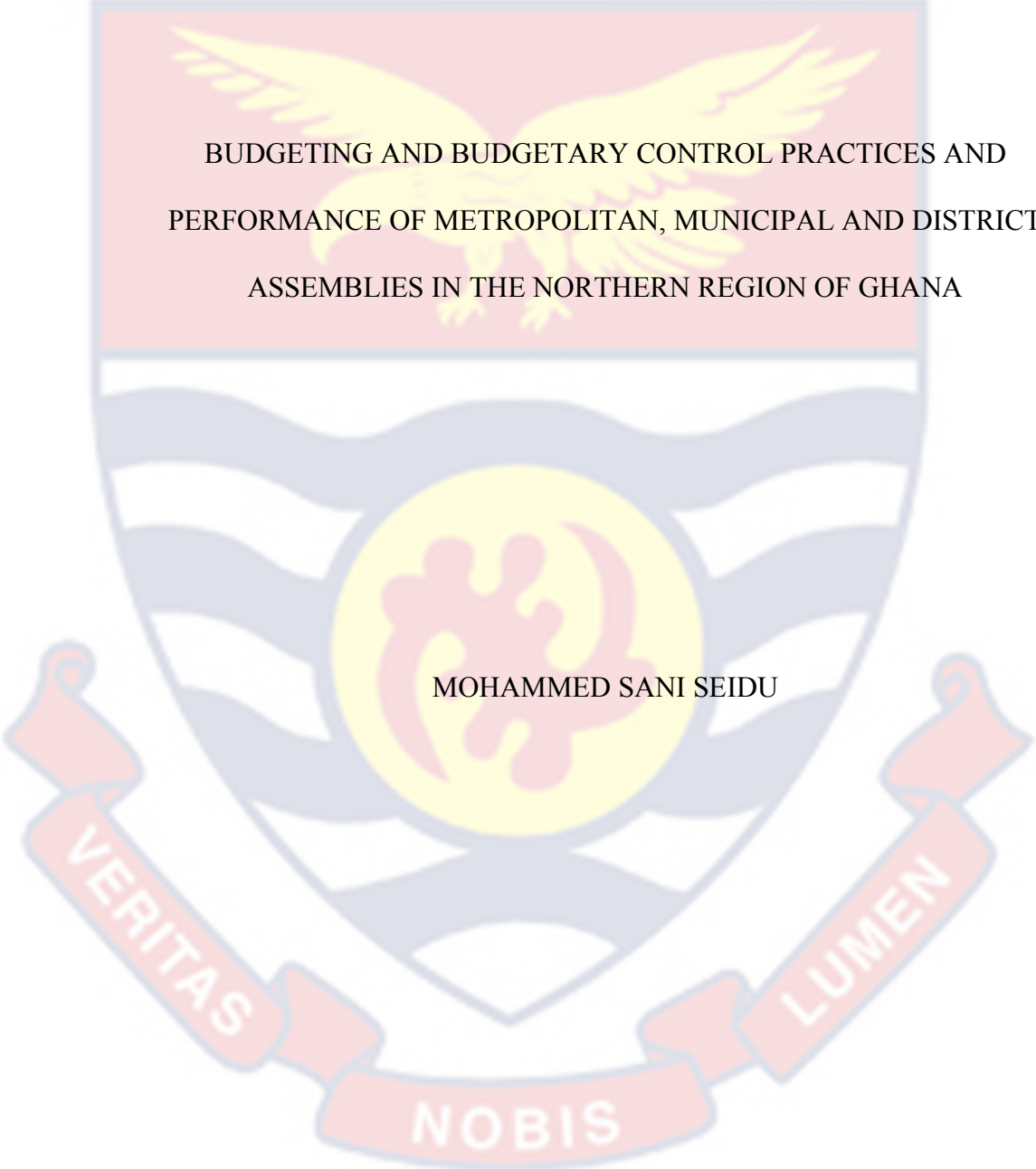


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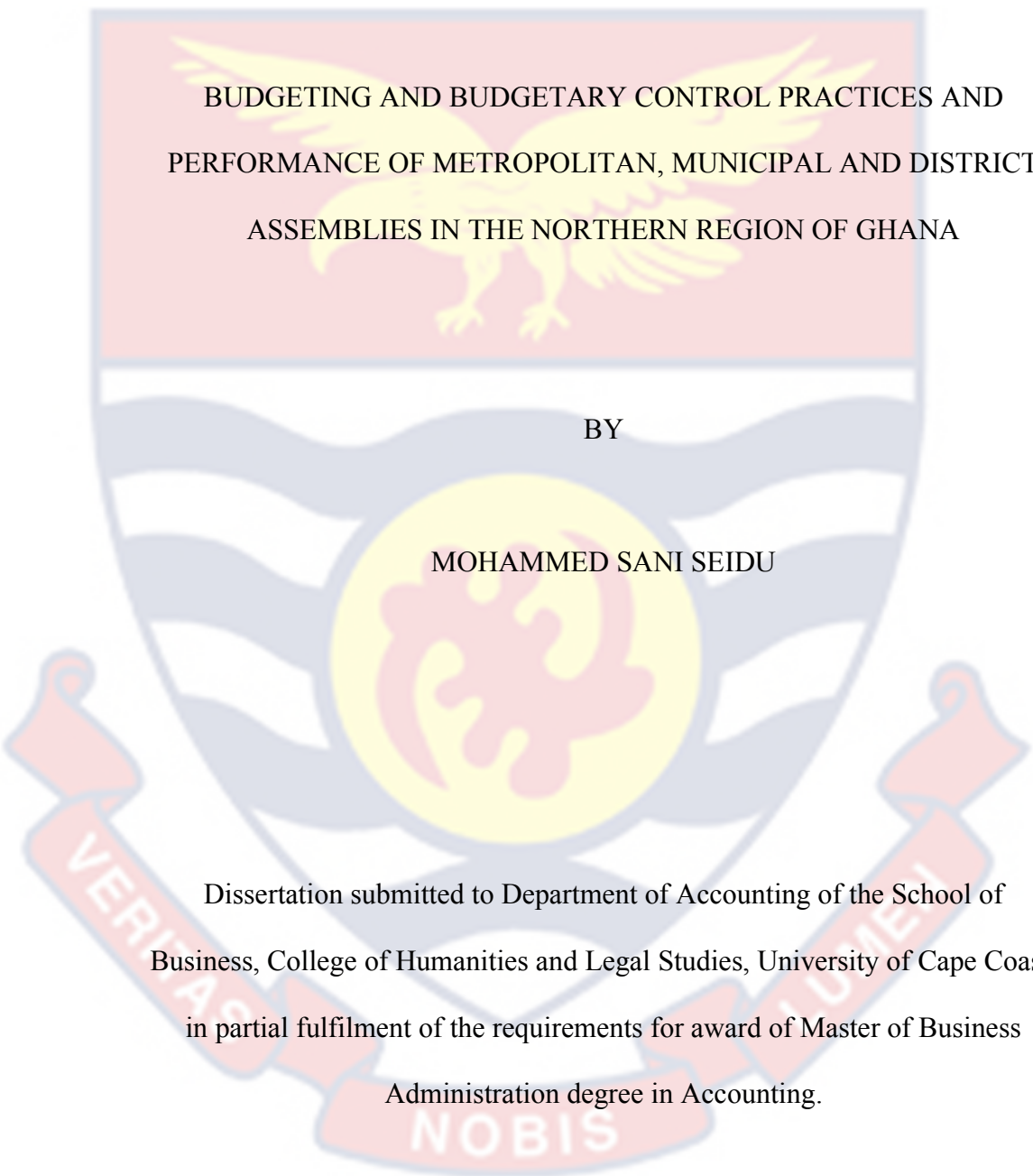


BUDGETING AND BUDGETARY CONTROL PRACTICES AND
PERFORMANCE OF METROPOLITAN, MUNICIPAL AND DISTRICT
ASSEMBLIES IN THE NORTHERN REGION OF GHANA

MOHAMMED SANI SEIDU

2022

UNIVERSITY OF CAPE COAST



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PERFORMANCE OF METROPOLITAN, MUNICIPAL AND DISTRICT
ASSEMBLIES IN THE NORTHERN REGION OF GHANA

BY

MOHAMMED SANI SEIDU

Dissertation submitted to Department of Accounting of the School of
Business, College of Humanities and Legal Studies, University of Cape Coast,
in partial fulfilment of the requirements for award of Master of Business
Administration degree in Accounting.

APRIL 2022

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature Date.....

Name:.....

Supervisor's Declaration

I hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Supervisor's signature Date

Name: Prof. Edward Marfo Yiadom

ABSTRACT

The study examined the influence of budgeting on the performance of Metropolitan, Municipal and District Assemblies [MMDAs] in the Northern Region of Ghana. The study targeted officials responsible for budgeting in 16 MMDAs in the Northern Region of Ghana. Structured questionnaires used to collect the primary data. The study used the explanatory research design. Quantitative research approach was adopted the descriptive statistics results proved budgeting practices are in most instances are moderately effective regarding the perception of workers on the effectiveness of the execution of budgeting among MMDAs. Empirically, there seems to be a significant positive association between all the dimensions of budgeting practices on one hand and the performance of the MMDAs on another hand. Budgeting is significantly accounting for a moderate positive variance in the performance of the MMDAs in the Northern Region of Ghana. Budgeting components including budget implementation, budget preparation/planning and budget participation are making the most significant improvement in the performance of MMDAs although budget communication and budget evaluation also make some significant positive improvement in the performance of the MMDAs. Budget control and budget monitoring functions do not significantly improve the performance of MMDAs. MMDAs should continue to undertake budgeting programmes to plan their operations and improve MMDAs' performance.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to my supervisor, Prof. Edward Marfo Yiadom in the School of Business, for his guidance and encouragement in conducting this study.



DEDICATION

To my family

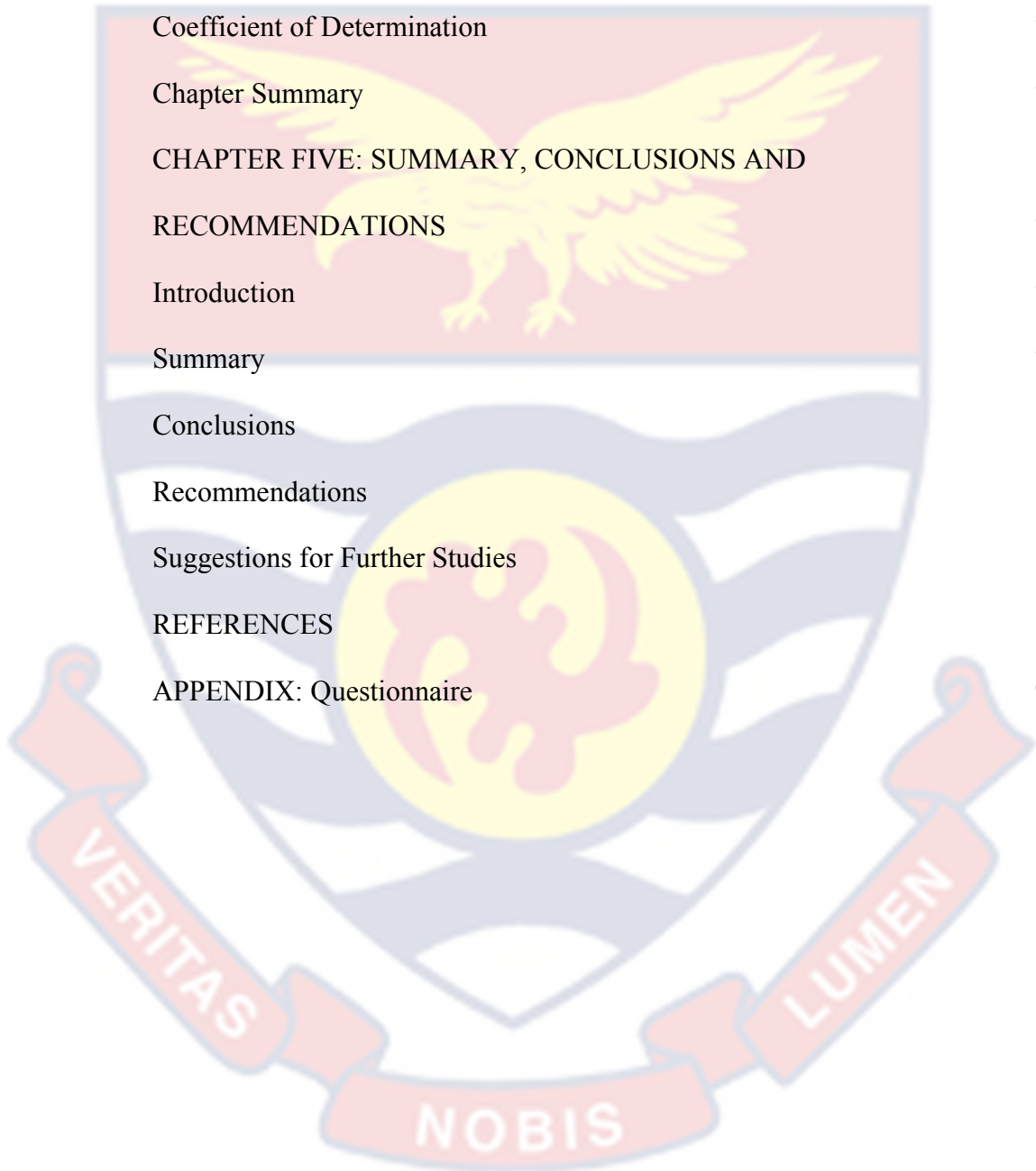


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CHAPTER ONE

INTRODUCTION

The importance of budgeting and budgetary control cannot be ignored especially for MMDAs in Ghana. However, budgetary targets are not met, according to Ngozika (2013), since middle and lower-level management workers have poor comprehension of the budget system. Additionally, Inkoom (2011) bemoaned the fact that there is a misalignment between national budgets and local budgets among MMDAs owing to differences in budgeting and accounting systems. Scott and Enu-Kwesi, (2018) also found that public perception of the performance of MMDAs in Ghana is poor although assembly members saw it as being satisfactory.

Despite resource allocations to MMDAs, financial practices have however remained the weak link between resource-performance relations (Speer, 2012). Based on these assertions, the study sought to examine how budgeting and budgetary control practices affect the performance of MMDAs in Ghana and focused specifically on MMDAs in the Northern Region of Ghana.

Background to the Study

In recent years, governments across the world have adopted a wide range of public financial management [PFM] reforms, notably budgetary controls, to make decentralized policies more consistent and effective (Scott & Enu-Kwesi, 2018). Budgeting is a means to achieving efficient and effective financial management (Visser & Erasmus, 2013). Budgeting in public financial management offers the foundation for cost control within governmental entities by ensuring that costs do not exceed authorized

amounts (Spekl & Verbeeten, 2014). As a result, all governmental entities must establish an operational budget before resources are raised and distributed, which links precise spending objectives with their corresponding expenses. Budgeting is also viewed as a management accounting method that aids the government's performance system (Van Helden & Reichard, 2013).

Budgeting, therefore, is a key policy instrument for managing organizations; many people are familiar with it since it is used in our personal lives, as well as in corporations, government, and non-profit organizations. (Mwakibasa, 2013). Budgeting involves the formal means organisations do plan and control their activities to check and improve their performance, particularly financial performance (Gandi, 2010). According to Lambe, Lawal and Okoli, (2015), the budgets were used in government circles long before they were used in businesses or the private sector. A budget is a numerical statement of an organization's plan of action in terms of predicted revenue and spending for a specific time (Lucey, 2003). It might be a short-term, mid-term, or long-term budget.

As a result, budgeting is employed inside the governmental unit as a tool for collecting and distributing resources based on specified priorities, as well as a control tool for effectively achieving publicly determined goals. Budgeting, in general, connects all of the activities of public financial management (Visser & Erasmus, 2013). Budget and budgetary control are key management and internal control systems that are at the heart of the planning and controlling processes that both the federal government and local governments engage in (Beatrice & Thuo, 2013). Budgetary controls encapsulate the numerous processes that organizations use to assist with

budgeting and expenditure management in order to enhance their performance, particularly financial performance (Gandi, 2010).

To assure progress, Ghana's government passed Provisional National Defense Council (PNDC) Law 207 in 1988, which established 110 local administrations. However, the Local Governance Act of 2016 now governs local government (Oppong, 2016). Central government, regional government, and district government (sometimes known as assemblies) are the three primary categories in the public sector (Oppong, 2016). Metropolitan, Municipal, and District Assemblies are subsets of these Assemblies (MMDAs) and are entrusted with the responsibility of physical development by local government law (Anohene, 2011). Ghana is divided into sixteen regions, each having 260 assemblies, six metropolitans, 109 towns, and 145 districts (Oppong, 2021).

Owusu, (2015) has noted that The MMDAs' functions cannot be carried out without enough financial resources to back them up. The MMDAs are charged among other responsibilities to execute budget and delivery of public service to make government more responsive to the needs of their citizens (Oppong, 2021). Therefore, MMDAs have relied heavily on budgeting and budgetary controls as management tools for the operations over the years (Kyei, Kwaning & Donkor, 2015). The construction of control systems in African nations, including Ghana, was prompted by the need for adequate accountability and efficiency in service delivery in public organizations (Adongo & Jagongo, 2013). Scott and Enu-Kwesi, (2018) assert decentralize budgeting in Ghana is understood to be meant to reduce inequity in terms of resource allocation. This situation is based on the fact that over the years,

Ghanaians have not gotten the desired fruit of equitable resource allocation (Inkoom, 2011).

If the MMDAs want to improve their performance, Kessey (2002) recommended a robust revenue mobilization campaign. Budgeting and budgetary control can have an impact on an organization's success (Gandi, 2010). Organisational performance broadly refers to the actual output garnered through economic activity and investment (Palmer & Markus, 2000). Such outputs are compared with the planned goals or objectives of organizations, the closer the outputs to the targets, the more effective organisational performance is achieved (Angey & Nilsson, 2004). Adongo and Jagongo (2013) elsewhere in Kenya found that budgetary controls relate positively to the financial performance of state corporations.

From the resource-based view theory (Biney, 1991), firms can maximize their performance through access to rare, valuable, non-substitutable, and inimitable resources. Thus, improvement in performance is dependent on the extent of efficiency and productivity which is equally enhanced through effective resource planning and control (Budgeting and budgetary controls). The study aligns strongly with some of the sustainable development goals [SDGs] set out by the United Nations for 2030. The study thus aligns with SDG8 which deals with decent work and economic growth and SDG11 which focuses on sustainable cities and communities.

Statement of the Problem

The success of MMDAs in Ghana depends largely on good budget preparation and effective budgetary controls (Lambe et al, 2015). Studies on budgeting and budgetary controls in Ghana seem to focus much on profit-

oriented organisations and not that of local government institutions that rely strongly upon budgeting and budgetary controls for their efficient operations (Kyei, Kwaning & Donkor, 2015). Besides, Kyei, Kwaning and Donkor (2015) discovered most MMDAs in Ghana do not have enough resources for budgeting as strategic plans for such organisations. Others believe political characterization of the operations of MMDAs has created the create-loot-and-share perception about budgeting and budgetary controls (Adongo & Jagongo, 2013). Furthermore, Attah-Botchwey, (2018) discovered budget officers in MMDAs in Ghana lack the needed skills in budgeting and budgeting controls, hence the cost of incurrence on financial management processes and poor performance among MMDAs.

Attah-Botchwey (2018) further discovered that although there are massive resources available to MMDAs in Ghana, these entities have however not been able to be utilized fully to ensure the actualization of the mobilization of these resources, thereby exacerbating the dependency on the central government for their developmental programme. Budgetary targets are not met, according to Ngozika (2013), since middle and lower-level management workers have a poor comprehension of the budget system. Additionally, Inkoom (2011) bemoaned the fact that there is misalignment between national budgets and local budgets owing to differences in budgeting and accounting systems.

Scott and Enu-Kwesi, (2018) also found that public perception about the performance of MMDAs in Ghana is poor although assembly members saw it as being satisfactory. Despite resource allocations to MMDAs, financial practices have however remained the weak link between resource-performance

relations (Speer, 2012). Oppong, (2021) recently discovered that the judicial fragmentation of local government in Ghana, has resulted in a detrimental impact on property taxes in Ghana's district assemblies when compared with that of municipal assemblies.

In Ghana, MMDAs prepare budgets but the degree and extent to which budgets are formulated into performance budgets vary. Even where formal budgets are prepared their nature and purposes may vary (Scott & Enu-Kwesi, 2018). Agyapong, Essuman, and Afia Kesewa Yeboah (2021) also contend there still remain valid concerns for more empirical studies to be conducted to examine how budgeting and budgetary controls affect the performance of MMDAs in Ghana. MMDAs in the Northern Region are also said to have poor budgeting and budget control systems (Tahidu, 2020).

Ghana, like many other developing countries, is regarded as a policy failure in most public sector reforms (Uddin & Tsamenyi, 2005). Is the case of budgeting and budgetary control in the context of decentralization different? In line with this argument, the study is determined to fill the gap by looking at MMDAs in Ghana specifically the Northern region. It is to examine budgeting and budgetary control practices in a decentralized local government system in the Northern Region where budgetary control is cited as one of the causes for poor performance in the development process.

Purpose of the Study

The purpose of this study is to examine the effect of budgeting and budgetary control practices on the performance of MMDAs in Northern Region.

Research Objectives

The objectives of the study are to;

1. examine the effectiveness of implementation of budgeting and budgetary control practices in MMDAs in the Northern Region of Ghana.
2. assess the relationship between budgeting and budgetary control practices and performance of MMDAs in the Northern Region of Ghana.
3. examine the effect of budgeting and budgetary control practices on the performance of MMDAs in the Northern Region of Ghana.

Research Questions

To achieve the overall purpose of the study, these research questions were asked in accordance with the chronology of the specific research objectives.

1. How effective is the implementation of budgeting and budgetary control practices among the MMDAs in the Northern Region of Ghana?
2. What is the relationship between budgeting and budgetary control practices and the performance of MMDAs in the Northern Region of Ghana?
3. Do budgeting and budgetary control practices affect the performance of MMDAs in the Northern Region of Ghana?

Significance of the Study

Budgeting and budgetary control techniques are critical to the success of any firm. It is not just unique to the industrial sector, but also

essential to government service. The findings of the study will aid the government in addressing issues related to budgetary management in a decentralized local government system. Budgeting is required to keep things simple and, as a result, improve organisational sustainability.

A decentralized local government will also benefit from the recommendations to effect proper budgetary control practices in their affairs to ensure transparency and accountability. The study will provide insights on how the various dimensions of budgeting and budgetary controls affect the performance of MMDAs and therefore can guide the policy direction of these MMDAs in Ghana, given the nature of the interaction between budgeting and budgetary controls and organisational performance. Workers in charge of budgeting and budgetary controls would be able to identify the extent of effectiveness of the implementation of the activities involved in the budgeting and budgetary controls, hence helping them know the aspects of budgeting and budgetary controls they should focus on to improve the performance of the MMDAs in the local government in Ghana.

Budgeting creates a blueprint of the overall money that the concerned government will spend on various sectors, the types of taxes that will be charged, and how the prices of key commodities will grow or drop in the month ahead in the case of an annual budget of a nation. It will therefore guide the management of MMDAs in the Northern region and other decentralized units in future budget preparation. The findings of this study can be used as means for contributing to literature in the area of the empirical effect of budgeting and budgetary controls on the performance of MMDAs in the Northern Region of Ghana. Gaps identified can be explored by other

researchers to unravel the nature of the empirical relationship existing between budgeting and budgetary controls on the performance of MMDAs. The trend of budget analysis would provide a blueprint for the formulation of solutions to improve the budget performance of the MMDAs in Ghana.

Delimitations

The study's overall goal was to look at the impact of budgeting and budgetary processes on financial management in MMDAs. The study focused on MMDAs in Ghana's Northern Region. Tamale's metropolitan assembly, Savelugu's municipal assembly, Tolo's district assembly, Kunbungu's district assembly, and Nanton's district assembly were among them. The study's target group included expenditure officers, finance officers, account officers, budget officers, internal auditors, and planning officers. The participants were chosen using a basic random selection strategy based on this. Structured questionnaires were administered via survey means for the gathering of the primary data. Trend analysis was done via reliance on secondary data obtained from the MMDAs in the Northern Region of Ghana.

Limitations

The study relied on structured instrument for the data collection. Therefore, the study was exposed to the threat of common method bias. However, attempts were made to reduce if not completely avoid its occurrence in the context of the study.

Organisation of the Study

There are five chapters in this research. The first chapter of is devoted to general introduction dealing with the background of the study, statement of

the problem, purpose of the study, significance of the study, organisation of the study and the rest. The second chapter is dedicated to review of related literature covering theoretical perspective, conceptual review, empirical review, and conceptual framework are all important factors to evaluate in this context.

The third chapter is devoted to the research methodologies used. It covers research design, target population, sampling procedure, instrument, data collection procedure, and data processing and analysis. Chapter four deals with the findings the study and discussion of the results. The fifth chapter focuses on a summary of the results, conclusions and recommendations.



CHAPTER TWO

LITERATURE REVIEW

Introduction

The goal of the study was to see how budgeting and budgetary controls affected the performance of MMDAs in Ghana's Northern Region. This chapter is devoted to presenting details about the literature review as specified by the study's primary themes. It also includes material from the theoretical, conceptual, and empirical perspectives, as well as a conceptual framework.

Theoretical Review

Allocative efficiency theory provides the need for optimal allocation of resources with the motive of improving the general well-being of the society (Avkiran, 2001). Achieving allocative efficiency is anchored on matching public services to local preferences during the budgeting process. The allocative efficiency theory is also premised on the idea that public service productivity is enhanced if there is participation especially participation of the general public in the budgeting process (Kruk & Freedman, 2008). Although the problem of allocative efficiency is minor, it is difficult to avoid the impression that efficiency is important in some way (Leibenstein, 1966). A decentralized government system outperforms a centralized government system in terms of allocation efficiency (Hidalgo-Gallego, Martinez-San Roman, & Nez-Sánchez, 2017).

This theory entreats those in administering public services under local government to ensure there is the optimal allocation of resources such that efficiency and effectiveness are enhanced in the management of such resources. Efficiency is an essential component of executing budgets.

Therefore, the focus of allocative efficiency is to produce the types and amounts of output that people value most. In other words, allocative efficiency is concerned with how different resources inputs are combined to produce a mix of different outputs. Through budgeting, value for money in the public sector is enhanced because budgeting provides means of ensuring the availability of funds, explicit procurement procedure and formal approval of budgets.

Budgeting helps local governments achieve efficiency in resource allocation and utilization (Schwartz, Guilkey & Racelis, 2002). Thus, the essence of allocative efficiency is to position the government to have the capacity to effectively organize and deliver public services to ensure public good (Schwartz, Guilkey & Racelis, 2002). Through effective budgeting, the MMDAs are equipped with their resource needs which helps them to perform their operations efficiently hence delivering better organisational performance (Hartman, Storbeck & Byrnes, 2001). The use of the allocative efficiency theory in the context of this study is supported by some previous studies on decentralization and government provision of public goods (Akin, Hutchinson & Strumpf, 2005; Schwartz, Guilkey & Racelis, 2002).

The Resource-Based View Theory

The resource-based view theory also supports this empirical study. According to Barney, (1991) organisations perform better when they have the resources they need. Therefore, to improve firm performance, Barney (1991) argues, firms must possess both financial and non-financial valuable, uncommon, non-substitutable, and unique resources to assist the effective implementation of a chosen strategy in order to achieve better performance

and a competitive advantage. In the context of companies, a resource is an asset or tangible/intangible production factors (including skills) that a company owns and may use to generate economic rent (Helfat & Peteraf, 2003). According to this method, firms may see considerable gains in terms of efficiency, productivity, and profitability after having access to the appropriate resources (Gandi, 2010). Apart from the resources themselves, a firm's organisational processes, according to Eisenhardt and Martin (2000), are crucial because they permit the manipulation of resources into value-creating strategies.

Knowledge-based resource is defined as a separate organisational resource that asserts that varied knowledge bases among organizations, as well as their ability to develop and use knowledge, are the primary determinants of organisational success (Decarolis & Deeds, 1999). Through human capital, firms are more efficient at using resources hence lowering the cost of operations (Penrose, 1959). As a subset of resource-based theory, the knowledge-based view theory backs up the claim that organizations exist because they have distinctive, often historically dependent, capacity to amass certain resources that result in varying degrees of organisational performance (Reed & DeFillippi, 1990). Budgeting and budgetary control functions are knowledge-based business processes that have been acknowledged as having bearing on organisational performance (Prieto & Revilla, 2006).

Technically, intangible human resource attributes such as knowledge, expertise and know-how are regarded as core capabilities required for the effective implementation of budgeting function in organisational context. Capabilities for effective budgeting are not tradeable (Kaplan, Schenkel, von

Krogh & Weber, 2001). Therefore, organisations should evaluate competency-enhancing strategies that include budgeting and budgetary control programs to track their effectiveness and efficiency among organisational workforce to achieve competitive advantage (Owoeye & Muathe, 2018). To ensure efficiency and productivity, it becomes vital for effective resource planning and control and this features budgeting and budgetary controls in organisations.

Conceptual Review

This section provides information concerning the key concepts that are being investigated in this empirical study. It provides detailed information in terms of definition of key constructs, types and dimensions of the constructs as well as their respective functions in the context of the study.

Budgeting

A budget is a specified, planned course of action for a certain time period that includes the estimation of inputs and input costs, as well as corresponding outputs and income from outputs (Jordaan & Eita, 2007). Furthermore, according to Lucey (2003), a budget encompasses a financial plan that summarizes previous financial experience, states the present goal, and projects it over a specific length of time in the future. The budget is the result of the budgeting process. The recording of financial and/or non-financial factors into budgets is referred to as budgeting (Scott & Enu-Kwesi, 2018).

Budgeting is generally characterized by an iterative cycle that moves between the target of desirable performance and estimates of feasible performance until, hopefully, convergence on a plan that is both acceptable

and feasible among the key stakeholders involved in the budgeting activities in the process, according to Emmanuel, Otley, and Merchant (1990). Budgeting is more than just a collection of quantitative financial plans; it's also a profit planning and management procedure. Budgeting is a key component of public financial management which is regarded as the genesis of functional public administration (Scott & Enu-Kwesi, 2018). Hence, the onus is on those individuals that are charged with the responsibilities involved in the budgeting cycle to ensure the effective implementation of all the processes and activities involved in the budgeting (Kyei, Kwanning & Donkor, 2015).

Budgeting helps in predicting the revenues and expenditures of a particular economic entity for a specified period (Ahmed, Suleiman & Alwi, 2003). Budgeting provides a roadmap for future activities and also sets a series of goals to be achieved as well as the means to achieving such goals (Abdel-Kader & Luther, 2006). Technically, budgeting acts as an administrative document, that demonstrates the strategies employed for the discharge of public services and provides standardized criteria for monitoring and evaluation of the services provided (Bartle & Shields, 2008). A budget document is also regarded as a political document that influences the allocation of scarce resources of society characterized by multiple and competing interests (Scott & Enu-Kwesi, 2018).

Budgeting is meant for both operational and strategic purposes. The budgeting process, according to Bergmann, Brück, Knauer and Schwering (2020) is comprised of three major stages including data infrastructure sophistication, planning and evaluation functions. The evaluation function of budgeting deals with budget-based performance evaluation. The usage of

budgeting as a tool for evaluation is seen from two perspectives including at the individual and organisational units (Bergmann, Brück, Knauer & Schwering, 2020).

The planning component of the budgeting process deals with the development of the plan. The coordination of resources across organisational units, the formation of action plans, the assessment of predicted costs as a foundation for price floors, and the promotion of creative behavior are all examples of this component. The goal of planning as a crucial component of budgeting is to guarantee that budgeting can be used to anticipate changing situations (Arnold & Artz, 2019). Thus, for the aim of assuring accuracy in prediction through budgeting planning activities, planning is conceptually detached from budget-based performance evaluation (Henttu-Aho, 2018). Traditionally, the period for budgeting is 1 year. Firms facing variance in budgeting especially in situations where budget accuracy is lower often face longer periods for budgeting function (Schäffer & Weber, 2016).

The findings are complemented by explicit process standards and are closely linked to annual performance evaluations (Merchant & Van der Stede, 2012). Aside from yearly budgets, businesses employ various budgeting formats that are updated more frequently than once a year as a rolling projection (Haka & Krishnan, 2005). Rolling forecasts, according to Hansen (2011), are budget estimates that are updated on a regular basis to allow businesses to respond flexibly to changing market conditions. Rolling forecasts, on the other hand, are utilized to supplement the yearly budgetary planning and control functions (Henttu-Aho & Järvinen 2013).

Budget implementation is a key component of budgeting activities that

brings life into the documentary process of budgeting. A major activity required for effective budget implementation is the timely release of funds (Abekah-Nkrumah, Dinko & Abor, 2009). Such release of budgeted funds provides means for the procurement of items contained in the budget for their eventual usage in the work context (Harrison & Lock, 20017; Ogujiuba & Ehigiamusoe, 2014). Cash planning is another critical element of budget implementation that is aligned with authorization of spending after a careful implementation of ongoing cash commitment (Tommasi, 2013). Similarly, to ensure that budget objectives are achieved in an effective manner, there is a need for control of expenditure at the various phases of the budgeting cycle (Baer, Gupta, Mansour & Pattanayak, 2021).

Control of expenditure is within the remit of effective budget monitoring activities which seeks to ensure transparency, conformity and compliance in the procurement process in the budgeting phase (Aisyaturranhmi, Nuswantara, Prastiwi, Bhilawa & Daud, 2021). Therefore, cash management is prominent at the budget implementation in the budgeting and budgetary process. Rules are conformed to regulate appropriate behaviour prescribed by the ethics and professionalism surrounding the budgeting process. The use of decentralized controls at this phase of the budgeting process is to strengthen procedures for auditing and reporting (Diamond, 2002; Sevilla, 2006; Lienert & Ljungman, 2009).

Kung, Huang and Cheng (2013) also conceptualized budgeting as composing of budget participation, budget monitoring and budget communication. Budget participation refers to how involved business unit managers are in the budgeting process and how much influence they have over

goal-setting (Kenis, 1979; Kung, Huang & Cheng, 2013). According to the agency theory, involvement in budgeting has the ability to lessen the danger of information sharing ambiguity between top managers and their subordinates (Shields & Shields, 1998). Managers can design appropriate efficient pay plans with unified goals that drive staff to meet budgetary targets with correct budget participation (Kenis, 1979). Psychologically, budget participation creates among subordinates the feeling of equal opportunity in the expression of their views and opinions with some sense of the degree of influence in the budgeting process, hence improving their satisfaction and morale thereby reducing resistance among employees (Kung, Huang & Cheng, 2013).

Budget communication is important in the budgeting process since it acts as the catalyst that promotes efficient coordination in the implementation of the various activities in the budgeting function (Donaldson, 2001). Thus, through effective communication of budgeting outcomes, operations of various departments are enhanced. Budgeting communication also serves as a communication buffer for management which is utilized in the budgeting process as a tool (Van der Stede, 2001). When good budgeting communication is carried out, it gives a platform for employees to completely comprehend the budget, hence impacting the level of budget acceptance. Regular budget-related discussions occur between management and subordinates as a result of interactive communication, regardless of the budget's actual performance (Van der Stede, 2001). Budgeting's communicative function supports public financial management accountability and openness.

Budgetary Controls

Budgetary control deals with the systematic comparison of actual budget results with those budgeted for in the budget at a particular period of time (Berland & Chiapello, 2009). Essentially, budgetary controls serve as means to securing adherence of those individuals charged in carrying out certain responsibilities in the budget in an effective manner (Egan, 1997). Furthermore, in the view of Egan, (1997), budgetary control aids in determining if plans are being carried out and implementing effective corrective steps in the event of deviations or shortfalls. The budgetary control role is therefore considered as including decision-making based on available information that assists in planning and executing measures that maximize the usage of a firm's productive assets and services (Hudson & Andrew, 1996).

The control function is treated as a stand-alone function of budgeting. The controlling function, therefore, serves as a monitoring device by the board of directors. Budgeting serves as a control tool that promotes monitoring of operations since it is seen as a formal financial control that is provided by the board of directors (Baysinger & Butler, 1985). The control function is also used to monitor costs during the budget implementation period. Compared to other functions, the control function of budgeting is less time-consuming and independent of predicting future development (Bergmann, Brück, Knauer & Schwering, 2020). Budgets are set as official financial controls (Merchant & Van der Stede, 2001).

Budget monitoring plays a significant role in providing early warning signs of deviations from budgetary targets (Hudson & Andrew, 1996). The essence of the monitoring budgetary function is to provide proactive means for

managers to take timely corrective actions in order to ensure the attainment of the budgetary objectives in an effective manner. Budgetary control positions managers to ensure the achievement of the budget's bottom-line than on specific budget line items when providing a higher sense of direction in the arrangement of budgeting which also propels them to achieve the overall budgeting objectives (Van der Stede, 2001).

Organisational Performance

Organisational performance is regarded as a broad construct with a multi-dimensional measurement approach. The organisational performance captures what organisations develop and achieve for the many elements they contact with (Angey & Nilsson, 2004). Over a specific period of time, organisational performance refers to a company's actual output or outcomes in comparison to its expected outputs (Norton, 1996). It also deals with how a firm focuses its attention on areas that need improvement by examining and evaluating the efficiency with which work is completed in terms of cost, quality, and time (BosiljVuki & Indiharsemberger, 2008; Van der Stede, 2001).

Angey and Nilsson (2004) proposed three-dimensional perspectives of organisational performance, implying that organisational performance might be measured in terms of performance related to organisational purpose, performance related to accomplishments, and performance related to culture and performance considered within the environment in which the organization does operate. Organisational performance is also conceptualized as involving both financial and non-financial components. Performance measurement traditionally focused on financial performance dimension but organisations

have started to realize the essence to examine non-financial performance measures to achieve holistic performance to satisfy the divergent interest of various stakeholders (Neely, 2007). Inclusion of non-financial performance measures provides avenue for incorporating strategic priorities effectively in organisational context (Bosilj- Vukšić, & Indihar- Štemberger, 2008).

Non-financial performance has no inherent value for company directors in terms of accounting, but it may be used as a leading indication of financial success, particularly future financial performance that is not captured by current accounting metrics (Prieto & Revilla, 2006). For example, research backs up the link between customer happiness, market share, and company profitability, proving that companies must prioritize non-financial performance in order to increase financial success (Prieto & Revilla, 2006). Another observation is made for the relationship between firm reputation and cost of attracting new customers in the same scenario. Studies proved firms with higher reputational ratings are better at attracting new customers at the least cost compared with firms with a tainted organisational reputation (Prieto & Revilla, 2006; Anderson & Fornell, 2000).

Financial performance thus deals with the measure of a firm's results in terms of policies and operations in monetary terms which usually reflects a firm's return on investment, return on asset, value-added and so forth (Gandi, 2010). Other measures of financial performance include return on equity, profit margins, earnings per share, value per employee, (Bosilj- Vukšić & Indihar- Štemberger, 2008). Non-financial performance indicators are measures that are not captured in monetary terms (Bosilj- Vukšić & Indihar- Štemberger, 2008) which may include measures such as customer satisfaction,

quality service delivery, product quality, learning and innovation (Kaplan & Norton, 1996).

Organisational performance can be measured through the self-evaluation approach by experts in the context of measurement of performance and this self-evaluation is premised on financial conditions, market position and internal performance (Hansen & Van der Stede, 2004). Measurement of organisational performance in this context is based on a subjective measurement approach from key stakeholders involved in the budgeting processes of the MMDAs operating in the Northern Region of Ghana.

Empirical Review: Budgeting and Performance of MMDAs

In their empirical study, Bergmann, Brück, Knauer, and Schwering (2020) looked at how a digitalized budgeting process influences satisfaction with the budgeting process, using business analytics as a mediating factor. The budgeting process was broken down into three main functions: data infrastructure sophistication, planning function, and assessment function. The study focused on German enterprises that were using the DAFNE database at the time of the investigation. The survey identified 2000 firms at random. Only 115 viable surveys were returned from the companies after paper-based questionnaires were issued. Existing yet verified scales were adjusted for the measuring of the primary components under inquiry in this study. The participants' attitudes, opinions, and behavior on the topics of interest were measured using a 6-point Likert scale. The suggested hypotheses were tested using structural equation modeling.

For model evaluation, a two-step procedure was used. Confirmatory factor analysis was used to examine the validity of the scales that were used to

measure the components in this study. The average variance extracted and composite reliability were used to assess the data's general reliability, while factor loadings were utilized to assess convergent validity. The findings of the structural equation modeling test show a link between data infrastructure sophistication and business analytics in the budgeting process. Through the indirect role of business analytics, the planning function in the budgeting process was also able to foresee favorable increases in budgeting. Similarly, the evaluation function played a key role in forecasting business analytics transformation. The application of business analytics to the budgeting process boosted satisfaction.

Scott and Enu-Kwesi (2018) conducted empirical research to investigate the influence of budgeting strategies on public service delivery. The research focused on Ghana's district assemblies. The study followed a pragmatic research ethic that placed a strong focus on mixed methods research. The respondents' opinions on the questions in the structured questionnaire were measured using a structured questionnaire using a 5-point Likert scale. The qualitative main data for the study was gathered through focus group discussions and interviews. The multi-stage sampling approach was used to target 170 district assemblies. As a result, 24 district assemblies were chosen to be questioned, with each receiving 612 responses.

For the selection of participants, the study used a combination of convenience sampling and selective sampling. The SPSS program was used to analyze the data. The study found that budgeting procedures and rules are in place in Ghana's district assembly. It is beneficial to share best budgeting methods across district assemblies. Again, the interviews and focus group

discussions revealed that district assemblies had rigorous budgeting processes. Budgeting techniques generate a mild positive impact in service delivery in a considerable way, according to the regression analysis. The habit of budgeting was found to be a substantial favorable predictor of service delivery.

Attah-Botchwey (2018) did another empirical study on the influence of financial management practices on financial performance in Ghana's public sector. Participants in the Accra Metropolitan Assembly were carefully selected for the study. The study's primary target group included directors, budget officers, planners, finance officers, revenue collectors, internal auditors, ratepayers, and assembly members. The intended population was 172 people. The purposive sample approach was used to identify the individuals who were surveyed in the study. The proper sampling size to use was 119, which was established using a scientific method. The primary data was collected using a structured questionnaire. Secondary data was gathered from the Accra Metropolitan Assembly's publications, reports, yearly financial statements, and annual budgets.

At the Tema Metropolitan Assembly, a pre-test was conducted to ensure that the primary data acquired with the specified questionnaire was reliable. Using the SPSS tool, descriptive statistics were used to measure the specified research goals. Among the major components of financial management processes used by the Accra Metropolitan Assembly were strategic planning and budget preparation, auditing, budget execution and policy goal implementation, accounting processes and reporting for expenditure and performance, and feedback to improve financial control, according to the study. These parts of financial management techniques were

found to be successful.

Kyei, Kwaning, and Donkor (2015) conducted another research to evaluate budgets and budgetary control as a management tool for Ghana Metropolitan Assemblies. Because of the nature of the defined research objectives, the study used a quantitative research technique to collecting and analyzing the data. As a case study, the Kumasi Metropolitan Assembly was chosen. The primary data was collected using a structured questionnaire using a 5-point Likert scale rating scale. The SPSS tool was used to process the data, and descriptive statistics were employed to assess the particular study objectives. It was discovered that the assemblies actively use established budgets to guide their activities and operations, and that budget involvement is typically high in the assemblies. To ensure effective administration of their activities, the assembly employ stringent budgetary controls measures.

Elhamma (2015) also conducted an empirical investigation into the link between budgetary evaluation, business size, and firm performance. Companies operating in Morocco were the focus of the investigation. Only 76 of the 412 structured surveys provided to the companies were returned. For the creation of the items that were used to measure the variables, the researchers used a structured questioning technique. The participants' attitudes toward the items that tested the various sub-constructs were measured using a 5-point Likert scale.

Profitability, competitiveness, and productivity were used to assess the firm's performance. Using multiple regression analysis, it was discovered that the majority of the companies used a stringent budgetary review. The size of a company has a considerable impact on budgetary appraisal. The budgetary

assessment was found to be a strong predictor of competitiveness, profitability, and overall success.

Adongo and Jagongo (2013) investigated the impact of budgetary control on corporate financial performance in Kenya. The research used a descriptive research approach and focused on 138 companies operating in Kenya. The participants were chosen using a stratified selection approach, and a total of 14 national firms were sought and chosen for the study. Participants from the financial departments of the companies were chosen using the purposive sampling approach. The basic data was gathered through the use of questionnaires. The surveys that were circulated had an 83.3 percent response rate.

The SPSS application was utilized to process the data because of its ability to model procedures that may be used to evaluate the study's unique aims or hypotheses. The results of the multiple regression show that all of the predictors, including budgetary control features, human factor within budgetary control, budgetary control process, and budgetary control challenges, together accounted for a significant change in the financial performance of state corporations. Budgetary control features were found to be a substantial positive predictor of the state corporation's financial success. A similar result was reached for all of the other predictor components.

In their empirical study, Kung, Huang, and Cheng (2013) looked at the correlations between budget emphasis, budget planning models, and performance. Budgeting was defined as a set of activities that included budget involvement, budget monitoring, and budget communication. The research was conducted among the top 1000 manufacturers listed in Commonwealth

Magazine's June 2008 issue. The major data gathering instrument employed was a questionnaire. The surveys were subsequently mailed to all 1000 manufacturing enterprises, however only 132 useable questionnaires were received, resulting in a response rate of only 13.2 percent. For the measurement of the study's sub constructs, the researchers used pre-validated scales.

The configuration of the structural equation model for the test of the specified research hypotheses was done using LISREL for data processing. The constructed SEM was evaluated using a two-stage technique. Appropriate indices for measuring the estimated model's qualitative characteristics were observed and certified fit for the model. Budgetary attention and budget planning were strong positive indicators of organisational success, according to the route results. Budgeting focus, on the other hand, did not indicate a favorable influence on organisational performance, despite having a large positive effect on budget satisfaction. The predicted connection between budget focus and budget satisfaction was mediated by budget models.

Gandi (2010) also looked at how budgeting and budgetary management affected the financial performance of a few local Ugandan non-governmental organizations. The correlational research design served as the overarching plan for the investigation, which was conducted with a cross-sectional data collecting orientation. In order to assess and analyze primary data in relation to the specified research objectives or hypotheses, the study used a mixed research technique. A total of 210 workers from local non-governmental organizations (NGOs) were included in the target population. For the selection of participants, a cluster sampling approach was used.

In order to get the data for analysis, a variety of data collecting tools were used, including interview scheduling, a documentation review checklist, and a questionnaire. Although the items in the instrument were tested at the nominal and ordinal levels, the scales in the questionnaire were scored on a 5-point Likert scale. Internal consistency with the Cronbach's Alpha value was used to assess the reliability of the primary data obtained, while content validity index was generated to test the validity of the scales. The correlation finding revealed that budgeting and financial performance across NGOs had a statistically significant positive and big linear relationship.

Furthermore, budgeting was responsible for a statistically significant positive moderate change in the financial performance of the NGOs examined. The correlational results revealed that budgetary control and financial performance had a positive big significant linear association. A statistically significant positive but mild shift in the financial performance of the NGOs examined was also attributed to budgetary discipline.

Lessons from Empirical Review

Several lessons can be learned from the empirical studies that were reviewed in the context of this empirical study. Most of the studies (Gandi, 2010; Kung, Huang & Cheng, 2013; Kyei, Kwaning & Donkor, 2015) adopted a quantitative research approach in carrying out their studies hence the study also adopted a quantitative research approach in the measurement of the variables and constructs and analysis of the primary data in respect of the specific research objective. A Likert type of rating scale seems more appropriate for the rating of the attitude, opinion and behaviour of the research participants because a similar technique was employed for most of the

empirical studies reviewed (Bergmann, Brück, Knauer & Schwering, 2020; Gandi, 2010; Kyei, Kwaning & Donkor, 2015; Scott & Enu-Kwesi, 2018; Elhamma, 2015).

The use of a structured questionnaire was also influenced by a similar approach adopted in some of the empirical studies (Attah-Botchwey, 2018; Bergmann, Brück, Knauer & Schwering, 2020) particularly, the decision to utilize pre-validated scales for the measurement of the constructs under investigation. The empirical review also shows most the studies used the SPSS application for the processing of the primary data collected as well as for the analysis of the research objectives or hypotheses (Attah-Botchwey, 2018; Kyei, Kwaning & Donkor, 2015), therefore the study also relied on the SPSS (version 25.0) for such activities.

Using the multiple regression for the testing of the specific research objectives was deemed appropriate for such statistical analysis given the causality nature of the formulated research objectives as evidenced by the nature of the conceptual framework delineating the purported relationship existing between budgeting and budgetary control and organisational performance. This choice was influenced by some of the empirical studies (Elhamma, 2015; Adongo & Jagongo, 2013). Although some of the studies were carried out in local government context in Ghana (Kyei, Kwaning & Donkor, 2015; Attah-Botchwey, 2018; Scott & Enu-Kwesi, 2018) the studies however seemed not to have focused on MMDAs located in the Northern Region of Ghana, a contextual gap this study sought to achieve.

Conceptual Framework

Figure 1 portrays the conceptual framework the is serving as the blueprint to the analytical orientation regarding the purported relationship existing between the predictors (Measures of budgeting and budgetary controls) and firm performance (Dependent Variable). Given the nature of the theoretical position explaining the relationship between the predictors and firm performance, the overall purpose of the study, the empirical findings obtained through the extensive empirical review, the study contends favorable changes in the predictors (Budgeting practices including budget planning, budget control, budget communication, budget evaluation, budget monitoring and budge participation,) would occasion favorable changes organisational performance of the MMDAs.

On the other hand, the study is premised on the idea that unfavorable changes in the predictors are expected to collectively lead to unfavroable changes in organisational performance among the MMDAs that were surveyed. The objectives of the study would be subjected to the appropriate statistical manipulations hence providing the insights as expected from the outcomes of the study. significantly the study purports there should some linear association between budgeting and budgetary practices on one hand and organisational performance for the MMDAs on the other hand.

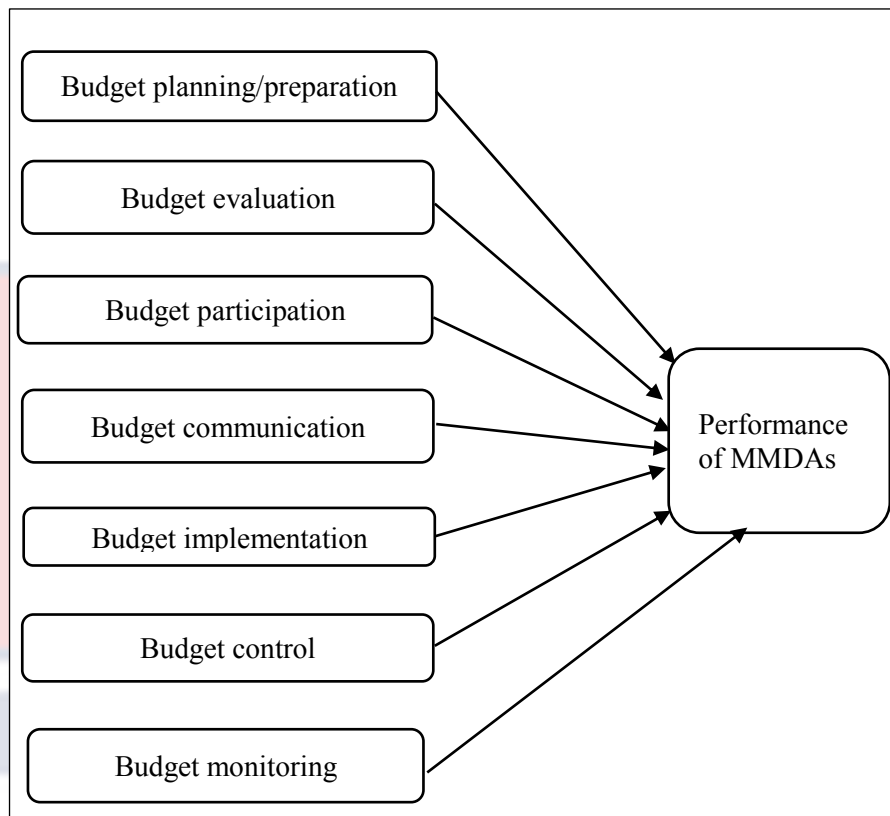


Figure 1: Conceptual Framework

Source: Author's Construct (2022)

Chapter Summary

The chapter has provided enough information concerning the key concepts under consideration, given an empirical claim of the purported relationship existing among the constructs as well as theoretical underpinnings of the study. A conceptual framework is provided to delineate the nature of the purported relationship existing between budgeting and budgetary controls and organisational performance, hence guiding the analytical perspective of this empirical study. Key budgeting and budgetary control practices identified as paramount among MMDAs include budget planning, budget control, budget communication, budget monitoring, budget participation, budget evaluation and budget implementation. The empirical review also reveals there is the

possibility for positive associations between the budgeting and budgetary control practices on one hand and performance of organisations.



CHAPTER THREE

RESEARCH METHODS

Introduction

The purpose of this study was to look at the impact of budgeting and budgetary control on the performance of Metropolitan, Municipal, and District Assemblies (MMDAs) in Ghana's Northern Region. This chapter gives an overview of how the study was carried out using scientific research procedures and empirical assertions as a guide. Among the major themes considered were research design, research approach, area of study, population and so forth.

Research Design

Because the overarching objective of the study was predictive, the investigation was guided by a causal research design (AlAnazi, Kura, Suleiman & Abubakar, 2021). The goal of the study was to see how changes in budgeting and budgetary control influence, if at all, the performance of MMDAs in Ghana's Northern Region. This orientation covers the fundamentals of determining if the independent factors (budgeting and budgetary control measures) have an influence on the dependent variable (Organisational performance of the MMDAs).

The quantitative research approach used in the context of this empirical study was informed by the nature of the measurement of the variables and constructs, as well as the data analytical techniques for testing the formulated research objectives, by using the causal research design as a blueprint for guiding the choices of other methodological informed the quantitative research approach used in the context of this empirical study given by the nature of the measurement of the variables and constructs and the data analytical techniques

for testing the formulated research objectives (Ebekoziem, Aigbavboa, Nwaole, Aginah, & Aigbedion, 2022).

Furthermore, the causal research design influenced the use of a structured questionnaire for primary data collection because the participant's opinions on the items were measured with numerical values through the close-ended questioning technique, which allowed for the provision of pre-determined options for the variables from which the participants were simply required to tick the appropriate responses that reflected their opinions on the statements in the structured questionnaire. Furthermore, the use of the causal design allowed for statistical testing of alternative assumptions about the parametric analytical tools used for primary data analysis in relation to the specific study goals (Ullah & Ameen, 2021).

Research Approach

In most cases, this study used a quantitative research technique to measure and analyze primary data in order to meet the study's unique research objectives. The study employed the structured questioning technique for assessing the items contained in the respective scales that examined the constructs with a numerical value in the quantitative research approach (Whitehouse-Tedd, Abell & Dunn, 2021). The Likert scale type with a 5-point rating scale was therefore used to collect the opinions of the study participants on the items contained in the subscales. The employment of a quantitative research strategy also allowed inferential statistics to be used for data analysis procedures in order to meet the study objectives (Khandelwal & Aljifri, 2021).

Furthermore, the numeric nature of the measurement of the items in the scales used for the assessment of the constructs affected the application of

statistical techniques for the analysis of the specific study objectives. Furthermore, the quantitative research technique allowed for the verification of statistical assumptions in the context of the study, enhancing the research's integrity and sanctity. In addition, the use of a quantitative research technique in this study contributed in the generalization of the findings from the sample's perspective to the general population's perspective.

Area of Study

The study was conducted in the Northern Region of Ghana. It targeted MMDAs in the Northern Region of Ghana. There is 1 metropolitan assembly, 5 municipal assemblies and 10 districts assemblies in the Northern Region of Ghana (Sayibu, 2021). Workers in charge of budgeting functions in these local government organisations were used as proxies for the source of the primary data that were relied on for the test of the specific objectives considered in the context of this empirical study.

Population

The targeted population of the study included permanent employees of the targeted MMDAs that were considered in this empirical study. The targeted accessible population included directors, budget officers, planners, finance officers, internal auditors and revenue collectors and they included an estimated 256 elements based on the sampling frame compiled by the researcher. The sampling frame was compiled by the researcher.

Sampling Procedure

It was impractical to access all the elements in the sampling frame, it became necessary to select a representative sample size for the study.

Therefore, the need for determining the sample size with appropriate scientific means is justified. A sample size of 153 elements was therefore determined via the use of the G*power software (Rafdinal & Senalasar, 2021). The determination of the choice of technique for the sample computation was influenced by the nature of key statistical techniques to be used for the analysis of the formulated specific research objectives.

These parameters were observed for the determination of the minimum sample size based on the F-tests family of linear multiple regression with a fixed model, r-square deviation from zero [Effect size=0.15; err prob=0.05; Power=0.95; the number of predictors=7] because of the predictive orientation of the study. Because composite variables were created for the different subscales following the data transformation procedure, the number of predictors was determined using the second-order construction. The study relied on a stratified sampling technique for the selection of the participants that were targeted in the study. This technique ensured equal representation of all categories of local government institutions in the study (Somuah, Segbenya, Arhin & Ampofo, 2022).

A simple random sampling technique was employed for the selection of the participants from the selected MMDAs after the sample elements are grouped proportionally into strata from their respective target population (Afeadie, 2021). Random numbers for the elements in the sampling frame were generated for all the elements that had been given serial numbers by using a computer application (Semenkov, Bragin, Usoltsev, Konev & Kostuchenko, 2021). The elements in the sampling frame whose serial numbers were generated as part of the computer-generated random numbers

were contacted and issued the questionnaire for the collection of the primary data.

Data Collection Instrument

The study used a structured questionnaire for the collection of the primary data that was utilized for analysis in order to achieve the specific objectives of the study. Because of the quantitative research approach adopted in the context of this empirical study, a close-ended questioning style was employed for the formulation of the statements that were used to measure the indicators for the various scales relied on for the measurement of the constructs that were being investigated. Thus, respondents were only asked to tick the options that reflected their attitude, opinion and behaviour on the items measuring the various constructs (De Toni, Pompermayer, Lazzari & Milan, 2021). The questionnaire was divided into three main sections which included Section A (Demographic Characteristics), Section B (Effectiveness of Budgeting and Budgetary Controls) and Section C (Organisational Performance).

The instrument is attached in Appendix A in this report. The choice of the items for the measurement of the constructs was influenced strongly by some pre-validated scales in literature. The items measuring the budgeting and budgetary control practices were adapted from these sources (Brownell, 1982; Adongo & Jagongo, 2013; De Bruin, 2014, Gachithi, 2010). A 5-point Likert scale rated as 1-Not at all effective to 5-Highly effective was used to measure the views of the participants on the items contained in the budgeting and budgetary control subscale.

Items measuring organisational performance were adapted from these

empirically validated sources (Otley, 1999; Akudugu, 2013). A 5-point Likert scale rated as 1-Poor to 5-Excellent was used to measure the views of the participants on the state of performance of their affiliate MMDAs. The use of the structured questionnaire for the primary data collection made it easy to gather the data in a structured manner which supported the use of the quantitative research approach, the explanatory research approach and the structural equation modeling used for the testing of the formulated research objectives (Cheung, 2021).

Data Collection Procedure

The study utilized the drop-and-pick method of primary data collection via the self-administration of the structured questionnaires to the participants that were randomly selected through the stratified sampling technique (Debrah & Owusu-Manu, 2021). After formal permission had been granted by the authorities of the targeted MMDAs in the Northern Region of Ghana, dates for the data collection exercise were fixed for such purpose. The permission was sought via the submission of an introductory for such purpose that was issued by the School of Business, University of Cape Coast. The participants were contacted and issued questionnaires. Verbal informed consent was sought from the participants and this made it possible to build rapport with the participants. This influenced the response behavior of the participants (Farr, Surtees, Richardson & Michail, 2021).

After the purpose of the study had been explained to the participants, 153 questionnaires were issued to the participants and this exceeded the minimum sample size of 153. Therefore, the determination of the number of the random numbers generated was based on a sample of 153. The

questionnaires were issued in January 2022 and were collected in April 2022, hence the data collection expended about 4 months. At least each participant was called twice as a reminder for the need for them to complete the questionnaires. At the end of it, 124 questionnaires were successfully retrieved, hence a response rate of 81.05% was recorded. Thus, data analysis was based on 124 cases.

Data Processing and Analysis

Once the primary data collection had been carried out successfully, data cleaning was carried out to weed out uncompleted questionnaires from the retrieved questionnaire. After this, a coding book was created that guided the coding of the items in the instrument. Once the codebook was completed and verified, coding was done in the SPSS software for the data input. Therefore, coding was done via the SPSS software and afterward, data entry was carried out which aided in the creation of the datafile (sav. file) which was relied on for the data analysis in respect of the specific research objectives. These procedures are recognized by some previous empirical studies (Benoit, Scherschel, Ates, Nasr & Kandampully, 2017; Gesel, LeJeune, Chow, Sinclair & Lemons, 2021).

With the completed data file ready, the validity of the scales was tested via the principal component factor analysis. Internal consistency was measured with the Cronbach's Alpha (Aginako, Peña-Lang, Bedialauneta & Guraya, 2021). With these parameters accurately measured, data transformation was carried out to obtain composite variables for the data analysis. Demographic characteristics of the participants were measured with frequency and percentage.

Data analysis was at the firm level and thus, 124 cases were relied on for the data analysis in respect of the specific research objectives. Objective one was measured with the use of mean and standard deviation as the measure of central tendency and measure of dispersion respectively. Objective two was measured with the Pearson product-moment correlation technique. These techniques are all embedded in the SPSS software (Amini & Weisi, 20221).

Objective three was measured with the structural equation modeling with the SMART pls software. The SPSS data file was converted into 'csv' datafile and imported into the SMART pls environment for the model configuration through a reflective SEM configuration. The evaluation of the configured model was based on the two-stage approach recommended for such technique for testing of formulated research objectives/hypotheses (Hair et al., 2015). The psychometric properties of the measurement model (Rho_A: >0.7; Composite Reliability: > 0.7; Convergent validity: AVE>0.05; Discriminant validity: HTMT ratio<1) were first evaluated before the structural model was evaluated (Asamoah, Afum, Kusi, Agyabeng-Mensah & Baah, 2021). The findings obtained in respect of tested research objectives were summarized and presented in Tables and Figures.

Ethical Consideration

Certain ethical stances were treated because human elements were used as the source of primary data for the study. Ethical clearance was given before the collection of the primary data. An introductory letter was issued to the various MMDAs in the Northern Region before the collection of the primary data. Informed consent from the participants was sought formally which therefore created the platform for the participants to willingly

participate in the study. The questionnaire design was influenced by the existing validated scale which influenced significantly the face validity of the constructs.

The primary data collected was treated with confidentiality such that no third party was allowed to have access to the primary data. Also, the privacy and integrity of the participants were respected massively. All sources that were consulted through the citations in the literature were referenced appropriately with the accepted referencing style. To prove the authenticity of the study, plagiarism checking was carried out which met the acceptable threshold established by the University of Cape Coast. No data manipulation was tolerated hence the findings were reported as found by the study.

Chapter Summary

The chapter focused on providing extensive information concerning the research methodological procedures, methods, tools, techniques and assumptions that were relied on in conducting this empirical study. The chapter provided extensive information on the research design, approach, target population, data collection procedure and data processing and analysis. Justifications for the use of the respective tools, methods, procedures and techniques were supported by empirical and scientific evidence.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

The study sought to examine how budgeting practices among MMDAs in the Northern Region of Ghana affect their performance. This chapter provides information concerning the findings obtained in respect of the tested research objectives and the discussions made in respect of the findings aligned with their implications and positions of some previous empirical studies. In conducting this empirical study, the study adopted the explanatory research design which served as a blueprint for the choices made in respect of the methods applied for the conduct of this empirical study.

The study used structured questionnaire for the primary data collection which supported the quantitative research approach that was applied for the measurement and analysis of the research objectives. Descriptive statistics-Mean and standard deviation, Pearson product-moment correlation and reflective structural equation modeling were applied to test the research objectives. The analytical approaches for the various objectives were informed by the nature of such objectives. The presentation of the chapter follows the sequence of the flow of the specific research objective after the demographic characteristics had been presented.

Demographics of Participants

Demographic characteristics of the participants and the institutions they represent were analyzed with the frequency and percentage descriptive statistics. These statistical techniques are appropriate for the analysis of the demographic variables because of nature of the level of measurement for the

variables (Nominal and ordinal). The findings are presented in Table 1.

The demographic distribution of sex indicates most of the participants are male which represents 58.06% whilst the remaining 41.94% are female. With respect to affiliate assemblies, the study proves most the participants are working in district assemblies, followed by those in municipal assemblies and then those in metropolitan assemblies. Working experience of the participants measured in terms of number of working years proves most of the participants have 6-10 years working experience, followed by those with 1-5 years working experience. Only few have 11-16 years working experience.

Table 1: Demographic Characteristics

Variable	Options	Frequency	Percentage
Sex	Male	72	58.06%
	Female	52	41.94%
Affiliate assembly	Metropolitan	17	13.71%
	Municipal	39	31.45%
	District	68	54.84%
Working experience	1-5 years	43	34.67%
	6-10 years	56	45.16%
	11-15 years	7	5.65%
	Above 15 years	18	14.52%
Formal education level	Secondary/equivalent	10	8.06%
	HND/Diploma	16	12.90%
	First degree	64	51.61%
	Masters	32	25.81%
	PhD	2	1.62%
Job position	Director	9	7.26%
	Budget officer	26	20.97%
	Planner	14	11.29%
	Finance officer	28	22.58%
	Internal auditor	15	12.10%
	Revenue collector	32	25.80%

Source: Field survey (2022)

The participants have formal education background at various levels. Most of the participants have first degree as their current highest formal

education level. This is followed by those with masters at the postgraduate level. Only relatively smaller number have HND/Diploma and secondary/equivalent. Only 2 has PhD. The portfolio of the participants proves different budgeting officials provided the data for this empirical study. These included revenue collectors (25.80%), finance officers (22.58%), budget officers (20.97%) and internal auditors. The remaining information can be found in Table 1.

Objective One: Effectiveness of Implementation of Budgeting and Budgetary Control Practices

The purpose of the study was to find out how the MMDAs in Ghana's Northern Region felt about the success of budgeting implementation. The participants' opinions were gauged using a 5-point Likert scale ranging from 1-Not at all effective to 5-Very effective. For the numerous items that were tested at the interval measurement level, the mean score was utilized as a measure of central tendency, while the standard deviation was employed as a measure of dispersion. The findings were interpreted using these subjective criteria based on the mean score thresholds for the variables.

0.0-1.49=Not at all effective

1.5-2.49=Slightly effective

2.5-3.49=Moderately effective

3.5-4.49=Effective

4.5-5.0=Very effective

The interpretation of the results in respect of the various dimensions of budgeting at the MMDAs in the Northern Region of Ghana is presented as follows.

Table 2: Descriptive Statistics for Budget Preparation

	Mean	Std. Deviation
Budgeting is done at the appropriate period	3.7519	1.05514
Budget forecasts are accurate	3.6783	1.12678
Formal authorization is given for budgeted spending	3.6783	0.97098
There is efficient resource allocation based on budgeting	3.6667	0.95284
There is a clear assignment of decision-making in budgeting	3.6124	1.03111
Budgeting is aligned with the objectives of this organization	3.5775	1.13479
There is proper coordination of budgeting in this organization	3.5426	1.05497
Budgets are used to control measures	3.5271	1.07738
Budgets are used as a means by which management communicates to other levels of department	3.3953	1.19284

Source: Field survey (2022)

Observation of the results in Table 2 shows that for the various indicators of budget preparation or planning, most of the items were rated as being moderately effective in their implementation. For instance, the study proves the participants rated the items that budgeting is done at the appropriate time (M=3.7519; SD=1.05514), budget forecasts are accurate (M=3.6783; SD=1.12678), budget spending is based on formal authorization or approval (M=3.6783; SD=0.97098) and that budget allocation is based strictly on budgeting (M=3.6667; SD=0.95284) as being effective in their implementation. However, the statement that budgets are means by which management communicates to other levels of departments was rated as being moderately effective. None of the items measuring budget preparation/

planning was rated as being not at all effective, slightly effective or very effective. Budget communication is a significant element in the budgeting process and the study confirms that the MMDAs surveyed are effective in their communication concerning budgeting and budgeting-related issues. This could provide the means to improve the operations of various departments (Donaldson, 2001). Budgeting communication also serves as a communication buffer for management which is utilized as a tool in the budgeting process (Van der Stede, 2001). With effective implementation of budget communication among the MMDAs, a platform is created for employees to fully understand the budget hence influencing the degree of acceptance of the budget. Interactive communication also produces regular budget-related discussion that ensues between management and subordinates irrespective of the actual performance of the budget (Van der Stede, 2001).

Table 3: Descriptive Statistics for Budget Evaluation

	Mean	Std. Deviation
Deviation analysis is done to promote budget conformance	3.7713	1.06867
Timely performance evaluation is done on budgets	3.6163	1.01547
Budgeting motivates target attainment	3.4767	1.12689
Costs of budgeting are within the prescribed threshold	3.0853	1.32929

Source: Field survey (2022)

Concerning the perception about the effectiveness of the implementation of budget evaluation (See Table 3), it was discovered that, the activity of conducting deviation analysis to promote budget conformance was considered as being effective given its implementation (M=3.7713;

SD=1.06867). Similarly, the MMDAs in the Northern Region of Ghana are regarded as being effective in conducting performance evaluation timely on all budgets prepared by the MMDAs (M=3.6163; SD=1.01547). However, the practice of using budgets to motivate target attainment was rated as being moderately effective by its implementation among the MMDAs in the Northern Region of Ghana (M=3.4767; SD=1.12689).

In addition, the study proves the idea that costs of budgeting among the MMDAs are always within the prescribed threshold was considered to be moderately effective (M=3.0853; SD=1.32929). The study proves none of the indicators of budget evaluation was rated as not at all effective or very effective. Thus, a room is created for more concerted efforts by officials responsible for budgeting in the MMDAs in the Northern Region of Ghana and produces regular budget-related discussion that ensues between management and subordinates irrespective of the actual performance of the budget (Van der Stede, 2001).

Table 4: Descriptive Statistics for Budget Participation

	Mean	Std. Deviation
The importance of my contribution to the budget	3.7248	1.07584
The amount of influence I felt I had on the financial budget	3.6589	1.02115
Frequency of being asked for opinions about the budget by the superior	3.5581	1.05791
The frequency of budget-related discussions initiated by me	3.5155	1.14075
The superior explained the reasoning when the budget is revised	3.5116	1.12361
The frequency of budget-related discussions initiated by my superior when budgets are being set	3.4612	1.10202
Budgeting process is inclusive and wide consultation takes place	3.4186	0.99959

Source: Field survey (2022)

The results in respect of the perception of effectiveness of budget participation at the MMDAs in the Northern Region of Ghana are presented in Table 4. It can be recognized that, for most instances, the participants perceived the implementation of budget participation practices as being effective given the threshold of the mean scores for the items. For instance, the participants agreed that the degree of importance attached to their contribution during budgeting is regarded as being effective ($M=3.7248$; $SD=1.07584$). similar ratings were given to the claims that participants are satisfied with the amount of influence they felt they had on the financial budgets of their respective affiliate MMDAs.

The practice of budget supervisors asking for the opinions of the participants was also rated as being effective ($M=3.5581$; $SD=1.05791$). On the same track of rating, the participants saw the extent of frequency of budget related discussion initiated by the participants as being effective. However, the frequency of budget-related discussions initiated by participants' supervisors when budgets are being prepared or set ($M=3.4612$; $SD=1.10202$) and the perception that budgeting process is characterized by more inclusiveness and wider consultation ($M=3.4186$; $SD=0.99959$) were all considered as being moderately effective among the MMDAs in the Northern Region of Ghana.

The remaining scores of the remaining items are presented in Table 5. It must be observed that there is no instance where an item measuring perception of the effectiveness of budget participation was rated as being not at all effective, slightly effective or very effective. Management in the various MMDAs are really doing well in terms of encouraging officials responsible for budgeting to immerse themselves fully into the budgeting activities which is a good buffer to support commitment for efficient budget implementation among workers in the MMDAs (Van der Stede, 2001; Kung, Huang & Cheng, 2013). From the perspective of the agency theory, participation in budgeting has the potential to reduce the threat of uncertainty between top managers and their subordinates concerning the sharing of information (Shields & Shields, 1998). Psychologically, budget participation creates among subordinates the feeling of equal opportunity in the expression of their views and opinions with some sense of the degree of influence in the budgeting process, hence improving their satisfaction and morale thereby reducing resistance among employees (Kung, Huang & Cheng, 2013).

Table 5: Descriptive Statistics for Budget Communication

	Mean	Std. Deviation
My superiors call me in to discuss budget deviations in face-to-face meetings	3.8062	0.84225
My superiors, myself, and my own subordinates often form a team to discuss and solve budgeting matters	3.7287	0.91891
Indicate the typical frequency with which you communicate with the	3.4961	0.93878
I consult with my corporate superior on how to achieve my budget	3.4884	1.07766
Budget matters are discussed regularly with my superior even if there are no negative budget deviations to report	3.1899	1.20261

Source: Field survey, (2022)

The findings in Table 5 shows the perception of the participants concerning the degree of effectiveness of the implementation of budget communication during the budgeting process in the MMDAs in the Northern Region of Ghana. It is revealed that the practice of corporate supervisors calling participants to discuss budget deviations in face-to-face meetings during the budgeting process was considered to be effective (M=3.8062; SD=0.84225). Also, the practice of relying on teams formed by supervisors, participants and subordinates of the participants to discuss and solve budgeting matter was rated as being effective (M=3.7287; SD=0.91891).

At the extreme ends of the other side of the story, it was discovered that the practice of participants consulting their corporate supervisors on how to achieve their (Participants') budget (M=3.4884; SD=1.07766) and the practice of regularly discussing budget matters with corporate supervisors even if there are no negative budget deviations to report (M=3.1899;

SD=1.20261) were all perceived as being moderately effective in respect of their implementation at the MMDAs in the Northern Region of Ghana. None of the items that measured budget communication was however rated as being not at all effective, slightly effective or very effective. Budget communication is regarded as a conduit in which there is room created for coordination in the budgeting process, hence having effective practices when it comes to budget communication is a step in the right direction (Donaldson, 2001; Van der Stede, 2001).

Table 6: Descriptive Statistics for Budget Implementation

	Mean	Std. Deviation
Adequate budgetary monitoring at each stage of the expenditure cycle	3.6938	0.89271
Cash planning in conformity with budget authorization and taking into account ongoing commitment	3.5388	0.96659
Effective control of expenditures at each stage of the expenditure cycle	3.5155	0.93033
Adequate cash management	3.5116	0.93872
Clearly defined procedures for recording transaction	3.4729	1.03689
The institution issue budget guidelines prior to preparing budgets	3.4186	1.12418
Decentralized controls (in parallel with strengthened procedures for auditing and reporting)	3.4070	0.93415
All staff participates in budget preparation and discussion within their department	3.3566	0.96876
Co-ordination among the various departments during budget execution is achieved	3.2597	1.03931
Leadership provided to the subordinate managers during execution is effective	3.2403	0.97258
Timely release of funds	3.1860	1.04205
Transparent procedures for procurement	3.1589	1.21355

Source: Field survey (2022)

The study further examined the perception of the participants about the state of effectiveness of the implementation of budgets among the MMDAs in the Northern Region of Ghana. The results are presented in Table 6. The study proved that most of the items were perceived to be moderately effective in their implementation. However, observation for the individual scores for the items shows the claim that adequate budgetary monitoring at each stage of the expenditure cycle was considered to be effective in its implementation ($M=3.6938$; $SD=0.89271$). Similar situation was the case for the claim that cash planning is in conformity with budget authorization after ongoing commitment had been taken into account ($M=3.5388$; $SD=0.96659$).

Additionally, the practice of effective control of expenditure at each stage of the expenditure cycle was considered to be effective, more so is the case of the adequacy of cash management among the MMDAs in the Northern Region of Ghana. On the other hand, the study proved that the participants rated the transparency of procedures for procurement as being moderately effective. Also, the assertions that leadership often provided to subordinate managers during budget implementation, that there is proper coordination among the various departments, and that there is decentralized controlling during budget implementation were all perceived as being moderately effective based on the scores of the mean thresholds obtained.

None of the practices of budget implementation was considered to be not at all effective, slightly effective or very effective. The officials responsible for budgeting at the various MMDAs are doing very well and this is commendable. Enough effort and commitment are exhibited among those in charge of executing the budgets in the MMDAs in the Northern Region of

Ghana. This is a good signal because it shows probably budget execution could produce the desired organisational outcomes including improvement in the performance of the MMDAs (Bergmann, et al., 2020; Scott & Enu-Kwesi, 2018; Kung, Huang & Cheng, 2013).

Table 7: Descriptive Statistics for Budget Control

	Mean	Std. Deviation
From the comments made by my corporate superiors, I know that the bottom-line is what counts for my corporate superiors	3.2829	0.95491
Corrective actions are in budgeting are based on budget review results	3.2791	0.91232
Budgeting process involves setting targets upon which performance is measured against	3.2674	1.07056
I am required to submit control reports that explain budget variances on an overall budget basis	3.0271	1.13111

Source: Field survey (2022)

In respect of the perception of the state of the effectiveness of implementation of budget control practices among the MMDAs, (Table 7) the study showed that all the items measuring budget control practices were considered to be moderately effective in their implementation. For instance, the practice of supervisors authenticating the idea that the bottom-line is what counts during budget controls was perceived to be moderately effective (M=3.2829; SD=0.95491). Moreover, the assertion that budget reviews inform corrective actions in budgeting was perceived to be moderately effective (M=3.2791; SD=0.91232).

On the extreme end, the study proved that the practice of submission of control reports that better explain budget variances on the overall budget basis

and setting of budget targets upon which performance is measured were considered to be moderately effective. No practice under budget control is considered to be not at all effective, slightly effective or very effective. Generally, the MMDAs in the Northern Region are not doing well when it comes to budget controls compared with other components of budgeting as conceptualized in this study. This may impede the success of achieving the aims of budgeting controls among the MMDAs especially concerning planning and taking actions that enhance the utilization of the productive assets and services available to a firm's management (Hudson & Andrew, 1996).

Table 8: Descriptive Statistics for Budget Monitoring

	Mean	Std. Deviation
Addressing marginalization/inequalities key concern in budgeting	3.3527	1.11044
Checking the availability of funds before agreeing to any expenditure	3.3372	1.04688
Evaluating and reorganisation if and when necessary	3.3217	1.15745
My superiors judge performance predominantly on the basis of attaining budget goals	3.3217	1.08455
Checking expenditure against budget allocation	3.2752	1.02396
Addressing small problems immediately	3.1667	1.18327

Source: Field survey (2022)

The study further sought to examine the perception of the participants about the extent to which the execution of budget monitoring practices among the MMDAs in the Northern region of Ghana is effective or otherwise. The

findings are presented in Table 8. The study proves that the participants moderately perceived the implementation of the various items in budget monitoring among the MMDAs in the Northern Region of Ghana in all instances.

For instance, the practice that participants engage in addressing marginalization/inequalities as key concern in budgeting was perceived to be moderately effective ($M=3.3527$; $SD=1.11044$). Furthermore, the practice of checking the availability of funds before budget officials agree on any expenditure was rated as being moderately effective ($M=3.3372$; $SD=1.04688$). At the extreme end, the study proves that the practice of addressing small problems immediately among budget officials in the MMDAs was perceived to be the least moderately effective in respect of budget monitoring activities. It is however worthy to note that none of the items measuring budget monitoring was perceived to be not at all effective, slightly effective or very effective.

More focus on improving budget monitoring among the MMDAs could salvage this challenge which most of the items are rated as being moderately effective in their implementation. Officials involved in monitoring budgeting activities are not comparatively doing well as in the cases of other dimensions of the budgeting processes contextualized in this empirical study.

Providing effective budget control could aid in the monitoring of costs during the budget implementation period (Baysinger & Butler, 1985). Since budget is set to control financial resource use among MMDAs (Hudson & Andrew, 1996; Merchant & Van der Stede, 2012) inefficiencies in carrying out budget controls could be disastrous for the MMDAs.

Objective 2: Relationship Between Budgeting and Budgetary Control

Practices and Performance of MMDAs

In this study, the second objective was focused on examining the state of linear relationship between the various dimensions of the budgeting processes all on one hand and firm performance on another hand. The essence of this objective is to provide a possible insight about the nature of relationship existing between the dimensions of budgeting and performance on MMDAs in the Northern Region of Ghana with primary empirical dataset. The Pearson product-moment correlation technique was used to measure this objective. The interpretation of the nature of the association between the dimensions of budgeting and firm performance in respect of the direction and strength of such relationships was based on these tentative cut-off points championed by Pallant (2005) for such exercise.

$r = -0.10$ to -0.29 or 0.10 to 0.29 = Small

$r = -0.30$ to -0.49 or 0.30 to 0.49 = Medium

$r = -0.50$ to -1 or 0.50 to 1 = Large

Table 9 shows the findings of the correlation. Budget control and MMDAs performance are shown to have a statistically significant positive but modest association across MMDAs in Ghana's Northern Region ($r=0.400$; $p=0.000$: $p<0.05$). As a result, a small increase in favorable budget control ratings among MMDAs in Ghana's Northern Region is followed by a moderate increase in better performance of the MMDAs. The study, on the other hand, indicates that a minor drop in favorable budget control ratings among MMDAs in Ghana's Northern Region is followed with a moderate drop in better performance. This conclusion, however, does not imply causation and

thus establishes a simple linear relationship between budget control and organisational performance in the context of MMDAs in Ghana's Northern Region. This study backs up prior empirical investigations that demonstrated a link between budget control and organisational performance (Aisyaturranhmi, et al., 2021; Bergmann, et al., 2020; Diamond, 2002; Lienert & Ljungman, 2009; Sevilla, 2006).

Table 9 shows that among the MMDAs in Ghana's Northern Region, there is a statistically significant positive but moderate link between budget monitoring and organisational performance ($r=0.347$; $p=0.000$: $p<0.05$). As a result, a small increase in favorable budget monitoring ratings among MMDAs in Ghana's Northern Region is followed by a moderate increase in better performance of the MMDAs. The study, on the other hand, indicates that a minor drop in favorable budget monitoring ratings among MMDAs in Ghana's Northern Region is followed with a moderate drop in better performance.

This conclusion, however, does not imply causation and thus establishes a simple linear relationship between budget monitoring and company performance in the context of MMDAs in Ghana's Northern Region. This study backs up prior empirical investigations that demonstrated a link between budget monitoring and organisational performance (Aisyaturranhmi, et al., 2021; Merchant & Van der Stede, 2012; Bergmann, et al., 2020; Hudson & Andrew, 1996; Diamond, 2002; Lienert & Ljungman, 2009; Sevilla, 2006).

Table 9: Correlation Matrix

		Firm performance	Budget Monitoring	Budget preparation	Budget communication	Budget participation	Budget implementation	Budget control
Budget Monitoring	Pearson Correlation	0.347**	1					
	Sig. (2-tailed)	0.000						
Budget preparation	Pearson Correlation	0.252**	0.547**	1				
	Sig. (2-tailed)	0.000	0.000					
Budget communication	Pearson Correlation	0.313**	0.552**	0.578**	1			
	Sig. (2-tailed)	0.000	0.000	0.000				
Budget participation	Pearson Correlation	0.259**	0.484**	0.469**	0.612**	1		
	Sig. (2-tailed)	0.000	0.000	0.000	0.000			
Budget implementation	Pearson Correlation	0.182**	0.443**	0.469**	0.550**	0.572**	1	
	Sig. (2-tailed)	0.003	0.000	0.000	0.000	0.000		
Budget control	Pearson Correlation	0.400**	0.449**	0.298**	0.426**	0.425**	0.482**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	
Budget evaluation	Pearson Correlation	0.312**	0.367**	0.322**	0.477**	0.440**	0.486**	0.498**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Source: Field survey (2022)

Furthermore, the study found a statistically significant but modest positive link between budget communication and company performance across MMDAs in Ghana's Northern Region ($r=0.313$; $p=0.000$: $p0.05$). As a result, a small increase in favorable budget communication ratings among MMDAs in Ghana's Northern Region is followed by a moderate increase in better performance of the MMDAs. The study, on the other hand, indicates that a modest drop in favorable budget communication ratings among MMDAs in Ghana's Northern Region is followed with a moderate drop in better performance.

However, while this finding does not imply causation, it demonstrates a simple linear relationship between budget communication and company performance in the context of MMDAs in Ghana's Northern Region. This study backs up prior empirical investigations that established a link between budget communication and corporate success (Bergmann, et al., 2020; Kung, Huang & Cheng, 2013; Van der Stede, 2001; Donaldson, 2001).

The study also discovered that among the MMDAs in Ghana's Northern Region, there is a statistically significant positive but modest association between budget evaluation and organisational performance ($r=0.312$; $p=0.000$: $p0.05$). As a result, a small increase in favorable budget evaluation ratings among MMDAs in Ghana's Northern Region is followed by a moderate increase in better performance of the MMDAs. The study, on the other hand, indicates that a modest drop in favorable budget evaluation scores among MMDAs in Ghana's Northern Region is associated with a moderate drop in better performance.

This conclusion, however, does not imply causation and therefore establishes a simple linear relationship between budget evaluation and organizational performance in the context of MMDAs in Ghana's Northern Region. This study backs up the argument made by some prior empirical investigations that identified a link between budget evaluation and organizational performance (Bergmann, et al., 2020; Merchant & Van der Stede, 2012; Van der Stede, 2001).

On the other hand, among the MMDAs in Ghana's Northern Region, there is a statistically significant positive but minor association between budget participation and organizational performance ($r=0.259$; $p=0.000$: $p<0.05$). As a result, a small increase in favorable budget participation scores among MMDAs in Ghana's Northern Region is accompanied by a small increase in improved performance of the MMDAs. Employees of MMDAs in Ghana's Northern Region are therefore actively involved in budgeting, creating the circumstances for MMDAs to enhance their performance. This finding backs up the findings of several previous empirical studies (Arnold & Artz, 2019; Henttu-Aho, 2018; Schäffer & Weber, 2016), all of which found that budget participation has a positive relationship with organisational performance (Arnold & Artz, 2019; Henttu-Aho, 2018; Schäffer & Weber, 2016).

The study, on the other hand, indicates that a little drop in favorable budget participation scores among MMDAs in Ghana's Northern Region is associated with a small drop in better performance. However, while this finding does not imply causation, it demonstrates a simple linear relationship between budget participation and company performance in the context of

MMDAs in Ghana's Northern Region. This study backs up with prior empirical research that indicated a favorable relationship between budget participation and business success (Bergmann, et al., 2020; Kung, Huang & Cheng, 2013; Donaldson, 2001).

Furthermore, among the MMDAs in Ghana's Northern Region, there is a statistically significant positive but minor association between budget preparation/planning and company performance ($r=0.252$; $p=0.000$: $p<0.05$). As a result, a minor increase in favorable budget preparation/planning ratings among MMDAs in Ghana's Northern Region is followed by a little increase in better performance of the MMDAs. The study, on the other hand, indicates that a little drop in favorable budget preparation/planning ratings among MMDAs in Ghana's Northern Region is associated by a small drop in better performance.

However, this finding does not suggest causality and therefore proves a simple linear relation between budget preparation/planning and firm performance in the context of MMDAs in the Northern Region of Ghana. This finding simply proves there is a linear association between budget planning/preparation and performance of MMDAs in the Northern Region of Ghana. This finding supports the claim championed by some previous empirical studies that found a positive association between budget preparation/planning and firm performance (Aisyaturranhmi, et al., 2021; Bergmann, et al., 2020; Kung, Huang & Cheng, 2013; Donaldson, 2001; Abekah-Nkrumah, Dinko & Abor, 2009; Harrison & Lock, 2017; Ogujiuba & Ehigiamusoe, 2014).

Additionally, the study confirms that there is a statistically significant

positive but small relationship between budget implementation and firm performance among the MMDAs in the Northern Region of Ghana ($r=0.182$; $p=0.003$: $p<0.05$). It, therefore, goes to imply that a small rise in favourable scores on budget implementation small among the MMDAs in the Northern Region of Ghana is accompanied by a small rise in improved performance of the MMDAs. On the contrary, the study confirms that a small fall in favourable scores on budget implementation among the MMDAs in the Northern Region of Ghana is accompanied by a small fall in improved performance of the MMDAs.

However, while this finding does not imply causation, it establishes a simple linear relationship between budget preparation/planning and company performance in the context of MMDAs in Ghana's Northern Region. This research simply establishes a linear relationship between budget planning/preparation and MMDA performance in Ghana's Northern Region. This conclusion backs up earlier empirical studies that demonstrated a link between budget preparation/planning and company success.

Objective Three: The Influence of Budgeting and Budgetary Practices on Performance of MMDAs

The study further sought to examine the predictive relationship between budgeting practices and the performance of the MMDAs in the Northern Region of Ghana. This objective was measured with the reflective structural equation modeling in the SMART PLS software. The model was evaluated with the two-stage model evaluation idea in mind. Therefore, before validating the structural model, the measurement model was firstly validated. This approach is well recognized in literature. The findings in respect of the

measurement model and the structural model are hereby presented.

Measurement Model

Construct Reliability and Validity

Table 10: Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Budget communication	0.568	0.583	0.778	0.542
Budget control	0.793	0.876	0.874	0.700
Budget evaluation	0.563	0.564	0.821	0.696
Budget implementation	0.768	0.782	0.841	0.515
Budget monitoring	0.833	0.848	0.880	0.595
Budget participation	0.592	0.598	0.786	0.550
Budget preparation	0.658	0.661	0.814	0.593
Firm performance	0.860	0.864	0.896	0.590

Source: Field survey, (2022)

Except for budget communication, budget evaluation and budget participation that recorded somewhat lower scores of Cronbach's Alpha and rho_A as a measure of reliability, all the remaining constructs adequately measured their reliabilities concerning the primary data collected in respect of the scales employed. Thus, the constructs had Cronbach's Alpha and rho_A scores more than the minimum threshold of 0.7. Composite reliabilities for all the constructs were adequately measured because the composite reliability scores for the constructs are above 0.7 threshold established. Convergent validities for the constructs were adequately measured because AVEs recorded for the constructs are above 0.5 minimum threshold.

Discriminant Validity

Table 11: Heterotrait-Monotrait Ratio [HTMT ratio]

	Budget communication	Budget control	Budget evaluation	Budget implementation	Budget monitoring	Budget participation	Budget preparation
Budget control	0.704						
Budget evaluation	0.567	0.452					
Budget implementation	0.757	0.764	0.715				
Budget monitoring	0.557	0.812	0.536	0.903			
Budget participation	0.594	0.608	0.867	0.734	0.683		
Budget preparation	0.688	0.528	0.836	0.721	0.527	0.646	
MMDAs, performance	0.735	0.511	0.800	0.752	0.561	0.814	0.797

Source: Field survey, (2022)

Discriminant validities for the constructs were measured with the HTMT ratio. HTMT ratios less than 1 indicate there is no threat of discriminant validity. Observation of the scores shows there is no threat of discriminant validity across the pairs of the constructs in the estimated path model because all the constructs had HTMT scores lesser than 1.

Collinearity Statistics

Table 12: Outer VIF

	VIF
Bcom2	1.055
Bcom4	1.401
Bcom5	1.382
Bcont1	1.747
Bcont2	1.778
Bcont4	1.557
Beva1	1.181
Beva2	1.181
Bimp10	1.400
Bimp2	1.391
Bimp4	1.332
Bimp5	1.497
Bimp9	1.478
Bmo1	1.617
Bmo3	1.982
Bmo4	1.900
Bmo5	1.782
Bmo6	1.462
Bpati3	1.229
Bpati4	1.235
Bpati7	1.140
Bpre2	1.223
Bpre4	1.309
Bpre5	1.349
FP1	1.844
FP2	1.872
FP3	1.699
FP4	2.121
FP6	1.615
FP7	1.687

Source: Field survey (2022)

Threat of multicollinearity was measured with the outer VIF scores. Outer VIF scores lesser than 5 indicate no threat of multicollinearity among the indicators that measured the respective constructs of interests given the nature of the estimated model.

Common Method Bias

Table 13: Inner VIF

	Firm performance
Budget communication	1.470
Budget control	2.021
Budget evaluation	1.622
Budget implementation	2.813
Budget monitoring	2.533
Budget participation	1.606
Budget preparation	1.648

Source: Field survey (2022)

Common method bias was measured with the inner VIF scores. To avoid the threat of common method bias, inner VIF scores lesser than 5 is recommended. The inner VIF scores in Table 13 prove there is no threat of common method bias in the estimated model because the inner VIF scores for all the constructs are less than 5 (Kock, 2015).

Structural Model

Indicator Reliability

Table 14: Outer Loadings

	Indicator loading	T Statistics	P Values
Bcom2 <- Budget communication	0.615	10.563	0.000
Bcom4 <- Budget communication	0.825	26.541	0.000
Bcom5 <- Budget communication	0.752	15.516	0.000
Bcont1 <- Budget control	0.900	57.993	0.000
Bcont2 <- Budget control	0.804	26.396	0.000
Bcont4 <- Budget control	0.801	23.671	0.000

Beva1 <- Budget evaluation	0.822	26.812	0.000
Beva2 <- Budget evaluation	0.846	20.369	0.000
Bimp10 <- Budget implementation	0.645	11.569	0.000
Bimp2 <- Budget implementation	0.698	15.308	0.000
Bimp4 <- Budget implementation	0.701	13.318	0.000
Bimp5 <- Budget implementation	0.769	21.694	0.000
Bimp9 <- Budget implementation	0.768	26.582	0.000
Bmo1 <- Budget monitoring	0.772	25.830	0.000
Bmo3 <- Budget monitoring	0.799	25.984	0.000
Bmo4 <- Budget monitoring	0.768	20.915	0.000
Bmo5 <- Budget monitoring	0.752	19.854	0.000
Bmo6 <- Budget monitoring	0.766	29.013	0.000
Bpati3 <- Budget participation	0.732	17.829	0.000
Bpati4 <- Budget participation	0.790	19.617	0.000
Bpati7 <- Budget participation	0.702	13.939	0.000
Bpre2 <- Budget preparation	0.767	22.988	0.000
Bpre4 <- Budget preparation	0.746	15.119	0.000
Bpre5 <- Budget preparation	0.797	27.576	0.000
FP1 <- Firm performance	0.786	28.541	0.000
FP2 <- Firm performance	0.788	29.921	0.000
FP3 <- Firm performance	0.753	23.643	0.000
FP4 <- Firm performance	0.823	33.681	0.000
FP6 <- Firm performance	0.719	17.491	0.000
FP7 <- Firm performance	0.734	17.417	0.000

Source: Field survey, (2022)

Indicator reliabilities for the constructs were measured with the indicator loadings and their respective significance level, given the t-test statistic scores. All the indicators had factor loadings greater than 0.5 and are significant (p-values<0.05: t-tests>1.96).

Direct Effect**Table 15: Path Co-efficient**

	Beta	f ²	T Statistics	P Values
Budget communication -> Firm performance	0.180	0.056	2.938	0.003
Budget control -> Firm performance	-0.039	0.002	0.743	0.458
Budget evaluation -> Firm performance	0.145	0.032	2.848	0.004
Budget implementation -> Firm performance	0.246	0.054	3.779	0.000
Budget monitoring -> Firm performance	0.011	0.000	0.171	0.864
Budget participation -> Firm performance	0.237	0.088	4.310	0.000
Budget preparation -> Firm performance	0.242	0.090	4.348	0.000

Source: Field survey, (2022)

The path analysis shows the contributions of the predictors (Measures of budgeting) to predicting the change in performance of the MMDAs in the Northern Region of Ghana. It can be seen that budget communication makes a statistically significant positive contribution to predicting the moderate change in performance of the MMDAs in the Northern Region of Ghana (Beta=0.180; p=0.003: p<0.05) with small effect size (f²=0.056). Thus, when scores of budget communication increase by a unit change, performance of the MMDAs in the Northern Region increases by 0.180 in a significant manner. On the other hand, when scores of budget communication decrease by a unit change, performance of the MMDAs in the Northern Region decreases by 0.180 in a

significant manner.

Furthermore, budget evaluation makes a statistically significant positive contribution to predicting the moderate change in performance of the MMDAs in the Northern Region of Ghana (Beta=0.145; $p=0.004$; $p<0.05$) with small effect size ($f^2=0.032$). Thus, when scores of budget evaluation increase by a unit change, performance of the MMDAs in the Northern Region increases by 0.145 in a significant manner. On the other hand, when scores of budget evaluation decrease by a unit change, performance of the MMDAs in the Northern Region decreases by 0.145 in a significant manner. The significant contribution of budget evaluation to predicting changes in the performance of the MMDAs is supporting some previous studies that equally found budget evaluation as a means to improving organisational performance (Elhamma, 2015; Kung, Huang & Cheng, 2013). For instance, the study by Elhamma (2015) showed budgetary evaluation was adjudged as a significant positive predictor of competitiveness, profitability and general performance.

Also, budget implementation makes a statistically significant positive contribution to predicting the moderate change in performance of the MMDAs in the Northern Region of Ghana (Beta=0.246; $p=0.000$; $p<0.05$) with small effect size ($f^2=0.054$). Budget participation makes a statistically significant positive contribution to predicting the moderate change in performance of the MMDAs in the Northern Region of Ghana (Beta=0.237; $p=0.000$; $p<0.05$) with small effect size ($f^2=0.088$). Thus, when scores of budget participation increase by a unit change, performance of the MMDAs in the Northern Region increases by 0.237 in a significant manner.

On the other hand, when scores of budget participation decrease by a unit change, performance of the MMDAs in the Northern Region decreases by 0.237 in a significant manner. The finding is in line with the claims made by Kung, Huang and Cheng (2013) in their empirical study where it was posited that budget planning was a significant positive predictor of organisational performance. This finding goes to support the claim that MMDAs are actively using prepared budgets for guiding their activities and operations and that there is generally high level of budget participation in the assemblies (Kyei, Kwaning & Donkor, 2015). It is explaining the position that from the perspective of the agency theory, participation in budgeting has the potential to reduce the threat of uncertainty between top managers and their subordinates concerning the sharing of information (Shields & Shields, 1998).

Budget preparation makes a statistically significant positive contribution to predicting the moderate change in performance of the MMDAs in the Northern Region of Ghana (Beta=0.242; $p=0.000$: $p<0.05$) with a small effect size ($f^2=0.090$). Thus, when scores of budget preparation increase by a unit change, performance of the MMDAs in the Northern Region increases by 0.242 in a significant manner. On the other hand, when scores of budget preparation decrease by a unit change, performance of the MMDAs in the Northern Region decreases by 0.242 in a significant manner.

On the contrary, budget monitoring made some positive but no significant contribution to predicting the moderate but positive change in the performance of the MMDAs in the Northern Region of Ghana (Beta=0.011; $p=0.864$). Thus, although budget monitoring contributes to predicting the moderate change in performance of the MMDAs, such contribution is due to

chance and therefore it is concluded that relying on budget monitoring practices in the various MMDAs in the Northern Region of Ghana would not provide any significant impetus for the improvement in their performance.

On the contrary, budget control made some negative but no significant contribution to predicting the moderate but positive change in the performance of the MMDAs in the Northern Region of Ghana (Beta=-0.039; p=0.458). Budget control practices collectively fail to cause any significant positive improvement in the performance of the MMDAs in the Northern Region of Ghana but rather it presents potential to reduce the performance of the MMDAs in the context of the study. This finding contradicts the findings of Adongo and Jagongo (2013) when it was found that budgetary control improves firm performance, especially financial performance.

Coefficient of Determination

Table 16: Coefficient of Determination

	R Square	R Square Adjusted
Performance of MMDAs	0.604	0.593

Source: Field survey, (2022)

The r-square was used to analyze the overall effect of budgeting on the performance of MMDAs in Ghana's Northern Region. Budgeting contributes for a modest positive shift in the performance of the MMDAs in Ghana's Northern Region, according to the findings (60.4%). Given the existence of identical conditions as in the case of this study, MMDAs in the Northern Region of Ghana might perhaps explain for 39.6 percent change in the performance of the MMDAs apart from budgeting practice. As a result, the study supports the allocative efficiency theory's assertion that public service

productivity is boosted by involvement, particularly public engagement in the budgeting process (Kruk & Freedman, 2008).

The decentralized form of Ghana's local government system fully suits the allocative efficiency theory's perspective. This notion is supported by the fact that a decentralized government system outperforms a centralized government system in terms of allocative efficiency (Hidalgo-Gallego, et al., 2017). The favorable influence of budgeting on MMDA performance backs up the earlier notion that individuals in charge of administering public services under local government must ensure that resources are allocated optimally so that efficiency and effectiveness in resource management are improved. Budgeting helps local governments achieve efficiency in resource allocation and use, hence efficiency is an important part of implementing budgets (Schwartz, Guilkey & Racelis, 2002).

The resource-based view theory contends that in order to improve firm performance, firms must have both financial and non-financial resources that are valuable, rare, non-substitutable, and inimitable to support the efficient implementation of chosen strategy in order to achieve superior performance and subsequent competitive advantage, which is supported by the fact that budgeting among MMDAs significantly causes some moderate positive improvements. Competent officials in the several MMDAs in Ghana's Northern Region are in charge of budgeting. This backs up the knowledge-based hypothesis, which claims that by investing in human capital, businesses can be more efficient with their resources, cutting operating costs (Penrose, 1959).

The knowledge-based theory supports the claim that organizations

exist because they have unique, often historically dependent, abilities to accumulate specific resources that result in different levels of organisational performance (Reed & DeFillippi, 1990), and this claim is backed up by the fact that the MMDAs in Ghana's Northern Region are performing better. The study backs up the findings of several earlier empirical investigations, which all agree that budgeting techniques increase business performance significantly (Bergmann, et al., 2020; Scott & Enu-Kwesi, 2018; Kung, Huang & Cheng, 2013). In comparison to the study by Scott and Enu-Kwesi, (2018), this study shows that budgeting causes a moderate positive change in the performance of MMDAs in the Northern Region of Ghana, as opposed to the study by Scott and Enu-Kwesi, (2018), which found that budgeting causes a weak significant change in performance. Figure 2 depicts a pictorial depiction of the calculated path model.

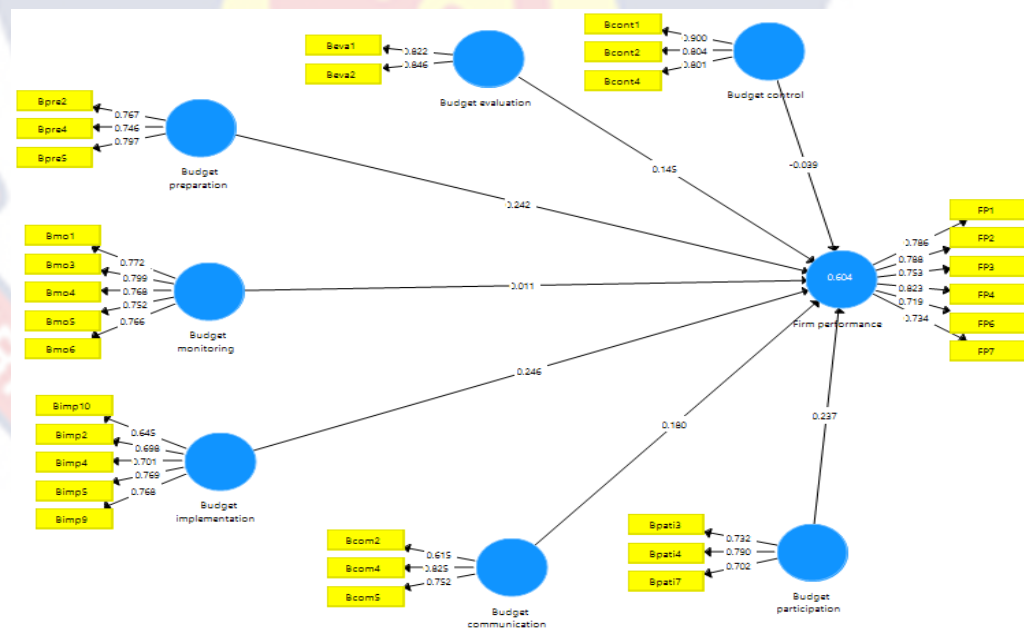


Figure 2: Structural Model
Source: Field survey (2022)

Chapter Summary

The study proves budgeting and budgetary control practices in MMDAs in Ghana's Northern Region are, on average, fairly effective in terms of worker perceptions of the efficacy of budgeting implementation. The impact analysis proves budgeting and budgetary control practices jointly improves MMDAs' performance in a moderate and significant manner in the Northern Region of Ghana. Budgeting components including budget implementation, budget preparation/planning and budget participation are making the most significant improvement in the performance of MMDAs although budget communication and budget evaluation also make some significant positive improvement in the performance of the MMDAs in the Northern Region of Ghana.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The goal of the study was to see how budgeting and budgetary control practices across MMDAs in Ghana's Northern Region affect their performance. The study was conducted using a quantitative research methodology. This backed up the explanatory research strategy that was carried out based on the general direction of the study's goal. For the primary data collection, structured questionnaires were used. This chapter contains a summary of the important results, as well as the conclusions reached and the suggestions made to potential consumers of the insights obtained via this empirical study.

Summary

The following is an overview of the study's most important results. As a result, the important findings of the tested research goals examined in this study are summarized in this part. The initial goal was to find out how MMDAs in Ghana's Northern Region felt about the success of budgeting implementation. This was done in light of the differences in budgeting processes amongst MMDAs. The majority of the items were scored as somewhat effective in their execution for the various indicators of budget preparation or planning, according to the results.

For instance, the study proves the participants rated the items that budgeting is done at the appropriate time, budget forecasts are accurate, budget spending is based on formal authorization or approval and that budget allocation is based strictly on budgeting as being effective in their

implementation. However, the statement that budgets are means by which management communicates to other levels of departments was rated as being moderately effective.

In terms of perceptions of the success of budget evaluation implementation, it was determined that the activity of performing deviation analysis to promote budget conformance was deemed effective based on its execution. Similarly, the MMDAs in Ghana's Northern Region are praised for completing timely performance reviews on all budgets provided by the MMDAs. The practice of utilizing budgets to drive objective achievement, on the other hand, was assessed as somewhat successful by the MMDAs in Ghana's Northern Region. Furthermore, the data supports the notion that MMDAs' budgeting expenditures are always within the prescribed range, which was previously thought to be somewhat successful.

When it came to the participants' perceptions of the effectiveness of budget participation practices at the MMDAs, the results showed that, in the vast majority of cases, the participants regarded the implementation of budget participation practices as effective, given the threshold of the mean scores for the items. The participants, for example, agreed that the level of significance placed on their involvement during budgeting is beneficial. Participants' satisfaction with the degree of impact they believed they had on the financial budgets of their various affiliate MMDAs received similar marks.

The practice of budget supervisors asking participants for their thoughts was also deemed useful. On the same scale of evaluation, the participants rated the frequency with which budget-related discussions were initiated by the participants as effective. However, among the MMDAs in

Ghana's Northern Region, the frequency of budget-related discussions initiated by participants' supervisors when budgets are being prepared or set, as well as the perception that the budgeting process is characterized by more inclusiveness and wider consultation, were all rated as moderately effective.

The data also reflect the participants' perceptions on the degree of success of budget communication implementation during the budgeting process. The practice of corporate managers summoning participants during the budgeting process to review budget deviations in face-to-face meetings was shown to be successful. In addition, the practice of forming teams made up of supervisors, participants, and their subordinates to debate and solve budgetary issues was deemed beneficial.

When it came to the success of budget execution, it was determined that the majority of the items were rated as somewhat effective. Individual scores for the items, on the other hand, support the argument that proper budgetary monitoring at each step of the spending cycle was deemed effective in its execution. The argument that cash planning is in compliance with budget authorization after ongoing commitment was taken into account was in a similar scenario.

Furthermore, the practice of efficient spending control at each step of the expenditure cycle was deemed effective, particularly in the case of the adequacy of cash management among MMDAs in Ghana's Northern Region. On the other side, the survey found that participants regarded procurement procedures' transparency as somewhat successful. In terms of MMDAs' perceptions of the efficacy of budget control practices implementation, the survey found that all of the elements assessing budget control practices were

rated as fairly successful in their implementation.

During budget controls, for example, supervisors verifying the concept that the bottom line is what matters was deemed fairly successful. Furthermore, the claim that budget reviews inform budgeting corrective measures was deemed to be fairly successful. On the other hand, the study found that submitting control reports that better explain budget deviations on an overall budget basis, as well as creating budget objectives against which performance is judged, are fairly successful.

In terms of budget monitoring procedures, the study shows that participants in the Northern Region of Ghana had a moderate perception of the execution of various budget monitoring items among the MMDAs in all cases. Participants' habit of addressing marginalization/inequalities as a primary issue in budgeting, for example, was rated as fairly successful. Additionally, the practice of confirming the availability of cash before agreeing on any spending was evaluated as somewhat successful. At the other extreme, the survey shows that budget officials in MMDAs are regarded to be the least somewhat successful in terms of budget monitoring operations when they deal with tiny concerns right away.

The study's second objective was to look at the state of the linear link between the various aspects of budgeting procedures on the one hand, and business performance on the other. Budget control and organizational performance have a statistically significant positive but modest association among MMDAs. There is a statistically significant positive but medium relationship between budget monitoring and organizational performance among the MMDAs. Moreover, there is a statistically significant positive but

moderate relationship between budget communication and organizational performance among the MMDAs.

Budget evaluation and company performance have a statistically significant positive but modest link among the MMDAs. On the other hand, among MMDAs, there is a statistically significant but minor positive association between budget participation and organizational performance. Furthermore, among the MMDAs, there is a statistically significant but minor positive link between budget preparation/planning and organizational performance. Additionally, the analysis indicates that there is a statistically significant positive but minor association between budget implementation and organizational performance across the MMDAs.

The third objective was to look at the predictive link between budgeting methods and MMDA performance in Ghana's Northern Region. Budgeting contributes for a modest positive shift in the performance of the MMDAs in Ghana's Northern Region, according to the findings. In percentage terms, the study and other variables that combined produce improvements in the performance of the MMDAs in Ghana's Northern Region generate a 60.4 percent improvement in the MMDAs' performance.

The role of the predictors (budgeting measures) in anticipating changes in MMDA performance in Ghana's Northern Region is depicted in the path analysis. Budget communication had a statistically significant positive contribution to projecting the modest increase in performance of the MMDAs in Ghana's Northern Region, despite its small impact size. Budget review also makes a statistically significant positive contribution to anticipating the modest increase in performance of the MMDAs in Ghana's Northern Region,

despite its small impact size.

Budget implementation also makes a statistically significant positive contribution to anticipating the modest increase in performance of the MMDAs in Ghana's Northern Region, despite its small impact size. Budget planning has a statistically significant positive contribution to anticipating the modest increase in performance of the MMDAs in Ghana's Northern Region, despite its small impact size. Budget monitoring, on the other hand, contributed in a small but significant way to anticipate the mild but favorable shift in MMDA performance in Ghana's Northern Region. Budget control, on the other hand, had a little but significant influence on forecasting the MMDAs' modest but favorable performance in Ghana's Northern Region.

Conclusions

Conclusively, budgeting and budgetary control practices in MMDAs in Ghana's Northern Region are, on average, fairly effective in terms of worker perceptions of the efficacy of budgeting implementation. The different MMDAs' management and budget officials are making progress in guaranteeing the proper implementation of budgeting functions, but more needs to be done to make such budgeting-related practices more successful in execution. On the one hand, there appears to be a considerable positive relationship between all dimensions of budgeting procedures and the performance of MMDAs on the other.

The impact analysis proves budgeting and budgetary control practices jointly improves MMDAs' performance in a moderate and significant manner in the Northern Region of Ghana. Budgeting components including budget implementation, budget preparation/planning and budget participation are

making the most significant improvement in the performance of MMDAs although budget communication and budget evaluation also make some significant positive improvement in the performance of the MMDAs in the Northern Region of Ghana. Budget control and budget monitoring functions do not significantly improve the performance of MMDAs in the Northern Region of Ghana.

Recommendations

Based on the findings of the study, the following recommendations are being offered to the various stakeholders with a special focus on practice, policy and theoretical implications. Management of the MMDAs is encouraged to put in more effort, resources and investments in their budgeting practices in order to make the execution of these aspects of budgeting very effective in order to achieve the purposes of budgeting among the MMDAs in the Northern Region of Ghana. Proper training of staff responsible for budgeting, acquisition of budget-supportive gadgets including computers and software and installation of same in the budgeting systems of the MMDAs, providing accurate and reliable data for budgeting and following all laid down protocols and procedures for budgeting in the context of local government could all possibly provide enough means as to how to make budgeting activities more effective in a systematic manner.

Special attention should be focused on communication of budgeting to departments, maintaining costs of budget within the prescribed threshold, inclusive and wide consultations, regular discussion of budgets, transparent procedures for procurement, submitting control reports that explain budget variances on an overall budget basis and address small problems immediately

because these practices recorded the least favorable perceptual scores. By targeting these specific practices embedded in the budgeting activities of the MMDAs, this could possibly improve the overall efficiency and effectiveness of budgeting among the MMDAs. Enough budgetary allocations for budgeting function within the MMDAs could provide means for effective budgeting among the MMDAs in the Northern Region of Ghana.

The correlation analysis proved in all instances there were some statistically significant positive linear associations between the dimensions of budgeting practice and performance of the MMDAs in the Northern Region of Ghana. Such results demonstrate that when the MMDAs are doing well in terms of the execution of the budgeting practices, the performance of the respective MMDAs also improve in some significant manner. Therefore, those in charge of budgeting activities in the MMDAs in Ghana should ensure that they effectively carry out budgeting activities if the MMDAs are to witness some positive improvement in the performance of the MMDAs. The relationships between the dimensions of budgeting practice and the performance of the MMDAs are in most stances are moderate, significant and positive hence this provides enough clue as to the nature of the empirical associations existing between budgeting practices and performance of MMDAs in Ghana.

Changes in budgeting methods are responsible for a statistically significant positive moderate improvement in the performance of MMDAs in Ghana's Northern Region, according to the research. Therefore, MMDAs are advised to continue to undertake budgeting programmes so as to plan their operations and provide the means to improving the performance of MMDAs

in Ghana. Adopting the conceptualization of budgeting and MMDAs in the local governance system in Ghana is also recommended. However, since the various dimensions of budgeting practices made different contributions to predicting the improvement in the performance of MMDAs, it becomes eminent to adopt a differential strategic posture when it comes to the extent of concentration of efforts and resource allocation to ensure efficiency and effectiveness in budgeting.

Top priority areas of concern for resource allocation are budget implementation, followed by budget preparation, then budget participation and then budget communication. These components of budgeting practices among the MMDAs are making significant contributions to the change in the performance of MMDAs and therefore must be targeted for performance improvement given the existence of same or proximate conditions as in the case of this empirical study. Equally, concentrating on budgeting communication, and budget evaluation would cause some positive change in the performance of the MMDAs significantly in Ghana. Many organisational resources should be committed to these areas of budgeting among the MMDDAs in Ghana. However, the study proves budget control fails to make any significant positive contributions to predicting the moderate positive improvement in the performance of the MMDAs hence it makes practical and managerial sense for budget officials in MMDAs not to focus on budget controls if the essence is to improve the performance of MMDAs in Ghana. Budget control proves to potentially reduce the performance of MMDAs thereby signaling its potential threat to performance improvement in this context. Unless budget control proves to have bearing on other organisational

outcomes apart from the performance of the MMDAs, it is advisable for the budget officials to desist from relying on budget controls to improve the performance of the MMDAs. Also, to justify the investments in budget control activities and practice among MMDAs in Ghana, radical managerial reengineering is required to improve the conditions that collectively influence the effectiveness of budget control activities among MMDAs. Probably this action may redefine the potency of budget control in improving the state of performance of MMDAs.

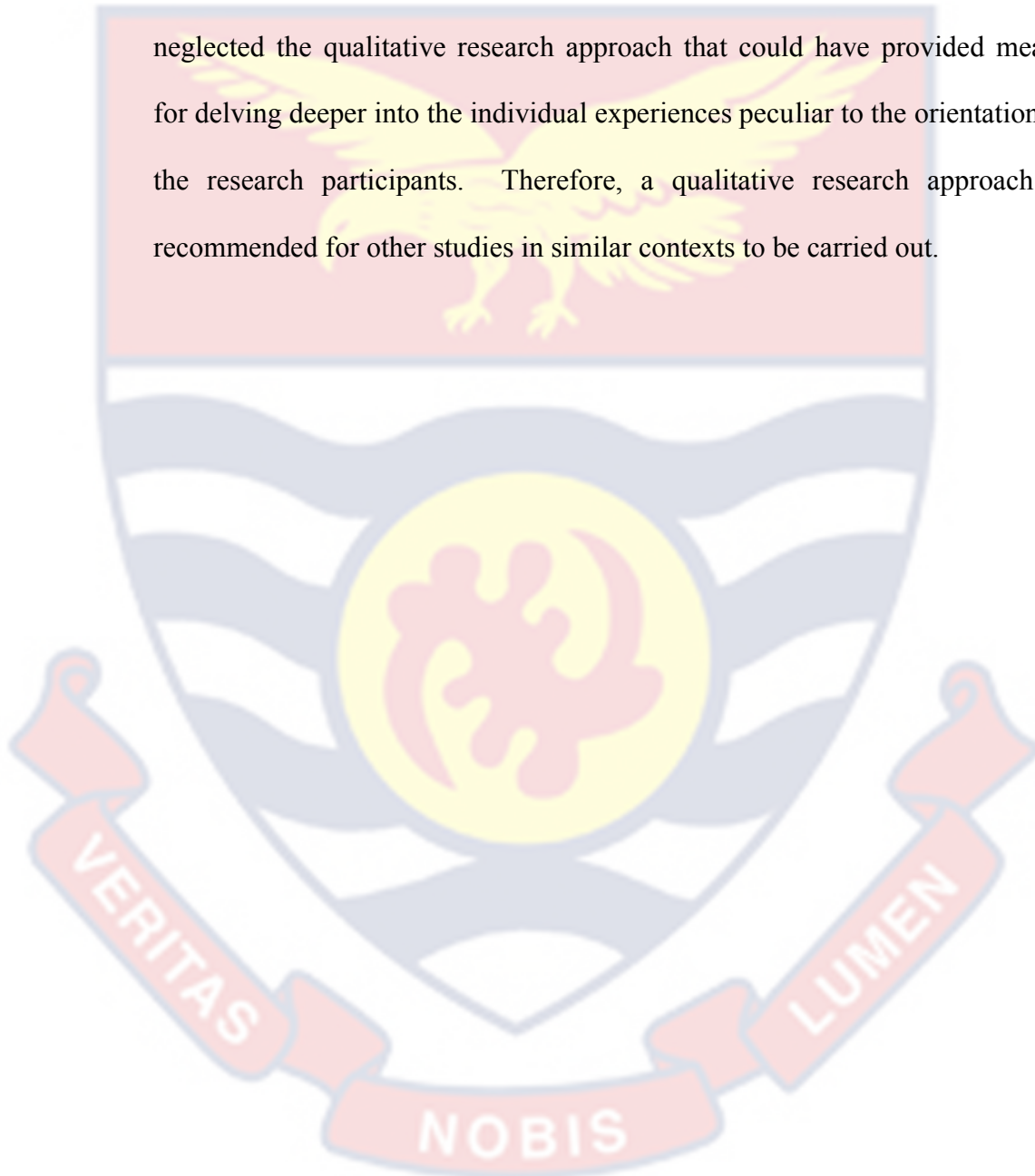
Similarly, budget monitoring fails to cause any significant improvement in the performance of MMDAs unlike budget control which has negative potential, budget monitoring rather possesses a positive potential to predicting changes in the performance of MMDAs in Ghana. Therefore, lesser attention should be placed on budget monitoring activities in the local government organisations in Ghana if the sole goal for undertaking such a function is to improve the performance of these MMDAs.

Budgeting policy for MMDAs in Ghana should be crafted to integrate the dimensions of budgeting practices operationalized in the context of this study that made significant positive contributions to predicting the moderate change in the performance of MMDAs. The Ministry of Finance of Ghana, the Ministry of Local Government and Rural Development and all developmental partners in the local government sector of Ghana should refocus their commitment to ensuring the strategic implementation of budgeting policies that are aligned with corporate performance improvement targets among MMDAs in Ghana. Adequate resource allocation should be made available by the government of Ghana and its agents for effective budgeting function

among MMDAs in Ghana, especially those that are focused on ensuring efficiency in policy-oriented budgeting programmes in Ghana.

Suggestions for Further Studies

The study relied on only a quantitative research approach which neglected the qualitative research approach that could have provided means for delving deeper into the individual experiences peculiar to the orientation of the research participants. Therefore, a qualitative research approach is recommended for other studies in similar contexts to be carried out.



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APPENDIX: QUESTIONNAIRE
UNIVERSITY OF CAPE COAST
COLLEGE OF HUMANITIES AND LEGAL STUDIES
SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING

Introduction

This study is in partial fulfilment of the award of Master of Business Administration with Accounting Option at the University of Cape Coast. It is being conducted by Mohamed Sani Seidu. It is being carried out to examine the influence of budgeting practices on the performance Metropolitan, Municipal and District Assemblies (MMDAs) in the Northern Region of Ghana. Your candid opinions expressed on the statements in this instrument can go a long way to provide empirical data that can be relied on to test the research objectives considered in this study. Thank you in anticipation for your freely expressed opinion on all matters in this study.

Demographic Characteristics

1. Sex a. Male [] b. Female []
2. Type of affiliate assembly
 - a. Metropolitan assembly []
 - b. Municipal assembly []
 - c. District assembly []
3. Working experience
 - a. 1-5 years []
 - b. 6-10 years []
 - c. 11-15 years []
 - d. Above 15 years []
4. Highest educational level
 - a. Secondary/equivalent []
 - b. HND/Diploma []
 - c. First degree []
 - d. Masters []
 - e. PhD []
5. Job position
 - a. Director []
 - b. Budget officers []
 - c. Planners []
 - d. Finance officers []
 - e. Internal auditors []
 - f. Revenue collectors []

Effectiveness of Budgeting and Budgetary Controls

6. How effective are these activities in budgeting in your organization?

Where: 1=Not at all effective; 2=Slightly effective; 3=Moderately effective; 4=Effective; 5=Highly effective

No	Budget planning/preparation practices	1	2	3	4	5
1	There is proper coordination of budgeting in this organization					
2	There is efficient resource allocation based on budgeting					
3	Budget forecasts are accurate					
4	Budgeting is aligned with the objectives of this organization					
5	Formal authorization is given for budgeted spending					
6	Budgeting is done at the appropriate period					
7	There is a clear assignment of decision-making in budgeting					
8	Budgets are used as a means by which management communicates to other levels of department					
9	Budget are used to control measures					
No	Budget evaluation practices	1	2	3	4	5
1	Budgeting motivates target attainment					
2	Timely performance evaluation is done on budgets					
3	Deviation analysis is done to promote budget conformance					
4	Costs of budgeting are within the prescribed threshold					
No	Budget communication practices	1	2	3	4	5
1	My superiors call me in to discuss budget deviations in face-to-face meetings					
2	My superiors, myself, and my subordinates often form a team to discuss and solve budgeting matters					
3	Budget matters are discussed regularly with my superior even if there are no negative budget deviations to report					
4	I consult with my superior on how to achieve my budget					
5	Indicate the typical frequency with which you communicate with the parent for budget-related issues					
No	Budget participation practices	1	2	3	4	5
1	The superior explained the reasoning when the budget is revised					
2	The frequency of budget-related discussions initiated					

	by me					
3	The amount of influence I felt I had on the financial budget					
4	The importance of my contribution to the budget					
5	The frequency of budget-related discussions initiated by my superior when budgets are being set					
6	Budgeting process is inclusive and wide consultation takes place					
7	Frequency of being asked for opinions about the budget by the superior					
No	Budget implementation practices	1	2	3	4	5
1	Timely release of funds					
2	Cash planning in conformity with budget authorization and taking into account ongoing commitment					
3	Effective control of expenditures at each stage of the expenditure cycle					
4	Adequate budgetary monitoring at each stage of the expenditure cycle					
5	Clearly defined procedures for recording transaction					
6	Adequate cash management					
7	Transparent procedures for procurement					
8	Decentralized controls (in parallel with strengthened procedures for auditing and reporting)					
9	The institution issue budget guidelines prior to preparing budgets					
10	All staff participates in budget preparation and discussion within their department					
11	Leadership provided to the subordinate managers during execution is effective					
12	Co-ordination among the various departments during budget execution is achieved					
No	Budget control practices	1	2	3	4	5
1	I am required to submit control reports that explain budget variances on an overall budget basis					
2	From the comments made by my superiors, I know that the bottom-line is what counts for my corporate superiors					
3	Corrective actions in budgeting are based on budget review results					
4	Budgeting process involves setting targets upon which performance is measured against					
No	Budget monitoring practices	1	2	3	4	5

1	My superiors judge my performance predominantly on the basis of attaining budget goals					
2	Addressing marginalization/inequalities key concern in budgeting					
3	Checking expenditure against budget allocation					
4	Addressing small problems immediately					
5	Checking the availability of funds before agreeing to any expenditure					
6	Evaluating and reorganisation if and when necessary					

Organisational Performance

7. To what extent do you rate the level of performance of this institution?

Where: 1=Poor; 2=Fair; 3=Good; 4=Very good; 5=Excellent

No	Organisational performance	1	2	3	4	5
1	Proper management of funds					
2	Improved employee productivity					
3	Revenue mobilization					
4	Client satisfaction with public service provision					
5	Favorable variance in budgets					
6	Effective resource mobilization					
7	Cost reduction in the operations					
8	Enhanced internal operational performance					
9	Environmental sanitation management					
10	Efficient administrative functioning					
11	Efficient resource allocation					
12	Security and public safety					
13	Fiscal capacity					