparation, not all the organization key stakeholders engage in budget preparation decisions, departments didn't have enough number of budget and planning officers who have adequate knowledge and skill to prepare and plan budget effectively, the budget demand prepared by the office is not based on approved plans and programs, all the necessary information (experience, future expectation, variances, factors leading to budget variances, etc.) are not assessed before preparing the budget. Thus, Addis Ababa City Administration should improve performance by ensuring effective linkage of strategic plan and budget, involving all staff or functions of the organization in budget preparation, engage all the organization key stakeholders in budget preparation decisions, recruit enough budget and planning officers who have adequate knowledge and skill to prepare and plan budget effectively, the budget demand prepared by the office is should be based on approved plans and programs, all the necessary information (experience, future expectation, variances, factors leading to budget variances, etc.) Should be assessed before preparation.

AACA didn't ensure to utilize the approved budget based on its plan, the organization had not broken down the budget in activities and time, all expenditures are not charged to the proper accounting period, not sure as implemented budget is the same as the approved budget, not sure as the budget utilization reports are consistent with the plans, not sure as there is no overutilization and underutilization of approved budget, not sure as there is coordination among the various departments during budget execution is achieved through clear communication and consultation, Political interference influence effective implementation of budgets, there are no necessary resources (facilities) for budget utilization process are fulfilled. Thus, AACA should work to ensure utilization of the approved budget based on its plan, the organization had should break down the budget in activities and time, all expenditures are should be charged to the proper accounting period, ensure as implemented budget is the same as the approved budget, ensure the budget utilization reports are consistent with the plans, ensure there is no overutilization and underutilization of approved budget, not sure as there is coordination among the various departments during budget execution is achieved through clear communication and consultation, avoid or reduce political interference influence on effective implementation of budgets, the necessary resources (facilities)should be provided for budget utilization process.

The study has shown Addis Ababa City Administration didn't ensure to have strong budget control mechanism, timely, explanatory, and complete budget utilization report, budget policies that monitor budget spending, the management is not well committed toward budget control and objectives, the organization's budget deviations are not reported to budget committees, there is no regular follow up on budget plans by the budget committee and departmental heads, the organization didn't conduct a regular audit of the estimated and actual budget, the management team didn't review regularly the implementation of budgetary control measures in the organization, budgeting, and budgetary control didn't integrate budget planning and implementations with control and monitoring. Therefore, to enhance its performance AACA should have a strong budget control mechanism, timely, explanatory, and complete budget utilization report, budget policies that monitor budget spending, the management should be well committed toward budget control and objectives, the organization's budget deviations should be reported to budget committees, should have regular follow up on budget plans by the budget committee and departmental heads, the organization should conduct a regular audit of the estimated and actual budget, the management team should review regularly the implementation of budgetary control measures in the organization, budgeting, and budgetary control have to integrate budget planning and implementations with control and monitoring.

According to the findings, Addis Ababa City Administration did not assure the management to review the budget and make an adjustment, to review the process of budget allocation, implementation, and monitoring, didn't conduct a regular audit to evaluate the implementation and report the result for the audited department and head of the organization on time, the management team didn't discuss on the results of an audit report for taking corrective actions, there is the inconsistent review of budget implementation by management of the organization. Thus, AACA management have to review the budget and make an adjustment, review the process of budget allocation, implementation and monitoring, conduct a regular audit to evaluate the implementation and report the result for the audited department and head of the organization on time, the management team should discuss on the results of the audit report for taking corrective actions, there is an inconsistent review of budget implementation by management of the organization to enhance the performance of the AACA.

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APPENDIX I

Questionnaire

Research Topic: The Role of Budgeting, Budgetary Control and Implementation for the Performance of Addis Ababa City Administration

Dear Participant,

I am a post graduate student of Public Administration and Development Management at Addis Ababa University, Business and Economics College. Currently, I am undertaking research on the role of Budgeting, Budgetary Control and Implementation for the Performance of Addis Ababa City Administration. You are one of the respondents selected to participate in this study. Please assist me in giving correct and complete information to present a representative finding on the subject. Your participation is entirely voluntary, and the questionnaire is completely anonymous.

I confirm you that the information that you share with me will be kept confidential and only used for an academic purpose. Therefore, I kindly request you to answer the questions freely and openly to share your competence and knowledge with myself.

Thank you in advance for your kind cooperation and dedicating your time

Instructions

- No need for writing your name
- For Liker scale type statements, indicate your answers with a check mark (✓) in the appropriate box.

SECTION A: GENERAL INFORMATION (DEMOGRAPHIC DATA)

Fill in the blanks provided by a means of a cross (✓) by indicating your correct choice.

A. Gender

1. Male 2. Female

B. Age

1. Below 25 2. 25- 30 3. 31- 35

4. 36 - 40 5. Above 41

C. level of education

1. Diploma 2. Bachelor Degree

3. Master 4. PhD 5. Other sate here _____

D. Marital Status

1. Single 2. Married 3. Divorce 4. Widowed

E. Year of service

1. 1 – 4 years 2. 5 – 9 years

3. 10 – 20 years 4. 20 years Above

SECTION B: JOB RELATED QUESTIONS

please indicate your responses to each of the following statements. Indicate with a ✓ in the appropriate answer box; Please rate your response as follows:

1=Strongly Disagree (SD) 2= Disagree (D) 3=Neutral(N) 4=Agree (A) 5=Strongly Agree(SA)

N ^o	Questions	1	2	3	4	5
		SD	D	N	A	SA
A	Plan and Budget Preparation					
1	The budget is prepared based on the volume of activities					
2	There is an effective linkage of the strategic plan and budget					
3	All staff or functions of the organization are involved in budget preparation					
4	Organizational departments prepare budget plans prior to the budget year					
5	The organization key stakeholders engage in budget preparation decisions					
6	Budgets are prepared with reference to the organization annual plans, strategic plan and overall goal					
7	The budgeting process starts with the preparation of forecasts of the expected confirmed income/grants					
8	The organization has documented budgeting process (budget notes) which is referenced during the process					
9	The budget plan is prepared based on reliable data and estimates.					
10	The approved budgets are shared with all departments and budget holders and ensure they are understood					
11	Each department has enough budget and plan officers who have adequate knowledge and skill to prepare and plan budget effectively					
12	The budget demand prepared by the office is based on approved					

	plans and programs					
13	The organization has long-and short-term budget plans					
14	All the necessary information (past experience, future expectation, variances, factors leading to budget variances and etc.) are assessed before preparing the budget					
B	Budget Utilization and Implementation					
1	The organization utilizes the approved budget based on its plan					
2	The organization had to break down the budget in activities and time, all expenditures are charged to the proper accounting period					
3	The implemented budget is the same with the approved budget					
4	The budget utilization reports are consistent with the plans, there is no over utilization and underutilization of the approved budget					
5	Coordination among the various departments during budget execution is achieved through clear communication and consultation.					
6	There is a practice of regular follow-up on budget utilization					
7	Political interference does not influence the effective implementation of budgets					
8	There is no budget request without a plan					
9	There is proper cash management practice for resources allocation					
10	There are necessary resources (facilities) for the budget utilization process					
11	All expenditures are sufficiently documented					
12	Insufficient funds allocated to department or projects affect budget implementation.					

13	The organization has a mechanism to implement the audit comments					
C	Budgetary control and monitoring					
1	The organization has a strong budget control mechanism, there is a timely, explanatory, and complete budget utilization report					
2	The organization has budget policies that monitor budget spending					
3	The management is well-committed toward budget control and objectives					
4	The organization's budget deviations are reported to budget committees					
5	There is a regular follow-up on budget plans by the budget committee and departmental heads					
6	The organization conducts regular audit of the estimated and actual budget					
7	The management team reviews regularly the implementation of budgetary control measures in the organization					
8	There are sufficient skilled internal auditors to control the budgetary system					
9	There are well-developed budget policies that monitor budget spending (s)					
10	Budgeting and budgetary control integrates budget planning and implementations with control and monitoring					
11	Budgeting and budgetary control helps the organization to estimate its expenditure in the coming financial year					
12	Internal auditors conduct financial auditing to ensure that funds are utilized for the intended purpose, they can independently conduct their duties and responsibilities and conduct performance auditing to evaluate efficiency and effectiveness of budget utilization					

D	Budget Evaluation				
1	The management of the organization review the budget and make adjustment				
2	The organization review the process of budget allocation, implementation and monitoring				
3	The Department provides timely feedback to budget users to correct the detected weaknesses				
4	The organization conducts regular audit to evaluate implementation and report the result for the audited department and the head of the organization on time.				
5	The management team discusses the results of the audit report for taking corrective actions.				
6	There is consistent review of budget implementation by managements of the organization.				
7	The budget defines goals and objectives that serve as a bench mark for evaluation				
8	The organization has a good budget performance evaluation				
9	The organization's budget performance evaluation reports are prepared frequently				
10	The organization always take timely corrective actions when adverse variances are reported				
E	Performance				
1	Budgeting and control system used as a tool for the achievement of organizational objectives and goals.				
2	Effective and efficient use of resources through the use of budgetary control system improves performance				
3	A budget control system can be used to evaluate an organization's finances performance.				

4	Budgeting control affects the quality of service in the organization					
5	Budgeting and budgetary control influence on employee's Performance towards set targets.					
6	Budgets are used to measure performance in the organization					
7	The budgetary control system provides a framework for judging Performance					
8	The organization budget preparation, implementation, control and frequent evaluation process influences the performance directly.					

Thank you for your participation!!!

Appendix II

Interview

1. All in all how do you see your organization's budget preparation, utilization, evaluation and control practice?
2. Do your organization Prepare its Plan based on the strategic plan of the organization and prepared based on reliable data and estimates?
3. Do your organization use its budget based on the plan and so presents timely, explanatory and complete budget utilization report?
4. Does your organization have budgetary control system? How do you control?
5. Is there a trend of conducting Performance Audit in your organization?
6. Would you please mention factors that influence the effective and efficient budget utilization in the organization?
7. What are the main weaknesses observed in your organization in related to budget preparation, utilization, control and evaluation?
8. Do you think budgeting, budgetary control and implementation have role the performance of the organization?
9. Do budget performance evaluation reports are prepared regularly? .(how often)
10. Do budget deviations from the budget targets are frequently reported are reported to budget committee/Executives? (How often)?
11. How does performance can be improved through budget control?

Thank you for your participation!!!