

Effect of controlling practices on budget effectiveness in case of Laga Tafo Laga Dadi town

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ABSTRACT

The purpose of the study was to investigate the effect of budget control Practice on the effectiveness of the public organization in Laga Tafo Laga Dadi town. In order to achieve this purpose, questionnaire were distributed to 238 professional employees and returned from 219 respondents. Data used for the research was collected through well-structured questionnaire using simple random sampling. A statistical package for social sciences (SPSS) version 25 was used to process and analyze the data collected from the respondents and also correlation and regression analyses were performed or made to determine the association between dependent and independent variables. Finding from this study revealed that budget control practice are factors that can influence the effectiveness of public organizations. For this study, seven independent variables were used including budget planning, budget monitoring and control, budget evaluation, participative budget, communication, motivation and responsibility and dependent variable was organizational effectiveness. According to the research output, there is a positive significant effect between independent variables such as monitoring, evaluation, participation, motivation, and responsibility and dependent variable public organization effectiveness. However planning and communication has a negative significant effect on effectiveness of public organization. The practice of planning, monitoring and control, participation of budget, budget evaluation, communication, motivation and responsibility in public sectors was relatively moderate.

KEYWORDS: 1.Communication, 2.Evaluation, 3.Monitoring, 4.Motivation, 5.Participative, 6.Planning, Responsibility 7.Effectiveness

CHAPTER ONE

1.1 Background of the Study

Modern budgeting systems were developed in the late 19th and early 20th centuries as a means of exerting legislative control over budget allocation decisions by the executive. This was achieved by dividing responsibility for and authority over the budget allocation process between institutions whose competencies and relations were defined in law, supplemented by exhaustive rules and procedures. Organizations have developed a variety of processes and techniques designed to contribute to the

planning and control functions. One of the most important and widely used of these processes is budgeting. Budgeting involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals (Geletaw, 2017). Budgeting is a key policy instrument for public management and management of the firm; it is a familiar activity to many as it is practiced in our private lives as well as in businesses, government and voluntary groups. The use of budgets in government circle long preceded its application in enterprises or the business sector. In the stable economic environment of the period before the world wars, few large companies particularly in the U.S.A and U.K used budgets for variety of purposes. The use of budgets created its own conflicts, as some pioneer companies reported budgeting as a significant tool to management, while others reported same as having an ill or even a negative effect on efficiency and productivity. However, the world depression of the 1920s and its attendant negative effects that created "business worries and troubles" made the use of budgeting imperative in order to plan the overall growth of an economy and the enterprise, (Lambe, 2015).

Budget is a quantitative expression of plan of action and aid to coordination and implementation. It is a financial plan that indicates a proposed expenditure for the year and the means of financing them, since budget is a financial plan of any activities. and it serves as evaluating performance, coordinating activities, implementing plan and communicating, motivating and authorizing action in governmental and nonprofit organizations and it serve as authorizing and ceiling for management action as well as Budget is also a tool that aids managers in both their planning and control function (Horngren C. T., 2008).

A budget has been defined by (Lucey, 2008), as a plan of action expressed in monetary terms for a future period. It deals with resource servicing and allocation to attain the objectives of an organization. Successful budgeting according to (Horngren C. T., 2008) requires absolute support and enthusiasm by top management. When such a budget is passed or adopted, and the implementation phase starts, budgetary control sets in to start comparing the planned activities and results with the actual activities and results. In this way, any differences considered significant are investigated and remedial action put in place.

According to, Chartered Institute of Management accountants (Horngren, 2002), budget control is defined in the following way: Budgetary control is the establishment of budgets relating to the responsibilities of executives of a policy and the continuous comparison of the actual with the budgeted results, either to secure by individual action the objective of the policy or to provide a basis for its revision as well as Budgetary control is a technique applied to the control of total expenditure on materials, wages and overhead by comparing actual performance with planned performance. This technique is also believed to be another valuable aid in cost control and coordination (Serem, 2013).

Most organizations use budget control as the primary means of internal controls, it provides a comprehensive management platform for efficient and effective allocation of resources. Budgetary controls enable the management team to make plans for the future through implementing those plans and monitoring activities to see whether they conform to the plan, effective implementation of budgetary control is an important guarantee for the effective implementation of budget in the organization (Getnet, 2010). Effectiveness is the relationship between the results with the goal, the greater the contribution that in doing achieving the goal, the more effective the organization (Coates, 2005). There are several dimensions to measure the effectiveness of public organization in terms of adequate availability of financial resources, competent human resource, participation of both staff and other stakeholders in the budgeting process, proper planning, evaluation, monitoring and control of the budget process and staff motivation (Srinivasan, 2005).

The Block Grant allocate for Woreda to meet their need of recurrent and capital expenditure. Expenditure needs includes expenditures that have recurrent nature and for capital projects and programs. The

recurrent budget is calculated by a formula that considers the existing level of service coverage and future expansion requirement. It encourages service expansion in both relatively developed and underdeveloped Woreda while at the same time addressing the existing commitment that is financing service costs for existing beneficiaries with introducing efficient and effective financial utilization requirement in the methods. The capital budget is calculated based on the relative infrastructure deficit index. It encourages infrastructural backward Woreda by providing greater compensation in terms of capital budget. It is designed to accelerate infrastructure growth in accordance with the deficit in the Woreda,(MoFED, 2009).One key challenge facing many public sector institutions which obstructs them from achieving their set service delivery targets is weak financial resource allocation and management processes as a result of weak PFM systems in general. The consequence of this challenge is often non-optimal allocation of resources leading to improper use of scarce financial resources. The result is inability of public sector institutions to achieve service delivery targets(Aucoin, P. Heintzman, R., 2000). A number of public sector institutions are unable to achieve their service delivery targets because of wastage of financial resources due to weak budgeting and budgetary control processes.

A scholar (Chand, S., 2015), reports of thirteen essentials of effective budgetary control which include sound forecasting, budget orientation, proper recording system, participation, support from top management, flexibility, enforcement of timeliness, efficient organization, proper coordination, sound administration, constant review, reward and punishment, and understanding that results take time to show. Another scholar(Tiina, H. , 2016), stated that planning and control conflicts will occur if actual performance is compared with the rough original budget without regard being paid to changes in circumstances. Scholars (Lambe, I. Mary, L. & Theresa, O., 2015),in further explaining the key objectives to be achieved by the budgetary control system in general opined that strategic management and budgeting are distinct but intertwined activities. When properly applied, both processes improve an organization's ability to create and sustain superior performance.

Budgeting and budgetary control systems play a leading role in every institution as it is vital in establishing an efficient management control system. Budgetary control as noted by(Adah, A. & Mamman, A., 2013) is the establishment of budgets, relating the responsibilities of executives to the requirements of a policy and the continuous comparisons of actual with budgeted outcomes, either to secure by individual action, the objectives of that policy, or to provide a basis for its revision. As such, budgetary control is a system which utilizes budget as a means of planning and controlling all aspects of an organization. The philosophy underlying budget and budgetary control and evaluation therefore is that they serve as indicators of costs and revenues linked to the daily operational activities of organizational managers, a means of providing information and supporting management decisions throughout the budget cycle and monitoring and controlling the organization, particularly in analyzing the differences between the budgeted and actual.

According to(Adongo, K.O. & Jagongo, A., 2013), a budget is based on estimates; it may or may not be true. This makes organizational managers to focus more on management issues than on budgetary control and evaluation. The need for accountability and efficiency of service delivery in public organizations in Nigeria puts public organizations at the fore front in establishment of control systems. Budgets are necessary to prudently manage scarce financial resources and at the same time serve as means of expenditure authorization, control and evaluation bases. Public institutions ought to consider budgets and budgetary controls important elements in their policy making. The success of organizations depends largely on good budget preparation and effective budgetary controls(Egbunike, P.A., 2014).

In Ethiopia, year in year out, budgets are prepared Public institutions prepare budgets but the degree and extent to which budgets are prepared and monitored into performance budgets continues to dwindle. The Ethiopia budget has been facing a myriad of challenges dispossessing it of the powers to achieve its

expected goals. Failure of many organizations erupts from the fact that budgets and budgetary control which are the bedrock of any successful organizations is weak or absent. Such organizations are characterized by financial, administrative, production and managerial constraints resulting from poor budgetary control. This results in embezzlements, misappropriations and misapplication of funds. As such, no public sector can afford to overlook the importance of clearly defining its objectives and priorities, and assessing performance against well-defined benchmarks.

In Oromia Before the state setting decentralization all administrative, financial and technical accountability were structured with in the sector vertically i.e. Sector Finance to Woreda Sector Office to Zonal Sector Department to Regional Sector Bureau. However, in the new system, all power of management has shifted to the Woreda council, and sectorial bureaus retain authority in technical aspects only. One of the aims of decentralization is to enhance the efficiency of budget allocation for the achievement of development goals in line with local priorities. This can be done by increasing the discretionary powers of local governments to allocate budgets and ensuring that local needs and priorities feed back into the national budget(BOFED, 2011).Therefore, the above discussed literature have identified that budget controlling is determinants of public organizations effectiveness.

1.2. Statement of the Problem

Studies have been done in relation to budgetary control globally and locally (Carolyne, M. Waymire, R. & Renea, T., 2007), stated the association between effects of budget control on performance using a sample of large US cities Financial Bonds and found that effective level of budgetary control is significantly and positively related to bond rating. A scholar (Dunk, A.S., 2007)in Europe on budgetary participation and managerial performance in nonprofit making firms and concluded a positive correlation between budgetary participation and managerial performance in nonprofit making organizations.

A study by (Epstein, M.J. & McFarlan, W., 2011)in Denmark on measuring efficiency and effectiveness of a nonprofits performance by using the important tools in achieving efficiency in nonprofit making organizations is through identifying the determinants to effective budget implementation among local authorities. The results of the study revealed that effective budgetary controlled to improved performance of local authorities. Investigation by (Pearson, M., 2002), on budgeting and budgetary control in the public sector using literature review and personal observations as the main source of data and found out that budget and budgetary control has failed because of dependence on federation account, untrained budget.A study by (Nyambura, B., 2014) on determined the effects of budgetary controls on performance of NGOs in Kenya using correlations and regression methods and concluded that there is a low positive relationship between budgetary controls and Performance.In Ethiopia, (Tilahun, B., 2010)carried out the study on budget management and control of ministry of national defense by using descriptive and qualitative research approach and come up with that budget of the ministry of defense prepared without considering reasonable cost estimation and current market price. He also revealed that there is the idle cash in the ministry of defense due to the lack of consistent purchase program which lead to rush expenditure toward the end of budget year.

As per the researcher effort of reviewing available empirical facts on the subject matter, there is no evidence that prove the research have been conducted on the effect of budget controlling on effectiveness of public organization in Laga Tafo Laga Dadi town. Therefore, all of the above methodological and empirical gaps have supported the importance of undertaking the study, which entitled the effect budget control on effectiveness of public organization, particularly in Laga Tafo Laga Dadi town. Thus, to the best of the researcher's knowledge, there is no adequate studies that has exhaustively conducted on the effect budget control on effectiveness of public organization in Ethiopia, particularly in Laga Tafo Laga Dadi

town. In view of this, therefore, the objective of this study is to examine the effect of budget controlling practice on effectiveness of public organization in case Laga Tafo Laga Dadi town.

1.2.1. Research Questions

Hence, the study was sought to answer the following research questions:

- 1) To what extent planning predict budget effectiveness?
- 2) To what extent monitoring and control predict budget effectiveness?
- 3) To what extent motivation do predicts budget effectiveness?
- 4) To what extent communication & evaluation predicts budget effectiveness?
- 5) To what extent participative & responsibility do predicts budget effectiveness?

1.3. Objectives of the study

1.3.1. General Objective

The general objective of the study is to investigate the influence of controlling practices on budget effectiveness in Laga Tafo Laga Dadi town.

1.3.2. Specific Objectives

The specific objectives of the study were;

- ☒ To analyze the extent in which planning do predicts budget effectiveness.
- ☒ To examine the extent in which monitoring and control predict budget effectiveness.
- ☒ To evaluate the extent in which motivation do predicts budget effectiveness.
- ☒ To examine the extent in which communication & evaluation predicts do budget effectiveness.
- ☒ To investigate the extent in which participative & responsibility do predicts budget effectiveness.

1.5. Significance of the Study

This study should have an ample of importance for financial sectors and more specifically for public organizations it provides more understanding of the best practices in Budgeting practices and budgetary control for public organizations of Laga Tafo Laga town. It is also provide an insight to the other firms in the public financial sectors on how to prepare and control Budget to achieve the organizational objectives.

The Government: should also use the findings of this study to set policies that ensure the proper preparation and utilization of public finance.

For research work this study was also contributes to the literature on the impact of maintaining a proper budget control practice on the effectiveness of public organizations and therefore forms the basis for further research on this area. It was help the researcher in increasing his knowledge, skill and make meaningful contribution to that academic world. Moreover, It may serve other researchers to undertake further in-depth study in the area.

1.6. Scope of the Study

This study should be delimited to determining the effect of budget controlling practices on effectiveness of the public organizations by focusing on Laga Tafo Laga Dadi town. This study will only consider the effect of budget controlling practices with the help of budget monitoring, budget evaluation and communication on the effectiveness of public organization in the study area. Though, this research should

have overwhelming benefits to the users, it is not free of limitations just like other studies. Therefore, it is limited geographically, methodologically and conceptually.

Geographically: The results or findings of this study will only represent the specific area of the case study area that is Laga Tafo Laga Dadi city ton. This means it was not benefit other organizations other than the case study area. Therefore, other research with different case study area needs to be conducted on the same research title.

Methodologically; In terms of methodological limitation this study will only use open ended and closed ended questionnaires as an instrument of data collection. And also it will use regression and correlation model and explanatory research design with the help of SPSS version 25 as data analysis model.

Conceptually: In terms concept budget controlling practice and its importance on the effectiveness of organizations is so broad. Therefore, this study addressed some of the broadest concepts of budget controlling Practice by using budget monitoring, evaluation and communication on the effectiveness of public organizations in Laga Tafo Laga Dadi town only.

1.7. Ethical Considerations

The researcher addressed ethical considerations of confidentiality and privacy. The researcher will use a rigorous and conscious effort at all times to sustain this promise. A guarantee will be given to the respondents that their names shall not be written and revealed in the questionnaire and research report. Moreover, participants will receiving a verbal and written description about the study, and an informed consent was obtained before the data collection. Finally, a copy of the final report will be given to the organization if necessary.

1.8. Organization of the study

The study had five chapters. The first chapter consisting of background of study, statement of problem, objective of study, scope of study, and significance of study and limitation of the study. The second chapter includes related literature review including theoretical and empirical literature reviews and conceptual frame work. Chapter three containing research methodology such as the study area and sampling strategy, data sources and collection techniques, model Specification, definition of variable and summary. Chapter four deal with data analysis in both descriptive and inferential. And finally, chapter five have a recommendation and conclusion.

CHAPTER TWO REVIEW OF RELATED LITERATURE

2.1. Meaning and Concepts of Budget

A budget is a statement that quantifies the periodic plan of an entity showing what the desired outcomes are and how they will be achieved. At its early stage of development, budgeting was concerned with preparing and presenting credible information to legitimize accountability and to permit correct performance evaluation and consequently, rewards. However, over the years, the function and focus of budgeting has shifted considerably as business organization become more complex and their environment become dynamic. Planning and control have long been identified as critical functions of management, but these cannot be properly exercised without the use of budgets (Okpanachi, J. & Mohammed, N. A., 2013).

2.2. Components of Budgetary Control System

Budgetary control represents a widely applied mechanism to assess the performance of managers and to communicate the objectives, strategy, and planning process, how an organization is able to obtain the desired outcome while closely monitoring expenditure. Hence, it is also often used as a tool to form cultivate and supportive behavior of managers, that is aligned with the organizational objectives. Nevertheless, the level of participation and support depends on the budgeting approach of the organization's top management (Banks, A. & Giliberti, J., 2008).

In other to carry out budgetary control, it is necessary to formulate a fully coordinated detailed plan in both financial and quantitative terms for a forthcoming period. The duration of the period is usually one year. The plan needs to be in line with the long-term development strategy of the organization, although in the shorter term of a budget year, conditions may prevail which could dilute this aim. For example, a depressed economy could lead to a temporary departure from the long-term plans. Therefore, before formulating the budgets, the policy to be pursued during the forthcoming trading period needs to be established (Dunk, 2001).

To facilitate proper planning, the management team should define the patterns of expenditure and revenue over the life of the project or the activity that the organization is undertaking. A predetermined budget of possible costs that was incurred carrying out the activities planned in a project should be made. Realistic planning of finances is a key to the implementation of a project or programme (Joshi, 2013). Budget and Budgetary control constitute important management and internal control systems and are central to the process of planning and control which are major activities of management in all organizations (Beatrice, N. W. & Thou, V. W., 2013). Without budgeting, the stakeholders of any business will be chasing nothing. Leaders and employees will work at cross purposes and there would be no yardstick for determining what has been achieved and whether results are satisfactory or not and disaster will be the ultimate end.

2.2.1. Budget Monitoring and Controlling

Control, briefly, is the process of ensuring that a firm's activities conform to its plan and that its objectives are achieved (Drury, 2000). A budgetary control could help in determination of organizational weaknesses. According to (Abah Emma O, 2019), the deviations in budgeted and actual performance will enable the determination of weak spots. This enables an organization to concentrate on those aspects where performance is less than stipulated. The management moreover takes a corrective action measures whenever there is a discrepancy in performance. By fixing targets for the employees, they are made conscious of their responsibility. Everybody knows what he is expected to do and he continues with his work uninterrupted. In résumé, budgetary control and evaluation in public sector organizations serve as tool for fiscal transparency, efficient use of national resources, achievement of targeted results and overall national development. A professional and transparent approach to budget planning will help convince investors, development banks and national or international donors to make financial resources available if the organization implements proper monitoring and control of budget process. This is achieved through ensuring that the estimated budget does not deviate from the actual outcome in order to take appropriate actions where necessary (Otley, D. & Pollanen, R., 2000).

Budgetary controls are also achieved through enforcement of internal controls in the form of internal audits; internal checks within functions and activities; administrative controls in terms of ensuring effective personnel policies, operational rules, regulation, procedures and methods; segregation of duties into initiation, approval, authorizations, execution and recording of transactions; chart of accounts which indicate cost items, cost centers, cost levels and expenditure boundaries; maintenance of proper books of

accounts which are books of prime entry, cash book, journals and ledgers; issuing accounting instructions in respect of purchase, stock and receipts, periodic stock-taking and imprest retirement and reimbursements; issue of accounting manuals and adoption of accounting policies in respect of assets disposals and depreciation (Newspaper, 2019). According to (Larry, M., 2010), clearly, each action on your part is in response to you having monitored conditions and adopted an adjusting response. Likewise, business managers must rely on systematic monitoring tools to maintain awareness of where the business is headed. Managerial accounting provides these monitoring tools, and establishes a logical basis for making adjustments to business operations.

Budget monitoring and variance analysis should be made on regular bases in line with the monthly close of financial system to compare budget versus expenditure by budget holders and finance who are responsible for managing the projects budget and activities with clear justification and action points. So that managers are able to prevent over or under spends timely and take corrective actions (Yesuf, A., 2015). According to the needs of the organization, budgets should be broken down into quarterly or monthly budgets to enable management to monitor the budget performance by evaluating actual against budgeted amounts and taking corrective measures when discrepancies are noted" (Herrera, 2013).

2.2.2. Budget Evaluation

Evaluation is a key determinant for effectiveness, through an evaluation plan, the firm can clarify what direction the evaluation should take based on priorities, resources, time, and skills needed to accomplish the evaluation. To enhance effectiveness and transparency the management team should be actively involved in the process of monitoring and evaluation of budgetary control processes and procedures (Hancock, 2009). According to Hancock (2009), evaluation is a key determinant for effectiveness, through an evaluation plan, the firm can clarify what direction the evaluation should take based on priorities, resources, time, and skills needed to accomplish the evaluation. To enhance effectiveness and transparency the management team should be actively involved in the process of monitoring and evaluation of budgetary control processes and procedures. The process of developing an evaluation plan in cooperation with an evaluation workgroup of stakeholders will foster collaboration and a sense of shared purpose this highly contributes towards achieving an effective budgetary control (Simiyu, 2002).

Budget evaluation in general terms involves feedback into the process which in turn results to policy, programme and budget change. Evaluation acts an engine of change in budget and policies. It determines the need for change in goals and purpose and how they can be prioritize. It is the final stage of budget cycle where an assessment of the effective, efficient and appropriate use of public resources is made. In public organizations, there are exigencies of changing the needs and goals of the people over time, so it is expected that budget is evaluated over periods of time. This is to enable government prioritize the needs of the people in the order of scale of preference (Igbara, F. N. Tordee, B. Nwadike, G. & Abuba, S., 2016).

For Budget control to be effective, budgets must be aligned with the organization's strategies, appropriate strategic planning, and performance management processes introduced, and must involve processes that are value based, consequential and continuous. The work of (Tim, 2006), could be viewed as further contributions to the above stand point as he recognizes the need for organizations to integrate strategic management and budgeting. What seems rather unfortunate according to (Tim, 2006) is the fact that most organizations still treat the budgeting and strategic management processes separately and also, a significant portion of small- and medium-sized enterprises do not engage in strategic planning (Tim, 2006). Effective budgeting and budgetary control is an aspect of public financial management aimed at ensuring effective planning for and use of financial resource to achieve service delivery targets. Effective financial resource management relate to the ability of an organization to raise the optimal amount of

financial resources and deploy those resources to achieve its set qualitative and quantitative short term and long term objectives through effective processes which include: standard procurement practices, effective treasury and cash management processes (McKinney, 2015).

Effective financial resource management is a necessary and essential requirement in every organization be it private or public, small or large, domestic or foreign. This entails the ability of the organization to not only raise the optimal amount of financial resources required, but also the ability to deploy those resources to achieve its set qualitative and quantitative objectives, both short and long term. These noble objectives can be achieved through effective public financial management processes which include: budgeting and budgetary control, standard procurement practices, treasury and cash management processes, financial reporting, internal and external auditing, and legislative oversight (Brigham, 2013). Effective financial resource management is thus a multidimensional construct which implied the ability of organization's to formulate a realistic budget to cover integrate financial management and performance management in public sector organizations'. He argues that, when performance measures in the form of service delivery targets are integrated into the financial management system, specifically by providing service delivery targets for programme in the budget, it eases the measurement of performance significantly and enhances the utility of financial management being a tool for performance management (Atuilik, 2019).

2.3. Theoretical Framework

Budget in this context is defined as an accounting device used to plan and control resources of operational departments of Governments and divisions. Control is a system or process consisting of comparisons between standard and actual performances, with the comparisons serving as a basis for determining the proper responses to actual operating results .If control is viewed from the stand point of its direct relationship to planning, and then it becomes complementary to planning. Many a time Government budgets in developing countries like Nigeria is nothing but addition of figures only to be read to the ears of the public (Gerdin, 2004).Budgets project future financial performance which enables evaluating the financial viability of a chosen strategy. In most organizations this process is formalized by preparing annual budgets and monitoring performance against budgets. Budgets are therefore merely a collection of plans and forecasts (Silva, L. M. D. & Jayamaha, A., 2012).

A scholar(Godfrey, 2017) has explained that budgeting is the way and means of preparing budgets and that a budgets is a plan of action which has been prepared and approved prior to the period when it will be used, detailing monetary, quantitative or other descriptive terms, the event to be accomplished in the budget period. A budget is different from a mere forecast, in that it is a formal management of events which are desired by management to take place in an organization within a defined period of time. These authors emphasized that to be effective, budget must be aligned with the organizations strategies, appropriate for the organization performance management processes and must be involve processes that are valued based, consequential and continuous. Control, checks whether the plans are realize and put into effective corrective measures, where deviation or short-fall is occurring.

Scholars (Ijaiya, M.A. Sanni, M. Olabisi, O.S. & Dolapo, S.M., 2018), defined budgetary control as a system of management control in which the actual income and spending are compared with planned income and spending so that one can see if plans are being followed to determine whether there is need for change or not. It is the core value of central logic units to adhere to the desired or required results. Flexibility and systematic evaluation to reallocate resources to more pressing and important areas that will justify the use of the resource is always applied. This budgetary process is mostly futuristic as the need and costs of every function of the organization for the upcoming year's budget is put into consideration.

A scholar (Igbara, F. N. Tordee, B. Nwadike, G. & Abuba, S., 2016) observed that for budgetary control to be effective, certain essential features must be put in place. These features according to them include: a sound and clearly defined organization with a clearly defined manager's responsibility; an effective accounting record keeping and procedures; support and commitment of top management for the budgetary control system in place; training of managers in the development, interpretation and use of budgets; and flexibility of budgets to ensure revision of budgets where amendments are needed to make them appropriate and useful.

In most organizations this process is formalized by preparing annual budgets and monitoring performance against budgets. Budgets are therefore merely a collection of plans and forecasts (Silva, L. M. D. & Jayamaha, A., 2012). Recent definition of a budget defines it as „a quantitative expression of a plan of action prepared for the business as a whole for departments, for functions such as sales and production or for financial resources items such as cash, capital expenditure, man power purchase, and others' (Lucey, 2008).

A budget is a method of accomplishing many managerial tasks, it is a means of planning for various revenue streams, a control mechanism for an administration to keep from spending too much, a procedure for controlling its units, a process to coordinate the many activities that an institution undertakes, and a way to communicate to all stakeholders and a summarization of the activities that the various units will undertake. It is also a technique for setting the institution priorities by allocating scarce resources to those activities that officials deem to be the most important and rationing it to those areas deemed less vital (Goldstein, 2005). Budgets are an important channel of communicating certain type of information that will enable managers in different parts of the organization to be fully informed of the plan and policies, and constraints, to which the organization is expected to conform. Through the budgeting process, top management communicates its expectations to the lower level management, so that members of the organization may understand these expectations and can coordinate their activities to attain them (Drury, 2000).

2.1.4. Budgetary Control

According to (Rufus, 2008), managers and business operators (not only in the manufacturing industry) to pay more attention to their budgetary control systems, while those without any should endeavor to ensure the set-up of a result-oriented system as it goes a long way in repositioning businesses and organizations from their creeping performance level to an improved and high capacity utilization point. Budget and Budgetary control, both at management and operational level looks at the future and lays down what has to be achieved and Budgetary control refers to any management approach that involves setting some kind of targets, regularly measuring variances between the original targets and actual outcomes, and motivating people to reduce those variances.

Budgetary control is the process of developing a spending plan and periodically comparing actual expenditures against that plan to determine if it or the spending patterns need adjustment to stay on track. This process is necessary to control spending and meet various financial goals. Organizations rely heavily on budgetary control to manage their spending activities, and this technique is also used by the public and the private sector as well as private individuals, such as heads of household who want to make sure they live within their means (Dunk, A.S., 2009).

2.4. Empirical Review

The empirical study concerns on prior academic research on the effect of budget controlling practices on the effectiveness public organization. In this case there are certain empirical studies undertake by

different researchers related to the budget controls and effectiveness of public organization discussed in the following

Scholars (Adongo, K.O. & Jagongo, A., 2013), carried out a study titled "A Critical Appraisal of Budgeting and Budgetary Control in the Public Sector: A Case Study of Ministry of Finance, Makurdi". The study was aimed at finding out the effectiveness of budgetary control and the problems affecting budgeting and budgetary control. Content analysis was adopted for the study. Findings revealed that budgeting and budgetary control in the public sector is weak and despite the effort of government, budget and budgetary control has failed because of dependence on federation account, untrained budget staff, non-adherence to budgetary control measures, corruption, inflation and political environment.

The study therefore recommended among others that there is a need for the effect of budget controlling practice on effectiveness of public organization in the public sector, making the need for budgeting realistic and not just a formality.

A scholar (Nyambura, B., 2014), conducted a descriptive survey on a title, the effect of budgetary control on effectiveness of nongovernmental organizations in Kenya with the aim of determining the effect of budgetary control on the effectiveness of non-governmental organizations in Kenya. The study found that there is a low positive relationship between budgetary control and performance and Planning contributed the highest towards the positive performance of the NGOs followed by Monitoring and Control and finally budget participation. It was concluded that the NGOs generally have Budgetary control at different levels of the organization and most of them have planning, monitoring controlling, controls and Budget participation.

A scholar (Fadi, B., 2013), conducted an investigation of the effect of tight budgetary control on management behavior at Swedish public sector emphasizing on motivation, commitment, satisfaction, and stress using a survey questionnaire with the objective of determining the effect of using TBC on managerial behavior. The result of the study found that first; the study suggests that the majority of managers working in the public sector actually experience TBC.

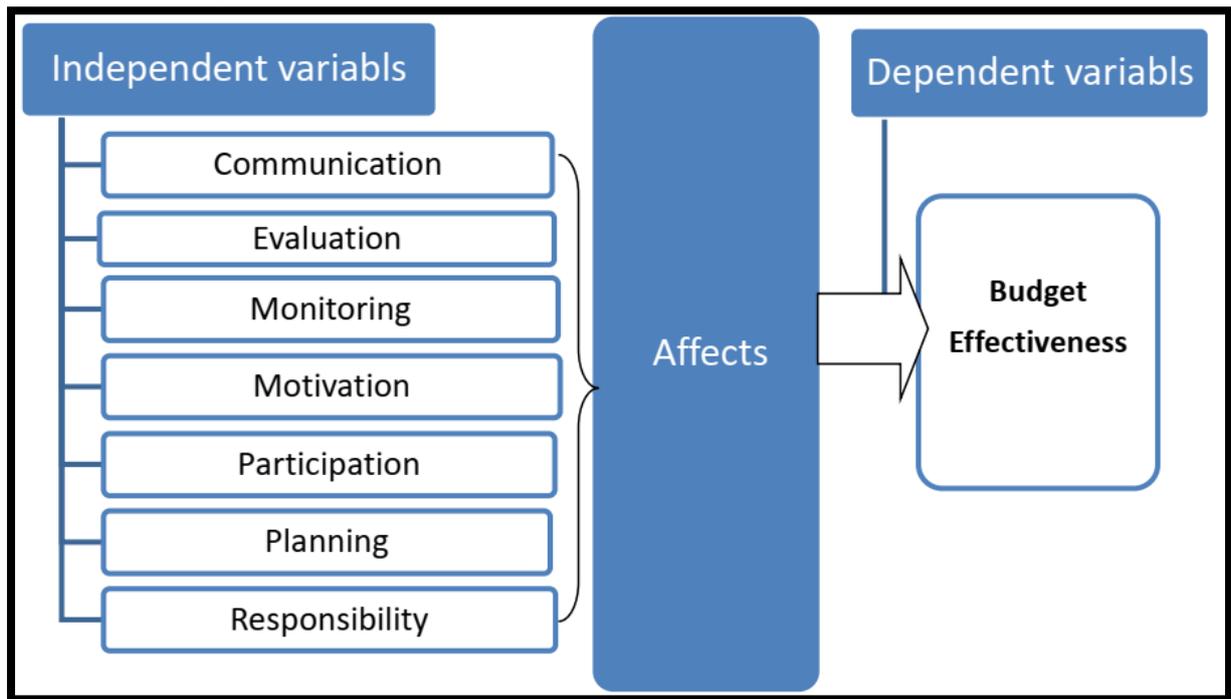
A scholar (Nicoleta, K., 2017), conducted a study on public Budgeting on Republic of Moldova as a case study by reviewing both theoretical and practical analysis done by World Bank with the objectives of illustrating if public Budget is efficient or not and impact of applications of practice. The study found that the general trend concerning the Budget method and procedures is directed to the achievement of results, performance indicators and performance information.

A scholar (Adah, A. & Mamman, A., 2013), carried out a survey titled budget management and control in the Nigerian public sector: Empirical Investigation of Kwara State Ministry of Finance, Ilorin. The study examined the challenges posed in budget management and control in the Nigerian Public Sector using Kwara State ministry of Finance as a case study. Data were primarily obtained through questionnaire design on sixty-four (64) respondents through purposive random sampling technique. The study used descriptive statistics (frequency distribution and percentages) in data analysis. Results revealed that, despite some limited shortcomings including abuses of laid down rules and regulations, and budgets preparation without considering reasonable estimations and current market prices, the apparatus used to ensure the effectiveness and efficiency of budget utilization is sound. The study among others recommends that the government at various levels of governance should enact stiffer punishment for non-compliance with laid down rules and regulations on budget management and control. Though this study made significant effort in addressing budget controlling practice in Ethiopia, it however failed to examine the effect of budget controlling practice on effectiveness of public organization in Laga Tafo Laga Dadi town which is the gap the present study is set to fill.

2.5. Conceptual Framework

The conceptual framework is set on the basis of objectives of the study and is developed by integrating variables from different theories and related researches that state effects of budget controlling practice on effectiveness of public organization from the literature review. The independent variables are classified into different budget control practice such as planning, monitoring and control, participative, evaluation, communication & responsibility. The dependent variable effectiveness of finance and economic cooperation office is the extent to which an organization has met its stated goals and objectives and how well it performed in the process.

Figure 2.1: Conceptual Framework



Source: (Abah Emma O, 2019), (Mellese, 2003) and (Olaniyan, 2020)

CHAPTER THREE RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

This part described research design, data source and type, population of the study, sampling techniques and sample size, methods of data collected and method of data analyzed in the study.

3.2. Research Design

Based up on the nature of the problem explanatory research design was employed. This design is selected because of the potential to explain extent of budget controlling practice on effectiveness of finance and economic cooperation office. Further, this design also enabled the researcher in predict the relationship, direction and effect of independent variables with the dependent variable. In other words, it enabled to

understand the very nature of what were actually looking at. This type of research aims at to ascertain if there is a significant association among two or more variables; and also to test hypothesis concerning the current status of the subject under study (Khotari, 2004). According to (Bryman, A. & Bell, E., 2011), quantitative research approaches rely on sophisticated and systematic procedures of testing, verifying, and proving research hypotheses. The main aim of a quantitative research approach is to test whether a common prediction or generalization of a theory is true or not. However, in the data collection process a quantitative approach relies on predetermined response classifications, such as in survey questionnaires in which statistical methods can be used in the data interpretation process. So that so as to achieve the objectives of this study, the researcher was used quantitative nature data.

3.3. Data Type and Source

To conduct this research, the researcher was used primary data that was obtained from different public sectors employee in Laga Tafo Laga Dadi town.

3.4. Method of Data Collections

The study was used Semi structured questionnaires and interviews for the purposes of collecting data from respondents by using questionnaires of closed-ended items of five point Likert scale ranging from strongly agree to strongly disagree was used as it provide a more structured response for measurement and a few open-ended questionnaires was utilized for this study. The researcher directly distributed questionnaires to the employees of the study area and an interview was conducted with position owned employees in Laga Tafo Laga Dadi public sector.

3.5. Target Population of the Study

The target population of the study was 549 employees working in 20 public sector offices in Laga Tafo Laga Dadi town. The total populations from 20 public sector offices will be categorized in three parts based on World Bank public sector discloser report. These were general service sector, Economic/developmental sector and social sector (World Bank, 2004). Based on the sectorial categorization of the World Bank, the total populations of the study employees in Laga Tafo Laga Dadi public sector are categorized as general service, economic and social sector.

Table 3.1: Sample Frame of Study Area

No	Public sector	Number of employees
1	General service sector	240
1.1.	Town municipality	15
1.2	Civil service	21
1.3	Administrative staff	7
1.4	Land administration	31
1.5	Polis staff	127
1.6	Justice	20
1.7	Woreda court	19
2	ECONOMIC SECTOR	177
2.1	Water, mineral & energy office	19
2.2	Trade office	34
2.3	Urban Agriculture Bureau	15

2.4	Revenue office	37
2.5	Finance and Economic cooperation Bureau	52
2.6	MSE development	20
3	SOCIAL SECTOR	132
3.1	Education sector	25
3.2	Health sector	26
3.3	Industrial development agency	39
3.4	Women and children affaires	14
3.5	Social and labor affaire	14
3.6	TVET office	7
3.7	Youth and sport	7
Total Population		549

Source:(World Bank, 2004)

3.6. Sample Size Determination

The correct sample size depends on the nature of the population and the purpose of the study (Watson, 2001). This study will be conducted with 5 percent marginal error and 95 percent confidence interval and 5 percent non response rate. Then, the following formula has used for the calculation of the sample size since it is relevant to this study.

$$\frac{\left(\frac{P(1-P)}{A^2 + \frac{P(1-P)}{N}}\right)}{R} = \frac{\left(\frac{0.5(1-0.5)}{1.96^2 + \frac{0.5(1-0.5)}{549}}\right)}{0.95} = \frac{\left(\frac{0.25}{3.8416 + \frac{0.25}{549}}\right)}{0.95} = \frac{\left(\frac{0.25}{0.001105}\right)}{0.95} = \frac{226}{0.95} = 238$$

Where: N = number of people in the population

P = estimated variance in population, as a decimal of 0.5 for 50-50

A = Precision, expressed as a decimal 0.5 for 5%

Z = based on confidence level: 1.96 for 95% confidence

R = Estimated Response rate, as a decimal 0.95% response will be return.

Table 3.2: Sample Size Proportion

No	Population strata	Population	Sample
1	General service sector	240	240/549*238=104
2	Economic sector	177	177/549*238=77
3	Social sector	132	132/549*238=57
	Total Population	549	238

3.7. Validity and Reliability of Instruments

3.7.1. Validity

The researcher has prepared questionnaires & provided to the advisors, colleagues, expert, lectures and have given them opportunity to raise issues not included and omit those immaterial items from variables of the study and satisfactory responses have been remain and incorporate their comment, suggestion in the questionnaire and it became validated more than the views of the researcher.

3.7.2. Reliability

The test of reliability is another important test of sound measurement. A measuring instrument is reliable if it provides consistent results. Reliable measuring instrument does contribute to validity, but a reliable instrument need not be a valid instrument. Accordingly reliability is not as valuable as validity, but it is easier to assess reliability in comparison to validity. If the quality of reliability is satisfied by an instrument, then it can be confident (Khotari, 2004). The reliability of the questionnaires was measured by using the Cronbach's Alpha coefficient; it indicates whether the level of the items is correlated to each other. The result of 0.6 and above implies an acceptable level of internal reliability.

Table 3.2 Reliability Coefficients of the study Variables

	No of items	Cronbach's Alpha
Planning	5	.763
Monitoring	4	.771
Evaluation	4	.782
Motivation	3	.770
Communication	4	.838
Effectiveness of public sectors	6	.745
Participation	5	.759
Responsibility	4	.748

Source: Own Survey Data, 2021

3.8. Method of Data Analysis

Under this, both descriptive and inferential statistical tool will be used. Accordingly, the mean value of the response computed based on the five-level Likert scale indicated the average agreement of respondents (Bougie, 2010) & (Kothari, 2004). According to the measurement of the midpoint (3) on the five-point Likert scale and mean score below the midpoint (3) disagree; mean score above midpoint (3) agrees and the mean score equal to the midpoint (3) is neutral (Bougie, 2010) & (Kothari, 2004). Hence, descriptive statistics like correlation, mean and standard deviation was used to analyze the descriptive part. Next, multiple regression was also used to predict effectiveness of finance and economic cooperation office.

3.9. Model Specification

In the multiple regression model, B_0, B_1, \dots, B_n are the parameters and the error term is a random variable. A close examination of this model reveals that y is a linear function of X_1, X_2, \dots, X_n (B_0, B_1, \dots, B_n) plus error term. The error term accounts for the variability in y that cannot be explained by the linear effect of the p independent variables (David R. Anderson, 2008). Multiple regression analysis is the study of how a dependent variable y is related to two or more independent variables. The regression equation that describes how the dependent variable y is related to the independent variables X_1, X_2, \dots, X_n and an error term is called the multiple regression model (David R. Anderson, 2008). As a result, the multiple regression will be employed to investigate the extent of independent variable on dependent variable. The dependent variable is effectiveness of finance and economic cooperation office and independent variable are planning, participative, evaluation, communication, motivation, responsibility, monitoring and control was used to measure effectiveness of finance and economic cooperation office. Henceforth, the assumed multiple regression model had taken the following form.

$$EECO = a_0 + \sum b(P) + \sum c(MC) + \sum d(PB) + \sum e(E) + \sum f(C) + \sum g(M) + \sum h(OCR) + \varepsilon(1)$$

Where; EPO is dependent variable of the model which is Effectiveness of Public Organization and the independent variables are:

- ❖ **P** is Planning
- ❖ **MC** is Monitoring and Control
- ❖ **PB** is Participative Budgeting
- ❖ **E** is Evaluation
- ❖ **C** is Communication
- ❖ **M** is Motivation
- ❖ **R** is Responsibility
- ❖ The a_0 is the constant values of the effect of dependent variables on IPMS in banks
- ❖ The coefficients $b, c, d, e, f, g,$ and h are estimated values of factors
- ❖ And ε is the stochastic error of the study

3.10. Variables and Variable Measurement and Selection

Questionnaires was structured to measure these independent variables such as planning, participative, evaluation, communication, motivation, responsibility, monitoring and control and effectiveness as dependent variable which measures the overall performance of finance and economic cooperation office.

3.12. Operational Definitions of Terms

Budget in this study refers to a quantitative expression of a proposed plan of action by management for a specified period and an aid to coordinating what needs to be done to implement the plan (Hendrickse, 2008).

Budgetary control :-for this study is the process of developing a spending plan and periodically comparing actual expenditures against that plan to determine if it or the spending patterns need adjustment to stay on track and the procedures and values of practice of reaching given aims by use of budget(Dunk, A.S., 2009).

Participative budgeting for this study means of communication and influence of managers in the budgetary process and the extent of their influence over the setting of budgetary targets. It assures full co-operation and commitment for making budgets successful. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates (Magak, 2013)

Evaluation for this study it is a key determinant for effectiveness, through an evaluation plan, the firm can clarify what direction the evaluation should take based on priorities, resources, time, and skills needed to accomplish the evaluation. To enhance effectiveness and transparency the management team should be actively involved in the process of monitoring and evaluation of budgetary control processes and procedures,(Bartle, 2001).

Budget planning in this study helps to carry out budgetary control, it is necessary to formulate a fully coordinated detailed plan in both financial and quantitative terms for a forthcoming period. The duration of the period is usually one year(Horngren, 2002).

Communication for this study is used to ensure that all the departments in the organization are kept informed of the budget process and the plans, lines of communication should be adopted and implemented this would encourage the awareness of the importance of the budget through achieving the objectives(Rubin, I. S., 2000).

Monitoring Budget :- In this study it refers to a process is a determinant of effectiveness, once the budgets have been implemented they need to be monitored and controlled to ensure effectiveness in aligning budgets over a defined period of time(Robinson, 2009).

Motivation is one of the most crucial factors that determine the efficiency and effectiveness of an organization and is an integral part of management process and every manager must motivate his subordinate to create in them the will to work,(Sandhya & Kumar, 2011).

Organizational Effectiveness is used in this study when the public organization is implementing proper budgetary control planning the firm is able to reduce costs and improve on quality of its services based on its budgetary allocations. This helps to reduce on costs and achievement of goals is enhanced and thus organizational effectiveness (Surajkumar, 2005).

3.13. Ethical Considerations

The researcher was address ethical considerations of confidentiality and privacy. The researcher was use a rigorous and conscious effort at all times to sustain this promise. A guarantee was given to the respondents that their names shall not be written and revealed in the questionnaire and research report. Moreover, participants were receiving a verbal and written description about the study, and an informed consent was obtained before the data collection. Finally, a copy of the final report will be given to the organization if necessary.

CHAPTER FOUR DATA ANALAYSIS AND DISCUSSIONS

4. Introduction

This chapter presents the analysis, description and interpretation of the data collection from the respondents. The response rates were organized from 197 questionnaires distributed and returned. The analysis, description and interpretation of each of the responses were done one by one under the given subtitle. Finally, the research was conducted to assess the effect of budget control Practice on effectiveness of public organization on Laga Tafo Laga Dadi town was brought with the following result.

4.1. Demographic Profile of the Respondent

In this section the general profile of the respondents have been analyzed using frequency and the percentage. Specifically, the genders, educational qualification and years of working experience are analyzed and interpreted based on the data gathered.

Table 4.1: Demographic Profile of the respondents

N ^o	Variables	Categories	Frequency	Percent
1	Gender of the respondent	Male	133	60.7
		Female	86	39.3
2	Experience of the respondents	1-5 years	64	29.2
		5-10 years	83	37.9
		10-20 years	72	32.9
3	Educational Qualification of the respondents	Diploma holder	54	24.7
		BA Degree	149	68.0
		Master's degree	16	7.3
		Total	219	100.0

Source: Survey Data of 2021

The Table 4.1 above presents the general characteristics of respondents. Accordingly, the result of the study showed 133(60.7%) of respondents were male, whereas 86(39.3%) of them were female respondents. The educational qualification of the study participants showed that, 149 (68%) of respondents were bachelor degree holder; whereas 54 (24.7%) of respondents were diploma holder and 16 (7.3%) of respondents were MA/MSC degree holder. The work experience of the study participants showed that, out of 219 respondents' 83 (37.9%) of them have five to ten year work experience; 72 (32.9%) of them have ten to twenty years of work experience and 64(29.2%) of them have one to five years of work experience. Generally, the result of general characteristics listed in the table 4.1 above indicated that most of the participants of this study were male, bachelor degree holder and having five to ten years of working experience.

4.2. Descriptive Statistics of Variables

To ensure that a total effectiveness of public organization and budget controlling practice score representative of all the dimensions were used; the mean score for each dimension was calculated. Owing to the large number of dimensions, only the total organizational Effectiveness and Budget controlling practice data were provided here.

4.2.1. Employees' Perceived Budget Planning

Table 4.2: Result of Employees' Perceived Planning

	Mean	Std. D
The organization has a long term and short term budget plans	2.8519	1.12978
The budgets have clear goals and objectives.	3.0148	1.05084
When budgeting, outcomes, goals and objectives are linked to programs and organizational activities.	2.9556	1.11212
The organization put priorities for the coming annual budget conference and Committees.	3.1185	1.06541
Past data is used as the starting point for producing the budgets.	3.1481	1.08942

Source: Survey Data of 2021

The mean and the standard deviation scores have been computed for all the five items of employees' perceived on Planning. Respondents were asked a number of questions and were supposed to rate them with the highest being strongly agree (5) and the least being strongly disagree (1). Hence, five questions of Planning were asked to gather information about the effects of Budget controlling practice' on

effectiveness of public organization in the above table indicating the mean score of the response ranges from 2.85 to 3.14 which is under the category of average or moderate according to the above assumption. From this tables we understand that there is some sort of planning problems in relation to above variables based on the respondents idea, there is no plan which should be guide the employees of the organization to achieve the objective of the an organization the above tables revealed that the descriptive statistics shows there is medium agreement on the budget planning which is affect the organizational effectiveness.

4.2.2. Budget Monitoring

Table 4.3: Result of Budget Monitoring

	Mean	Std. D
Managers hold budget conferences and meetings regularly to review performance.	3.3259	.90463
The organization has budget policies that monitor budget spending.	3.1037	1.06697
The costs of activities and functions of the organizations are constantly reviewed by the executive committee.	3.1259	1.11589
The management of the organization always take timely corrective actions when adverse variances are reported.	3.0741	1.09701

Source: Own Survey Data, 2021

The mean and the standard deviation scores have been computed for all the 4 items of monitoring dimension in the above table, the respondent’s response ranges from 3.07 to 3.32 which were under the mean score of 2.51-3.50 as ‘average or moderate score. Therefore, the above analysis indicated that current Budget Monitoring dimension of Budget controlling conducted in Laga Tafo Laga Dadi moderately addressed .From above table the response obtained is show that there is no good budget monitoring in the organization. Which indicate the weakest argument supporting the existence and practice of budge Monitoring in the organization based on the measurement of all above variable.

4.2.3. Participation

Table 4.4: Result of Participation in Budgeting

	Mean	Std. D
Budget holders give serious attention for budget participation.	3.1037	1.06697
All the stakeholders to the budget are involved.	2.8519	1.12978
All departments are always involved in the budgeting process.	3.1185	1.06541
pproved budgets are shared with all departments according to loads of aactivity.	3.3259	.90463
Training and support is given to all the subordinates throughout the budget by budget department.	3.3259	.90463

Source: Own Survey Data, 2021

From the above analysis it can be concluded that the Budget participation dimension of each items range from 2.85 to 3.32 which is under category of 2.51-3.50 of ‘average or moderate’ level. So, Budget controlling dimension of Participation in Laga Tafo Laga Dadi town has a moderate result with effectiveness of public organization. Based on the response to budget participation, budget holders give less attention for budget participation in the organization. Respondents do not agree with the All departments are always involved in the budgeting process and approved budgets are shared with all departments according to loads of activity.

4.2.4. Evaluation

Table 4.5: Result of Budget Evaluation

	Mean	Std. D
How often does the management of the organization review the budget?	3.3259	.90463
The organization engages its stakeholders in making key budget decisions.	2.9556	1.11212
The organization conducts regular audit of the estimated and actual budget.	3.2444	1.09590
The management team reviews regularly the implementation of budgetary control measures in the organization.	3.1037	1.06697

Source: Own Survey Data, 2021

From the above analysis it can be concluded that the Evaluation Budget dimension of each items range from 2.95 to 3.33 which is under category of 2.51-3.50 of 'average or moderate' level. So, Budget controlling dimension of Evaluation in Laga Tafo Laga Dadi town has a moderate result with effectiveness of public organization. this indicate that there is no good budget evaluation in the organization this means the management team is not regularly reviews the implementation of budgetary control measures in the organization.

4.2.5. Communication

Table 4.6: Result of Communication

	Mean	Std. D
Changes in activities are timely communicated.	3.3852	.84628
There is sensitization on the budget control process.	3.2444	1.05425
There is effective communication of various activities from the top to the bottom and vice versa.	3.1185	1.06541
You have adequate understanding to prepare plan and budget.	3.1259	1.11589

Source: Own Survey Data, 2021

The mean and the standard deviation scores have been computed for all the 4 items of Communications of budget dimension in the above table, the respondent's response ranges from 3.11 to 3.38 which were under the mean score of 2.51-3.50 as 'average or moderate score. Therefore, the above analysis indicated that current Budget Communication dimension of Budget controlling conducted in Laga Tafo Laga Dadi moderately addressed currently.

4.2.6. Responsibility

Table 4.7: Result of Responsibility

	Mean	Std. D
Organizational structure is well specified.	2.8519	1.12978
Responsibilities are designed per organizational structure.	3.0148	1.05084
Reports are prepared to evaluate each responsibility center's performance.	2.9556	1.11212
Responsibility is from top to lower management levels.	3.1185	1.06541

Source: Own Survey Data, 2021

In the above table, the each of employees' perception Responsibility item of Budget controlling contributes to Organizational effectiveness with a mean score ranging from 2.85 to 3.11 with a grand mean of 2.98 which is in the range of 2.51-3.50 of 'average or moderate' score indicating that most employee moderately agree with the contribution of employees' perception on Responsibility with public organization effectiveness, that is the preparation if the report are to evaluate each responsibility center's

performance and Responsibilities designed per organizational structure and the Organizational structure is well specified. Are not smoothly performed in an organization, so the above tables revealed that the descriptive statistics shows there is medium agreement on the responsibility which is affect the organizational effectiveness.

4.2.7 Motivation

Table 4.8: Result of Motivation

	Mean	Std. D
The salary of employees is satisfactory.	3.2815	.89486
Employees are trained.	3.3259	.90463
There exist other services such as health and insurance in the institution.	3.2815	.98989

Source: Own Survey Data, 2021

Each of Motivation' support items of Budget controlling dimension ranges between 3.28 to 3.32 with grand mean of 3.29 which were moderately shown Motivation can measure Effectiveness of public organization in Laga Tafo Laga Dadi. This implies that Respondents do not agree with the salary of employees is satisfactory, and continues existence of Employees are trained and the existence of other services such as health and insurance in the institution

4.2.8 Organizational effectiveness

Table 4.9: Result of effectiveness of public organization

	Mean	Std. D
Your office faces budget shortages during the budget year.	3.2815	.89486
Clear awareness between budget plan and organizational goal.	3.3259	.90463
The Planed budget, Expenditure budget is consistent with its organizational goal achievement.	3.2074	.91502
Effective and efficient use of resources through the use of budgetary control system improve performance	3.2519	.91193
Your organization gives attention to the organizational goal achievement.	3.3407	.87386
Budgeting control affects the quality of service in the organization	3.3185	.91954

Source: Own Survey Data, 2021

The mean and the standard deviation scores have been computed for all the six items of employees' perceived organizational effectiveness. Respondents were asked a number of questions and were supposed to rate them with the highest being strongly agree (5) and the least being strongly disagree (1). Hence, six questions of organizational effectiveness were asked to gather information about the Effect of budget controlling practice on effectiveness of public organization in the above table indicating the mean score of the response ranges from 3.21 to 3.34 which is under the category of average or moderate according to the above assumption. The overall mean of effectiveness can be indicated the organization is faces budget shortages during the budget year, no clear awareness between budget plan and organizational goal, Planed budget, Expenditure budget is not consistent with its organizational goal achievement and no effective and efficient use of resources through the use of budgetary control practice improve performance

As can be seen from the responses to questions relating to the elements of Effectiveness of public organization by using the above dimension which is measure the public organization effectiveness, there is moderate effectiveness of public organization in Laga Tafo Laga Dadi Laga Tafo Laga Dadi. The

respondents reveal that public organization in Laga Tafo Laga Dadi is averagely achieving their goal and which implies there is some sort of problem regarding budget controlling practice variables (budget planning, budget monitoring and control, budget evaluation and budget participation, Communication of the activities, Responsibility and motivation, due to this the existence of effectiveness of public organization is not high in Laga Tafo Laga Dadi.

4.2.9. Overall Study Variable Analysis

Table 4.10: Overall Mean Result Comparison of study Variable

	Mean	Std. Deviation
Planning	3.0015	.54608
Monitoring and control	3.1037	.72816
Evaluation	3.0852	.82643
Motivation	3.2222	.75749
Communication	2.4519	.92008
Organizational effectiveness	3.2852	.53596
Participation of budget	3.1926	.60219
Responsibility	2.9481	.60091

Source: Own Survey Data, 2021

As it is shown in the above table, the mean scores of the predicting/independent variables of measuring influence of Planning, Monitoring, Evaluation, Motivation, Communication, Participation and Responsibility were 3.0363 employees' on the effectiveness of public organization. The researcher's study result indicated that the mean score of the study is ranging from 2.51-3.50 which is under the category of 'average or moderate. According to the finding, budget controlling practice variables are a proportionate measure of the effectiveness of public organization. Therefore, budget controlling practices are a modest measure of the effectiveness of public organization and the effectiveness of public organizations is a pressing issue in the organization as employees' given suggestion.

Therefore, budget controlling practices have an influence on effectiveness of public organization and the effectiveness of public organizations is a pressing issue in the organization as employees' given suggestion.

4.3. Correlation Analysis

This section presents a discussion of the results of inferential statistics. Correlation analysis was used measure the strength and relationship between independent variables i.e. Planning, Monitoring, Evaluation, Participation, Communication, Motivation, Responsibility. Regression analysis established the relative significance of each of the variables on Organizational effectiveness. The Pearson product-moment correlation coefficient (or Pearson correlation coefficient for short) is a measure of the strength of a linear association between two variables and is denoted by r. The Pearson correlation coefficient, r, can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association, that is, as the value of one variable

increases so does the value of the other variable. A value less than 0 indicates a negative association, that is, as the value of one variable increases the value of the other variable decrease.

Table 4.11: Correlation with Effectiveness

Correlations		Eff	Moni	E	Moti	C	Parti	R	plan
Effectiveness	Correlation	1							
	Sig.								
Monitoring	Correlation	.448**	1						
	Sig.	.000							
Evaluation	Correlation	.343**	.211*	1					
	Sig.	.000	.014						
Motivation	Correlation	.386**	.259**	.436**	1				
	Sig.	.000	.002	.000					
Communication	Correlation	.106	.074	.214*	.123	1			
	Sig.	.223	.391	.013	.157				
Participation	Correlation	.505**	.523**	.311**	.201*	.227**	1		
	Sig.	.000	.000	.000	.019	.008			
Responsibility	Correlation	.639**	.542**	.250**	.468**	.100	.643**	1	
	Sig.	.000	.000	.003	.000	.248	.000		
Planning	Correlation	.478**	.563**	.460**	.669**	.067	.552**	.736**	1
	Sig.	.000	.000	.000	.000	.439	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).									
*. Correlation is significant at the 0.05 level (2-tailed).									

Source: Own Survey Data, 2021

The correlation result on table 4 above clearly revealed that budget controlling has a moderate positive relation with organizational effectiveness (i.e. Planning, Monitoring, Evaluation, motivation, Communication). Accordingly, planning has a correlation coefficient of $r = 0.478$, which implies that Planning has positive significant effect on organizational effectiveness. Similarly, Monitoring indicates a correlation coefficient of $r = 0.448$, which implies that monitoring has positive significant effect on effectiveness of public organization. As clearly stipulated on the same table above, participative budget has positive significant effect on the organizational effectiveness with coefficient of $r = 0.58$. In general, it has been confirmed that budget control practice is positively correlated with effectiveness of public organization.

4.4. Regression Model Assumption Test

Multicollinearity assumption which focuses on the relationship among the independent variables was assessed. In case of this current study, the result of Tolerance for Planning was 0.539, Monitoring was 0.643, Evaluation was 0.710, Motivation was 0.625, Communication was 0.915, participation was 0.469, and Responsibility was 0.365 respectively. These results showed that in the seven Budget controlling practice the tolerance result was greater than 0.1, it is possible to say that there is no Multicollinearity problem among the independent variables which is much better.

Regarding the result of variance inflation factor analysis, Planning was=1.857, Monitoring =1.556, Evaluation=1.408, Motivation=1.600, Communication=1.093, Participation=2.132 and Responsibility =2.741 respectively. These reveal that VIF analysis results were less than 10 respectively. These imply that the independent variables were not highly correlated

4.5. Multiple Linear Regression Analysis

The regression model is a powerful tool for summarizing the nature of the relationship between variables and for making predictions of likely values of the dependent variable (Bougie, 2010)&(Gujarati, 2004).Hence, the regression model has used to identify the individual effect of the study explanatory on public sectors effectiveness. Besides, it is employed to investigate cumulative impact and extent these explanatory variables have on effectiveness of public organization in the study area.

Table 4.12: Model Summary Result

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.871 ^a	.758	.744	.27094	.758	56.763	7	127	.000

a. Predictors: (Constant), Planning, Monitoring and, Evaluation, Participation, Motivation, Communication, Responsibility

B. Dependent Variable: Effectiveness of public organization

Table 12, shows a model summary of regression analysis between seven independent variables Planning, Monitoring, Participation, Evaluation, Communication, Motivation, Responsibility and dependent variable effectiveness of public organization. The value of R was 0.871; the value of R square was 0.758 and the value of adjusted R square was 0.744. From the findings, 75.8% of changes in the Effectiveness of public organization were attributed to the seven independent variables in the study. Positivity and significance of all values of R shows that model summary is significant and therefore gives a logical support to the study model

Table 4.13: Regression Coefficients Result

Coefficients									
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.668	.162		4.124	.000			
	Planning	-.145	.058	-.148	-2.485	.014	.478	-.215	-.109
	Monitoring	.146	.040	.199	3.646	.000	.563	.308	.159
	Evaluation	.110	.034	.169	3.268	.001	.460	.278	.143
	Motivation	.275	.039	.389	7.048	.000	.669	.530	.308
	Communication	-.053	.027	-.091	-1.986	.049	.067	-.174	-.087
	Participation	.131	.057	.148	2.315	.022	.552	.201	.101
	Responsibility	.367	.064	.412	5.698	.000	.736	.451	.249

a. Dependent Variable: Organization

Source: Own Survey Data, 2021

From the Regression results in table above, the multiple linear regression model finally appear as
 $Y = 0.668 + (-0.148PL) + 0.1991Mn + 0.169EV + 0.148Par + 0.389Mot + (-0.091Cum) + 0.412Resp$

4.6. Discussion of Research Findings

The multiple linear regression models indicate that the independent variables Monitoring, Evaluation, Participation, Motivation and Responsibility have positive significant effect on effectiveness of public organization except planning and communication which have a significant negative effect with coefficient of (-0,148 at p value of 0.14) and -0.091 at p value of 0.67) while others with a coefficient of 0.199 at p value of (0.000), 0.169 at P value of (0.001) and 0.148 at sig. value of (0.001), 0.389 at p value of (0.000) and 0.412 at p value of (0.000) respectively. Planning and Communication has a negative significant effect on effectiveness of public organization with a coefficient of -0.148 and -0.091.

The regression results above reveal that there is a positive relationship between dependent variable (Public organizational effectiveness) and independent variables (, Monitoring, Evaluation, Participation, Motivation, and Responsibility).

Accordingly, Monitoring have positive significant effect with coefficient of 0.199 at P value of (0.000) on effectiveness of public organization. Evaluation have positive significant effect with coefficient of 0.169 at P value of (0.001) on effectiveness of public organization Motivation have positive significant effect with coefficient of 0.389 at P value of (0.000) on effectiveness of public organization. Participation of the budget have positive significant effect with coefficient of 0.148 at P value of (0.022) on effectiveness of public organization. Responsibility has positive significant effect with coefficient of 0.4129 at P value of (0.000) on effectiveness of public organization. However, Planning and Communication has a negative significant effect on effectiveness of public organization with a coefficient of -0.148 and -0.091.

The study investigated the relationship between monitoring and effectiveness of Public organization, the research found a positive value of coefficient (Beta 0.146,) between monitoring and effectiveness of Public organization, implying that monitoring has a positive association on effectiveness of public organization The study also established that the organization Managers hold budget conferences and meetings regularly to review performance, monitoring assists in taking corrective action in case of an error in implementation of the budget and helps in the proper planning of how to use budget according to planned from the time it has been monitored, management of the organization always take timely corrective actions when adverse variances are reported ,and the organization has budget policies that monitors budget spending , The costs of activities and functions of the organizations are constantly reviewed by the executive committee .

From the coefficients established participative budgeting have positive relation with organizational effectiveness, the existence of participation of the budget would lead to increase in effectiveness of Public organization by the coefficient of 0.131 Further the study revealed that the Budget holders give serious attention for budget participation, Approved budgets are shared with all departments according to loads of activities, as the budgetary control increases, budgetary participation of stake holder also increases, Approved budgets are shared with all departments according to loads of activities. Where budgetary control in the dimension of participation is high, there is a meaningful positive relation between effectiveness of public organization and budget participation.

The research revealed that ensuring proper Evaluation of budgets helps to translate strategic plans into action, the research found a positive association of coefficient 0.11 between Evaluation and effectiveness of Public organization implying that Evaluation has a positive association on effectiveness of Public organization. Evaluation and control of budgets helps provide an excellent record of organizational activities, Evaluation of budgets helps improve resources allocation, because all requests are clarified and

justified and that Evaluation and control of budgets helps provide a tool for corrective action through reallocations. Therefore, the research concludes proper Evaluation and control of budgets had apposite effect on Effectiveness of public organization.

The study also finds out that Responsibility have positive a value of association at coefficient of 0.367 which is positively influence on the effectiveness of public organization. Thus, if the organization increases its changes of unit through Responsibility, it will have favorable result in the effectiveness of public organization. In the Organization's a unit increases via responsibility by 1% it leads to 4.12% increases in the effectiveness of public organization that means if their Reports are prepared to evaluate each responsibility center's performance and Responsibilities are designed per organizational structure there is positive effect of organizational effectiveness. The above table reveals that there is a positive relationship between Motivation and Public organizational effectiveness. The organization motivate its employees to a particular preferred level, in order to benefit from the efficiency and the success of the organization. When a an organization increases its change of unit via Motivation by 1% it leads to 0.389 increases in the effectiveness of public organization so motivation encourages employees to work hard in relation to the Employees trained and other services such as promotion and benefit in the institution, when employees work hard it means the organization can easily achieve its goals.

Finally the study revealed that the effects of budget controlling practice by using independent variables (Planning and Communication) on effectiveness of public organizations using regression coefficients' methods, the study found a Negative value of coefficient (Beta -0.148, -0.091) between Planning, Communication and effectiveness of Public organization implying that planning and communication have a negative significant effect on effectiveness of Public organization. Fatherly when a unit of planning and Communication is increase effectiveness of Public organization decrease by 14.8%, 9.1% respectively. This means budget controlling might not be the only reason for using planning and communication but by taking in to consideration other factors which is support for the effectiveness of Public organization

CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATIONS

5. Introduction

This chapter considers the summary of findings, conclusion and recommendations of the study. The findings are what the researcher found out during the study based on the responses from the respondents. The chapter also includes the conclusion of the whole work and finally, what the researcher recommends to enhance the effectiveness of organization.

5.1 Summary

This study established the effect of budget controlling in Public organization, their Effectiveness' and also identifying the effects of budget controlling practice on the effectiveness of public organization. This research examined how budget controls affect the effectiveness of public organization in Laga Tafo Laga Dadi were sampled using simple random sampling techniques and structured questionnaires technique was used to collect data from respondents. All of the questionnaires were collected and analyzed using the Statistical Package for Social Sciences (SPSS 25) using descriptive statistics, both correlation and regression analysis was employed in the study to investigate the relationship between the budget controlling and the effectiveness of public organization. The various variables affecting budget

controlling practice, monitoring, participative budgeting, Evaluation, Motivation and Responsibility were examined individually and how the variables is affect the effectiveness of public organization; means were used based on the likert scale used of 1 to 5 which were analyzed by using the using percentages.

The overall mean of effectiveness can be approximated to 3.3 The highest score for effectiveness (3.3407) indicates the positive argument of the respondents that budget control practice affects the quality of service in the organization which indirectly affects effectiveness of the organization. Conversely, the lowest score for effectiveness (3.2519) shows the weakest argument regarding the effectiveness of the organization and the scores ranged from 3.2519 to 3.3407 for effectiveness showing a relatively medium support for the effectiveness of the organization based on responses computed by Likert scale.

The overall mean of monitoring and control can be approximated to 3.1 which indicate the weakest argument supporting the existence of budge monitoring and control in the organization. The highest mean of monitoring and control (3.3259) indicates that majority of respondents agreed that the organization has policies that monitors budget spending. Conversely, the lowest score for budget monitoring and control (3.0741) reflects the weakest argument regarding the existence of budget monitoring and control in the organization and the scores ranged from 3.0741 to 3.3259 for monitoring and control showing a relatively medium support for the existence of budget monitoring and control in the organization based on responses computed by Likert scale.

The overall mean for participation can be approximated to 3.16 which indicate the weakest argument supporting the existence and practice of budgetary participation in the organization. The highest score for participation (3.4209) indicates the strongest argument by respondents that the employees of the organization are alerted on the budget control process. Conversely, the lowest score for participation (3.1037) shows the weakest argument regarding the existence of budget participation in the organization and the scores ranged from 3.4209 to 3.1037 for participation showing a relatively low support for the existence of budget participation in the organization based on responses computed by Likert scale.

The overall mean of evaluation can be approximated to 3.2 which indicate the weakest argument supporting the existence and practice of budge evaluation in the organization. The highest score for evaluation (3.4019) indicates the strongest argument that the budget of the organization defines goals and objectives that serve as bench mark for evaluation. Conversely, the lowest score for evaluation (2.9556) shows the weakest argument regarding the existence and practice of budget evaluation in the organization and the scores ranged from 3.4019 to 2.9556 for evaluation showing a relatively high support for the existence of budget evaluation in the organization based on responses computed by Likert scale.

The overall mean of monitoring and control can be approximated to 3.1 which indicate the weakest argument supporting the existence of budge monitoring and control in the organization. The highest mean of monitoring and control (3.3259) indicates that majority of respondents agreed that the organization has policies that monitors budget spending. Conversely, the lowest score for budget monitoring and control (3.0741) reflects the weakest argument regarding the existence of budget monitoring and control in the organization and the scores ranged from 3.0741 to 3.3259 for monitoring and control showing a relatively medium support for the existence of budget monitoring and control in the organization based on responses computed by Likert scale.

The overall mean for Motivation can be approximated to 3.2964 which indicate the weakest argument supporting the existence and practice of Motivation in the organization. The highest score for Motivation (3.3259) indicates the strongest argument by respondents that the employees of the organization are

alerted on the budget control process. Conversely, the lowest score for Motivation (3.2905) shows the weakest argument regarding the existence of Employer motivation in the organization and the scores ranged from 3.2905 to 3.3259 for Motivation showing a relatively low support for the existence of motivation in the organization based on responses computed by Likert scale.

The overall mean for Responsibility can be approximated to 2.9852 which indicate the weakest argument supporting the existence and practice of Responsibility in the organization. The highest score for Responsibility (3.1185) indicates the strongest argument by respondents that the employees of the organization are alerted on the budget control process. Conversely, the lowest score for Responsibility (2.8519) shows the weakest argument regarding the existence of Employer Responsibility in the organization and the scores ranged from 2.8519 to 3.1185 for Responsibility showing a relatively low support for the existence of Responsibility in the organization based on responses computed by Likert scale

5.2 Conclusions

This research was conducted to determine the Effect of budget controlling practice on effectiveness of public organizations in case Laga Tafo Laga Dadi. From the total of 238 questionnaires distributed to sampled respondents, 219 questionnaires were collected and analyzed using the Statistical Package for Social Sciences (SPSS) version 25. Descriptive statistics was used to determine of budget controlling practice on effectiveness of public organization specifically Laga Tafo Laga Dadi in Laga Tafo Laga Dadi. The various variables under budget controls such as budget planning, budget monitoring, budget evaluation, participative budget Evaluation, Responsibility, communication and motivation were examined individually and their mean were evaluated and compared based on the Likert scale of 1 to 5 points questionnaires and analyzed using percentages.

The relevant research questions raised above have been examined in the light of the responses obtained from respondents concerning the existence and practice of budget controlling in Laga Tafo Laga Dadi. As can be seen from the responses to questions relating to elements of budget controls such as budget planning, budget monitoring and control, budget evaluation and budget participation, Communication of the activities, Responsibility and motivation, there is moderate practice of budget controlling in Laga Tafo Laga Dadi.

5.3 Recommendations

This research examined the Effect of budget controlling practice on effectiveness of public organizations in case of Laga Tafo Laga Dadi. Based on the result of the study, the following recommendation are provided with the assumption that this will help Laga Tafo Laga Dadi public sector to improve the Budget planning, Monitoring and control budget evaluation and participative budget, Motivation of Employer, Responsibility of Employer of its organization so that this will improve effectiveness in the organization. Therefore:

- Monitoring and budget department in Laga Tafo Laga Dadi public sector should arrange continuous training for budget holders at the beginning of every budget period to enlighten employees on budget utilizing to improve problem of matching budget with plan.
- Management of the public sector in Laga Tafo Laga Dadi should give serious attention for budget Evaluation and control to improve budget implementation so that effectiveness of the organization is enhanced.
- The organization should regularly evaluate budget implementation and management team should discuss this result for taking corrective actions for organizational effectiveness.

- The public sector in Laga Tafo Laga Dadi should give enough chance for workers to participate in budget planning and utilizations. This motivates employees to perform better.
- Performance should be assessed and compared with budget frequently during a budget period. The public sector in Laga Tafo Laga Dadi should not wait until period of implementation is over as mistakes can no longer be corrected at the end of the period or continuous evaluation is important. This help to verify budget implementation by using audit to help for organizational effectiveness successful.
- The public sector should take motivation, encourages to employees to work hard in relation to the Employees trained and other services such as health and insurance in the institution, when employees work hard it means the organization can easily achieve its goals.
- Management of the public sector in Laga Tafo Laga Dadi should give serious attention on the reports are to evaluate each responsibility center's performance.
- The organization should make effective communication of various activities from the top to the bottom in order to make the employees to have adequate understanding to prepare plan and how to implement the budget.
- The organizations need also to investigate other factors that contribute to better for budget controlling, in order to improve their efficiency and effectiveness, like employees' motivation and invest more in staff development and participation.

5.4 Policy Recommendations

Budget controlling are important in influencing effectiveness, therefore more efforts should be made by management of organizations both profit and non-profit to sensitize the employees on its importance so as to enhance performance. The researcher also recommends that organizations should develop more formal practice in the development of budget controlling practice, that is, Monitoring and Control, budget participation, Training on the Responsibility of Employer. Most organizations have minimal formal budget controls in their organizations hence recommended to develop a clear policy on budget controlling processes.

5.5 Suggestions for future Studies

The sample size used in this research may have been quite small to enable get an overall picture of public sector in Laga Tafo Laga Dadi. Therefore more research in this area should focus on increasing the sample size and cover a larger number of organizations both in the same and outside so as to enhance better generalization of the results. More research has to be done on the individual aspects of budget controls such as planning, participative budgeting, monitoring and control and relationship with organizational effectiveness. This study dwelt on public organizations and measures on effectiveness was difficult to measure especially because they involve both financial and non-financial indicators. Hence more research should also be done in other government sectors and the private sector

The study is found that planning and communication of activities is negatively affect the effectiveness' of public organization, however Budget Planning and Communication of activities is very important for the effectiveness' of any organization, so to identify this doubt finding More research has to be done to enhance better generalization of the result.

LIST OF ACRONYMS

ANAO	Australian National Audit Office
BCP	Budget Controlling Practice
LTLD	Laga Tafo Laga Dadi
NGO	Non - Governmental Organization
PFM	Processes of Financial Management
SPSS	Statistical Package for Social Sciences
TBC	Tight Budgetary Control
VIF	Variance inflation factor

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