



**MIDLANDS STATE UNIVERSITY
FACULTY OF COMMERCE**

DEPARTMENT OF BUSINESS MANAGEMENT

**AN INVESTIGATION ON THE EFFECTIVENESS OF BUDGETING
AS A MANAGEMENT TOOL IN IMPROVING FINANCIAL
MANAGEMENT. CASE OF GOVERNMENT SCHOOLS IN
MASVINGO DISTRICT**

BY

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***A DISERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE BACHELOR OF COMMERCE BUSINESS
MANAGEMENT HONOURS DEGREE.***

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Approval Form

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DEDICATION

I dedicate this project and give special thanks to my mom, my siblings and also my friends for the support and encouragement they gave me while working on this research study. May the Lord bless you all.

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I am grateful to the Lord Almighty for giving me strength and good healthy throughout the study. I appreciate and give special thanks to my supervisor for assisting me in the course of my research study. Special thanks go to the Provincial Education Director for Masvingo Province for granting me permission to carry out my research. I am very grateful to my family and friends for their unwavering support, materially and morally. May the Lord bless you all.

ABSTRACT

Government schools like any other organisation are an embodiment of the financial and liquidity constraints summoning the nation which impinges mobilisation the much needed revenue for these institutions to scale in solving the complex and diverse learners' needs. In light of the above mentioned systematic risk, budgeting is the most common and widely adopted management tool for financial planning and control in fostering financial performance across sectors around the globe. This study sought to establish the budgeting systems being used in government schools as well as examining government school's adherence to budgeting principles in their budgetary processes and ultimately examine the effectiveness of budgeting principles in fostering sound financial management. In order to realise the objectives of the study relevant literature from various authors was gathered and critically reviewed indicating the research gaps to be filled through empirical investigation. Furthermore, the study employed a deductive research design which is related to a positivist research philosophy to obtain both quantitative and qualitative data from the respondents using structured questionnaires and personal interviews for data reliability and validity. A sample size of 80% was used to determine the research sample of sixty-eight (68) respondents made up of 12 Ministry of Education employees, 8 school heads, 8 bursars and 40 school finance committee members using the purposive sampling technique. Data collected from the respondents was analysed using the descriptive statistics measures utilising the SPSS software. Research findings were presented in frequency tables and categorical graphs for clear presentation of data. Findings from the study revealed that 88% of the government schools in Masvingo district are using traditional budgeting systems and particularly incremental and judgemental budgeting in managing statutory funds. Research findings revealed that government school merely adhere to principles aligned statutory rules established by the government however; most schools are non-adherent to other best practise budgeting principle vital in fostering financial management leading to divergence between planned and actual outturns of their financial activities translating to inefficiencies in services delivery. Research findings also revealed that sophisticated budgeting principles like accrual budgeting is not necessarily effective in fostering financial management while audit oversight and transparency principles are very effective in enhancing schools financial management. Findings indicated that the rest of the budgeting principles have influence in fostering financial management.

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LIST OF ACRONOMYS

MOPSE- Ministry of Primary and Secondary Education

PED- Provincial Education Director

PFMA- Public Financial Management Act

PEFA- Public Expenditure and Financial Accountability Model

IFAC- International Federation of Accountants

CRF- Consolidated Revenue Fund

ACCA- Association of Chartered Certified Accountants

CIMA- Chartered Institute of Management Accountants

NIA- Australian National Institute of Accountants

PPBS- Planning, Programming Budgeting System

OECD- Organisation of Economic Cooperation Development

CHAPTER 1

1.0 Introduction

This chapter explains the background of the problem which is a historical evidence of the existence of financial mismanagement in public education institutions prompting the researcher to carry out research. This has been developed into the statement of the problem, research objectives; research questions, highlighting what the research seeks to accomplish. The researcher also highlighted the research assumptions and elaborates on the significance of the study which is delimited to concept, time and a particular target population.

1.1 Background of the problem

Tunji (2013) states that modern organisations are an embodiment of complex and insatiable needs while resources are limited. Overtime the complexity and uncertainty that organisations are facing led the indispensable evolution of numerous management approaches, systems procedures and tools vital in effectively managing businesses (Ibid, 2013). Among other systems, budgeting has been the most common and widely used standard device for management planning and control.

Berry (2011) advocated that during the evolution of budgeting, accountants used to merely offer the financial expertise and their primary function was compilation of financial statements vital for executive managers' decision making. During the 1950s, a team of specialised accountants produced a Management accounting report, which defined management accounting as the presentation of accounting information in such a way as to assist management in the creation of policy and in the day-to-day operations of an undertaking (Ibid, 2011).

With this, the role of accountants transitioned from merely financial expertise to somewhat, as management accountants came into being. Nowadays, management accounting provides managers with vital information that helps them to manage the business (Seal, Garrison and Noreen 2009). Budgeting among other modern management control systems, is an indispensable technique that can be used to enhance sound financial management.

Ramos (2000) states that in the private sector, financial management centres on the examination of alternative sources of finance, the effective utilisation of such finance and cohesion between financial and utilisation decisions for the maximisation of shareholder

wealthy whilst in the public sector, financial management focuses on the prioritisation and use of scarce resources, on ensuring effective ‘stewardship’ over public money and assets, and on achieving value for money in meeting the objectives of government.

Adding to that, the Osterwalder’s business model canvas states that from a private sector point of view the main aim of getting into business is to earn more money than an organisation spends whilst in the public sector the main aim is to mobilise resources and a budget to solve a particular problem and create value for a set of beneficiaries (Blank, 2010). The canvas for mission driven organisations are counterpart measures of success beneficiaries, mission cost or budget, deployment and buy in/support (Blank, 2010). It is against such scholarly background on the essence of budgets that the researcher intends to explore on the effectiveness of budgeting in enhancing sound financial management.

Relating to public financial management, Section 302 of the Constitution of Zimbabwe and the Public Finance Management Act Chapter 22:19 Section 16, states that all revenues of Zimbabwe whatever their source must be paid into the Consolidated Revenue Fund (CRF) unless an Act of Parliament permits revenue to be paid into other funds established (statutory funds) for a specific purpose for instance School Service Fund and School Development Committee Fund. This section also permits the authority that receives the statutory revenues to retain them in order to meet the authority’s expenses.

In light of the general liquidity crisis impinging revenue mobilisation in the country schools are still generating significantly material funds to solve the fundamental societal challenges for socio-economic transformation through infrastructural development as well as technological advancement. Farawo (2016) states that more than US\$1.2 billion in development levies is circulating in government and mission schools and a chunk of it is being abused by heads and bursars as revealed by audit findings. Primary and Secondary Education Minister at the time of study confirmed the development that some school heads and SDAs have been involved in flagrant fraud (Farawo, 2016).

In light of the financial constraints crippling the economy there is need for prudent and transparent financial management by public officials to deliver quality services in line with legislative regulations. Relevant legislation governing statutory funds in the public financial management cycle in a bid to improve public financial management include: Procurement Act, Treasury Instructions, Statutory instruments, Accounting Officer’s Manual, Permanent Secretary’s circulars.

Despite the legislative efforts by the government to improve public financial management through decentralisation and centralisation of the accounting function in public institutions nonetheless; financial mismanagement has been the talk of the day within the public sphere. The Constitution of Zimbabwe (2013) Section 194 (1b) on basic values and principles governing public administration promotes the efficient and economical use of resources. Efficiency means achieving more with limited resources whilst economical use of resources means prudent planning and control of expenditure in order to avoid waste. According to Makamure (2016) regrettably, the principles are foreign concepts in the public sector as evidenced by the Auditor General's reports over the years.

Makamure (2016) states that as expected and common with prior annual audits, the 2015 Auditor General's report on public finance management revealed gross mismanagement and theft of public resources. Makamure (2016) also mentioned the key financial mismanagement issues highlighted in the Auditor General's report of line ministries, public enterprises and local authorities which include weak internal controls leading to fraudulent activities by employees, non-adherence to procurement regulations, poor governance practises, expenditure not supported by adequate documentation. Makamure (2016) clearly expresses that the 2015 audit findings was as expected meaning financial mismanagement issues are of a perennial nature within the public sphere in Zimbabwe.

Similarly, the Farawo (2016) revealed that financial management in the education sector is characterised by weakened controls which has driven government schools into inefficiencies in service delivery to meet the complex and ever-changing societal needs ranging from infrastructural development backlogs, technological advancement needs, skill development needs as well as education and learning material needs. This research investigates how strict the schools under Ministry of Primary and Secondary Education adhere to the International Public Sector Accounting Standards in their budgetary processes as management control tools in fostering sound financial management to meet the primary financial objective of any public institution which is the prioritisation and use of scarce resources, on ensuring effective 'stewardship' over public money and assets.

The ACCA report (2010) case study findings present that in Zimbabwe the fundamental financial management issue in the public sector lies on acute shortage of qualified professional accountants. The shortage of accountants in the public sector has created socio-technical incompatibility between human resources and the budgetary processes. Primary and

Secondary Education Minister at the time of study revealed that the government is working on employing accountants to oversee the management of statutory funds to counter outcry by school officials over forensic reports leaking to the media (Shumba 2016). Primary and Secondary Education Minister at the time of study also mentioned that his Ministry was inundated with allegation of embezzlement and financial mismanagement hence urgent there need for the forensic audits and the employment of professional accountants in schools.

The growing media concern over financial mismanagement in the public sector in light of the financial constraints in Zimbabwe and on the other hand the imposition of transparency norms like; comprehensiveness and stewardship by the World Bank, International Monetary Fund and the Public expenditure and financial Accountability secretariat have prompt the research on the management control tools employed in government schools. Since the 21st century business environment is characterised by observant public stakeholders who demand comprehensive and transparent use of public financial resources, there is need for public sector institutions to formulate efficient management control tools (ACCA report, 2010).

The Information Age public sector landscape is dynamic with increased emphasis placed on prioritisation of expenditure and value for money. It is of great important that the executive management in the public sector institutions device sustainable internal improvements, transparency and accountability as competitive edge to meet the complex needs of their stakeholders. In order to be comprehensive, transparent and accountable in public financial management, internal systems like budgeting are indispensable tools. Influence and control over resources has become crucial in the 21st century than ever before; hence need for sound financial management translating to better governance in solving complex social challenges.

1.2 Statement of the problem

Despite the constant legislative reviews of public sector accounting in Zimbabwe to improve financial accountability, weak management control tools are still the major cause of financial mismanagement in public education institutions. Over the past decade, the Zimbabwean public education institutions have been characterised by inefficiencies in service delivery owing to financial mismanagement of statutory funds. It is against this background that the research undertakes to investigate on the effectiveness of budgeting as management control tools to enhance sound financial management in government schools.

1.3 Research objectives

- To identify the budgeting systems being used in government schools.
- To establish if government schools are adhering to budgeting principles in budget formulation.
- To examine the effectiveness of budgeting governance principles in fostering sound financial management.

1.4 Research questions

- What budgeting systems are being used in government schools?
- Are government schools adhering to budgeting governance principles in budget formulation?
- How effective are budgeting governance principles in improving financial management?

1.5 Significance of the study

1.5.1 Significance to practice

The research study benefits government schools since the study investigates on the effectiveness of budgeting as a management tool in improving financial management. It avails knowledge on effective utilisation and allocation of finite resources to the diverse and infinite needs of clients in the Information Age which is in line with the primary financial objective of any public institution which is the stewardship in budget execution.

Moreover, government schools will benefit through improvements in the transparency and comprehensiveness in utilising statutory funds as the budgetary process aligns the functional departmental staff members with the financial resources to attain the shared organisational goals in line with the vision and mission statement.

1.5.2 Significance to theory

Although many scholars have presented empirical and theoretical evidence on various approaches to budgeting and budgetary control systems in enhancing organisational performance as well as sound financial reporting (Berry, 2011; Kpedor, 2012; and Okpanachi and Muhammed, 2013), holistic research studies on budgeting as a management tool in enhancing financial management is still an unexplored area especially in the Zimbabwean

public sector. This research study therefore seeks take an in-depth analysis of the underlying gap in the body of knowledge.

1.5.3 Significance to researcher

The study will equip the researcher with long life learning research skills as well as career and professional development to meet the needs of the Information Age industry and commerce, which is a dynamic fast-paced business environment.

1.6 Scope of study/ Delimitation

The research is delimited to the investigation on the effectiveness of budgeting in improving financial management in public education institutions with the stewardship function being the primary financial objective. This study has been carried out in eight government schools in Masvingo district Zimbabwe. The target population understudy constitutes the internal auditors, accountants, school heads, school finance committees and school clerk who have direct involved in the budgeting and financial management cycle within the Education sector.

1.7 Limitations

The researcher may encounter certain constraints in concluding and making generalisation to the research. The management may have concerns over the confidentiality of the information to be collected in accordance to the Official Secrecy Act hence perceptions and views of respondents may not necessarily reflect the true state of affairs in the organisation. To overwhelm such limitations, the researcher intends to anonymity to individual participants and the directorate through a written request providing solid assurance on the matters concerning confidentiality showing intent to conduct research transparently. The researcher also scheduled appointments with the intended participants to increase response rate.

1.8 Assumptions

- The respondents shall give truthful and honesty responses.
- The selected sample shall truly represent the whole population.

1.9 Definition of key terms

Budget- a comprehensive plan in writing stated in monetary terms that outlines the financial consequences of management plans and strategies for accomplishing the organisation's mission for the coming year.

Budgetary control- any management approaches that involve setting some kind of targets, regularly measuring variances between the original targets and actual outcomes, and motivating people to reduce those variances.

Budgeting- is the process of preparation, implementation and operation of budgets decisions into specific projected financial plans.

Financial management- refers to the prioritised management of all processes associated with the effective acquisition and deployment of short term and long term financial resources for the benefit of an organisation.

1.10 Chapter Summary

This chapter gave a brief background of the research study about budgeting systems, problem statement, research objectives, research questions, research assumptions as well as the significance of the study. Greater insight about the study is found in the literature review, the next chapter looks at the literature review.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter seeks to produce a clearly formulated research problem and finding vital information, research gaps and solutions to the research problem by gathering theoretical and empirical information regarding budgeting and public financial management from various authors. It is structured under the following headings: definitions of budgeting concepts; characteristics of a budget and its roles; budgeting systems; the budgetary process, budgeting and public financial management, gap analysis and chapter summary.

2.1 Concept of Budgeting

Ostergren and Stensaker (2011) and Hanninen (2013) view budgeting as a functional accounting procedure of allocating organisational financial resources to activities which involves preparation, implementation and operation of budget decisions into specific financial plans over a budget period for employee and managers evaluation. The works of Hansen et al., (2003) and Onumah and Simpson (2008) contradict with the functional accounting view of budgeting. These scholars define budgeting as a management control process governing the human factor in managing and delivering valuable services to stakeholders as well as accounting for financial resources and performance achieved.

This research study support the view of budgeting as a comprehensive management control process rather than a narrow view of budgeting as a subordinate accounting function for implementing strategies. One of the objectives of this research is the enhancement of transparency in public financial management through budgeting hence the need to view budgeting comprehensively as a stewardship drive in delivering quality services.

2.2 The budget

Drury (2006) and The Chartered Institute of Management Accountants (CIMA) Official Terminology (2006) define a budget as a quantitative statement for a defined period of time, which may include planned revenue, assets, liabilities, and cashflows.

The Australian National Institute of Accountants (NIA) empirical findings evolved two different yet quite extensive definitions of a budget in terms of purpose and form of a budget. The first approach emphasises on the budget as an integral management tool for

organisational stewardship. NIA define a budget as a comprehensive plan in writing, stated in monetary terms, that outlines the anticipated financial consequences of management plans and strategies for accomplishing organisational mission for the coming year. Similarly, Aborisade (2008) defines the budget not only as a technical document, which states expected revenue and expenditure; but also as a comprehensive statement of management policies, commitments and priorities in terms of social services that are planned to be provided.

NIA also offered a contradictory view of a budget as a master blue print for action that sets out the expected contribution from the operations and control of an organisation in terms of anticipated revenues and expected expenditure over a certain period of time. This view has a more functional and immediate approach to a budget within an overall plan. Similarly, Section 2 of the PFMA Chapter 22:19 and the MOPSE Financial Management Manual (2013) define a budget as an approved detailed plan expressed in monetary terms estimating revenue and expenditure over an accounting period to meet the objectives of an institution.

This research seeks to integrate the both the functional and comprehensive view to the budget concept in the context of Zimbabwe in order to drive sound and transparent financial management within the public sphere. Currently, most government institutions are using the traditional cash budgeting system thus limiting the budget concept to timings of cashflows which does not transparently reflect the position of public commitments.

2.3 Characteristics of a budget

Aborisade (2008) and Anohene (2011) agree that credible budgets are “Smart” and in way are characterised by stakeholder participation, comprehensiveness, flexibility, feedback, analysis of revenue and revenue as well as based on established standards of performance. In contradiction, CIMA’s (2013) survey report findings revealed functional characteristics of a good budget. These include good budgets are quantitative stated, prepared in advance, relate to particular period, plans of action, and estimations of revenue potential and asset mix.

2.4 Budgeting and its roles

Budgets, if formulated and executed properly, provide valuable information about allocation of resources, control and management priorities and expectations. Abdullah’s survey study (2008) found that budgeting is still widely practiced by majority of the public-listed companies in Malaysia in planning, forecasting, controlling, communicating, authorising, evaluating performance and facilitating decision making. In support, Anohene (2011) case

study research study revealed that budgets are very useful to organisations in determining financial priorities, expenditure control, and assessment of performance. Similarly, Onduso (2013) cross sectional survey research in Non-Governmental Organisations (Kenya) revealed that indeed budgets were useful in decision making and also confirmed that budgets are really management tools.

This research seeks to investigate the relevance of budgeting in the Zimbabwean context from a public sector point of view in relation to financial management at organisational level unlike most studies which relates budgeting to organisational performance in private entities at sector and national levels of an economy.

2.5 Types of budgets

There are numerous types of budgets which have evolved over the years as management control tools to enhance organisational performance as well as sound financial management. The incremental evolution of budgeting gave rise to two broad budgeting systems namely: traditional and advanced budgeting (Bavonic, 2005).

2.5.1 Traditional budgeting

Abdullah (2008) defines traditional budgeting as the periodic process which organisations use to define their forward operational expenditures and forecasted income covering an annual period presenting static forecast during the budget cycle. Ostergren and Stensaker (2011) and Hanninen (2013) define a traditional budget as a common accounting tool that organizations use for purposes of giving targets and plans financial values, making the progress easily measurable and to transform the strategic ideas into understandable operative actions.

Pietrzak (2013) revealed that approximately 90% of organisations globally are using the traditional budgeting system for financial planning, coordination and evaluation of activities; motivation and evaluation of staff performance and supporting the internal control system of the organization. Similarly, a survey study by Libby and Lindsay (2010) in Canadian service sector organisations indicated that traditional budgets were still being used for planning and control purposes and these organisations were not planning to abandon the traditional budgeting system in the near future. Contradictory to the above empirical findings, practitioners have seen traditional budgets being incapable of addressing the demands of the competitive environment and are heavily criticized for impeding efficient resource allocation and encouraging budget games (Hansen et al., 2003; de Waal et al., 2011; Hanninen, 2013).

This research study is support of the theoretical framework on the relevance of traditional budgeting in meeting the growing need for comprehensive planning and control devices. Prior studies on budgeting were mainly from a private sector point view and certainly from other countries. This study seeks to relate the relevance of budgeting in improving public financial management within the Zimbabwean public sector in order to enhance sound financial management.

2.5.2 Advanced Budgeting

Despite the extensive usage of traditional budgets in practise, literature reveal that traditional budgets has lost relevance in the Information Age business environment and they are no longer meeting the wants and needs of the managers (Rickards, 2006; Goode and Malik, 2011; Cardons, 2014). As a response to traditional budgeting criticism, Banovic (2005) cited by Cardoso (2014) proposed two distinct approaches to address the shortcomings of traditional budgeting practices namely: better budgeting and beyond budgeting approaches. The better budgeting approach presumes improving the budgetary process by focusing on the planning problems of budgeting (Cardos, 2014). The most popular and commonly used better budgeting systems include: activity based budgeting, zero based budgeting, rolling budgets and rolling forecasts.

2.5.2.1 Activity-based Budgeting

Activity based budgeting is the planning and control process for anticipated activities of an organisation to derive a cost effective budget that meets forecast workload and agreed strategic goals (Abdullah 2008) . An activity budget is a quantitative expression of estimated activities of an organisation reflecting the management's forecast of financial and non-financial requirements to meet agreed goals, planned change and improved performance. Activity based budgeting involves the establishment of activities that incur costs in functional departments of an organisation, defining core relationships between activities and use of the information to decide on resource allocation for each activity in the budget.

A survey research study among Dutch companies listed on the Amsterdam Stock exchange reveals that 65.9% adopted activity based budgeting because activity based budgeting results in cost saving through eliminates bureaucracy and adoption of better costing methods as well as provision of a double dimensional approach to budgeting i.e the fixed budget position and variable budget position allowing monitoring actual against planned annual performance

(Pietrzak, 2013). In contradiction, CIMA (2009) survey report reveals that across the globe irrespective of sectors, there is low penetration of activity based budgeting and all companies which have adopted the activity based budgeting were still using traditional budgeting techniques mainly because contemporary budgeting techniques increased workload as well as complexity upon management with no much value addition.

2.5.2.2 Rolling Budgets and Forecast

Golyagina and Valuckas (2012) and Siyanbola (2013) views a continuous budget as a comprehensive plan expressed in monetary terms that has a fixed time span which is regularly updated by reviewing the actual results for a specific period in the budget and determining a budget for the corresponding time period. Instead of preparing annual budgets, the rolling budgeting system has a budget for every three or six month so that as the current period ends, the budget extended by an extra period. Rolling budgets assist executive managers to rethink processes and make changes in each month or each period (Cardons: 2014). CIMA (2009) quantitative survey study across the globe and sectors found that rolling budgeting system is the most adopted and potential system since it has much flexibility to meet the turbulence of the business environment.

2.5.2.3 Zero-based Budgeting

CIMA (2007) define zero based budgeting as a method of budgeting where all activities are re-evaluated each time budget is set with discrete levels of each activity being valued and a combination chosen to match funds available. It is a flexible management approach which provides credible rationale for reallocating resources by focusing on systematic review and justification of funding and performance levels of current programmes of activities (CIMA 2009). Bavonic (2005) and Abdullah (2008) advocates that zero based budgeting technique is a blended approach to budgeting requiring the involvement and participation of managers in all levels of organisational hierarchy.

2.5.2.4 Planning, Programming Budgeting System (PPBS)

Planning, programming budgeting system is a budgeting system which analyses the output of a given programme and also seeks for alternatives to find the most effective means of reaching basic programme activities (Siyanbola, 2013). This budgeting system involves the preparation of a strategic plan which clearly establishes the objectives that the organisation has to achieve. PPBS is mainly aimed at assisting public sector management making more

informed decision on strategic allocation of organisational resources in delivering value to meet overall objectives of an organisation. PPBS also enable the management to identify the programmes to be provided thereby establishing a basis for evaluation of their worthiness as well as providing information which enable management to assess the effectiveness of its plans (Siyanbola, 2013).

2.5.3 Public Sector Budgeting systems

2.5.3.1 Incremental Budget

Incremental budgeting is a traditional approach to budgeting that uses the prior financial year's estimates of revenue and expenditure as the basis for determination of the budgetary figures for the year (Siyanbola, 2013). Siyanbola (2013) also states that incremental budgeting has the tragedy of accumulating yester-years' inadequacy into subsequent year budgets as it only increases the current period's figure with what management subjectively thinks is the inflationary premium for next year financial period. Incremental budgeting system is commonly used in the public sector because of its simplicity.

2.5.3.2 Line Item Budget

Line item budget is a historical approach to budgeting which use past expenditure and revenue information augmented with some supplemental program and performance information (Bavonic, 2005). In line item budgeting expenditure is expresses considerable details with less attention being paid to the activities to be undertaken making the system simple and ease of prepare, consistent with lines of authority and allows for accumulation of expenditure data by organizational unit for use in trend/historical analysis.

2.5.3.3 Site-based budgeting

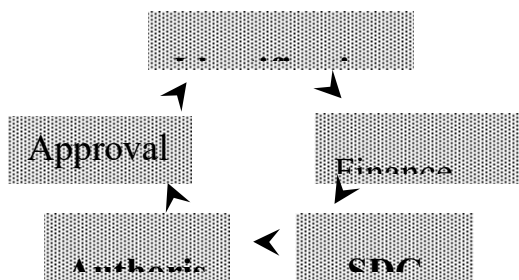
Site-based budgeting involves decentralised budgetary process allocating resources to individual sites and budgetary authority granted to organisational staff. Site based budgeting allows for alignment of goals with resources. It is considered most practical for schools because authority is delegated to lower level with understanding of practical needs of the organisation, stakeholder participation and involvement is encouraged.

The traditional incremental and judgemental budgeting systems are mostly used in the public sector because of their simplicity to prepare and understand however, traditional approaches to budgeting have led to budgeting governance issues such as lack of transparency; economic inefficiency in the utilisation of public resources. This research supports modern budgeting techniques to be adopted in the Zimbabwean public sector in order to improve the stewardship function as the primary financial objective of any public institution.

2.5 The budgetary process

Abdullah (2008) defines the budgetary process as a process of breaking down management plans expressed in quantitative terms into subcomponents in consistent with an organisation’s structure to drive and correlate the planning process allowing authority delegation without loss of control. The main aim of the modern budgeting models is the creation decisive planning and control processes that are concurrently responsive to business turbulence. The diagram Fig 2.0 below depicts the budgetary process used in the Education sector by schools.

Fig 2 1• THE BUDGET CYCLE



Source: Ministry of Primary and Secondary Education Financial Management Manual (2013)

2.5.1 Strategic planning and budgeting

Effective budgeting practises involve the involvement all stakeholders and incorporation of their prioritised needs in strategic management practises such as planning and control to

ensure realistic expenditure and revenue forecast (Junge, Bosire and Kamau 2014). Fig 2.0 above depicts the strategic planning and budgeting activities involving the identification of client's needs, involvement of the parents assembly in Annual General Meetings as well as the School Development Association.

Lopez et al., (2013) conducted a research study in South Korea on the relationship between budgetary participation and organisational performance. The findings revealed a strong positive relationship between budgetary participation and performance of managers. Similar results were found by Kung et al., (2013) in their quantitative research study on the relationship between budget planning and organisational performance.

This study seeks to establish relationship between the holistic budgetary principles and public financial management in Zimbabwe unlike most researches which place narrow emphasis on budgetary planning and control relating to organisational performance of private sector organisation.

2.5.2 Budget allocation and implementation

Budget allocation involves effective expenditure control decision making in the utilisation of public funds to meet the insatiable needs with limited resources to maximise the social welfare function through cost measurement, effective procurement planning and performance measurement (Breul and Moravitz, 2007). Fig 2.0 above shows budget allocation in the Education sector being a role of the Finance Committee after needs identification and the scrutiny authorisation activities by the School Development executive and the Parents' assembly.

Junge, Bosire and Kamau (2014) conducted a quantitative study on the relationship between budget allocation and schools performance. The study revealed that there is a significant relationship between budget allocation and school performance. This study seeks to establish the relationship between the budgetary principles and sound financial management in the public sector within the Zimbabwean context in order to drive the steward function over public monies being the primary financial objective of any public sector institution.

2.5.3 Budgetary control

Budgetary control is a system of management control and accounting which involves the establishment of budgets, continuous comparison of actual with budgets for achievement of

targets, revision of budgets after considering changed circumstances as well as placing the responsibility for failure to achieve budget targets (CIMA, 2007; Kpedor, 2012). Fig 2.0 depicts the roles played by the finance committee, school head, and School Development Association executives in the establishment of budgets in the Education. The Provincial Education Director is responsible for approving the proposed budgets by the schools with the assistance of the District School Inspectors, internal audit function, accounting function, administration function, at the provincial and district level.

Okapnachi and Muhammed (2013) absence of effective budgetary control breeds disregard for laid down procedures, loss of focus and shoddy coordination of activities and these are capable of crippling an organization. Junge, Bosire and Kamau (2014) carried a correlational analysis study between budgetary control practises and schools financial performance in Kenya. Their findings revealed that there is positive relationship between budgetary control and school performance.

However, this study seeks to establish the relationship between budgetary process and financial management in the Zimbabwean context in order to drive transparent and prudent financial management in the public education institutions.

2.5.4 Approaches to the budgetary process

2.5.4.1 Top down budgeting/ Imposed budgeting

Abudullah (2008) defines imposed budgeting as an authoritative budgetary approach which begins with the executive management establishing parameters under which budgets are to be prepared with lower level management having very little input into the determination of budgetary amount and overall setting of an organisation. The lower level management participation in the budgetary process is essential limited to functional subordinate role of compiling and making budget calculations as well as adhering to directives of top management. Imposed budgeting approach is commonly used within the public sphere because imposed budgets empirically solved social issues associated with planning and control over the decade of time consumption in decision making, alignment of budgets with strategic plans, setting tone in organisation (Bierman, 2010; Shah, 2007; Abudullah, 2008).

2.5.4.2 Bottom-up budgeting/ Participatory budgeting

Participatory budgeting is a stewardship approach to budgeting which involves the empowerment of operational units driving the developments for their budgetary units with the support of managerial guidelines and these sub-unit budgets are then consolidated into the organisation's master budget (Abudullah, 2008; Raghunandan, Ramgulam and Mohammed 2012). This approach to budgeting consumes time but assures buy-in and commitment at all levels of the organisation.

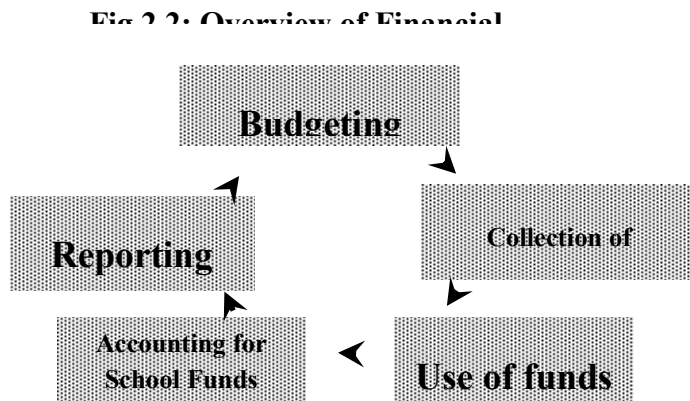
2.5.4.3 Blended/ Negotiated budgeting

Negotiated budgeting is an integrated budgetary approach which focuses on the fusion of both imposed and participative styles creating an environment of shared responsibility for budget preparation (Abudullah, 2008; Raghunandan, Ramgulam and Mohammed 2012). The negotiated budgetary process involves executive management setting financial performance objectives and submits them to operating managers who then develops budgets base on these objectives and eventually reviewed by top management for approval. Researchers have found that the blended approach to budgeting commits, coordinate and cooperate operational employees giving them less incentive for building budget slacks.

This research study contradicts with the relevance of imposed budgeting in the 21st business environment because it impinges transparency in public financial management as it discourages open participation which translates to unrealistic and non-ethical target setting leading to negative variances or inefficiencies in service delivery. This research study supports the participatory budgeting approach as it enhance credible and transparent budget formulation which leads quality service provision due to efficiency enhancement by committed workforce. Participatory budgeting studies have been done both in the public and private sphere across the world in relation to organisation performance however, in Zimbabwe the concept have been neglected especially in the public sector relating to enhancing the stewardship function as a primary financial objective of any public institution. This research study support the view that negotiated approach to budgeting is the best for public sector institution despite the fact that it consumes time because it involves high levels of sophistication translating to credible and transparent budget formulation.

2.6 Budgeting Principles and Public Financial Management

Public financial management places emphasis on the prioritisation and use of scarce resources, on ensuring effective ‘stewardship’ over public money and assets, and on achieving value for money in meeting the objectives of government. (Ramos 2000). Fig 2.1 below depicts the financial management cycle used in the Education sector (Zimbabwe).



Source: Ministry of Primary and Secondary Education Financial Management Manual (2013)

Fig 2.1 above depicts the financial management cycle being used in the Education sector in Zimbabwe involving government schools seeking budget approval from the Provincial Education Director, administering revenue collection and banking, the utilisation of financial resources in compliance with the procurement legislation, cash accounting system recording and reporting. The budgeting and budgetary control activities in the utilisation of statutory funds are centralised at the provincial office through the Provincial Education Director’s office which approves the budget.

This study seeks to foster sound public financial management using budgeting governance principles using the Public Financial Management Measurement Framework Model developed by the Public expenditure and financial Accountability secretariat (PEFA), the World Bank and International Monetary Fund.

2.6.1 Public Financial Management Measurement Framework Model (PEFA)

PEFA model is a public sector accounting tool for assessing the status of public financial management. The PEFA model provides a thorough assessment, consistent and evidence-based analysis of public financial management performance at a specific point in time (IFAC Report, 2016). The PEFA model is a best management control practise model which seeks to foster sound financial management in public institutions and government across the globe. Fig 2.3 below depicts the seven pillars of the PEFA model which drive public financial management.

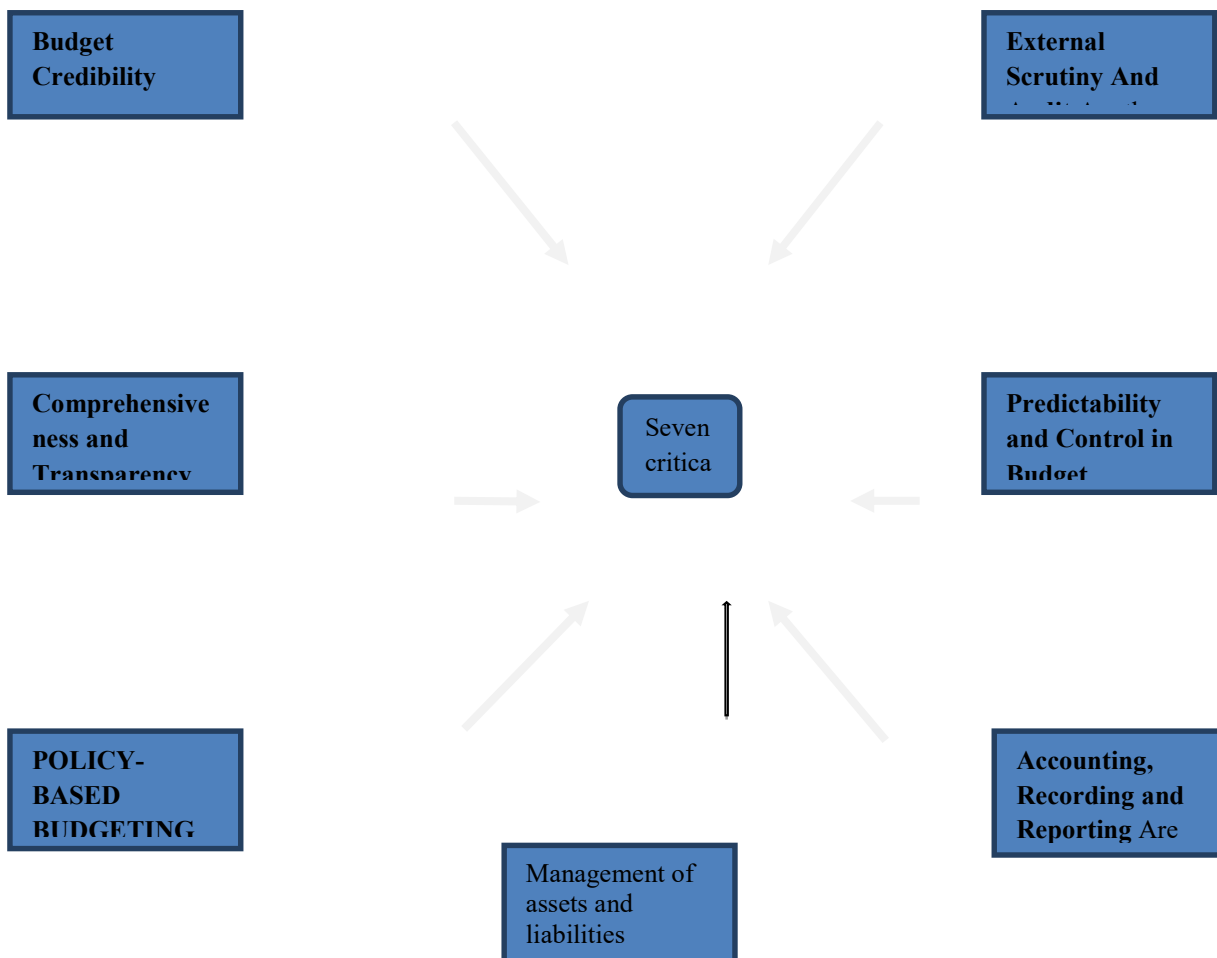


Figure 2.3: Key dimensions in measuring public expenditure and financial accountability.

Source: IFAC Report (2016)

Fig. 2 above is denotes seven key pillars of an indicator led analysis which provides a comprehensive and integral assessment of institutional performance. This measurement framework was developed by the Public expenditure and financial Accountability secretariat (PEFA), the World Bank and IMF. The PEFA model contributes in ensuring financial accountability and transparency for the achievement of desirable budget outcomes: revenue generation, strategic allocation of resources, and efficient service delivery in public sector institutions (IFAC Report, 2016).

2.6.1.1 Budget Credibility

Budget credibility can be defined as the legitimacy of the process by which a budget has been created. Budget credibility can also be defined as the degree of deviation between the planned and actual expenditure (Vraniali, 2010). IFAC Report (2016) reveals that government budget should be realistic and implemented as intended and this can be measured by comparing actual revenue and expenditure with the approved budget. The PEFA key performance indicators for budget credibility include expenditure outturn, expenditure composition outturn and revenue outturn (Ibid, 2016).

Expenditure outturn refers to the extent to which overall budget expenditure reflects the original budget while revenue outturn refers to the change in revenue between approved budget and end of budgetary period outturn (IFAC Report, 2016). Vraniali (2010) states that for the budget to work as an effective instrument of public financial management, it should be credible, affordable and its formulation must be based on a sound financial basis and a good estimate of revenue.

Budgeting practises in developing countries that contribute to variances between plans and actual outturns include unrealistic budgeting and escapist budgeting that authorises more than any entity can mobilise; hidden budgeting where the real priorities are known only to a narrow clique within the management; and deferred budgeting where real spending patterns are obscured by the generation of arrears (Schicks, 1998; Vraniali, 2010).

2.6.1.2 Comprehensiveness and Transparency

IFAC Report (2016), OCED Report (2014) and Onumah (2008) state that information on public financial management should be comprehensive, consistent and accessible to users; achieved through budget classification, transparent collection and disbursement of government revenue and expenditure, provision of information on service delivery

performance and ready access to budget document. The International Public Sector Accounting Standard 24 requires a comparison of budgeted and actual amounts arising from budget execution to be included in the financial statements of entities that are required to and make publicly available their approved budget for which they are held publicly accountable (IFAC Report, 2014). Compliance with the requirements of this standard ensures that public sector institutions discharge their accountability obligations as well as transparency of their financial statements by demonstrating: compliance with the approved budget for which they are held publicly accountable and where the budget and the financial statements are prepared on the same basis, their financial performance in achieving the budgeted results (Ibid, 2014).

2.6.1.3 Policy- Based Budgeting

An IFAC Report (2016) state that policy based budgeting involves the preparation of budgets and strategies with regards to government policies and strategic plans. Policy based budgeting is a process that involves the precise identification of public policy objectives, delineations of the means and resources for accomplishing them and an accurate assessment of departmental accomplishments (Bozza, 1998). The key performance indicators include revenue forecasting, budget preparation process, legislative scrutiny of budgets and medium term perspective in expenditure budgeting.

2.6.1.4 Control and predictability in budget execution

Budget execution is the process by which financial resources made available to an agent who directs and controls them towards achieving the purposes and objects for which budgets were approved. The process involves compliance with the legal and administrative requirements. IFAC Report (2016) states that budgets should be implemented within a system of effective standards processes and internal controls, ensuring that resources obtained are used as intended. The PEFA key performance indicators in enhancing control and predictability include revenue administration, accounting for revenue, predictability of year resource allocation, expenditure arrears and procurement (Ibid, 2016).

The IFAC Report (2016) advocates that in collecting revenue there should procedures used to collect and monitor as well as a sound accounting systems for recording and reporting of revenue collections through consolidation and reconciliation. IFAC Report (2016) also recommends that in year resource allocation should be predictable. This refers to the extent to which institutions are able to forecast cash commitments and requirements and to provide

reliable information on the availability of funds to budgetary units for service delivery. Institutions should also be able to manage expenditure arrears. In other words the stock of arrears should be kept minimal while systematic problems in this regard should be addressed strategically.

The IFAC Report (2016) advocates for transparent procurement arrangements, use of competitive procedures, monitoring of procurement results and access to appeal and redress arrangement. There is need for internal audit function for maintenance of financial controls.

2.6.1.5 Management of assets and liabilities

Management control of assets and liabilities in public sector budgeting calls for accrual based budgeting. IFAC Report (2016) reveals that effective management of assets and liabilities ensures that public investments deliver value for public money, assets are recorded and managed; business risks are identified and debts are prudently planned and monitored. PEFA key performance indicators include risk reporting, public asset management and debt management (Ibid, 2016).

A survey studies among PEFA users revealed that PEFA assessments have made significant improvements to the annual budget documents provided to the public including the presentation of multi-year budget estimates, a statement of government priorities, information on performance of government services and production of citizen's guide to the budget (IFAC Report, 2016).

2.6.1.6 Accounting and recording

IFAC Report (2016) advocates that accurate and reliable records are maintained, information is produced and disseminated at appropriate time to meet decision making and management reporting needs. Key performance indicators include financial information integrity, comprehensive budget reports and annual financial reports. Financial data integrity refers to the extent to which bank accounts, suspense accounts and advance accounts are regularly reconciled and how the processes support integrity of financial data

The IFAC report (2016) also states that in year budget reports should reflect comprehensive, accurate and timely information on budget execution. Consistency of in year budget reports with budget coverage and classifications, which allows monitoring of budget performance and taking corrective measures.

2.6.1.7 External scrutiny and audit

IFAC report (2016) advocates that public finance should be independently reviewed and there is need for external follow up on the implementation of recommendations for improvement by executives. Key performance indicators include external audit and legislative scrutiny of audit reports. In support, OECD principles of budgetary governance states that integrity and quality of budgetary forecasts, financial plans and budgetary implementation should be promoted through rigorous quality assurance including independent external audit function.

2.6.2 Research Gap PEFA Model

The PEFA model has been used at national level in many governments to foster sound financial management practises and in way improving budget outcomes and efficiency within the public sphere. However, this research used the PEFA model as a best budgeting practices technique to foster sound public financial management using budgeting as an internal management tool within the Zimbabwean context. Unlike private sector institutions, public education institutions do not create wealthy in meeting the complex and insatiable societal needs, hence there is need for these institutions to induce stakeholder commitment through adoption of budgeting governance principles to increase their revenue mobilisation capacity in order to scale in meeting the diverse clients' needs they face. The researcher intends to foster institutional meeting of the primary financial objective of any public sector institution which is the stewardship in the utilisation of public finance in delivering valuable services to citizens through the best practise PEFA model within the Zimbabwean context.

2.7 Budgeting and transparent public financial management

Accrual accounting system has long been the generally accepted accounting basis for the private sector, whilst governments' financial statements aimed to provide evidence of budgetary compliance. The cash accounting system is being used by governments to discharge their accountability by showing that financial resources collected and disbursed are approved (Barton, 2007). However, Carlin (2005) outlines the supposed superiority of accrual accounting and reporting compared to cash in three related themes. Firstly, the adoption of accrual accounting enhances transparency and accountability both externally and internally. Secondly accrual accounting leads to greater organizational performance and lastly accrual accounting improves resource allocation and, it allows public entities to identify full costs of their activities, which is pivotal to ensure greater efficiency.

Hughes (2004) states that making budget data publicly available is necessary to enable transparent reporting of the government's financial intentions and of its use of revenue. He further recommends, that ex-post budget reports reflecting budget to actual comparisons should be part of the general purpose financial statements issued at the end of the budget period for each reporting entity at each level of government. In support, Aborisade (2008) also states that transparency is enhanced if the financial outcomes revealed through financial statements are reported alongside the relevant budget.

Accrual based budgeting allows stakeholders of this information to assess accountability for all resources controlled by the entity as well as the distribution of those resources, to evaluate performance, the financial position and cash flows of the entity and to make decisions about providing resources for the entity or conducting joint business ventures (IFAC Report, 2011). The accrual based budgeting system presents both the current and future commitments of an organisation hence avoiding unsustainable deferred budgeting practises which involves real spending patterns obscuration through the generation of arrears as mentioned earlier on.

This study seeks to solicit what can be done to improve budgeting in public sector institution within the Zimbabwean context to foster transparent financial management. The traditional cash based budgeting system's shortfall in transparently reflecting the current and future prospects of organisations in terms of revenue mobilisation, expenditure control and management of assets and liabilities in governments across the globe inevitably calls for better systems which transparently involve public stakeholder in budgeting to foster sound financial management within the public sphere.

2.8 Research gap analysis

The researcher identified the confusion in theoretical literature regarding the meaning of budgeting and the budget concept. Some researchers consider budgeting and the budget concept from a functional and immediate point of view while other scholars regard budgeting as a comprehensive management control tool.

Many researchers have used the survey descriptive research design in private sector companies to relate budgeting and budgetary control with organisational performance. However, the researcher identified that budgeting as a management tool hasn't been extensively used within the public sector in many countries particularly relating to public

financial management where the primary financial objective is the stewardship in utilising public resources to deliver value to the society.

Theoretical literature in the board of knowledge contradicts with the empirical findings of many researchers regarding the relevance of traditional budgeting approaches. The researcher found that organisations still pursue traditional budgeting approaches yet the scholars consider traditional budgeting approaches as irrelevant management tools given the business environment dynamics. These researches have however been done in other countries and mainly from a private sector point of view.

The researcher also found that public financial management has been a concern in many countries at the national level using the Public Expenditure Financial Management Measurement Framework Model. However, the adoption of the PEFA best budgeting practises in public sector institutions to foster sound public financial management has been low.

2.9 Chapter summary

This chapter gave platform to the researcher to compare and contrast vital empirical and theoretical information from various authors in solving the research problem formulated in chapter one as well as identifying the gaps existing in the body of knowledge which the researcher intends to fill through data collection in the next chapter, which is research methodology.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

The previous chapter reviewed related literature to the research topic. A number of scholars presented their views and ideas that evolve around the use of budgeting in trying to answer the research problem. This chapter focuses on data collection methods that were used to conduct this research study. The aim of this study is to investigate on the effectiveness of budgeting as a management tool in improving financial management in government schools. This chapter is structured into the research design, research purpose, target population, sampling, research instruments, research strategy, data collection, data validity and reliability and the data analysis and presentation sections.

3.1 Research Design

The researcher used a deductive research approach which generates hypothesis from theoretical assumptions and tests them against empirical observations. This research approach is concerned with the potential falsification of theoretical statements by checking their predicted results against real world observations (Gabriel 2013). Deductive research approach determines quantitative paradigm to present quantitative evidence to all empirical questions which are the main paradigm of this study. This research approach makes it easier to analyse data with statistical meanwhile qualitative approach was used to complement in gathering some off-hand impression from the executive management. Malhotra and Birks (2007) argues that, quantitative research is a research design that seeks conclusive evidence which is based on large representative sample and also supplies form of statistical analysis.

This study employed both the quantitative and qualitative methods to extract the required information in order to have a holistic and reliable view of the research study. Bryman (2003) states that the integrated usage of quantitative and qualitative methods makes use of different research strategies which have wide perspective of the theory and scientific approach to use. Deductive research approach is associated with a positivism research philosophy which seeks to develop hypothesis which are empirically tested (Greener 2008). Sanders, Lewis and Thornhill (2007) states that scholars who adopts positivistic philosophy attempt to be independent, void of biasness, meaning they don't want to be affected or affect subjects

leading to objectivity. A deductive research design is objective in nature rather than subjective that's why the researcher adopted it for the purpose of this study.

3.2 Research Purpose

The researcher used the predictive research design for the purpose of this research. In its nature a predictive research design forecast the probability of similar situation occurring elsewhere thus, a predictive research aims to generalize from the analysis by forecasting certain phenomenon on the basis of relationships established by explanatory study (Creswell 2013). This study is an investigation of the financial mismanagement issues on the ground being a function of weak management control processes particularly budgeting.

3.3 Target population

Kothari (2009) defined population as a group which the researcher is interested in gaining information upon which generalisations and conclusions can be drawn subsequently. Population provides a solid foundation and first set upon which to build population validity of the study given population through which questionnaires and interviews are distributed in order to get the required data for analysis. The population for this study consist of ten government schools in Masvingo district, MOPSE Masvingo district and provincial staff. Thornhill et al., (2009) defines a target population as a set of cases from which a sample is drawn. The target population for this particular study include internal auditors, accountants, schools heads, finance committees and school clerks as shown by Table 3.1 below.

Table 3.1: Target population

No.	Category	Target Population			
		Province	District	Schools	Total
1.	Internal Audit Team (MOPSE)	8	-	-	8
2.	Accountants (MOPSE)	6	1	-	7
3.	School heads	-	-	10	10
4.	School Bursars/ clerks	-	-	10	10
5.	School Finance committees	-	-	50	50
-	Total	14	1	60	85

Source: Human Resource Staff Returns Report (2017)

3.3.1 Justification of the target population

Out of the 10 government schools in Masvingo district, Ministry of Education provincial and district employees, a total of 86 research elements formed the target population for this study. The reason behind targeting school heads, bursars and finance committees is because they match the description of accounting officers and sub-accounting officers as prescribed by the Public Finance Management Act Chapter 22:19 hence they are the ones involved in budgeting decisions at institutional level. The researcher also targeted provincial and district employees because they are responsible for fostering budgetary governance principles as per Education sector financial management cycle mentioned earlier on in chapter 2 hence they have in-depth knowledge the budgeting and financial management concepts.

3.4 Sample size

To eliminate selection bias in the study at least 80% of the target population was covered in collecting which represents a true nature of the population from which generalisations were made. Out of 85 research elements, 68 were selected as indicated in Table 3.2 below.

Table 3.2: Target population and sample size

Strata	Target population	Sample	Percentage
Line Staff Members (MOPSE)	15	12	80%
School heads	10	8	80%
Bursars	10	8	80%
Finance Committees	50	40	80%
Total population	85	68	80%

Source: Researcher (2017)

3.4.1 Justification of the sample size

This study is quantitative in nature hence a sample size of 80% is appropriate to produce accurate and reliable findings. In support of the sample size, Kothari (2009) proposed a sample size of 30% being reliable where the population is not highly heterogeneous. This research study is way above 30% hence it is reliable for purposes of generalising to the entire population even if some respondents fails to return questionnaires for whatever reasons.

3.5 Sampling Techniques

There are various sampling techniques available for the researcher's use which can be classified into probability and non-probability sampling techniques. The researcher used the judgemental for the purpose of this research study.

3.5.1 Judgemental/ Purposive sampling

The researchers choose the judgemental sampling technique which is a non-probabilistic sampling procedure because of the nature of the target population. Parasuraman (1991) argues that judgemental sampling is a procedure in which the researcher exerts some effort in selecting a sample that he or she feel is most appropriate for the study. The researcher based on his or her subjective judgement selects respondent which best answers the research questions and meet objectives.

3.5.1.1 Justification of Purposive sampling

The target population under study include the accountants, internal auditors, school heads as well as the bursars who have direct involvement in the budgeting cycle. By the virtue of their professional positions in the organisation they have influence over the budgeting governance in the Education sector. Judgemental sampling was used because the population possessed better information than other members as they are involved in the financial management and budgeting decision making at provincial, district and school level.

3.6 Research instruments

These are the methods which can be used to enhance validity and reliability of a research giving more precision about a research phenomenon. The researcher used structured questionnaires and interviews to collect primary data from the field.

3.6.1 Structured questionnaire

The researcher used structured questionnaires because they are the most appropriate techniques in collecting quantitative data. Malhotra (2002) defines questionnaire as a structured technique of data collection that consist of a series of questions written or verbally to be obtained from respondents when carrying out research. The researcher distributed questionnaires to the respondents a day or two days before collection day to give respondents time to fill overnight taking into account work schedule pressure especially considering the nature the target population.

3.6.1.1 Justification of structured questionnaire

Malhotra and Birks (2007) state that questionnaires are sort to translate the required information into a series of questions that respondents can answer, encourage respondents to become involved to cooperate and complete the task, to minimise response errors which arise when the respondents give inaccurate answers. This technique is appropriate when carrying out research on large samples for instance when carrying out case studies, survey.

3.6.2 Interviews

This research study also made use of interviews as a data gathering instrument to counter the shortfall of questionnaires as well as assuring that data collected on budgeting and financial management in public education institutions is valid and reliable. The researcher used personal interviews formulated in a structured manner since the study is of a quantitative nature. The researcher interviewed all the accountants and auditors in the Ministry of Education at the provincial and district level to ensure reliability of the information collected through questionnaires at school level. This is because these specialised personnel are responsible for school budgeting document analysis, whistle-blowing over financial management as well as advising the Provincial Education Director concerning school fees approval the district as well as at provincial level.

3.6.2.1 Justification of interviews

The target population consist of public servants who value confidentiality of sensitive information hence interview provided the platform for the researcher to give solid assurance that the information is ethically protected and only for academic usage. Personal interview motivated the respondents as it shows commitment as well as giving clarity to the research subject when need arose to ensure accurate information is collected.

3.7 Research Strategies

The researcher used the case study research strategy as it provide comprehensive information on the effectiveness of budgeting in improving financial management in government schools. Saunders, Lewis and Thornhill (2009) quoted Robson (2002:198) who defines a case study as a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence. It is against Saunders et al (2009) above that the researcher intends to source rich data which gives deeper insights of the area of focus for the researcher.

3.8 Data collection

The researcher used primary source to collect data from the respondents upon which generalisations were made. The researcher used questionnaires to collect primary source data from the respondents.

3.8.1 Primary data

The researcher collected data using primary data which is the information to tackle a specific problem originated by the researcher (Malhotra and Birks, 2007). The researcher used questionnaires to collect original source data from respondents. The researcher has chosen to use primary source data because it meets the specific needs to answer a problem. Lewis and Thornhill (2009) state that primary data allow the researcher to control the research in terms of value of data gathered. This study used interviews and questionnaires to collect data to produce credible findings.

3.8.2 Secondary data

The researcher used document analysis technique to analyse internally sourced data on budget reporting and the financial statements reported to the Provincial Education Director. The researcher was interested in material variance between the reported financial statements and the budget reporting, presentation, evidence of stakeholder involvement in budgeting, budgeting system being used as well as the alignment between strategic planning and budgeting.

3.9 Validity and reliability

Validity and reliability is of paramount importance in producing credible results, conclusion and generalisations useful in practise for policy and decision makers. Financial management being a topical issue in public institutions to drive stewardship utilisation of public financial resources in delivering value for money there were considerable efforts to avoid irrelevant gathering of data.

The researcher conducted a pilot testing involving provincial accountants at the Ministry of Education Midlands province who posed the same characteristics as the research subjects of this study and the necessary adjustments were made on both research instruments to ensure validity and reliability. The researcher used triangulation to complement questionnaires with interviews to ensure information collected from the respondents was reliable.

3.10 Data analysis and presentation

Data analysis was done through calculating and summarising data using the Microsoft Excel and SPSS software packages utilising descriptive statistical tools. The researcher used of computer packages such as spread sheets (Excel) to present data as visual aids for clearer analysis. Analysing data using descriptive statistical tools which assisted the researcher to make objective generalisations and conclusions to the entire population from which the sample is drawn. The researcher used descriptive statistical techniques in which frequency tables and pie charts will be utilized for data presentation which makes data clear and easy to interpret.

3.11Chapter Summary

This chapter identified the research methods and techniques used to gather data, highlighting its justification. The data collected from the research instruments will be presented, analysed and discussed in next chapter.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter aims to analyse, present and interpret the research findings in order to make conclusions and recommendations in the next chapter. Data analysis regards to the effectiveness of budgeting as a management tool in improving financial management in government schools using both inferential and descriptive statistical tool and discussion as follows.

4.1 STUDY FINDINGS

4.1.2 Response rate

The researcher delivered 56 questionnaires to school bursars, schools heads and their finance committee members for the selected 8 government schools in Masvingo district. Table 4.1 below shows the response rate.

Table 4.1 Questionnaire Response Rate

Respondents	Expected response	Actual response	Response rate
School heads	8	7	88%
Bursars/ clerks	8	8	100%
Finance Committees	40	38	95%
Total	56	53	94%

Source: Survey 2017

As depicted above in table 4.1 above, out of 56 research subjects, 53 managed to complete and return the questionnaires whilst 3 research subjects failed to return the questionnaires giving an overall response rate of 94%. The school heads had a response rate of 88% because of busy work schedules. An overall response rate of 94% is good for purposes of making generalisation of the findings to the entire population from which the research sample was drawn.

The researcher conducted interviews with 12 provincial staff members at the Ministry of Primary and Secondary Education provincial and district level. This was done to ensure data reliability as well as gaining deep understanding about the research study. The researcher managed to get 100% response rate because the researcher made appointment schedules with the research subjects.

4.1.3 Demographic characteristics

Table 4.2- Age of respondents

Range of Age	Frequency	Percentage
Below 25 years	5	10%
25 – 35 years	10	19%
36 – 45 years	22	41%
Above 45 years	16	30%
Total respondents	53	100%

Source: Field data (2017)

Data collected above in Table 4.2, shows that the age of the majority respondents lie between 36 and 45 years, followed by those above 45years. The least range age of respondents was those respondents below 25 years. This shows that budgeting and financial management decision making of statutory funds in the Education sector is subject to mature personnel who have experience. To test data reliability the researcher had to involve respondents at every level of the budgeting process with different age composition depending on roles they undertake as depicted above.

4.3.2 Level of education

Research findings concerning the level of education for the research respondents indicate that most research subject attained tertiary education as professionalism is valued in the Education. Table 4.3 below clearly shows the research results.

Table 4.3 Educational level of respondents

Academic qualification	Frequency	Percentage	Valid percentage	Cumulative percentage
O' Level	4	8%	8%	8%
A' Level	7	14%	14%	22%
Tertiary Level	41	78%	78%	78%
Total	53	100%	100%	-

Source: Field data 2017

Data collected from questionnaire respondents show that most respondents attained tertiary education as denoted by 78% in Table 4.3 above. 14% of the respondents have reached their Advanced level whilst the remaining 8% of the respondents have reached Ordinary level of education. Since the majority have attained tertiary education it means information provided by the respondents was accurate since they have good qualities and skills regarding budgeting and financial management concepts in the public sector.

Furthermore, all interviewed research subjects reached tertiary education since it's a professional requirement to undertake their roles. The interviewed research subjects include: internal auditors, provincial accountants and district accountants. The interview with the district and provincial staff members ensured data reliability from questionnaire responses as the targeted population consisted whistle blowers and oversight members of the Ministry.

4.4 Budgeting system being used

The first objective of this research study sought to identify the budgeting systems being used in government schools in Masvingo district. The researcher interviewed 12 interviewees concerning the budgeting systems being used by government schools and the information from the interviewed participants show that most public academic institutions are pursuing traditional budgeting systems. Study findings from questionnaire respondents reveal that most government are using the incremental budgeting approach as depicted by the frequency table 4.4 below.

Table 4.4 Budgeting systems adopted in government school

Budgeting system	Frequency	Percentage
Judgemental budgeting	3	38
Incremental budgeting	4	50%
Program based budgeting:	1	12%
Zero based budgeting	0	0%
Total	8	100%

Source: Survey data (2017)

Out of 8 government schools under study, 50% are using the incremental budgeting system and 38% are using judgement budgeting system in the management of statutory funds. The results also show that only one government school is using the program based system whilst no record shows the usage of zero based budgeting systems. The findings therefore suggest the prominence of traditional budgeting in government schools translating to the existence of time saving approaches to budgeting such as top-down budgeting. This supported by Pietrzak (2013) who revealed empirical evidence that approximately 90% of organisations globally are using the traditional budgeting system for financial planning, coordination and evaluation of activities; motivation and evaluation of staff performance and supporting the internal control system of the organization. Similarly, a survey study by Libby and Lindsay (2010) in Canadian service sector organisations indicated that traditional budgets were still being used for planning and control purposes and these organisations were not planning to abandon the traditional budgeting system in the near future. These studies have been done in different countries and different sectors of the economy yet arriving at the same result that organisations still find traditional budgeting relevant. In the context of government schools however traditional budgeting systems seem to have encouraged financial mismanagement practises as they present weak internal controls as well as low clients buy in as top managers' gut feeling determines the budget decisions

4.5 Adherence to budgeting principles

In light of the above findings regarding budgeting systems being used, the researcher went on to establish if government schools in Masvingo district are adhering to budgeting principles

in their budgetary processes. In order to solicit that information the researcher interviewed the selected twelve (12) employees regarding schools adherence to budgeting principles and the information from the interviewees showed that the majority of the schools are making considerable efforts in adhering to statutory rules in formulating budgets which include: oversight recommendations compliance, predictability of resource allocation and realistic forecasting of revenue. However, the respondents revealed that by the virtue of using less sophisticated budgeting systems which are time saving, schools do not necessarily adhere to other budgetary process principles such as transparency, cost effectiveness in budget execution, management of assets and liabilities in budgeting and comparative budget reporting.

Similar findings were found when the researcher made efforts to analyse the selected Schools Levy approval documents at the provincial office and found that most government schools are involved in weak credibility activities such as signalling in their budgetary processes which are intentional misrepresentation efforts to induce stakeholder buy in by complying with statutory rules in budget formulation however the budget execution activities diverge from the plan leading to budget variance translating to inefficiencies in service delivery. Variance analysis in most budget documents were not reported to stakeholders, since either financial reports or budgets were presented during Annual General Meetings to the Parents' Assembly for authorisation and eventually processed to the Provincial Education Director for approval. This contradicts with the transparency principle in budgeting and budgetary control which suggests comparative budget reporting to stakeholders.

The researcher also used questionnaires to solicit information from the respondents at institutional level who have the hands-on budget formulation and implementation processes in meeting the desired outcome.

4.5.1 Findings on government schools' adherence to budget planning and stakeholder involvement principles in budgeting

Research findings on the budget planning and stakeholder involvement budgeting process show that most government schools are not adhering to the strategy congruency principle as indicated by 70% of respondents in disagreement. Respondents also indicated that most government schools are not adhering to the budget reliability principle as denoted by 60% of the respondents disagreeing. In terms of the transparency principle in stakeholder involvement, 75% of the respondents showed that government schools in Masvingo district

are not adhering to the transparency principle. Fig 4.5 below clearly shows the research findings in relation to government schools adherence to budget planning budgeting principles.

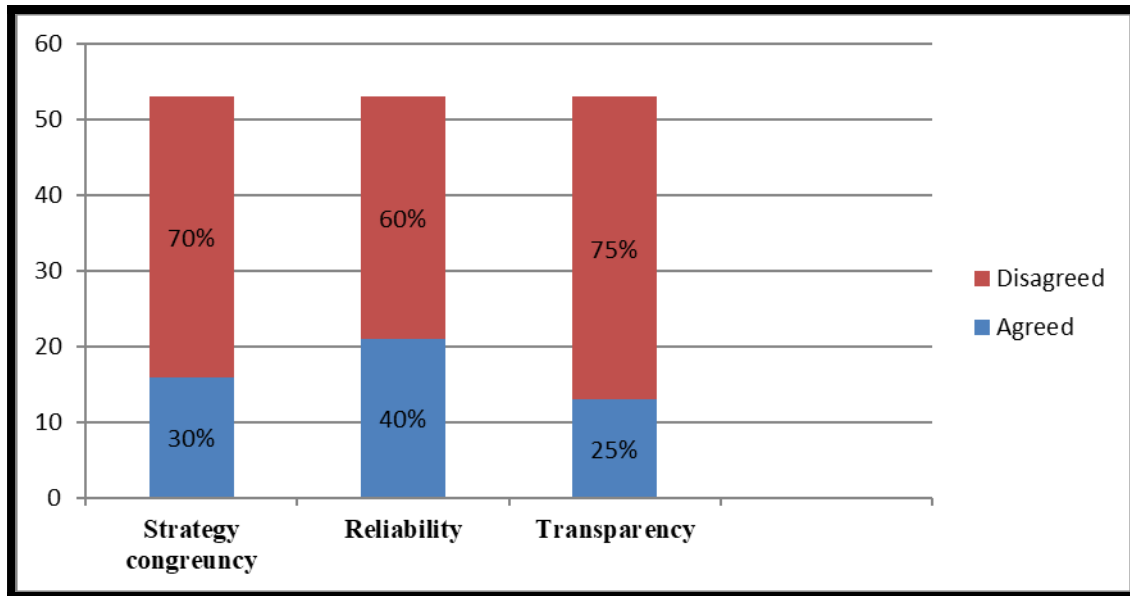


Fig 4.1: Schools adherence to the budget planning principles.

Source: Field data 2017

4.5.2 Findings on government schools' adherence to budget allocation and implementation principles in budgeting

Research findings on the budget allocation and implementation process show that most government schools are adhering to the predictability and expenditure control principle. 70% of the respondents showed that government schools are adhering to budgeting principles in their budget allocation principles. In terms of cost effectiveness, 60% of the respondents showed that government schools are adhering to budgeting principles. Fig 4.6 below clearly depicts the research data.

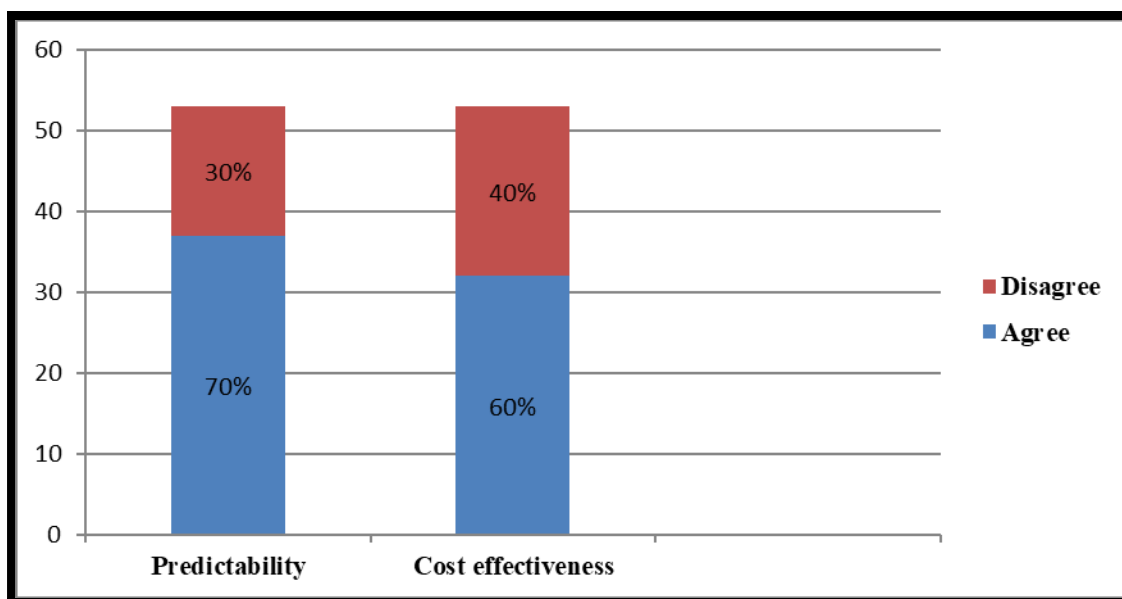


Fig 4.2: Schools adherence to budget allocation and implementation principles in budgeting

Source: Field data 2017

4.5.3 Findings on government schools' adherence to budgetary sophistication principles

Respondents show that in terms budgetary sophistication the majority of government schools are not adhering to the credibility and management of assets and liabilities principles in budgeting. The findings of the first objective revealed that almost all schools are using traditional budgeting systems which are either incremental or judgemental. Traditional budgeting systems are less sophisticated in terms of process as they seek to save management time. 70% of the respondents showed that government schools are non-adherent to the credibility principle in their budgeting process since the top-down approach as a time saving management strategy. All respondents also showed that although there are efforts to adopt accrual based financial reporting system; management of assets and liabilities in budgeting is not yet adhered to. This contradicts with the transparency principle which suggests prudent budget reporting of the present and future commitments of an organisation. Fig 4.7 below clearly shows the research data.

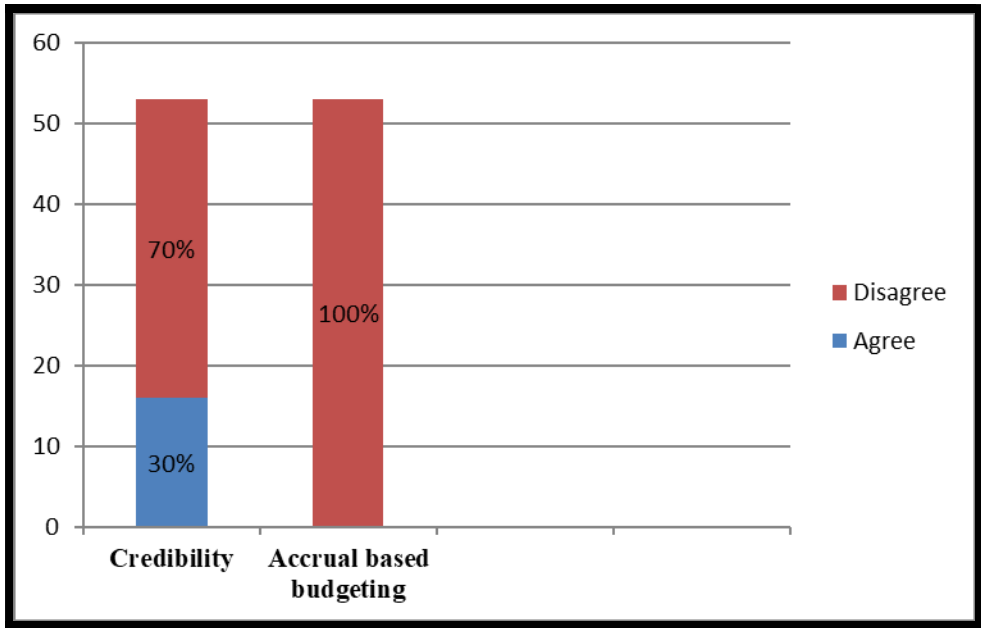


Fig 4.3 School’s adherence to budget sophistication principles

Source: Field data 2017

4.5.4 Findings on government schools’ adherence to budgetary control principles

Respondents indicated that most government schools adhere to the oversight recommendation and in terms of comparative budget reporting respondents indicated that schools are non-adherent to the comparative budget reporting principle. Fig 4.8 below clearly presents the research findings from the respondents. Fig 4.8 below shows that most government schools are compliant with the timely budget reporting for approval to the Provincial Education Director as denoted by 70% of the respondents in agreement. However, in terms of the transparent principle relating to comparative budget reporting 81% of the respondents indicated that government schools are non-adherent.

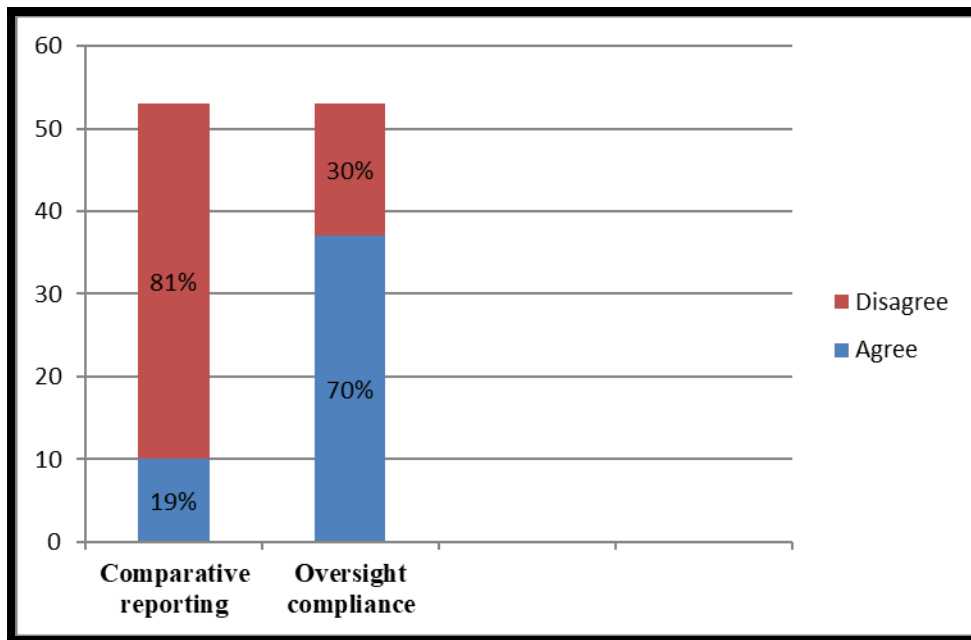


Fig 4.4 Schools’ adherence to budgetary control principles in their budgetary processes

Source: Field data

4.6 Budgeting principle and financial management

Having established the budgeting principles government schools are adhering to, the researcher went on to examine the effectiveness of budgeting principles in enhancing sound financial management using descriptive statistics measure such as mean and standard deviation. Research respondents were requested to indicate the extent to which budgeting principles influence sound financial management throughout the budgetary process.

The researcher made use of a five point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5). The scores disagree and strongly disagree have been taken to represent variables with mean scores ranging between of 0 to 2.4 on a continuous Likert scale, ($0 < S.D < 2.4$). The score “neutral” have been taken to represent a variable with a mean score of 2.5 to 3.4 on a continuous Likert scale: ($2.5 < N.E < 3.4$) and the score of strongly agree and agree have been taken to represent a variable which has a mean score of 3.5 to 5.0 on a continuous Likert scale; ($3.5 < S.A < 5.0$). The mean score of variables understudy represents respondents’ precision over the variable’s effectiveness in fostering sound financial management in government schools.

Table 4.5 Effectiveness of budgeting principles in fostering sound financial management

BUDGETING PRINCIPLES	Mean	Standard Deviation
The budget credibility principle is effective in realistic forecasting of revenue and expenditure translating to a sound financial management system in government schools.	3.75	1.254
Ineffective budgeting practises such as: unrealistic and escapist budgeting; hidden budgeting; and deferred budgeting lead to poor financial management.	3.92	1.313
Transparent and comprehensive budgeting reporting practises are effective in securing stakeholder buy in improving financial management in schools	3.98	1.352
The more stakeholder involvement in budgeting activities the more institutional objectives are meet.	4.25	1.090
Policy-based budgeting principle is effective in aligning budgets with institutional strategic plans and revenue forecast projections translating to a sound financial management system	3.83	1.341
Scrutiny and audit oversight in budget forecasting, financial planning and budget implementation activities is effective in fostering sound financial management	4.55	0.798
Management of assets and liabilities in budgeting is effective in improving institutional financial management	2.91	0.791
Cash budgeting system reports on the timing of cash inflows and cash outflows only hence encourages deferred budgeting translating to less prudent financial management.	2.83	0.935
Expenditure control in budget execution is an effective budgeting principle in fostering financial management	2.83	1.122
Effective expenditure arrears management translate to sound financial management.	3.02	1.009
Accounting and reporting: Effective budget reporting translate to sound financial management	4.45	0.798

Source: Survey data 2017

4.6.1 Budget credibility

The research findings in table 4.4 above indicate that the credibility principle is effective in realistic forecasting of revenue and expenditure thereby enhancing sound financial management. Research respondents involved in budgeting and financial management in the Education sector are of the opinion that fostering the credibility principle in budgeting improves the financial performance of government schools as indicated by a mean of 3.75 which is in the range of the strongly agree score.

Similar results were also found from the interviewees who were suggesting the realistic budget formulation in government schools through involvement of both internal and external stakeholders in order to adequately solicit credible information into budgeting decisions. Accountants and internal auditors under study also revealed that in order to improve management control of public resources expenditure items in budgeting should be similar to expenditure items in financial reporting for comparability and adherence purposes translating to the need for realistic budget formulation. The research respondents also indicated that incredible budgeting practises also results in poor financial management as denoted by a mean 3.92 which is in range of strongly agreeing in relation to the scale for this study mentioned earlier on. The interviewed respondents who confirmed that hidden, deferred and escapist budgeting practises lead to financial mismanagement in government schools as they evade the control mechanism in the budgetary processes.

Similar results were found by Junge., et al (2014) who revealed a positive statistically significant relationship between budget allocation and institutional performance meaning embracing best practise principles like budget credibility in strategic resource allocation has a significant influence over institutional performance. In this regard, Simson and Welham (2014) stated that budgetary variances between planned outturns and actual outturns signifying inefficiencies in developing countries are a result of incredible budgeting practises such as unrealistic budgeting, hidden budgeting and deferred budgeting practises.

4.6.2 Transparency and comprehensiveness

Research respondents indicated that transparent and comprehensive budget reporting practises are effective in fostering sound financial management as shown by mean 3.98 and standard deviation of 1.352. A mean of 3.98 is within the agree and strongly agree rating score hence it means embracing transparency in schools budgetary processes translate to sound financial management. Research respondents also revealed that stakeholder

involvement in budgeting activities leads to accomplishment of institutional goals as denoted by a mean of 4.25 and a standard deviation of 1.090. This means involving relevant stakeholder in budgeting is very effective in transparently securing stakeholder buy-in in organisational activities translating to sound financial management in government schools. In other words, revenue mobilisation in government institutions can be improved in form of stakeholder initiatives through honouring their fees payments as well as attracting philanthropy funds from social entrepreneurs in order scale in solving the complex needs public sector institutions face translating to good financial performance. In terms of expenditure control, transparency and comprehensiveness fostering leads to financial accountability of school officials and their teams in meeting institutional needs hence effectively reducing embezzlement and fraudulent activities by public servants.

Similar results were found from the interviewed respondents who confirmed the need for transparent budgeting processes in ensuring sound financial management in government schools. The auditors and accountants at the Ministry of Primary and Secondary Education expressed their concern over transparent budget reporting in ensuring effective participation from both internal and external stakeholders in institutional developments translating to efficient budgeting decision and financial management.

Research findings of this study are in line with a research study carried out in South Korea by Lopez et al., (2013) which established a positive relationship between budgetary participation and organisational performance meaning that stakeholder involvement in the budgetary process enhances better institutional performance. Junge et al., also found similar results in their quantitative study with related stakeholder participation and financial performance. However in their study they established an insignificant relationship between these variables which is in contradiction with this study. Junge et al., (2014) revealed different findings from this study's findings probably because transparency and comprehensiveness was not valued and uphold to foster sound financial performance in their study. This study was carried out within Zimbabwean context with the drive to foster sound financial management in government through embracing effective budgetary principles throughout the budgetary process.

4.6.3 Policy-based budgeting principle

Research respondents indicated that policy based budgeting principle is effective in aligning institutional strategies and budgeting as indicated by a mean score of 3.83 which is in the

range of an agree/strongly agree range. A standard deviation of 1.341 shows the implication of aligning school development plans to budgets in ensuring sound financial performance in government schools. Strategic plans resembles complex and diverse needs of learners and the institutional environment whilst budgets can be viewed as the driving forces devices by organisation to meet the established needs hence there is need for alignment if sound financial management is to be attained in government schools.

Similar results were obtained from the interviewed respondents who simply suggested the need for government schools in Masvingo district to comply with the Education sector financial management cycle in exploring schools their budgetary process as it requires the inclusive establishment of School Development Plans to reflect institutional needs and engagement in budgeting activities in line with the strategic plan.

4.6.4 Scrutiny and audit

Research respondents indicated that oversight and scrutiny activities by the audit function in budget formulating, implementation and control activities is very effective in fostering sound financial management in government schools as denoted by a mean score of 4.55 and a standard deviation of 0,798 which in the range representing a strongly agree score. Research respondents showed that forensic audits of financial performance isn't enough to reduce financial risk in government school as there is need for professional input by the audit and accounts department throughout the budgetary process.

Similar results were obtained from the interviewed respondents, as they gave insights of their roles in whistle-blowing and assisting budgetary control activities. The auditors and accountants revealed the need for government schools for comply and network with the audit recommendations and the provincial staff in coming up with credible budgets as well as earning financial integrity from various stakeholders which is a necessity to ensure support in meeting institutional needs.

Research findings are in line with the OECD budgetary governance principles which seek to promote rigorous quality assurance in the budgetary processes of public institutions through the inclusion of an independent oversight function in budgetary forecast activities as well as financial planning and budget implementation. This means that the audit function needs to take both the proactive and reactive approach in public sector institution activities in order to foster sound financial management. In support the International Federation of Accountants

(2016) also advocated the independent review of public financial resource utilisation and the need for monitoring recommendation implementation for organisational improvements.

4.6.5 Management of assets and liabilities

Research respondents were indifferent in respect to the effectiveness of accrual budgeting in fostering sound financial management as indicated by a mean score of 2.91 and a standard deviation of 0.791. A mean score of 2.91 is in the range of neutral score on a continuous Likert scale in this study which: $2.5 < N.E < 3.4$. Even the implication of fluctuations in the respondents' mean response is insignificant to consider accrual based budgeting ineffective in fostering good financial management in government schools as denoted by a standard deviation of 0.791 though the maximum implication of respondents' responses fluctuations have a positive bearing in fostering sound financial management on the variable understudy.

In order to clarify respondents' opinion the respondents were requested to indicate their rating of the currently adopted cash budgeting system and financial management position using a continuous Likert scale and descriptive statistics were used to analyse the research findings. The researcher found that respondents' mean score again showed an indifferent rating in relation to the effectiveness of budgeting in fostering sound financial management as indicated by 2.83 mean score which is in between the range 2.5 to 3.4 representing a mean score in this study. However, the best case scenario of respondents' response fluctuations suggests effectiveness of cash budgeting in fostering sound financial management as denoted by 0.935 as the standard deviation whilst the worst case scenario of respondents' response still suggests an the ineffectiveness of the current cash budgeting system in fostering financial management.

To ensure data validity and reliability the researcher interviewed accountants and internal auditors who revealed that the accrual based budgeting system is a highly sophisticated and complex technique which enhance sound financial management in a transparent and prudent manner. The interviewees disclosed that stakeholder involvement in budgeting is much effective if assets and liabilities mix are debated between school management and Parents Assemblies during Annual General Meetings as they present and future commitments of institutions which will be accounted for prudently rather than the generation of arrears with disastrous implications over the going concern of an institution. The interviewed respondents indicated that the cash budgeting system currently prevailing in government schools is essential in driving stewardship over public funds in terms of reflecting funds collection and

disbursement activities however not necessarily enough to foster sound financial management. The respondents also disclosed that financial reporting of government schools is moving from a cash based accounting system to accrual based accounting system for transparency reasons as well as adhering to IPSAS though accrual budgeting is not yet initiated.

In line with this study's research findings, a study by Maritim (2013) in the among Kenya's manufacturing parastals revealed that budgetary sophistication is a weak factor in influencing organisation performance since sophistication merely aids the technical or operational sections of the organisation and not organisational performance. However, in this particular study the interviewed respondents who are much informed indicated that sophisticated budgeting techniques are essential both financial planning and management control tools in fostering financial management.

4.6.6 Predictability and control in budget execution

Research findings indicates that respondents were indifferent in terms of the effectiveness of expenditure control in fostering financial management as indicated by a mean score of 2.83 which is with the mean scores range ranging from 2.5 to 3.4 on a continuous Likert scale. The worst case scenario of respondent's response fluctuations show that expenditure control in budgeting is ineffective in fostering sound financial management as indicated by a standard deviation of 1.122 and the best case scenario show that expenditure control in enhancing is effective in enhancing sound financial management.

Research respondents were also requested to indicate their rating of effective expenditure arrears management in enhancing sound financial management and the findings showed indifferent response as indicated by a mean score of 3.02. However the best case scenario of the implication of respondent's response fluctuations show that arrears management in budgeting is effective in fostering sound financial management whilst the worst case scenario shows that arrears management in budgeting is ineffective in fostering sound financial management as indicated by a standard deviation of 1.009.

The interviewed respondents disclosed that predictability of expenditure control in budgeting does not allow flexibility in budgeting hence it is ineffective in fostering sound financial management. In contradiction to the above findings the interviewees disclosed that arrears management in budgeting is effective in fostering financial management in government

schools as it discourage unsustainable financial mismanagement practises such deferred budgeting practises which perpetuate the non-disclosure of generated expenditure arrears to achieve short term benefits yet accruing disastrous long term consequences.

This study is in contradiction with the literature in the board of knowledge which revealed a significantly positive relationship between budget implementation practises and financial management (Lopez et al., 2013). Research respondents in this study indicated an indifferent view over the effectiveness of expenditure control and predictability of resource allocation principles in improving financial as this principle facilitate inflexibility in meeting the diverse and ever-changing needs of the clients.

4.6.7 Accounting and reporting

Research findings indicate that comparative budget reporting is effective in fostering sound financial management in government schools as indicated by a mean score of 4.45 which lies between 3.5 and 5.0 of a continuous Likert scale and a standard deviation of 0.798. A comparable accounting reporting system ensures transparency in the budgetary process thereby enhancing stakeholder buy-in in institutional budgeting activities. Similar results were found from interviewed respondents who disclosed the need for the government to use accrual budgeting system as they are already using accrual financial reporting system involving the production of the statements of cash flow, statement of financial position as well as Income and Expenditure account. The interviewed respondents also suggested the comparative budget reporting which involves the disclosure of budgets alongside financial reports as well as the variances for transparency in budgetary control and effective participation of both internal and external stakeholders.

CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter looks at the summary of research findings upon which the research sought to achieve the research objectives after an assessment of budgeting as a management tool in improving financial management, a case of government schools in Masvingo district. This chapter also provides recommendations to government schools in relation to budgeting and financial management as well as the areas for further research are also recommended.

5.1 Summary of findings

The study aimed at assessing budgeting as a management tool in enhancing sound financial management in government school in light of the prevailing financial constraints summoning the nation. Theoretical and empirical literature in relation to the study objectives was critically analysed to acquire both intensive and extensive views from various authors. The researcher used a predictive research design to examine the effect of budgeting as a management tool in enhancing sound financial management. Data collection relating to the research study was collected using questionnaires and interviews to ensure reliability and validity. Descriptive statistical measures were used to analyse data collected and it was presented in form of frequency tables and categorical tables to ensure clear presentations.

5.1.1 Budgeting systems being used

This study revealed that almost all government schools in Masvingo district pursue traditional budgeting systems for financial planning and control in order to enhance financial management. Research findings showed that most government schools use incremental budgeting followed by judgemental budgeting and only one school has adopted program based budgeting. Furthermore, research findings also established that among the selected government schools no one school has adopted zero based budgeting or any other type of budgeting. Similarly, a survey study by Pietrazak (2013) revealed that approximately 90% of organisations in the world are using traditional budgets for financial planning, coordination, internal control and evaluation of performance

5.1.2 Adherence to budgeting principles

Research findings revealed that most government schools adhere to statutory rules in relation to the budget allocation and implementation process which include predictability of resource allocation, realistic forecasting of revenue and expenditure as well as oversight compliance in budgetary control activities. This study revealed that in terms of budget planning, budget sophistication and budgetary control approximately 80% of the government schools in Masvingo district are non-adherent to the best practise budgeting principles in their budgetary processes thereby leading to divergence planned and actual performance resulting to budget variance translating to inefficiencies in service delivery.

5.1.3 Effectiveness of budgeting principles in fostering financial management

Study findings revealed indifferent view over the effectiveness of the expenditure control and the management of asset and liabilities budgeting principles in fostering sound financial management as indicated by mean scores ranging between 2.5 and 3.4 on a continuous Likert scale. The standard deviation of the above mentioned variables indicated that in a worst case scenario those principles are ineffective in fostering sound financial management as the mean score would change from the mean range scores to the 0 to 2.4 ineffective range. Research findings also indicate that the rest of the budgeting principles understudy, are effective in enhancing sound financial management as indicated by mean scores ranging between 3.5 and 5.0 on a continuous Likert scale. This study revealed that scrutiny and audit oversight budgetary principle is very effective in fostering financial management in government schools followed by transparent budget reporting as indicated by high mean scores 4.55 and 4.45 respectively on a continuous Likert scale. Moreover, this study also found that the rest of the budgeting principles are less effective compared to the prior variable as indicated by their mean scores and standard deviation on a continuous Likert scale ranging from 3.5 to 3.9.

5.2 Conclusions

After identification of the budgeting being used by government schools, examination of the government school's adherence to budgetary principles and the effectiveness of budgetary principles in enhancing financial management using descriptive statistical tools conclusions have been made based on research findings. The following conclusions were drawn from the findings revealed.

5.2.1 Budgeting systems being used

From the research findings, it can be concluded that approximately 90% of the government schools in Masvingo district are pursuing traditional budgeting systems particularly judgemental and incremental budgeting. In line with the above findings approximately 10% of the government schools in Masvingo district have adopted advanced budgeting in form of program based budgeting and no any other type of budgeting was being used.

5.2.2 Adherence to budgeting principles

Research results relating to government schools' adherence to budgeting principles it can be concluded that most government schools are only adhering to budgeting principles aligned to statutory regulations however, schools evade any other budgeting principles in their budgetary processes resulting in budget variances translating to inefficiencies in service delivery due to poor revenue mobilisation, weak expenditure control and the misplaced prioritises in the allocation of scarce resources.

5.2.3 Effectiveness of budgeting principles in fostering financial management

In line with the research findings revealed on the effectiveness of budgeting principles in fostering financial management it can be concluded that embracing budgeting principles in government schools' budgetary processes is effective in improving financial management. The most effective budgeting principles being audit oversight compliance and transparent budget reporting integrated with the budget credibility and comprehensiveness principles. This research also concluded that expenditure control in budget execution and budgeting accounting systems are not necessarily effective principles in fostering sound financial management.

5.3 Recommendations

Unlike private sector organisations, public sector institutions like government schools do not create wealthy to solve social problems hence there is need for these institutions to adopt effective principles and systems which enhance sound financial management if they are to scale in meeting the fundamental complex needs they face. Sound systems aid public education institutions influencing and controlling the much needed revenue from various stakeholders through philanthropy activities, fees and levies from committed stakeholder who require value for money in order to scale in quality provision of services, thus sound financial management.

5.3.1 Government schools should adopt more sophisticated budgeting systems like zero-based budgeting; program based budgeting and site-based budgeting in order to enhance stakeholder support to influence and control scarce resources mobilisation and effective disbursements at a large scale.

5.3.2 Government schools should consider adhering to effective budgeting principles in their budgetary processes rather sticking solely to statutory rules.

5.3.3 Sound financial management has to be enhanced through the integration of budgeting principles especially stakeholder involvement

5.3.4 Internal audit oversight in budgeting activities of government schools should be increased throughout the budgetary processes in a way which integrates a proactive approach to financial management activities of schools.

5.4 Further recommendations

Further should be done using descriptive survey research design and a larger heterogeneous sample to evaluate the effectiveness of budgeting as a management control tool in enhancing financial management in other sectors of the economy especially in Zimbabwe in order to solve the financial mismanagement spreading across sectors in the nation.

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APPENDIX A

QUESTIONNAIRE

I am Taonana Ronald, an undergraduate student at Midlands State University. I am kindly asking for your valuable assistance in carrying out my research study by way of completing the questionnaire. I am carrying out a research budgeting as a management tool in improving financial management in public education institutions (Case of government schools in Masvingo District). Your support in terms of responses will be highly appreciated. On successful completion of the questionnaire it will be treated with utmost confidentiality and only be used for academic purposes.

How to fill in the Questionnaire

- a) Use the space provided to write your answers
- b) Where there is a box or scale please tick in where appropriate

SECTION A: ADMINISTRATIVE SECTION

TICK WHERE APPLICABLE

1) Response code

Completed

Pre-maturely terminated

2) Date of study

...../...../.....

3) Location of the study

.....

4) Name of institution

.....

BACKGROUND INFORMATION

TICK WHERE APPLICABLE

1) Age

Below 25 years	25-35 years	36-45 years	Above 45

2) Gender:

Male Female

3) Marital status

Married Single

4) Level of education

O' level A' Level Tertiary level

Other (specify)

.....

6) Occupation or profession

.....

SECTION B: TO IDENTIFY THE BUDGETING SYSTEMS BEING USED

1) Which type of budgeting system does your institution use in budget formulation? **Tick (√)**
ONLY one type from the following, which best reflects your institution:

Judgemental budgeting: Solely determined on the basis of what is “felt” to be necessary and affordable.

Incremental budgeting: Traditional system which base the budget on that of the previous period, usually adjusting to inflation or revenue growth by percentage increase.

Program based budgeting: system which analyses the output of a given programme and then seeks for alternatives to find the most effective means of reaching basic programme activities

Zero based budgeting: The budget starts from base of zero for each period. Budgets proposed activities are then put forward, used and prioritised in relation to institutional objectives and allocated funds in order of priority.

None of the above: Please explain the type of your institutional budgeting system:

SECTION B: To establish if government schools are adhering to budgeting principles in budget formulation.

2) Tick appropriately the budgeting principles your institution has been adhering to in the budgetary process? **For each of the following statements, please tick (√) the appropriate scale.**

	Agree	Disagree
Budget planning and stakeholder involvement		
Alignment between School Development Plan (SDP) and budgeting		
Budget reliability- Realistic forecasting of revenue and expenditure.		
Transparent and open processes to ensure stakeholder buy-in.		

Budget allocation and implementation		
In year predictability of resource allocation relating to needs identification.		
Budget execution as intended using cost effective procurement procedures.		
Budgetary sophistication		
Budget credibility- legitimacy of the process by which a budget has been created translating low variance in revenue and expenditure.		
Management of assets and liabilities to deliver value for public money		
Budgetary Control		
Comparative reporting of budgeted and actual performance- transparency		
Oversight compliance in timely production of reports to foster trust and integrity		

SECTION C: To examine the effectiveness of budgeting governance principles in fostering sound financial management.

3) To what extent do you agree with the following statements in relation to budgeting governance principles and sound financial management? **For each of the following statements, please tick (√) the appropriate scale.**

		Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
1.	The budget credibility principle is effective in realistic forecasting of revenue and expenditure translating to a sound financial management system in government schools.					
2.	Ineffective budgeting practises such as: unrealistic and escapist budgeting; hidden budgeting; and deferred budgeting lead to poor financial management.					
3.	Transparent and comprehensive budgeting reporting practises are effective in securing stakeholder buy in improving financial management in schools					
4.	The more stakeholder involvement in budgeting activities the					

	more institutional objectives are meet.					
5	Policy-based budgeting principle is effective in aligning budgets with institutional strategic plans and revenue forecast projections translating to a sound financial management system					
6.	Greater alignment between institutional strategies and budgeting enhance sound financial management.					
7.	Scrutiny and audit oversight in budget forecasting, financial planning and budget implementation activities is effective in fostering sound financial management					
8.	Management of assets and liabilities in budgeting is effective in improving institutional financial management					
9.	Cash budgeting system reports on the timing of cash inflows and cash outflows only hence encourages deferred budgeting translating to less prudent financial management.					
10.	Expenditure control in budget execution is an effective budgeting principle in fostering financial management					
11.	Effective expenditure arrears management translate to sound financial management.					
12.	Accounting and reporting: Effective budget reporting translate to sound financial management					
13.	Comparative budget reporting translate to transparent financial management					

SECTION D: To establish what can be done to improve budgeting in achieving transparent public financial management.

4) What can be done to improve budgeting in achieving prudent financial management at your institution? **Please fill in the space provided**

.....

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THANK YOU!

APPENDIX B

INTERVIEW GUIDE

Introduction

- The interviewer introduces himself and the purpose of the interview.
- What position do you hold and for how long have been in that position?

Budgeting: a management tool in improving financial management

- It is my understanding that like any other organisation, government schools under the Ministry of Education are facing financial constraints making budgeting a vital tool. What budgeting system or systems are being by public education institutions?
- Just like any other public entity, I suppose revenue mobilisation to solve societal needs is the primary financial core of government school. What budgeting principles do schools adhere to in formulation budgets?
- I understand the accounting and auditing departments are involved in financial management oversight for schools and there are certain budgeting principles you consider such credibility, transparency, realistic and stewardship. As an accountant or auditor, do you think government schools are adhering to budgeting principles?

- As financial management expertise, do you think pursuing budgeting as a management tool is effective in improving financial management in the context of school?
- In light of the financial misconduct compromising sound financial management in some schools over the years, what can be done to improve budgeting as a management control tool to enhance sound financial management in government schools?

Thank you for your participation, stay blessed.

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