

Effect of Budgeting Process on Organizational Effectiveness: The Case of Hadiya Zone Selected Woreda Public Finance Sectors

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Abstract

The main purpose of this study was to investigate the effects of budgeting process on the organizational effectiveness in Hadiya zone public finance and economy development sectors. Qualitative and quantitative research methods were employed. The study was carried out in purposively selected five woreda of the zone. These woredas were selected among twelve woredas of the zone due to their establishments' priorities, rich information, and experienced man power. Moreover, Stratified and simple random sampling techniques were respectively applied to select a sample of 157 staff members. From these 157 respondents, only 151 samples were used to collect the data (i.e. 96 %) of the respondents participated in the study. The data were collected through questionnaires and document analysis. The data obtained from respondents were analyzed using descriptive statistics and multiple linear regression analysis via SPSS version 20.0 soft ware. The findings of the study indicated that there was a direct relation between the effects of BPL, BI, BC, and TRB with the organizational effectiveness on HZOFED. The study indicated that the contribution of budget planning for the success of organizational effectiveness seems not promising as others did. Thus, its significance was not as strong as others. Inefficient budget utilization and Budget control in their organizations was not promising as expected. All of four independent variables are making 63.20% of the contribution to OE in HZOEFD. Finally, recommendations such as empowering major stakeholders in budget planning, improving the execution of budget implementation, establishing budget control system and Providing Training Programs for Employees to Improve Organizational Effectiveness in Finance Sectors, enhancing organizational capacity in the budget process were forwarded to overcome organizational effectiveness challenges in the study area.

Keywords: budget, budgeting process, Government Finance, organizational effectiveness

1.1 Background of the Study

Joshi (2003) budgeting process and performance evaluation practices in a developing country and found out that most of the organizations prepare long range plans and operating budgets, and use budget variances to measure organizations performance, for timely recognition of problems, and to improve the next period's budget and also Merchant (1981) points out that the budgeting process is accepted differently in arrangements which differ in diversity on Organizational but researchers have not paid considerable attention to the possible relationship between budgeting process and performance of the country government organization.

According to Horngren and Foster (2006), a budget is a quantitative expression of a proposed plan of action by management for a future time period and is an aid to the coordination and implementation of the plan. It is a comprehensive expression of management's operating and financial plans for a future time period and it is usually summarized in a set of budgeted financial statements.

Government budgeting is the process by which the financial polices of government including its monitors requirement, is formulated, adopted and executed in to effect. It is a document that sets out how a government in power in a particular country proposes to collect and spend money according to Premchand, (1995).

Public budgeting means making and implementing decision regarding the; acquisition, allocation, and uses of resource by government with primary focus on money in modern world. Effective and efficient public spending program are critical to promote economic growth and equitable access to economic opportunities for all segments of society. Well planned and implemented public spending strategies can promote efficiency and equity through budgeting preparation, implementation and service delivery (Nice, 2002).

When we see the case of Ethiopian budget classification system, it is possible to see exactly which resources are assigned to which public bodies and to follow up that the money has been used in accordance with the intended priorities. Budgets are assigned to public bodies or sector offices and their respective departments, divisions, programs or projects, in turn, assign responsibilities for their effective use. With devolution, it is crucial that the planning and budgeting cycles at each level are harmonized and coordinated.

This is also why a basic understanding of the procedures and timelines in preparing the budget at federal level is important in order to understand the budget process at regional and Woreda level. Furthermore, budgets define "use" and "purpose". The purpose or objective of a budget is related to the intended outputs. This means all budget items are related to the planned activities on which the public funds are spent and the purpose of the spending.

Currently, the annual budget formulation process has two dimensions which include the identification of priorities and goals, and allocation and management of funds.

The budget formulation process has four stages. These are the budget planning stage, the budget preparation and legislation stages, budget implementation, and control stages. Several stakeholders are involved at each step of the budget cycle, with some contributing exceedingly more than others. The executive body has considerable power in the budgetary process with Ministries playing important roles in planning, budget formulation and implementation particularly in Ethiopia has a dual budgeting system in which current and capital expenditure are considered separately (MOFED,2009).

Campbell (1985), a budget is a quantitative analysis prior to a defined period of time, of a policy to be followed for that period to achieve a given organizational objective. Its main purpose is to aid in the success of objectives and direct managerial power (through planning, participating, coordinating, measuring and rewarding) throughout the organization towards global purpose. Like Campbell (1985), other writers such as Drake and Fabozzi (2010), Bonner (2008), Jr. Bierman (2010), and Miller et al (2001) have all approved that budgeting is mapping out the sources and uses of funds for future times for organizational goal success.

Kariuki (2010), budgeting is a process of planning the organizational operations for its effectiveness. It is also as a management tool helps to organize and formulize management's budget planning process for organizational goal achievement and financial tool is useful for both evaluation and control of organizations for the planning of future activities. Those all are why an efficient programmed budgetary systems has a positive effect on the ability of the budgeting process to anticipate and respond with expressed measures to opportunities and pressures from the environment in which the organizations operates. In the study area most of the time stakeholders particularly budget user sectors blame and show dissatisfaction about the budget shortage. Hence, the ultimate target of this study is identifying the major factors that affect the budgeting process on organizational effectiveness in Hadiya zone selected public finance sectors.

1.2 Research Hypothesis

This study based on the empirical literature review done in chapter two, the following test table hypothesis has been developed.

H₁: proper Budget planning has significantly and positively affect on organizational effectiveness.

H₂: Budget preparation is significantly and positively related with organizational effectiveness.

H₃: budget implementation is significantly and positively related on organizational effectiveness.

H₄: Budget controlling is significantly and positively affect with organizational effectiveness.

1.3 Objectives of the Study

1.3.1. General Objective

The general objective of this study is to examine the effect of budgeting process on organizational effectiveness in study areas public finance sectors.

1.3.2 Specific Objectives of the study

The Specific objectives of this study are the followings:

- ✓ To examine the importance of budget planning on organizational effectiveness.
- ✓ To determine the impact level of budget preparation with the organizational effectiveness.
- ✓ To identify factors affecting budget implementation on organizational effectiveness.
- ✓ To investigate the impact of budget controlling on organizational effectiveness.

1.4 Scope of the Research

The study addresses the effect budgeting process focus on organizational goal achievements on budget planning, preparation, implementation and budgetary control, and best performance activity for organizational effectiveness in Hadiya zone five selected government Woreda finance and economy development office consideration from Finance department.

METHODOLOGY

2.1. Introduction

This chapter briefly presents the methodology and description of the methods and techniques used in the collection of data. According to Leedy and Ormoed (2004) research methodology refers to the general approach the researcher takes in carrying out a research project. It was organized into different sections:- introduction, description of the study area, Design of the research, sources of data, data collection technique, variable descriptions, population of the study, sampling technique, sample size, Methods of data analysis and ethical considerations.

2.2 Research Design

Agreeing to Mugenda, (2003) the purpose of descriptive research is to decide and report the way things are and it helps in establishing the current status of the population under study.

A research design is the general plan of how one goes about answering the research questions Sauder's, Lewis & Thornhill, (2007), and that study adopted both qualitative and quantitative survey design as it aims at collecting information from respondents on effect of budgeting process on organizational goal achievement in Hadiya zone public finance organization. Thus, the researcher has chosen this design due to the design's ability to ensure minimization of bias and maximization of reliability of evidence collected and moreover, it is convenient to investigate the current status of population under study.

2.3 Data Sources

Data exist in two forms, primary and secondary sources. Primary data source is non-existent; eye witnessed and gathered for first time use or give first hand information about the study. Primary data source requires that the researcher investigates and keeps records of the findings on the topic of the study. Primary data is very preferable in studies where new models and theories are developed and proven empirically. In sharp contrast however, secondary data is usually an existing data that has been collected or gathered by other researchers or authors and accepted as valid and has a direct or an indirect link with the study conducted. In this study both primary and secondary data sources were used.

2.4. Population, Sampling Frame and Sampling Size

2.4.1. Population of the study

The study targeted 262 staff employee from 5 selected woredas public finance staff members in Hadiya zone. The researcher selected woredas purposively due to those woredas are established and structured earlier than the others, as a result, they have available data or documents, more experienced staff members, rich in information full manpower that helps to identify problems effectively the topic under the study. Therefore, purposive sampling technique was employed by student researcher because believes that these sectors likely have sufficient information and exposure on the topic under study. As Creswell, (2012) stated the researcher intentionally selects individuals and sites to learn or understand the central phenomenon. The standard used in choosing participants and sites are "information rich." This source also emphasizes selecting people and sites can best help us understand our phenomenon to develop a detailed understanding, provide useful information, and that might give voice to "silenced" people.

Moreover, Cohen, L., Manion, J. & Morison, K. (2007). confirmed that purposive sampling is used in order to access "knowledgeable people", i.e. those who have in-depth knowledge about particular issues, may be by virtue of their professional role, power, access to networks, expertise or experience.

2.4.2 Sampling Frame

According to (Orodho. 2009), a sampling frame is asset of information used to identify a sample population for statistical treatment and also he noted that, the sampling frame must be representative of the population. Therefore; the sample frames of the study was the targeted Population of the study which was 262 employees of all the staffs of the five woredas public finance sectors. The sampling frame was picked from the Human Resource Manager of Hadiya zone public finance organization.

2.4.3 Sample Size

Gay and Airasian, (2000) stated that purposive sampling as one which involves selecting a sample based on experiences or knowledge of the group to be sampled.

There are 12 public finance sectors in Hadiya zone. Out of these, the researcher selected five woredas purposively believing that those woredas had earlier establishment than others and hoping they have available documents for the issue under treated and expected they have more experienced staff members, full manpower that helps to identify problems effectively. Questionnaires were distributed among sample public finance offices members to get appropriate and adequate response from those sectors regarding the factors that affecting in budgeting process on organizational effectiveness. The sample size for this study were drawn using the following formula which was developed by Yamane (1967) the reason for using this formula is that it is the most simplified and widely applied in determining sample size in such research works. A 95% confidence level and $e = 0.05$ precision are assumed for the Equation.

$$n = \frac{N}{1+N(e)^2}$$

Where, n = sample size

N = Population size of each variable (Management & non-management members) e = level of precision

Thus, the sample size for the study using the above formula was as follows:

$$n = \frac{N}{1+N(e)^2}$$

$n = \frac{262}{1+262(0.0025)} = 157$ thus, this sample size indicated about 60% of the population.

The researcher deemed necessary to take independent sample for each sector department to ensure equal representation because department have different number of employees. Therefore, the sample size for each

worda public office was calculated using proportion. The study used proportionate sample allocation formula so as to make each stratum sampled identical with proportion of the population. Therefore, proportional sample size from each stratum was calculated by using the following formula

$$n_i = \frac{n * N_i}{N}$$

Where: n_i = sample size for individual zonal public department

N_i = the total number of employees in each woreda office

N =the total number of office employees in the selected department

n = the total sample size for selected office

2.5 Sampling Technique and Procedures

The simple random sampling technique allows each woredas equal and independent chance to be selected as the sample of the study without any bias (Mertler and Charles 2005). Out of two administrative towns and ten woredas of Hadiya zone public finance organizations, the researcher purposively selected 5 public finance sectors and stratified all staff members based on the common characteristics (based on geographical location) on government finance offices and finally the researcher proportionately allocated the calculated sample size to and determined the actual number of samples to be selected from each stratum. Finally, the researcher applied simple random sampling method technique in selecting the targeted sample size.

In Hadiya Zone Administrations There Are 10 Woreda 2 Town Administrations

Table 3.1: Selected Woreda

Number	Name of Woreda	No of employees	Sample
1	Shashogo	50	30
2	Soro	65	39
3	Misha	47	28
4	Lemo	55	33
5	Hosanna town	45	27
Total		262	157

Source: Researcher's own table (2018)

2.6. Data Collection Instruments and Data analysis.

According to Mugenda and Mugenda (2009), questionnaires are very suitable in survey research and structured questionnaires were used to collect data from the respondents. McMillan and Schumacher,(1997) stated that a questionnaire is relatively economically cheap, quick to administer and consistence that the same questions for all subjects, and ensures anonymity. The most common questionnaires were developed using five points Likert scale.

Mertler & Charles (2005)also stated that Likert scale is an instrument composed of statements that permit responses along on five point likert scale (very high =5, high =4, medium=3, low=2 and very low=1 or use strongly disagree=1, Disagree=2, neutral =3 , Agree=4,and Strongly agree=5) for close ended items. Each item on the questionnaire was developed to address specific objectives of the study. The instrument is used because it covers a large number of respondents at a comparatively shorter period of time and in addition, it gives the respondent the confidentiality to give free and independent opinions because of absence of the researcher and ensures anonymity. The secondary data were collected from the documents so as to strengthen the primary data.

The data analysis process involves data cleanup and explanation, after that the data is coded and checked for any errors and omissions (Kothari, 2012). Data analysis was applied to examining, categorizing, tabulating, testing or otherwise, recombining both quantitative and qualitative evidence to address the research questions. Data were analyzed by using multiple linear regression models on SPSS Version 20.

2.7 Description of Variables and Hypotheses Formulation

2.7.1 Dependent Variable

The dependent variable is the variable that is the effect or is the result or outcome of other independent variables (Neumann, 2007).In this study the dependent variable is the Organizational effectiveness as explained below.

In this study, the measurements of Dependent variables of Organizational effectiveness (OE) were from the two dimensions of: the organizational Budget planning and Budget Implementation activities and their effect on the effectiveness of the organization. Although the dimensions of effect of budget planning process on organizational effectiveness were supported by the independent variables of Budget planning (BPL), Budget preparation (BPr), and Budget tax revenue (BTR). On the other hand for the Budget implementation and Budget control independent variables, these dimensions were considered through the effect of Budget process on organization's effectiveness. Based on the above two approaches (dimensions) in measurement organizational effectiveness, the five point Likert scale of summative mean score were also used to measure those of the above

variables by which data was obtained. Generally the formal budgeting process, an independent variables, which were measured with rate of extent by five sub variables such as, budget planning, the budgeting control, budget preparation budget implementation that organization and tax revenues budget control variable.

2.7.2 Independent Variables

The independent variables are the cause variables or the one that identifies forces or conditions that acts on something else (Neumann, 2007). Generally the formal budgeting process, independent variables, which are measured with rate of extent by five sub variables such as, the budget planning, budgeting control, budget preparation and budget implementation that organization.

TR- tax revenue which is the revenue collected from the government tax and measured by its nominal value. In this section, the measurement of variables firstly, it is necessary to determine the instrument indicators used for measuring each variable. For some variables instruments are adopted directly from previous research, others are self-developed. Secondly, it is necessary to check the invariance and inter relation among the indicators. The leaders/senior managers of Hadiya zone selected finance organization were asked to rate of extent of effect on budgeting process on organizational effectiveness in their organization and indicate the organizational goal achievement. The regression models were presented the dependent variable (organizational effectiveness) and independent variables on the budgeting process includes effective budget planning, budget preparation, budget implementation, budgetary control and tax revenue as expressed in the below.

Budget Planning

According to (Joshi et al., 2003) examined budgeting planning, and performance evaluation practices in a developing country found out that most of the firms prepare long-range plans and operating budgets, and use budget variances to measure a manager's performance, for timely recognition of problems, and to improve the next period's budget and According to (Merchant & Kowjak, 1981) points out that the budgeting process is accepted differently in arrangements which differ in diversity of organizational but researchers have not paid considerable attention to the possible relationship between budgeting process and performance of the country government organization. Therefore, the effective budget planning affects the organizational performance. Depending on the forgoing discussion the current researcher formulate the hypothesis as:

H₁: proper Budget planning has significantly and positively effect on organizational effectiveness.

Budgetary Preparation

A well designed administrative budget preparations predictable to contribute positively to the organizational goal success (Ponsian & Chrispina, 2014). At the time of budget preparation when the organization encourage the staffs to take part in the preparation of this activity lead them to effective and efficient. Based on the above concept the hypothesis regarding the budget participation as:

H₂: Budget preparation is significantly and positively associated with organizational effectiveness.

Budgetary Implementation

It was an independent variable and which measured by extent through degree of Likert scale. A well budget implemented organization was expected to contribute positively to the creation of affirms value and high presentation reflects organization effectiveness and efficiency in making use of firm's resources and this in turn contributes to the country's economy at large (Nyageng'o, 2014). This study would have effective budget implementation was positively related to organizational effectiveness.

H₃: There is relationship between budget implementation and organizational effectiveness.

Budgetary control

It was an independent variable and which measured by extent through the degree of the Likert scale. (Serem, 2013) The results of the study discovered that effective budgetary control improved performance of local government organizations and he established that there was a weak positive effect of budgetary control on the performance of Non- Governmental Organizations. Moreover, this study estimated that effective budgetary control could high positively correlate to organizational effectiveness.

H₄: Budget controlling is significantly and positively associated with organizational effectiveness.

Tax revenues budget

The revenue budget contains of revenue receipts of government institute and the spending met from these revenues and that tax revenues are made up of taxes and other duties that the government levies. Revenue estimates refer to the forecasts of the likely revenue to be collected during the budget year from the provision of taxes and services by government organization. Revenue is likely to accrue from transports services, land leasing and trade Income.

As noted by Lisa (2007), tax collection enforcement is the action of enforcing the collection of the assessed outstanding tax debts or delinquent taxes from taxpayers who did not voluntarily comply with their tax obligations (non-compliers or taxpayers in default or tax debtors or delinquent taxpayers) through seizure and sell of property or seizure of accrued wage/salary action and without going to a court. Such enforcing action also includes the collection of penalties, interest and further expenses resulting from the collection enforcement.

H5: Tax revenues budget is significantly and positively affects with organizational effectiveness.

2.8 Model Specification and OLS Assumption

The characteristics of model and the proposed variables in this study were evaluated for the fulfillment of the classical line assumption (CLRM)(Gujarata, 2004) similarly;

According to (Ponsian, 2014) Ordinary Least Squares (OLS) regression model was used:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \dots \beta_6 X_6 + \varepsilon \quad \dots \dots \dots (1)$$

$$OE = \beta_0 + \beta_1 (BPI) + \beta_2 (BPr) + \beta_3 (BI) + \beta_4 (BCo) + \beta_6 (TRB) + \varepsilon.$$

Where: 0=Intercept of the equation and 1, 2... 6=Coefficient and ε =Error term. This regression model presented the dependent variable (organizational effectiveness) and independent variables on the budgeting process were expressed as in the equation below:

OE=organization effectiveness, β_0 =intercept $\beta_1 - \beta_5$ =is Coefficient to find dependent variables. ε =error term.

BPI=budget planning, Bpr = budget preparation, BI=budget implementation, BCo =budgetary control and, BTR =budgetary tax revenue budget.

The independent variables $\beta_1 - \beta_5$ were variables of effects of budgeting process on organizational effectiveness for this study which was measured through various questionnaires by asking the respondents about the questionnaires. The computer software packages were used to analyze the data correlation and regression were employed to test the effect of budgeting process on organizational effectiveness. A five point Likert scale will be used to interpret the level of ranking.

The following diagnostic test was carried out to ensure that the data suits the basic assumptions of classical linear regression model (CLRM) underlying the OLS:

Normality: the normality assumption is required in order to conduct single or joint hypothesis test about the model parameter (Bera and Jarque, 1981).

MultiCollinearity: The existence of strong correlation between the independent variables was tested using Variance Inflation Factor (VIF). In the construction of an econometric model; it may happen that two or more variables giving rise to the same pieces of information are included. **Heteroscedasticity:** Another important assumption of classical linear regression model is equal variance with the error terms but, sometimes this assumption neither may not biased result to be consistently validated as result of outlier and omissions of relevant variables in the model. To check for Heteroscedasticity, Breusch-Pagan/Cook-Weisberg test of Heteroscedasticity, carried out.

Autocorrelation test: this is an assumption that the errors are linearly independent of one another it would be stated that they are auto correlated to test for the existence of autocorrelated or not the popular Durbin Watson test was employed. Durbin Watson test was 2 critical values an upper critical (du) and the lower critical (dl). It is a test of correlation between series of observation ordered in time or entity (time series and cross sectional).

2.9 Validity and Reliability

Cronbach alpha was also applied to test the effects among the indicators and the measurement results for all variables were used in the present research. The aim to examine the general effect of budgeting process on organizational effectiveness and to determine how formal budgeting process and controlling system is undertaken in the organization.

2.10. Ethical consideration

Taking the severity of the ethical considerations in mind, this study was done with highest importance placed on ethics, confidentiality, and anonymity. In this study, confidentiality and anonymity of the respondents were emphasized to protect their privacy and the dignity (Cohen et al., 2007). Thus, on the cover page of the survey questionnaire the student researcher clearly presented how to protect confidentiality and anonymity of the participants; informing them that involvement in the study is voluntary; and their consent should be gained, the involvement is free of any intended risk; and their names would be kept anonymous.

3. RESULTS AND DISCUSSIONS

3.1. Introduction

This chapter presents the discussions and analysis of the feedbacks gathered from the respondents through questionnaire. The study tried to investigate the Effect of Budgeting Process on Organizational Effectiveness: The Case of Hadiya Zone Selected Worade Public Finance Sectors. In this chapter the study were analyzed and discussed in line with the stated specific objectives that lead to the major finding, draw conclusions and recommendations.

3.2. The rate response on Questionnaire

For this study, a total of 157 questionnaires were distributed to the respondents on the effect of budgeting process. All distributed questionnaires were filled and 151 returned with response rate of 96 % and 6(4%) was not

returned.

3.3. Demographic Characteristics of the Respondents

This part commences with the analysis of the demographic data gathered from the respondents using frequencies and percentages. Accordingly the general respondents' characteristic. Including: sex, age, and educational level, work experience and field of study were presented in the following table below.

Table 3.2 Demographic Variables of Respondent

Gender		Frequency	Percent	Valid Percent
Valid	Male	109	72.2	72.2
	Female	42	27.8	27.8
Total		151	100	100
Age				
Valid	21-25	8	5.3	5.3
	26-30	67	44.4	49.7
	31-35	44	29.1	78.8
	36-40	25	16.6	95.4
	41 and above	7	4.6	
Total		151	100	100
Educational status				
Valid	PhD and above	-	-	-
	Master's Degree	16	10.6	10.6
	First Degree	95	62.9	62.9
	College Diploma	40	26.5	26.5
	Grade 12 and below	-	-	-
Total		151	100	100
Service years				
Valid	Less than 3 years	6	4.0	4.0
	3-5	35	23.2	23.2
	6-8	66	43.7	78.9
	More than 8 years	43	28.5	28.5
Total		151	100	100
Valid	Accounting	57	39.6	39.6
	Management	65	44.4	84.0
	Economics	22	13.2	97.2
	Other	7	2.8	100.0
Total		151	100.0	
Missing		6		
Total		151		

Source: Survey data (2018)

From the Table 3.2 above, it is possible to deduce the following facts. The overwhelming majority of the respondents were 109 (72.2%) males and the rest 44(28.2%) were females. This implies that the sector departments were dominated by male employees and females' participation was low relative to males.

In the Table 3.2 above, the age interval of the respondents, the majority 67(44.4%), 44(29.1%), 25 (16.6%), 8(5.3%) and the rest 7(4.6%) of the respondents in the selected sector office were found in the age interval of 26-30, 31-35, 21-25, 36-40 and above 41 years. This signifies that the employees are matured enough and well experienced staffs who have productive and potential prospects. Generally, the majority of the respondents of the sector department were middle aged. This implies that they could have good productive prospects.

Regarding the educational background of the respondents' level of education, the majority 95(62.9%) were degree holders and the rest 40(26.5%) and 16(10.6%) respondents were diploma and second degree holders respectively. This signifies that development of employees up the level required is vital to harvest their maximum potential on their works to increase their job performance.

Table 3.2, also depicts that the work experience of the respondents. The majority of (43.7%) of the respondents have relatively longer service times above 6-8 years, 28.5% of them have more than 8 years' work experiences and the rest 23.2% ranged from 3-5 years. The rest 6(4.5%) of the respondents were newly deployed employees with less than three yearswork experience. From this we conclude that most of sector department staffs have good work experiences to run activities like budgeting processes effectively and efficiently.

On table 3.2 above, the field of study of respondents was that 65(44.4%),57(39.6%), 22(13.2) and 7(2.8) respectively had studied management,accounting, economics and others .This shows employees fields of study are concomitant to their work positions to perform their tasks at the required level.In general, the results of the demographic characteristics of the respondents indicated that they can clearly understand and provide potential responses to the questions on the topic under the study.

3.4.Descriptive Statistics of Scale Type Questionnaire

In this part descriptive statistics in the form of mean and standard deviation were presented to illustrate the feedback of the respondents. The feedback of the respondents for the variables indicated below were measured on five point Likert scale with measurement value 1= Strongly disagree; i.e. very much dissatisfied with the case described;2 = Disagree ,i.e. not satisfied with the case described;3 = Neutral ,i.e., uncertain with the case described;4 = Agree, i.e., feeling all right with the case described and considered as satisfy; and 5 = strongly agree, i.e. very much supporting the case described and considered as highly satisfy. To make easy interpretation, the following ranges of values were reassigned to each scale: 1-1.8=strongly disagree; 1.81-2.6= Disagree; 2.61-3.4 = Neutral; 3.4-4.20 = Agree; and 4.21-5= Strongly Agree Best, 1977 (cited in Yonas, 2013). To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 20.0 software.

3.5.Descriptive Statistics Analysis of Budgeting process

According to Horngren et al, (2005) asserted that a budget is a quantitative expression of a proposed plan of action by management for a future time period and is an aid to the coordination and implementation of the plan. The aims of Budgeting process are to enhance wise use of scarce financial resource for preplanned purposes effectively and efficiently in developing the employees' skills and knowledge in regard to their personal development or performance.

Budget Panning

Table 3.3:Mean and Standard Deviation of Budget Planning

Items	N	Mean	Std. Deviation
Top managements communicate the budget plan to those preparing the budget plan and this helps in reduction of wastage of resources.	151	3.89	.572
The organization has a long term and short term budget plans	151	3.87	.797
Organizational departments prepare budget plans prior to the budget year.	151	4.19	.846
Past data is used as the starting point for producing the budgets	151	4.30	.800
The budgets have clear goals and objectives	151	3.85	.854
When budgeting, outcomes, goals and objectives are linked to programs and organizational activities.	151	3.85	.640
The organization put priorities for the coming annual budget conference and Committees	151	3.83	.651
Average	151	3.9678	.43399

Source: Field survey (2018)

Intable 3.3 above, respondents were asked to indicate their views on Budget Planning. The high scored mean value depicted that organizational departments prepare budget plans prior to the budget year anduses Past data as the starting point for producing the budgetsplanas indicted in the table above was 4.19 and 4.30with a standard deviation .846 and .800.This indicates that the respondents strongly agree best with relative homogeneity in their responses. Therefore, onecan conclude that the employees of the sectordepartments hadawareness onBudget Planning. As it is also evidenced in the Table 4.3 above, the scored mean value of the rest sub constructs ongoals and objectives werelinked to programs and organizational goal so as to prioritize for the coming annual budget conference and Committee meetings. The interval of (3.83-3.89) indicated that respondent agreed to and feel all the right with the case described and the sub constructs standard deviation (.651- .572). The results of this analysis proved that respondents of the department had awarenessofformal Budget Planning practice.

As it is shown in the Table 3.3 above, the scored mean value of the major construct i.e. Budget Planning in

the sector departments were 3.967 which is the average scored mean value of each sub-construct and the standard deviation was 0.43399 show that the respondents of the sector department had well equipped with a long term and short term budget plans in the organization. The standard deviation was relatively low indicating that the relative homogeneity of the respondents in their responses. Based on this finding one can deduce that employees had good awareness of Budget planning in terms of components perspective. In line to this, Joshi et al (2003) examined budget planning, and performance evaluation practices in a developing country found out that most of the firms prepare long-range plans and operating budgets, and use budget variances to measure a manager's performance, for timely recognition of problems, and to improve the next period's budget.

Budget Preparation

Table 3.4: Mean and Standard Deviation of Budget Preparation

Items	N	Mean	Std. Deviation
You have adequate understanding to prepare plan and budget.	151	3.96	.682
Budget is prepared based on reliable data and estimates	151	4.11	.796
Finance offices circulate call letter and budget guideline to all sectors on time	151	4.08	.779
Your office has adequate number of professionals (budget officers) who prepare plan and budget	151	4.01	.852
Your office revises its plan frequently in relation to budget.	151	3.89	.788
In your organization expenditure budgets are planned in clear way.	151	3.91	.816
Your office has an interest to request budget without plan	151	3.64	.956
Budgets are planned according to your organizational goal and Objectives.	151	4.04	.824
Average	151	3.9678	.4818

Source: Field survey (2018)

In the Table 3.4 above, respondents were asked to indicate their views on budget Preparation. The overall mean score value 3.9678 and .4818 standard deviation indicated budget is prepared based on reliable data and shows that the entire respondent agreed that the adequate understanding to prepare plan and budget. From this one can conclude that the Budget Preparation is focus on specific goals that have meaning to a financial plan prepared for a given fiscal period. In line with this, Mwaura (2010) concluded that budgetary participation affects capital of organization and return on asset in a great extent in public finance. According to regression analysis results of this study suggested that the effects of budget participation were positive and insignificant.

Budget Implementation

Table 3.5: Mean and Standard Deviation of Budgetary Implementation

Items	N	Mean	Std. Deviation
You are involved in your department budget implementing for budgetary Performance.	151	3.91	.721
Your office utilizes the approved budget based on its plan.	151	3.97	.706
Your office's actual budget implementation and its reports are consistent with plan.	151	4.01	.627
Payment is implemented based on full documents and evidences.	151	3.87	.686
Your office keeps its budget implementation in accordance with the Government financial rules and regulations	151	4.25	.757
Average	151	4.0013	.4166

Source: Field survey (2018)

As it can be described in the Table 3.5 above the respondents agreed on the sub-constructs including: department budget implementation for budgetary Performance and utilizes the approved budget based on their plan with the scored mean values of 3.91 and 3.97 respectively were seen well. This implies that respondents were satisfied with the cases described. Regarding to the importance actual budget implementation and the consistence of reports with plan respondents agreed with a mean and standard deviation of (4.01 and .627) and with concern in keeping budget implementation plan in accordance with the government financial rules and regulations (4.24 and .757) were significant. Therefore, from the above findings the budgetary implementation has significant effect in developing employee's knowledge and skills on budgetary effectiveness. The cumulative of budgetary implementation highly implies with a mean and standard deviation was (4.0013 and .4166) respectively. From this fact it possible to conclude that the offices were well in use in budget implementation. Based on its plan was seen well.

Budgetary Control

A budgetary control is a method of controlling costs through preparation of budgets according to Drury (1996) defined budgetary control as the establishment of budgets relating to the responsibility of executives of a policy and the continuous comparison of the actual with the budgeted results, either to ensure by individual action the objective of the policy

Table 3.6: Mean and Standard Deviation of Budgetary Control

Items	N	Mean	Std. Deviation
Your office has the practice of regular follow up program on its budget Planning and control.	151	4.03	.795
Budgeting control enables the organization to achieve its targets much easily since it helps in aligning the actual results to the plan	151	3.82	.825
The management control practice in the organization helps in linking the strategic planning and operational control	151	3.70	.773
Your office experts have adequate capacity to evaluate budget with organization goal.	151	3.93	.830
Your office has strong budget control Mechanism.	151	3.89	1.014
The current budget utilization and control of your office is sufficient.	151	3.81	.769
Your office has strong and effective Internal auditing systems.	151	4.03	.867
Average	151	3.8903	.52202

Source: Field survey (2018)

Table 3.6 above, clearly illustrates the practice of regular follow up program on its budget Planning and control, the organizations Endeavour to achieve and align the actual results to the plan, the strategic planning and operational control, budget control Mechanism and effective internal auditing systems fall between ranges of 3.70-4.03. These show that the majority of the respondents agreed with the statements given to them. However, the above result simply that the office were lagging behind to do much on these variables to improve the effectiveness and efficiency. The cumulative values of Budgetary Control was (3.8903 and .52202) of mean and standard deviation respectively. From this one can understand that most of the respondents are agreed with a formal basis for monitoring the progress of the organization as a whole and of its component parts towards the achievement of the objectives specified in the budgetary control system.

Tax Revenue Budget

The revenue budget consists of revenue receipts of government organization and the expenditure met from these revenues and that tax revenues are made up of taxes and other duties that the government levies

Table 3.7 Mean and Standard Deviation of Tax Revenue Budget

Items	N	Mean	Std. Deviation
You know well internal and external budget Revenue sources	151	4.01	.845
Your organization gives attention to tax Revenue collection n process in budget panning time.	151	3.93	.740
Tax revenue budget is actually collected as it was expected in your organization	151	3.93	.629
You know tax revenue budgets implemented Properly in a given year in your organization.	151	3.93	.749
You know tax revenue budgets contribute for organization goal achievement	151	4.03	.739
Average	151	3.9642	.52260

Source: Field survey (2018)

Table 3.8 indicates that, respondents agreed on the well internal and external budget Revenue sources with a mean and standard deviation of (4.01 and .845). Giving attention to tax Revenue collection process in budget panning time, the actually collection of revenue as it was expected in finance sectors with the mean and standard deviation (3.93, .629), respectively and 3,93,.629. As the cumulative mean and standard deviation values of implementation of the tax revenue budgets indicted that, respondents agreed with a mean and standard deviation of (3.9442 and .52260), respectively. Finally, with regard to the tax revenue budgets implemented properly in a given finance sectors tax revenue budgets contribute for organization goal achievement was agreed with (3.93-4.03) and (.749-739) were concluded well. Therefore, these show that, the tax revenue budgets play an important role in enhancing the organization budget effectiveness.

Organizational Effectiveness

Pollitt and Bouckaert, (2004) the performance of the public sector can be investigated on different levels of aggregation so that, assessment of performance against planned actions and targets will highlight issues which need to be addressed in future plans and budget.

Table 3.8: Mean and Standard Deviation of Organizational Effectiveness

Items	N	Mean	Std. Deviation
Your office faces budget shortages during the budget year.	151	3.89	.865
Clear awareness between budget plan and organizational goal.	151	3.85	.671
The expenditure budget is consistent with its organizational goal achievement.	151	3.86	.721
Your organization gives attention to Organizational goal achievement.	151	4.04	.599
Budget plan is consistent with your organizational goal achievement.	151	3.95	.677
Average	151	3.9192	.47507

Source: Field survey (2018)

As it is shown in the Table 3.9 above, budget shortages, awareness between budget plan and goal, the consistent of expenditure budget with its goal, emphasizing to organizational goals and budget consistency with goal achievement were checked and pointed out by the respondents. Thus, cumulative mean values of all scores were 3.9192 which are the average scored means values and the standard deviation was .47507 showed that budget plan and organizational effectiveness had positive implication. The standard deviation was relatively low indicating that the relative homogeneity of the respondents in their responses. Based on this finding one can deduce that employees have good consciousness of Organizational Effectiveness from its components perspective. Thus, budget is briefly explain the main characteristics of planning, revenue budgeting, expenditure budgeting, measurement effectiveness, need participation, need preparation, approval, submission to responsible parties, and external reporting requirements (Robert D. Lee, 2008).

3.6 Pearson Correlation analysis

Correlation analysis was used to measure the strength and the relation between independent variables (planning, preparation, implementation, controlling, and tax revenues budgets) and dependent variable. It establishes the relative significance of each variable on organizational effectiveness. Correlation coefficient, r , can be a range of value from +1 to -1. A value of 0 indicates that there is no association between two variables. A value greater than 0 indicates a positive association as one variable increases so does other. A value less than 0 indicate negative association as the value of one variable increases the value of other variable decreases.

Table 3.9 Correlation between Budget process and Organizational Effectiveness

Items	Pearson correlation	Organizational Effectiveness
CBP 1	*	.618**
	Sig. (1-tailed)	.000
	N	151
CBPR	Pearson Correlation	.703**
	Sig. (1-tailed)	.000
	N	151
CBI	Pearson Correlation	.623**
	Sig. (1-tailed)	.000
	N	151
CBC	Pearson Correlation	.700**
	Sig. (1-tailed)	.000
	N	151
CTRB	Pearson Correlation	.727**
	Sig. (1-tailed)	.000
	N	151

** . Correlation is significant at the 0.05 level (1-tailed).

Source: Field survey (2018)

In table 3.9 results indicate that, as it has been revealed in the correlation table about the relationship between dependent variable among the independent variables, there is statistically positive and significant relationship between budget planning and organizational effectiveness ($r = .618, p < 0.05$). Budgetary preparation and organizational effectiveness has statistical insignificant relationship with ($r = .703, P > 0.05$). Budgetary implementation and organizational effectiveness has statistical positive and significant relationship at ($r = .623, P < 0.05$). Budgetary control and organizational effectiveness has statistical positive and significant relationship with ($r = .700, p < 0.05$), Tax Revenue budget and organizational effectiveness has statistical positive and significant relationship with a value of ($r = .727, p < 0.05$).

The findings on table 4.9 above further indicates that the highest significant relationship is seen between Tax Revenue Budget, budget controlling, budget implementation and budget planning respectively had positive and significant relations with organizational effectiveness. The highest significant value Tax Revenue Budget, of ($r = .727, p < 0.05$), however, the lowest statistically significant relationship is found between budgeting planning and organizational effectiveness ($r = .618, P < 0.05$).

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_4 + \beta_6 X_6 + \dots \text{Equation 1}$$

$$Y = 0.356 + .089 + .52 + .148 + .264 + .379 + \dots \text{Equation 2}$$

3.7 Checking the assumption of multiple regression *Multicollinearity*

Multicollinearity refers the relationship among the independent variables. These methodologies involved calculation of both a tolerance test and variance inflation factor (VIF). VIF for all variables are significantly less than 10. Hence, the researcher found out that there is no multi collinearity problem. It occurs when there is high correlation among predictor variables. It can be checked through correlation between independent variables, tolerance and variance inflation factor (VIF). In social science research, a VIF value as less than 10 is considered to be acceptable.

Menard (1995) states that “A tolerance of less than 0.2 is cause for concern; a tolerance of less than 0.1 almost certainly indicates a serious collinearity problem.” Since VIF is the inverse of tolerance, a tolerance of 0.2 corresponds to correspond to the rule of 5 and tolerance of 0.1 to the rule of 10. Neter et al. (1995: 409) a maximum VIF in excess of 10 is often taken as indication multicollinearity may be unduly influencing the least square estimate.” Hair et al. (1995) suggests that a VIF of less than 10 are indicative of inconsequential collinearity. Based on the above reference, the study model is found with value of VIF less than 10 and tolerance greater than 0. Therefore, there is multi Collinearity is not sensitive problem for this model.

Test of Normality

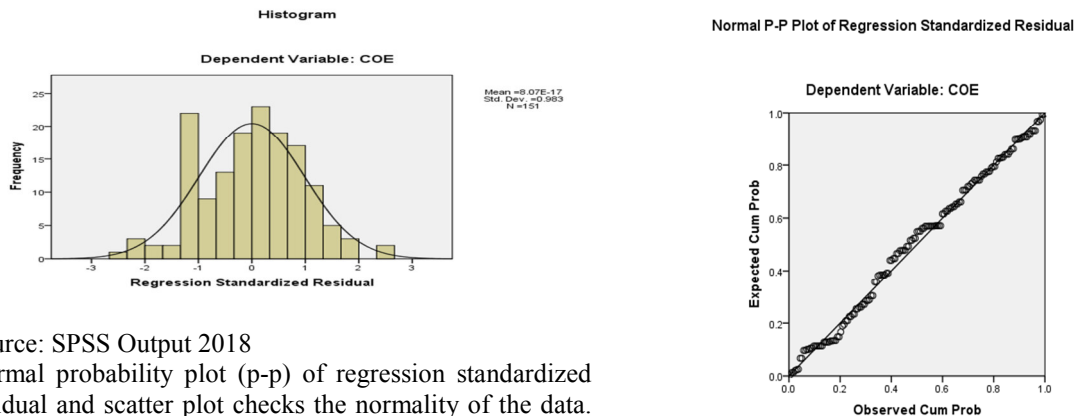
The pattern of occurrence of many phenomena in nature happens to be described well using a normal distribution model. A normal distribution is a bell-shaped frequency distribution curve. Most of the data value in normal distribution trend to cluster around the mean. The further a data point is from the mean, the less likely it is to occur.

The study used both methods of assessing normality; graphically using Normal Probability Plot (P-P) graph and numerically using Skewness and Kurtosis. Figure 1, depicted that the scores are normally distributed.

In the Normal Probability Plot it will be hoped that points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The study applied Normal P-P Plot of regression Standardized Residual (See Figure 1) to test linearity. Since the points were symmetrically distributed around diagonal line, linearity pattern was observed. Hence, the straight line relationship between the residuals and the predicted dependent variable scores depicted that linearity was achieved.

Normality of residuals: one of the ways that these assumptions can be checked is by inspecting the residuals scatter plot and the normal probability plots of the regression standardized residuals that were requested as part of the analysis. These are presented in normal P-P Plots of regression standardized residuals graph. In normal probability plots the points will lie in reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The finding from normal P-P Plot reveals no violation of normality assumption.

Figure 3.1 Normality



Source: SPSS Output 2018

Normal probability plot (p-p) of regression standardized residual and scatter plot checks the normality of the data.

In the normal probability plot, points are expected to lie in a rationally straight diagonal line from bottom to top right (Julie 2005). As it has been revealed in the graph above, the points lie in reasonably straight diagonal line from bottom to top right which indicates non existence of deviations from normality.

Heteroscedasticity:

Another important assumption of classical linear regression model is equal variance with the error terms but, sometimes this assumption neither may not biased result to be consistently validated as result of outlier and omissions of relevant variables in the model. This assumption tells us that the variance remains constant for all observations.

Generally, under error hetroscedasticity we have the following

- The OLS estimators of regression coefficients are still unbiased and consistent.
- The estimated variance of OLS estimators are biased and conventionally calculated confidence intervals and test of insignificance are invalid.

Autocorrelation

Autocorrelation has been defined as adjacent residual of any two observations not being independent of each other or correlated. For any two observations the residual terms should be not correlated or independent. This eventually is sometimes described as lack of autocorrelation. It is now a common practice to report the DW d along with summary measures such as R square, adjusted R square, t, and F. This assumption can be tested with the DW test for serial correlation between error and the value closer to 2 all acceptable (Field, 2009). The DW statistical value is 1.838 which is in the inclusion area.

Table 3.10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.802 ^a	.644	.632	.2884	1.838

Source: Field survey (2018)

Independent variables in Regression Models

Multiple regression analysis was employees to examine the effect of Budgeting process (Budget planning, budget preparation, Budget Implementation, Budget Control, and Tax Revenue Budget) and Organizational Effectiveness.

From the regression analysis in the results in the table below, the multiple linear regression models finally appear as

$$Y = .356 + 0.089BPL + 0.052BPR + 0.148BI + 0.264BC + 0.379TRB$$

Where, BPL = Budget planning, BPR= Budget preparation, BI= Budget implementation, BC = Budget controlling, TRB = tax revenues budget

Table4.11: Regression Analysis
Coefficients^a

Model		Un standardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.356	.245		1.453	.149		
	CBP	.098	.083	.089	1.177	.000	.427	2.340
	CBPR	.051	.099	.052	.518	.605	.244	4.106
	CBI	.168	.089	.148	1.896	.040	.405	2.470
	CBC	.240	.073	.264	3.283	.000	.380	2.630
	CTRB	.344	.069	.379	5.017	.000	.431	2.319

a. Dependent Variable: COE

Source: SPSS Output, 2018.

Multiple regression where employed to investigate the effect of budget planning, budget preparation, budget implementation, budget controlling and tax revenues budget to predict level of organizational effectiveness. The correlation between the predictor variables included in the study was examined. All predictor variables were statistically correlated with organizational effectiveness which indicates that the data was suitably correlated with dependent variable (organizational effectiveness) for examination through multiple linear regressions.

In the above, all predictor variables were statistically significant with $p < 0.05$ ($\beta_1 = 0.098, p = 0.000$), ($\beta_2 = 0.051, p = 0.065$), ($\beta_3 = 0.168, p = 0.040$), ($\beta_4 = 0.240, p = 0.000$), ($\beta_5 = 0.344, p = 0.000$). The results were confirmed the expected sign of hypothesis for all predictors variable, expect the budget preparation insignificant.

3.8 Hypothesis Testing

It is necessarily to test expected hypothesis of the multiple regression results of each predictor variables with dependent variables. The hypothesis testing sought of budget planning (BPL), BPR, BI, BC, and TRB on the direct effect of organizational effectiveness and by their high contribution to their public finance and economic development office. As can be seen in the table above the p value for the BPL, BPR, BI, BC, and TRB are statistically significance at ($p < 0.05$) which suggests a strong support for hypothesis, where as BPR are not supported the developed hypothesis because it was statistically insignificant at ($p > 0.05$). Therefore, the following hypotheses test were conducted based on regression results of organizational effectiveness obtained from the regression output.

Budget Planning and Organizational Effectiveness (Hypothesis 1)

The results of multiple regressions, as presented in table 3.11 above, revealed that budget Planning has a positive and significant effect on organizational effectiveness with a beta value (beta = .098, $t = 1.177, p = 0.000$), at 95% confidence level ($p < 0.05$). Thus, expected hypothesis was strongly supported in the study. Therefore, the results indicate that when other predictors (BPR, BI, BC, and TRB) were constant, for every increases of BPL the organizational effectiveness also increases by 0.098. In line to this, Ponsian & Chrispina, (2014) A well designed administrative budget planning is predictable to contribute positively to the organizational goal success. Moreover, the researcher summed up in this study that budget planning was expected to have better organizational success.

Budgetary Preparations and Organizational Effectiveness (Hypothesis 2)

The results of table 4.11 showed that the standardized coefficient beta and p-value of budgetary preparation was positive with (beta = .051, $t = 1.518, p > 0.05$). Thus, the researcher rejected the directional hypothesis and budgetary preparation has a positive and insignificant effect. Therefore, the researcher concluded that budget preparation had insignificant contribution to organizational effectiveness.

Budgetary Implementation has Effect on Organizational Effectiveness (Hypothesis 3)

The results of multiple regressions, as presented in table 4.11 above, revealed that budgetary implementation has a positive and significant effect on organizational effectiveness with a beta value (beta = .168, $t = 1.896$) at 95% confidence level ($p < 0.05$). Therefore, the researcher has accepted that budget implementation has a positive and significant effect on organizational effectiveness.

A well budget implemented organization is expected to contribute positively to the creation of a firm's value and high presentation reflects organization effectiveness and efficiency in making use of firm's resources and this in turn contributes to the country's economy at large (Nyagengo, 2014). This study projected that effective budget implementation was positively related to organizational effectiveness. In

theRg (3.9),the significance was found to be 0.040and which can be interpreted as the relationship between budgetimplementationandorganizationeffectivenesswassignificant.Thisresultshowsthatall the employers had involved in all budget implementation to make the effective organizations.

The coefficient for budget implementation(.168)is significantly different from 0 because its p-valueis 0.004,which is smaller than0.05.Thus,for every unit increases in budget implementation, 0.168 unit increases in organization effectiveness is predicted, holding all other variables constant. The coefficient for budget implementation(0.168) is significantly different from 0 because its p-value is 0.040, which is smaller than0.05. Finally, these all the above the regression results were the same to primary data from quaternaries, and secondary data qualitatively implied the percentage of variance of actual against budgeted expenditure was 6.4%, 9%,9.5%,9.4%, and 8.1% for years 2005 to 2009 respectively showed very large discrepancies. Generally, according to the secondary and primary data responses indicated deficiency in utilizing planned budget effectively and efficiently.

Budgetary Control has Effect on Organizational Effectiveness (Hypothesis 4)

Table 4.11 can be evidenced for that, budgeting processes have a positive and significant effect on organizational effectiveness with a beta value (beta = .240,t=3.283), p=0.000), at 95% confidence level (p < 0.05).This implies if budget control increases by 1 percent, organizational effectiveness will increase by.139. Therefore, the researcher has accepted the null hypothesis and budget control have positive effect on organizational effectiveness.

In line with this, Serem(2013)budget control improved performance of local government organizations and he established that there was a weak positive effect of budget control. Moreover, this study pointed out, that effective budget control was positively correlated to organizational effectiveness.

Tax Revenue Budget has effect on Organizational Effectiveness (Hypothesis 5)

Furthermore, the result of table 4.11showed that the standard coefficient of beta and p-value of Tax Revenue Budget had positive and significant at (beta = .344, t=5.017), at 95% confidence level (p < 0.05). This implies that if Tax Revenue Budget increases by 1 percent, organizational effectiveness will increase by .344.Therefore, the researcher accepted that, Tax Revenue Budget had positive effect on organizational effectiveness.

Overall, the results revealed that all independent variables accounted for 63.2% of the contribution for organizational effectiveness (Adjusted Rsquare = 0.632). Thus, 63.2% of the variation in organizational effectiveness can be explained by the four budgeting processes and there are other factors that limit the contribution of budgeting processes to the organizational effectiveness which accounts for about 37.8% were not covered in this study.

Table 3.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.802 ^a	.644	.632	.28837	.644	52.420	5	145	.000

a. Predictors: budgeting process (Constant), CTRB, CBPR, CBI, CBC, CBP,

Analysis in table above shows that the coefficient of determination (the percentage variation in the dependant variable being explained by the changes in the independent variables)

R²= 63.2% of the total variation in the organization effectiveness is explained the change in planning, preparation, implementation, controlling, and tax revenues budget while 37.8% remains unexplained. According to Singh (2007), an adjusted R squares of the above 75% is very good, between 25-50% is faire and below 25% is poor and in the given case. Therefore, the adjusted R square is 63.2% which is the range of good.

Table 3.13 Anova
ANOVA^s

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.796	5	4.359	52.420	.000 ^b
	Residual	12.058	145	.083		
	Total	33.854	150			

a. Dependent Variable: COE

b. Predictors: (Constant), CTRB, CBI, CBC, CBP, CBPR

The (ANOVAsmodel), these variables collectively, were good explanatory variables of the OE and beside this, Fstatistics (52.420). ANOVAs model are used to measure the overall test of significance of the models.

Intesting the significance level, the statistical significance was considered significant if the P value was less or equal to 0.05. The significance of the regression model is as presented table above with P value of 0.0 which is less than 0.05. This indicates that the regression model is strong statistically significant in predicting factors affecting organizational effectiveness in budgeting processes in Hadiya zone government public finance. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

4.1. Introduction

This final chapter deals with the summary, the conclusions drawn from the major findings of the study and the recommendations made on the basis of the study.

4.2 Summary of major findings

The study was carried out in 5 woreda sampled finance sectors of Hadiya zone. The purpose of this study was to examine the effects of budgeting process on organizational effectiveness in Hadiya zone public finance sectors.

On top of this, the study attempted to answer the following basic Hypothesis Testing.

1. Budget planning has effect on Organizational Effectiveness
2. Budget preparation has effect on Organizational Effectiveness
3. Budget implementation has effect on Organizational Effectiveness
4. Budget control has effect on Organizational Effectiveness
5. Tax Revenue Budget has effect on Organizational Effectiveness

Based on data analysis in chapter 4, the study came up with the following major findings:

The study indicated that the contribution of budget planning for the success of organizational effectiveness seems not promising as others did. Thus, its significance was not as strong as others. This study revealed that HZOFED had inefficient budget utilization. The approved budget was not consumed as the plan in each woreda finance office. The findings indicated that managers' devotion in taking control in their organizations was not promising as expected. The findings of the study revealed that the managers' attention in carrying out control over the effectiveness of their sectors so as to make reliable and sound decision was minimal. Therefore this helps them to avoid covering the expenditure make the project not to be delayed. Lack of up dated skill among workers lead apprehension in performing their duties.

According to the regression output, all these predictors positively contributed to the organizational effectiveness in Hadiya zone public finance and economy development offices.

The multiple regression models indicated that all the independent variables have positive coefficients. The regression results above revealed that there is a positive relation between dependent variables (organizational effectiveness) and independent variables (budget planning, preparation, implementation, controlling and tax revenues budget).

From the findings, one unit change in budget planning results 0.098 units' increase in organizational effectiveness. One unit change in budget preparation results 0.051 units increase in organizational effectiveness. One unit change in budget implementation results 0.168 units increase in organizational effectiveness. One unit change in budget controlling results 0.240 units increase in organizational effectiveness. One unit change in budget tax revenue budget results 0.344 units increase in organizational effectiveness.

This study indicates that most of the respondents "agreed" with: Budgeting process such as budgeting planning, budgetary preparation, budgetary Implementation, budgetary Control, Tax Revenue Budget) and Organizational Effectiveness with each cumulative mean interval failed was (3.91-4.0013) with standard deviation (.52260-.4166).

The correlation result indicates that the highest significant relationship is found between Tax Revenue, Budget and Organizational Effectiveness ($r = .727$, $p < 0.05$), however the lowest statistically significant relationship is found between Budgeting planning and Organizational Effectiveness ($r = .618$, $P < 0.05$).

Budget controlling and tax revenues budgets were the most influencing factors among the factors that contribute to the variation of performance and this obviously crucial factor to the organizational effectiveness function. However, the budget preparation was not significantly important for organizational effectiveness of public finance and economy development sectors.

In overall, the results revealed that all independent variables accounted for 63.2% of the contribution for Organizational Effectiveness ($R^2 = 0.632$). Thus, 63.2% of the variation in Organizational Effectiveness can be explained by the four Budgeting processes and other factors may limit contribution of Budgeting processes to the Budgeting which accounts for about 36.8%, were other variables that are not included in this study.

However from finding of this study the researcher found out that not all of the Budgeting process dimensions have positive effects on Organizational Effectiveness except budget preparation has positive and insignificant effects on organizational effectiveness. However, finding further indicates that insignificant less important on organizational effectiveness.

The final portion of this research aims to conclude the finding of the study focusing on the core determinist that have significant impact on the organizational effectiveness and to provide recommendations based on the research findings of the study.

The key findings was that budget planning promotes higher organizational goal achievement and greater budgetary implementation, budgetary controlling, and tax revenues budget lead to better organizational effectiveness in Hadiya zone government finance sectors. The major contribution of this research is the construction of a new conceptual framework to show how the budgeting process effects on organizational effectiveness in those sectors. In addition, this study not only contributes more empirical data to the Hadiya zone government finance sectors, research, but more importantly, gives some remarkable guidance in terms of all budgeting activities to the country and the budgeting processes are expected to have appositive effect on organizational goal achievement .

4.3. Conclusions

Based on the above major findings of the study, the following conclusions were drawn:

Due to its important role it plays to the overall budgeting process in finance sectors is the major mechanism to ensure sound public sectors' good governance. The existence of effectiveness of organization in the office links with improves organizational efficiency and effectiveness, reduce wastage of resource, reduce information asymmetry during budget decision making, and ensures the internal reliability of financial reporting process. The organizational effectiveness of the public finance and economy development sectors office when there were more effective budget planning, budget implementations, budget controlling and tax revenues budget in the offices. The regression analysis shown in the table shows a very strong contribution of the variable to the organizational effectiveness.

This study finds that the composite measure of the budgetary planning, budgetary implementation, budgetary control and BTR for 63.20% ($R^2 = 0.632$) variance for the OE indentifying activities and added contributions to the public finance sector. That means, the impact of these four independent variables contributed for the dependent variable OE were 63.2%, and the remaining 36.80% were other variables that are not included in this study. The findings of the study concluded that the magnitude of coefficients of the independent variables denoted the strength of the influence that they have on the dependent variables.

There sults indicated that organizational effectiveness was measured by its independent variables which are strongly influenced by Budget planning (0.098) Budget tax revenues (0.344), budgetary implementation (0.168) Budgetary controlling (0.240).

The findings showed that the employees in the sector office have budget planning nice they have good understanding of the components of organizational effectiveness. Accordingly, they were familiar with budget and organization, has a long term and short term budget plans, departments prepare budget plans prior to the budget year and have clear goals and objectives, useful and based on department strategy which are human resource area and they were able to relate them with budgeting practice on organization. Based on this finding one can deduce that employees have good awareness of budget planning from its components perspective.

The findings Indicates that budgetary procedures are an important aspect of an organization's budgetary system because they promote more positive attitudes and behaviors on the part of managers, and employers with budget responsibility, which ultimately will enable the organization to better accomplish its goals and objectives.

The relationship between budgeting processes has positive and significant relationship among to organizational effectiveness has positive and significant relationship. The finding further indicates that the highest significant relationship is found between tax revenue budget and organizational effectiveness and however the lowest statistically significant relationship is found between budgeting plan and organizational effectiveness. Therefore budgeting processes damnation and organizational effectiveness have positive and statistical significant relationship in office.

In addition, multiple regression result further shows that researcher found out that not all of the budgeting process dimensions have positive effects on organizational effectiveness budget planning; budgetary control and tax revenue budget have positive and significant effects on knowledge, skills and attitudes. However budget preparation, budgetary implementation has positive and insignificant effects on organizational effectiveness. The finding further indicates that insignificant less important on organizational effectiveness.

Finally, concluding the whole research conducted it is found that budgeting process are highly effective organizational effectiveness which should be planned, systematic and implemented by public organization to run a cycle of increasing skills in employees to increase performance based on organizational effectiveness and this further result as organization productivity growth and performance.

4.4. Recommendations

Based on the findings of the study the following recommendations were forwarded:

1. Empowering Major Stakeholders in Budget Planning

Budget planning is starting and the cornerstone in finance sectors. Without appropriate budget planning controlling and lastly decision making becomes much difficult and remains a futile attempt in overall activities in the finance sectors. The study indicated that the contribution of budget planning for the success of organizational effectiveness seems not promising as others did. Thus, its significance was not as strong as others. Therefore, to gain its maximum contributions finance sectors should empower major stakeholders in budget planning; so as to harvest their fullest involvement and engagement to make sound budget planning in the respective finance organizations. Moreover, empowering key stakeholders enable to become accountable and responsible for the poor performance in their sectors.

2. Improving the execution of budget implementation

Resources are scarce to run our daily routine functions in the firms. To cope up this limitations wise and efficient use of our resource particularly the financial resource is crucial. This study revealed that HZOFED had inefficient budget utilization. The approved budget was not consumed as the plan in each woreda finance office. Therefore, finance firms should develop and capacitate finance workers to utilize as the pre-planned tasks and had better improve the execution budget implementation squarely as the plan developed.

3. Establishing Budget Control System in Finance Sectors

Budget controlling is one of the key managerial functions that check how much the firm's plans and goals have been done properly. Without controlling budget, decision making is impossible. Controlling is done through established criteria to ensure the effectiveness of the sectors' plan so as to improve the performance. Particularly finance sectors need establishing effective controlling mechanism. Controlling may take place at forward or concurrent phase or both. Thus, how much all managers at different level give attention for controlling was checked in this study. The findings indicated that managers' devotion in taking control in their organizations was not promising as expected. The findings of the study revealed that the managers' attention in carrying out control over the effectiveness of their sectors so as to make reliable and sound decision was minimal. Therefore, managers in finance organizations are strongly advised to establish effective and efficient utilization of scarce public resources for intended purpose, moreover, managers at all levels should apply continuous control mechanism to maintain the actual and the planned budget in order to keep the organization's performance at the level best.

4. Maintaining consistencies of tax revenues budget

Tax revenues budget is the back bone for sustainable economic development and growth. An objective of a tax revenue budget is to finance government activities, to stabilize the economy, to provide social justice through redistribution of income, wealth and to encourage investment. Therefore the finance sectors should support the consistence to meet the goals of revenues, the logistics and inputs to facilitate taxes. The employees capacitate by empowering technological support, transportation accesses, continues follow up to minimize corruption, pay enough salary and allowance with best internal control system. Therefore this helps them to avoid covering the expenditure make the project not to be delayed.

5. Providing Training Programs for Employees to Improve Organizational Effectiveness in Finance Sectors

Obviously training adds skills for workers to perform their duties confidentially. Lack of up dated skill among workers lead apprehension in performing their duties. Moreover, due to lack of skills; workers may develop negative trust for their organization overall performances. It is clear that human elements are much more valued than other resources in the organization. Particularly working in finance sectors requires proficiency in the field. Well trained and capacitated workers contributed a lot in realization of fair and equitable budget implementation. Therefore; the student researcher, has understood that in one of his sample woreda workers are jailed due to inconsistency and violating of rules and regulations of public finance. Therefore the researcher perceived that shortage of proper training reduces effective and efficient utilization of public finance among workers. Thus, each woreda of Hadiya finance sectors in collaboration with zone finance department should provide trainings in order to minimize the skill gaps among the workers. Finally, this study may serve as the corner stone for other to conduct further researches in the effects of budgeting process on organizational effectiveness in Hadiya zone finance sectors

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