

**THE IMPACT OF BUDGETING ON ORGANISATION PERFORMANCE
A CASE STUDY OF JUBA CITY COUNCIL
SOUTH SUDAN**

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DECLARATION

I **NOON .J. DENG** declared that this dissertation is my original work and has never been submitted to any Academic Institution for any academic award.

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APPROVAL

This is to certify that this report of **NOON .J. DENG** has been carried out under my supervision. It is now ready for submission to Kampala International University College of economics and management sciences for the award of a degree of Bachelor of Business Administration, with my due approval.

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Sign:

Date:

DEDICATION

This work is effectively dedicated to my beloved parents, Mr. Noon Akok Akok and Mrs. Aluk Piol Tong and my brothers; Akok Noon Akok, Malek Noon Akok and my beloved wife Achiec Tong Ngor and all my sisters and sisters in laws. God bless you all for you have been there in all my hardships.

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Thank you so much and let the good Lord God reward you for your support.

ABBREVIATIONS AND ACRONYMS

BP	-	Business Performance
JCC	-	Juba City Council
i.e.	-	That is
e.t.c	-	and so many others.
KIU	-	Kampala International University

LIST OF FIGURES

Figure 1. Expected and Actual Number of Respondents.....	20
Figure 2: Shows, percentage impact of budgeting in JCC.....	23
Figure 3: show percentage allocation of funds in various departments.....	25
Figure 4: shows percentage of budget formation period in JCC	27

LIST OF TABLES

Table 1: Showing summary of the respondents.....	17
Table 2: Expected and Actual Number of Respondents.	19
Table 3: Education level.	20
Table 4: impact of budgeting on performance	22
Table 5: Existence of budgeting committee	23
Table 6: Basis of Allocating Funds.....	24
Table 7: budget making periods.....	26
Table 8: summarization that shows whether JCC has best budget.....	28
Table 9: Role of Budgeting.....	29
Table 10:Summary of how effectively JCC Follow its Budget	29
Table 11: Formulation of Budgeting.....	30
Table 12: Solving Budget Problems.....	31

TABLE OF CONTENTS

Declaration	i
Approval	ii
Dedication.....	iii
Acknowledgement	iv
Abbreviations and Acronyms.....	v
List of Figures	vi
list of Tables.....	vii
Table of contents.....	viii
Abstract	xi
 CHAPTER ONE:INTRODUCTION	 1
1.0 Introduction	1
1.1Background of the study	1
1.2 Statement of the problem	3
1.3 Purpose of the study	3
1.4 Objective of the study.....	3
1.4.1 General objective	3
1.4.2 Specific objectives	3
1.5 Research questions	3
1.6 The scope of the study.....	4
1.7 Significance of the study	4
1.8 Conceptual Frame Work.....	4
 CHAPTER TWO:LITERATURE REVIEW	 6
2.0 Introduction	6
2.1 Function of budgeting in the economy	6
2.2 Determinant of budgeting.....	7
2.2.1 Organization size.....	7
2.2.2 Level of investment.....	7
2.2.3 Organization life span.....	7
2.2.4 Financial slack.....	7

2.2.5 Organization goal.	7
2.3 Impact of budgeting on business	7
2.3.1 Positive impact	7
2.3.2 Negative impact.....	8
2.4 Indicator of performance	8
2.5 Budget process.....	9
2.5.1 Budget manual.....	10
2.5.2 Statement of budgeting purpose and its desire result.....	10
2.5.3 Budgetary activities.....	10
2.5.4 The budget calendar.....	11
2.5.5 Origin and revised budget.....	11
2.5.6 Budget slack	12
2.6 Different types of budget, advantages and disadvantages.....	12
2.6.1 Advantage of imposed budget	12
2.6.2 Disadvantages of imposed budget.....	12
2.6.3 Best times to use imposed budget	13
2.6.4 Advantages of participatory budget.....	13
2.6.5 Disadvantages of participatory budgets	14
2.6.6 Characteristics of good planning budget	14
CHAPTER THREE: METHODOLOGY	15
3.0 Introduction	15
3.1 Research design	15
3.2 Study population.....	15
3.3 Sampling procedure	15
3.4 Sample size	16
3.5 Data collection instruments.....	17
3.5.1 Questionnaire	17
3.5.2 Interviews.....	17
3.5.3 Observations	17
3.5.4 Secondary collection methods.....	17

3.5 Source of data	18
3.6.1 Primary data	18
3.6.2 Secondary data.	18
3.9 Data processing and analysis	18
CHARPTER FOUR: DATA ANLYSIS PRESANTATION AND DISCUSION OF THE RESULTS	19
4.0 Introduction	19
4.1 Background Information	19
4.2.1 Education Level.....	20
4.2.2 Working Period.....	21
4.3 Impact Of Budgeting On Performance of Organization	22
4.4 Existence Of Budgeting Committee at the Organization	23
4.5 Basis of allocation of funds in an organization.....	24
4.6 Appropriate time to make Budget	26
4.7 Whether the organisation has the Best Budget	28
4.8 Role of Budgeting	29
4.9 Whether JCC follow its budget Effectively	29
4.10 Formulation of Budget in JCC	30
4.11 Overcoming budgeting Implementation Problems.....	31
CHAPTER FIVE:SUMMARY, CONCLUSION AND RECOMMENDATION.....	32
5.0 Introduction	32
5.1 Summary	32
5.2 Conclusion	33
5.3 Recommendations	33
5.4 Areas for further study	34
APPENDIX I:REFERENCES	35
APPENDIX (II):RESEARCH QUESTIONNAIRES	37
APPENDIX (III):BUDGET.....	43
APPENDIX (IV):TIME FRAME WORK.....	44

ABSTRACT

The main purpose of this study was to investigate on the impact of budgeting and the performance of the organization.

The study was guided by the following objectives

1. To examine the impact of budgeting in performance of organization
2. To identify the role of budgeting towards organization performance
3. Establish the relationship between budgeting and organization performance
4. examine the ways of improving budgeting in JCC

The study was carried out against the background that many organizations have continued to perform poorly despite management efforts to improve performance through training, recruitment, motivation, monitoring and evaluation. This was evidenced by low revenue collection and overspending compared to planned ones, overdependence of grants from the government, low morale and commitment of employees, and claims and rumors from customers in respect to poor services offered to them like corruption and bribes.

The study focused 100 people from different departments of Juba City Council, but the researcher collected views from 80 respondents, as shown from table 1.0, it can be seen that the study covered 80% of targeted population and therefore this study covered 80% (a good representative sample) of the population to be relied on. Methods used, the researcher has used questionnaire, interviews and the library research on relevant materials. Data was analyzed using descriptive methods such as percentage distribution and frequency distribution. And findings are presented in tables and graphs interpreted, and discussed.

Lastly the researcher recommended the following ways for improving budgeting, participatory management, proper follow up and monitoring of activities to take corrective action of deviations of the standard sited in the budget.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter highlighted the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, significance of the study and the conceptual frame work.

Many Local government face many problem as far as Budgeting was concerned this is due to lack of proper planning, un participatory budgeting process, low level of budgeting education, lack of effective and efficiency control measures which led to poor performance of local government. In this research the researcher was studying how budgeting and its process affect local government performance.

1.1Background of the study

There is no business that operates in a vacuum there must be an environment where it operate, no matter how big and decorated the organization is, it must face competition which may lead to loss to the business hence lead to insolvency. Due to this, modern business have seen the importance of using budgeting in their day to day operation to cut cost so that they could out compete the competitors hence improving the organization. Although budgeting seemed to be used by almost all the firms in the current business world. Due to dynamic changes such as macro economic factors which include: interest rate, inflation, deflation, government policy and technology as well as need for competition it becomes very hard for any business to stick to the set budget without making changes. This makes it hard for a firm to have one static budget. These changes increase the cost of business thus reducing the profit of the business. It also contributes to the tying up of capital since some funds must be set aside to cater for uncertainties.

Juba City Council (JCC) was the Government entity in Juba Region. Geographically it was allocated along the River Nile in Centre Equatoria Region in South Sudan. It was situated along the river shore.

In 2005 after the signing of the comprehensive peace agreement between the government of the Republic of the Sudan and the Government of the republic of South Sudan. The government of the South Sudan took over Juba town and it is made the city of the South Sudan. The city was a battle field for the war that killed millions of people and displaced many more others to the neighbouring countries and beyond the borders, Local Authorities under the government of the South Sudan came up with some objectives to make Juba City a place to live rather than making it a battle field as the former government did. These included main training facilitating the maintenance of peace order and Good Governance other include promoting social welfare and economic development of the persons within their areas of the jurisdiction. In order to carry out these responsibilities the local authorities have to raise their own resources. And that was through taxes levies Government Grants and other charges. In this regard proper financial management was obviously of utmost importance. Local Authorities have to persuade the public that funds received from the public are strictly utilized for the purpose for which they are intended and in accordance with the statutory requirement following internal financial regulations. The above requirement called for establishment of clear guidelines on how to ensure that money is spent according to law. In practice the public is expected to derive optimum benefit or value out of that money.

The re-instituted Local Government had similar tasks to those of the former Local Government.

Some of these tasks included:-

- (i) To provide Local Services in their respective areas, such as education health recreation centers, water supply system to mention but a few.

- (ii) To strengthen democracy in their respective areas and to use democracy in promoting development

1.2 Statement of the problem

JCC has continued to perform poorly despite management efforts to improve performance through training, recruitment, motivation, monitoring and evaluation. This was evidenced by low revenue collection and overspending compared to planned ones, overdependence of grants from the government, low morale and commitment of employees, and claims and rumors from customers in respect to poor services offered to them like corruption and bribes in division of plots and land. It is only unfortunate however, that the cause of this situation has not expired which inspired the researcher to undertake the study

1.3 Purpose of the study

The purpose of the study was to establish the impact of budgeting on organization performance.

1.4 Objective of the study

1.4.1 General objective

To examine the impact of budgeting on the performance of the organization.

1.4.2 Specific objectives

- (i) To identify the role of budgeting towards organization performance.
- (ii) To establish the relationship between budgeting and organization performance
- (iii) To examine ways of improving budgeting in JCC

1.5 Research questions

To meet these objectives the following research questions would be used in order to extract data.

- (a) What was the impact of budgeting on performance of the organization?
- (b) What was the role of budgeting towards organization performance?

- (c) What was the relationship between budgeting and organization performance?
- (d) What are the ways of improving budget performance?

1.6 The scope of the study

The study was carried out in Juba city in south Sudan. It was investigated that the impact of budgeting on Local government performance within Juba city council. The study made recommendations for the various organizations for the impact of budgeting to local government performance and how it could be solved.

1.7 Significance of the study

The significance of the study was to help to serve the future planning of Juba City Council for its external services on Regional and District levels of internal administration over budget and budgeting performance.

- (i) It was used as a secondary data for other researchers.
- (ii) It helped the researcher to explain the practical part of what he had learnt in class.
- (iii) It helped the researcher to graduate; a dissertation was the partial fulfillment of award of a degree in business administration.

1.8 Conceptual Frame Work

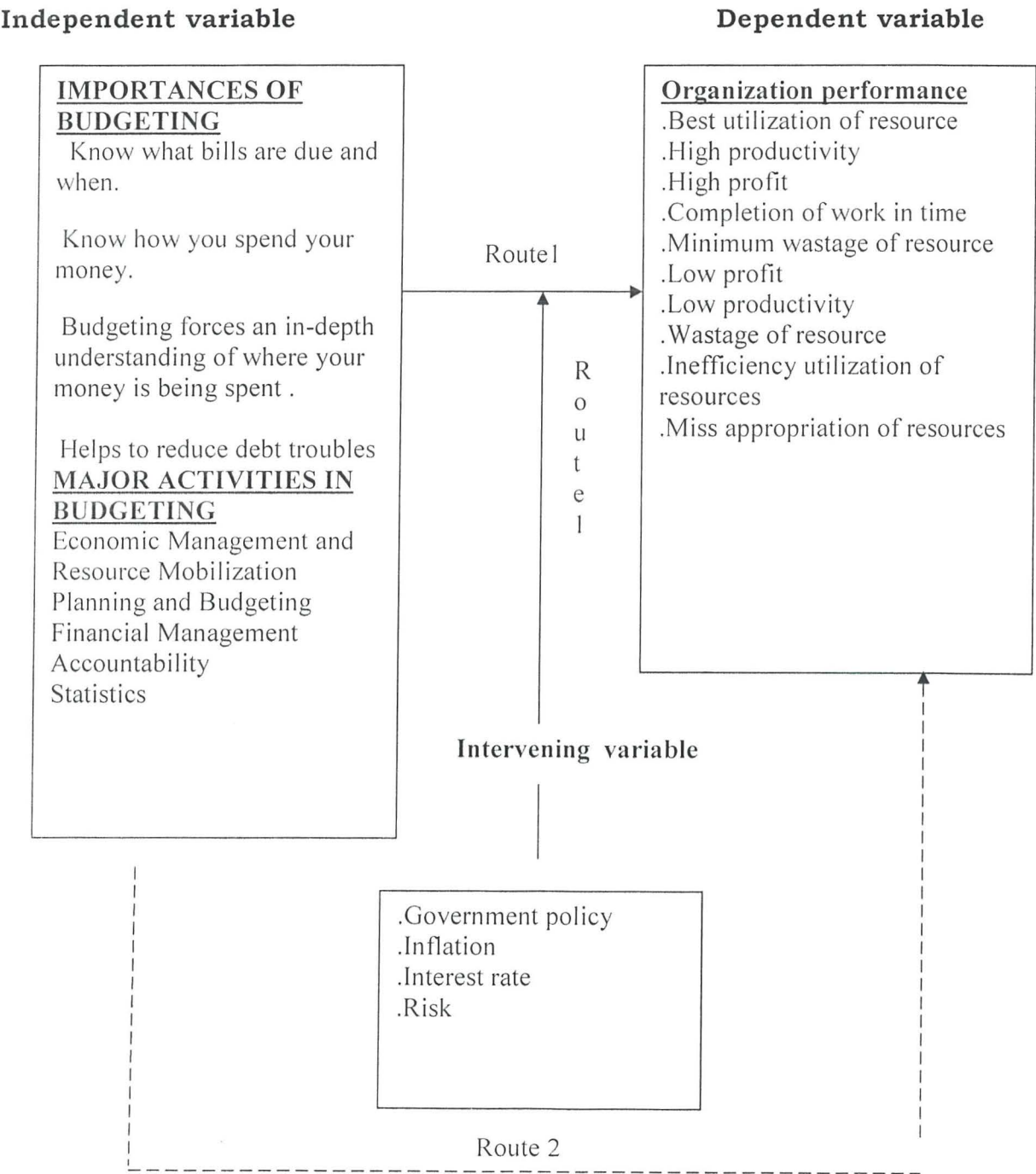
Conceptual frame work defines the topic at research through the explanation of the variable within the topic. We have the independent variable, dependent variable and intervening variables

Independent variables determined, predicted, influenced and controlled dependent variables. Intervening variables are those which work hand in hand with independent variables to influence the dependent variables. For the purpose of this research the independent variable would be proper budget or improper budget and dependent variable would be Completion of work,

Utilization of resource, Productivity, profit, Intervening variable may include Government policy, inflation, Interest rate, Risk (Uncertainty)

This can be illustrated by the model below

Figure 1: conceptual frame work



Source: researcher 2011

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provided a critical review of the issue that was explored and studies both theoretically and empirically in the existing literature made by other scholars and academicians on budget and organization performance.

According to Drury (1996) budgeting is a process where managers are compelled to think ahead, anticipate and prepare for changing conditions, coordinate the activities of the various functions so as to increase efficiency, eliminating waste and control cost. Budgeting is a continuous process, which must be measurable, attainable, flexible and time bounded.

Performance is an integrated annual programs performance plan and annual budgeting that shows a relationship between funding and expected result. It indicates that a set goal should be achieve result. It indicates that a set goal should be achieved at a given level of spending, Kydland and Pescott (1997)

2.1 Function of budgeting in the economy

Anticipating future through comparing planned budget activities, actual performance managers can forecast future trends.

Act as road maps to the organization, all organizational activities are stated in budgeting and resource to be committed control and evaluation measures.

Coordinate activities, through linking interrelated and non interrelated complex activities of different departments to attain organizational goal.

Controlling, budget is a basis through which corrective measures are taken to insure smooth operation of activities when actual performer deviate from stated standards in organizational budget.

Increase efficiency, through proper and clear statements and link of activities in the budget plan less time is wasted

2.2 Determinant of budgeting

2.2.1 Organization size.

When organization is big the budget is also expected to involve huge commitment of resources and for small organization is expected to be little commitment of resource.

2.2.2 Level of investment.

The higher is the level of investment the bigger the budget is expected and little when the level of investment is smaller.

2.2.3 Organization life span.

When a business is established huge resources will be committed to cover the cost of put infrastructure in place thus bigger budget is expected as compared to mature organization.

2.2.4 Financial slack.

Availability of easy cash around and or having much cash around can determine the level of the budget, when the degree of financial slack is high the budget is expected to be bigger.

2.2.5 Organization goal.

When the objective of the firm is growth, then much resource will be invested to facilitate growth process, hence the budget will be bigger.

2.3 Impact of budgeting on business

2.3.1 Positive impact

- Best utilization of resource, because resources are committed according to the number of activities as it were stated in the budget then high productivity.

- High productivity less time is wasted as every department set goals and objectives, aim at achieving master budget plan.
- High profit, through budgeting organizations will have effective cost control hence high profit.
- Completion of work in time with budgeting all activities are clear and properly stated when should be implemented and inter linked with other activities hence less time is wasted.
- Minimum wastage of resource, budget usually states resource to be utilized in every activities and when one want to go beyond that limit must state it and follow proper procedures.

2.3.2 Negative impact

- Low profit due to misuse of resources.
- low productivity due to delay of in linking interrelated activities
- Wastage of resource due to lack of effective control and evaluation of procedures
- Inefficiency utilization of resources due to lack of effective budgeting plan
- Miss appropriation of resources due to un clear and proper state of activities and resources required to be committed

2.4 Indicator of performance

According to Kydland Prescott [1977] business performance is an integrated annual program performance plan and annual budgeting that shows a relationship between funding and expected results. It indicates that asset goal should be achieved at a given level of spending. Business performance identifies the relationship between money and results. It also explains how the relationships occur. Budgeting performance focuses on all program activities direct and indirect required by a program for support, In addition to estimating activity cost.

Performance as a concept presents the problem of conceptual clarity in various areas. First is area of definition, The term performance is often used to describe everything from efficiency to effectiveness Stunnack (1996). BP has been defined as the measure of how well the business does its intended job Stoner-et-al(1995). It is the extent to which an organization achieve its goals Pettigrew(1992)

Another problem related to performance as stated by some scholars is measurement, in adequate definition often leads to problems in measurement. Most managers seem to use the term performance to describe a range of measurements including input and output efficiency and effectiveness and in some cases transaction efficiency Heffern and Flood (2000). But for the purpose of this study; Business performance would be taken to mean how well a budget is implemented according to plan. The narrower the variance gap the better the performance would be perceived. Any projected expenditure within 5% range below or above the expected revenue or expenditure figures is acceptable by the financial decision making body of the institution.

Because of the ambiguity of the concept of performance, stake holders often disagree about which element of budget performance is most important Brewer (1998)

Other challenges related to budget performance includes

- a) Lack of credible and useful performance information
- b) Difficult in achieving consensus on goal and measures
- c) Different in program and financial reporting structures
- d) Implementers limitation of information on accounting systems

2.5 Budget process

According to Kinney, Jesset, Raiborn [1999] the process through which budgets are prepared is of vital importance to the organization. The budgeting process begins with budget planning, which involves, Identifying goals, selecting objectives and program activities to achieve them.

The budgeting process requires careful integrating a complex set of facts and projection of human relationships and attitudes. Therefore no single system of budget is right for all organizations. However, it is recognized that there are basically two ways by which budgets can be derived; from the top down (Imposed budgets) or from the bottom up (participatory budgets). Budgeting process is usually presented in a document known as Budget Manual.

2.5.1 Budget manual

This is a detailed set of documents that provide information and guide lines about the budgetary process. Budget manual normally include the following

1. Statement of budgeting purpose and its desired results
2. A listing of specific budgetary activities to be performed
3. A calendar of scheduled budgetary activities
4. Sample budget forms
5. Original revised and approved budget

2.5.2 Statement of budgeting purpose and its desire result

According to Ronald W. Hilton [2002] the statement of budgetary purpose and desired results, communicate the reasons the process and should flow from general statement to specific details. An example of a general statement of budgeting purpose is, "The cash budget provides a basis for planning, reviewing and controlling cash flows from and for various activities, this budget is essential to the preparation of a profoma statement of cash flows." specific statement s regarding the cash budget could include reference to minimum desired cash balances and periods of high cash needs. These needs are taken into consideration when cash budget portion of the master budget is prepared.

2.5.3 Budgetary activities

These should be listed by job rather than by a person's name because the responsibility for action should be developed to whoever is holding each specific job when the manual is implemented. This section should indicate who has the

final authority for revising and approving the budget. Budget approval may be delegated to a budget committee or to one or several members of top management.

2.5.4 The budget calendar

This Coordinate the budgetary process and should include a time table for all budgetary activities. The budget time table is unique to each organization. The larger the organization the more time table is unique to each organization i.e. The larger the organization the more time will be needed to gather information, coordinate information, identify weak points in the process or the budget itself and take corrective action.

The colander should also indicate control comparisons will be made and when and how feedback will be provided to managers responsible for operations.

Sample forms provide a means for consistent presentation of budget information by all individuals, making summarizations of information easier, quicker, and more effective. The sample forms should be understandable and could include standardized work sheet that allows managers to update historical information to arrive at budgetary figures. This section of the manual may also provide standard cost table for items on which the organization has specific guide lines or policies. For instance in implementing employees fringe benefit costs, The company rule of thumb may be 30% of base salary ,similarly a company policy may set the daily meal expenses for the future period, The sales manager would simply multiply total estimated travel day by \$30.

2.5.5 Origin and revised budget

It helpful for feature planning to understand how the revision process works and why changes were made. The final approved budget is composed of many individual budgets, services as a control document for budget to actual comparisons and known as the master budget.

2.5.6 Budget slack

Is an intentional underestimation of revenue or overestimation of expenses into the budgeting process? If slack it exists is usually build into the budgeting process, it is not often found in imposed budgets. Having slack in the budget allowed subordinate managers to achieve their objectives with less effort that if there was no slack.

Budget slack creates problems because of the significant interaction of budgeting factors. If sales are understated for example, Problems can arise in the production, purchasing and personnel areas. To reduce the possibility of slack, Management wishes to consider basing the budget on activities rather than costs.

Activity based budget on analysis of cost drivers and the relating of budget line items to activities performed.

2.6 Different types of budget, advantages and disadvantages

According Wesgant, Keso,Kinnel [2000] the following are the advantage of imposed budget.

2.6.1 Advantage of imposed budget

- Increase probability that the organization's strategic plans will be incorporated in planned activities.
- Enhance coordination among divisional plans and objectives.
- Use top management's knowledge of overall resource availability.
- Reduce the possibility of inputs from inexperienced or uniformed lower level employees.
- Reduce the time frame for the budgeting process.

2.6.2 Disadvantages of imposed budget

- May result in dissatisfaction, defensiveness, and low morale among individuals who must work under the budget.

- Reduce the feelings of teamwork
- May limit the acceptance of the stated goals and objectives.
- Limit the communication process between employees and management
- May create ways a view of the budget as a punitive device.
- May result in unachievable budgets for international, divisions if local operating and political environment are not adequately considered.
- May stifle the initiative of lower-level managers.

2.6.3 Best times to use imposed budget

- In startup organization
- In extremely small businesses.
- In time of economic crisis.
- When organization units require precise coordination of efforts.

2.6.4 Advantages of participatory budget

- Provide Information from persons most familiar with the needs and constraints of organization units.
- Integrate knowledge that is diffused among various levels of management.
- Lead to better morale and higher motivation.
- Provide a means to develop fiscal responsibility and the budgetary skills of employees.
- Develop a high degree of acceptance of and commitment of organizational goals and objectives by operating management.
- Are generally more realistic.
- Allow organizational units to coordinate with one another.
- Allow subordinate managers to develop operational plans that conform to organizational goals and objectives
- Include specific resource requirements
- Blend overview of top management with operating details.

- Provide a social contract that expresses expectations of top management and subordinates

2.6.5 Disadvantages of participatory budgets

- Require significantly more time than imposed budgets
- Create level of dissatisfaction with the process similar to that occurring under imposed budgets when the effects of managerial participation are neglected by top management changes.
- Create an achievable budget when managers are ambivalent or unqualified to participate.
- May cause lower-level managers to introduce slack into the budget.
- May support “empire building” by subordinates.
- May start the process earlier in the year when there is more uncertainty about the future year.

2.6.6 Characteristics of good planning budget

- Clear objective which must be simple and comprehensive
- Should be flexible to incorporate changes in the resources and should be time bound.
- Properly drawn plans tell what, when, and how activities are to be done Chandan (1995), Bhatia (1996)
- Mention priorities and the implementation control cycle i.e. Activities must be listed in order of their importance (Priority and importance) Ewing (1961), Mookie (1970) Budgeting process ensures that managers do plan for future operations and consider how conditions in the coming year might change and what steps need to be taken now to respond to the changing conditions. The process encourages managers to anticipate problems before they arise, and decision that may be made on the spot for the moment, Based on experience rather than reasoned judgments, Murphy and Peck (1980)

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter addressed the research design and data collection methods and instruments. It also indicated the population, study area and the procedures of data collection and analysis.

3.1 Research design

The researcher used a case study research design. It put the focus on Juba city council on which details explanatory, analytical, quantitative as well as qualitative research which is carried out. It explained the impact of budgeting on organization performance. It was designed to be quantitative and qualitative since both numerical and non numerical data was used.

3.2 Study population.

The study was centered on Juba city council main office seeking responses from 100 respondents whereby 80 members responded.

3.3 Sampling procedure

Selection of cluster was based on preliminary stratification to distinguish the several strata in the country. Thus random stratification was used. The need for stratification was due to the diverse economic and demographic characteristics of the various parts of the country. Grouping of identical units into one stratum that was, a homogenous set of groups of units resulted to increased precision in estimates of the characteristics of population as the variance was substantially reduced. The researcher carried his research in one district Juba city council. The reason for choosing this JCC was that the institution was based on corporate image and the expansion rate of the institution.

3.4 Sample size

The study population was one hundred (100) respondents. The sample size was determined by using the Sloven's formula; that as follows

$$n = \frac{N}{1 + N a^2}$$

Where n= Sample size

N= Population

1= Constant

a²= 0.05 level of significance

$$= 100 / 1 + 100(0.05)^2$$

$$= 100 / 1 + 100(0.0025)$$

$$= 100 / 1 + 0.25$$

$$= 100 / 1.25$$

$$n = 80$$

$$n = \mathbf{80}$$

This implied that out of the sample size of eight (80) respondents, forty (40) officials were selected from the ministry of finance and economic planning (30) officials from auditing department and ten (10) from fiscal and financial allocation and monitoring commission in which the researcher generalized the results and was from Juba City Council.

Table 1: Showing summary of the respondents

Respondents category	Frequency	percentage
Ministry of finance and economic planning.	40	50
Auditing Department	30	38
Fiscal and financial allocation and monitoring commission.	10	12
Total	80	100

3.5 Data collection instruments

3.5.1 Questionnaire

These were used with top management and council customers. They contained both open ended and close ended questions. The researcher used a questionnaire because it helped in collecting a large amount of data within a very short period of time and involving a large number of respondents.

3.5.2 Interviews

These were used in line with questionnaire to enable the researcher obtain the supplementary information necessary to reach the conclusions. It was believed that by using the interviews, the researcher would be in position to get detailed data on all the aspects concerning redundancy.

3.5.3 Observations

This was used to enable the researcher obtain primary data which could be observed easily and does not require the use of questionnaire and interviews.

3.5.4 Secondary collection methods

Secondary data was obtained from Juba city council reports and other documentary reviews. These included publications like business

magazines from mother universities Kampala International University book bank

3.5 Source of data

The data that was used for the purpose or the study comprised of both primary and secondary data.

3.6.1 Primary data

This was obtained directly from the JCC recording staff and the JCC customers.

Questionnaires and interviews were used for that effect

3.6.2 Secondary data.

This was collected from already available data literature. Relevant documents and records were used like journals government publications and other internal records.

Secondary data was used to supplement the primary data in attempt to answer the research questions.

3.9 Data processing and analysis

Data obtained was edited, coded, arranged and thereby analyzed by using percentage and ratios. The data was analyzed according to objectives in such a way that each objective was analyzed separately.

CHAPTER FOUR

DATA ANALYSIS PRESENTATION AND DISCUSSION OF THE RESULTS

4.0 Introduction

The study was carried out to find out the impact of budgeting on organization performance. This chapter indicates information on the background of the respondents and the Study results as guided by the objectives.

4.1 Background Information

The study focused on eighty (80) respondents from different departments of Juba City Council, as shown in table below:

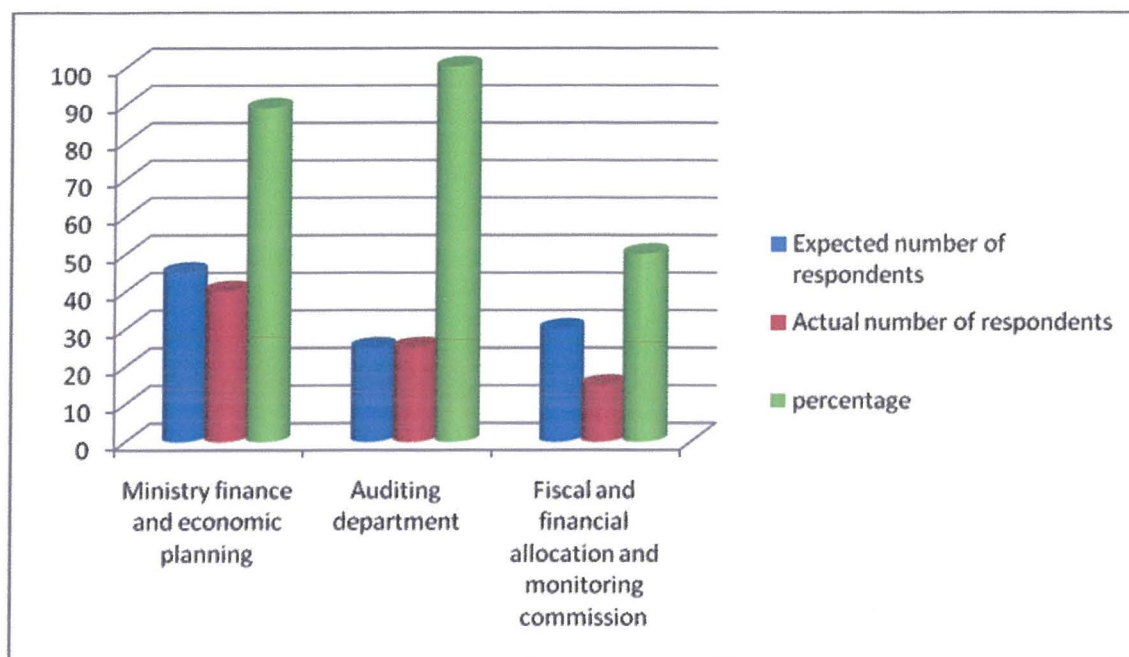
Table 2: Expected and Actual Number of Respondents.

No.	Category	Target population	Actual number of respondents	percentage
1	Ministry finance and economic planning.	45	40	88.9%
2	Auditing department	25	25	100%
3	Fiscal and financial allocation and monitoring commission.	30	15	50%
Total		100	80	80%

Source: Primary Data

From table 2, it can be seen that the study covered 80% of targeted population and therefore this study covered 80% (a good representative sample) of the population to be relied on. And this can be seen in the figure 1.1

Figure 1.1: Expected and Actual Number of Respondents.



4.2.1 Education Level

Findings indicated that most of employees had secondary level education compared to those with University education; the results are as shown in the table 3 below.

Table 3: Education level.

Category	Men	Women	Frequency	Percentage
Primary	–	–	–	0.0
Secondary level	25	15	40	50%
University level	10	10	20	25%
Others	12	8	20	25%
Total	45	30	80	100%

Source: Primary Data

Finding in table 3 implies that most of employees had little knowledge of budget. Formal these have secondary education. Therefore the organization should sponsor professional training, seminars and workshops about budgeting in respect to organization performance.

4.2.2 Working Period

Findings indicated that 38.75% of employees were at work for less than 5 years, 37.5% they were at work for the period between 5 and 10 years and only 23.75% were at work for more than 10 years, as shown in table 4.

Working period	Ministry of finance and economic planning	Auditing department	Fiscal and financial allocation and monitoring commission	Frequency	Percentage
Less than 5 years	10	6	15	31	38.75%
Between 5 - 10 years	15	5	10	30	37.5%
Above 10 years	5	9	5	19	23.75%
Total	30	20	30	80	100%

Source: Primary Data

Findings in table 4 indicates that most of workers have few period at work due to un-reasonable salary, rewards and allowance such as chance for further studies, houses, transports and promotions in respect to changes in economic situations such increase in transport cost, rent and high price of commodities. Some of them work for less than 3 years for the purpose of getting experience then they shift to other organizations.

4.3 Impact of Budgeting On Performance of Organization

According to the data that researcher collected it reveal that 50% of the respondent argued that the organization budgeting has greater impact on organization performance. This is because budgeting consists how resources are utilized and time suitable to utilize them. They argued that poor budget contributed to misallocation of resource, corruption, delay, Incompletion of work, increase in operating cost as well as creating poor reputation in JCC. On the other hand 18.75% also revealed that when there was effective budgeting it kept management in toes this reduced operating cost hence increasing the profit of the organization it also contributed to quick delivery of service to customers which lead to organization to have good reputation on hence yield more customers. It also reduce maintenance and repair cost since the right resources are utilized at the right time, Right placed by right person as budget requires.

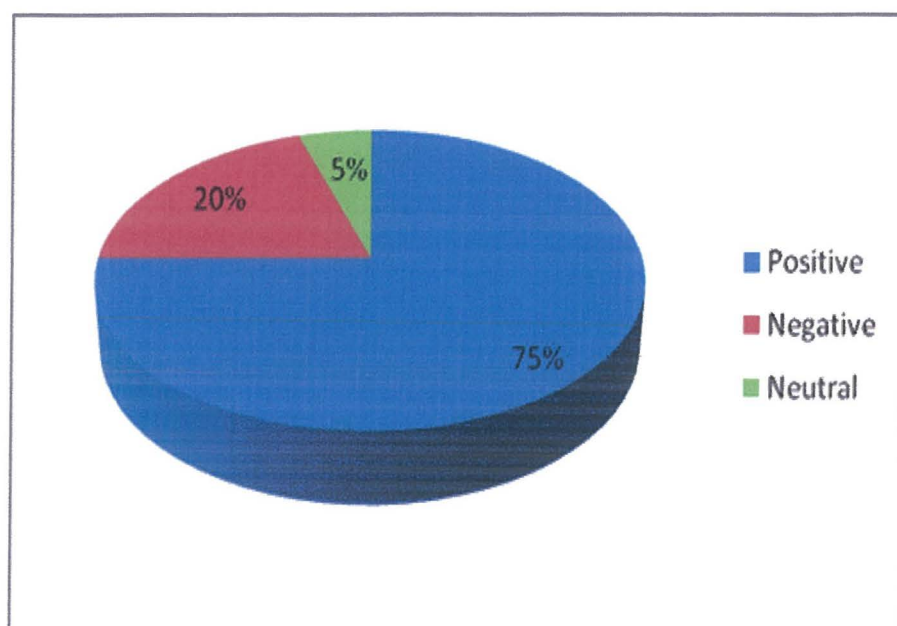
18.75%of the respondent revealed that JCC budgeting does not have greater impact on performance of organization; they argued that it's a routine to work up and use the available resources according to the area the employee operate. The other 31.25% of the respondent where not aware about budgeting in JCC

Table 4: Impact of budgeting on performance

Response category	Frequency	Percentage of response
Positive	40	50%
Negative	15	18.75%
Neutral	25	31.25%
Total	80	100%

Source: Primary data

Figure 2: Shows, percentage impact of budgeting in JCC as calculated in table 5



Source: Primary data

4.4 Existence of Budgeting Committee at the Organization

Finding summarizing existence budgeting committee JCC is shown in the table below

Table 5: Existence of budgeting committee

Response	Frequency	Response Percentage
No	30	37.5%
Yes	45	56.25%
Don't know	5	6.25%
Total	80	100%

Source: primary data

Findings in table 5 indicates that 56.25% of respondent suggested that there is existence of budgeting committee in JCC this was because ministry of

finance and economic planning could plan for the future undertaking pertaining to cost, resources and work plan.

And 37.5% of the respondents suggested that there was no existence of budgeting committee in JCC. They reveal that things were normally done as a route for them they felt that they were used like machine in the organization. This created bad relationship to both employees and ministry of finance and economic planning. They also revealed that since they knew what was expected for them they needed no budget in JCC. This lead to conflict of interest in organization which lead to misuse of resources, poor relationship between ministry of finance and economic planning, auditing department and fiscal and financial allocation and monitoring commission. 6.25% of the respondents did not know that budgeting committee in JCC existed JCC because from the findings summarized in table 6 those who said that there was budgeting committee in JCC based their argument on the existence of a team of 12 members headed by financial managers who concerned with the plan of how resources should be utilized and also the time for utilization. They reveal that every department had its own budget which it follows and it was answerable to the financial manager acting beyond the budgeted resources required for one to document and record the resources utilized above the budget. This was to control corruption and misuse of resources for personal interest.

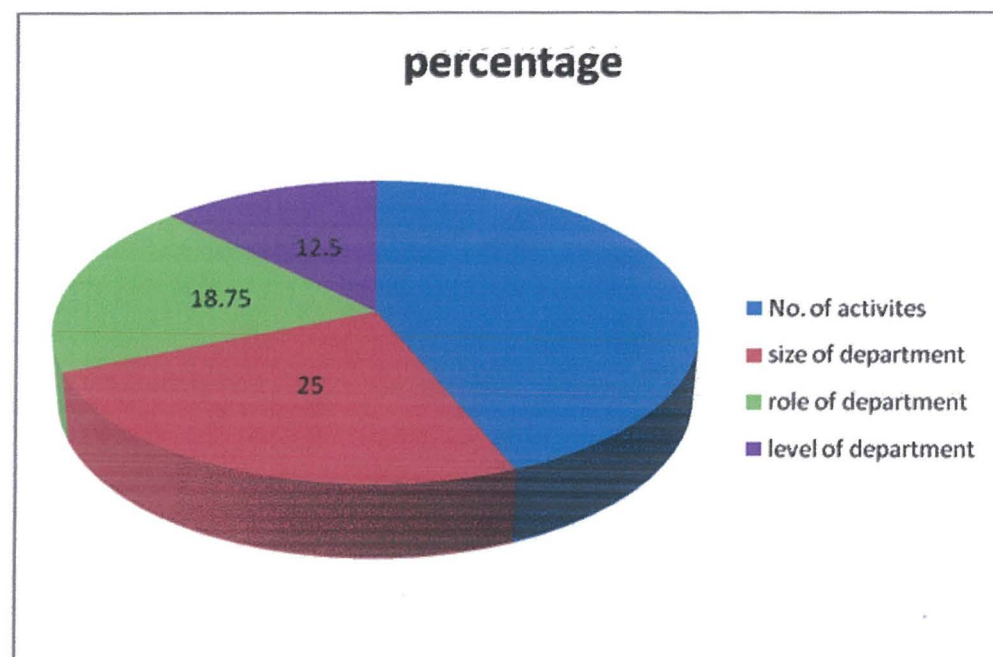
4.5 Basis of allocation of funds in an organization

Table 6: Basis of Allocating Funds

Response category	Frequency	Percentage
No. of activities	35	43.75
Size of department	20	25
Role of department	15	18.75
Level of department	10	12.5
Total	80	100

Source: Primary data

Figure 3: show percentage allocation of funds in various departments as in table 7



Source: Primary Data

According to the findings in table 6 above, 43.75% of the respondents revealed that funds were allocated depend on number of activities that were take place in organization during a given financial period i.e. usually a year (June –June). However, some funds are set aside to compliment the budget due to uncertainty. This makes it hard for the organization to follow the proposed budget since there is no standard budget in JCC. However, big activities are allocated huge amount of money and small activities are allocated little funds. 25% of the respondents revealed that funds were allocated on the basis of departmental size, large department were allocated huge amount of money. Small department were allocated little amount of money. They had the perception that big department contributed much to the performance of JCC compared to small department.

18.75% of the respondents reveal that funds were allocated according to the role played by department. Those departments that played a critical role in organization were allocated huge amount of funds while those who acted as facilitator to other department were allocated less amount of money since they played a minimal role in the organization.

12.5% of the respondents revealed that funds were allocated depending on the level of department in the organization. Ministry of finance and economic planning in JCC were allocated huge amount of funds. The Auditing departments and fiscal and financial allocation and monitoring commission allocated less amount of money

4.6 Appropriate time to make Budget

Table 7: Budget making periods

Response category	Frequency	Respondent percentage
Daily	20	25
Weekly	10	12.5
Monthly	5	6.25
Quarterly	10	12.5
Annually	35	43.75
Total	80	100

Source: primary data

25% of the respondents revealed that organisation budget was made daily on the basis that daily activities were hard to be forecasted because of abrupt and emergency need.

4.7 Whether the organization has the Best Budget

According to the data summarised in table 8 below, 56.25% of the respondent revealed that the organisation has the best budget. This is because activities and resources are matched which leads to smooth flow of work in the organisation hence increasing productivity as well as profitability of the organisation through minimisation of unnecessary costs. On the other hand, 31.25% of the respondents were not satisfied with the ways the organisation budget is made. They revealed that although the organisation makes the budget following the planned activities with the planned amount of money is a rigid process. Thus they try to deviate from the budget. They also argued that it's easier to follow a routine rather than description; this makes the top management to deviate from the budget and hence lack standard measure of the best budget of the organisation.

Since every department has its own budget, it is very hard for the whole organisation to coordinate them.

There are loopholes which lead to the misappropriation of funds such as setting of their own budget goals and objectives of the master budget.

However, 12.5% of the respondents had no information concerning the budget.

Table 8: Summarization that shows whether JCC has best budget

Response category	Frequency	Percentage
Yes	45	56.25
No	25	31.25
Don't know	10	12.5
Total	80	100

Source; primary data

4.8 Role of Budgeting

Table 9: Role of Budgeting

Respondents category	Frequency	Percentage
Higher	50	62.5
Moderate	20	25
Minimum	10	12.5
Total	80	100

Source: primary data

According to the findings, summarised in table 10 above, 62.5% of the respondents said that budgeting had higher/greater role that it plays in the organisation. They argued that it help in accomplishment of work in time, best utilisation of resources which leads to higher productivity and increased profits. 25% of the respondent revealed that the role of budgeting is moderate in the organisation. They argued that even if the organisation had the best budget without resource required in time, it's all in vain. This is because resources have to be present for any operating activities in the organisation to be accomplished in time. However, they also revealed that budgeting plays a big role in anticipating the future, controlling and coordinating activities and acting as a road map for the organisation towards achieving its objectives and goals. 12.5% of the respondents said that budgeting plays a minimum role towards performance because they are not aware about the organisation budget and its role and they had never been involved in budget training and its formulation.

4.9 Whether JCC follow its budget Effectively

Table 10:Summary of how effectively JCC Follow its Budget

Respondent category	Frequency	Percentage
Yes	45	56.25
No	20	25
I don't know	15	18.75
Total	80	100

Source: primary Data

According to the summary of the data collected shown in table 10, 56.25% of the respondents revealed that JCC follow its budget plan effectively. This was because in every beginning of the financial year, JCC always makes a proposed budget and proposed work plan. They argued that the two act as a road map in JCC. 25% of the respondents argued that although JCC has a budget, it does not follow it. They argued that they tend to deviate from the proposed budget. They also argued that due to uncertainties such as macroeconomic changes which may lead prices to go up making JCC not to accomplish its goals due to limited funds. They found it necessary for top management to always alter the proposed budget. 18.75% of the respondent did not give any view due to lack of knowledge about budgeting.

4.10 Formulation of Budget in JCC

Table 11: Formulation of Budgeting

Respondent category	Frequency	Percentage
Participatory	60	75
Imposed	20	25
Both	-	-
I don't know	-	-
Total	80	100

Source: Primary Data

According to the research conducted and summarised in the table above, 75% of the respondents revealed that formulation of budget is done by a committee headed by a financial manager. They argued that the process was followed to make the budget. They said that the process begins with budget planning which involves identification of goals, selection of objectives and programming activities to achieve them, implementation and finally monitoring and evaluation to take corrective action where there is a divergence. 25% of the respondents had no any information and how JCC formulate its budget. This

shown that not everyone in JCC was consulted when budget was carried out. It was only the top management from the various departments who are involved in formulation of budgeting in JCC. The controlling and monitoring of budget was left to the committee which represented every department in organisation. Thus employees were left out in this process of budgeting. They argued that it was a way of oppressing and over working them for the organisation benefit an indication that they were used as machines but not a means to an end. Due to this, the relationship between employees and top management weakened thereby leading to poor performance of the proposed budget.

4.11 Overcoming budgeting Implementation Problems

Table 12: Solving Budget Problems

Respondent category	Frequency	Percentage
Yes	65	81.25
No	15	18.75
Total	80	100

Source: Primary Data

According to the research conducted and summarised table 12 above, 81.25% of the respondents revealed that the top management has started using participatory management in budgeting formulation whereby employees are also involved. They also argued that targets are given to every employee in his/her operation so that budget can be made. Following up the monitoring of every activity was also made to avoid deviation from the line of budgeting. On the other hand, 18.75% of the respondents argued that autocratic management where strict supervision is done was the order of the day to maintain the budget. This made them to raise conflicts in the organisation and cost also delays in completion of work. To them, they found this method to be ineffective since it lowered their morale. 10% of the respondents were not aware of budgeting and did not respond.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents summary and conclusions derived and drawn from the study after having presented, analysed and discussed the findings. Recommendations that can be adopted and implemented to overcome the problems highlighted are also presented in this chapter.

5.1 Summary

The researcher intended to examine the impact of budgeting on performance of the organisation (JCC). On the positive side, it was found out that budgeting leads to high profits as a result of cost reduction especially for repair and maintenance. It also avoids delays in work thereby making it possible for the organisation to complete its task within budget time hence increasing its relationship with external stakeholders. It also ensures that resources are effectively managed and utilised hence reduction of waste and capital being tied up.

On the negative side, it was found that there is no standard budget for any department in the organisation. It is also affected by macro economic conditions as well as uncertainties in the business. Due to dynamic changes, budgeting is time consuming and expensive.

The researcher also intended to assess the role of budgeting towards organisation performance. It was found out that organisation through consideration of budgeting; it attained effective utilisation of resources, better planning, increased profits and high production.

The researcher also intended to establish the relationship between budgeting and organisation performance. It was found out that the relationship between the two was positive evidenced by the fact that when proper budgeting is made, the organisation performance increases in a positive way. On the other hand,

when there is poor budgeting, the performance of the organisation deteriorates leading to insolvency, credit worthiness hence poor public image.

The researcher also examined the ways of improving the ways of improving budgeting of JCC and it was found out that the process starts from planning, implementation, evaluation and control.

5.2 Conclusion

Budgeting in an organisation has got a big role to play in determining its performance since it acts as an engine or road map to the organisation. Thus budgeting impacts positively towards performance with in organisation since it improves with improvement in budget.

The researcher found out that in JCC, budgeting helped in reducing of costs, controlling misappropriation of funds thereby attainment of the roles of budgeting within JCC as being identified by the respondents during the research.

Moreover, the better the budgeting process in JCC, the greater the performance as shown by the findings that budgeting leads to better utilisation of resources whereby most of the respondents identified it.

The management should emphasise the implementation and follow up of budgeting by financial mangers/ Accountants in every department.

The organisation can perform very well if all is done within the budget.

5.3 Recommendations

In light of the conclusions drawn above and the findings obtained during the study, the following were recommended so as to improve on budgeting in JCC.

Employment of qualified and skilled personnel who have the ability to ensure budget implementation and planning within the organisation a success should be done.

The use of employee in budgeting process so as to ensure a participatory management that will reduce resistance from employees.

In budget formulation, it should be necessary to make a flexible budget so as to cater for macroeconomic changes and risks prevailing in the business environment.

Application of budgeting in different levels of organisation should not be left for ministry of finance and economic planning but a function to every individual within an organisation.

The top management should be willing to support the committee concerned with budget improvements with all the required resources.

5.4 Areas for further study

Further research has to be conducted in area pertaining budgeting from different organisation comparison can be made.

Also the researcher suggests for further studies in areas pertaining budgeting in relation to marketing strategy and its associated costs.

APPENDIX I

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APPENDIX (II)
RESEARCH QUESTIONNAIRES

Dear sir / madam,

I am **NOON .J. DENG** a student of Kampala international university pursuing a bachelor's degree in business administration. I am doing a research paper which is a requirement for the award of the stated degree program. The study is about the impact of budgeting on organization performance, in Juba city council. The data acquired below will be treated with a lot of confidentiality so I humbly request you to render your assistance by answering these questions. I am looking forward to your positive response.

THANK YOU

Tick the most appropriate answer

SECTION A

(a) Your Name.

(b) Section /Department.

(c) Marital status (Tick where appropriate)

i) Single ()

ii) Married ()

(d) Education background (Tick where appropriate)

i) Primary ()

ii) Secondary ()

iii) College/University ()

iv) Others (specify)

.....

e) How long have you been working with Juba City Council?

.....

b) How long have you been working with this department?

- i) Less than 5 years ()
- ii) Between 5-10 years ()
- iii) Above 10 years ()

SECTION B

1. What impact does budgeting have on the performance of the organization?

- (i) Negative ()
- (ii) Positive ()
- (iii)Neutral ()

2. Give reason for your answer above?

.....
.....

3. a) Does your department/Organization have a budgeting committee?

- i) Yes ()
- ii) No ()
- iii) I don't know ()

b) Give reason for your answers.

.....

4. How frequent do you make a company budget?

- (i) Daily ()
- (ii) Weekly ()
- (iii)Monthly ()
- (iv)Quarterly ()
- (v) Annually ()

b) Why?

.....
.....

5. Do you think the organization has the best budget?

- (i) Yes ()
- (ii) No ()
- (iii) I don't know ()

b) Give reason(s) for your answer

.....

.....

.....

.....

6. What is the role played by budgeting in your organization?

High ()

Moderate ()

Minimum role ()

Why?

.....

.....

.....

7. Do you think JCC follows its budget plans effectively?

Yes ()

No ()

I don't know ()

Why?

.....

.....

.....

8. What way(s) does your department/organization use to formulate its budget?

i) Participatory

ii) Imposed

iii) Both of the two above

iv) I don't know

9. How do allocate funds in your organizational budget?

a. According to the number of activities ()

b. According to the size of organization ()

c. According to the role played by the department ()

d. According to the level of the department in the organization ()

10. Does top management help you to overcome budgeting problem?

i) Yes ()

ii) No ()

b) If Yes, How?

.....

THANK YOU VERY MUCH FOR YOUR COOPERATION

INTERVIEW GUIDE

1. How have you implemented the recent tax changes in your company?

.....

.....

2. Explain the different accounting packages you have used recently and tell me which best met your needs.

.....

.....

3. How have you monitored the regulations that affect both your industry and your accounting position?

.....

.....

4. How have you monitored the performance of your team?

.....

.....

5. Describe the systems you have in place for keeping track of assignments given to staff members.

.....

.....

6. How have you managed potential payment problems with your customers?

.....

.....

7. How do you control errors in your work?

.....

.....

8. Give me an example of when you were not happy with the details of an established procedure and what you did about it.

.....

.....

9. Describe the criteria you use for evaluating the reliability of the financial information you receive.

.....

.....

10. Describe a situation in which you received instructions with which you disagreed.

.....

.....

Thank you for you valuable time and information.

APPENDIX (III) BUDGET

RESEARCH BUDGET FOR IMPLEMENTATION IN UGANDA SHILLINGS.

Study preparation	Transport	10,000	10,000/=
1. Library Research 6 days	Meals	10,000	10,000/=
2. Visiting the case study area	Transport	60,000	60,000/=
	Meal	10,000	10,000/=
Sub- total			90,000/=
Stationery	1. 1 Ream of paper	7,000	7,000/=
	1. Ten pens	300x10	3,000/=
	2. Researcher's bag	15,000x1	15,000/=
Sub-total			25,000/=
Data collection	Transport to each port for 6 days	600x2x6	72,000/=
Visiting case study area	Meals	2000x6	12,000/=
Sub total			84,000/=
<u>Data processing & analysis</u>			
1. Data entry into computer (10 days)	Data entry Assistant	25,000	25,000/=
Sub total			25,000/=
2. Data analyst		25,0000	25,000/=
1. Secretarial	Typing and printing first draft	500x 20 pages x1	10,000/=
	Producing 2 nd draft	100 x200x1	20,000/=
Sub-total			45,000/=
3. Producing final copies	1 copy for the sponsors	30x500x1	15,000/=
	1 copy for the researcher	30x500x1	15,000/=
	Binding (2 drafts+3 final Copies)= 5 copies	500x5	25,000/=
	Research Assistant in Data Collection	40,000x1	40,000/=
	Typist	50,000x1	50,000/=
	Telephone Communication	30,000	30,000/=
	Contingence costs	15,000	15,000/=
Sub-total			190,000/=
Grand total			484,000/=

APPENDIX (IV)
TIME FRAME WORK
THE RESEARCH PROJECT ACTIVITY PLAN
DEC-JUNE

Activity	December 20 st - 30 th	January 1 st -7 th 10 th -17 th 20 th -30 th			February 1 st -10 th 10-30 th		March	April	May- June
Preparation • Visiting case study in preparation for the study • Pilot study	Xxx	Xxx							
Data collection • Collection of data in case study area			xxx	Xxx					
Data processing/ analysis • Entry of data into computer • Analysis of data • Printing 1 st draft • Corrections					Xxx	Xxx	xxxx	xxx	
Handing over the final report									Xxx