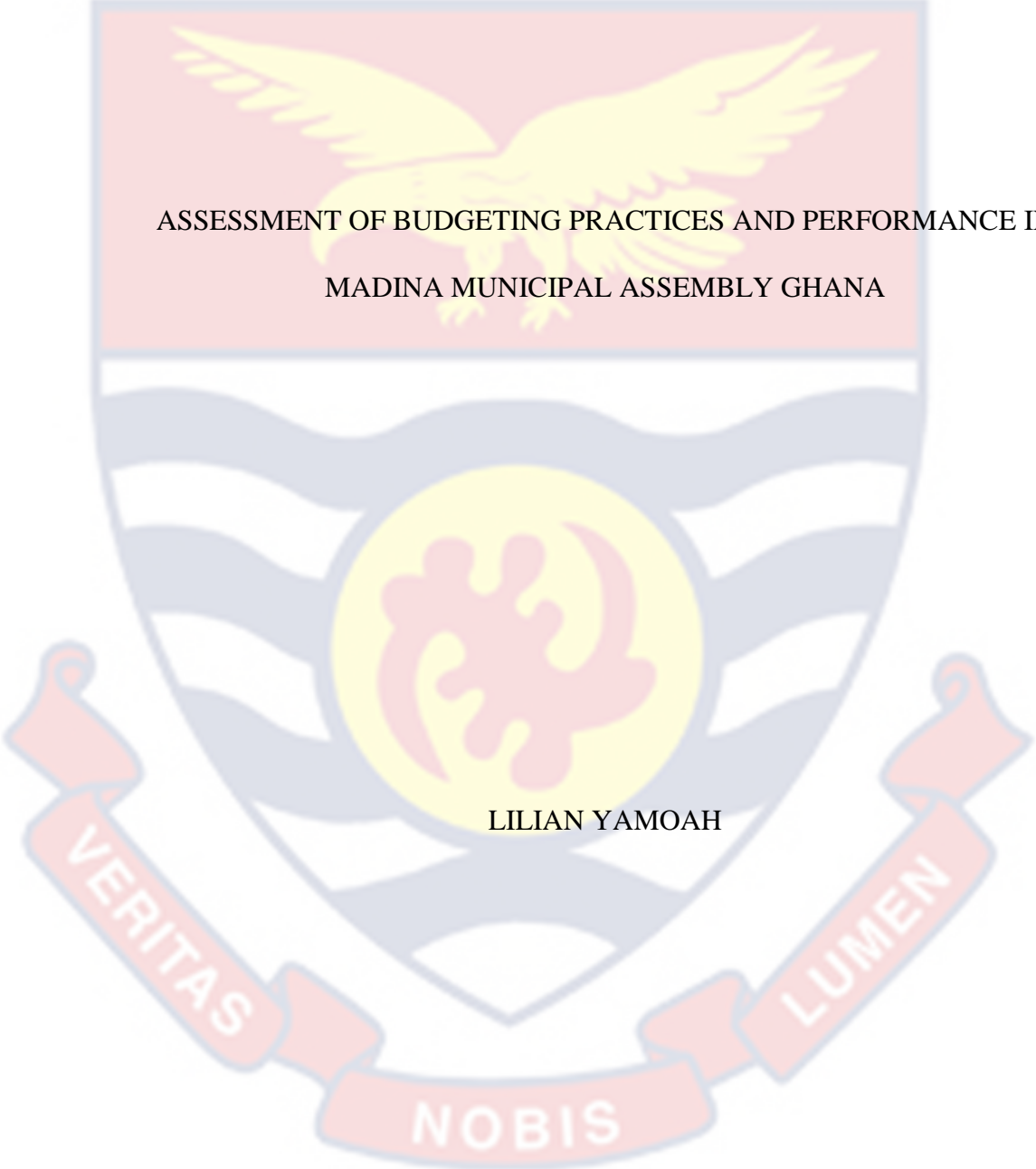


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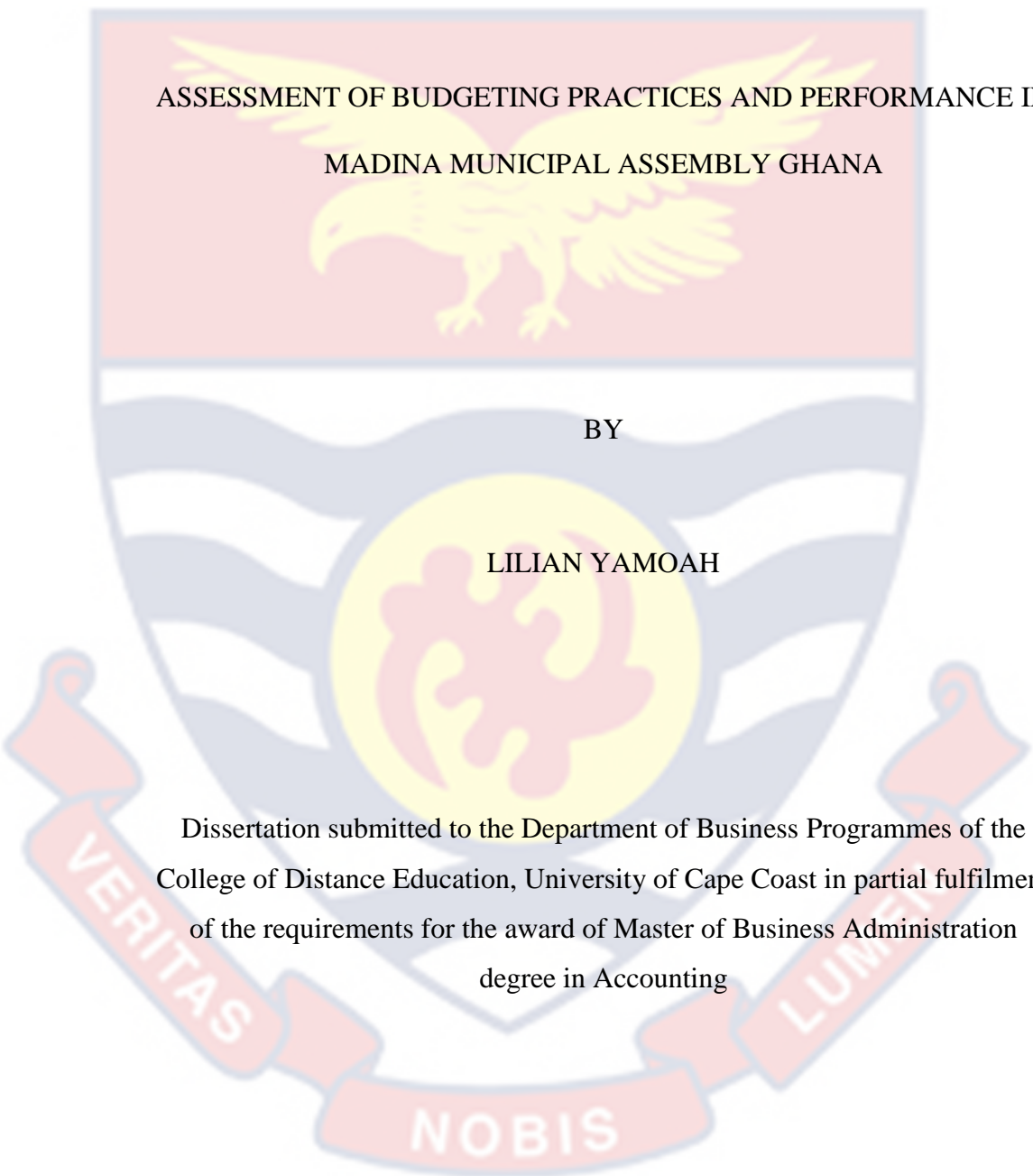


ASSESSMENT OF BUDGETING PRACTICES AND PERFORMANCE IN
MADINA MUNICIPAL ASSEMBLY GHANA

LILIAN YAMOAH

2024

UNIVERSITY OF CAPE COAST



ASSESSMENT OF BUDGETING PRACTICES AND PERFORMANCE IN
MADINA MUNICIPAL ASSEMBLY GHANA

BY

LILIAN YAMOAHA

Dissertation submitted to the Department of Business Programmes of the
College of Distance Education, University of Cape Coast in partial fulfilment
of the requirements for the award of Master of Business Administration
degree in Accounting

MARCH 2024

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' Signature..... Date.....

Name: Lilian Afrifa

Supervisor's Declaration

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

Supervisor's Signature..... Date.....

Name: Mr. Patrick Darkwa

ABSTRACT

According to the findings of the research, the Madina Municipal Assembly of Ghana has some budgeting practices that need to be evaluated. In light of the fact that the study investigated and evaluated an already existing phenomenon, the descriptive research design was utilised in the study. Formal questionnaires were used as the instruments for data collection. Both qualitative and quantitative research methods were utilised in the study. For the purpose of selecting a respondent from among 56, the technique of simple random sampling was utilised. For the purpose of analysing the objectives of the study, descriptive analysis was performed as well. The descriptive statistics were utilised in order to accomplish the first objective of the study, which was to achieve the desired results. Calculations were made to determine the mean and standard deviation of each of the variables. According to the findings, the practices that had the highest average were those that involved the preparation of a budget alongside checklists. The second objective of the study was to gather information about the difficulties that budget preparers face during the process of project implementation. Based on the findings, it was determined that the approach taken to distribute funds to the user department was not satisfactory. The study discovered that there was a positive and significant relationship between budgetary practices and the performance of the Madina Municipal Assembly. This was the third and final objective of the study. According to the findings of the study, it is recommended that the management and employees of the Madina Municipal Assembly be made aware of the significance of budgetary controls in order to improve the institution's overall financial well-being.

ACKNOWLEDGEMENTS

I sincerely acknowledge the contribution and co-operation made by my supervisor, Mr. Patrick Darkwa for his wisdom and inspirations.

I also wish to appreciate my sisters and Mr. Kwame Afrifa who encourage me to do the course and also support me.



DEDICATION

To my father for his prayers and encouragement and my children Ohemaa,

Nana Kobua and B K. AFRIFA



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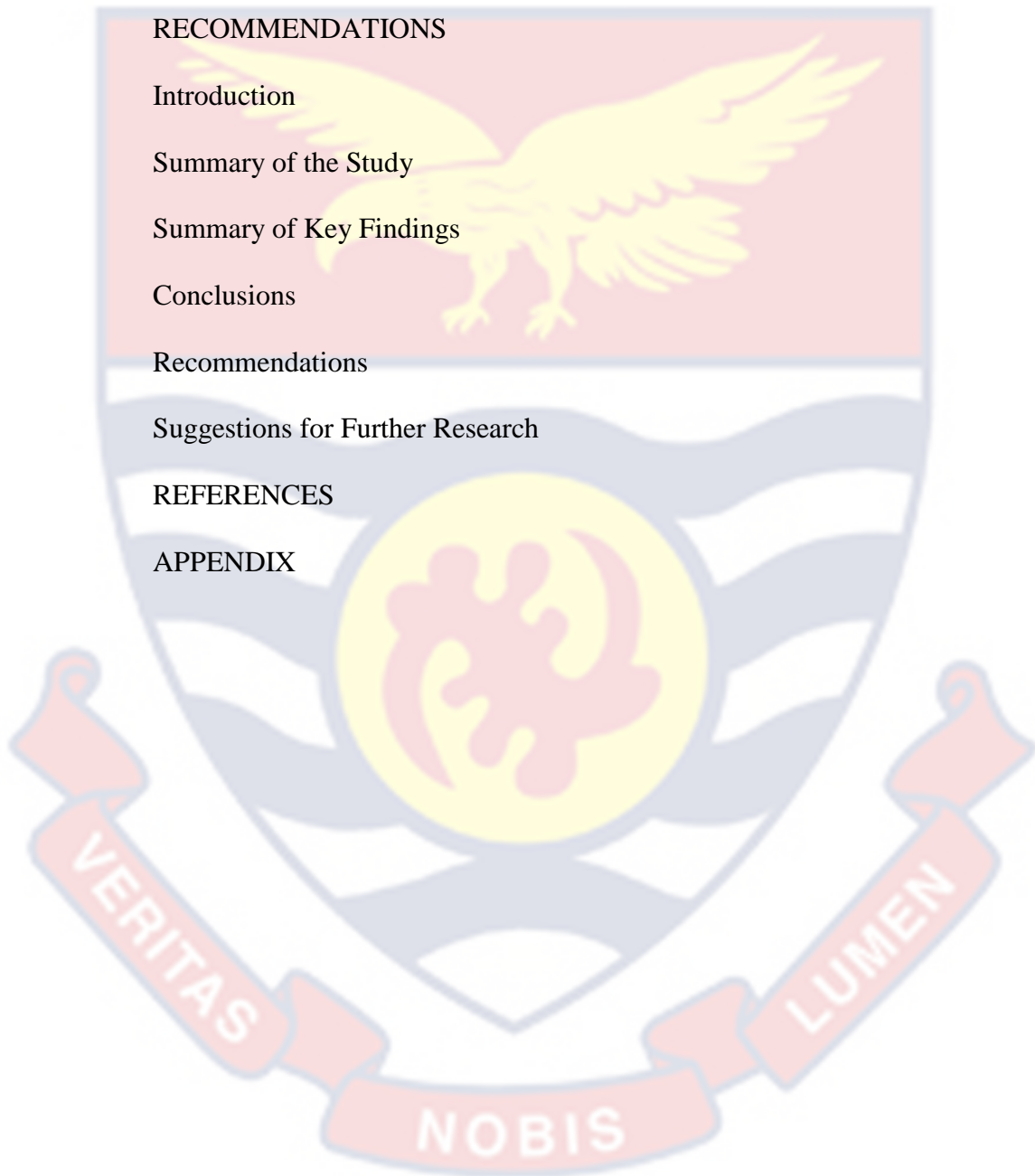
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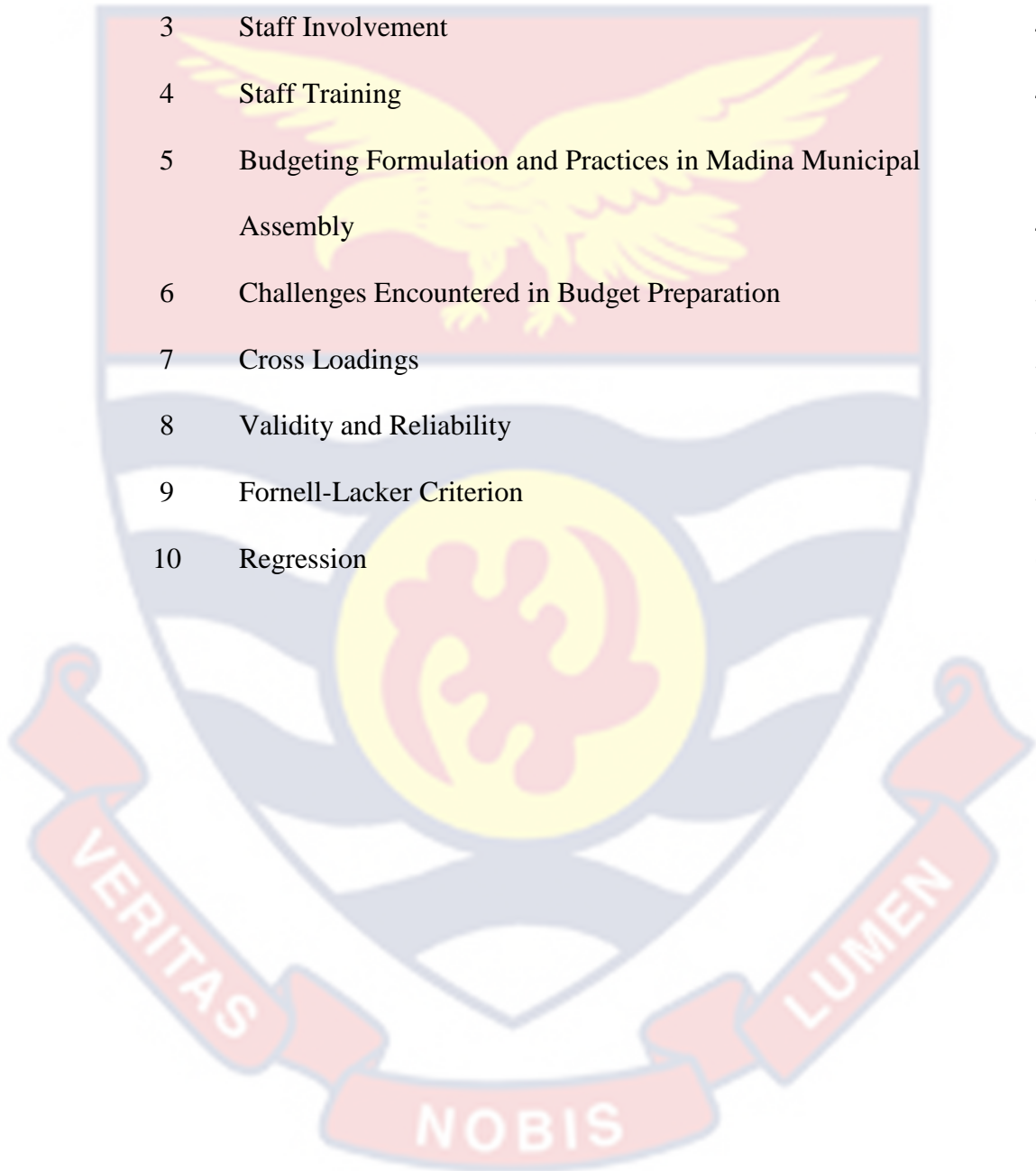
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CHAPTER ONE

INTRODUCTION

Effective budgeting practices and their subsequent performance assessment are vital components for the efficient management of resources within any governmental entity. In the context of local governance, such as the Madina Municipal Assembly in Ghana, the assessment of budgeting practices and their alignment with organizational goals holds particular significance. The Madina Municipal Assembly, located in the Greater Accra Region of Ghana, serves as an administrative hub for the Madina Municipality, tasked with the responsibility of delivering essential services and fostering development within its jurisdiction. This study endeavors to delve into the assessment of budgeting practices and performance within the Madina Municipal Assembly, aiming to provide insights into the efficacy of fiscal planning and resource allocation strategies employed by the local governing body. By scrutinizing the budgeting processes, allocation mechanisms, expenditure patterns, and the resultant outcomes, this research seeks to evaluate the effectiveness and efficiency of budget utilization in achieving the Assembly's developmental objectives.

Background of the Study

Archibald et al. (2020) over the course of the previous twenty years, the word "budgets" was the one that was most commonly used by managers in their everyday conversations. The creation of a budget is a course of action that is frequently preferred by management and staff members in a variety of different sectors of institutions. It has been noted that management at various levels within both the public and private sectors frequently uses the term

"budget" as a defence or justification when they are confronted with conflict or criticism over their decisions. This is the case in both public and private sectors. It has been observed that phrases such as "the budget does not permit" or "it is not in the approved budget" are regularly used due to considerations of budget compliance (Frederick, 2010). This is something that is frequently seen. According to Abdallah et al. (2021), budgets are a numerical representation of a recommended course of action that is formulated by management for a set duration. Budgets serve as a tool to enable the coordination of necessary actions for the execution of a plan. A comprehensive framework that an organisation must adhere to throughout a prospective period is provided by budgets, which include both financial and non-financial aspects of a strategic plan. Budgets fulfil the function of a comprehensive framework.

The utilisation of this tool is absolutely necessary for the purpose of ensuring the effective operation of any organisation. The allocation of resources and the incurring of expenses are both important in order to function effectively and deliver service of a high quality. In its capacity as a managerial instrument, the budget assists to facilitate the completion of a number of different work duties. It performs the function of a planning mechanism for various sources of revenue, which enables an administration to effectively distribute resources. In addition, the budget serves as a control tool, prohibiting excessive spending and ensuring that financial discipline is maintained. Additionally, it functions as a framework for the management and coordination of the activities of the various entities that are contained inside an institution of higher learning. In addition, the budget functions as a vehicle of

communication, providing a summary of the actions that are intended to be carried out by the various units and communicating this information to all of the stakeholders who are engaged.

Furthermore, this method entails the strategic allocation of limited resources to activities that are believed to be of the utmost importance by the authorities of the institution, while at the same time restricting resources to sectors that are deemed to be less vital (Xin, Koliada, & Muzychenko, 2021). According to Prinja et al. (2021), budgets are essentially prospective in character because they serve as benchmarks for the purpose of creating comparisons for the purpose of future planning. Rather than being an objective in and of itself, budgets are a means to an end, which is to achieve a particular outcome that is desired. For the purpose of evaluating an individual's performance at the end of a budgetary period, the scope of responsibility corresponds to the specific domain that the individual is responsible for. Because of this, it is necessary to develop budgets in conjunction with persons who are accountable for achieving the monetary goals specified in the budget. Obtaining budget estimates from users is primarily motivated by the restricted availability of comprehensive information, time, and specialised experience among higher-ranking authorities, which makes it difficult for them to independently construct plans. There is only one point of alignment between private and public entities, and that is the convergence of the budgetary process.

Due to the fact that public entities are required to provide precise estimates for the implementation of particular programmes or developmental initiatives based on economic data, the effective execution of budgets has

arisen as a significant challenge for a great number of institutions (Arosio et al., 2022). During the process of developing budget proposals, it is possible that certain requirements will not be anticipated, or that the predicted expenses will undergo significant modifications. In order to uncover any mistakes or omissions in the distribution of funds within the budget, it is required to conduct budget reviews. It is vital to maintain a regular evaluation of the implementation of the budget in order to guarantee the efficient execution of programmes and to identify any variations in the financial situation. Users encountered a number of difficulties, one of which was the absence of a budget review once the budget was approved. In accordance with the findings of Papkovsky and Zhdanov (2021), it is of the utmost importance that the process of budgeting be carried out in an effective manner. This includes the provision of competent administration during the stages of original planning, final approval, and subsequent monitoring with regard to execution. Pre-implementation, budget period, and post-implementation are the three separate stages that can be distinguished from one another in the process of budget preparation, which can be accomplished using a variety of approaches.

For organisations to operate efficiently, it is essential that they make responsible use of the resources they have available to them financially. As a consequence of this, the government sector strives to ensure the efficient administration of resources in order to encourage the prudent utilisation of such resources. According to the World Bank (2011), it emphasised the significance of ensuring the competent and productive management of money in developing nations. This was stated in the report. In addition, it emphasised the significance of creating an environment that is suitable to the participation

of the private sector, investments in infrastructure, agriculture, energy, and other industries that are associated with the exploration and exploitation of oil and gas by developing countries. According to Jordan (2013), having an understanding of public financial management is of the utmost importance because it plays a key role in the overall growth of a nation. This is especially true in the context of the United States.

It is essential to build and implement a robust budgeting practice system as a core component of financial management procedures in order to successfully administer resources, both financial and non-financial, according to the findings of Williams et al. (2019). This is the case because it is necessary to establish and execute a budgeting practice system. The idea of budgeting is widely acknowledged as a fundamental pillar of efficient public administration, and it is also considered to be an essential component of public financial management. According to Scott and Enu-Kwesi (2021) and Kyei (2015), it is suggested that the utilisation of budget and budgetary control measures has been crucial in encouraging the efficient and effective allocation of public resources. This point of view is supported by the fact that these measures have been utilised. In order to expand and regulate the public sector, governments frequently adopt procedures that are associated with budgetary restrictions.

Furthermore, according to Saputro, Firmansyah, and Meirinaldi (2022), budgetary controls serve as a means of internal controls and establish the foundation for the efficient and effective allocation of resources. This is a practice that is implemented by both national and international organisations simultaneously. It is generally accepted that budgeting is the process of

determining the value of one's income and expenses, which involves the formulation of a plan and the expression of that plan in monetary units. According to Alsharqawi et al. (2021), Anggadini, Wulansari, and Damayanti (2021), and Mauro, Cinquini, and Grossi (2020), it functions as a mechanism for the allocation of resources within the context of organisational institutions.

On the other hand, when it comes to concerns concerning the budget, the execution of budgetary control techniques is absolutely necessary for the effective allocation of resources. As a result of the absence of solid budgetary control systems, it has been observed that a considerable quantity of Ghanaian currency was not appropriately accounted for. This is according to reports that have been obtained from the office of the Auditor General. Within the Madina Municipal Assembly, which is a district in Ghana, the purpose of this study is to examine the budget as well as the procedures that are used to control the budget.

Statement of the Problem

According to Mohamed and Tirimba (2015), one of the most important components of administration and governance is the execution of effective budgeting methods and the influence that these strategies have on the overall performance of local government entities. One example of such an entity of this type is the Madina Municipal Assembly in Ghana. When it comes to the distribution of resources, the maintenance of financial accountability, and the accomplishment of development goals, budgets are of the utmost essential importance. According to Kyei (2015), it is of the utmost importance to conduct an evaluation of the budgeting methods and the impact that these

methods have on the operational success of the Madina Municipal Assembly in order to address a variety of critical difficulties concerning the organisation.

According to Mohamed et al. (2015), the Madina Municipal Assembly, like a large number of other local government organisations in Ghana, faces challenges when it comes to effectively distributing resources in order to meet the diverse requirements of its constituents. An increasing number of people are becoming concerned about whether or not the existing budgeting procedures are adequate in meeting the requirements and preferences of the community. This is because it has the potential to lead to the inappropriate distribution of resources and performance that is less than ideal. In order to have successful government, it is essential to have transparency and accountability about the budget. Even though the Madina Municipal Assembly has implemented budgeting techniques, it is still unclear whether or not they have attained the desired degree of transparency and accountability. According to Mensah et al. (2015), the problem at hand is made even more difficult by the possibility that there are no systems in place to ensure financial supervision and accountability, which might possibly get in the way of the efficient distribution of resources.

The implementation of effective budgeting systems is an absolute necessity in the realm of public financial management. This is because it is necessary to facilitate appropriate strategic planning and optimal allocation of financial resources, which will ultimately result in the achievement of service delivery goals (Williams et al., 2019). According to Mujannah et al. (2019), national and international organisations use budgeting controls as a method of internal control and to develop a framework for the efficient and effective

allocation of resources. This is the case regardless of whether the organisation is a national or international one.

It is a common occurrence for the public sector to experience severe misallocation of finances, which ultimately results in inadequate service delivery. According to Williams et al. (2019), one of the most major challenges that organisations in the public sector face is the insufficient management and allocation of financial resources. This is mostly related to the inefficiency of public financial management systems. According to Handayani et al. (2023), the insufficient financial management systems that are present inside organisations that are part of the public sector have made it difficult for these organisations to meet the levels of service quality that they have set for themselves.

In addition, a substantial amount of study has been carried out on the subject of budgeting and budgetary constraints within the public sector, with the intention of improving the efficiency of service delivery. In their respective studies, Williams et al. (2019) and Acquah et al. (2015) focused their attention on the field of healthcare during their research. The 170 District Assemblies that were in operation in the year 2008 served as the focal point of the investigation that was carried out by Scott and Enu-Kwesi (2021). There has not been any research carried out within the Madina Municipal Assembly that precisely studies the procedures of budgeting and budgetary control up until this point in time. Given the nature of the problem that has been recognised, it is imperative that they conduct this research. This study aims to evaluate the budget and budgetary control practices implemented within the Madina Municipal Assembly in Ghana.

Purpose of the Study

The goal of the study is to assess the budgeting practices in Madina Municipal Assembly, Ghana.

Research Objectives

The specific objectives established were to:

1. investigate the budgeting formulation and practices in Madina Municipal Assembly.
2. identify the challenges encountered in the implementation process of budgets.
3. analyse the effect of budgetary practices on performance of Madina Municipal Assembly.

Research Questions

To achieve the set objectives, the following research questions will be addressed. Among them are what are the:

1. How does the Madina Municipal Assembly prepare and apply its annual budgets?
2. What are the challenges encountered in the budgeting implementation process of Madina Municipal Assembly?
3. What is the effect of budgetary practices on performance of Madina Municipal Assembly?

Significance of the Study

The primary objective of every Ghanaian government is to efficiently and effectively manage and allocate scarce resources in order to achieve optimal output. Hence, the outcomes of this research will aid governmental entities, such as the Ministry of Finance, in evaluating the efficacy of the

execution of the Public Financial Management Act 2016 (Act 921). Furthermore, this will assist the Legislative branch of government in implementing the requisite measures to modify the legislation and enhance it in order to rectify the deficiencies of the act. Moreover, the Madina Municipal Assembly in Ghana will demonstrate cognizance of its budget implementation practices and endeavor to enhance areas in which it may be deficient. Furthermore, it will provide valuable insights for a comprehensive comprehension of the subject matter within the existing body of scholarly literature.

Delimitations of the Study

The present study aimed to evaluate the budgeting practices employed by public organizations in the country of Ghana. The research will be carried out within the geographical boundaries of the Madina Municipal Assembly in Ghana. The study undertaken employed a cross-sectional approach, utilizing a descriptive survey design as its methodology.

Limitations of the Study

This study employs a descriptive survey design to evaluate the budgeting practices implemented by local authorities in Ghana. The scope of the research design is restricted to gaining understanding of budgeting performance and practices, specifically focusing on their adoption in local authorities. The study does not aim to investigate a causal relationship between variables. Hence, the results obtained are inconclusive but can serve as a basis for future investigation.

Organization of the Study

The present study is structured into five chapters. Chapter one encompasses various essential components that lay the foundation for the study. These components include the background, statement of the problem, purpose, research objectives, research questions, significance, as well as the delimitations and limitations of the study. Chapter two provides a comprehensive examination of existing scholarly literature, encompassing research works, articles, and papers that pertain to the subject matter being investigated. This review is conducted with a focus on the theoretical, conceptual, and empirical frameworks within which these sources are situated. Chapter three presents the methodology that will be employed for the study. Chapter four of the research report encompasses the presentation and analysis of the study's findings, followed by a comprehensive discussion. Subsequently, chapter five serves the purpose of summarizing the key points, drawing conclusions based on the findings, and offering recommendations for practical application and future research endeavors.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The present section of the dissertation is dedicated to the comprehensive examination of the pertinent literature pertaining to the chosen topic. The chapter has been partitioned into four distinct sections. The initial section provides an overview of the theoretical frameworks that form the foundation of the study. The subsequent section of the research paper delves into an analysis of the underlying concepts. The third section of the paper encompasses an empirical review, wherein the findings of previous researchers pertaining to the subject matter are thoroughly examined and analyzed. The concluding segment pertains to the conceptual framework, which provides a visual depiction of the interconnections among the variables that form the foundation of the study.

Theoretical Review

This section provides an analysis of the theoretical foundations that underlie the study. The study incorporated the utilization of institutional theory and agency theory as theoretical frameworks.

Institutional Theory

On the basis of the hypothesis that DiMaggio and Powell (1983) had initially articulated, Forgarty (1996) developed and expanded upon it in the years that followed. When the concept is taken into consideration, institutions are social constructs that are given resources in order to bring stability and significance to the life of society. This is done in order to fulfil the purpose of trusting institutions with resources. As a result of this, organisations are

obligated to adhere to the standards and belief systems that influence their working environment in order to ensure that they will continue to exist and accomplish the goals that they have set for themselves.

It is possible to trace the origins of the concept of institutional theory back to publications that Meyer and Rowan wrote in 1977 that are considered to be particularly influential. According to the ideas presented in these articles, the significance of symbolic actions and external influences in the development and expansion of organisations is greater than the significance of functional considerations. Furthermore, the aforementioned papers made use of the concepts of bounded rationality, which are of great significance in the field of behavioural theories. In addition to that, they provided a comprehensive list of potential research inquiries that could be conducted. On the other hand, other studies shifted their focus away from the major emphasis placed on behavioural theories of organisation and instead emphasised the impact of environmental factors, such as the transmission of new institutionalised practises within companies. This was done in order to contrast the previous emphasis that was placed on these theories.

There have been certain subfields that have gravitated towards behavioural theory throughout the course of the development of institutional theory. Given that researchers have acknowledged that the institutional context has an effect on the organisational change processes that are investigated by behavioural theory (Bakker & Demerouti, 2017), they have initiated a direct dialogue between various points of view. This is in response to the fact that they have recognised that the institutional context has an impact. Organised within the realm of institutional theory, the study of institutional logics is

becoming an increasingly popular area of scholarship. These logics consist of beliefs and patterns of behaviour that are generally accepted, despite the fact that they may not be accepted in the same manner by every individual (Fernet et al., 2020). Because institutional logics are thought to be the origins of managerial decision-making rules at the organisational level, a connection has been established between research on institutional logics and studies on the behavioural theory of the company and evolutionary theory (Alvesson & Spicer, 2019). This connection has been established as a result of the fact that institutional logics are considered to be the origins of managerial decision-making rules.

Specifically, Van, Zietsma, Dorado, De Bakker, and Marti (2019) The goal of institutional theory is to not only provide an explanation for the commitment that institutions have to scientific establishments, but also to gain an understanding of the various manifestations that these commitments take on. One of the goals of institutional theory is to accomplish this. The primary focus of this conversation is on the notion that policymakers, funders, and other states consider organisational structures that have been constructed in industrialised nations to be indicators of progress in institutional development and, as a consequence, consider them to be worthy of receiving financial assistance. It is generally acknowledged that giving one's full attention to the organisation is an essential function (Osinubi, 2020). This holds true regardless of whether the actions they take have a positive or negative impact on the consequences of those actions, the adoption and perpetuation of particular forms within practices. This is the case regardless of whatever the case may be.

Lenz (2013) made use of the theory that was discussed in his article by the same name, which was titled "Insights into the Budgetary Controls and Practices: A Multi-Method and Multi Perspective Study." According to the findings of the study, a better understanding of the effects that efficient budgetary control and procedures have on the operational dynamics of businesses was provided. The methods of budgeting are considered to be effective when they comply with the requirements of the law and any other laws that are obligatory. With the formation of a distinct professional identity and the observance of professional performance standards, it is envisaged that the efficiency of budgetary control and procedures will be improved, which will result in the exertion of normative influence. According to Cox and McCubbins (2019), there is a correlation between the effectiveness of budgetary methods and the performance of institutions because of the positive association that exists between the two. Additionally, there is a positive correlation between the two of them.

Owodo (2016) utilised institutional theory as a conceptual framework for his investigation into the factors that determine the efficiency of budgetary procedures within public institutions in Ghana. This investigation was conducted within the scope of his research. The significance of this theory lies in the fact that it sheds light on the manner in which management control structures are implemented in order to satisfy a wide range of control and compliance requirements, thereby guaranteeing the observance of appropriate budgetary procedures.

Agency Theory

During the year 1976, Jensen and Meckling put up the idea of the Agency theory. A theoretical framework is proposed by the authors, which postulates that the governance structure of a corporation is dependent on the conflicts of interest that occur among the shareholders, management, and important debt financiers of the organisation. Through the inclusion of a third party that is assigned with the responsibility of monitoring and evaluating the conduct of the agents, the agency elucidates the potential resolution of conflicts of interest that may arise between principals and agents. A significant foundation for clarifying the evolution of budgetary control and procedures is the economic theory of accountability, which comes from the field of economics. According to this theoretical framework, principals, who are referred to as the Government in the context of this study, engage in the appointment of agents, who are government officials and employees, and then delegate a portion of decision-making authority to them. In addition, agents are responsible for ensuring that an appropriate level of accountability is met. When principals entrust their agents with the responsibility of acting in their best interests, Chen et al. (2021) state that principals rely on their agents to protect their best interests.

However, when principals and agents have interests that are not aligned with one another, principals may find themselves in a position where they lack faith in their agents. As a consequence of this, it is of the utmost importance to establish mechanisms such as the recruitment of qualified budgetary officers who are able to effectively supervise the execution of appropriate budgetary practices (Jimenez, 2020). This theory has been utilised

by researchers in order to shed light on the potential resolution of the conflict that emerges between the objectives of the government and the governance of universities (ICA, 2005; Otten & Van Essen, 2015; Kivisto, 2008). The capabilities of the government to rule are improved, and it provides assistance to government departments and faculties in the process of devising plans to achieve their objectives. It is important to note that this theory is relevant to the current investigation because it sheds light on the method in which budgetary controls and practices assist the oversight of agents, specifically top management and staff, within organisations that are part of the public sector.

Conceptual Review

This section elucidates the theoretical foundations that form the basis of the study. The concept of budget, along with the practices and challenges associated with budgeting, were analyzed and elucidated.

Budget

Budgeting is considered the fundamental pillar of the management control process in the majority of institutions. Budgeting can be defined as the process of formulating a budget, as described by Garrison and Noreen (2003). Budgeting plays a pivotal role as a core mechanism of control within accounting control systems. It enhances the efficiency and execution of managerial processes. The budgetary process has been identified as a contributing factor to various aspects of organizational management, including planning, control, communication, and performance evaluation (Weetman, 2006). The implementation of formal planning procedures, prompted by the budget preparation process, fostered departmental engagement in the development of the comprehensive budget.

Budget Planning

According to Ryan (2008), managers at every level encounter the necessity of strategically allocating the resources within their purview. The planning phase involved the identification of objectives to be achieved within the fiscal year, as well as the development of a financial plan (budget) required to accomplish these objectives. The formulation of the budget necessitates careful planning and should be grounded in a synthesis of past financial records and anticipated future financial forecasts. Planning is a strategic process aimed at making present decisions with consideration for their future implications. It serves as a means to connect our current state to our desired future state (Koontz, 1998).

According to Sizer (1989), the inclusion of planning within the budgeting system encompasses three distinct timeframes: long-range planning, strategic planning, and short-term planning. Additionally, Sizer highlights the importance of aligning short-term budgeting with the current business environment, as well as considering the existing human and financial resources within the organization. According to Arora (1995), the process of planning encompasses the identification and subsequent selection of objectives, as well as the determination of appropriate actions to be undertaken in order to accomplish said objectives. Anticipating future events and making necessary arrangements is a practice that establishes a connection to the concept of budgeting. By engaging in strategic planning, an organization can evaluate its progress towards achieving its objectives and goals. The source of this data is derived from the information system.

The concept of sound planning encompasses the identification and establishment of priorities, as well as the utilization of the planning control cycle. Given the multitude of activities that need to be undertaken, it is crucial to prioritize and arrange them in accordance with preference (Urbanek, 2020).

Budgets are established prior to the budget periods, taking into account projected circumstances or conditions. The significant determinations are formulated within the framework of the long-term planning procedure. The entire organization can reap advantages from the practice of budgeting when both the immediate and future outcomes of the budgets are taken into account (Otley, 1987). Nevertheless, the annual budgeting process necessitates the refinement of individuals' plans, as managers are required to generate comprehensive plans for the execution of long-term strategies. The absence of an annual budgeting process may lead managers to neglect future operational planning due to the immediate pressures of day-to-day operating issues (Scott, 1987).

Controlling

Budget control is accomplished by aligning the actual expenses with the predetermined plans. Budgets play a crucial role in facilitating the management and control of activities under the purview of managers. Planning is a managerial process that involves the allocation of internal resources in order to accomplish specific objectives. On the other hand, controls refer to the activities undertaken to coordinate and utilize the allocated resources in order to attain predetermined levels of efficiency. According to Moll (2003), the system provided various control measures, including communication,

authorization of expenses, and performance evaluation. The implementation of a control procedure is crucial in ensuring optimal efficiency.

Coordination

The budget functions as a mechanism by which the activities of various components within an organization can be consolidated and harmonized into a unified plan in the absence of explicit direction. Managers possess the autonomy to exercise individual discretion in making decisions, operating under the belief that their actions align with the organization's best interests. However, it is important to acknowledge that instances may arise where this assumption does not hold true. According to the findings of Haj Kassem and Halilic (2022), the practice of budgeting necessitates managers to critically assess the interdependencies between their own department's activities and those of other departments. This examination enables managers to detect and address conflicts that may arise during the budgeting process.

Communication

In order to facilitate effective dissemination of information regarding the budget process and plans to all departments within the organization, it is imperative to establish and execute appropriate channels of communication (Tripathi, 2019). According to Weetman (2006), this approach would promote the recognition of the significance of the budget by effectively attaining the desired goals. In order for an institution to operate efficiently, it is imperative to establish clear channels of communication to ensure that all individuals are adequately informed of the organization's plans and policies. Hence, it is imperative for institutions to possess a comprehensive comprehension of the role they are anticipated to fulfill in attaining the yearly financial plans.

Decision making

The budget was identified as a crucial instrument for facilitating decision-making within the organization (Edwards et al., 2000). The process of decision-making encompasses various aspects, such as determining the pricing of education and evaluating the costs associated with information in educational institutions. These factors have posed significant challenges in effectively implementing and utilizing this information within educational settings. According to Buckland (2005), the production of reliable information becomes challenging in situations where there are high overhead costs and decision-making is entrusted to academic managers who lack expertise in costing or pricing.

Budget reviews

The budgetary process should not cease upon the establishment of agreed budgets. It is advisable to periodically compare the actual results with the budgeted results. Reviews facilitated the identification of deviations from planned outcomes and enabled management to investigate the underlying causes for such discrepancies. According to Govindarajan (2019), the disparity may be attributed to the initial unrealistic nature of the budget or the presence of actual conditions that deviated from the anticipated ones. The institution is obligated to assess the tangible outcomes and reassess the organization's strategies.

Budget participation

Participative budgeting refers to a managerial process wherein managers are actively engaged and possess the ability to exert influence over the budgetary determination (Shields & Shields, 1998). According to existing

literature, it has been suggested that granting individuals greater responsibility and autonomy can serve as a catalyst for fostering innovation. This is primarily attributed to the understanding that individuals are more likely to be associated with any positive outcomes that may arise from their innovative efforts (Thomas, 2000). According to Covaleski et al. (2003), participative budgeting is a method that facilitates communication and managerial influence in the budgetary process, specifically in determining budgetary targets.

Govindarajan (2019) posits that enhancing the level of individual engagement in the process of budget preparation, as well as utilizing the budget as a managerial tool, can serve as a potent means of motivation by presenting individuals with a stimulating challenge. One significant issue that garnered attention was the potential influence of participative budgeting on various outcome variables, including job performance and employee effort. Lyne (1988) conducted a comprehensive survey encompassing 13 companies in the United Kingdom, with the aim of examining the various aspects pertaining to the utilization of budgetary information by managers. The study specifically investigated the level of involvement exhibited by managers in establishing their budgetary targets, as well as the origins of the pressures exerted upon them to achieve these targets. The study unveiled various functions and applications of budgeting.

The association between participative budgeting and performance may be influenced by the presence of moderating factors. The primary focus of research on participative budgeting has been the examination of budget participation as an independent variable, which is directly linked to dependent variables (Alvesson & Spicer, 2019).

The process of budgeting holds significant importance within the realm of management accounting, as highlighted by Jimenez (2020). It enhanced the efficiency and execution of managerial operations. According to Weetman (2006), it played a role in the facilitation of planning, control, communication, and performance evaluation. The implementation of formal planning procedures was necessitated by the budget preparation process, requiring the active participation of all departments in the formulation of the comprehensive budget. This proposed planning strategy would incentivize departments to align their behavior with established expectations, while also allowing for targeted attention to be directed towards individuals who have not successfully met their objectives (Haj & Halilic, 2022). The allocation of budgetary resources can play a significant role in implementing effective cost control measures, particularly when managers adhere to their approved budgetary limits. The implementation of this approach would enhance the efficiency of activity management by facilitating the strategic planning of departmental tasks and meeting the specific requirements of the department.

Budgeting in public institutions

The conduct of actors within budgetary systems in various countries is influenced by the overall affluence and predictability of the budgetary environment. Wildavsky (1986) provides a comprehensive analysis of the budgetary process in various countries, focusing on two key dimensions. Wealth pertains to variations in Gross National Products (GNP), while predictability denotes the extent of uncertainty that a country encounters regarding the availability of resources for expenditure compared to the demand for expenditure. Budgetary poverty refers to the condition in which an

individual or entity lacks the capacity to generate sufficient resources. On the other hand, budgetary uncertainty refers to the inability to accurately forecast the inflow and outflow of funds in the immediate future (Akelmi & Mihavloya, 2021).

The budgeting process in public institutions typically follows a hierarchical structure, commencing at the subunit level and culminating at the highest level of authority, referred to as the "apex" of the hierarchy. In this context, the apex is represented by the treasury, which may exist either within or outside the organization (Ugoani, 2019). Frequently, a number of intermediate levels exist within the budgetary hierarchy, as noted by Ugoani (2019) and Manyuchi and Sukdeo (2021). Prior to the preparation of estimates by accounting officers, the Treasury would disseminate a circular that provides guidance and instructions on the requisite procedures and guidelines for the preparation of said estimates (Sarary, 2019). The guidelines encompass various elements, including the concept of a ceiling threshold. The ceiling refers to the upper limit imposed on the rate of growth of budgetary expenditures. The institution would formally request the respective department to prepare their budget proposals, which would then be submitted to the finance department for further processing and eventual submission to the budget committee. According to Mkhize et al. (2021), the committee has the authority to make adjustments to the request, either increasing or decreasing it, prior to finalizing the draft for submission to the University management. The budget committee is responsible for reviewing the submitted materials and formulating a preliminary budget. This preliminary budget is then presented to parliament for evaluation prior to its subsequent submission to the Treasury.

Upon receipt of the ministerial estimates, the Treasury undertakes a thorough examination to ensure their adherence to the instructions outlined in the Treasury Circulars that have been issued. Upon completion of the aforementioned task, a meeting is scheduled with the officials from the respective ministries in order to deliberate on their proposed budgetary allocations. After thorough discussion and consensus among the Treasury, the proposals are subsequently printed in preparation for their presentation to parliament (Jimenez, 2020).

Factors Influencing Budgeting Process

The budgetary process should not be considered complete upon the approval of budgets. Regularly, it is necessary to compare the actual results with the budgeted results. This would allow management to identify the items that deviated from the planned course and to investigate the underlying causes for these discrepancies. However, disparities may arise due to the initial unrealistic nature of the budget or the divergence between the actual conditions experienced during the budget year and the originally anticipated conditions (Govindarajan, 2019). Several additional factors that had an impact on the budget were identified. One such factor is the potential for budgets to rapidly become outdated in volatile circumstances. Additionally, the budgeting process itself can be both time-consuming and costly. Furthermore, there is the possibility that staff members may reject the established budget and exhibit dysfunctional behavior in order to hinder the achievement of objectives (Tripathi, 2019).

There may also exist a proclivity to strictly adhere to the budget instead of capitalizing on emerging opportunities, or a tendency to formulate

the budget based on minimal adjustments for factors such as price inflation, rather than developing a pragmatic and attainable financial plan that aligns with the business's objectives (Urbanek, 2020).

Challenges in Budget Implementation

Managers may possess clearly articulated objectives regarding their desired outcomes and the corresponding timelines for their achievement. One potential challenge that individuals may encounter is effectively conveying their thoughts and plans to others in order to achieve their desired objectives (Garrison, 1982). The current situation was further exacerbated by a decrease in the inflation-adjusted allocation of funds from the treasury, insufficient endowment funds, and a restricted level of philanthropic and corporate donations. In Key's seminal work on budgetary theory (1940), the author presented a significant challenge to economists in addressing the fundamental issue of budgeting within the constraints of limited resources. The fundamental elements of budgeting are considered, and a deficiency in determining the allocation of X dollars between activity A and activity B is identified.

Budgeting experts often neglect or provide limited discussion on the purely economic dimensions of public expenditure. The budgetary authorities are faced with a deficit in revenue, which prevents them from fulfilling the financial demands of all spending agencies. Consequently, they are compelled to make decisions regarding the allocation of limited resources among various alternative uses. The author posited that the resolution to this issue could be attained by employing economic theory. Key (1940) posited that a potential resolution could be achieved by enhancing comprehension of the institutional

arrangements and resource allocation decisions, necessitating a meticulous and all-encompassing examination of the budget process.

In practical terms, the most challenging aspect of budget process reform is often the attainment of long-term enhancements in operational efficiency. The Ministry of Finance has been identified as lacking the capability to execute intersectoral reallocations without possessing the capacity to evaluate the relative value of programs. This would entail a dynamic procedure grounded in the evaluation of both spatial and functional effectiveness, as it would be imprudent to allocate resources towards a task of utmost importance if they were not being utilized optimally. This issue has prompted inquiries regarding both recurring programs and public investment programs (Cox & McCubbins, 2019). The evaluation of benefits can be assessed by considering the marginal efficiency and the phenomenon of unit costs increasing with expanded coverage. Additionally, it was necessary to establish protocols that would guarantee thorough and suitable evaluation, selection, and formulation of projects. According to Chen, Wang, and Wang (2021), the establishment of appropriate incentives and institutional arrangements is crucial for achieving operational efficiency in the planning and budget system.

It is imperative to provide management with increased autonomy in the execution of their operational responsibilities. According to Sarwary (2019), the specification of outputs or performance targets in advance for ongoing programmes is of significant importance. This allows for a comparison between actual achievements and targets to be made during the implementation phase. One approach to promote enhanced transparency and

accountability among management is through the dissemination of annual reports that comprehensively document all accomplishments.

The implementation of budgeting and budget reforms necessitated the establishment of novel regulations, protocols, and principles. Over time, the players acquire proficiency in comprehending the rules of the game and acquire the ability to strategically outmaneuver them. The management would develop strategies to safeguard their own interests (Ugoani, 2019). Over time, the adoption of new systems may become customary, and as the commitment to uphold the regulations diminishes, it is probable that they will be discarded. The forward budget in Ghana is structured as a medium-term program review. However, despite its intended coverage of three fiscal years instead of one, it quickly devolved into a customary incremental line-item budgeting approach (David et al., 2019). In order to mitigate this potential consequence, it is imperative to exercise caution and establish mechanisms that enable the custodians of the system to maintain authority and enforce compliance. Generating accurate forecasts of resource availability poses a significant challenge for developing countries.

Economies characterized by a limited revenue base would be dependent on external sources of funding and would face challenges in effectively addressing negative shocks, such as a decline in the terms of trade. The aforementioned factors have the potential to impede the achievement of objectives, diminish the level of responsibility, and undermine the integrity of the budgetary procedure (Sarwary, 2019). The potential for expenditure requirements, revenue shortfalls, or the withdrawal of donor support may compel even the most dedicated government to either deviate from their

commitment to fiscal discipline or reduce planned expenditure projects. This could pose a risk to both the effective allocation of resources and the smooth execution of operations. The absence of adaptability in addressing these threats may compel budgetary decision-makers to employ the conventional approach of implementing uniform reductions (Williams et al., 2019). The implementation of budget cuts and the ongoing operation of a cash budget system have implications for resource allocation in future years. These factors may hinder the attainment of projected budget limits and limit the anticipated advantages associated with the budget approach.

There is growing concern regarding the prevalence of limitations and weaknesses associated with the traditional budgeting process. The primary apprehension is that these shortcomings have the potential to impede and undermine institutional performance. The process exhibits inefficiency and ineffectiveness. Budgets that are prepared in advance may encounter price increases between the period of their preparation and the subsequent utilization or receipt of funds. It is imperative to consider the costs or value associated with expenditures and income when an institution engages in budgeting activities. When allocating funds to the user department, it is important for the budget committee to consider the rise in costs (Thomas, 2000).

The difficulty in executing a budget can be attributed to deficiencies within the institution. The primary concern regarding the implementation of the budget lies not in determining the necessary actions, but rather in devising strategies to establish a sustainable operational framework that can support the reform (Sarwary, 2019). The efficacy of the budgetary process hinges upon

the implementation of institutional frameworks that offer remedial incentives and aid in reconciling competing priorities with fiscal feasibility. The implementation of the budget has posed a significant challenge for institutions due to deficiencies in the planning and budgetary procedures (Hwang et al., 2019).

The lack of accurate forecasting skills has resulted in the formulation of budgets that lack consistent and dependable predictions of macroeconomic performance, as well as an analysis of the budget's implications (Tripathi, 2019). This implies that the initial budget was not formulated based on a thorough and dependable evaluation of the overall available resources. The budget process has faced difficulties in terms of its credibility due to the consistent overestimation of revenue forecasts, resulting in the need for widespread reductions in appropriate estimations (Aucoin & Heintzman, 2000).

According to a study conducted by the Organisation for Economic Cooperation and Development (OECD) in 2007, budgetary control systems in developed countries encounter various challenges. The study revealed that budgets often fail as a result of factors such as the utilization of budgets as a means of exerting pressure, a centralized decision-making process, inadequate job security, and insufficient training for managers. According to McMillan's (2001) findings, it is commonly observed that capital budgeting and expense budgeting are typically regarded as separate processes. For example, companies that engage in capital budgeting rely on assumptions regarding future cash flows that are contingent upon specific advertising and sales

promotion expenditures. Nevertheless, these expenditures are commonly funded through the allocated budget for expenses.

According to Boquist (2008), there is a lack of consistency between the determination of expense requests and capital requests in certain organizations, even when they are initially linked. This inconsistency presents a challenge to budgetary control as the individuals responsible for approving these requests do not necessarily prioritize ensuring alignment between the two budgets.

Empirical Review

This section reviews the empirical reviews studies relating to variables understudied.

Budgeting Formulation and Practices

Kiringai and West (2002) did research on the subject of budget reforms and the medium-term expenditure framework in Kenya for their study. This research was included in their dissertation. For the purpose of this study, a detailed assessment of several budgetary systems was carried out. The study evaluated the virtues of the Medium-Term Expenditure Framework (MTEF) approach, as well as the problems that prevent its continuous implementation within developing nations like Kenya. Based on the findings of the research that was carried out, it was discovered that the planning and budgeting procedure has a number of flaws that have repeatedly contributed to its disappointing performance. These deficiencies include inadequate predictive capabilities, absence of a medium-term outlook, failure to estimate future resource needs, excessive number of budgets, undue political intervention in the budgeting process, segregation of planning and budgeting activities, failure

of Planning groups to incorporate strategic planning considerations into the budget cycle, ineffective expenditure controls at the line item level, recurring incremental budgeting practices particularly for ongoing pro.

The results of the research suggested that the Medium-Term Expenditure Framework (MTEF) displayed significant efficacy when it was completely implemented and accepted as the most effective method. However, the process of allocating resources and putting them into action is flawed for a number of different reasons. To begin, there is a deficiency in the existence of an all-encompassing development strategy that takes into consideration the actual limits that are placed on the nation's resources. In addition, the size of the government is extremely vast, which makes it difficult to effectively manage resources. Furthermore, there has been a failure to attain collective fiscal discipline, which has resulted in the allocation of resources in an inefficient manner. In conclusion, the insufficient quality of public expenditures is a further factor that contributes to the deficiencies in resource allocation and project implementation.

The National Social Security Fund (NSSF) was the subject of an investigation that was carried out by Wamae (2008). The purpose of this investigation was to investigate the numerous difficulties that are linked with budgeting. The purpose of this study was to identify the challenges that were experienced during the process of budgeting, as well as the issues that were met when establishing budgets for the use of the organisation. Additionally, the purpose of the study was to investigate several approaches that may be utilised by organisations in order to effectively handle these difficulties.

According to the findings of Kung et al. (2013), there is a positive association between budget planning and the attention that is placed on budgeting. Both of these factors have a substantial impact on the performance of management and public organisations. The purpose of the study was to determine whether or not there is a connection between performance, budget planning, and budget emphasis within the organisation. The research utilised a Likert scale that was comprised of seven points in order to evaluate the level of planning that was involved in budgeting, the degree of importance that was placed on budgeting, and the overall performance of public organisations. The findings of the research study demonstrated that the process of budgeting has a significant influence on the efficiency of public organisations.

A further investigation into the relationship between corporate budget planning, control, and performance evaluation was carried out by Joshi et al. (2003). The purpose of this study was to evaluate the association between these three factors in the context of Bahrain. In order to collect information regarding budget planning, control, and performance from a sample of forty companies that are listed on the Bahrain Stock Exchange, a questionnaire was utilised. A substantial and favourable association was found between budget planning, budget emphasis, and management performance, according to the conclusions of their research.

Challenges Encountered in the Implementation Process of Budgets

The research that was carried out by Koech (2015) investigated the influence that monitoring and control measures have on the financial performance of publicly traded companies, specifically those in Kenya. An approach known as descriptive research was utilised for the investigation. The

sample method known as stratified sampling was utilised by the researchers. For the goal of this investigation, a total of ten public enterprises were chosen from each particular subgroup that falls under the umbrella of the service ministry. One of the individuals who submitted the response was the person who held the job of the leader of the finance department or a one that was analogous. Because of this, the sample size was comprised of fifty different people. In the course of this research, both primary and secondary sources of information were utilised. For the most part, descriptive analytic methods were utilised in order to summarise the data that was gathered. At the same time that there was a concomitant improvement in financial performance, the data suggested that there was a correlation between an incremental increase in monitoring and control within public firms. Despite the fact that the study made a number of important contributions, it failed to take into consideration the participation of governmental institutions such as governmental ministries, municipal governments, and district governments.

The purpose of the research that Adongo and Jagongo (2013) carried out was to investigate whether or not there is a connection between budgetary controls and the financial performance of certain state enterprises in Kenya. Their research was conducted with the primary purpose of identifying and analysing the key characteristics of budgetary restrictions that are imposed in state-owned enterprises. In addition to this, they intended to explore the human elements that have an effect on budgetary controls, look into the procedural aspects of budgetary control in public organisations, and identify the numerous problems that have an effect on the efficiency of budgetary control. In order to collect data, a descriptive survey approach was utilised to

obtain responses from managers of several state businesses. A total of 138 businesses were considered for participation in the study, but only 14 of them were selected as a representative sample. Following that, a technique known as purposive sampling was utilised in order to choose a total of 42 participants from each firm. These participants included corporate services managers, finance managers, and budget officers. In order to take part in the research project, these particular individuals were selected. A statistically significant and positive association between budgetary control and the financial performance of state enterprises appears to exist, according to the findings, which imply that this correlation exists. Organisations are able to demonstrate their ability to foresee financial milestones by analysing the characteristics of their budgets.

Furthermore, it has been found that the process of budget control is impacted by the influence of human elements on budgetary controls. These human factors include managerial commitment, staff motivation, employee training, competence, and attitude. According to the findings of the research that was carried out by Adongo and Jagongo (2013), the implementation of budgetary control systems had a significant and favourable impact on the financial performance of state enterprises. This influence was noticed through its impact on the organization's investment initiatives, as well as its contributions to the organization's financial goals and the distribution of cash.

A research project was carried out in Nigeria by Abdullahi and colleagues (2015) with the purpose of examining the influence that budget and budgetary management have on the efficiency of public organisations. As part of the research, both primary and secondary sources of information were

utilised. The questionnaire served as the tool for the collection of the primary data, while the study of financial records covering the years 2007 to 2012 was the means by which the secondary data was obtained. The selection of a sample of 278 staff members was accomplished through the use of a technique known as purposive sampling. Finally, the data that was gathered was analysed through the application of regression analysis.

Based on the data, it can be concluded that the administration, the process of defining targets, and the process of budgeting all have a significant impact on the operational efficiency of organisations. According to the findings of the researchers, it is of the utmost importance for the senior management of public institutions to comply with appropriate standards regarding the administration of budgets, the preparation of budgets, and the process of budgeting. When conducting an analysis of performance over a period of time, the authors Abdullahi et al. (2015) stress the significance of concentrating on the impact that the current budget process has had on the performance of previous budget proposals. The management is able to successfully track the growth and/or performance of the organisation in accordance with the goals that were predetermined in the budget thanks to this strategy.

The research that was carried out by Nyongesa and colleagues (2016) investigated the connection between budgetary control and financial performance at public educational institutions that are located in Western Kenya. The objective of their study was to investigate the influence that budgetary control has on the financial performance of public institutions of higher education. The current investigation was conducted out among the

academic institutions that are situated in the counties of Vihiga, Kakamega, Bungoma, and Busia. In this particular study, the individuals who participated as respondents were principals, accountants, bursars, and finance officers. A descriptive survey design was utilised for the research project. The total number of people included in the sample comprised 109. There was a 91.7% response rate for the questionnaire that was sent out. After the data were analysed, they were presented using regression analysis techniques. The analysis was followed by the presentation of the results. The study was successful in achieving a Cronbach's Alpha coefficient of 0.863 for all of the items, which is higher than the recommended threshold of 0.7 that is typically observed in the field of social sciences.

Effect of Budgetary Practices and Performance

With regard to public institutions of higher education, the findings of the research suggested that there was a relationship that was statistically significant between budgetary control and financial performance. This study will be significant for public institutions of higher education because it will provide a platform for the establishment of policies and will also provide guidelines for the management of institutions. Furthermore, it will be of assistance to management in offering a full explanation to the government on the current financial status when it comes to the issue. Furthermore, the insights that are supplied by this study will be beneficial to academicians and researchers. The findings of the study can be utilised by the administration of public institutions of higher education in order to provide information that can be used to inform the establishment of appropriate budgetary strategies and the evaluation of financial performance. In light of the fact that it makes a contribution to the existing body of knowledge concerning budgetary control

and financial performance, the research that was carried out by Nyongesa and colleagues (2016) will be of great use to academics. Despite the significant discoveries that the researchers made, the scope of their study was limited to being conducted within academic institutions.

Olaoye and Ogunmakin (2014) carried out a research project in Nigeria with the purpose of examining the connection between budgetary control and performance in government parastatals, with a particular focus on Osun state. The primary objective of this research was to determine whether or not there is a correlation between the anticipated and actual levels of expenditures and revenues. For this particular study, a total of five parastatals were chosen to serve as the sample, and the primary focus of the investigation was on the budgetary performance of these organisations over the course of five consecutive fiscal years, especially from 2007 to 2011. In order to determine whether or not there is a connection between the two variables, the Pearson Product Moment Correlation coefficient was utilised. According to the findings of the research, there are in fact negative connections between the revenues and expenditures of the businesses that were chosen, and these correlations might be either high or weak. Specifically, the Agricultural Corporation exhibited a weak negative correlation of -0.28, the Broadcasting Corporation showed a strong negative correlation of -0.58, the College of Education displayed a weak negative correlation of -0.41, the Property Development Corporation demonstrated a strong negative correlation of -0.64, and the Water Corporation exhibited a weak negative correlation of -0.33. According to Olaoye and Ogunmakin (2014), the researcher proposed that organisations should consider re-engineering their budgeting process in order

to accurately represent their fiscal capability and serve as a framework for guiding activities and evaluating performance. This was advised by the researcher. However, the scope of the study was limited to institutions that fall under the purview of the government.

A study was carried out by Bendikson and colleagues (2011) with the purpose of determining and contrasting the academic performance of secondary schools in New Zealand. Metrics such as gross productivity, value added, and growth analysis were utilised in order to evaluate the success of secondary schools. Based on the findings of their research, it was discovered that educational institutions located in areas with low and intermediate incomes displayed a greater tendency to improve their academic performance in contrast to schools located in various socioeconomic contexts. The purpose of the research that Sarrico and Rosa (2009) carried out was to evaluate and compare the academic performance of secondary schools in Portugal. The study was carried out in Portugal. The process of evaluating the effectiveness of secondary schools was carried out using the value-added methodology. The findings of the study led the researchers to the conclusion that while evaluating the performance of a school, it is essential to take into consideration variables that go beyond academic performance alone.

Chapter Summary

This chapter examines the theoretical framework that underlies the present research. The conceptual framework employed in this study was elucidated through the lens of previous researchers. The present study conducted an empirical review of previous research conducted by other scholars in order to ascertain the findings related to the topic under investigation.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter provides an overview of the research methods utilized in the study. The key components encompassed in this framework are research design, study area, population, sampling procedure, data collection instrument, data collection method, and data processing and analysis.

Research Design

This study employed a descriptive survey design to evaluate the budgeting practices, formulation, execution, authorization, and accountability issues within the Madina Municipal Assembly in Ghana. According to Nassaji (2015), the primary objective of descriptive research is to elucidate a particular phenomenon and its associated characteristics. Descriptive research is frequently employed as an initial approach to explore and examine a novel or relatively unexplored field of study. The utilization of this approach enables researchers to thoroughly examine a subject matter and formulate hypotheses or research inquiries that warrant additional investigation. The selection of this research design was based on the objective of gaining a deeper understanding of the integration of budgeting practices and policy adoption within public sector organizations, rather than focusing on establishing a causal relationship between variables.

Population

A population refers to a collective of individuals who share common attributes and satisfy specific criteria (Creswell, 2009; McMillan & Schumacher, 2010). The accessible population of the Madina Municipal

Assembly in Ghana included various coordinating units such as the planning unit, budget unit, internal audit unit, finance unit, and procurement units. These individuals were selected due to their possession of the requisite expertise in the areas of budgeting and budgetary control. Table 1 presents the demographic composition of the study population.

Table 1: Population

Unit	Number
Coordinating Office	15
Planning Office	12
Budget Office	10
Internal audit Office	8
Finance Office	5
Procurement Office	15
Total	65

Source: Madina Municipal Assembly, Ghana Staff Directorate (2021)

Sample Size and Sampling Procedure

In their article from 2010, McMillan and Schumacher indicate that the term "sample" is utilised to refer to the group of individuals or participants from which data is collected. Using the sampling table that Krejcie and Morgan (1970) had developed, the researchers were able to ascertain the appropriate sample size for the investigation. This was accomplished by using the table. Having conducted research, Krejcie and Morgan (1970) arrived at the conclusion that a population of 65 required a sample size of 56. This was the conclusion they reached. Based on the findings that they obtained, they came to this conclusion. As a result, the research was carried out with a total of 56 people serving as the sample size. In contrast, the researchers decided to pick the persons who would take part in the study by employing the technique of simple random sampling. This was done in order to meet the requirements

of the study. According to Saunders et al. (2007), the method of simple random sampling involves selecting respondents at random from a pool of potential participants. This is done in order to ensure that the sample is representative of the population. To add insult to injury, the researchers decided to carry out their investigation by employing a sampling strategy, more precisely a plain random sample approach. This method was chosen because it is fair and unbiased, and it ensures that all possible respondents have an equal opportunity to be picked for participation. Furthermore, this method guarantees that all potential respondents will be selected. The decision to go with this approach was primarily motivated by this particular factor.

Data Collection Instrument

The requisite data for subsequent analysis was collected through the utilization of a questionnaire. In comparison to various other methods of primary data collection, the questionnaire demonstrates enhanced efficiency in data collection and offers a greater level of objectivity (Saunders, Lewis & Thornhill, 2007). The questionnaire was further categorized into four distinct sections. The initial section of the survey sought information regarding the backgrounds of the respondents. The subsequent section focused on the formulation and practices of budgeting. The third section aimed to gather insights into the challenges faced by individuals involved in the preparation, execution, authorization, and accountability of budgets during the implementation process. Lastly, the final section aimed to explore the advantages associated with budgeting performance and evaluation. The challenges pertaining to the implementation of budgets in public institutions were derived from Gachithi's (2010) work. The items pertaining to benefits

and budgeting practices were derived from the study conducted by Boama-Secu (2019).

The survey was conducted utilizing an in-house methodology for questionnaire administration. The researcher employs this methodology to conduct visits to the respondents. One benefit of conducting an in-house survey is that it allows respondents to allocate more focused attention to the survey questions (Saunders et al., 2007).

Data Processing and Analysis

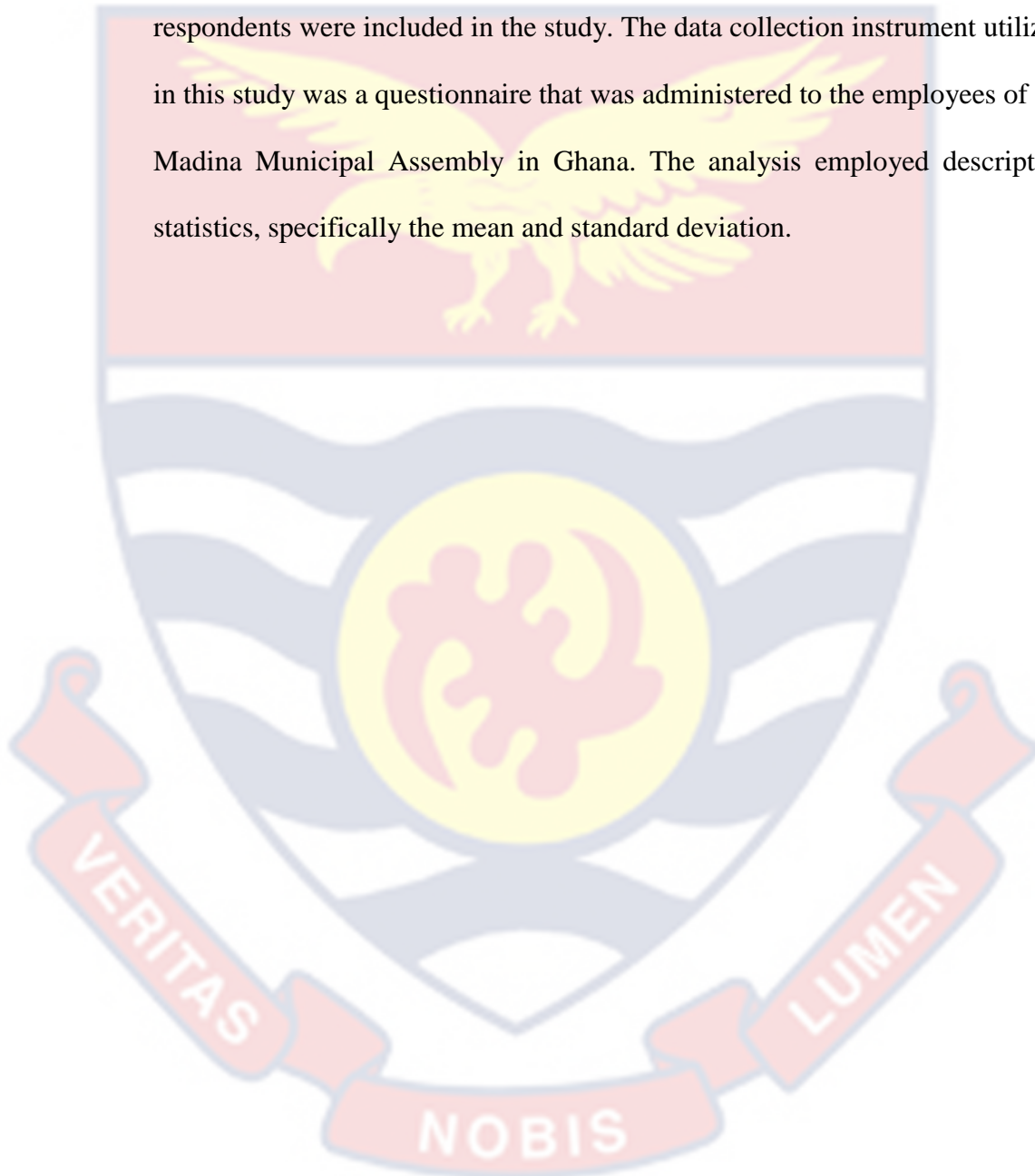
The data obtained through the survey method were adjusted and inputted into IBM SPSS Statistics version 23. Subsequently, the collected data underwent analysis through the application of descriptive statistics. The results were then presented in tabular form, with percentages, frequencies, means, and standard deviation being utilized as the organizing parameters. In order to ascertain the level of analysis, the researchers conducted Pearson's correlation coefficient and regression analysis to examine the association and impact of respondents' background on budgetary control practices.

Ethical Consideration

The researcher ensured that the requisite protocols and procedures were adhered to in order to guarantee the ethical conduct of the study. The Madina Municipal Assembly in Ghana was formally notified through a letter of introduction from the Business unit of the University of Cape Coast (UCC), College of Distance Education regarding the research. The assembly's responses were guaranteed to be treated with utmost confidentiality and anonymity.

Chapter Summary

The chapter provided an elucidation of the research design and methodology employed in the study. The research study employed a descriptive research design and utilized a quantitative approach. A total of 56 respondents were included in the study. The data collection instrument utilized in this study was a questionnaire that was administered to the employees of the Madina Municipal Assembly in Ghana. The analysis employed descriptive statistics, specifically the mean and standard deviation.



CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter focuses on the analysis and interpretation of the results, as well as the subsequent discussion. The chapter commenced with an examination of the demographic attributes of the participants. The analysis and subsequent discussions pertaining to the objectives were conducted. The chapter concluded with a concise recapitulation of its main points.

Response Rate

Sixty questionnaires were issued out. Out of the 60, 56 were returned. This represented 93 percent response rate. 56 respondents were appropriate for the analysis since the model's assumption required a sample size of more than 30.

Demographic Characteristics of Respondents

The study examined the demographic characteristics of the participants. The participants were queried regarding their gender, age, marital status, educational attainment, and length of tenure in the department. The demographic characteristics are presented in Table 2.

Table 2: Demographic Characteristics

Variable	Frequency	Percent
Gender		
Male	36	64.3
Female	20	35.7
Age		
20-30	13	23.2
31-40	24	42.9
41-50	11	19.6
51-60	6	10.7
61+	2	3.6
Marital Status		
Single	17	30.4
Married	8	14.3
Divorced	12	21.4
Other	19	33.9
Educational Qualification		
HND	5	8.9
First Degree	32	57.1
Master's Degree	15	26.8
Others	4	7.1
Total	56	100
Years Spent		
Less than 5	15	26.8
5-10	9	16.1
11-20	10	17.9
20-30	7	12.5
>30	15	26.8
Total	56	100

Source: Field Survey (2023)

From Table 2, Thirty-six of the respondents were males which represented 64.3 percent of the respondents. Twenty of the respondents were females which also represented 35.7 percent of the respondents.

Thirteen of the respondents were between the age of 20 to 30 years. This represented 23.2 percent of the respondents. Twnety-four of the respondents were between the age of 31-40 years. This also represented 42.9 percent of the respondents. ELeven of the respondents were between the age of 41-50 years which represented 19.6 percent. 6 of the respondents were between the age of 51-60 years. This represented 10.7 percent of the

respondents. 2 of the respondents were above 61 years. This also represented 3.6 percent of the respondents.

With respect to marital status, seventeen of the respondents were single. This represented 30.4 percent of the respondents. 8 of the respondents were married. This also represented 14.3 percent of the respondents. Twelve of the respondents were divorced. This also represented 21.4 percent of the respondents.

Five (5) of the respondents were holding HND. This represented 8.9 percent of the respondents. Thirty-two of the respondents were holding First Degree from various universities in Ghana. This also represented 57.1 percent of the respondents. Fifteen of the respondents were holding Master's Degree. This also represented 26.8 percent of the respondents. 4 of the respondents were holding other certificates which represented 7.1 percent of the respondents.

From Table 2, 15 of the respondents had worked at the institution for less than five (5) years. This represented 26.8 percent of the respondents. Nine (9) of the respondents had working experience between five (5) to ten (10) years. This also represented 16.1 percent of the respondents. 10 of the respondents had worked with the organisation for 11 to 20 years. This represented 17.9 percent of the respondents. 7 of the respondents had worked for 20-30 years. This also represented 12.5 percent of the respondents. 15 of the respondents had also worked for more than 30 years. This also represented 26.8 percent of the respondents.

Staff Involvement

Respondents were also asked about their involvement in the budget preparation and evaluation. The result is presented in Table 3.

Table 3: Staff Involvement

	Frequency	Percent
No	4	7.1
Yes	52	92.9
Total	56	100

Source: Field Survey (2023)

From Table 3, it can be shown that 93 percent of the staff involved in the study were directly involved in the budget preparation, budget implementation and budget evaluation. 7 percent of the respondents had no direct role in budget preparation.

Staff Training

Staffs were also asked whether they were trained in the budget preparation and budget implementation. The result is presented in the Table 4.

Table 4: Staff Training

Staff Training	Frequency	Percent
Yes	36	64.29
No	20	35.71
Total	56	100

Source: Field Survey (2023)

From the Table 4, 36 of the respondents partake in the training organized by the district. This represented 64.29 percent of the respondents. 20 of the respondents do not partake in the training organized by the district. This also represented 35.71 percent of the respondents.

Budgeting Formulation and Practices in Madina Municipal Assembly

The first objective of the study was to analyse the budgeting formulation and practices in Madina Municipal. The descriptive statistics was used to analyse the objectives of the study. The result is presented in Table 5.

Table 5: Budgeting Formulation and Practices in Madina Municipal Assembly

Item	Std.	
	Mean	Deviation
The department prepares the budget with checklists.	2.95	1.182
The preparers provide narrative notes to explain budget assumptions to the board.	2.86	1.299
The preparers select the best budget input process in the budget preparation.	2.79	1.261
The preparers complete year-to-date (YTD) Analysis and Forecasting.	2.73	1.183
The department plan carefully in times of uncertainty.	2.63	1.434
The department confirms the budget's relationship to the mission and long range/strategic goals.	2.59	1.411
The department practices income-based budgeting	2.55	.971
The department analyses the revenue concentrations	2.41	.968

Source: Field Survey (2023)

From the Table 5, preparation of budget with checklists was the practices with the highest average. This recorded an average of 2.95 with a corresponding standard deviation of 1.182. These Checklists enables the budget preparers to determine what to be added to the budget and what should not be added to the budget list. This would serve as a guide. Moreover, the checklist would give the preparers an idea of what was not utilized in the previous year's budget.

Provision of narrative notes to explain budget assumptions to the board was the next practice with a higher average. This recorded an average of 2.86

with a corresponding standard deviation of 1.299. The narratives would explain why items were added to the budget. This would give justification to the stakeholders of the budget which would enhance their understanding about the items added to the budget.

Selection of the best budget input process in the budget preparation was the next practice with the highest average. This recorded an average of 2.79 with a corresponding standard deviation of 1.261. Having a justification for why an item should be added to the budget estimates can improve on the budgeting preparation process. The right items can be selected by choosing the right budget input process. This is what Madina Municipal Assembly does frequently. Kunnathuvalappil (2020) stated that items to be added to every budget must be analysed. This can be done through budget input process in the budget preparation.

The use of complete year-to-date (YTD) analysis and forecasting was the next budgeting practice with a higher average. This recorded an average of 2.73 with a corresponding standard deviation of 1.183. The Year-to-Date (YTD) Budget Report option shows expenses relative to revenue and expense accounts (for which budgets were defined) for the period selected and year-to-date. It allows the preparers to compare the prior year-to-date, the current period, the current year-to-date and annual budget (or year-to-date) amounts. This ensures proper efficiency budget estimates.

Carefully analyzing and planning during uncertainty period was the next item with the highest average. This recorded an average of 2.63 with a corresponding standard deviation of 1.434. Considering uncertainties during budgeting periods has significant effect on the budget estimates. During

implementation, occurrence of unplanned activity would affect the estimates made since the preparers would have to prepare a supplementary estimate. This affects the significance of the budget estimates. Planning for uncertainties and making estimates for it would enable the institution to deliver its activities based on the estimates provided.

Confirmation of budget's relationship to the mission and long range/strategic goals was the next practices with the higher average. This recorded an average of 2.59 with a corresponding standard deviation of 1.411. Every budget estimate must be prepared in line with the strategies and mission of the institution. The strategic plan lays out the direction and goals of the business and guidelines for actions to achieve those goals, while the budget looks at the money needed to support achieving those goals. Budgeting is only one part of the strategic planning process. Vuong (2020) posited that the best practice in budgeting is by linking the relationship of budget with strategies.

Practicing income-based budgeting was the next practice with a higher average. It recorded an average of 2.55 with a corresponding standard deviation of 0.971. Income Budget represents the revenue one projects to receive over the course of the fiscal year, and it is compared to the Income Actuals to track progress. The income budget also serves as the source to support your expenditure budget. Doing this would enable the institution to work on the gap between their actuals and their budgeted values.

Analysis of the revenue concentrations was the variable with the least average. This recorded an average of 2.41 with a corresponding standard deviation of 0.968. Revenue concentration is when the institution channels their energy on raising enough revenue than concentrating on how to minimize

their expenses. This is a good practice but failure to consider the expenses aspect would render the practice ineffective.

Challenges Encountered in the Implementation Process of Budgets

The second objective of the study is to analyse the challenges encountered in budget preparations among staffs of Madina Municipal Assembly. The objective was achieved by using the descriptive statistics. The mean and standard deviation was used. With this, the variable that loaded strongest average was considered as the one with higher challenge. The result is presented in Table 6.

Table 6: Challenges Encountered in Budget Preparation

Items	Mean	Std. Deviation
The method used to allocate funds to user department is unsatisfactory	3.36	1.420
Institutional weakness could hinder effective budget implementation	3.34	1.456
New reforms in budgeting guidelines keep on changing and come with new set of rules which take time to learn and can be a challenge to budget implementation.	3.32	1.177
The budget process is routine and lack meaning	3.29	1.140
There may be tendency by user department to adhere to budget just to comply to institution requirement	3.21	1.317
In some period, budget include unattainable targets or standards	3.21	1.246
Inability of user department to utilize the allocated funds hinders effective implementation of budget	3.11	1.275
Budget variances hinder effective budget implementation	3.11	1.123
Insufficient funds allocated to department affect budget implementation.	3.05	1.271
The budget process is time consuming and expensive and may become volatile before implementation	3.04	1.452
The budget contain uncertainty which hinders effective implementation	2.89	1.358

Source: Field Survey (2023)

In order to achieve the objective two, respondents were asked to identify some of the challenges they encounter in budget preparation and budget implementation. Table 6 represents the results on challenges of budget preparation and implementations.

The method of allocating funds to user department was unsatisfactory. This happened to be the first challenge affecting the institution. This recorded an average of 3.36 with a corresponding standard deviation of 1.420. The approach to funds allocation was one of the challenges that preparers of the budget were going. The right approach was not used. This could end up higher either higher estimates or lower estimates which destroys the significance of the budget.

The second challenge was the weakness of the institutions which affects effective budget implementation. This recorded an average of 3.34 with a standard deviation of 1.456. Proper and effective working process depends on the institutions put down to ensure the smooth operations. However, with respect to Madina Municipal Assembly, the institutions established to ensure proper and efficient preparation and implementation of budget are not working. Things are left unattended to which affects the whole budgetary process.

Constant change in budgeting guidelines and set of rules which takes time to learn was the next challenge affecting the institution. This recorded an average of 3.32 with a corresponding standard deviation of 1.177. Constant change in budgeting guidelines means that budget preparers would have to unlearn what they have learnt few months ago to learn something new. Studying the new guidelines takes a significant time and cost which has

implication on the whole budgeting process. This was confirmed by Sharma and Frost (2020) who posited that changes in budgeting process have significant challenge on institutions.

Another challenge is the routine nature of budget which lacks meaning. This recorded an average 3.29 with a corresponding standard deviation 1.140. Budget preparation is routine in nature. Routine activities lack creativity. This affects the whole budget process. The respondents showed that the routine nature of the budgeting makes the actual understanding of the budget difficult.

Tendency by user department to adhere to budget just to comply to institution requirement. This recorded an average of 3.21 with a standard deviation 1.317. One of the key challenges affecting the district is lack of support from the department. This sometimes creates delays in budget preparation since departmental heads do not support the preparation of the budget.

Budget unattainable targets or standards was the next challenge affecting the Madina Municipal Assembly. This recorded an average of 3.21 with a standard deviation of 1.246. The district usually set goals that are not attainable. This demoralize the budget preparers when they are not able to achieve the target. The targets they set are unrealistic and unattainable which creates stress and pressure on the budget users of the department.

Inability of user department to utilize the allocated funds was the next challenge with a higher average. This recorded a mean of 3.11 with standard deviation 1.275. This is one of the significant challenges affecting the Madina Municipal Assembly. Users of department are not able to utilize the allocated funds. Poor planning ends giving higher estimates. These estimates are not

attained by the user department which is one of the challenges affecting budgeting preparation at Madina Municipal Assembly.

Budget variances hindering effective budget implementation was the next challenge affecting budget preparation at Madina Municipal Assembly.

This recorded an average of 3.11 with a corresponding standard deviation of 1.123. An insufficient fund allocated to department affect budget implementation was also the next challenge affecting budget preparation and utilization at the district. This recorded an average of 3.05 with a standard deviation of 1.271. The budget process is time consuming and expensive and may become volatile before implementation was the next challenge with the next highest challenge. This recorded an average of 3.04 with a standard deviation of 1.452. The budget containing uncertainty which hinders effective implementation was the least challenge among then the challenges presented to the respondents. This recorded an average of 2.89 with a standard deviation of 1.358.

Effect of budgetary practices on Performance of Madina Municipal Assembly

The third objective of the study was to analyse the effect of budgetary practices on performance of Madina Municipal Assembly. The structural equation model was employed in analysing the third objective.

Assessment of Measurement Models for the Study

This section primarily focuses on the measurement models utilized in the investigation. The initial step in this section involves assessing the loadings of the indicators. Throughout the evaluation process, various aspects of the measurement model are assessed, including indicator loadings, internal

consistency reliability (also referred to as composite reliability), convergent validity (measured by average variance extracted or AVE), and discriminant validity. These factors are examined in accordance with the Fornell-Lacker and HTMT criteria. To facilitate the assessment of the measurement model, a reliable Partial Least Squares (PLS) algorithm was employed. The results are presented in the tables displayed below.

Assessing Indicator Loadings

The data presented in Table 11 indicates that certain indications have been eliminated. To enhance the overall reliability of the model, we excluded all indicators with loading scores below the recommended threshold of 0.7, as proposed by Hair et al. (2016). Out of the 50 measurement items, 35 exhibited significant scores above the established threshold of 0.7. Conversely, all measurement items falling within the range of individual variables were retained.

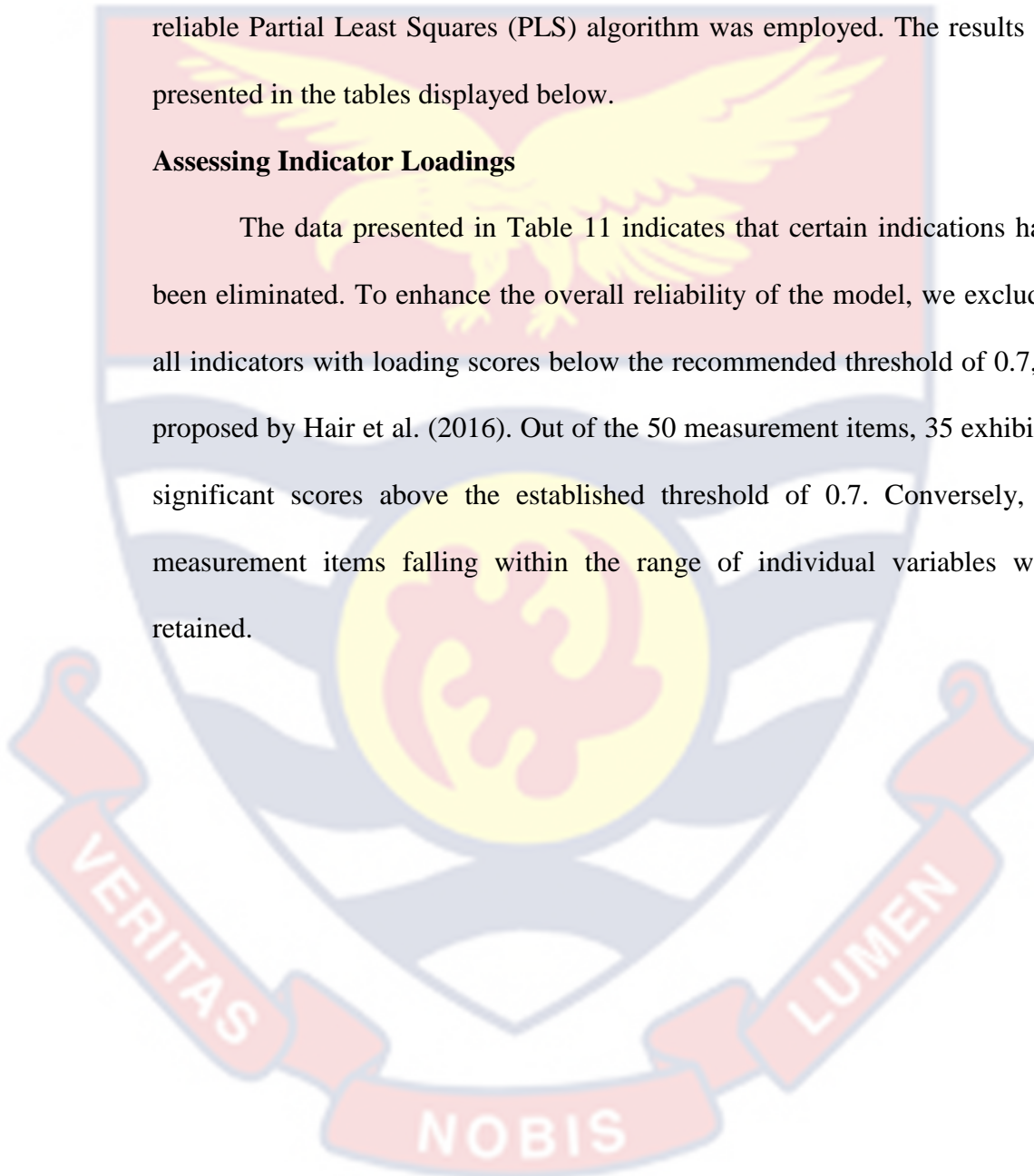


Table 7: Cross Loadings

	Performance	Budgetary Formulation
Perf1	0.806	0.767
Perf10	0.799	0.671
Perf2	0.8	0.766
Perf3	0.841	0.711
Perf4	0.869	0.7
Perf5	0.837	0.646
Perf6	0.875	0.71
Perf7	0.875	0.725
Perf8	0.894	0.754
Perf9	0.742	0.602
Bud1	0.6	0.782
Bud10	0.747	0.853
Bud2	0.575	0.773
Bud3	0.594	0.79
Bud4	0.56	0.827
Bud5	0.61	0.816
Bud6	0.584	0.812
Bud7	0.769	0.783
Bud8	0.761	0.844
Bud9	0.777	0.824

Source: Field Survey (2023)

All the indicators on table loaded 0.7 and above. This indicates that, the items explained each of the constructs appropriately.

Assessing Internal Consistency Reliability

In this specific study, the composite reliability measure was employed to assess the degree of internal consistency and reliability exhibited by the different constructs. According to Rossiter (2002), the composite reliability metric is considered more acceptable than Cronbach's alpha for quantifying internal consistency. Based on the results presented in Table 5, it can be observed that the latent variables examined in this study demonstrate a high level of reliability, as indicated by their loadings, which consistently approach the established criterion of 0.7. The performance exhibited the highest composite reliability measure, which was calculated to be 0.953.

Subsequently, the process of budgetary formulation was undertaken with a coefficient of 0.937. Table 8 presents the results pertaining to the convergence validity.

Table 8: Validity and Reliability

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Performance	0.951	0.953	0.958	0.697
Budgetary Form.	0.934	0.937	0.943	0.625

Source: Field Survey (2023)

According to Cronbach (1951), in order for a data gathering device to be deemed reliable, it is recommended that its Cronbach alpha coefficient be equal to or greater than 70 percent. Based on the data presented in the aforementioned table, it can be observed that the attained levels of reliability surpass the thresholds deemed acceptable by scholars (Cronbach's alphas $>.70$, Average Variance Extracted $>.50$, and composite reliability $>.70$), as posited by Fornell and Larcker (1981). Furthermore, the factor loadings, which exhibited a range of 0.7 to 0.9, indicated a strong degree of convergent validity. The model's constructs have the ability to account for a significant portion of the volatility observed in the model's indicators, explaining more than half of the variance. The assessment of the measurement model's discriminant validity was conducted as a component of the comprehensive evaluation procedure.

Assessing Discriminant Validity

To establish discriminant validity, a construct must exhibit singularity and the ability to reflect phenomena that are not encompassed by any other

constructs within the model (MacKinnon, 2008). This study was conducted to assess the discriminant validity of the HTMT and Fornell-Lacker criterion's findings. The Fornell-Larcker criteria involves assessing the relationship between the square root of the average variance extracted (AVE) values and the correlations of the latent variables (Fornell & Larcker, 1981). In accordance with the findings of Hair et al. (2013), it is imperative that the square root of the mean variance explained for each construct surpasses the maximum correlation it exhibits with any other construct. Based on the results presented in Table 13, it is evident that the correlation between the square root of each variable is significantly stronger compared to its correlations with the other constructs examined in this study. This observation suggests that each construct possesses unique characteristics, and that no two constructions accurately represent the same phenomena in an identical manner.

Table 9: Fornell-Lacker Criterion

	Performance	Budgetary formulations
Performance	0.835	
Budgetary formulations	0.649	0.791

Source: Field Survey (2023)

Assessing Coefficient of Determination and Predictive Relevance

According to Hair et al. (2014), the authors suggest that a coefficient of determination (R^2) value of 0.25, 0.5, or 0.75 in a structural model is considered to have a low, moderate, or large level of significance, respectively. Furthermore, the author stated that predictive relevance (Q^2) values of 0.02, 0.15, and 0.35, along with effect sizes (f^2) of 0.02, 0.15, and 0.35, are classified as "small," "medium," and "large," respectively, within the context of structural models. Based on the data presented in Table 14, it is

possible to draw the following conclusion: The budgetary formulation exhibited a coefficient of determination of 0.72, indicating a moderate level of explanatory power. This implies that the budgetary formulation is responsible for explaining 72 percent of the observed variation in performance. The findings indicate that the model exhibits a moderate degree of predictive validity when applied to the endogenous variable. This analysis is grounded in the evaluation of the model's predictive relevance, which has been determined to be 0.352. This finding suggests that the independent variables possess the ability to produce precise forecasts regarding the dependent variable. The findings from the analysis of effect sizes suggest that each variable has a minimal impact on the endogenous variable.

Table 10: Regression

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Budgetary practices ->					
Performance	0.849	0.856	0.038	22.47	0.00

Source: Field Survey (2023)

From the Table, there was a positive and significant relationship between budgetary formulation and performance [$B=0.849$, $t(324)=22.47$, $p<0.05$]. A unit increase in budgetary formulation would lead to a 0.849 increase in performance. Budgetary practices play a crucial role in influencing the performance of a Municipal Assembly. The budget is a financial plan that outlines the municipality's priorities, allocates resources, and sets the framework for decision-making. The budget reflects the municipality's priorities by allocating resources to different services and programs. The way

resources are distributed among various sectors, such as education, health, infrastructure, and public safety, can significantly impact the overall well-being of the community. Proper budgeting ensures that resources are used efficiently and effectively. Municipalities need to allocate funds based on the needs of the community and the expected outcomes, maximizing the impact of every dollar spent.

The budget should align with the municipality's strategic goals and objectives. When budgetary practices are integrated with strategic planning, it helps ensure that financial resources are directed towards achieving long-term priorities. A well-designed budget allows for flexibility to adapt to changing circumstances. Municipalities need the ability to adjust budgets in response to emerging needs or unexpected events.

Transparent budgetary practices build public trust. When citizens understand how their tax dollars are being spent and can participate in the budgeting process, it enhances accountability and fosters a sense of community ownership. Effective budgeting includes mechanisms to track and evaluate spending. Regular audits and reporting mechanisms help ensure that funds are used as intended and discourage mismanagement or corruption.

Involving the community in the budgeting process enhances the legitimacy of decisions. Municipalities that engage with citizens to gather input on budget priorities are more likely to address the actual needs of the community. Budgetary practices that consider the social impact of spending can lead to improved outcomes for marginalized or vulnerable populations. For instance, allocating funds to social programs may positively influence the overall quality of life in the community.

Prudent budgeting includes considerations for long-term financial stability. Responsible debt management and monitoring of financial health are essential to avoid fiscal crises that could undermine the municipality's ability to provide services. Effective budgeting involves not only spending but also revenue generation. Diversifying revenue sources and ensuring a sustainable financial model contribute to the municipality's ability to maintain and enhance services over time.

The findings correspond with Goswami (2020) and Abdullahi et al., (2023). They found that, there was a positive and significant relationship between budgetary practices and performance.

Chapter Summary

The chapter analysed and discussed the objectives of the study. The study used the descriptive statistics to analyse the objectives of the study. Tables and graph were used to represent the results. The chapter analysed the demographic characteristics of the respondents.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This happens to be the study's final chapter. The summary of the findings, conclusions and policy implications and recommendations are discussed in this chapter. For further study, the chapter also includes suggestions.

Summary of the Study

The research studied on the assessment of budgeting practices in Madina Municipal Assembly of Ghana. The three objectives were established in order to achieve the purpose of the study. Objective one was to examine the budgeting formulation and practices in Madina Municipal Assembly. Objective two was to ascertain the challenges encountered by budgeting performance and evaluation in Madina Municipal Assembly. The third objective of the study was to analyse the effect of budgetary practices on performance of Madina Municipal Assembly.

The study was centered on agency theory and institutional theory. The study employed the descriptive research design since the study tested the assessed an existing phenomenon. The data collection instruments were questionnaire. The study employed the quantitative research approach. The simple random sampling technique was used in selecting a respondent of 56. Descriptive Analysis was also used to analyse the objectives of the study.

Summary of Key Findings

With respect to the first objective of the study, the descriptive statistics was used to achieve it. Mean and standard deviation of the various variables

were computed. The results showed that, preparation of budget with checklists was the practices with the highest average. Provision of narrative notes to explain budget assumptions to the board was the next practice with a higher average. Selection of the best budget input process in the budget preparation was the next practice with the highest average.

The use of complete year-to-date (YTD) analysis and forecasting was the next budgeting practice with a higher average. Carefully analyzing and planning during uncertainty period was the next item with the highest average. Confirmation of budget's relationship to the mission and long range/strategic goals was the next practices with the higher average. Practicing income-based budgeting was the next practice with a higher average. Analysis of the revenue concentrations was the variable with the least average.

The second objective of the study was to ascertain the challenges by budget preparers in the implementation process the results showed that, the method of allocating funds to user department was unsatisfactory. The second challenge was the weakness of the institutions which affects effective budget implementation. Constant change in budgeting guidelines and set of rules which takes time to learn was the next challenge affecting the institution. Another challenge is the routine nature of budget which lacks meaning. Tendency by user department to adhere to budget just to comply to institution requirement.

Budget unattainable targets or standards were the next challenge affecting the Madina Municipal Assembly. Inability of user department to utilize the allocated funds was the next challenge with a higher average. Budget variances hindering effective budget implementation was the next

challenge affecting budget preparation at Madina Municipal Assembly. An insufficient fund allocated to department affect budget implementation was also the next challenge affecting budget preparation and utilization at the district. The budget process is time consuming and expensive and may become volatile before implementation was the next challenge with the next highest challenge. The budget containing uncertainty which hinders effective implementation was the least challenge among then the challenges presented to the respondents.

With the third and final objective, study found that there was a positive and significant relationship between budgetary practices and performance of Madina Municipal Assembly.

Conclusions

Based on the findings, the following conclusions were made;

On objective one, the study concludes that, preparation of budget with a checklist was one of the key practices of Madina Municipal Assembly. Also, they used narration notes to explain some of the budget assumptions.

On objective two, the study concludes that, the allocation of funds is unsatisfactory at the district. Also, the institutional factors are weak which makes budget implementation and evaluation difficult.

With respect to the final objective, the study concluded that Madina Municipal Assembly uses the budgeting to develop their tactical strategies. They also use budget to control their expenses and their revenue.

Recommendations

The study recommends the following;

- The sensitisation of management and employees of the Madina Municipal Assembly to remind them of the importance of budgetary controls in enhancing the financial well-being of institution. Furthermore, the study recommends that staff should be trained on other budgetary control techniques, such as participatory budgeting, to enhance business decision making and improve efficiency and productivity.
- Madina Municipal Assembly must put in measures to curb challenges in budget implementation. There is need for procedures and guidelines in the allocation of funds and operational implementation policies. For successful implementation of the budget, it requires the institution to train its staff on the process involved in budget preparation and key factors they should take into account when making proposals. A budget process that is well understood proves to be practical and will be good for planning hence reduce resistance in budget implementation.
- A detailed action plan needs to be identified and the programmes to be undertaken in the training. One format should be adopted which should be circulated to functional managers who are in charge of departmental operation.

Suggestions for Further Research

This study focused on investigating the budget preparation and implementation practices of Madina Municipal Assembly. A similar study

should be undertaken focusing on other related institution. The respondent should be broadened to include not only middle manager but top-level manager of the institution.



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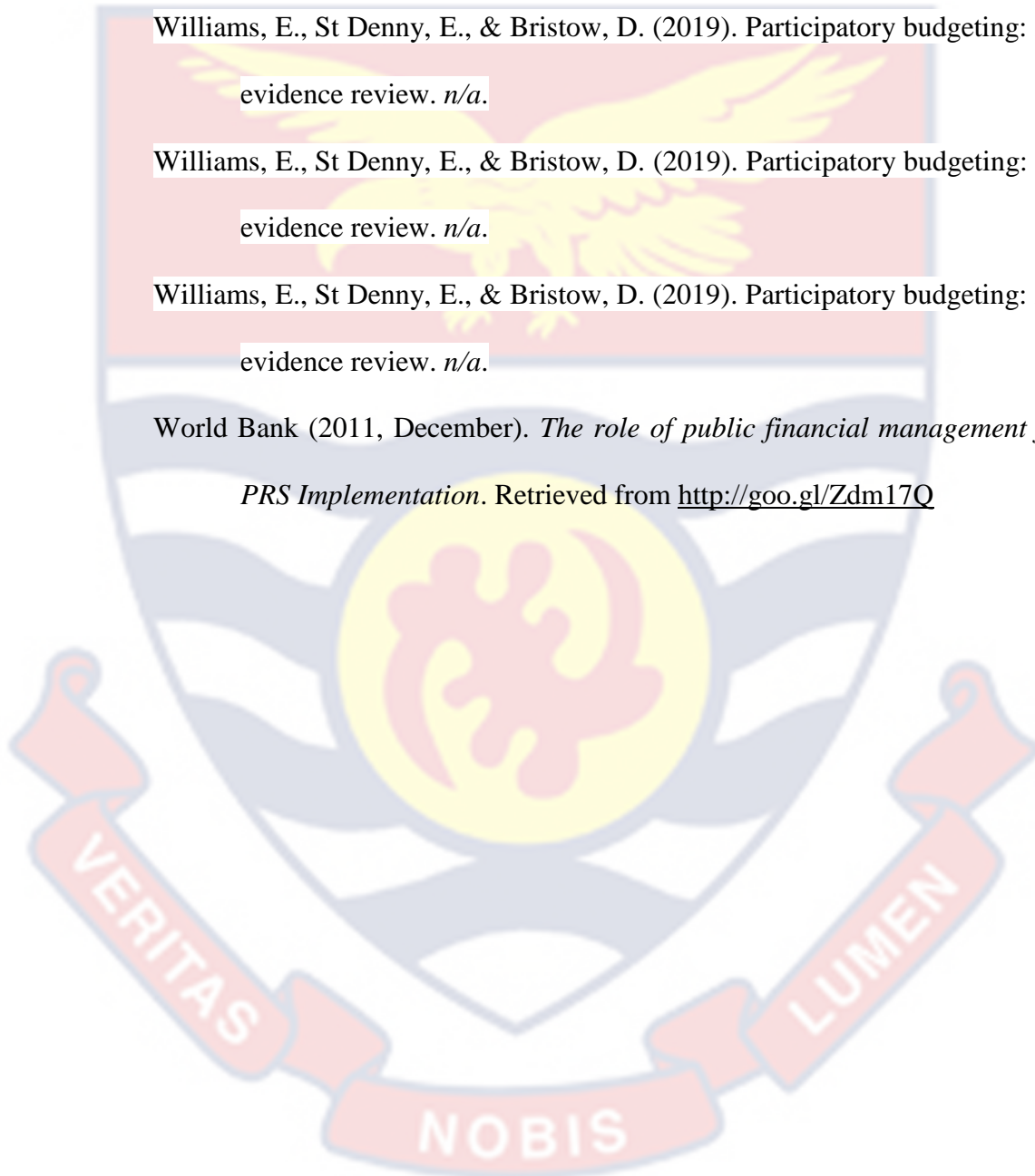
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APPENDIX
QUESTIONNAIRE

UNIVERSITY OF CAPE COAST
DEPARTMENT OF ACCOUNTING

Dear Respondent,

I am an MBA (Accounting) student conducting a survey as part of my research dissertation on the topic: "Assessment of Budgeting Practices in Madina Municipal Assembly, Ghana of Ghana". You are kindly requested to read through the items and respond to them as frankly and objectively as possible. Your responses will be treated confidentially and be used solely for academic purpose. Do not write your name on the questionnaire since you will not be identified with the results.

Thank you.

SECTION A: DEMOGRAPHIC CHARACTERISTICS

Kindly tick the category you fall.

1. Gender: Male Female
2. Age 20 – 30 31 – 40 41 – 50 51 – 60 61 +
3. Marital Status Single Married Divorced
4. Highest level of education:
 HND First Degree Master's Degree HND other (please specify)
5. How many years have you spent in this Department?
 < 5 5 – 10 11 – 20 20 – 30 > 30
6. Have you ever been involved in the preparation of Annual budget? Yes
 No
7. If your answer in Q7 is yes, have you had training on preparation of budget?
 Yes No

**SECTION B: ASSESSMENT OF BUDGETING PRACTICES OF
MADINA MUNICIPAL ASSEMBLY, GHANA**

With regards to budgeting practices of Madina Municipal Assembly, Ghana, I entreat you to tick [] the appropriate box indicating the extent to which you agree or disagree with the following statements using the scale: [1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree]

		1	2	3	4	5
1	The department practices income-based budgeting					
2	The department analyses the revenue concentrations					
3	The department confirms the budget's relationship to the mission and long range/strategic goals.					
4	The preparers provide narrative notes to explain budget assumptions to the board.					
5	The department prepares the budget with checklists.					
6	The preparers complete year-to-date (YTD) Analysis and Forecasting.					
7	The preparers select the best budget input process in the budget preparation.					
8.	The department plan carefully in times of uncertainty.					

SECTION C: CHALLENGES ENCOUNTERED BY PREPARERS, EXECUTORS, AUTHORIZERS OF BUDGET ACCOUNTABILITY IN THE IMPLEMENTATION PROCESS IN MADINA MUNICIPAL ASSEMBLY, GHANA

I entreat you to tick [] the appropriate box indicating the extent to which you agree or disagree with the following statements using the scale: [1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree]

		1	2	3	4	5
1	Budget variances hinder effective budget implementation					
2	In some period budget include unattainable targets or standards					
3	The budget contain uncertainty which hinders effective implementation					
4	Insufficient funds allocated to department affect budget implementation					
5	Inability of user department to utilize the allocated funds hinders effective implementation of budget					
6	Institutional weakness could hinder effective budget implementation					
7	The budget process is routine and lack meaning					
8.	The method used to allocate funds to user department is unsatisfactory					
9.	The budget process is time consuming and expensive and may become volatile before implementation					
10.	There may be tendency by user department to adhere to budget just to comply to institution requirement					
11.	New reforms in budgeting guidelines keep on changing and come with new set of rules which take time to learn and can be a challenge to budget implementation					

SECTION C: PERFORMANCE OF MADINA MUNICIPAL ASSEMBLY

I entreat you to tick [√] the appropriate box indicating the extent to which you agree or disagree with the following statements using the scale:

[1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree]

		1	2	3	4	5
1	The Madina Municipal Assembly effectively communicates its initiatives and activities to the residents.					
2	The Madina Municipal Assembly has contributed to significant improvements in local infrastructure (roads, utilities, etc.).					
3	I feel that the Madina Municipal Assembly actively engages with the community in decision-making processes.					
4	The Madina Municipal Assembly efficiently delivers essential services to residents.					
5	I believe that the Madina Municipal Assembly operates transparently, providing clear information about its activities and decisions.					
7	The Madina Municipal Assembly promptly addresses and resolves community concerns and complaints.					
8	I perceive the Madina Municipal Assembly as actively working towards environmental sustainability and conservation.					
9	The Madina Municipal Assembly efficiently allocates resources to meet the needs of the community.					
10	The Madina Municipal Assembly collaborates effectively with various stakeholders, including businesses and community organizations.					

Thank you