***THE EFFECT OF BUDGETING PROCESS ON ORGANIZATIONAL EFFECTIVENESS*: Case Study on Hadiya Zone Selected Government Finance Organization.**

Thesis Submitted to college of Business and Economics *in a Partial Fulfillment of the Requirements of the Degree of Master of Science in Accounting and Finance*

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MAY, 2017

JIMMA, ETHIOPIA

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DECLARATION

I, the undersigned, declare that this thesis is my original work and has not been presented for degree in any other University, and that all sources of materials used for the thesis have been fully acknowledged

Researcher's Name: BERHANU DIKASSO   Signature: ------------- Date--------------

CERTIFICATE

*This is to certify that the thesis entities "THE EFFECT OF BUDGETING PROCESS ON ORGANIZATIONAL EFFECTIVENES**S**:* Case Study on Hadiya Zone Selected Government Finance Organization", *Submitted to Jimma University for the award of Master of science (MSc.)in Accounting and Finance, is carried out by* BERHANU DIKASSO , *under our guidance and supervision*.

*We hereby declare that this work is the o*riginal *effort of the* candidate *and no part of this has been submitted to any other university or institutions for the award of any degree.*

Name of Main Adviser:	*signature*	*Date*
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Co-Advisor's Name	*Signature*	*Date*
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Abstract

The budgeting process is increasingly recognized as the key tool for organizational effectiveness. It is nevertheless also recognized that a country can have a sound budget and financial system and still fail to achieve its intended targets. This suggests that the rules by which the budget is formulated and implemented are important and that they influence organizational outcomes. This study assesses effect of budgeting process on organizational effectiveness in the government finance organization of hadiya zone. The study has a targeted 262 staff employee from 5 selected woreda .Those woreda were selected purposely from the 12 word's due to their establishments' priorities. The study employed a descriptive survey research design targeting the staff in the government finance organization of hadiya zone. A sample of 150 staff members was selected by using mulit-stage sampling system and, which were stratified and at last, simple random sampling systems were applied in the study. The researcher was mainly employed a structured questionnaire, unstructured interview's and secondary source of data used for triangulation purpose for primary data. Data was analyzed in form of descriptive and multiple linear regression models (OLS). Data was analyzed using Statistical computer software Package. The findings were presented in form of tables, figures and discussions there. The study established that effect of budgeting process capacity had a strong positive significant relationship with the organizational effectiveness. It was recommended that the Hadiya Zone Government Finance Organization should enhance its organizational capacity in the budget process in order to improve its organizational effectiveness.

Key words: Budgeting process, Hadiya Zone Government Finance, Organizational effectiveness.

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LIST OF ACROMNY AND ABBREVIATIONS

ABB	Activity Based Budgeting
ABC	Activity Based Costing
ABM	Activity Based Management
BOFED	Burea of Finance and Economic Development
BCO	Budgetary Control
EBPOE	Effect of budgeting process on organizational effectiveness
FDRE	Federal Democratic Republic of Ethiopia
MOFED	Minister of Finance and Economic Development
OE	Organization Effectiveness
BP	Budget Preparation
BP t	Budget Participation
BI	Budget Implementation
BGC	Budget Goal Clarity
SNNPR	Southern Nations, Nationalities and Peoples' Region
TR	Tax Revenue
VIF	variable inflation factor
CVI	Content validity Index

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CHAPTER ONE

1.1 Back ground of the study

Budgeting process and performance evaluation practices in a developing country 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 (Joshi et al, 2003) .

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, the planning stage. The budget preparation stage and the budget legislation, 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).

Budget 'as a detailed plan, expressed in quantitative terms, that specifies how resources will be acquired and used during a specified period of time' and which prepared for the primary purposes of planning, facilitating communication, coordination, allocating resources, control purposes and implementation, evaluating performance and providing incentives (Hilton, 2014).

From the viewpoints of public policy and budgetary process, government fiancé sector shares many of the features of other sectors of government. For budgeting and utilization processes to be effective and economic, they must be based on well-argued and explained plans and programed on bases of organization capability (schick & Ailmas, 2007)

A properly managed program budget process can promote sustainable effectiveness in many government organizations .Commonly, organizations operate using several resources including financial, human, Capital and others financial resources also are the key elements in achieving organizational objectives and goals. So, in order to achieve that organizational objective the budgeting process must be organized efficiently and followed effective budget plan (ASSEY, 2014).

(Kariuk.J, 2012)focused on the budget implementation factors that influence effectiveness of public institutions in Kenya though she focused on only one state corporation the report gave an overview of the institution and the budget process it has adopted but only challenges of budget implementation in public institutions was considered.

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, co-coordinating, measuring and rewarding) throughout the organization towards global purpose (Campbell & Jian, 1985) other writers such as (Pamela & Frank, 2010) have all approved that budgeting is mapping out the sources and uses of funds for future times for organizational goal success.

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 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 programed 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 (Kariuki, 2010).

1.2 Statement of problem

Using applied content analysis technique, (Baulmer, 2012)assessed the effect of poor budgetary control practices on budget implementation and goal achievement of government owned firms. Findings exposed that there exist poor controlling practices using government owned firms, and budgetary implementation with that of organizational goal achievement are not matching or consistent by those firms.

The numbers of budgeting process studies have yielded results contrary to their prediction and inconsistent with each other for many years (Dotley, 1978) investigate that budgeting process presents more diverse patterns. Some organizations budgeting process has been implemented to a very advanced level including planning, coordinating, controlling, and performance evaluation while, other organizations covers only planning and controlling but Some others organizations have no single budget plan at all.

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 government organization. (Mechant, 1981). Furthermore now days most research on budgeting process has greatly focused on profit- oriented or business organizations and the effect of budget participation affects organizational effectiveness (FAITH, 2011) and also in the Government Organizations resources are needed to be employed so as to enhance its service providing and goal achievement. Thus budgeting is vital to any government organization's that needs to progress. However, budgeting process is in place in many government organizations yet goals set by them are not met or are met at some low level (ASSEY, 2014).

Agreeing to (Isaboke, 2014)government prepares reform of public policy to serve as a driving force through which mission could be achieved. Effectively prepared budgeting process can be measured in terms of achievement of its goal but, budget achievement was far from reality and the gap between budget and organizational success are so wide range and kept on point for many years ago.

Similarly, the effect of budgeting process on organizational effectiveness less studied in the local government organization in Ethiopia (KETEMA, 2015). *So, this study tried to fill the area gap of previous studies by examining the effect of budgeting process on organizational effectiveness in Hadiya zone selected government finance organization. Specially, this study answered the following questions by determining the effect of budgeting process on organizational effectiveness*

1.3. Research Questions

1. How the government expenditures budget was utilized?
2. How the budgeting processes contribute for the organizational goals achievement?
3. What are the measures of improving budgeting process to the organizational success?

1.4. Objective s of the Study

1.4.1 General Objective

The general objective of the study was to examine the effect of budgeting process on organizational effectiveness in the study area.

1.4.2. Specific Objectives

1. To examine how the government expenditure budget was utilized.
2. To investigate the extent of budgeting processes contribution to the organizational goals achievement.
3. To identify measures for improving budgeting process to the organizational success.

1.5. Significance of the study

-The study provides awareness and help as hint to modify strategies on effect of budgeting process on OE to the study area.

-The findings would have fill the gap of researchers, and

-The study will give away for further researchers to conduct on the issue.

1.6. Scope of the Research

The study addresses the effect budgeting process focus on organizational goal achievements in hadiya zone five selected government Woreda finance and economy development office.

1.7 .Limitation of the Research

This research firstly could not show the differences on the effect of budgeting process on organizational effectiveness in rural and town government finance organizations.

1.9 Organization of the study

This study was focused on the effect of budgeting process on organizational effectiveness that affects the organizational goal achievement in Hadiya zone government finance organization. This thesis was organized into five chapters that means the first chapter deals with introductory part of the study which contains background of the study, statement of problem, research questions, objectives of the study, significance, scope of the study,, organization of the study, and operational definition of basic terms and also the second chapter presents review of literature related to the study. The third chapter explains elaborate research methodology includes a description of the study area, the target the population, sample design, sources of data, and methods of data processing and model specification, fourth chapter describes results and discussions. The fifth chapter includes conclusions and recommendations.

CHAPTER TWO

LITERTURE REVIEW

This chapter was reviewed that the concept of budgets, budget preparation, the budget implementations, budgetary control, budgetary participations, budgetary goal clarity, tax revenue budget and organizational effectiveness and other important concepts and variable with some empirical and theoretical literatures are discussed. This was done by gathering the available literature by scholars and academicians on the issue

2.1 Theoretical overview

Budgets were first presented in the 1920s as a tool to manage costs and cash flows in big industrial organizations according to (Bartle & Jogar, 2001). The appearance of scientific management philosophy however laid emphasis on detailed information as a basis for taking conclusions thus leading to great development of management accounting and budgeting systems (Bartle & Jogar, 2008). At early stage of development, budgeting was concerned with preparing and presenting reliable information to legitimize accountability and to permit correct performance evaluation and consequently, rewards (Hildereth & Kothar, 2002) however, over the years, the function and focus of budgeting has shifted considerably as business organization became more complex and their environment become active.

According to (Bartle & Jogar, 2008) explanation shows that budgets today provide a focus for the organization, encouragement in the coordination of activities and facilitates control that both management level and operation level looks at the future and lays down what has to be achieved. The theoretical framework gave a motivation for development of budget concept, and highlight the development of the budget concept from a tool of directing actions within an organization to a more complex managerial tool that, managers would use to provide attention for organizations, set goals and undertake performance evaluations controlling activity and his framework provides a basic perspective through which the researcher watched budgetary controls as tool for influencing organizational effectiveness or achievement of goal..

2.1.1 .The Theory of Budgetary control

(Hirs & Mirogas, 1987) Explain that an effective budgetary control solves an organization's need to plan and consider how to confront future potential risks and opportunities by establishing an efficient system of control.

Budgetary Process

Hilton, (Adongo, 2012) defines budget 'as a detailed plan, expressed in quantitative terms, that specifies how resources will be acquired and used during a specified period of time which, also prepared for the primary purposes of planning, facilitating communication, coordination, allocating resources, control purposes and implementation, evaluating performance and providing incentives.

According to (Parsson & Gustafsson, 2010) the budget has in the past had a control function, however today there are several objectives and purposes of the budget and the purposes vary among organizations. Budgeting in this regard is viewed as enabling the different functions of management control further, state that the budget represents their numbers and their benchmarks against which their Performance is measured (Herath & Indrani, 2007).The budget process is itself that identifying and understanding the motivational factors. Budget process enhance individual performance to achieve budget goals which granted by the organization through organization planning process. Those goals must be practical within the budget process.

2.1.2. Overview of Organizational effectiveness

This deals with the analysis of a firm's performance as compared to its goals achievement and objectives according to (Ugwuanyi, 2014) organizational outcomes can be judged from three specific areas, which are financial performance effective expenditure service; and stakeholder's satisfaction.

According to (Padachi & Kothar, 2006) 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 budgets. For this to be attainable initial plans and targets must be quantifiable and achievable, must be made on a timely basis and must provide a clear sign of further actions required to address poor organizational performance that effective systems of performance review should also quick regular reviews and assess performance at least quarterly, regulate reasons for failure, ensure performance review information is available in a cause that budgetary control capacity is high.

2.1.3. Theories of Public Expenditures

As revealed by (Schiavo-Campo & Tommasi, 1999) achieving government policy objectives, including reducing the poverty rate, can be accomplished through a variety of instruments, such as direct government spending (budget), indirect government spending (tax expenditures, contingent liabilities, loans, etc.), tax policy, regulations, and direct command. However, direct government spending is the most important instrument, and the government budget is the financial mirror of most government policies.

Defining Expenditure Needs in government

According to (AShah & Shafa, 2006) expenditure needs of subnational governments are higher in more decentralized countries and where they are assigned a broader range of public services. In some countries, the assignment of responsibilities across levels of government is defined by the constitution in others by statute at the national level. Frequently, the set of functions assigned to subnational governments depends on the size of population with capitals of municipal areas being responsible for more functions, such as sanitation, garbage removal, street repair and cleaning, fire protection and recreation facilities are the responsibility of subnational governments in almost all countries and also they have other functions, namely education and health care, which are more costly, varies across countries subnational governments in developing countries have limited autonomy in expenditure decisions and they are typically allowed to discharge a number of functions, which are directed from above.

2.1.4. Budgeting process and its practice in the case of Ethiopia

MOFED is the major clearing house for the preparation of the federal budget in Ethiopia, although this is done in consultation with the various ministries that are the beneficiaries of the budget for all organizational effectiveness. The responsibilities of the Minister of Finance and Economic Development (MOFED., 2009) as stipulated in the Council of Ministers Financial Regulations No 17/1997, consist of formulating and issuing directives that detail government financial policies in all areas of government finances for instance, developing and maintaining appropriate standards of work and conduct for application throughout all public bodies; internal auditing functions; and preparing a financial plan for the country.

Each public body needs to take the initiative to originate budget preparations before they receive the budget call letter from Ministry of finance and economic development or (MOFED., 2009) with their budget ceilings, such as development of unit costs (where appropriate), a midyear program review, and the preparation of work plans. The Various steps are involved in the process of budgeting in Ethiopia. The first step in the process is the sending of Budget Calls and upper limit statements to line ministries by the MOFED. The various line ministries submit their budget request as per the established regulations because of the budget hearing and defense process at the MOFED, the final budget will be submitted to Parliament by the Prime Minister for authorization.

2.1.5. Definition of budget and budgeting process

(Lucey, 2002)) Defined budget as a quantitative statement, for a defined period of time, in which may include planned revenues, expenditure, assets, debt and cash flows and which provide a focus for the organization, aids the co-ordination of activities and facilities control. Planning is achieved by means of program budget, whereas control is generally exercised through the comparison on organizational goal achievement with a program budget.

According to (Saleemi & Alimtas, 1990)budget is defined as a financial or quantitative statement prepared and approved and approved prior to a defined period of time. It may include income, expenditure and the employment of capital and additionally, defined budget as a detailed plan that coordinates various activities within the organization for further actions

.A budget is a very important tool for management in all organizations and It serves as a tool for Planning and controlling the use of scarce financial resources with the aim of achieving organizational goals (Schick & Apool, 1999). Budgets often establish performance goals of organization for the unit in terms of costs, revenues, and/or production Additionally, Other benefits of budget include providing managers with realistic performance targets, coordinate the various segments hence achieving goal congruence, serves as a communication tool for managers to exchange ideas and it is a motivator to all staff.

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. He also further indicates that budgets can cover both financial and nonfinancial aspects of these plans and acts as blue print for the organization in the forthcoming period of time usage. Even though, the focus he is so much on for profit organizations, the same principle applies to government organizations in Ethiopia where budgets serve the same purpose of providing future direction of that organization.

The budgeting process is an integral part of both planning and controls tool.in one country (Lucey & Tilop, 2002)noted that too often budgets are associated with negative, penny-pinching control activities whereas the full process is much broader and more positive than that. Budgeting is about making plans for the future, implementing those plans and monitoring activities to see whether they conform to the plan. To do this successfully requires top management concerning bodies support, cooperative middle managers and well organized reporting systems.

A good budgeting process incorporates a long-term perspective, establishes linkages to organizational achievement of goals, focuses budget decision on results and outcomes and promotes effective communication with participants. Budgeting is strategic in nature and not a matter of balancing revenues and expenditure every year to year in a given organization. The annual budget is often subdivided by months or appropriate ways on quarters. The budgeted amounts for a year are frequently revised as the year unfolds for example, at the end of the first quarter, the budgets of the next three quarters are changed in light of new information (Muleri, 2001).

Budget committee:

Budgets are explained by (Saleemi & Alimtas, 1990) it consists of the chief executive who is a chairman, departmental heads, and the budget officer who is responsible for the effective operations of the budget committee. Roles are to advice upon matters of policy with regard to deal with accounting procedures and statistics, to give proper consideration to financial requirements, then to supervise the final preparation of the budget, then to review individual budget estimates, further to suggest revision and lastly to review individual preparation of the budget.

The Budget Period

With mention to (Saleemi & Alimtas, 1990), the budget is prepared for a specific period that may be periodic budget and continuous budgets or rolling budgets. The periodic budget covers fixed period of time like six months, one year or five years and which are prepared for a longer period then these budgets may be divided into shorter periods or control periods for budgetary control. Continuous budget is a process whereby budgets for a year are continually extended by another period that means on quarter or half year. The quarter or half year just ended is dropped and next quarter or half year is included and this procedure provides a base to review the budgets of longer periods after shorter intervals.

Master Budget

According to (Lucey & Tilop, 2002) the master budget is a all-inclusive organizational wide set of budget that results in a set of related financial statement for a set time period, usually one year. It coordinated all the financial projections in a single organizational wide set of budgets for a set time period and provides the overall picture of the planned performance for the budget period and comprises operational budgets and functional budgets.

Operational budgets

These Operational budgets includes revenue or sales budget, production budgets, direct labors cost budget, direct material purchase budget, manufacturing overhead budget, choosing stock budgets, cost of goods sold budget, marketing cost budget, distribution cost budget and administrative budget.

Rolling Budget This is also known as continuous budget and the system of budgeting that involves continuously updating budgets by reviewing the actual results for a specific period in the budget and determining a budget for the corresponding time period. Under this period, instead of preparing a budget annually, there would be budget every three or six month so that as the current period ends, the budget extended by an extra period in that organization.

Functional budget

These include budgeted profit and loss account, budgeted balance sheet, cash budget and budgeted statement of cash flow. Cash Budgets: The cash flow budget is a prediction of future cash receipts and expenditure for a particular period of time in one organization .The cash flow budget helps the organization to determine when the income will be sufficient to cover expenses and the company will need to try to find external financing (Kariuki, 2010).

Budgets should be managed in a flexible manner that means changes in conditions may call for changes in plans and the resulting budgets. Rigid budgets which are clearly inappropriate for current conditions will cause whole budgeting system to lose credibility and effectiveness of that organization. And Certainly budgets are not subject to revision they are effectively decisions and not plan (Engler, 1995).

Budgetary Systems

Budgetary systems refer to the budgeting approaches that have been adopted by various organizations to achieve various organizational goals as follows:

(a) Planning, programming and budgeting system: According to (Hornoren & ()., 1999), it involves the programmed plans that focus on the end objective and the gross categories of output and it is overall goals and objectives are established first, followed by identification of programs necessary to achieve the desired objectives and expected benefits. All programs to be disappeared are ranked and choice the least cost program to accomplish, “the program with lower cost will be undertaken.”

(b) Value based Budgeting: This is a formal and organized approach for handling the creation of stock holders value over time and all expenditure plans are evaluated as development appraisals and that assessed in terms of the shareholders’ value they will create. This helps to joining Policy and stockholder value to planning and budgeting.

(c) Zero Based Budgeting :Agreeing to (Lucey & Tipalo, 2002), zero based budgeting is also called priority based Budgeting and it requires that all activities are reasonable and prioritized before decisions are taken relating to the amount of resources assigned to each activity .Zero based budget being complied as if the programmers were being launched for the first time on the basis of cost benefit analysis. Consequently, the budget from each cost center should be made from zero..

(d) Activity Based Budgeting (ABB)

The activity based budgeting (ABB) is related to activity based costing (ABC) and activity based management (ABM) .It also actually involves planning and controlling along the lines of value adding activities and processes.

Program Based Budgets

In a logic, certain elements of program based budgeting are as old as development. To a greater or lesser degree, every rational person makes plans for distribution of his limited resources, has certain goals or objectives, and considers alternative means of achieving the objective and its concept and methods of program based budgeting as is currently understood and practiced today are, however, of relatively recent origin .These are two roots of these concepts and methods: the first in the federal government where program budgeting was introduced as part of the war time control system by the War Production Board in 1942.they used program budgeting to assist ‘’allies –to-be’’ in their war efforts. To do this, diversity of new or expanded production efforts and a number of new structure projects were undertaken. The second root, a longer and older one, is in industry where it was assumed that the private sector industries had budgeting in place way before the government (Nyageng'o, 2014).

(Bourdeaux, 2008), in her paper; the problem with programs: multiple perspectives on program structures in program-Based performance-Oriented Budgets observed that currently ,budgeting is being influenced by ideas surrounding performance-based budgeting ,a reform that focuses both on performance measures or outcomes and on managerial entrepreneurialism and She concluded that the theory behind performance-based budgeting has become interlinked with program budgeting because of the intuitive idea that programs are level at which managers should be given flexibility to achieve results. Florida really refers to its reform as ‘’performance –based program budgeting’’.

According to (Bourdeaux, 2008), trade-offs between government activities can be better assessed and budget can be better steered towards political objectives if the-item classification is based on outputs; services produced, cash transfers delivered and regulations executed in which that implies the budget has to be classified according to output areas or programs. They complete that a program based arrangement will improve the macroeconomic function of the budget, in particular the steering total of expenditures and the maintenance of budget self-control. More-budgetary steering requires that future problems diagnosed and addressed in a timely manner and according to in their study on Australia local government started that many government are still experimenting on programmer budgets. ,

2.1.6. Steps in budget Preparation

(Anizora, 2007)the following steps are to be established to prepare a quality budget:

a) Existence of a budget manual: the manual shall contain the standing instructions governing the responsibilities of persons, procedures, forms and records relating to the preparation and use of the budget for given organization.

b) Constitution of the budget committee: the committee consists of the chief executive officer and representatives of functional areas as finance, expenditure delivery, marketing and purchasing, job engineering etc. The committee is to formulate the program for the preparation of the budget;

c) Identifying given year budget factor: the factor that limits the level of activities (such as shortage of skilled labor, inadequate raw material capacity) the extent of which should be firstly assessed before preparing the functional budgets;

d) Appointment of a budget officer: normally an accountant who is charged with the responsibility of issuing budget instructions to various departments; receiving and checking the budget estimates; providing historical information to departmental managers to help them in their forecasting; ensuring that departmental managers prepare their budgets in time; preparing the budget summaries; submitting budgets to committee and furnishing explanation on particular points; discussing difficulties with managers and coordinating all budget works in over all the organization.

e) Establishing the budget periods: budget could be established into control periods which could be weekly, monthly, quarterly or even yearly will be prepared in suitable way for that organization.

f) Preparation of the master budget: this is the consolidation of various functional budgets plant utilization budget, capital expenditure budget, expenditure distribution budget and cash budget

2.1.7 Budget implementation

According to (ncovaleski, 1985) implementation of the budget begins with the beginning of the fiscal year and its stage of the budget process is mainly in the hands of the executive. The finance treasury usually plays a leading role in assuring that funds are apportioned to spending departments in line with the approved budget sometimes, though, in many developing countries, cash constraints lead to certain expenditures being cut below voted and other unplanned adjustments to approved spending when, that funds might be shifted to purposes other than those that were approved.

Improvised budget cuts tend to adversely affect vulnerable groups that have a weak political voice, and who are most dependent on government initiatives or motivates. Frequent adjustments to budgets can reflect the uncertainties that are characteristic of the macroeconomic environment, but ‘continuous’ or ‘repetitive budgeting’ is also a symptom of a weak and ill-disciplined budget system.

2.1.8 .Participatory budgeting

A process of direct participation of citizens in discussions and negotiations over public spending and resource allocation of a defined setting up budgets was just a process of imposing a budget, measuring the performance and comparing the performance of that organization against the budget (Becker & Green, 1962).

This budget process design is called *appreciated Budgeting according to* (Atkinson 2001). As the name implies that at the top decides a level of expenditures and revenues that the employees should realize that budget period included one or two years, where the comparison of the budget often affected the subsequent budget (Becker & Green, 1962) and when expenditure was below budget level, superiors tend to revise the following budget downward, resulting in the undesired behavior of subordinates who started spending unnecessary amounts in order to avoid being cut down the subsequent year. As a result of the displeasure that came along with forced budgets, managers started to ask their employees to deliver their input on the budget. When the subordinate is involved, and has influence on the determination of his or her budget, that means, we talk of *Participative budgeting*.

In this context, by participation is meant joint decision making, either by manager and one employee or a manager and a group of employees in that organization according to (Becker & Green, 1962)explains that participation may contribute to improved budgets by combining the knowledge of the individual participants in that firm and furthermore, they believe that, aside from better planning, participation leads to involvement of psychological values.

2.1.9. Budgetary Goal Setting Theory

Goal setting theory (Locke et al, 1986)was developed inductively within manufacturing organization thinking over 25 years period based on same 400 laboratory and field trainings and, these studies showed that specific high goals lead to a higher level of task performance than do easy goals or pause abstract goals such as the exhortation to "do ones best".

A budget is a way of setting an organization at goals for a specific period of time for organizational achievement and the prime saying that ,the maxim goals lead to higher performance than when people strive to simple "do their best" (Locke and Latham 1990) the performance benefits of challenging specific goals have been demonstrated in hundreds of laboratory and field studies (Locke et al, 1986) , such goals positively affect the performance of individual's groups, organization units as well as entire government organizations and over periods long as twenty five years .

2.1.10. Types of Organizational Goals

Agreeing to (Locke et al, 1986), government organizations need not to have unprincipled persons acting outside controls as ineffective control system in every organization can negatively affect organizational profitability and sustainability as well as organization resources and effectiveness and that in other words the government; the board members and staff of these have a joint responsibility to ensure proper and effective budgeting. Its implementation by building effective management controls and directions which will eventually ensure performance is achieved through efficient service delivery.

2.1.11. Theory of budgetary Control

Suitable control is very essential to every organization be it individual or government owned all over the world and this is because if there is no adequate control of resources in the organization, it will be basically impossible to appropriate budgets and accounting practices becomes a waste. The theory of control identifies the obligations of government industries in providing social and basic services to the citizens. It indicates that administration owned industries is a basic principle of control on those rare resources they are intended to achieve. (Shields et al, 2006)oppose that government industries ought to provide both resources and employment to the citizens for meeting the laid down objectives. This implies that the government and staff have joint responsibility to ensure proper accounting practices and timely budgetary implementation and appropriations by building effective management controls and directions. These theories are expected to live hadiya zone government to its responsibility for standards, adequate controlling mechanism and acceptable accounting practices

2.1.12. Tax revenue budget

Revenue 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. Procedures to be followed when forecasting revenue are as follows, review past year's income and tabulate figures by type of revenue and the activity; analyze the time series to identity seasonal cyclical and random Fluctuation revenue and expenditure; extrapolate revenue from past year's figures effectively by referring, reflect any future changes in on revenue and expenditure additional volume of trade; Check acceptability of forecasts with the Divisional Heads and Check consistency of forecasts with in hadiya zone framework document

2.2. Empirical literature overview

(Lanka et al, 2012)budgetary Process and Organizational Performance of Apparel Industry in Sri shown strongly positive relationship. Selection techniques and regression analysis were employed in investigating the relationship between the budgetary process and organizational effectiveness.

A well designed and implemented financial organization is expected to contribute positively to the creation of a firms' value (Padachi, 2006) and high presentation reflects management effectiveness and efficiency in making use of firm's resources and this in turn contributes to the country's economy at large. Furthermore, (Nyageng'o, 2014) carried out a study to identify factors to actual budget application among local authorities in Kenya.

The results of the study discovered that effective budgetary control improved performance of local government organizations. (Serem & K., 2013)established that there is a weak positive effect of budgetary control on performance of Non-Governmental Organizations in Kenya measured by R square at 14.3%. (Mwaura, 2010)concluded that budgetary participation affects return on capital employed, return on assets to a great extent and in her study of the effects of the budgeting process on budget variance in

NGOs in Kenya found out that budget preparation, budgetary control and budget implementation significantly influence budget variance.

2.2.1 .Budget planning and its practice.

According to (Joshi et al, 2003)examined budgeting planning, control, 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.

(Merchant & Kowjak, 1981) however states that the adoption of more cultured budgeting including greater use of computer, practical staff and financial modeling enhances the accuracy of the budget plan and the degree of information accurateness and the connect ability of budgetary plan and in turn results in higher performance in firms. Though, more empirical research is required to prove the positive relationship between budgeting complexity and performance of the organization.

2.2.2 Budgetary participation and its practice

Muleri & Miller(2001) did a study on budgeting practices in governmental organization in any country that the aim of the study was to establish effectiveness of budgeting practices among them. The research looked at the concept from a different point of view and found that most organization used modern practices as program based and philosophies to reduce financial and organizational problems. According to the researcher concluded that budgeting is well accepted in evaluation and generally used to communicate plans and operations.

(Economics & MelekEker, 2007) did a study on the effect of budget participation on managerial performance via organizational commitment so ,he conducted that the study on the top 500 firms in Turkey the results of this study provided a number of contributions to management accounting literature by improving understanding of budget participation and organizational commitment affecting decision-making performance. First, according to regression analysis results this; study suggested that the effects of budget participation. The organizational guarantee by itself on decision-making performance is positive and significant. Secondly this study found out that the organizational performance scores were found to increase when the relations score between budget participation and organizational assurance increase.

2.2.3 Budgetary goal clarity and its practice

(May & Yang, 1980)shows the delivery of small and medium-sized firms among the different levels of budget goal clarity. Observing the descriptive results can get some facts: Firstly, more firms at a high level of budget goal clarity report more frequently achieving budget goal, compared to low level of budget goal clarity on the firms . Finally the result concludes that the more budget goal clarity will reach to the more organizational goal achievement.

2.2.4 Budgetary control and its practices

(Drury & Cambar, 2004), agree that, two main budgetary controls occurs are feed forward and feedback control mean that the feed forward control comes into being when the forecasts are corresponding against wanted outcomes. The purpose of feed forward control system is to anticipate errors before they happen and to take steps to minimize them. The feedback control system is the measure of differences between planned and actual results show that subsequent actions can be modified to achieve the required results and budgetary control systems are so dependent on internal and external factors which affect the organization and changes in those factors must have effect on the budget while external, political, social and economic changes tend to have a slow effect on organizations changes.

Using applied content analysis technique, (Ugwuanyi, 2014) assessed the effect of poor budgetary control practices on budget implementation and goal achievement of government owned firms in Enugu State. Findings exposed that there exist poor controlling practices using government owned firms in Enugu State, and that appropriate budgetary implementation firms goal achievement are almost not kept by those firms.

.According to (Kpedor, 2012) researched into budgeting and budgetary control and performance evaluation: a case study of Allterain Service Group. Findings exposed that the use of budget among key actors are at the lower level and also established that monthly performance reports do not get down to the project managers with most of the ideas in performance in respect to meal cost and the number of employees for a project misdirected in the budget. Nevertheless, most the available studies did not consider the effect of the budget on the financial performance of the firm but rather on other performance indicators and found that computerized accounting system contribute to budgeting, while factors such as budgetary control, customer relationship management, strategic management and effective collaboration to be responsible for high performance of the firm, and that budget target setting is an effective tool for performance evaluation. This study therefore seeks to evaluate effectiveness of the government firms by using budgetary control systems the organizational goals will be achieved or not.

(Kpedor, 2012)shows that there is statistically significant negative relationship between organizational effectiveness and average collection period but positive relation between tax revenue collection and organizational effectiveness. This result suggests that firms can improve their effectiveness by reducing the number of day tax collections.

2.2.5. Knowledge Gap

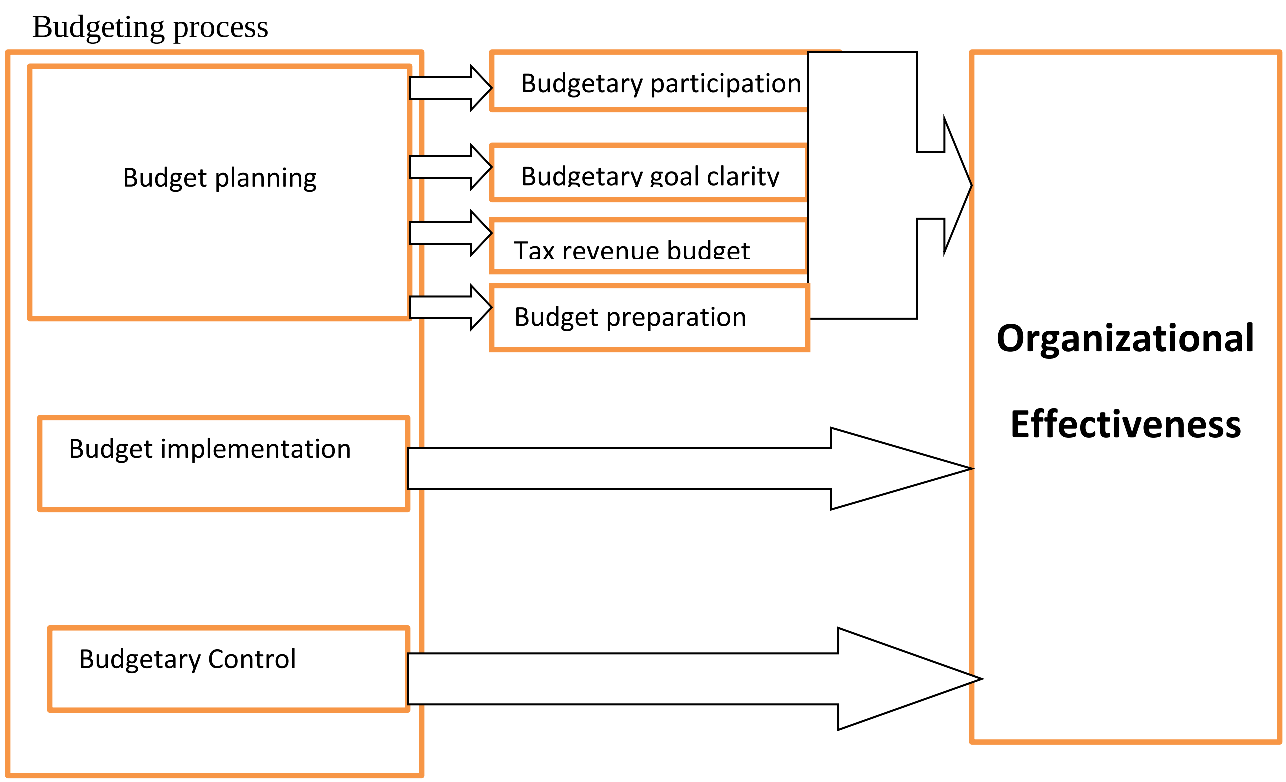
Empirical evidence from various studies at different levels shows that for an organization to achieve its goals it has to point out its budgeting process must be effective with time and in their objectives. However for the budgeting process to be fruitful, many prerequisites are needed to be kept in place, thus creation of budget centers, budget preparation, the usage of adequate expenditure records, establishment of budgetary participation, budget implementation, budgetary goal clarity and budgetary control are some among the determination of the key factors that are to be given priority. Given the conditions of a fruitful budget organizations need to improve their budgeting process for the best for organization or organizational goal achievement or effectiveness.

2.2.6. Conceptual Framework

The conceptual frame work identifies the relationship of dependent and independent variables. With this line, this research was aimed to investigate the effect of budget process on organizational effectiveness.

The variables under the effect of Budget process such as: Budget planning, Budget implementation and Budget control in this study were considered. For Budget planning; the independent variables of Budget preparation, Budget participation, Organizational goal clarity and the Budget tax revenues were included. Similarly, for the Budget implementation and Budget control variables, it is important to have conceptual relationship with the organizational effectiveness through the achievement of its goal. (Shields et al, 2006)

Figure 1: Conceptual Framework to show the effect of budgeting process on Organizational effectiveness



Source: Modified from (Shields et al, 2006)

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

This study was designed to employed cross-sectional studies which had been taking a study within a particular timeframe and the investigation conducted by both descriptive and inferential research methods. The descriptive method was mainly used to describe for demographic part of the questions. Although, the inferential method was used to determine each independent variables effect of budgeting process on organizational effectiveness by using its objective measurement.

3.2 Target Population and Sampling Frame

The study has a target 262 staff employee from 5 selected woreda government sectors in Hadiya zone .The five word's government finance sectors were selected purposely from the 12 woredas.

According to (Orodho., 2009),a sampling frame is a set 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 frame of the study was the targeted Population of the study which was 262 employees of all the staffs of the five word's government finance sectors. The sampling frame was picked from the Human Resource Manager of Hadiya zone government finance organization.

3.3 Sample size

There are 12 total number of public finance sectors in Hadiya zone .From those 5 public finance sectors were selected purposely due to their establishments' priorities and more experienced staff members, full manpower that helps to identify problems effectively and stratifying all staff members in their departments in case of homogeneity of their job characteristics and finally, the researcher makes random sampling method. On the other hand determined the sample size and 95%conifdinece level the researcher used (Kothari & Carilason., 2012) formula.

: $n = Z^2.p.q.\frac{N}{e^2(N-1)+Z^2.P.q}$ Where:

N= size of population

n = size of sample

p = sample proportion of successes

q = 1 – p

z = the value of the standard variety at a given confidence level

e = acceptable error (the precision)

q=sample proportion of faller.

e=5%, p=.65, q=1-p=.35,z=1.96

$n=z^2.p.\ q.\ N/e^2(N-1)+z^2.p.q$

N=262 ,

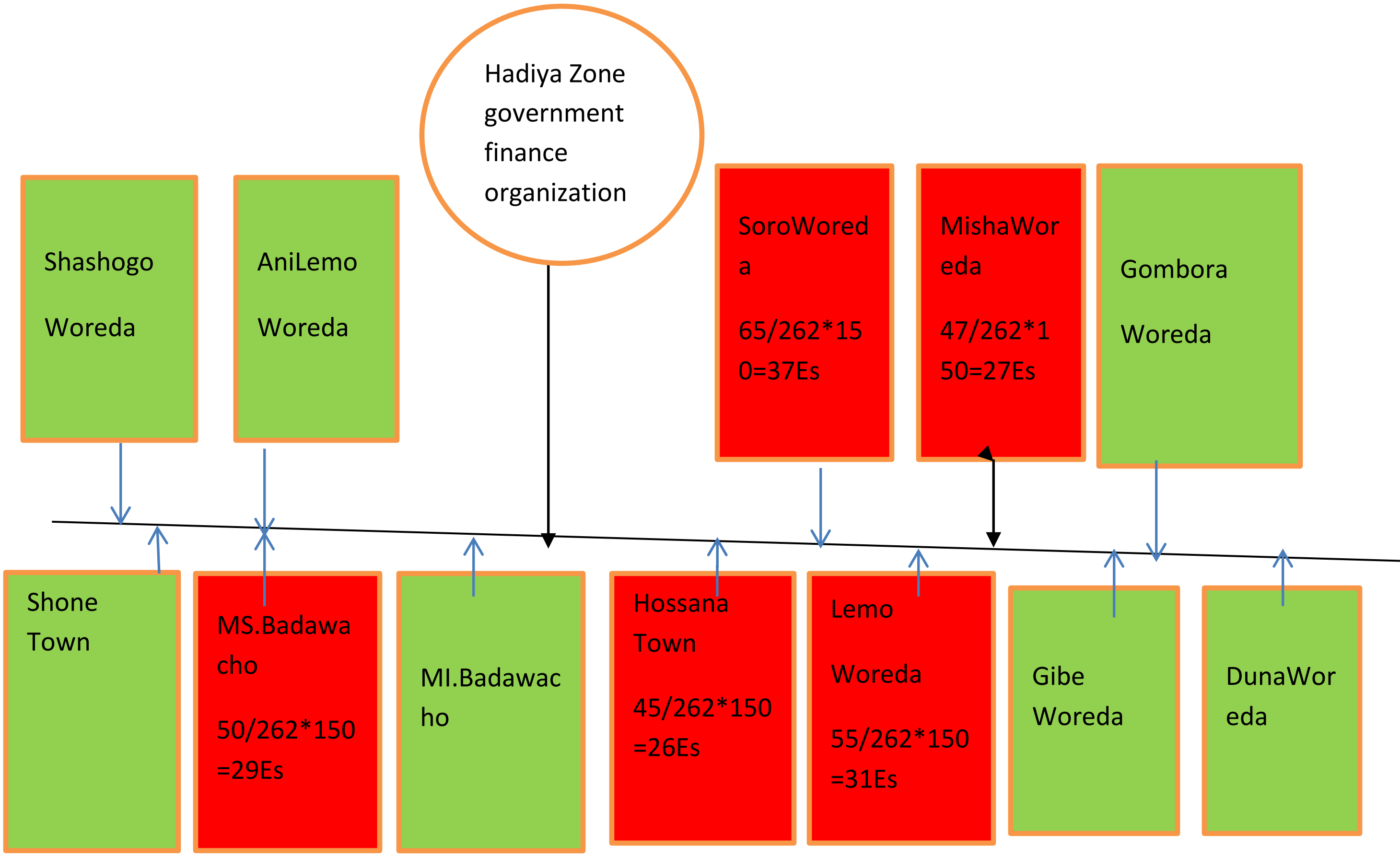
n=(1.96)(1.96)(.65)(.35)(262)/(.05)(.05)(262-1)+(1.96)91.96)(.65)(.35)=150

3.4 Sampling Technique and procedure

According to (Nairobi & AOrodho., 2009) (for this research, a multi-stage sampling technique was employed to draw sample employee for the study. The first stage 5 Woredas were purposively selected out of 12.

Second stage, each word's staff members encompasses into 5 sub-stratum according to their homogeneity or departments and the employees selected based on proportionately simple random selection sampling technique was used applied to get more relevant information .According to (Kombo et al, 2011), sampling Technique and procedure modification was summarized by diagrammatically as follow:

Figure 2: Sampling Technique and procedure was summarized



KEY **PURPOSLY SELECTED WOREDAS**

UNSELECTED WOREDAS

Stratified Random sampling technique Identification

Stratum umber of sample =total sample*total number of stratum/total population

3.5 Data Collection Instruments and Procedures

According to (Mugenda' et al, 2003) questionnaires are very suitable in survey research and structured questionnaire used to collect data from the respondents. The researcher used primary data interviews and secondary data. Primary data was collected through questionnaires and the secondary data from different document sources qualitatively and, interviews for triangulation purpose..

3.6 Pilot study

The study conducted a pilot study to 30% (78 respondents) of the respondents from the total population of 262 employees. This was mainly to ascertain the validity and reliability of the instrument. According to (Dr. Ekanem, 2014), validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity employed by this studied was a measure of the degree to which collected data using a particular instrument represents a specific content of a particular concept. (Mugenda, 2003) , observe that the purpose of the pilot study is to assess the clarity of the instruments and the validity and reliability of each item in the instruments.

3.7 Data Analysis methods and techniques

The process of data analysis involved data cleanup and explanation, after that the data was coded and checked for any errors and omissions (Kothari & Carilason., 2012).Data analysis was applied to examining, categorizing, tabulating, testing or otherwise recombining qualitative evidence to address the research questions. Data was analyzed by using multiple linear regression models on computer software package.

3.8 Data Validity and Reliability

3 .8.1 Reliability

According to (Shanghverzy, 2003) reliability refers to the consistency of measurement. The study used the Cronbach (Alpha – α) model to test the reliability of the data. Brown (2002) indicates that Cronbach’s alpha reliability coefficient normally ranges between 0 (if no variance is consistent) and 1 (if all variance is consistent). The closer the coefficient is to 1.0 the greater the internal consistency of the items in the scale and alpha (α) score of 0.70 or higher is considered satisfactory.

3.8.2 Validity

According to Berg and Gall (1989), validity is the degree by which the sample of the test items represents the content the test is designed to measure. This study adopted construct validity. Construct validity refers to how well you translated or transformed a concept, idea or behavior into a functioning and operating reality.

To measure the consistency of the questionnaire particularly the continues Likert-type scale the reliability analysis is essential in reflecting the overall reliability of constructs that it is measuring. To carry out the reliability analysis, Cronbach's Alpha (α) is the most common measure of scale reliability and a value greater than 0.700 is very acceptable reliability value (α) greater than 0.700 is also acceptable.

Reliability Statistic

Cronbach's Alpha	N of Items
.714	7

Sources: survey data, 2017

From table 3.1 above, the value for Cronbach's Alpha (α) was 0.714 for all variables. When these calculated reliability values are close to 0.7000, and compared with the minimum value of alpha 0.700 encouraged by Cronbach's (1951), then the responses generated for all of the variables' used in this research were reliable enough for data analysis.

3.9 Model Specification and OLS Assumptions

The characteristics of model and the proposed variables in this study have been evaluated for the fulfillment of the classical assumption (Gujarata, 2004) similarly; according to (Ponsian, 2014)Ordinary Least Squares (OLS) regression model was used:

$$OE = \beta0+\beta1\ (BPr) +\beta2\ (BPt)+\beta3(PBI)+\beta4\ (BGC)+ \beta5(BCo) + \beta6(TRB)+\varepsilon.$$

where : 0 = Intercept of the equation and 1, 2, … . . 6= Coefficients and ε = Error term. The 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, β0 =intercept

β1 -- β6=are Coefficient of independent variables. **ε=error term.**

BPr= budget preparation BP t= budget participation

BI= budget implementation BCl= budget goal clarity

BCo = budgetary control and BTR = budgetary tax revenue budget

The independent variablesβ1 – β6 were variables of effects of budgeting process on organizational effectiveness for this study which was measured through various questioners 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 was used to interpret the level of ranking.

3.10. Variables and Measurement

Dependent Variable: ***OE*** In this study, the measurement 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 dimension of effect of budget planning process on organizational effectiveness were supported by the independent variables of Budget preparation (BPr), Budget participation (BPt), Budget Goal clarity (BGc) 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 were obtained.

Generally the formal budgeting process, an independent variables, which were measured with rate of extent by six sub variables such as , budget planning, budget-goal clarity and the budgeting control, budget participation budget implementation that organization and control variable.

The budgeting process: (Merchant & Kowjak, 1981) points out that the budgeting process is accepted differently in arrangements which differ in variety of organizational but researchers have not paid considerable attention to the possible relationship between the effect of budgeting process and organizational effectiveness in the government organization (Jayamaha, 2012) budgetary Process and Organizational Performance of Apparel Industry in Sri Lanka have shown strongly positive relationship. Selection techniques and regression analysis were employed in investigating the relationship between the effects of budgetary process and organizational effectiveness.

Budget preparation: This used as a substitution for the budget planning and it was measured by extent through Likert Scale. A well designed administrative budget preparation is predictable to contribute positively to the organizational goal success (Ponsian & Chrispina,2014). Moreover, this study was good budget preparation was expected to has better organizational success.

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 a firms' 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 program budget implementation was positively related to 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.

Budgetary participation: It was an independent variable and which measured by extent through the degree of a Likert-type scale ranging. (Mwaura, 2010) , concluded that budgetary participation is affects return on the capital of organization and return on assets to a great extent. First, according to regression analysis of results were positive and significant. Secondly, this study found out that the organizational performance scores were found to increase when the relations score between budget participation and organizational assurance increase. Therefore, in this study would have expected that it was positively related to organizational effectiveness.

Budgetary goal clarity: It was an independent variable and which measured by extent through the degree of a Likert scale. (May & Yang, 1980), shows the distribution of small and medium-sized firms among them have the different levels of budget goal clarity. Observing the descriptive results can get some facts: Firstly, more firms at a high level of the budget goal clarity report more frequently achieving budget goal, compared to the low level of the budget goal clarity on the firms. Finally, the result concludes that the more budget goal clarity will reach to the more organizational goal achievement. So, it would be expected that was positively related to organizational effectiveness.

BTR = tax revenue budget which is the revenue collected from the government tax and measured by its nominal value. In this section, the measurement of variables firstly, it was necessary to determine the instrument/indicators used for measuring each variable. For some variables instruments were adopted directly from previous research. Secondly, it was necessary to check the invariance and inter-relation among the indicators..

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

4.1. Introduction

As indicating in the previous chapter, the main attempt of this study was to investigate the effect of budgeting process on the organizational effectiveness in the public sector. Therefore, this chapter presents the analysis and discussions for research findings obtained from the primary and secondary sources. In which results were obtained from the questionnaires, some interviews and secondary source. The discussion begins with the descriptive statistics of the respondents related questions; like profession, and level of education. The results of the description analysis and the regression assumption tests and analysis's are presented.

The questionnaires were distributed to the selected woerda level public finance sector employee. For 150 employees questionnaires were distributed and from which 144 were collected which shows that very good (96%). response rate and objective was to establish the effects of budgeting process on organizational effectiveness on government organization in Hadiya zone finance sector. The findings were presented in percentages and frequency distributions, mean and standard deviations and finally, a correlation and multi-linear regression analysis were performed on the results.

4.2 Field of study of respondent

Table 1 : field of study of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Accounting	57	38.0	39.6	39.6
	Management	64	42.7	44.4	84.0
	Economics	19	12.7	13.2	97.2
	Other	4	2.7	2.8	100.0
	Total	144	96.0	100.0	
Missing	System	6	4.0		
Total		150	100.0		

Survey result 2017

The results in the above Table 2 on the field of study of an employee researched on was that 38% have been in existence for38% accounting, 42.7% were management, 12.7% economics were while 2.7% of the employee were for others .The results of the figure show that majority of the employee had been in operation on average about 42.7% were for the field of management , 38% accounting and others field employee were with the combination of fields of specialization are making an effective budgeting process and also realize the objectives of the organization.

4.3 Level education of employee

Table 2: level education of employee

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate.	18	12.0	12.5	12.5
	Diploma	63	42.0	43.8	56.3
	Degree	63	42.0	43.8	100.0
	Total	144	96.0	100.0	
Missing	System	6	4.0		
Total		150	100.0		

Sources: survey data 2017

The results on the level education of the employee were 1 2% have been in existence certificate,42% was Diploma while 42% of the employee was Degree. The results mean that majority of the equal amount percentage of the employee had been in operation on average about 42% were Diploma and Degree holders had been to establish an effective budgeting process and skilled people availability in the sector, that make good task force and also realize the objectives of organizational effectiveness.

4.4 Experience Year

Table 3 : ES (Year of Experience)

Experience Year		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1.3	1.4	1.4
	2	6	4.0	4.2	5.6
	3	51	34.0	35.4	41.0
	Above 4	85	56.7	59.0	100.0
	Total	144	96.0	100.0	
Missing	System	6	4.0		
Total		150	100.0		

Sources: survey data, 2017

The results in Table 6 Experience Year of the employee researched on was that 1.3% have been in existence for one years while 4% of the employee was two years,34% was three year and very high amount of them means 85% employees were above four year experience. The results mean that majority of the experience an employee had been in operation in hadiya zone government finance organization on average about 85% and this can be taken to imply that the organization have long enough an employee experience had been to establish an effective budgeting process and also realize the objectives of organizational effectiveness

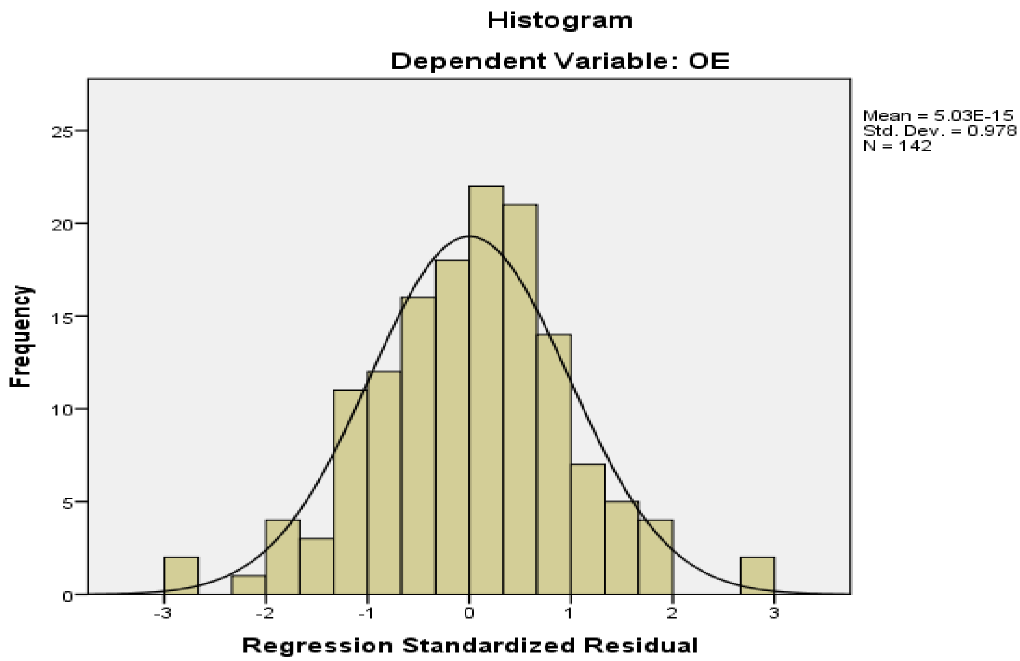
4.5 Regression Analysis

4.5.1 Assessment of Ordinary Least Square Assumptions

4.5.1.1 Assessment of Normality Test

In the Normal Probability important diagnostic test conducted in this paper is the normality assumption i.e.the errors should be normally distributed. .According to (Fidell, 2001) a full description of how to interpret a residuals plot and how to assess the impact that violations may have on the analysis. The presence of outliers can also be detected from the Scatterplot. (Fidell, 2001) define outliers as cases that have a standardized residual (as displayed in the scatterplot) of more than 3.3 or less than –3.3.In order to test the normality of data, tests of normality were used and conducted on SPSS 20,it shows that the distribution of the sample do not significantly different from a normal distribution. Accordingly, the result of test showed in figure 4 and 5 below and that all variables were found to be normal and the presence of normality was accepted at $p > 0.05$

Figure 3 : Test of Normality



Sources: survey data, 2017

4.5.1.2. Assessment of Heteroskedasticity Test

As mentioned by (Cuervo, 2008)it has been assumed that the variance of the errors is constant, this is known as the assumption of homoscedasticity. To test for the presence of heteroscedasticity. This test involves testing hypothesis that the variance of the errors is constant (homoscedacticity) or no heteroscedasticity versus the alternative that the errors do not have a constant variance.

For the regression output of the model Coefficient Correlation test for Heteroskedasticity was conducted on SPSS 20 to test for homogeneity of covariance variables are zero or approaches to zero and were acceptable. As the result revealed in table 7 below and for the model is covariance variables are zero or approaches to zero, that critical value shows homogeneity of variance across the model.

Table 4: Test of Heteroskedasticity

Coefficient Correlations[a]								
Model			BTR	BI	BCO	BCl	BPt	BPr
	Covariances	BTR	.003	.000	1.992E-005	-.001	.001	.000
		BI	.000	.007	.000	7.802E-005	-.002	-.005
		BCO	1.992E-005	.000	.003	-.001	8.800E-005	.000
		BCl	-.001	7.802E-005	-.001	.002	-.001	9.967E-005
		BPt	.001	-.002	8.800E-005	-.001	.011	-.007
		BPr	.000	-.005	.000	9.967E-005	-.007	.012

Source: Surveydata, 2017

4.5.1.3. Assessment of Multicollinearity Test

The final test which was conducted in this study was the multicollinearity. To test the independence of the explanatory variables or to detect any multicollinearity problem in regression model the study used a correlation matrix of independent variables. The problem of multicollinearity usually arises when certain explanatory variables are highly correlated. Usually, as noted by (Hair et al, 2006)correlation coefficient below 0.9 may not cause serious multicollinearity problem.

In contrary to this, (Cooper, 2003) argued that as any correlation coefficient above 0.8 could cause a serious multicollinearity problem leading to inefficient estimation and less reliable results. But in this study there is no correlation coefficient that exceeds or even close to 0.8 (see table 8 below). Accordingly, in this study there was no problem of multicollinearity which enhanced the reliability for regression analysis. SPSS also performs ‘collinearity diagnostics’ on those variables as part of the multiple regression procedure.Two values were given: Tolerance and VIF. Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula 1–R2 for each variable. If this value is very small (less than .10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating multicollinearity. Which have quoted commonly used cut-off points for determining the presence of multicollinearity (tolerance value of less than .10, or a VIF value of above 10). These values, however, still allow for quite high correlations between independent variables (above .9), so you should take them only as a warning sign, and check the correlation matrix. In this modle the tolerance value for each independent variable is .230, which is not less than .10; therefore, it is not violated the multicollinearity assumption. This is also supported by the VIF value, which is 4.342, which is well below the cut-off of 10.

Multicollinearity exists when the reare strong correlations among the predictors tolerance value below 0.10 and Variance inflation factor (VIF)greater than 10 in the correlation matrix are the causes for the multicollinearity existenc (Field et al, 2007). Tolerance is a statistics used to indicate the variability of the specified independent variable that is not explained by the other independent variables in the model.

Table 5 :Collinearity Statistics model

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Budget Preparation	.230	4.342
	Budget Participation	.287	3.479
	Budget implementation	.367	2.725
	Budgetary Control	.871	1.148
	Budget goal Clarity	.795	1.258
	Budgetary tax revenue	.949	1.054

Source: Survey data, 2017

As shown in the Collinearity table,the tolerance levels for all variables are greater than 0.10 and the VIF value are less than 10 (see table 8 above),and also the correlation matrix of all the variables have the paired values among the predictors are greater than 0.20 (see table 8 above) indicates that there were nomulticollinearity problems.

Pearson Correlation Test

Table 6: Pearson Correlations

Correlations								
		OE	BPr	BPt	BI	BCO	BCl	BTR
Pearson Correlation	OE	1.000						
	BPr	.697	1.000					
	BPt	.683	.832	1.000				
	BI	.651	.787	.712	1.000			
	BCO	.106	.021	.037	-.027	1.000		
	BGl	.289	.182	.243	.140	.350	1.000	
	BTR	-.025	-.097	-.104	-.051	.055	.162	1.000

Matrix,Correlationis significant at the 0.05 level(1-tailed).

Source: Survey data, 2017

Table 9 indicates coefficients of correlation, R for the organizational six independent variables under study, the budget preparation .697 budget, participation .683 budget implementation .651, budgetary goal clarity .289 respectably .This shows that, there is existence of a very strong positive relationship between the dependent variable and the independent variable but only budgetary goal clarity was weak positive relationship between the dependent variable compering to significant variables. That means the improvement of budgeting process increase, organizational effectiveness is also increased generally, the researcher found positive correlation between organizational effectiveness and six independent variables.

4.5.1.4 .Assessment of Autocorrelation Test

Table7: Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Durbin-Watson
1	.749[a]	.561	.542	.43759	.561	2.101

Source: Survey data, 2017

This assumption of OLS theoretically expressed by the numbers of scholars among that (Brooks, 2008) and (Verbeek, 2004) founded, both of them described as; cov (ui, uj) = 0, this is the assumption that is made of the CLRM's disturbance terms is that the covariance between the error terms over time (or cross-sectionally, for that type of data) is zero. In other words, it is assumed that the errors are uncorrelated with one another. If the errors are not uncorrelated with one another and it would be say that they are 'auto correlated' or that they are 'serially correlated'.

The most common test of this assumption is by using the Durbin–Watson test. As far as concerning this paper the researcher used the Durbin–Watson test to detect the problem of autocorrelation and which, test for serial correlation between errors and the value closer to 2 are acceptable and which described on table 10 above, the Durbin-Watson statistics value are 2.101 very close to 2 which suggests that there is no severe autocorrelation among error terms.

As clearly indicated the above table the R-squared statistics and the adjusted R squared statistics of the model (Anova model) was 56.1% and 56.2% respectively. The result indicates that the changes in the independent and control variables could explain 56.1% of the changes in the dependent variable (OE). That means in other words, 56.1% of the organizational effectiveness were affected in Hadiya zone government public finance by the six factors namely, BPr, BPt, BI, and BGcl,BTR and control variables .The remaining 43.9 percent of the variation in the OE were explained and affected by other variables which did not included in the model.

Table 8: Anova model

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	33.074	6	5.512	28.788	.000[b]
	Residual	25.850	135	.191		
	Total	58.924	141			
a. Dependent Variable: OE						
b. Predictors: (Constant), BTR, BI, BCO, BCl, BPt, BPr						

Source: Survey data, 2017

The (Anova model) , these variables collectively, were good explanatory variables of the OE and beside this, F statistics (28.778). Anova model which are used to measure the overall test of significance of the models. In testing 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 11 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 effeteness in budgeting processes in Hadiya zone government public finance. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained.

4.5.1.5 Strength of independent variables in the Regress in model

Analysis in table 12 in the below shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R2 equals 0.561, that was, BPr, BPt, BI, and BGcl explains 56.1% of observed change on organizational effectiveness as measured by those variables. The P- value of 0.000 (Less than 0.05) implies that the regression model was significant at the 95% significance level.

Table 9 : Independent variables Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.305	.316		.967	.335	-.319	.929		
	BPr	.255	.109	.278	2.343	.021	.040	.470	.230	4.342
	BPt	.250	.105	.254	2.385	.018	.043	.457	.287	3.479
	BI	.214	.085	.236	2.511	.013	.045	.382	.367	2.725
	BCO	.048	.054	.054	.882	.379	-.059	.155	.871	1.148
	BCl	.094	.049	.122	1.901	.059	-.004	.191	.795	1.258
	BTR	.018	.057	.018	.311	.756	-.096	.131	.949	1.054
a. Dependent Variable: OE Source: Survey data, 2017										

Y $=\hat{\beta}_0 + \hat{\beta}_1 X_1 + \hat{\beta}_2 X_2 + \hat{\beta}_3 X_3 + \hat{\beta}_4 X_4 + \hat{\beta}_5 X_5 + \hat{\beta}_6 X_6$+----------+ ε

Y $=.305 + \hat{\beta}_1(BPr) + \hat{\beta}_2(BPt) + \hat{\beta}_3(BI) + \hat{\beta}_4(BCO) + \hat{\beta}_5(BGcl) + \hat{\beta}_6(BTR)$

$$Y = .305 + .255(BPr) + .250(BPt) + .214(BI) + .048(BCO) + .094(BGcl) + .018\,(BTR)$$

The coefficient of intercept constant has a value (0.305) was at 95% confidence level that was applied in the analysis. The coefficient of budget preparation was 0.255 and was significant at 5% significance level. This means that a unit increase in the budget preparation will increase the Organization effectiveness of the firm by 0.255 units. The coefficient of budget participation was 0.250 and was significant at 5% significance level. This means that a unit increase in the budget participation will increase the Organization effectiveness of the firm by 0.250 units.

The coefficient for budget implementation is 0.214, So for every unit increase in budget implementation, 0.214 unit increase in organization effectiveness is predicted, holding all other variables constant. The coefficient for budget implementation (0.214) is significantly different from 0 because its p-value is 0.013, which is smaller than 0.05.The coefficient of budgetary goal clarity is 0.094 and is significant at 5% significance level. This means that a unit increases in the budgetary goal clarity will increase the Organization effectiveness of the firm by 0.094 units. Further, the findings indicated that most respondents strongly agreed that budget preparation time call letters do not circulate for all sectors on time and Budgets are not planned according to the Organizational goal Objectives and majority of the participants do not satisfied with budget preparation because of they do not participate in their department/ organization budget Preparing and they do not participate when their department expenditure budgets to implementation and also there is less communication between top and lower level managements when the organizational budget planning.

As result by most respondents were said that budget preparation and budgetary participation affects to a very great extent on organizational effectiveness in Hadiya zone government finance sectors. The study further revealed that most respondents strongly agreed that they do not know clearly about expenditure budget implementation in their office, they have not budgetary goal clarity in their department/office and also the prepared budget goals are not stated specifically and clearly in their office. It was also concluded that organizational effectiveness was measured by organizational goal achievement and its independent variables and it was influenced by Budget Preparation (p=0.021), Budgetary participation (p=0.018) Budgetary goal clarity (p=0.059). The independent variables in the regression model with positive coefficient revealed that there was a direct relationship with the dependent variable.

Budget preparation: A well designed organizational budget preparation is expected to contribute positively to the organizational goal achievement (Ponsian1 & Chrispina1, 2014)). Moreover, this study examined that good budget preparation was expected to have better organizational success. In the Reg,(table,12) the significance was found to be 0.000. This can be interpreted as the relationship between budget preparation and organization effectiveness was significant. The coefficient for budget preparation in the simple linear regression was (0.255). So for every unit increase in budget preparation, a 0.255 unit increase in organization effectiveness is predicted, holding all other variables constant. The coefficient for budget preparation (0.255) is significantly different from 0 because its p-value is 0.021, which is smaller than 0.05. Further, the findings indicated that most respondents strongly agreed that budget preparation time call letters did not circulate for all sectors on time and Budgets did not planned according to the Organizational goal Objectives and majority of the participants was not satisfied with budget preparation because of they did not participate in their department/ organization budget Preparing and they did not participate when their department expenditure budgets have implementing and also there was less communication between top and lower level managements when the organizational budget planning. As result by most respondents were said that budget preparation was affects to a very great extent on organizational effectiveness in Hadiya zone government finance sectors.

Budgetary participation:. (Mwaura, 2010)Conclude that budgetary participation affects capital of organization and return on asset in a great extent in public finance. First, according to regression analysis results of this study suggested that the effects of budget participation were positive and significant. Secondly this study was found out that the organizational performance scores were increase when the relations score between budget participation and organizational assurance increase. Therefore, in this study it is expected that it is positively related to organizational effectiveness. In the regression analysis table (12) the significance was found to be 0.000. This can be interpreted as the relationship between budget participation and organization effectiveness is significant. The coefficient for budget participation (.250) is significantly different from 0 because its p-value is (0.018), which is smaller than 0.05. This means that a unit increase in the budget participation will increase the Organization effectiveness of the firm by 0.250 units

Budgetary goal clarity: (May & Yang, 1980)shows the delivery of small and medium-sized firms among the different levels of budget goal clarity. Observing the descriptive results can get some facts: Firstly, more firms at a high level of budget goal clarity report more frequently achieving budget goal, compared to low level of budget goal clarity on the firms. Finally, the result concludes that the more budget goal clarity will reach to the more organizational goal achievement. So,as above researcher this paper expected that is positively related to organizational effectiveness. In the Rg(table 12,) the significance was found to be 0.059.

(Hirst & Yuen, 2004)has long stressed the beneficial effect of budget goals clarity on promoting effectiveness of an organization. A large group of previous studies Yuen, 2004 analyze the characteristics of the budget goal from two aspects and show their potential link with organizational effectiveness.

"Goal clarity refers to the extent to which budget goals are stated specifically and clearly, and are understood by those who are responsible for meeting them" (Yuen, 2004). Researcher would believe that managers working with unclear goals are faced with higher uncertainty in relations to goal achievement, while clear goals reduce uncertainties in the budgeting process and which, in turn, will improve performance of organizational. Moreover, realizing the motivational role of budget goals, previous studies (Hirst & Yuen, 2004) also state that clear goals promote the performance of employees by urging them to do the best they can whereas lack of clarity leads to confusion, tension, and dissatisfaction among employees.

The coefficient for Budgetary Goal Clarity (0.094) is significantly different from 0 because its p-value is ,0.059 which is smaller than 0.05. The coefficient of budgetary goal clarity is 0.094 and is significant at 5% significance level. This means that a unit increases in the budgetary goal clarity will increase the Organization effectiveness of the firm by 0.059 units by holding all other variables constant. The study further revealed that most respondents strongly agreed that they do not know clearly about expenditure budget implementation in their office, they have not budgetary goal clarity in their department/office and also the prepared budget goals are not stated specifically and clearly in their office. It was also concluded that organizational effectiveness was measured by organizational goal achievement and which can be interpreted as the relationship between Budgetary Goal Clarity and organization effectiveness is significant. This result showed that all employees should be involved in Budgetary Goal Clarity will make the effective organization.

Budgetary Implementation::. A well budget implemented organization is expected to contribute positively to the creation of a firms' 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 projected that effective program budget implementation was positively related to organizational effectiveness. In the Rg(12), the significance was found to be 0.013 and which can be interpreted as the relationship between budget implementation and organization effectiveness was significant. This result shows that all the employers must be involved in all budget implementation to make the effective organization.

The coefficient for budget implementation (.214) is significantly different from 0 because its p-value is 0.000, which is smaller than 0.05. So for every unit increase in budget implementation, .214 unit increase in organization effectiveness is predicted, holding all other variables constant. The coefficient for budget implementation (0.214) is significantly different from 0 because its p-value is 0.013, which is smaller than 0.05.Finally, these all the above the regression results were the same to primary data from quaternaries, interviews and qualitatively from secondary data implied results.

Generally, according to the secondary and primary data responses or from questionnaires , interviews and from secondary data on different financial report information's concluded that, the organization faces budget shortage during the budget year, the employees did not know differences between budget plan and organizational goal in clear way, the expenditure budget did not consistent with its organizational goal achievement, the employees did not know in clear way about expenditure budget implementation in the office and they did not involve in their department budget implementing for organizational effectiveness. Those all results were the same to regression analyses and have high effect on organizational effectiveness.

CHAPTER: FIVE

5. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presents a summary of the key findings of the study as well as the conclusions, and recommendations for further research.

5.1. Summary of findings

The key findings was that more formal budget planning promotes higher organizational goal achievement and greater budgetary goal clarity, budgetary participation, and budget Preparation leads 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 that 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 formal budgeting process are expected to have a positive effect on organizational goal achievement .

The budgetary preparation was found to be one that affects the most of the organizational effectiveness comparing to the other independent variables .The main objective of the study was to determine the effect of budgeting process on the organizational effectiveness on the case of hadiya zone government finance sector. The study also discovered in case the strategies did not move in the same direction with its budgetary goals, the strategies should not be reviewed in line with the Budgeting process of budgetary goals clarity, less budgetary participation, less budgetary communication top and lower managements, less participation in time of budgetary expenditures utilization, budgetary implementation not consistent with its plan and not used approved budget only, budget preparation time less participation of employee, less budgetary goal, less expenditures budget clarity when in preparation time and other.

Generally, those all determined factors have high effect of budgeting process on the organizational effectiveness on the case of hadiya zone government finance sector.

5.2 Conclusion

According to the regression output all these predictors were positively contributed to the organizational goal achievement in Hadiya Zone public finance sector. Moreover, the budgetary preparation and budgetary participation, budgetary goals clarity, budgetary implementation were the major determinants of OE in the public finance sector. However, budgetary control and budgetary tax revenue were not significantly important for the OE of public finance sectors.

This study finds that the composite measure of the budgetary preparation and budgetary participation budgetary implementation budgetary goal clarity budgetary control and BTR for 56.10% (R^2 =0.561) variance for the OE in identifying activities and added contributions to the public finance sector. That means, the impact of these six independent variables contributed for the dependent variable OE were 56.10%, and the remaining 43.90% 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 variable .The results indicated that organizational effectiveness was measured by its independent variables which are strongly influenced by Budget Preparation(.255) Budgetary participation (0.250) and budgetary implementation (0.214) Budgetary goal clarity(0.094) respectively. The findings of the study was relevant due, budgetary Preparation budgetary participation budgetary implementation and budgetary goal clarity , are critical inputs in budgeting process for organizational effectiveness.

From the research findings and the answers to the research questions, some conclusions can be, made about the study. Adoption of effective budgeting process has an effect in the success of the plans set as well as for organizational goal achievement. It is also important that a organizational should explore the need to adopt on budgetary goals clarity, budgetary participation and budget preparation in budgetary process.

Such adoption will increase the success of the organizational of that sector. An organization should put in place budget practices which assist in accomplishing a principle and element of the budget process. A budgeting process typically has multiple practices associated with it. The budget practices must be clearly related to activities identified in the budget process. The success in implementing the principles, elements, and practices should not be measured by how rapidly they are incorporated into the budget process but, successful implementation is likely to take a number of years in order to build the necessary level of understanding among all participants. 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, supervisors and employers with budget responsibility, which ultimately will enable the organization to better accomplish its goals and objectives.

The multiple regression analysis results indicated that there was a strong and statistically significant relationship between budgeting processes and organizational effectiveness. Therefore, this study concludes that budgeting processes have a strong positive effect on organizational effectiveness in the public finance organization in hadiya zone.

5.3 Recommendations

After watching the research findings and achieved results with regard to the main objective of this study to identify the major effects of budgeting process on organization effectiveness in the public finance sector and also to prove the hypotheses, the researcher provides the following recommendations to the public finance sector in Hadiya zone SNNPR, Ethiopia.

- The finding of this research proved that the budgetary preparation and budgetary participation, budgetary implementation and budgetary goal clarity were statistically significant and positively related with the OE in the public finance sector .Thus, the public finance sector should budgetary participation more for the finance sector employee by facilitating the works, and should budgetary goal clarity will implemented when in preparation time and other.

- The organization should participate its employees at a particular preferred level, in order to benefit from the efficiency and the success of the organization. The Participation encourages an employee to work hard in relation to the given budget, when employees work hard it means the organization can easily achieve its goals.
- Government finance organizations need to identify with their stakeholders and involve them throughout the budgeting process to ensure chances of success when budget planning time and make implantation budget consistent with its plan.
- It concluded that the interactions specially use budgetary goal clarity, budgetary participation and budget Preparation of the four factors are inputs in budgeting process for organizational effectiveness, and hence Hadiya zone government finance sectors should adopt strategies to enhance these to four areas.

5.4 Suggestion for Future Research

By taking this study as a standing point, it could be possible to come up with a better insight and several extensions to this study are possible. Considering the available time and resource the outcome of this study can be more- healthy, if future researchers conduct a study on this area.

- Firstly, differences on effect of budgeting process on the organizational effectiveness in rural and town government finance organizations.
- In general, as results obtained were same to some findings and theories but, more empirical research can be carried out to find the reasons of these two insignificant variables finding (.budgetary control and budgetary tax revenue).

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Appendices one

DEPARTMENT OF ACCOUNTING AND FINANCE

COLLEGE OF BUSINESS AND ECONOMICS

JIMMA UNIVERSITY

M.Sc. Program in Accounting and Finance

Dear respondents

This questionnaires' form is part of my research and is intended to find out the effect of budgeting processes on organizational effectiveness. The questionnaire is being administered on "South region Hadiya Zone Government Finance Organization". Please standby some of your precious time and answer the questions below by providing a tick in the boxes provided as appropriate. The research is purely for academic purposes; your responses shall be treated with maximum confidentiality and your identity shall remain absolutely anonymous.

Thank you in advance for your cooperation

Part I: General information

General Instruction: Please indicate your choice by putting "√" mark in the bracket and write other options.

1. Sex/Gender/: Male (______) Female (______)

2. Age (in year): 20 to 29(___), 30 to 39(___), 40 to 49(_____), 50 and above (____)

3. Your field of study: Accounting (______), Management (______), Economics (_______) Other specify______________________________________

4 Level of education: TVET certificate (____), Diploma (______), Bachelor's Degree (_____),

Master's Degree (_____) or others specify__________________________________

5. Current position in your office/sector________________________________

6. How many years have you been working with your organization?

One ( ) two ( ) three ( ) more than four ( )

Additional information:

I. For further information, you perhaps contact the investigator Birhanu by the following addresses/ phone number 0926494567**.**

Date: ___________________ **Code: ___________________**

Questionnaires for selected government finance staff employee instruction

Please encircle the extent to which you agree or disagree to each of the statement below, use the scale below to indicate your answer.

I.	**Budget Preparation**	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	Finance offices circulate call letter and budget guideline to all sectors on time.	1	2	3	4	5
2	. Your office has adequate number of professionals (budget officers) who prepare plan and budget	1	2	3	4	5
3	Your office revises its plan frequently in relation to budget.	1	2	3	4	5
4	In your organization expenditure Budgets are planned in clear way.	1	2	3	4	5
5	. Budgets are planned according to your Organizational goal Objectives.	1	2	3	4	5

II.	**BUDGETARY PATICIPATION**					

6	You participate in your department/ organization budget Preparing.	1	2	3	4	5
7	You participate when your department expenditure budgets have implementing	1	2	3	4	5
8	There is communication between top and lower level managements when the organizational budget planning.	1	2	3	4	5
9	Finance office summarizes all sectors' request, consolidate and present it for woreda leaders (cabine).	1	2	3	4	5
10	Woreda leaders (cabine) revise recommended budget and present for approval to woreda people's representative	1	2	3	4	5

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III	**Budgetary implementation**					
11	You are involved in your department budget implementing for budgetary Performance.	1	2	3	4	5
12	Your office utilizes the approved budget based on its plan.	1	2	3	4	5
13	Your office's actual budget implementation and its reports are consistent with plan.	1	2	3	4	5
14	Payment is implemented based on full documents and evidences.	1	2	3	4	5
15	Your office keeps its budget implementation in accordance with the Government financial rules and regulations	1	2	3	4	5
IV	**Budgetary control**	Strongly di-agree	Dis-agree	Neutral	Agree	Strongly Agree
16	Your office has thepractice of regularfollow up program on its budget	1	2	3	4	5

	Planning and control.					

17	Your office experts have adequate capacity to evaluate budget with organization goal.	1	2	3	4	5
18	Your office has strongbudget controlMechanism.	1	2	3	4	5
19	The current budget utilization and control of your office is sufficient.	1	2	3	4	5
20	Your office has strong and effective internal auditing systems.	1	2	3	4	5

V	**BUDGETARY GOAL CLARITY**					
21	The prepared budget goals are stated specifically and clearly in your office.	1	2	3	4	5
22	Budget goals are stated specifically and clearly in your office on time	1	2	3	4	5
23	You have budgetary goal clarity in your department/office.	1	2	3	4	5
24	You know clearly about expenditure budget implementation in your office.	1	2	3	4	5
25	You clearly understand your organization budget goals and you implement based on it.	1	2	3	4	5
VI	**Tax revenue budget**					
26	You know well internal and external budget revenuesources.	1	2	3	4	5
27	Your organization gives attention to tax revenue collection process in budget panning time.	1	2	3	4	5
28	Tax revenue budget is actually collected as it was expected in your organization	1	2	3	4	5
29	You know tax revenue budgets implemented properly in a given year in your organization.	1	2	3	4	5

30	You know tax revenue budgets contribute for organization goal achievement	1	2	3	4	5
VII	**.ORGANIZATIONAL EFFECTIVENESS**					
31	Your office faces budget shortages during the budget year.	1	2	3	4	5
32	You know differences between budget plan and organizational goal.	1	2	3	4	5
33	The expenditure budget is consistent with its organizational goal achievement.	1	2	3	4	5
34	Your organization gives attention to organizational goal achievement.	1	2	3	4	5
35	Budget plan is consistent with your organizational goal achievement.	1	2	3	4	5

Appendices two

Model			BTR	BI	BCO	BCl	BPt	BPr
1	Correlations	BTR	1.000	-.057	.006	-.186	.084	.039
		BI	-.057	1.000	.069	.019	-.174	-.499
		BCO	.006	.069	1.000	-.345	.015	-.032
		BCl	-.186	.019	-.345	1.000	-.179	.019
		BPt	.084	-.174	.015	-.179	1.000	-.615
		BPr	.039	-.499	-.032	.019	-.615	1.000
	Covariances	BTR	.003	.000	1.992E-005	-.001	.001	.000
		BI	.000	.007	.000	7.802E-005	-.002	-.005
		BCO	1.992E-005	.000	.003	-.001	8.800E-005	.000
		BCl	-.001	7.802E-005	-.001	.002	-.001	9.967E-005
		BPt	.001	-.002	8.800E-005	-.001	.011	-.007
		BPr	.000	-.005	.000	9.967E-005	-.007	.012

dependent Variable: OE

Appendices three

Correlations

		OE	BPr	BPt	BI	BCO	BCl	BTR
Pearson Correlation	OE	1.000	.697	.683	.651	.106	.289	-.025
	BPr	.697	1.000	.832	.787	.021	.182	-.097
	BPt	.683	.832	1.000	.712	.037	.243	-.104
	BI	.651	.787	.712	1.000	-.027	.140	-.051
	BCO	.106	.021	.037	-.027	1.000	.350	.055
	BCl	.289	.182	.243	.140	.350	1.000	.162
	BTR	-.025	-.097	-.104	-.051	.055	.162	1.000
Sig. (1-tailed)	OE	.	.000	.000	.000	.104	.000	.386
	BPr	.000	.	.000	.000	.400	.015	.125
	BPt	.000	.000	.	.000	.332	.002	.109
	BI	.000	.000	.000	.	.377	.049	.275
	BCO	.104	.400	.332	.377	.	.000	.260
	BCl	.000	.015	.002	.049	.000	.	.027
	BTR	.386	.125	.109	.275	.260	.027	.
N	OE	142	142	142	142	142	142	142
	BPr	142	142	142	142	142	142	142
	BPt	142	142	142	142	142	142	142
	BI	142	142	142	142	142	142	142
	BCO	142	142	142	142	142	142	142
	BCl	142	142	142	142	142	142	142
	BTR	142	142	142	142	142	142	142

Appendices four

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confic
		B	Std. Error	Beta			Lower Bound
	(Constant)	.305	.316		.967	.335	-.31
	BPr	.255	.109	.278	2.343	.021	.04
	BPt	.250	.105	.254	2.385	.018	.04
1	BI	.214	.085	.236	2.511	.013	.04
	BCO	.048	.054	.054	.882	.379	-.05
	BCl	.094	.049	.122	1.901	.059	-.00
	BTR	.018	.057	.018	.311	.756	-.09