
**Determinants of Budget Utilization at Public Administration
Office (A Case Study of East Wollega Administrative Zone)**

*A thesis submitted to school of post graduate studies of Jimma
University in partial fulfillment of the requirements for the
Award of the Degree of Masters of Science in Accounting and
Finance (Msc)*

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Abstract

The purpose of this study is to determine factors affecting budget utilization in East Wollega Administrative Zone. To accomplish this objectives Descriptive research type were adopted. The study employed both qualitative and quantitative approach. From 17 woredas, five woreda by random sample, city administration finance office and zone finance office are selected. The study used a census survey whereby the entire population included since the number of respondents very small. The study used the response from 72 employees directly related to budget preparation, implementation and controlling. Five-year (2014-2018) data has been collected from secondary sources and also primary data were collected through questionnaire. The researcher used both questionnaire and interviews to collect data for the research. The questionnaire contained open and closed ended questions and covered areas of budget utilization to come up with good raw data for the research. All collected information was analyzed by using both descriptive, multiple linear regression models and ANOVA testing. Data obtained from respondents were entered into SPSS database application for analysis. For this study, seven independent variables were identified including tax collection capacity, fund diverting, structure of the organization, inflation rate, government policy, and staff capacity and auditing. Therefore; based on output of SPSS the variables including tax collection capacity, fund diverting, structure of the organization and inflation rate affects budget utilization significantly. The remaining three variables; government policy, staff capacity and auditing are insignificant at $p > 0.05$. Then, the researcher recommended that East Wollega public organizations should understand the contributions of these four variables to poor budget utilization in the public sector offices.

Key word: Budget, Utilization, Woreda, East Wollega

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Declaration

I hereby declare that this thesis entitled “Determinant of budget utilization in selected woreda of East wollega zone, western part of Ethiopia” has been carried out by wander guidance and supervision of Dr Deresse Mersha Lakew (Ph.D) and Mr sintayehu T(Msc).

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

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This is to certify that the thesis entitles “Determinant of budget utilization in selected woreda of East wollega zone, western part of Ethiopia”, submitted to Jimma University for the award of the degree of master of Science in Accounting and finance (MSc) and is a record of original research work carried out by Ms. Dinkinesh Bedasa Beyene under our guidance and supervision. Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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Acronyms

ANOVA-Analysis of Variance

BOFED- Bureau of Finance and economic development

CMA-Chartered of Management Accountant

EFY- Ethiopian Fiscal year

IBX-Integrated Budget Expenditure

IFMIS-Integrated Financial Management Information System

MEFF- macro economic and fiscal framework

MOFEC- Ministry of Finance and economic cooperation

OFAG- Office of the Federal Auditor General

PB- Program Budget

SPSS-Statistical Package for Social Science

Chapter One: Introduction

1.1 Background of the study

In the world today, organizations have developed a variety of processes and techniques designed to contribute to the planning and control functions. One of the most important and widely used of these processes is budgeting. Budgeting involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals. Budgeting is defined as a form of financial planning and as such budget is utilized to implement the strategy of a country (Brown, 2001). Also among the essential reasons for having a budget plan are to effectively allocate resources, coordinate, and render service to the public and measure the activities of the country. A budget is a summary of items with set estimations of expenditures for a specified Period of time (Covaleski, 2005).

Budget is a quantitative expression of plan of action and aid to coordination and implementation. It is a financial plan that indicates a proposed expenditure for the year and the means of financing them, since budget is a financial plan of any activities. It serves as evaluating performance, coordinating activities, implementing plan and communicating, motivating and authorizing action in governmental and nonprofit organizations. Budget appropriates serve as authoring and ceiling for management action. Budget is also a tool that aids managers in both their planning and control function. However the manager also uses them to evaluate what happened in the past. (Horngren, 2003). Many companies make use of budgets mainly as an internal control tool for efficient and effective resource allocation. Budgets help organizations compare between the actual and intended performance for effective inference and evaluations. (Hokal & Shaw, 2002)

According to Abshiro (2014) given that limited availability of resources as compared with competing demand, the process of budget making assumes a critical role in decision-making process of governments in order to optimize the use of existing resources.

A budget is a quantitative expression of a plan of action prepared in advance of the period to which it relates. It is a plan expressed in terms of money prepared and approved prior to the budget period which show income, expenditure and capital to be employed. ((Luccey, 1996)

The public budget planning is a process by which government sets the level of expenditure, collects revenues and allocates the spending of resources among all sectors to meet national goals (Shah, 2007). Budget implementation on the other hand is the actual execution of the budget and application of funds to the planned activities. During the fiscal year, however, not all allocated budgets are used as per the proposed plan. These could be cases where the approved funds may not be enough to fully accomplish the intended goal. In other instances, the amount allocated to a project may be more than what the project can consume. The disparities between the budget allocated and actual expenditure arise due to multiplicity of factors and improper costing of country functions (Rotic, 2015).

In Ethiopia budget process is guided by a directive (financial calendar) issued by the ministry of Finance and Economy cooperation (MOFEC) to all entities listed as public bodies. This directive has a schedule to make sure that planning and budgeting are prepared, approved, appropriated and executed so in line with the pre-set development agendas (MoFEC, 2010). Budget preparation is often guided by a document known as the Macro-Economic and Fiscal Framework (MEFF) prepared by MoFEC. The MEFF provides, among others, forecasts of government revenue and expenditure; expenditure financing, the division of total expenditure between federal and regional, and divide federal expenditures between recurrent and capital expenditures for the next three years which the program budget is planned for (MoFEC, 2010).

Ministry of Finance and Economic cooperation (MoFEC) states that the objective of budget in three aspects: allocation of resource, distribution of resources and stabilization of economy. Budgeting techniques are primarily concerned with planning the use of resource and the use of controlling personnel effectiveness. The main objectives of east wollega zone public sector are offering different public service, infrastructure and facilities to the societies. To accomplish its objectives the zone needs to have effective budgetary control and planning. Although this is the facts not meet its objective as its plan due to improper utilization of budgeting in east wollega. To my knowledge no research was conducted to assess factor affecting utilization of budget in east wollega zone. Hence, this study attempted to narrow the gap through empirically investigating the factor that affecting budget utilization in East Wollega public sector zone.

1.1. Statement of the problem

In developing countries, it has become increasingly complex to manage public expenditure allocation because the roles of the government have been expanded and financial resources are in scarce supply to meet this ever-increasing social needs and population growth(Darge 2018). Due to inadequate financial resources as opposed to an increasing demand for public service, there is a need to improve resource allocation through proper economic policy and expenditure planning(Negera, 2005).

The planned budget should be guided by the period of time chosen for future budget. Budget is a vital expenditure and planning tool for any institution. The budget utilizations provide a lead on the target and expected output's evaluation. Effective Application of budgeting methodologies and execution of the same has been attributed to bear positive impact on the listed budget lines. In this case, the expected performance of finance management and improvement of the development through anchoring enterprises establishments does play critical role in utilization of set resources and paying back with high margin of benefits(Kathungu, 2015)

According to Franzen (2007) the collections of revenues facilitate budget gaps and with addition into the financing of major budget lines as structured before execution. The poor tax collections and revenue misappropriation contributes to budget deficit and financial mismanagement in institutions both public and private. The public officials are noted to be effective than private collectors when appointed as revenue collectors. Without proper professionalism and capacity towards the collection of revenues adds into the series of inefficiencies that cause the utilization of budgets to be more complex and not possible for implementation or otherwise creates constraints in accessibility of the resources required for the implementations. According to Muluneh (2015) lack of adequate and experienced budget experts is the other issue that contributes to worsen of the problems and also there is no evidence based evaluation mechanisms in the budget utilization at each level of public sectors.

In the Ethiopia public sector, the budget implementation period or the financial years run from hamle 1 to sene 30. During the financial year, not all fund utilized as per the proposed plan, which means the amount allocated to a project more than what the project can consume. On

other hand, approved funds might not be enough (Deficit) to accomplish the intended goal. Especially budget deficit is greater challenges on recurrent budget, which affects project implementation process as well as realization of goals. The disparities between the budgeted funds and actual expenditure arise due to a several factors.

Robert (2010) concluded that indeed the lack of similarity between a ministry's organizational structure and its strategy (that is outputs and outcomes) is a biggest challenge in developing a program budget structure that transparently links the budget to service delivery and performance.

On the other hand, Ymisrach (2012) argues that among the critical challenges facing federal ministries that become as an obstacle to the effective utilization of budget is the lack of adequate institutional and managerial capacity to support its implementation. And variation in understanding the concept of differentiating objectives from targets, goals and results, problems related with costing and cost distribution between programs, lack of harmony and uniformity on terms and definitions and difficulties in making the structures of the organizations few among others are challenges that affect budget utilization.

According to Rotic (2015) budget utilization was affected by Complexity of the tax system which is likely to retard economic development and revenue information which is scanty may also hamper budget utilization at public sector. Dejene, (2016) studies concluded that the causes for miss-utilization of public budget are mainly due to lack of incapacitated budget staffs in terms of skill and knowledge in each respective budget offices, lack of knowledge in the use of information (ICT) by management and the experts at each level, inadequate human resources, lack of continuous monitoring and evaluation, lack of commitment of top management, among others.

According to Keno (2015) studies lack of focus on achieving result and management process needs to involve the auditor in office activities, lack of proper training to employees on functioning and implementation of budget, poor data base for planning and budgeting, weakness in budgeting process, allocation and distribution. As mentioned above, different research was conducted on factor affecting budget utilization in different countries but few Ethiopia particularly at east wollega from researcher knowledge view point. Also as the researcher reviews other investigators previous finding in Ethiopia, there are variables that are still not included on their research like diverting fund from Planed activities to unplanned activities,

auditing and monitoring, inflation rate and structural factor. On other hand, no research has been done to evaluate factors affecting the budget utilization in East wollega public sectors. Therefore; the researcher tried to indentify the impacts of above variables on budget utilization and bridges an evident research gap, as there is no document to the best of researcher knowledge that reports any study on the probable causes that may hinder the utilization of budgeting at East Wollega administrative zone.

This motivates the researcher to identify determinants of budget utilization performance in East Wollega administrative zone because the budget is still inefficiently and ineffectively utilized in that zone. Therefore; this study investigated factors affecting budget utilization in relation to narrow the gaps discussed above, and based on the data collected from unit of analysis in connection to the topic identified and problems noted.

1.2. Research question

The researcher wants to investigate the following basic research questions. The researcher tried to answer the following basic research questions in specific to address whether or not factors affecting budget utilization of the selected public woredas in east Wollega Zone.

1. What were the trends of budget utilization in east wollega zone?
2. What was the factors that hindering budget utilization in the zone?
3. What was budget allocation basis for east wollega zone?

1.3. Objectives of the study

1.3.1. General objectives

The general objectives of the study are to indentify major Determinants of factors affecting budget utilization at public administration office (a case study of east wollega administrative zone).

1.3.2. Specific objectives

- ✓ To study the trend of budget utilization in est wollega
- ✓ To access potential problem that hinders budget utilization in east wollega zone.
- ✓ To examine budget allocation base for east wollega.

1.4. Research Hypothesis

The study tested the following research hypotheses formulated based on previous literature.

H1: Government policy has positive and significant effects on budget utilization in East wollega zone.

H2: Auditing and monitoring has positive and significant effects on budget utilization in East wollega zone.

H3: A structural factor has positive and significant effect on budget utilization.

H4: Staff capacity has positive and significant effects on budget utilization of the East wollega zone.

H5: Tax collection capacity has positive and significant impacts on budget utilization of the zone.

H6: Diverting fund has significant and negative effect on budget utilization in East wollega zone.

H7: Inflation rate has negative and significant effect on budget utilization

1.5. Significance of the Study

It will give direction for researcher to conduct research in the future. And this is going to add knowledge to the existing knowledge of literature and will serve as a reference material for further study. This research will also help east wollega administrative zone to ascertain how budget and budgetary utilization can assist management in achieving their financial objective and enable organizations to know whether existing budgetary control system is in line with laid down policies and procedures. It will also help management in assessing their performance evaluation in budget utilization. The researcher herself will benefit a lot in such a way that she will develop research experience and skill. In addition, the researcher via carrying this study was enhance her knowledge of such topics like budget, budget preparation, budget management and related concepts.

1.6. Scope of the study

This study has the scope through limiting itself to budget utilization in east wollega Zone. The study was, conducted in east wollega zone public offices/bureau in five Woreda, one city administration and zone finance head. In addition, this study includes, as unit of analysis those employees and management position whose work is directly related to the topic under interest (budget utilization).

1.7. Limitation of the study

The limitation of the study lies in collecting data. Lack of corporation, the researcher experienced a lot of unwillingness to cooperate among most of the respondents, some never even responded and others delayed in responding to the questionnaires. As we know current prime minister of Ethiopia proclaimed related sector merge proclamation. During researcher collected data most woreda implementing merging related sector proclamation. The original structure is disappeared as a result the employees not present in work place. Even the existing employee was not voluntary to fill the questionnaires they supplied different reason to refuse the researcher. This make the researcher not collects primary data as its planned. This is the most limitation of the study.

1.8. Organization of the Study

The study has the following structural build-up. The first chapter consists of the introduction part. That is, it contains background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study, limitation of the study, and organizations of the study. Chapter two is about literature review, chapter three is about the methodology, chapter four is about result analysis and discussion, and chapter five is about summary of the findings, conclusions and recommendations. At the end of the paper bibliography, appendix and questionnaire was attached.

Chapter Two

Review of Related Literature

2. Theoretical review

2.1. Nature of budget and budgeting

A budget is the quantitative expression of a proposed plan of action by management for a specified period and an aid to coordinate what needs to be done to implement that plan. The budget generally includes both the plan's financial and non-financial aspects and serves as a blueprint for the company to follow in an upcoming period. (Horngren C, 2003).

Budget is a detailed plan which sets out, in money terms the plans for income and expenditure with respect to future period of time. It is prepared in advance of time period and is based on the agreed objective. Abshiro, (2014). A budget is defined as an itemized summary of estimated expenditures for a given period along with proposals for financing them (Daniel, 2005)

Budgets are the quantitative expressions of these plans, stated in either physical or financial terms or both. When used for planning, a budget is a method for translating the goals and strategies of an organization into operational terms. Budgets can also be used in control (Horngren, 1982)

Budgeting is the process of allocating finite resources to the prioritized needs of an organization. In most cases, for a governmental entity, the budget represents the legal authority to spend money (Hirsch, 1966).

As Jensen (2009) noted the budget also provides an important tool for the control and evaluation of sources and the uses of resources. Using the accounting system to enact the will of the governing body, administrators are able to execute and control activities that have been authorized by the budget and to evaluate financial performance on the basis of comparisons between budgeted and actual operations. Thus, the budget is implicitly linked to financial accountability and relates directly to the financial reporting objectives established by the GASB (Jensen, 2009)

2.2. History of budget

The origin of the word budget is the Latin bulga, a little pouch or knapsack, which may have come from a Gaulish source that's related to the Irish bolg, "bag". The word turned up in English in the fifteenth century, having travelled via the French bougette, a diminutive form of bouge, "leather bag". Its first meaning in English indeed was "pouch, wallet, bag", and followed its French original in usually implying something made of leather. By the end of the sixteenth century, the word could refer to the contents of one's budget as well as to the container itself. (Kajujju, 2012)

At the beginning of the Nineteenth Century, many of the currently accepted policies and procedures were taking shape. It was actually the French efforts to streamline their own government that budgeting became useful. By the mid-1800s, they had to put together guidelines for performing audits, defined a standard fiscal year, and created accountability reports. They required written reports that detailed all of the revenue and expenses for the year with a reconciliation of where all funds came from and how they were dispersed. In the early 1800s, American government and business began to recognize the concept of a balanced budget. While it would appear to mean something different to people now, in those days a balanced budget meant controlling expenditures and keeping them low while reducing or eliminating debt (Modupe, 2017)

Ethiopian starts the practice of government budget early at the regimes of Hailesilase. However, at the beginning, it was not structured in such a way as to permit efficient financial administration, but through time period continuous modification of the budget system was made before it attained its present status. The budgetary system varied in different regimes based on the administrative structure each government followed. In centralized system, resource allocation and financial administration is the major responsibility of central government. The budget would be formulated and resources allocated by the central government.

The entire spending process was also under a closer supervision of executive bodies at central government. In a decentralized governmental structure on the other hand, the responsibility of financial administration is developed in to autonomous and semi-autonomous governmental unit like ministry offices, regional and local governments. Ethiopians budgeting

systems reach to this current situation, after a number of modifications. This modification were approved by the constitution of the country. The Federal Democratic Republic of Ethiopia (FDRE) constitution defines the budget system and its structure briefly under article 65 and proclamation No.1/1995, 57/1996 and 17/1997.

2.3. Principles of budgeting

A budget process needs to be governed by principles like participation, transparency, accountability, and equity and inclusiveness. These are the ideals but not all budgets follow them. Each budget system should be considered in terms of these standards

2.3.1 Annularity: - The grants authorized by the Legislature are valid for one financial year /financial year/ only and cannot be carried forward to the next year.

2.3.2 Comprehensiveness: - Budget shall be comprehensive means it shall include the estimate of all estimative items of receipts and expenditure, contain full information on current structures and programs, performances in various fields of activities and present a complete and correct picture of the financial position of Government.

2.3.3 Accuracy: - Gross under-estimation and over-estimation are serious budgetary irregularities. Thus not only the budget provisions should be comprehensive and provide for all items of receipts and expenditure, but should be only so much as are absolutely necessary, neither more nor less. This will of course be subject to variations resulting from unforeseen developments or circumstances.

2.3.4 Non-diversion of funds authorized for specific purposes: - It is not permissible to divert the funds authorized under one grant / appropriation to meet excess expenditure elsewhere

2.3.5 Periodic review and corrective action: - The estimating officers, controlling officers and administrative departments are expecting to be watchful as regards progress of actual on both receipt and expenditure sides. Periodic reviews is expected to be taken and estimates, need to be updated and orders obtained at appropriate levels and time to revise the estimates with a suitable follow-up action (S.S.Karnik, 1997).

2.3.6. Participation:-This is the level of involvement of all stakeholders/actors in the budget process directly or through legitimate intermediaries. The process in a budget preparation, approval, implementation, and review stages needs participation of various stakeholders. It is through participation of people that one can bring people's perspectives to the policymakers. It also allows citizens to hold the government accountable, to identify weaknesses in a budget, to build consensus, and to mobilize the community effectively to meet a budget target. Participation in a budget process is not a luxury; it is rather a basic right of all citizens. It allows members of the community to raise what is important for them and, hence, influence budget allocations. It also allows different layers of government to know the most and unmet demands of the community.

(Tesfaye, 2013)

2.3.7. Transparency:-This refers to the provision of comprehensive, accurate, timely and frequent information in useful formats on a country's economic conditions and its budget policies. It is also related with the existence of clearly spelt out rules, procedures, and forums on the basis of which budget decisions are made. The principle of transparency is crucial to the budget process, mandating that information affecting budget decisions (budgetary and fiscal information, information on development thrusts and programs, etc.) should be accurate, true and portray the genuine state of the economy. Transparency is a prerequisite for public debate; if budget information is not available, it is difficult to discuss. Transparency allows the analysis of state policies and facilitates the identification of weaknesses leading to the adoption of needed reforms. Transparency can increase faith in the state, and can contribute to consensus building and commitment. Transparency enables citizens and civil society to hold the government accountable, which they can only do if they have information on budget policies, practices, expenditures and outcomes, IMF(2007,A)

2.3.8. Accountability:-This refers to answerability of decision makers and implementers with regard to budgetary processes at the formulation, approval, implementation and performance review stages to those whose interests are affected by their actions or inactions. Accountability in the state budget has several dimensions: accountability for objects of expenditure (what the state spends on), state performance and results (achieving results or meeting objectives for which public funds are spent), and budget processes that result in best value, quality and service for public money. In general accountability requires robust financial management system, robust

financial management legislation, independent auditor general and strong parliament, active civil society, strong media, and aware electorate, IMF (2007, B).

2.3.9. Equity and inclusiveness:-This refers to ensuring opportunities that will maintain and improve the well being of diverse groups in any given social or political setting in terms of budgetary allocations. Budgets should also be governed by the principles of equity and inclusiveness without discrimination. Budget allocations should be fair and just, and should redound to all citizens equally, without discrimination based on gender, ethnicity, social class, age, geography, etc. In particular, vulnerable sectors of society should not be discriminated against in a budget IMF (2007, B)

2.4. Budgeting process in a state or local Government

A good budget process is far more than the preparation of a legal document that appropriates funds for a series of line items. It consist activities that comprehend the development, implementation, and valuation of a plan for the provision of services and capital assets. Governments share scarce resources to programs and services through the budget process. As a result, it is one of the most central activities done by governments. As the crucial point for key resource decisions, the budget process is an influential tool. The quality of decisions resulting from the budget process and the level of their acceptance depends on the features of the budget process that is used.

Tharpe (1999) Budget Process formulation is a highly reorganized exercise, and administered by a well defined set of rules. These rules have been prepared within the framework of the various articles of the Constitution of the government. Presentation of annual budget is a mandatory function of the, varies State Governments (Karnik, 1997).

2.5. Budget preparation

Schiavo-Campo (2007) stated that a successful budget preparation process consolidating top-down direction and bottom-up planning/depending on top direction with Bottom Interest. The overall budget cover and sector/ministry spending ceilings are usually set by the Ministry of Finance and management leaders of sectors in accordance with policy objectives. These are then communicated to the line ministries, which are responsible for preparing their respective sector

budgets. Budgeting institutions divide the budgeting process into different steps, determine who does what and when in each step, and regulate the flow of information among the various actors. In doing so, such institutions distribute strategic influence and create or destroy opportunities for collusion and for holding individual agents accountable for their actions. The constitutional role of the budgeting process is to provide a framework in which all competing claims on public funds are manifested and reconciled with each other (Shah, 2007)

In Ethiopia budget process is guided by a directive (financial calendar) issued by the ministry of Finance and Economy cooperation (MoFEC) to all entities listed as public bodies. This directive has a schedule to make sure that planning and budgeting are prepared, approved, appropriated and executed so in line the pre-set development agendas (MOFEC, 2009). Its preparation is often guided by a document known as the Macro- Economic and Fiscal Framework (MEFF) prepared by MoFEC. The MEFF provides, among others, forecasts of government revenue and expenditure; expenditure financing, the division of total expenditure between federal and regional, and divide federal expenditures between recurrent and capital expenditures for the next three years. There are several budgeting processes that we could consider whenever budgeting.

As stated a successful budget preparation process combines up-down direction and bottom-up planning. The overall budget envelope and sector/ministry spending ceilings are usually set by the Ministry of Finance and the Cabinet/executive in accordance with policy objectives. These are then communicated to the line ministries, which are responsible for preparing their respective sector budgets. Through an iterative process of review, debate and bargaining, a consolidated budget is hammered out. A budget proposal is then presented to the legislature, where it is debated and negotiated with the executive and eventually passed into law. (Schiavo-Campo, 1999)

2.6. Budget Utilization

Once a budget has been approved by the legislature, the government embarks on the challenging task of spending funds on planed programs. Utilizing public funds effectively to meet declared policy objectives at the same time as ensuring value for money is often just as challenging than planning how to spend it. Several reviews of Public Financial Management performance in developing countries show that countries score significantly better on budget preparation than on

budget utilizing. Budget utilization is the phase where resources are used to implement policies incorporated in the budget. As they argued, it is possible to utilize badly a well-prepared budget; it is not possible to utilize well a badly prepared budget. (Schiavo-Campo, 1999)

Allen and Tommasi (2001), states that successful budget utilization depends on numerous factors, like the ability to deal with changes in the macroeconomic environment (like inflation, unemployment), and the implementation capacities of the agencies.

On other hand, the budget system should assure effective expenditure control. In addition to a realistic budget to begin with, a good budget utilization system should have complete budgetary/appropriation accounting system. It is necessary to follow transactions at each stage of the expenditure cycle (commitment, verification, payment, all necessary documents) and movements between appropriations or budget items Schiavo-Campo and Tommasi (1999)

2.7. Controlling and Monitoring Budget Utilization

Budgetary control is a use of comprehensive system of budgeting to aid management in carrying out its functions of planning, coordinating, and controlling operations. A budgetary control is one of the important tools of control. The institute defines budgetary control as “the establishment of budgets relating to the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results, either to secure by individual action the objectives of that policy or to provide a firm basis for its revision.” Budgetary control of revenue to establish accountability for revenue and permit budgetary control, actual revenues should be recognized in the general ledger accounts of governmental funds credits to the revenue account (offset by debits to receivable accounts for revenues that are accrued or y debits to cash for revenue recognized when received in cash). The general ledger revenues accounts is a control account supported by revenues subsidiary ledger accounts kept in exactly the same detail as kept for the estimated revenues subsidiary ledger accounts. (Tommasi, 2004)

2.8. Budget procedure

Budgeting policy and procedures are the foundation of the discipline of Budgeting. Large Corporation usually have voluminous budgeting manual that is constantly updated. Medium sized companies are less formal but have written procedures and small companies are usually produce a written set of instruction for each budgeting process (Newcomer k, 1999)

2.9. Budget process in Ethiopia

In Ethiopia, budgets that are prepared at the Federal, regional, Woreda and urban administrations levels based on government policies and priorities. They should set out objectives and targets and present the required resources to achieve the desired outcomes in the budget year. MOFEC, (2009). Ethiopia has a dual budgeting system in which recurrent and capital expenditure are considered separately. Until recently these two budgets were prepared separately by the Ministry of Finance and the Ministry of Economic Development and Cooperation, respectively. In October 2001, these two ministries were merged to form the Ministry of Finance and Economic Development. The new ministry determines budget ceilings for federal ministries and agencies and for the regions. In doing so, it takes stock of the performance of the economy for the previous year and makes economic projections for the following year in terms of growth, revenue, and so on. The MoFEC does this in consultation with other state agencies, such as the National Bank of Ethiopia and the Central Statistical Authority. At the federal level the amount to be allocated to recurrent and capital expenditure is determined by government priorities, ongoing projects, nondiscriminatory expenditure and institutional capacity.(Ramaswami, 2005)

At the federal level, the first stage of the budget process is to produce an estimate of total expected government revenue. This estimate is produced by the MoFEC in consultation with the National Bank of Ethiopia. This macro framework is then reviewed and approved by the Prime Minister's Office. Based on the above information, expenditure budgets are then allocated to the regional and federal governments and are divided into budgets for recurrent and capital expenditure. As part of this process, the Ministry of Finance determines an overall budget ceiling, which is the basis for the submission of budget proposals to each ministry. Once budget proposals have been prepared, negotiated and reviewed by the Ministry of Finance, they are submitted to the Council of Ministers. After the Council of Ministers review the proposals and make their recommendations, the budget proposals are submitted to the Council of People's Representatives for approval. After they have been approved, the Ministry of Finance announces the budgets for each ministry for the next financial year (MOFEC, 2009)

Ethiopia's budget process has the same four stages (budget preparation, budget approval, budget implementation, and budget control) at all level of jurisdiction (Federal, Regional, Woreda and

urban administration level). Ethiopian government laid down long term, medium term or annual expenditure budget cycle is follows in the preparation and implementation of national budget. The Zonal administrations under-take the zonal Expenditure Review to analyze their past expenditure against the government priorities as outlined in the government Vision or the corresponding Medium Term Plan. The analysis of the review sets the benchmarks for the subsequent budget years' activities and the resources required to successfully undertaking the planned activities. The result of this process highlights the lessons learnt, good practice, and challenges and how to mitigate them in the implementation of the annual budget. (MOFEC 2009)

The review retains all the line sectors expenditures and activities in check, as they must links to guiding policy document and the budget there by establishing the integrity of performance. The Sector Working Groups prepare and submit initial sector reports to the treasury for consideration. These sector reports are prepared from inputs that arise from line MOFED and input submissions from officers to the relevant MOFEC or BOFED headquarters. The budgetary department compile all sectors budget request and submits the estimates to the cabinet for comments and cabin submit the budget to the people`s representatives for approval. Upon approval, the line sectors can then start take over the funds as per the budget. Budget implementation is the actual execution of the budget and application of funds to the planned activities. (Yimer, 2011)

2.10. Function of budget

According to Ramaswami (2005) budget have the following main function; Proper allocation of resource, long term economic growth, ensure efficiency and effectiveness in the implementation of government programs, facilitate legislative control over the various phases of budget, equitable distribution income and wealth and securing economic stability and full employment. Function of budget are known; planning, coordination, communication, motivation, target/mission statement, authorization, control/monitoring and evaluation. (Anwar, 2007)And (Petri, 2008)

2.11. Stages of the budget process / cycle in Ethiopia

Help Age International, (2009), in Ethiopian context in first stage of budget process all public bodies are required to perform all budget preparation activities and including the mid-year program reviewing for the current fiscal year, preparation of unit costs work plane for upcoming

fiscal year. Ethiopia, EFY From July 7 of this year to July 6 of the next year (Hamle 1 to Sene 30 in Ethiopian calendar

In second phases, BOFED circulates a budget call letter and guideline to all public bodies. Every public body is required to prepare their budget requirement and submit it to the central agency.

The central agency is responsible for summarizing and consolidating the national budget and finally presenting it before the council of ministers and/ or parliament. This call letter includes recurrent and capital ceiling, priority of focal areas to be considered in preparing budget, submission date on budget request by public bodies to the respective Mo-FED institution in all jurisdictions.

In the third stage, once the recommended budget is, revised and adjusted by the councils of minister and then presented to the parliament for debate and approval. Annual appropriation of the approved budget will then follow.

The four stages is disbursement of the approved budget to the important agencies, implementation of planned activities, and recording expenditure. This is the process of the transfer and spending of the money, which ensures that activities can happen to reach the required goals.

In the final stage in the budget, process is control or performance monitoring. This involves monitoring activities in terms of annual public bodies` reports and audit reports to the parliament, i.e., accounts for expenditure, evaluation and audit. This stage provides information that can be useful for planning propose. According to (Robinson, 2009), budgeting monitoring system is used by the firm as a framework for their spending and revenue allocation. To ensure the firm`s resources are not wasted, the organization must be able to come out with an effective budgeting monitoring system. This is important as it ensure that the outputs produced and services delivered achieve the objectives. According to this theory, a good budgeting system must be able to reports the efficiency and effectiveness of the organization`s expenditure. (Jan Isaksen, 2007), this is the responsibility of the Auditor General, but supervision budget implementation is also the duty of the parliament and other institutions of oversight and control. They will assess whether revenue collection and spending has been in line with the budget plans.

2.12. Budget structure in Ethiopia

Budget structures are the formats that organize budget data. Budget data could be classified in different ways and for different purpose. MOFEC (2009) moreover in the early days, budget classification basically focused on providing a better understanding of intention and purpose of government for which fund was planned and to be spend. Later on, the budget structure started to be influenced largely by the issue of accountability. That is in addition to provide information on what the government proposed to do. The budget structure indicates the full responsibility of the spending agency. To this ends the budget heads the full responsibility spending agency. To this end the budget head or nomenclature of the budget are mostly mapped to each spending agency. This should not, however, imply unnecessary intended and detailed structure or (mapping).Perhaps, due consideration taken to make structure manageable and appropriate. The first classification of budget is between revenue and expenditure (Ramaswami, 2005).

2.13. Budgetary Controls

Budgetary Control is define by the Chartered of Management Accountants (CMA) (2007) as the establishment of mechanism authorizing responsibilities of executives to the requirements of a policy and the continuous comparison of actual with budgeted results either to secure by individual action the objective of a policy or to provide a basis for its revision. Hoftsede (1998) defines budgetary controls as planning translated into monetary terms. At the beginning, a budget is a plan and at the end it is a control device for measurement.

In the view of Slim (1994) budgetary Controls aims at providing a formal basis for monitoring the progress of the organization as a whole and of its component parts towards the achievement of the objectives specified in the budget. Budgetary controls predetermine plans or standards of output and estimated incomes are compared with actual results and necessary corrective action taken.

Accordung to Otley (2000) Mentioned that budgetary control is the main integrative control method for most business enterprises and the organization business plan can be represented financially by the budget. The budget can thus be used as a monitor and control method for the complex issues of the business plan. Lucey (Ibid) argues that no system of planning can be successful without having an effective and efficient system of control. Budgeting is closely

connected with control. The exercise of control in the organization with the help of the budget is known as budgetary control.

2.14. Program budgeting

One of the models of budgeting system is Performance Based Budgeting System. According to Robinson and Last (2009), performance-based budgeting system (PBBS) aims to improve the efficiency and effectiveness of public expenditure. Unlike other budgeting system, PBBS use the resources to ensure that it can help in achieving the expected results and outcome based on the targeted area or planning.

Robinson (2009) Programmer based budgeting is a way that structures the budget information to help decision makers choose among alternatives for providing services. This system uses performance criteria as the basis for budget allocations. Allocations are based on the outputs that a ministry/department/ agency want to achieve. Combining a summary level line item budget with the elements from programmer based budgeting and performance measurement in a medium term framework has been a powerful combination for explaining and justifying the budget. This manner of budgeting provides a method for organizing government activities into programmers. By organizing its activities in this way, the government can identify alternatives for achieving each goal, to determine the costs and benefits for each alternative, and to select the alternative that is believed will maximize benefits, County Budget Operational Manual (2014).

2.15. Empirical review

This section reviews the empirical studies which have been advanced on budget utilization both globally and locally. As researcher reviewed different Empirical studies the following highlighted issues affecting budget utilization; according to Mwai, Mathenge, and Shavulimo (2017) budget utilization was affected by lack of staff capacity, poor participation, poor governance, inadequate investments in various systems and structures, inappropriate use of financial regulations, lack of proper prioritization of expenditure, lack of proper mechanisms and channels to collect revenue hence not achieving the organizational targets and leading stakeholders not to realize value for their money

Rotich (2017) in his concluded that for any economic growth to be effective in the county level, there have to be conducive environment for business expansion. A well defined measure of budget operational should be in place. Therefore; any policy drawn by the government will ultimately affect budget utilization.

As the researcher observed, according to Keno (2015) lack of focus on achieving result and management process, needs to involves the auditor in office activities, lack of proper training to employees on functioning and implementation of budget, poor data base for planning and budgeting, weakness in budgeting process, allocation and distribution, over and under spending, lack of clear performance indicator to base the actual, lack of accountability and transparency, lack of effective communication, and coordination to all staff ,and lack of experienced personnel are the major factor influence budget utilization

According to Abshiro(2014) Strong system of internal control is very essential in achieving certain goals of an organization. Internal control includes all the procedures and actions taken by an organization in order to manage the expiating assets, ensure conformity with organizations policy and governmental rules, evaluate operating efficiency and ensure precise and reliable operating data and accounting records

According to studies made by Christine (2012), most factor that affects budget utilization are structural and cultural factors with the training and educational programmers coming out as the least factor that affect the utilization of budget funds. In the external factors that affect budget utilization, the study found out that interference by the treasury on the ministries activities affected the budget utilization. The structural factors were also identified as a major factor that influences level of utilizing the budgets, lack of alignment between the organizational structure and structure of performance reporting requirements, value and usefulness of performance information undermines the budget utilization came out strongly as inhibiting the level of budget utilization.

International Federation of Accountants (IFAC) 1999 forms the place of budget in public sector as a means to evaluate whether resources are obtained and utilized in accordance with the legal

requirements and provide adequate information for evaluating the government or 'unit' performance in terms of cost, efficiency and accomplishments. Moleketi (1999), advocates a budget as an art or science of balancing competing demands for scarce resources at the disposal of the government as it's expected to be a reflection of government policy, priorities, planning & implementation process for delivery of goods and services so as to improve well-being of its citizens.

Bourdeaux (2008) 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. 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.

Karani (2007) In his article; Program Budgeting in OECD countries, sought to explore ways in which countries can reform their budget classification to focus more on results. He observed that in the last two decades, a number of OECD countries have reclassified their central government budget for the purpose of authorization

Other factors that might influence utilization as outlined by Dixon (2005) are: technical assistance to the agencies as they move towards budgeting; synergy between the MOF and the agencies in terms of both reporting and accountability; political commitment to the implementation process e.g. time limits for the process; implementation on a pilot basis to learn from and deal with probable problems in the system and the sequencing of implementation of the budgeting approach.

According to Help Age International, (2008), For Poor financial management implications are lack of effective planning and implementation, dumping of spending on last quarter. Fund diversion; the government often divert funds to other programmers; unexpected events: the government has a contingent reserve to deal with unexpected events (e.g. disasters); inadequate

funding sometimes the budget fail to fund a programmed adequately and Weak oversight: capacity limitation and Corruption, because of weak financial management system.

According to (Economic Departement, 2012) Budget utilization challenge is more problems reflect on local government authorities that Ministry of finance (MF) , and further anutilization difficulties are reflected in significant intra-year reallocations and the failure to implement planned activities. The single-biggest concentration constraint for local government is poor forward planning, which intensifies all other difficulties.It is found that many important consumption constraints relate to the efficiency of the budget process as a whole, and are largely beyond the control of individual spending units or sectors.These includes-Poorly managed procurement, Unpredictability in the availability of and access to budgetary supplies, Delayed releases, inefficiencies collection of local resources, Staff Capacity, contractors capacity, Intra-governmental coordination and Weak supervision, auditing and accountability mechanisms.

(Otley, 1977), when smooth coordination between staff members vertically as well as horizontally. As a result, the management good looks; philosophy and approach towards employees will determine the implementation to budgeting within the organization

DejeneTafa, (2016) has also found that organizational structure induced factors such as lack of effective budget monitoring, lack of a decentralized budget administration system, absence of clear hierarchy in the administration of budgets, structural relationship between different department and lack of effective communication are some of the main factors that affect public budget utilization in Ethiopia.

According to Charles Kip sang, 2015 there is a moderate strong Negative and statistically significant relationship between inflation and budget utilization.

Tafa (2016) has also found that organizational structure induced factors such as lack of effective budget monitoring, lack of a decentralized budget administration system, absence of clear hierarchy in the administration of budgets, structural relationship between different department and lack of effective communication are some of the main factors that affect public budget utilization in Ethiopia.

2.16 Literature Gap

As previous literature reviewed by researcher indicates little has been done to evaluate/determine the factors that probably affect the effective utilization of budgeting in Ethiopia particularly at east wollega zone .Those research conducted on factors affecting budget utilization like lack of adequate institutional and managerial capacity to support its implementation, variation in understanding the concept of differentiating objectives from targets, goals and results, problems related with costing and cost distribution between programs, lack of harmony and uniformity on terms and definitions and difficulties in making the structures of the organizations few among others are challenges that affect budget utilization.

As the researcher reviews other investigators previous finding in Ethiopia, there are variables that are still not included on their research like, inflation rate, staff capacity, diverting fund from Planed activities to unplanned activities, auditing and monitoring and government policy. On other hand, no research has done to evaluate factors affect the budget utilization in east wollega public sectors. Therefore; Based on this the study aims at identifying determinants of budget utilization at public organizations in the case of East Wollega Zone.

2.17 Conceptual framework of the study

The conceptual framework illustrates the variables under study. The dependent variable is budget utilizations. The independent variables including staff capacity, government policy, structural factor, ineffective tax collection, fund diverting, inflation rate and auditing system. The variables were operational zed and mathematically measured using the analytical model in chapter three.

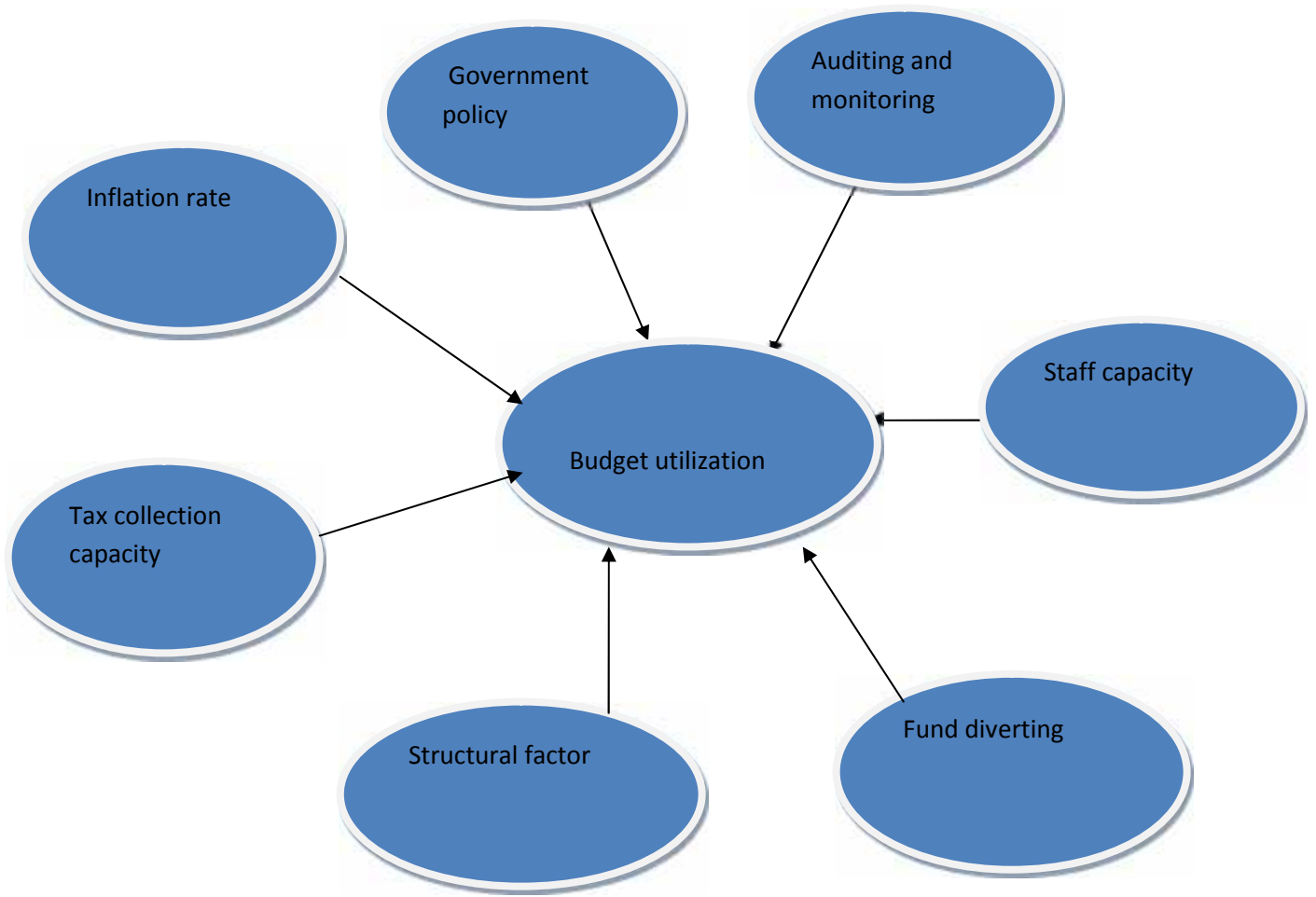


Figure2. 1: Conceptual framework adopted from the reviewed literatures by researcher (2019)

Chapter Three

Research Design and Methodology

3.1. Introduction

In this chapter, the researcher discussed all those method or techniques that are used to conduct the research. Thus, it refers to basic elements of research design and methodology which include background of the organization/case area, research design, target population, sampling techniques, and data gathering instruments, data collection procedures and method of data analysis.

3.2. Background of the Organization/case area

East wollega zone is one of the zones in the west Oromia Region of Ethiopia and the prominent zones located in western part of Ethiopia. East Wollega is bounded on the southwest by Illubabor, on the west by the Didessa River which separates it from West Wollega, on the northwest and north by West Shewa, and on the southeast by the Gibe River which separates it from Jimma. The zone is sub- divided in to seventeen, woredas namely:Guto gida,Wayu Tuqa,Jimma arjo,Leka Dullacha,Nunu Qumba, Bilo boshe, Diga, Gida ayyaana,Gobu Sayyo,Gudaya bila,Haro limu, Ebantu,Sasiga, Wama hagalo, kiramu, Sibu sire and limu.

Based on 2007 census conducted by the CSA this zone has total population of 1, 213,503, of whom 606,379 are men and 607,124, are women, with an area of 12,579.77 km². Misraq wollega has a population density of 96.46. While 162,854 or 7.72% are urban inhabitants, a further 28 person are pastoralists. The two largest ethnic group reported in east wollega were the oromo (87.74) and the Amhara (10.89); all other ethnic groups made up 1.37 of the population. Oromiffa was spoken as first language by 88.13% and 10.85% spoke Amharic, the remaining 1.02% spoken all the other primary language reported. The majority of the habitants professed Protestantism, with 48.42% of the population having reported they practiced that belief, while 37.04% of the population practiced Ethiopian orthodox Christianity and 12.09% were Muslim. The zone has favorable climate, crops and animal production, forests and tourism attraction center.

3.3. Research Design

The study employed a descriptive survey research design, which aimed to assess the budget utilization in East wollega zone. This study used both qualitative and quantitative approaches. Quantitative research is associated with a deductive approach to testing theory, often using number or fact. The researcher used the facts or information already available to analyze and make a critical evaluation of the data.

3.4. Data source and method of data collection

The researcher used both primary and secondary data to obtain relevant data. The questionnaires consisted, both close and open ended questions. A five point Likert scale ranging from strongly agrees to strongly disagree used in measuring the extent of the responses provided. And also there is semi-structured interviews' with responsible persons. Five Year (2014-2018Gc/2006-2010 E.c) Secondary data used to supplement the data received from questionnaires.

The independent variables consists of budget utilization determinants, which are staff capacity, government policy, structural factor, ineffective tax collection, fund diverting, inflation rate and auditing system. These independent variables used to asses real factor that hold back budget utilization performance.

3.5. Target Population

This study target population is 17 woredas, zone office and one city administration. Since the budget users are homogeneous in nature, among seventeen woreda and one city Administration, the researcher selected five woredas, East Wollega zone finance and economic cooperation & one city administration as a sample frame based on random sampling. This woredas include Leka Dullacha, Jimma Arjo, Guto Gida, wayyu tuqaa, Digga, Zone office, and nekemte city administration. In these sample frames, there are 85 employees (Office managers, purchaser, budget Planning and coordinator, human resource, Accountants and Auditors) whose work is directly relates to budget related issues. All employees related to budget preparation, utilization and control are contacted for the survey since their number is very small.

3.6. Data Analysis and Interpretations.

The information obtained by the use of the questionnaires was edited for consistency and completeness. In order to draw meaningful conclusions the various variables were coded and

keyed into descriptive statistical tools such as measures of the central tendency (means), measures of dispersion (range, standard deviation & variance), distributions (percentages, frequencies) and Multiple linear regression model used.

3.7. Model specification

Multiple linear regression models used to identify factor influence budget utilization. Multiple linear regressions prediction equation is

$$Y_t = \beta_0 + \beta_1 x_{1t} + \beta_2 x_{2t} + \dots + \beta_k x_{kt} + u_t,$$

$t = 1, 2, \dots, T$. So the variables $x_{1t}, x_{2t}, \dots, x_{kt}$ are a set of $k-1$ independent variables which are thought to influence, and the coefficient estimates $\beta_1, \beta_2, \dots, \beta_k$ are the parameters which quantify the effect of each of these independent variables on y and u_t are residual term.

The coefficient interpretations are slightly altered in the multiple regression contexts. Each coefficient is known as a partial regression coefficient, interpreted as representing the partial effect of the given independent variable on the dependent variable, after holding constant, or eliminating the effect of all other explanatory variables. Depending on the theoretical model and the measurement of the variable shown as conceptual frame work above, the empirical model that this study employed as follows:

$$BU_t = \beta_0 + \beta_1 GP_t + \beta_2 ADM_t + \beta_3 SC_t + \beta_4 FD_t + \beta_5 SF_t + \beta_6 TCC_t + \beta_7 IR_t + u_t$$

The study employed the model to identify the direct association between the budget utilization and seven factors of budget utilization in East Wollega administrative zone. The abbreviations in the model are as follows;

BU - Budget utilization

GP -Government policy

ADM -Auditing and monitoring

SC -Staff capacity

FD -Fund diverting

SF -Structural factor

TCC-Tax collection capacity

IR -Inflation rate

ut - Error term

Table3.1 All nth variables are summarized as follows:

No	Variable	symbol	Measurement	Expected Impact
1	Budget utilization	BU	Likert scale proxies	Not applicable
2	Government policy	GP	>>	Positive impact, and significant
3	Auditing and monitoring	ADM	>>	Positive impact and significant
4	Staff capacity	SC	>>	Positive impact and significant
5	Fund diverting	FD	>>	Negative impact and significant
6	Structural factor	SF	>>	Positive impact and significant
7	Tax collection capacity	TCC	>>	Positive impact and significant
8	Inflation rate	IR	>>	Negative impact and significant

Chapter Four: Data Analysis and Interpretation

4. Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study assessed budget utilization determinants at East wollega Zone based on secondary data from 2006 to 2010 E.C and Self-administered questionnaire designed in line with the objectives of the study and then analysis done to make reasonable conclusion and recommendations using the collected data. Data reliability was tested by Alpha Cronbach's and the multiple linear regression model diagnostic tested by Multicollinearity among the explanatory variables.

Questionnaires forwarded to employees of the woredas to assess the budget allocation bases, utilization trends and determinants of budget utilization at East wollega Zone finance office selected sample. The response of employees presented as follows in relation to budget allocation, trends utilization and determinants. The responses placed on a five points Likert scale ranging from 1 (strongly Disagree) to 5 (Strongly Agree). Determining factors for utilization from secondary data and from primary data mean and standard deviation was used. A mean above 4 is regarded to measure budget utilization is successful. As well as lower than 3 shows as unsuccessful, Standard deviation was used to indicate the variation or "dispersion" from the "average" (mean). A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is enlarge out over a large range of values.

4.1. Data reliability

Table 4.1: Summary of measurement reliability statistics (Cronbach's Alpha)

Cronbach's Alpha	N of Items	Cronbach's Alpha based on standardize item
0.841	8	

Sources: research Data

Construct reliability was measured by internal consistency reliability that indicated the homogeneity of items comprising a measurement scale (DeV Ellis, 2003). Internal consistency

gives the extent at which items in a model are inter-correlated. Thus, high inter-item correlations explain that the items of a scale have a strong relationship to the latent construct and are possibly measuring the same thing. Sited on, (Kimani,2014)

Table 4.2 Reliability of variables Cronbach's Alpha

Scale	Cronbach's Alpha	Number of item
Government policy	0.837	2
auditing and monitoring	0.756	2
Structural factor	0.784	2
Staff capacity	0.507	2
Tax collection capacity	0.685	2
Diverting fund	0.696	2
Inflation rate	0.704	2

Source: Research data

Under the internal consistency measurement scale is assessed by Cronbach's Alpha. If the measurement of scale having Cronbach's Alpha value is grater than 0.5 is accepted as an

4.2. Descriptive Statistics

4.2.1 Characteristics of the Respondents

The respondents used in this research paper are taken from samples of woredas and zone finance office. All the responsible including budget experts, accountants, purchasing, budget planning and control, budget coordinator, auditors and Finance office heads were included.

4.2.2 Response rate

The data were collected and then analyzed in response to the problems posed in the first chapter of this study. The findings are based on the responses of employee of those selected public finance woredas with the help of Structured questionnaires (see Appendix 1) were sent to respondents in samples of 7 budget holders (Jimma Arjo, Leka Dullacha, Digga, Wayyu Tuqa, Guto Gida, East Wollega and Nekemte city administration) as listed in Appendix 1. From 85

respondent thirty of the respondents (15.29%) did not returned the question and 72(84.71%) of them returned the questionnaires properly.

4.2.3 Demographic Characteristics of the Respondents in the organization

In order to have clear understanding about the result of the study, it is important to be familiar with demographic characteristics of the sample respondents who are close to public budget. Then in this sub section, variables such as sex, educational level, work experience and field of study of the respondents in the organization were analyzed. The data processed by SPSS is summarized as follows.

Table 4.3 Gender of the respondents

sex of the respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	54	75.0	75.0	75.0
Female	18	25.0	25.0	100.0
Total	72	100.0	100.0	

(Source: SPSS output, 2019)

As it can be seen in the above table there were a large number of male respondents which accounts for 54(75%) and 18(25%) of female working on public finance and budget at selected woredas in East wollega Zone. This shows most of the respondents are male.

Table 4.4 educational level of the respondents

Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Masters and above	10	13.9	13.9	13.9
BA/Bsc	59	81.9	81.9	95.8
Diploma	3	4.2	4.2	100.0
Total	72	100.0	100.0	

(Source: SPSS output, 2019)

As summarized in the above table, majority of the respondents 59(81.9%) were qualified in first degree and 13.9% master degree and 3(4.2%) are Diploma holders. This indicates that the

respondents are also at adequate education level to understand the concept of budgeting and budget utilization.

Table 4.5 Job experience of the respondents

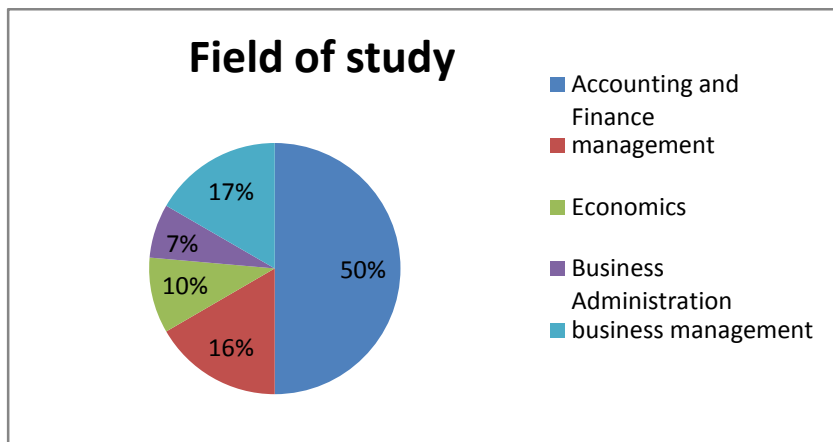
workexp1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-10	41	56.9	56.9	56.9
	11-20	24	33.3	33.3	90.3
	21-30	6	8.3	8.3	98.6
	31-40	1	1.4	1.4	100.0
	Total	72	100.0	100.0	

(Source: SPSS output, 2017)

The purpose of the above table is to assess the experience of the workers within the organization. Accordingly, in zone public finance sector, the highest share which is 56.9% goes to those who had experience within the organization for 1-10 years, the next highest percentage of the workers 33.3%, was those who worked 11-20 years in the organization, a bit lower is 8.3% and 1.4% was those who have experience of 21-30 years and above 30 years within the organization respectively.

Figure 4.1 qualifications of the respondents

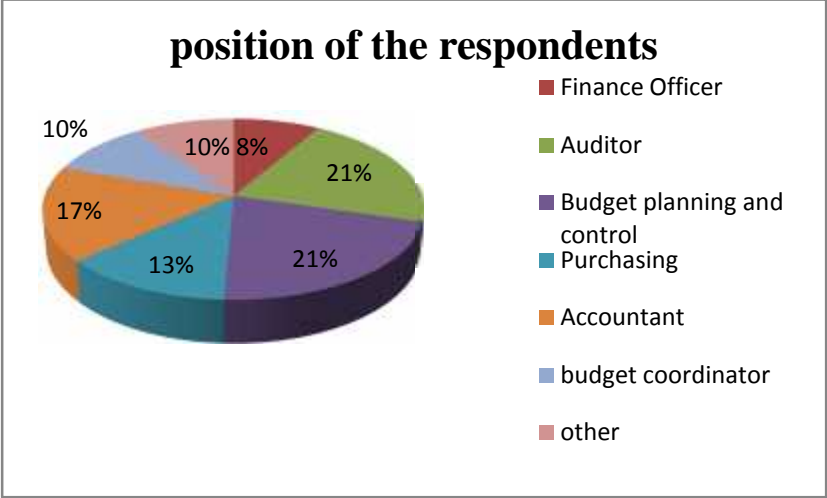


(Source: SPSS output, 2019)

As shown on pie chart above, qualification of the respondents were composed of from Accounting 36 (50.0%), Management 12(16.7%), Economics 7(9.7%), business administration 5 (6.9%) and business management 12(16.7). Here, the majority of respondents studied

accounting, economics and management field respectively which shows the good assignment of professionals for their appropriate job in relation to public finance and budget.

Figure 4.2 positions of the respondents



Among the 72 respondents who is 15 (21%) were auditors and budget planning and controlling ,12(17%)accountant, 9(13%)purchaser, 8(8%)finance officer 6(10%)budget coordinator, and other 7(10%) as shown on above pie chart.

4.3. Analysis of secondary data on budget utilization.

4.3.1. Public Expenditure distributions of sample budget holder

Table4. 6. Actual Public Expenditure distribution of sample budget holders

	Zone office	Nekemte city	Jimma Arjoo	Leka Dullecha	Wayu Tuqa	Diga	Guto Gida	Total
current in%	90%	91%	97%	93%	93%	93%	82%	82%
capital in %	10%	%9	3%	7%	7%	70%	18%	18%
current	1,477,200,19 9.07	271,069,0 88	929,349, 407.12	204,772,025	193,161, 071	217,052, 666	239,265. 56	3,292,843,72 1.75
capital	158,953,166. 99	27,704,41 0	24,342,6 99.25	15,264,258	13,958,9 27	14,193,7 54	18,512,7 08	272,929,923. 24

Above Figure 4.6 shows that during 5 budget year only 18% portion of budget was distributed to capital, on the other hand 82% of approved budget was spent on recurrent expenditure. Thus evidence indicates that budget spending on selected sample budget holders is violating fiscal policy of country which recommends that majority of Budget allocated to capital spending rather than recurrent. During last five fiscal years, the utilization tendency is more for recurrent budget of sampled budget holder. The capacity and commitment of the East wollega to invest on national development programs has been in bad position.

Table 4.7:- Comparison of Adjusted budget with actual spent of East wollega zone

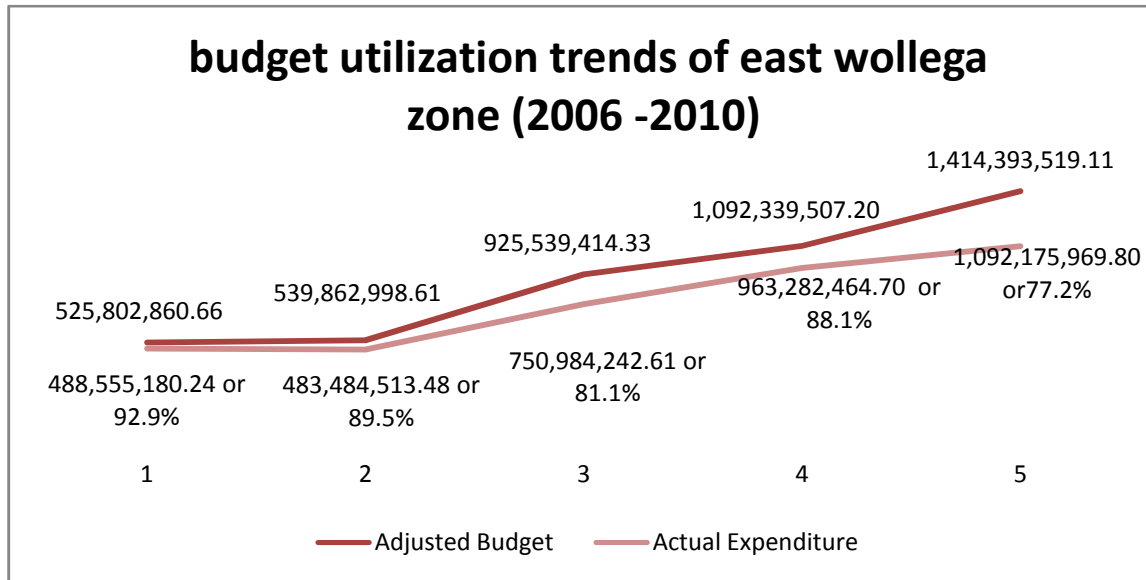
Year	Budget Organization	Adjusted Budget	Actual Expenditure	Over / Under	percentage of utilization
2006	East wollega Zone	525,802,860.66	488,555,180.24	37,247,680.42	92.9%
2007	<<	539,862,998.61	483,484,513.48	56,378,485.48	89.5%
2008	<<	925,539,414.33	750,984,242.61	174,555,171.72	81.1%
2009	<<	1,092,339,507.20	963,282,464.70	129,057,042.50	88.2%
2010	<<	1,414,393,519.11	1,092,175,969.80	322,217,549.31	77.2%

Source: East wollega zone finance office 2006-2010 report from IBX

As exist on table 4.7 above, the whole adjusted budget (approved budget +supplement- transfer deducted+ transfer added) is set for both capital and recurrent budget expenditures of East wollega zone.

According to the data obtained from east wollega zone finance and economic cooperation office in 2006 adjusted budget were highly utilized that is 92.9% and only 6.1% returned to the government treasury. During 2010 adjusted budget were underutilized that is 77.2% and around 23.8% returned back to treasury. This indicates adjusted budget underutilization increased gradually from 2006-2010. Relevant reports explained that such under-utilization arose from low capacity to utilize approved budget. Therefore; budget utilization was shows fluctuation from year to year and most of the approved budget was not used for planned activity. Graphically its looks following

Figure4.4 budget utilization trends of east wollega public sector



As shown on the above figures the gap between adjusted budget and actual expenditure greatly increased from year 2008 - 2010 year. During 2006 the zone highly utilized budget i.e 92.9% in 2007 and in 2008 its decreased to 89.5% and 81.1% respectively. This show us budget underutilization was increased over two years. However during 2009 returned to increase 88.1% but in 2010 failed to 77.2%. This indicates fluctuation of adjusted budget utilization especially during 2008, 2009 and 2010 in East wollega public sectors. Sound budget preparation processes and adequate institutional arrangements are a prerequisite for avoiding this discrepancy.

Table4.8:- Comparison of Adjusted budget with actual spent of selected sample.

comparison of adjusted budget with actual spent of sampled woredas

	underutilization in %
— Guto gida	0.19
— Diga	20%
— Wayu tuqa	3%
— Leka dullecha	4%
— Jimma arjoo	30%
— Nekemte city	15%
— Zone office	19%

Above Figure 4.6, indicates that within last five year returned amount of budget from Jimma arjo 30%, Diga 20%, Guto gida 19% nekemte city administration15%, from Leka dullacha 4% , zone office 9% and wayu tuqa 3%, Data also shows that except Jimma arjo and Diga budget was perfectly managed by all others samples budget holders . Sound budget preparation processes and adequate institutional arrangements are a prerequisite for avoiding this discrepancy.

4.4. ANOVA Test of budget utilization performance between budget holders

The performance of budget is significantly different from woreda to woreda which was tested by Analysis of variance (ANOVA). The result are presented in table 4.3

TABLE 4.9:- ANOVA, Budget under utilization comparison between woreda (secondary data)

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.610	6	.102	4.897	.000
Within Groups	.448	28	.016		
Total	1.058	34			

There was a statically significant difference between selected sample budget holders at the $P < 0.000$ (smaller than 0.05), and level in budget utilization for selected sample woredas $F(6, 28) = 4.897, P < .000$. ANOVA table indicates that there is statistically difference in budget utilization from one woreda to other woreda.

4.5. Determinate factors for Budget utilization.

4.5.1. Underlying factors for poor Utilization of the budget (secondary Data)

This section looks from core reasons or factors leading to under utilization of budget in East wollega zone finance office, selected woredas and city administration. When one summarized that, inefficient Inland Revenue collection and diverting fund form planed activities to unplanned activities. To analyze the reason for under utilization, data collected from financial statements report of East wollega finance and economic cooperation.

4.5.2. Budget Inland Revenue vs Actual of selected sample (secondary data)

Figure 4.5, comparison between actual revenue collections and uncollected amount

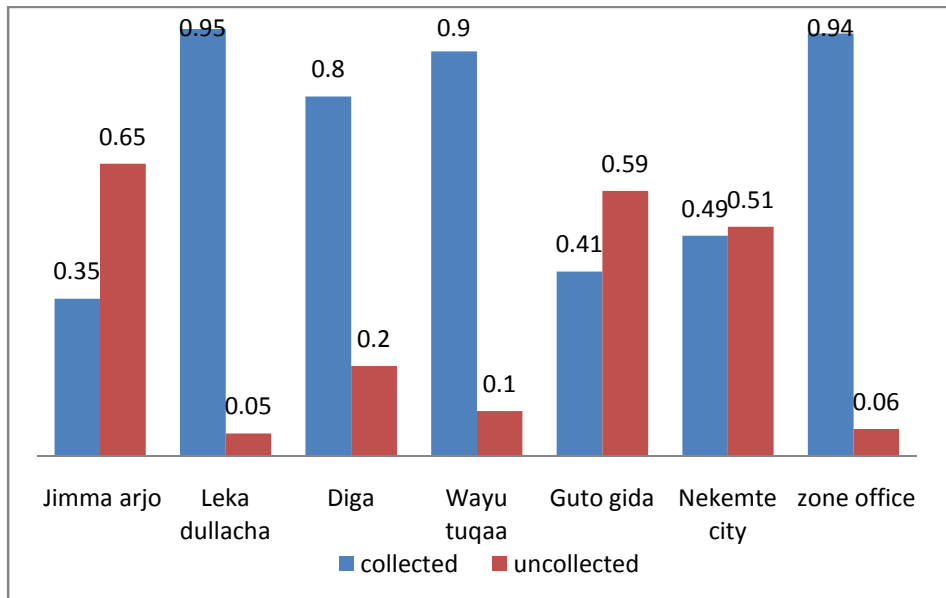


Figure 4.5, above compares uncollected amount of Inland Revenue with actual collection, which shows that the most ineffective revenue collection rate is in Jimma arjo (65%) and in Guto gida woreda (59%) of their planned. On other hand, effective revenue collection or actual collection is in Leka dullacha woreda (95%) and (94%) in zone office. So, quantitative figure above shows

that huge amount of Inland Revenue was not collected cordoning to their planed. This indicates Inland Revenue collection was below potential which have greater effect on budget utilization at the zone since budget allocated on basis of revenue collected by the organization.

Figures: 4.6 Comparisons of Diverting Fund from planned activity to unplanned activities of selected samples wordeda.

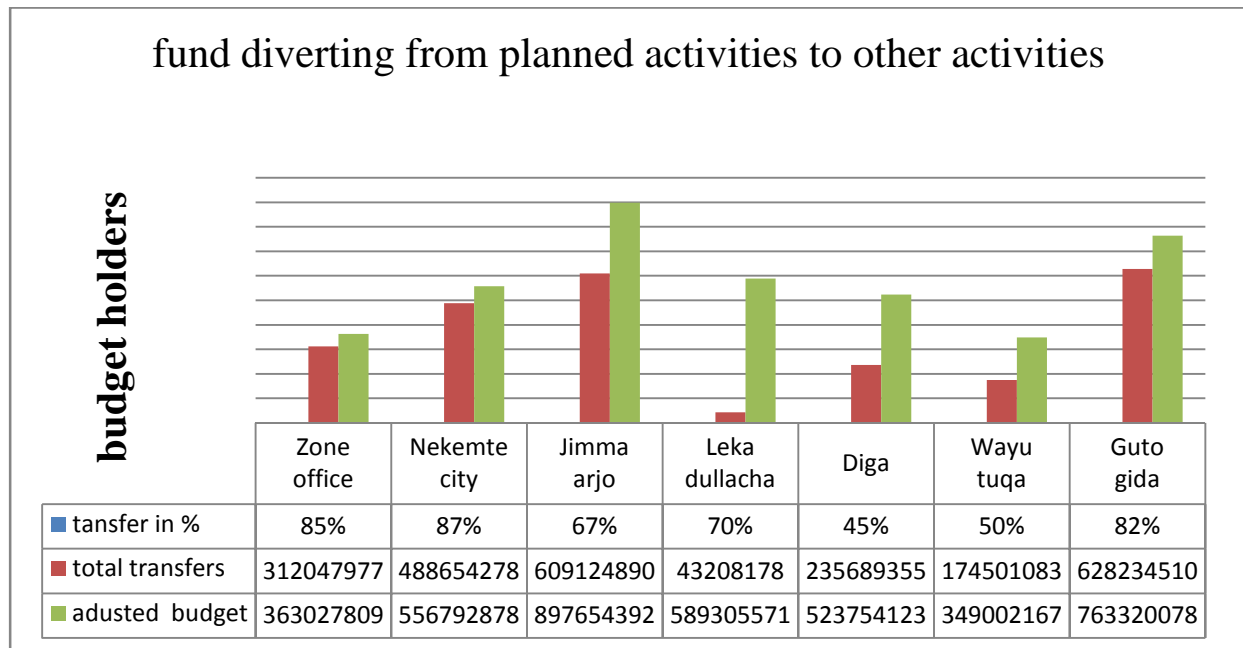


Figure 4.6 above shows that Nekemte City Administration divert 87% of their budget, zone office 85%, Guto gida 82% their budget from planed activities' to other. Therefore; according to above analysis from sampled wordeda which represent the zone, the researcher understand in zone it is difficult to perform activities according to target project rather than budget is simply diverted from planed program to unplanned program, so the concept of plane is elapsed in East wollega zone. Therefore; diverting fund affects budget utilization.

4.6 Budget Utilization

4.5.3. The utilization of Budget practice (primary data)

Primary data was collected from responsible employees to indicate the extent at which they agree with statements concerning Budget utilization practice at East Wollega zone. The results are as table 4.10 below.

Table 4.10.: Budget utilization at East wollega zone,

	Questions	Measurements (%)						
		Mean	Std.	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Budget Utilization	<ul style="list-style-type: none"> Each sector will take allocated budget on time 	2.22	1.10	5.6	11.1	6.9	52.8	23.6
	<ul style="list-style-type: none"> Your office utilizes the approved budget Based on its plan 	2.26	1.24	6.9	13.9	9.7	37.5	31.9
	<ul style="list-style-type: none"> Sectors do not have the culture of submitting a request for adjustment of budget portions after it is approved. 	1.84	0.85	1.4	5.6	12.5	43.1	37.5
	<ul style="list-style-type: none"> Payment is implemented always based on full documents and evidences. 	3.04	1.14	15.3	15.3	33.3	30.6	5.6
	<ul style="list-style-type: none"> Your office always presents timely, explanatory, and complete budget implementation report 	1.83	1.21	6.9	5.6	6.9	25.0	55.6
	<p align="center">Cumulative mean and Standard deviation</p>	2.24	0.81	<i>Source survey: 2019</i>				

To present the responses results in simple way we merge Likert scale strong disagree & disagree in to disagree (2), strongly agree and agree in to agree(4) and neutral(3) as it is.

In response to question number 1, 76.4 % of respondent disagreed that their office have a trend of taking allocated budget on time schedule while 16.7% respondents are agree and 6.9% of them are neutral. Therefore, based on majority response, we can say that the approved budget is transferred out of time schedule for budget holders which contribute weak budget utilization trends.

As indicated in the above table question number 2, 69.4% of respondents disagreed that budget was consumed for approved plan while 20.8 % are agree and 9.7% of them are remained neutral. This also supported with the result from interview conducted with heads finance offices.

Therefore, we can conclude that with regard to budget utilization practice in the zone, budget used out of its approved plan as above results.

As indicated question number 3, 81.9% disagree that in a sectors haven't a trend of submits a request for adjustment of budget portions after it is approved, whereas 5.6% agree and 12.5 % remains neutral. Therefore, based on majority response, we can concluded that there is a trend of submits a request for adjustment of budget portions after it is approved. This contributes poor to budget utilization efficiency.

As indicated question number 4, 36.1% disagreed that Payment made with full documents and evidences while 30.6% respondents agree and 33.3% remain neutral. Based on the majority response, we can conclude that; the zone has a trend of payment made without full documents and evidences.

For question number 5, among the respondents 80.6% disagreed that they have trend of on presenting timely, explanatory, and complete budget implementation report while 12.5% respondents agree and 6.9% are neutral. In conclusion, in East wollega zone weak practice of present timely, explanatory, and complete budget implementation report.

To sum up, the overall budget utilization practice is with the mean score of 2.24 and Standard deviation of 0.81, which indicate that the average response by respondents is concentrated around disagree (2). Therefore, we can conclude that the budget utilization practice is unsuccessful at East wollega zone.

4.6. Analysis of primary data

4.6.1. Underlying factors for poor Utilization of the budget (primary Data)

This section looks from core reasons or factors leading to under utilization of budget at East wollega zone finance office, selected woredas and city administration. We summarize that inefficient tax collection capacity, structural factor, auditing and monitoring and diverting fund form planed activities to unplanned activities. To analyze the reason for under utilization, data collected from respondents interred into SPSS.

Table 4.11. Tax collection capacity

Questions	Measurements (%)						
	Mean	Std.	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
• Inland Revenue is fully collected according to woreda/zone planed.	3.250	1.230	6.9	9.7	13.9	55.6	13.9
• Ineffectiveness of Domestic revenue collection not affects Budget utilization.	2.902	1.312	9.7	25.0	25.0	30.6	9.7
• Lack of awareness & wiling of taxpayers haven't impact on budget utilization.	2.370	.999	18.1	20.8	18.1	22.2	20.8
• There is clear information for the tax payers and stake holders about the schedule and how of taxpaying	3.444	1.019	4.2	18.1	27.8	44.4	5.6
• Corruption is not reason for low performance of inland revenue, which affect budget utilization	3.444	1.060	12.5	27.8	25.0	20.8	13.9
Cumulative mean and Standard deviation	2.805	0.806	Source SPSS 2019				

In response to question number 1, 69.4 % of respondent disagreed that their office Inland revenue is fully collected according to woreda/zone planed while 16.7% respondents are agree and 13.9% of them are neutral. Therefore, based on majority response, we can say that the office Inland Revenue is not fully collecting tax according to woreda/zone planed which affects budget utilization.

As indicated in the above table question number 2, 40.3% of respondents disagreed Ineffectiveness of Domestic revenue collection not affects Budget utilization while 34.7 % are agree and 25 % of them are remained neutral. Therefore, based on above responses we can conclude that Ineffectiveness of Domestic revenue collection affects Budget utilization in the zone.

As indicated question number 3, 43.1% disagreed to lack of awareness & willing of taxpayers hasn't impact on budget utilization while 33.9 % respondents agree and 18.1% remain neutral. Based on the majority response, we can conclude that; lack of awareness & willing of taxpayers has impact on budget utilization.

As indicated question number 4, 50.0% disagree that there is clear information for the tax payers and stake holders about the schedule and how of taxpaying, whereas 22.2 % agree and 27.8 % remains neutral. Therefore, based on majority response, we can conclude that there is no clear information how to pay tax to the stakeholder which in turn affects budget utilization of the zone.

For question number 5, among the respondents 34.7% disagreed that corruption is not reason for low performance of Inland Revenue, which affect budget utilization while 40.3% respondents agree and 25.0 % are neutral.

To sum up, the overall budget utilization practice is with the mean score of 2.8056 and Standard deviation of 0.80629. Which indicate that the average response by respondents is concentrated around disagree (2). In addition to above analysis the interview asked the manager; the manager said that the government allocated budget based on tax collected by the zone. That means budget allocated every year for each sector is not completely covered by the government rather than some percent covered by tax collected by each sectors themselves. However, as manager said most of the time tax not collected fully as its planned because the tax payer not pay tax for the government special during new tax regulation was proclaimed. This cause deferred tax which affect current utilization of funds. Therefore, we can conclude that Inland Revenue or tax collected by sectors affects budget utilization of East wollega zone.

4.6.2. Structural factors affecting budget utilization

According to Christine (2012) lack of alignment between the organizational structure and structure of performance reporting requirements, value and usefulness of performance information were found to undermine the budget utilization.

Table4.12. Structural factors

Questions	Measurements (%)							
	Mean	Std.	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
<ul style="list-style-type: none"> There is a clear hierarchy in your organization administration budgets and full involvement of the line managers in planning and budgeting utilization. 	2.361	1.104	4.2	15.3	13.9	45.8	20.8	
<ul style="list-style-type: none"> There is smooth and facilitating structural relationship between different departments in the organization associated with budget use. 	2.402	1.146	5.6	15.3	13.9	44.4	20.8	
<ul style="list-style-type: none"> There is continues and transparent information flow among the organizational elements related to budget utilization. 	2.375	1.054	2.8	15.3	18.1	44.4	19.4	
<ul style="list-style-type: none"> There is a presence of the evaluation of budget performance at different levels of the organization. 	3.277	.786	1.4	40.3	43.1	13.9	1.4	
<ul style="list-style-type: none"> There is proper ICT usage to implement budgets utilization in your revenues office. 	2.013	1.180	4.2	11.1	11.1	29.2	44.4	
Cumulative mean and Standard deviation	2.486	.441	Source spss 2019					

Table 4.12 above shows the structural factors affecting budget utilization from its different dimensions. The first dimensions, as it has been indicated by majority 66.6% of the respondents have disagreed that there is clear hierarchy of their organization for proper organizational administration of budgets. On the other hand only 20.8% of the respondents agreed that there clear hierarchies for administrations of budget utilization while the remaining 13.9% of the remaining respondents were indifferent about the hierarchy for the administration of budget utilization. Therefore; based on majority respondents we can conclude that there is no hierarchy of their organization for proper organizational administration of budgets that affects budget utilization of the zone.

Item 2 of the same table has provided that the majority 65.2% of the respondents disagreed that there is smooth and facilitating structural relationship between different departments in the organization associated with budget use and some 20.8 of the respondents have argued that there

exists smooth and facilitating relation among the departments while the remaining 13.9 the respondents were indifferent about this. Therefore; structural relationship between each department affects budget utilization.

Item 3 of the same table above shows that 63.9% the respondents disagreed that there is continues and transparent information flow among the organizational elements related to budget utilization while only 18.1% of the respondents argued that such information flow exists and the remaining 18.1% of the respondents have stayed neutral as such we can see from this analysis that there is lack proper flow of information among the departments affects budget utilization.

As we can see form the same table item 4 above that 58.3% of the respondents perceived that there is no a presence of the evaluation of budget performance at different levels of the organization while others 20.8% argued that there is presence of the evaluation of budget performance at different levels of the organization some 20.8% of the remaining respondents remained neutral. Therefore; evaluation of budget performance at different level was affects budget utilization in the zone based on above majority responses.

Finally, item 5 of the same table showed that 76.4% of the respondents believed that there is improper ICT usage to implement budgets utilization in your revenues office while 12.5% of the respondents tried to state the existence of proper utilization of ICT budgets and some remaining 11.1% of the respondents were indifferent about this. Therefore based on this we can conclude that improper information communication technology affects budget utilization in east wollega zone because no information flows about budget between each department of office revenue of the zone. To sum up, the overall mean and standard deviations of structural factors can be estimated to 2.486 and .441 which are concentrated around disagree respectively. The overall mean structural factor indicated on table confirm that majority of respondents proved that the organizational structural factors affects budget utilization in the zone.

To summarize, in addition to above the interview conducted by researcher are as follows. The manager said that sometimes our organizations was assigned many works to one employee because lack of experienced employee at that work area. During this time no flow of work between each department rather than activity done by one employee. Also there is no communication between departments on the budget utilization. In addition to these the current

staff members also was not familiar with the new budget administration system. For example; recently new reforms announced by current prime minister of Ethiopia that is all related sectors should merged together still the employee not known their work area because the first structure was disappeared. These causes the employees do wherever they want. Therefore this all above mentioned problems cause improper budget utilization because without they are put into action the planned budget the time was finished.

4.6.3. Diverting fund from planed activity to unplanned activity

Table 4.13 Diverting fund from planed activity to unplanned activity

Questions	Measurements (%)						
	Mean	Std.	Strongly agree	Agree	Neutral	Disagree	Strong disagree
• Budget not diverted from one program to another program in your zone.	2.000	1.353	6.9	12.5	11.1	12.5	56.9
• In your zone/woreda there is Budget surpluses within last 5 year	3.444	1.046	6.9	58.3	13.9	13.9	6.9
• Your office does not return back the surplus to treasury.	2.458	1.112	2.8	13.9	36.1	20.8	26.4
• Your zone/woreda faced nothing challenges with budget (overutilization) deficit within last 5 year	2.833	1.727	29.2	11.1	15.3	2.8	41.7
• In your zone or woreda budget is utilized properly for only planned activity.	2.833	1.125	1.4	41.7	5.6	41.7	9.7
Cumulative mean and Standard deviation	2.7139	0.5198	<i>Source survey: 2019</i>				

As it has been indicated by majority 69.4% of the respondents have disagreed to that budget not diverted from one program to another program in their zone. On the other hand only 19.4% of the respondents agreed while 11.1% of the remaining respondents were neutral about budget not diverted from one program to another program in their zone. Therefore; based on majority respondents we can conclude that budget was diverted from one program to another program in East Wollega zone. This diverting fund affects budget utilizations in the east wollega zone.

Item 2 of the above table has provided that the majority 65.3% of the respondents agreed that in their zone/woreda there is budget surpluses within last 5 year and some 20.8 of the respondents have disagreed no budget surpluses within last 5 year while the remaining 13.9 the respondents were indifferent about this. Therefore; based on the above analysis budget surpluses existed within last 5 year in east wollega zone which affects budget utilization

Question 3 above shows that 47.2% the respondents believed that zone office return back the surplus to treasury while only 16.7 % of the respondents argued surplus budget does not returned back the treasury and the remaining 36.1% of the respondents have stayed neutral. As we seen from this analysis that zone office was return back the surplus to treasury of the government.

As we can see item 4 above that 44.4 % of the respondents perceived that there is challenges with budget (overutilization) deficit within last 5 year while others 40.3% argued that no challenges with budget (overutilization) deficit within last 5 year some of 15.3 % of the remaining respondents remained neutral. Therefore; based on majority of respondents the zone faced challenge with budget deficit or surplus (overutilization) within last 5 years. In addition as explained in question 2 there is budget surplus which shows us budget deficit affect budget utilization of the zone.

Finally, item 5 of the same table showed that 51.4% of the respondents believed in their zone or woreda no budget are utilized properly for only planned activity while 43.1% of the respondents tried to state budget are utilized properly for only planned activity and remaining 5.6% of the respondents were being silent. Therefore; based on this we can conclude that east wollega zone budget is not utilized properly for only planned activity.

To conclude, the overall mean and standard deviation of diverting fund from planed is 2.7139 and 0.51983 respectively which indicate that the average response by respondents is concentrated around disagree (2). Therefore, we can conclude that based on this the budget utilization was affected by diverting fund from planned activity to unplanned activity in the zone.

In addition to above likert scale question analysis, the interview was also conducted by the researcher as follows. The manager said that because of different reason fund diverted from

planned activity to unplanned activity except rigid accounts such as employee salary .The first one is lack of budget to complete the ongoing project. To complete it the zone diverts the fund allocated for the other activity to this project and this cause transfer of the other project work to next period. The second is when unexpected events were happened such increase in price of materials and political instability. In addition as we seen from the secondary data analysis within the last five years most of the sampled budget holders diverted their fund from one activity to another. Therefore based on all above statements one can conclude that, fund diverting affects budget utilization of the zone.

4.6.4. Inflation rate

Table 4.14 inflation rate affects budget utilization

Questions	Measurements (%)						
	Mean	Std.	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
<ul style="list-style-type: none"> The budget utilization is planned to forecasting the inflation rates of the country. 	2.902	1.164	8.3	29.2	15.3	38.9	8.3
<ul style="list-style-type: none"> There have been unexpected rate of inflation between plan and implementation time of the budget. 	2.361	1.559	16.7	11.1	11.1	13.9	47.2
<ul style="list-style-type: none"> The budget allocated by the government is in consideration of the country level inflation rate. 	2.569	1.527	16.7	13.9	18.1	12.5	38.9
<ul style="list-style-type: none"> The inflation rates of the country can be forecasted. 	2.736	1.644	25.0	12.5	9.7	16.7	36.1
<ul style="list-style-type: none"> Inflation addressed by the government in order to safeguard unplanned budgeting at your organization level. 	2.208	1.462	12.5	8.3	18.1	9.7	51.4
Cumulative mean and Standard deviation	2.555	0.735	<i>Source survey: 2019</i>				

Table 4.14 this shows the inflation rate factors affecting budget utilization from its different dimensions. As it has been indicated on item 1, 47.2% of the respondents have proved that budget utilization is not planned to forecasting the inflation rates of the country. On the other hand only 37.5% of the respondents argued that the budget utilization is planned to forecasting

the inflation rates of the country while the remaining 15.3% of the respondents was indifferent about this. Therefore; based on majority responses budget utilization is not planned to forecasting the inflation rates of the country. We can conclude that the inflation rate of the country was affects budget utilization since it was not planned in line with budget plan.

As observed from the same table item 2 above, 61.1% of the respondents stated that there is no unexpected rate of inflation between plan and implementation time of the budget and somehow 27.8% of the respondents argued that the while 11.1% the of the respondents remaining neutral. Therefore; unexpected inflation rate was happened between plan and implementation of budget. We conclude that unexpected inflation rate was affects budget utilizations.

Item 3 of the same table has provided that the majority 51.4 of the respondents are disagreed to the budget allocated by the government is in consideration of the country level inflation rate 30.6% of the respondents have argued that the budget allocated by the government is in consideration of the country level inflation rate while the remaining 18.1% of the respondents were neutral. Therefore based on majority of responses the budget allocated by the government is not in consideration of the country level inflation rate. This may in turn affects budget utilization of the east wollega zone.

The same table item 4 again we can see that 52.8% of the respondents indicated that there is no inflation rates of the country can be forecasted and while 37.5 of the respondents argued that the inflation rates of the country can be forecasted and some 9.7% of the remaining respondents remained neutral. This shows us inflation rate not forecasted means allocated budget is not implemented properly which contributed to poor budget utilizations.

Finally Item 5 of the same table shows that more than average 61.1 of the respondents disagree that Inflation addressed by the government in order to safeguard unplanned budgeting at your organization level and while 20.8% of the respondents agreed that Inflation addressed by the government in order to safeguard unplanned budgeting at your organization level and some 18.1% of others were neutral indifferent about this consideration. Based on majority of responses, inflation rate is not addressed by the government in order to safeguard unplanned budgeting in east wollega zone. Therefore; this affects budget utilizations.

To generalize, the overall mean and standard deviation of inflation rate is 2.5556 and 0.73559 respectively. This indicates inflation rate affects budget utilization of the zone which was the same with the interview results that indicates inflation rates affects budget utilization during price increments this means low purchasing power of the existed fund and an allocated budget is not enough to complete planned activities. As manager concluded, each budget year the issue of inflation is the major problem regarding budget implementation and it's difficult to implement as we planned. Therefore; inflation rate affects budget utilization in the zone.

4.7. Analysis of data from open-ended questions on budget utilization

This part of the questionnaire emphasized on the budget allocation basis. According to open ended questionnaires analysis most of the respondents participate in budget planning and utilizing. This indicates the employees of the zone office revenue were participated in budget planning process and implementing the planned budget for planed activity. We can conclude that based on these responses; employees of the zone office revenue have knowledge's about budget utilization. The researcher was analyzed the open ended question to indentify budget allocation basis which is one of researcher specific objectives. Therefore; based on the collected and analyzed data by using tally, the budget allocation basis in the zone are population size, last year budget utilization experience, revenue collection capacity and level of woreda developments. This indicates the most important factors taken as basis into account during budget allocation to woredas.

To summarizes, according to data analyzed from open ended question budget allocated based on population size of the woredas this means many population needs diversify infrastructure and facility which required huge amount of fund. For example around people overcrowded government supplied different infrastructure in order to protect the wellbeing of the society and avoids instability. Therefore; during budget allocation at east wollega zone population size is one consideration. The other factor is last year budget utilization experience. This indicates the budget allocated for each sector based on last year utilization trends. Without investigate last year experience budget utilization capacity of the sectors the government not allocated budget. For example ; if the woredas of the zone have not utilized budget properly in last year the current year allocated budget may greater than or less than the last year budget because its depends on the last year budget utilization trends. This may affects budget utilization in east wollega zone

public sectors because if the woredas have currently enough capacity to utilize budget, but because of the last year under utilization currently not allocated budget which balance their capacity.

Revenue collection capacity is also one allocation basis. Not all allocated budget is released from government treasury rather than some percent covered by internal and external revenue collected by woredas themselves. If this revenue not fully collected by the woredas, it will affect their budget utilization capacity. The last one is level of woreda development that is the budget allocated for developed woreda and developing woredas are not equal. Many budgets is allocated for developing woredas which have low infrastructure, and facilities than developed woredas. Therefore before allocate budget government investigate level of woredas developments. Interview results also supplements the above analyzed.

Also the open-ended part of the questionnaire also provided important data regarding budget utilization practice in east wollega Zone. This part of the questionnaire emphasized on the factors affecting budget utilization. The obtained data and its analysis presented as follows: inflation, poor planning, problem in revenue collection, lack of political stability, fund diverting and lack of community participation. This factors cause improper budget utilization.

In addition to above mentioned, the ultimate problem is that the existing technological financial system and capacity applying new technology are critical challenges in budget utilization. Even though, the overall evaluation of budget utilization is inefficient, there were expected hopes for faced challenges.

One expected prospects was the coming out of educated young generation in Ethiopia. As we know from universities massive number young and educated labor force was participating in the finance industry, so as compared to employee who was un-educated, young as well as educating employee was a solution finder for challenges happened in that industry. Second, because of globalization, our countries finance practice was made changes time to time. During past time all financial activity was done only by pencil and pane, then changed to excel next to that at this time all financial activities performed by (IBX) Integrated Budget expenditure. That the expected new system was Integrated Financial Management Information System (IFMIS): The system will have integrated components all necessary financial reports related to GAAP. Like, Procurement

Payroll, Fixed asset (still know forgotten activities), HRM, Revenue management system, Debt management systems and all compulsory credits.

To create cashless society, IFMIS, if implemented, allows Mo FED to control the financial activities of all federal ministries and to transfer electronic money to the account of each government agency in the National Bank of Ethiopia (NBE). Besides, the different government agencies can use the system to electronically request budget release and electronically submit different periodic financial reports.

Rather than this latest technology asset will be managed with GAAP, depreciation value calculated for each asset and included on yearly report. So financial system will be completely changed Modified accrual system to accrual system, which was globally acceptable. Thus all improvements needed to strengthen public expenditure management with a view to bring about fiscal discipline. Finally, this latest technology will be supported by broadband (Like core banking system all finance sector connected each other), the MOFED at the center follow up finance sectors and will take constructive measurement to improve financial efficiency

4.8. Multiple linear Regression assumption tests

Diagnostic test is made to make sure that the multiple linear regression model assumption violated or not. In this study an attempt is made to test Multicollinearity the result of which are presented and discussed as follow.

4.8.1. Assumptions test

Assessing the suitability of data for parametric analysis indispensably required before rushing to regression and ANOVA analysis. Preliminary tests like Inspection of the normality test, correlation test and multicollinearity were conducted and the result ensured none violation of the assumptions.

4.8.2. Tests for normality

This study used skewness and kurtosis to test for normality. As the rule of thumb says, the normal distribution must have skewness of zero (0) and kurtosis must be equal to 3 for a normal distribution. If skewness is greater than zero, the data is positively skewed; if skewness is less than zero (0), the data is negatively skewed.

Table4. 15 Descriptive Statistics for Skewness and Kurtosis

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
BU	0.258	0.283	-0.487	0.559
GP	0.334	0.283	0.559	0.559
ODM	-0.505	0.340	0.283	0.411
SC	0.093	0.283	-0.138	0.559
SF	0.399	-0.060	0.027	0.559
TCC	0.368	0.233	-0.346	0.522
DF	-0.307	0.243	0.279	0.619
IR	0.379	0.283	-0.339	0.559

Source: Research finding 2019

Results from the descriptive statistics showed that budget utilization had Skeweness of 0.258 which is greater than 0 and kurtosis of -0.487 which is less than 3 this implies that the distribution is positively skewed, government policy had skeweness of 0.334 and kurtosis of 0.559 so it is positively skewed, auditing and monitoring had Skeweness of -0.505, and kurtosis of 0.283 it is negatively skewed, staff capacity had skewness of 0.093 and kurtosis of -0.138, structural factors had skewness of 0.399 and kurtosis of 0.027 therefore its positively skewed, tax collection capacity had skewness of 0.368 and kurtosis of -0.346 its positively skewed, diverting fund is negatively skewed which is -0.307and kurtosis of 0.279 and inflation rate had skewed of 0.379 and kurtosis of -0.339its positively skewed. Most of variables had skewness closer to zero, therefore; we may say that data is approximately normally distributed.

4.8.3. Correlations test

This section provides the correlation analysis. A correlation coefficient enables us to quantify the strength of the linear relationship between two variables. The Pearson’s product-movement correlation matrix indicates the linear correlation between variables. . According to Kennedy (2008) correlation coefficient between any independent variables should not be above 0.7

Table 4.16: Correlation

Variables	BU	GP	ODM	SC	SF	TCC	DF	IR
BU	1							
GP	-.362	1						
ODM	.218	.003	1					
SC	.279	-.109	.060	1				
SF	.318	-.173	.074	.166	1			
TCC	.462	-.225	.057	.223	.157	1		
DF	.174	-.031	.112	.078	-.007	-.039	1	
IR	-.255	.317	.153	-.194	.063	-.122	.220	1

Table 4.16 above shows the correlation coefficient among explanatory variables in this study. The highest correlation coefficient for this study explanatory variable is 0.447 that is between TCC and BU which is less than 0.7. Therefore, there is no evidence for presence of correlation problem in this study model.

4.8.4. Multicollinearity Test

Collinearity is where two independent variables are highly correlated or multicollinearity, where more than two independent variables are highly correlated and this can have damaging effects on multiple regression. Different authors suggest different way of identifying multicollinearity problem. However as rule of thumb (Yfield, 2009) suggested that variable inflation factor (VIF) of any independent variables should not be greater than 10, or the tolerance should not be less than 0.1. According to the results in table below, all the variables have small VIF values which implies that there is no a problem of multicollinearity.

Table 4.17 Collinearity statistics

Variables	Collinearity Statistics	
	Tolerance	VIF
GP	0.833	1.200
ODM	0.956	1.046
SC	0.885	1.130
SF	0.932	1.073
TCC	0.895	1.117
DF	0.917	1.090
IR	0.793	1.261

SPSS computation; 2019

4.9. Linear regression model

Table4.18. Model Summary

Model	R	R Square	Adjusted R square	Std. Error of the Estimate
1	.664	.441	.380	.640

Analysis of table 4.18 above shows that the coefficient of determinant or the percentage variation in the dependent variable being explained by the change in the independent variable adjusted “R” square value is equal to 0.380 that is, 38% of the total variation in budget utilization is explained by predictors variables such as government policy, auditing and monitoring, staff capacity, structural factor, diverting fund and Inland Revenue collection. The R square and adjusted R square column shows small variation b/n the two values (.380 and .441 respectively) justifying that the independent variables have strong ability to predict the variation in budget utilization efficiency. The positive value of R square shows moderate positive correlation between the predictors and dependent variable.

Table4. 19. ANOVA table (primary data)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.759	7	2.966	7.223	.000 ^b
	Residual	26.276	64	.411		
	Total	47.035	71			

Above ANOVA table shows that the independent variables statistically significantly predict the dependent variable, $F(7, 64) = 7.223$ $p=0.000$ (significant). The P-value less than 0.05($p=0.000$) means that we accept the null hypothesis. In better terms, smaller p-value less than 0.05 justifies that the independents variables i.e structural factor, diverting fund, tax collection capacity and inflation rate statistically significant in explaining the variation in dependent variable i.e. budget utilization efficiency.

Table 4.20:- Summary of coefficient of regression

Model		Unstandardized Coefficients		Standardize d Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.351	1.069		-.328	.744
	GP	-.292	.179	-.167	-1.627	.109
	ODM	.327	.166	.189	1.969	.053
	SC	.169	.206	.082	.820	.415
	SF	.374	.178	.203	2.096	.040
	TCC	.348	.100	.345	3.488	.001
	DF	.317	.153	.203	2.073	.042
	IR	-.234	.116	-.212	-2.017	.048

A significance level (sig.) is a critical probability associated with a statistical hypothesis test that indicates how likely it is that an inference supporting a difference between an observed value and some statistical expectation is true. The term p-value stands for probability-value and is essentially another name for an observed or computed significance level. So, low p-values mean there is little likelihood that the statistical expectation is true. (Zikmund, 2009). The significance value was less than 0.05 implying that the independent variables significantly influence the dependent variable. From the data in the above table the established regression equation was

$$Y = -0.351 - 0.292GP + 0.327ODM + 0.169SC + 0.374SF + 0.348TCC + 0.317DF - 0.234IR$$

From the above regression model, holding government policy, auditing and monitoring, staff capacity, structural factors, tax collection capacity, diverting fund and inflation rate constant budget utilization would be achieved at a unit of- 0.351.

It was established that a coefficient of structural factors is positive and has P-value of 0.040 which is significant at 5% level of significance. This implies that a unit increase in structural factor would cause an increase in budget utilization by 0.035. Tax collection capacity has a coefficient that is positive and p-value of 0.001 which is significant at 5% level. This indicates a unit increase in tax collection capacity would result an increase in budget utilization by factor of 0.348.

The result from the study in line with diverting fund shows a coefficient that is positive and p-value of 0.042 which is significant at 5% level. A unit increase in fund diverting would cause an increase in budget utilization by 0.317.

On the other hand the result depicts a negative coefficient and p-value of 0.048 for inflation rate at 5% level of significant. This indication that a unit increase inflation rate would lead to decrease in budget utilization by a factor of -0.234. In conclusion, it can be said that the current level of budget utilization in East Wolega zone morely affected by factors such as structural factor, tax collection capacity, diverting fund and inflation rate.

4.10. Analysis of the research Hypothesis

Hypotheses 1

H1: *Government policy has positive and significant impact on budget utilization in East wollega.*

As shown in table above, Government policy has not significantly affect budget utilization as shown by the p-vale of 0.109 which was greater than 0.05 at 95% confidence level. The study therefore; rejects the hypothesis and concluded that government policy had not a significant and impacts on the budget utilization.

Hypotheses 2

H2: *Auditing and monitoring has positive and significant effects on budget utilization in East wollega zone.*

An analysis of auditing and monitoring indicated no significance effects on budget utilization as evidenced by a computed p-value of 0.053 which was greater than 0.05 at 95% confidence level. The hypothesis that auditing and monitoring has positive and significant effects on budget utilization was rejected. Therefore; auditing and monitoring had not a significant impact on budget utilization of the zone.

Hypotheses 3

H3: *A structural factor of the organization has positive and significantly effects on budget utilization.*

Further, the hypothesis that structural factor (SF) significantly affects budget utilization was tested for significance. A calculated p-value of 0.040 which is less than 0.05 at 95% confidence

level led to accept of the null hypothesis. As a result it was concluded that structural factor has positive and significant on budget utilization.

Hypothesis 4

H4: *Staff capacity has positive and significantly affects budget utilization of the East wollega zone.*

Based on the results of p-value 0.415 which was greater than 0.05 at 95% level of confidence, hypothesis was rejected. Staff capacity had not positive and significant impact on budget utilization.

Hypothesis 5

H5: *Tax collection capacity has positive and significant impacts on budget utilization of the zone.* The study tested the significance impacts of tax collection capacity on budget utilization. A computed p-value of 0.001 which was less than 0.05 at 95% confidence level led to accept the hypothesis. Therefore; we concluded that, Tax collection capacity has positive and significant impacts on budget utilization of the east wollega zone.

Hypothesis 6

H6: *Diverting fund significantly and negatively affects budget utilization in East wollega zone.*

As shown in table above, diverting fund significantly affect budget utilization as shown by the p-value of 0.042 which was less than 0.05 at 95% confidence level. The study therefore; accepted the hypothesis and concluded that diverting fund had a significant and positive impact on the budget utilization.

Hypothesis 7

H7: *Inflation rate has negative and significant effect on budget utilization.*

Finally, the study tested the hypothesis *Inflation rate has significant effect on budget utilization* a computed p-value of 0.048 which was less than 0.05 at 95% confidence level led to accepted hypothesis. Therefore; inflation rate significantly and negatively affect budget utilization of east wollega public sectors.

Table 4.21: summery of hypothesis

No	Hypothesis	Expected	Actual
1	Government policy	Positive impact and significant	Negative impact and insignificant
2	Auditing and monitoring	Positive impact and significant	Positive impact and insignificant
3	Structural factor	Positive impact and significant	Positive impact and significant
4	Staff capacity	Positive impact and significant	Positive impact and insignificant
5	Tax collection capacity	Positive impact and significant	Positive impact and significant
6	Fund diverting	Negative impact and significant	Positive impact and significant
7	Inflation rate	Negative impact and significant	Negative impact and significant

Chapter Five

Conclusion and recommendation

5.1 Content Summery

General objective of the study is to identify major determinants of budget utilization in east wollega zone. To accomplish this objective, Five year (2006-2008 E.G) secondary data have been used to analyze the problem under interest. Target population of the study 85 Employee who have directly related with budget related activities in east wollega zone selected public finance office. From those 72 respondents returned back the response. This study adopted descriptive survey as well as multiple linear regression models of data analysis.

5.1 Major Findings and conclusion

- At east wollega zone the trends of budget utilization was shows fluctuation from year to year and most of the approved budget was not used properly for planned activity. Relevant reports explained that such under-utilization arose from low capacity and political instability to utilize approved budget.
- Based on analysis from secondary data during last five fiscal years, the utilization tendency is more for recurrent budget of sampled budget holder. The capacity and commitment of the East wollega to invest on national development programs has been in no good position.
- The finding implies that within last five year returned amount of budget from budget sample holder are high this indicates that the wordas of the zone not fully utilized the allocated budget which shows zone under utilization of budget. Sound budget preparation processes and adequate institutional arrangements are a prerequisite for avoiding this discrepancy.
- Budget efficiency from secondary data computed by ANOVA analysis between budget holders, which shows that there is statically significant difference between selected sample budget holders at the $P < .0.00$ in budget utilization. This means when one worda was highly utilized the other worda may under utilized
- The finding from secondary implies that huge amount of Inland Revenue was not collected cordoning to their planed. This indicates Inland Revenue collection was below potential which have greater effect on budget utilization.

- In sampled woreda within the last five year, fund diverting is high. It is difficult to perform activities according to target project rather than budget is simply diverted from planed program to unplanned program, so the concept of plane is elapsed in East wollega zone.

When we proceed on primary data about budget utilization

- Based on analysis of Budget utilization from likert scale one can conclude that the budget utilization practice is unsuccessful at East wollega zone. The reason is;
 - Approved budget is transferred out of time schedule for budget holder that shows weak budget utilization trend.
 - There is a weak trend of following Budget balance. We conclude that which forgetting following budget balance have contributions for bad budget utilization efficiency.
 - In East wollega zone there is a trend of regularly submitting budget adjustment request after budget approved and trend of submitting budget request out of plan.
 - There is partiality on keeping on rule related disclosing full documents and they have a limitation to present timely, explanatory, and complete budget implementation report. In East wollega zone there is vain practice on sending with full documents and as well as on presenting financial reports on specified time duration and completeness problems.

5.2. Determinants of Budget utilization findings(from primary data)

The researcher designed to evaluate selected variables for inefficient budget utilization at East Wollega zone public sectors.

- Based on analysis the effect of tax collection capacity on budget utilization one can conclude that Inland Revenue or tax collected by sectors affects budget utilization of East wollega zone. In addition to this, the result from manager interview and open ended question also displayed Inland Revenue collection affects budget utilization.
- The budget utilization is affected by structural factors. The overall mean 2.486 structural factor indicated on analysis confirm that majority of respondents proved that the organizational structural factors affects budget utilization in the zone. Also there is no communication between departments on the budget utilization as interview result.

- Budget utilization was affected by diverting fund from planned activity to unplanned activity at the zone. The manager said that because of different reason(lack of budget to complete the ongoing project, when unexpected events were happened such as increase in price of materials and political instability) fund diverted from planed activity to unplanned activity except rigid accounts such as employee salary
- Based on result of findings, inflation rate is not addressed by the government in order to safeguard unplanned budgeting in east wollega zone. The results from open ended and interview also support this one. Each budget year the issue of inflation is the major problem regarding budget implementation and it's difficult to implement as they planned. Therefore; inflation rate affects budget utilization in the zone
- Rather than above mentioned factors, the under utilization affected by i.e., lack of coordination between other budget holders with finance sections , existing technological financial system and capacity applying new technology are critical challenges in budget utilization.
- Based on the collected and analyzed data budget were allocated based on population size, last year budget utilization, revenue collection capacity and level of woreda developments in east wollega zone.
- According to open ended questionnaires analysis most of the respondents participate in budget planning and utilizing. This indicates the employees of the zone office revenue were participated in budget planning process and implementing the planned budget for planed activity.
- Based on regression results the current level of budget utilization at East Wolega zone more affected by factors such structural factor, tax collection capacity, diverting fund and inflation rate.
- Structural factor, tax collection capacity, diverting fund and inflation rate are significantly affects budget utilization in the zone.

5.3. Recommendation

In order to address the issues raised above with regard to Budget utilization in East wollega the following actions are recommended.

- The government should have take into consideration the needs of the society during allocated budget to each sector.
- The government should have to minimize diverting fund from one activity to another.
- The structural factors are the basic factors that the respective organizations can improve, and as such the organization should train and convince all the departments or units to plan act together especially in utilizing the budget of the respective organizations.
- Whenever planning the budget for the specified year the organizations should strictly see the forecasts on the inflation rates of the country as it could have greater effect on the level of budget to be utilized.
- The policy considerations and referencing should continue to be better in utilizing the budget levels in legal and reasonable way.
- The improvement of the budget management systems and expenditure planning should be seen as a part of an integrated strategy of better use of the resources of the agency. This creates a conducive environment for budget allocation, utilization performance and provides greater transparency, accountability and flexibility.
- The zone should be transparent on the allocated budget annually for the agency which enhances the sense of ownership among the employee on the utilization of the overall resources of the finance.
- The proper delivery of the performance based report for the concerned body including the inside stakeholders (employees) enables to create conducive environment for the transparency and accountability of the revenues overall activities.
- Enhance the budget utilization of the zones by properly managed its budget and time based procurement system which enables to improve its efficiency.
- The Woreda's revenues office should use opinions suggested on the feedback given by East Wollega administration finance and economic cooperation bureau and should be considered thoroughly.
- The zone should be improving the ways of collecting taxes and give train on the issue of taxes to taxpayer.

- Suitable mechanisms should be designed and put in place to ensure public budget allocations at woreda level are based on local community needs and priorities.
- There should be strong supervision and control by the budget holder leaders, must distribute activities with responsibility and their successive subordinates; on budget utilization in order to correct the observed problems.
- In order to achieve efficient ways of budget utilization the east wollega zone office must follows:
 - ✓ Improve a time base plan of budget
 - ✓ The zone should have to make future inflation analysis before allocating budget.
 - ✓ Adopting strong and continuous monitoring and evaluation of budget
 - ✓ Facilitating the pre-condition to use budget
 - ✓ Adopting strong tax collection system.
- Considering effective budget performance without giving attention for planning is just like housing without floor.

5.4. Direction for further research

Rather than above finding the researcher, recommend the future researcher add other variables that affect budget utilization (poorly managed procurement, structural change of organization, new technology, Unpredictability in the availability of and access to budgetary supplies, Delayed releases and coordination between staff members).

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APENDEX I:-Quationeries

Jimma University

Business and Economics College

Survey Questionnaire

I am a postgraduate student at Jimma University, college of business and economics; Department of accounting and Finance. I come to this zone/woreda to conduct research for my Msc thesis entitled ‘Determinants of budget utilization at public organization: Case of East Wollega Administrative Zone’. There for; you are kindly requested to be honest and frank in responding all questionnaires you have been asked. I will assure you that your response will be used only for the academic purpose and kept confidential.

Part A. Give your Background Information in the Space Provided below		
Wereda _____	Position _____	
Educational Level: _____	Age: _____	
Specialization : _____	Sex: _____	
Experience : _____	Marital Status _____	

Part B: Give your opinion to each of the following questions by putting tick mark () on the appropriate choice(s). You can select more than one choice whenever necessary.

- Do you participate in budget planning and utilizing?
 Yes No
- From your experience, which of the following can be used as a base for budget allocation/planning in your Woreda?
 Population size staff capacity
 Revenue Collection capacity Community contribution
 Last year budget utilization connection with authority
 Level of development of the Woreda
 Others, _____
- What are the challenges in budget utilization in your woreda?
 Lack of community participation Corruption
 Staff capacity Poor monitoring and control
 Lack of political stability Delay in budget release
 Poor planning problem in revenue collection
 Fund diverting lack of effective communication
 Lack of the top management support others,

Part C: Please indicate the extent to which you agree with the following statement by circling the appropriate number as indicated below

5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree

No	Variables	Scale				
Budget utilization		5	4	3	2	1
1	Each sector will take allocated budget on time	5	4	3	2	1
2	Your office utilizes the approved budget Based on its plan	5	4	3	2	1
3	Sectors haven't a trend of submits repeatedly a request for adjustment of budget portions after it is approved.	5	4	3	2	1
4	Payment is implemented always based on full documents and evidences.	5	4	3	2	1
5	Your office always presents timely, explanatory, and complete budget implementation report.	5	4	3	2	1
Government Policy						
1.	The budget for the sector is planned in line with the country budget utilization policy.	5	4	3	2	1
2.	Every budget allocation is as per the policy requirements of the sectors.	5	4	3	2	1
3.	Budget utilization of the organization is periodically evaluated whether it's going in line with the country policy or not.	5	4	3	2	1
4.	The budget utilization related policies are well implemented in the organization and the policy allows the implementation of the budget use to be flexible in case of unique implementation requirements	5	4	3	2	1
5	The budget policy of the country is supportive to all the budget utilization cases arising in the organization.	5	4	3	2	1
Auditing and Monitoring						
1	Auditing performance is not challenge on budget Utilization in your sector.	5	4	3	2	1
2	There is effective evaluation of each Budget activities in your sector.	5	4	3	2	1
3	There is a proper involvement of auditor in all office major projects.	5	4	3	2	1
4	Budget utilization is always audited based on full documents and evidences of revenues office.	5	4	3	2	1
5	The financial statement of your office is audited regularly by an independent auditor.	5	4	3	2	1
Staff Capacity						
1	All finance office leaders have public finance knowledge & skill to manage public fund.	5	4	3	2	1
2	Your office has required number of professionals who prepare plan and budget.	5	4	3	2	1
3	Employee continues get training to improve their practical knowledge on budget implementation.	5	4	3	2	1
4	Employee not Continually turnover from your organization.	5	4	3	2	1
5	Your employees have enough knowledge and experience in implementing allocated budget in line with budget utilization policy.	5	4	3	2	1
Structural Factors affecting budget utilization						
1	There is a clear hierarchy in your organization administration budgets and there is full involvement of the line managers in planning and budgeting utilization.	5	4	3	2	1

2	There is smooth and facilitating structural relationship between different departments in the organization associated with budget use.	5	4	3	2	1
3	There is continues and transparent information flow among the organizational elements related to budget utilization.	5	4	3	2	1
4	There is a presence of the evaluation of budget performance at different levels of the organization.	5	4	3	2	1
5	There is proper ICT usage to implement budgets utilization in your revenues office.	5	4	3	2	1
Tax Collection capacity						
1	Inland Revenue of the woreda is collecting tax according woreda/zone planed.	5	4	3	2	1
2	Ineffectiveness of Domestic revenue collection not affects Budget utilization.	5	4	3	2	1
3	Lack of awareness of taxpayers does not have impact on budget utilization.	5	4	3	2	1
4	There is clear information for the tax payers and stakeholders about the schedule and how of taxpaying	5	4	3	2	1
5	Corruption is not reason for low performance of inland revenue, which affect budget utilization	5	4	3	2	1
Diverting fund from planed to unplanned activity						
1	Budget not diverted from one program to other program.	5	4	3	2	1
2	In your zone/woreda no, Budget surpluses within last 5 year	5	4	3	2	1
3	Your office is not returning back the surplus to treasury.	5	4	3	2	1
4	Your zone/woreda faced nothing challenges with budget (overutilization) deficit within last 5 year	5	4	3	2	1
5	In your zone or woreda budget is utilized properly for only planned activity.	5	4	3	2	1
Inflation Rates						
1	The budget utilization is planned to forecasting the inflation rates of the country.	5	4	3	2	1
2	There have been unexpected rate of inflation between plan and implementation time of the budget.	5	4	3	2	1
3	The budget allocated by the government is in consideration of the country level inflation rate.	5	4	3	2	1
4	The inflation rates of the country can be forecasted.	5	4	3	2	1
5	Inflation addressed by the government in order to safeguard unplanned budgeting at you organization level.	5	4	3	2	1

Part D: Kindly provide any budgetary planning and utilization related problems and appropriate solution for such a problem in the space provided

THANK YOU FOR YOUR COOPERATION!

Appendix II

Dear respondent, the objectives of the study is to investigate factors affecting budget utilization at East Wollega zone of some selective Woredas. In doing so, the following unstructured interview questionnaire is placing for academic purpose thereby to obtain your earnest, honest responses as well your kindly requesting.

1. What are challenges to carry out efficient budget allocation in your finance office?

Please list at most form critical to least critical.

A. _____

B. _____

C. _____

D. _____

E. _____

List best remedy actions to solve budget allocation problem _____

3. What are possible challenges to efficient and effective budget Utilization in East wollega Zone? Please list out challenges depending your experience (write in order of its importance) _____

Please write solutions for challenges that you listed _____

4. What are the trends of budget utilization in your office revenue?

Is the following factors affects budget utilization in your zone?

6 Government policy effect budget utilization performances

7 Internal and external auditing performance at East Wollega zone, and suggest solution for its weakness.

8 Staff capacity available with necessary profession

- 9 Diverting fund for unplanned activities and its effect on Budget utilization and explain cause for fund diversion with solution.
- 10 Structural Factors affecting budget utilization.
- 11 Internal revenue collection capacity and its effect on budget performance.
- 12 Inflation Rates effects on budget utilization.
- 13 In general, what should be done to improve the problems of budget utilization process in your organization?
- 14 What would you suggest about the causes of unutilized budget in your office?

Apendex I (in oromic)

Jimmaa yuunivarsiitii

Kollejjii bizinesii fi Ikoonomiksii

Muummee qabiinsa Herregaa fi fayinaansiitiin

Sagantaa digiirii lammaaffaa yookiin mastersii

Iyyaafannoo Qoraannoo waalii gaalaf

Ani barattuu jimmaa universiitii koollejjii bizinesii fi ikonoomiiksii irraa muummee qabiinsa herregaa fi faayinaansii (accounting and finance) irraa kanan gara godina ykn aanaa keessaanii dhufeef qoraannoo koo mastersii ykn digirii lammaffaa geggeessuuf. Mata dureen qorannoo koos wantoota hojii irra oolmaa baajetaa miidhan (dhiibbaa fidan) irratti. Qorannoon kunis kan adeemsifaman bulchiinsa Godinaa wallagga bahaatti. kanaafuu ; yommuu iyyaafannoon ykn gaafannoon kun isiniif dhihaatu yaaddoo tokko malee amanamummaafi iftoominaan akka deebii keessan kennitan kabajaniin isin gaafadha .Ammas dhimmii kun jireenyaa dhuunfaa keessaanii kan hin tuqne fi dhimma barnootaa qofaaf ta'uu isaa isinin beeksisa akkasumas icciitiin deebii keessaanii egaamadha .

Maqaa qorattuu: **Dinqinesh Badhaasaa Bayyanaa**

Lakk. Bilbilaa – **09 65436591 /09 40 99 56 58** E- mail : bdinkinesh@gmail.com

Aanaa	
Sadarkaa Barnootaa	
Barnoota ittiin ispeshalized goote	
Muuxannoo hojii	
Angoo	
Umurii	
Saala	
Sadaarka gaa'elaa	

Kutaa B: Tokkoo tokkoo gaaffiwwan armaan gadiif mallattoo sororsaa () gochuudhaan yaada kee ibsi ykn filadhu. Yoo barbaachisaa ta'e filaannoo tokkoo ol filachuu ni dandeessa.

1. Karoora fi itti fayyadamiinsa baajetaa keessatti ni hirmaataa?
() Eyyee () Lakki
2. Muxannoo kee irratti hundaa'uun kanneen armaan gadii keessaa qoodinsa baajetaa aanaa keetiif ykn biiroo keetif bu'uura kan ta'e
() Baay'ina Uummataa () Hojiirraa oolmaa baajetaa bara darbee

- () Dandeettii galii sassaabuu () sadaarkaa godinaa aanaa
 () dandeettii hojjetootaa () Degarsa Hawaasaa
 () Quunnamtii abbaa taayitaa gaalii kan biroo _____
3. Aanaa kee keessatti rakkoon hojiirra oolmaa baajetaa
- () Hanqina hirmaanmaa Uummataa
 () Hanqina dandeettii hojjetaa
 () Dandeettii sirnaan karoorsuu dhabuu
 () Dhabiiinsa tasgabbii siyaasaa
 () Maallaqa waan karoorfameefi dhiisaani waan biraaf fayyaadamuu (qisaaseesuu)
 () Yeroon baajeta gad lakkisuu dhabuu
 () Rakkoo galii seeraan walitti qabuu dhabuu
 () Hanqina walitti dhufeenya hojjetaa fi hogganaa
 () Hanqina deggarsa Hogganaa ol'aanaa
 kan birroo _____

Kutaa C: - Kanneen armaan gaditti kennaman kan itti waliigaltu lakkoofsa iskeelii jala jirutti maruun ykn itti sararuun ibsi.

5- Cimseen itti walii_gala

4- itti walii_gala

2 – itti walii hin galu

3- nan callisa

1- cimsee itti walii hin galu

Lakk	Wantootaa	scale				
	Hojii irraa Olmaa bajetaa					
1	seekteroonni baajeta qoodameef yeroon fudhatu.	5	4	3	2	1
2	Manni hojii faayinaansii aanaa / godinaa karoora irratti hundaa'uun baajeta mirkanaa'e hojii irra oolcha.	5	4	3	2	1
3	Manni hojii faayinaansii keessanii yeroo yerootti baajeta ni hordofaa.	5	4	3	2	1
4	Akkaataa karoorfameen bajetni dabalataa ni dhihaata.	5	4	3	2	1
5	Kaffaltiin yeroo hundumaa kan raawwatu dookumentii fi ragaa ga'aa irratti hundaa'uun.	5	4	3	2	1
	Imaammata mootumaa ilaalchisee					
1	Haalli hojiirra oolmaa baajetaa dhaabbata keessanii akkaataa imaammata mootummaatiin.	5	4	3	2	1

2	Akkaataan qoodinsa baajetaa sekteroota ulaagaalee imaammanni mootummaa ka'eenidha.	5	4	3	2	1
3	Baajetni wajjiraalee keessanifi ramadamu yeroo yerootti akka inni imaammata mootummaa wajjin deemaa jiru ni gamagamamaa.	5	4	3	2	1
4	Hojii irraa oolmaa baajeta wajjiraalee mootummaa haalota duukaa ilaalamanii hojii irra ni oolu.	5	4	3	2	1
5	dhimmoolee wajjira keessan keessatti mudatan haala imaammata baajeeta biyyattii ilaalchisee hundumaaf deggarsa ni godhama.	5	4	3	2	1
Haala odiitii fi to'annoo ilaalchisee						
1	Seektara kee keessatti hojiin odiitii hojii_rra oolmaa baajetaa irratti rakkoo hin qabu.	5	4	3	2	1
2	Seektara kee keessatti hojiirra oolmaan baajetaa sirriitti gamagamama.	5	4	3	2	1
3	Projeektii gurguddaa wajjirri keessan hojjechiisu keessatti hirmaannaan odiitaraa cimaadha.	5	4	3	2	1
4	Hojii irra oolmaa baajetaa ragaa qindaa'aa wajjirri galii dhiheessu irratti hundaa'uun gamagamama.	5	4	3	2	1
5	Gabaasni mana hojii keessanii yeroo yerootti odiitara walabaan odiitii ni ta'a.	5	4	3	2	1
Dandeetti hojjetootaa						
1	Hojjetaan keessan fandii ykn mallaqa mootummaa bulchuu fi hogganuuf dandeettii ga'aa qabuu.	5	4	3	2	1
2	Manni hojii kee ogeessota karoora fi baajeta qopheessaan ni barbaachisa.	5	4	3	2	1
3	Hojii irra oolmaa baajetaa cimsuuf ogeessotni mana hojii keessanii leenjii itti fufiinsa qabu ni argatuu.	5	4	3	2	1
4	Hojjetootni mana hojii keessanii gadi hin lakkisan.	5	4	3	2	1
5	Akkaa imaammata hojiirraa oolmaa baajetaatti baajeta hojiirra oolchuuf hojjetootni keessan dandeettii fi muuxannoo ga'aa ni qabu.	5	4	3	2	1
Wantoota Hojiirra oolmaa baajetaa Safisiisan						
1	Buchiinsa baajeta mootummaa hojii keessan keessatti tartiiba ifaa ta'ee jiraachuufi hirmaannaa guutuu ta'een karoorsuu fi baajeta hojii irraa	5	4	3	2	1

	olchu.					
2	Hariiroon kutaa mana hojii garaagaraa keessa jiru itti fayyadama baajetaan wal ni qabatu.	5	4	3	2	1
3	Hojiirra oolmaa baajetaa ilaalchisee odeeffannaan manneen hojii gidduu jiru ifaadha	5	4	3	2	1
4	Raawwiin baajeta mootummaa manneen hojii gara garaatti ni gamagamama.	5	4	3	2	1
5	Wajjira keessan keessatti hojiirra oolmaan baajetaa teknioloojii qunnamtii odeeffannoon(TQO) ni deggarama.	5	4	3	2	1
Dandeetti walitti qabiinsa gibiraa ykn dilaala						
1	Akkaataa Aanaa ykn godina keessan karoorfateen gibirri ykn dilaali ni sassaabama.	5	4	3	2	1
2	Hojii irra oolmaan baajetaa gahoomina dhabu galii keessoo sassaabuun hin miidhamu.	5	4	3	2	1
3	Hubannoo fi fedhii dhabuun kaffaloota gibiraa hojii irra oolmaa baajetaa irratti dhiibbaa hin qabu	5	4	3	2	1
4	Yeroo fi akkaataa kaffaltii gibiraa ilaalchisee kaffaloota gibiraa fi dhimmamtootaaf odeeffannoon ifaadha.	5	4	3	2	1
5	Gadaanaa ta'uu galii keessoo fi hojiirra oolmaa baajetaaf malaammaltumman sababa hin ta'uu.		5	4	3	2
Haala qaala'iinsa jireenyaa						
1	Haalli hojiirra oolmaa baajeta biyyaattii qaala'insa jireenyaa fulduratti akeekudhaan.	5	4	3	2	1
2	Karooraa fi yeroo raawwii baajetaa mootummaa gidduu qaala'iinsa hin eegamnetu mudata.	5	4	3	2	1
3	Mootummaan baajeta yeroo raamadu qaala'iinsa jireenyaa ilaalcha keessa galchuun	5	4	3	2	1
4	Haala qaala'iinsa jireenya biyyaatti fuulduratti tilmaamuun ni dandaa'ama.	5	4	3	2	1
5	Xiyyeefannoon mootummaa qaala'iinsa jireenyaa irratti godhu baajetni karoora ala mana hojii kee akka hin mudanne eeguufidha.	5	4	3	2	1
Mallaqa hojii tokkorraa gara hojii biraatti naannessuu						
1	Baajetni hojii karoorfameefirraa gara kan birooti hin nanneefamu.	5	4	3	2	1
2	Godina ykn aanaa keessan keessatti , baajetni tirfiin ykn irraa hafaan waggoota shanan darbaan keessatti hin jiru.	5	4	3	2	1

3	Manni hojii keessanii baajeta tiffii ta'e kaazena mootummaatti hin deebisu.	5	4	3	2	1
4	Goodinni ykn aanaa keessan waggoota shanan darban keessatti hanqina baajetaan wal qabate rakkoon isin mudate hin jiru.	5	4	3	2	1
5	Mana hojii keessanii keesatti baajetni waan karoofameef sirriitti hojiirraa oola.	5	4	3	2	1

Kutaa D, maaloo haalli hojiirra oolmaa baajetaa fi kallattii rakkoon mana hojii keessan mudatu kan biroo yoo jiraate ibsi

Deggarsa naa gootaniif galatoomaa!!!

Appendex (maxxantuu) II

Gaaffii Afaani (interview)

Jallatamtoota deebii kennitoota keenyaa , kayyoon qo'annaa kanaas godina wallagga bahaa aanaalee murta'ee keessatati wantoota hojii irraa oolmaa baajetaa irratti dhiibbaa Uuman qorachuufidha kana gochuuf gaaffii fi deebiin iyyaafannoo godhaamuu kun dhimmaa barnootaa qofaaf waan ta'eef fedhii amanamummaadhaan deebii keessaan akka kenniittan kabaajanin isin gaafadha.

1. Mana hojii faayinaansii keessan kessaatti rakkoon qoodinsaa baajetaa maal fa'i ?

Maaloo kanneen cimoo ta'an tarreessi.

A. _____

B. _____

C. _____

D. _____

E. _____

F. _____

2. Godina wallagga bahaatti rakkoolee hojii oolmaa baajetaa ta'an maal fa'adha ? maaloo muuxannoo qabdan irratti hunda'uun rakkoolee jiran tarreessaa.

Maaloo rakkoolee tarreesitaniif furmaata kaa'aa.

3. Kannen arman gadii haala hojiirraa olmaa baajetaa wajjira keessanii midhan ibsa.

1. Raawwiin hojiirra oolmaa baajetaa imaammata mootummaa ni ilaalaa ?

2. Hanqinaa oditaraa keessoo fi alaa godina wallagga bahaatti jiruuf furmaata kaa'aa.

3. Hojjetootni biroo keessanii dandeettii barbaachisu wajjiin ga'oodhaa ?

4. Hojii karoorfanneef baajetaa jijjiiruu ykn qisaaseessuun jiraa?

5. Caasaa mana hojii keessanii ilaalchisee wantootni hojiirraa oolmaa baajetaa safisiisan jiruu?

6. Dandeettii galii keessoo sassaabuufi haallia rawwii baajetaa akkamidha?.

7. Qaala'iinsi jireenyaa hojiirra oolmaa baajetaa irratti dhiibbaa ni qabaa?

8. Walumaagalatti rakkoolee hojii irra oolmaa baajetaa mana hojii keessanii maqsuuf maal ta'uu qaba? Wajjiraa galii kee keessatti sababii hanqina hojiirra oolmaa baajetaaf maal yaaduu?