

Assessment of the Major Factors Affecting Budget Preparation and Implementation in Ethiopian Public Universities (The Case of Mettu, Jimma and Wollega Universities)

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Abstract:

This study was conducted on the Assessment of the Major Factors Affecting Budget Preparation and Implementation in Ethiopian Public Universities (The Case of Mettu, Jimma and Wollega universities). In order to achieve the objectives of the study, both questionnaire and interview was employed to collect primary data. The method used for sampling of respondents was simple random sampling. Accordingly, sample sizes of 100 out of 135 total numbers of respondents have been included in the study. The collected data was analysed using SPSS.

The findings show that lack of Information Communication Technology; lack of transparency and accountability of budget utilization and corruption are the major factors affecting budget preparation and implementation in Ethiopian public universities (the case of Mettu, Jimma and Wollega universities). Based on these findings the researchers suggest that training should be given for employees and technology should be employed to manage the budgetary process and implementation.

Key words: Budget, organizational structure, Budget Utilization, and Public Universities

1. INTRODUCTION

1.1. Background of the study

Budgets are financial blueprints that quantify a firm's plan for a future period. It is a detailed plan outlining the acquisition and use of finance and other resources over some given time period. It is a standard against which the actual performance can be compared and measured and stipulates which activities and programs should be actively pursued. Management whether in private or public sector is required to specify expected revenue and expenditure. The budget is an important instrument that every government uses to define the direction of its national policy, the cost implication of the government programs and the possible sources of revenue during a fiscal year (*Masya and Njiraini, 2003*).

The public budget planning is a process by which government sets the level of expenditure, collects revenues and allocates the spending of resources among all sectors to meet national goals (*Shah, 2008*). Budget implementation on the other hand is the actual execution of the budget and application of funds to the planned activities. During the fiscal year, however, not all allocated budgets are used as per the proposed plan. These could be cases where the approved funds may not be enough to fully accomplish the intended goal. In other instances, the amount allocated to a project may be more than what the project can consume. The disparities between the budget allocated and actual expenditure arise due to multiplicity of factors and improper costing of County functions (*Rotich and Ngahu, 2015*).

In Ethiopia budget process is guided by a directive (financial calendar) issued by the ministry of

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

Like any other countries, Ethiopia also puts more emphasis on higher education. As a result, in the past few years the government has invested a lot to build a number of higher educational institutions mainly universities and diversifying academic programs and non-academic services. Moreover, scientific problem solving research and development projects pertinent to social-economic, political as well as need based staff development programs were given due attention. In particular, billions of Ethiopian Birr have been invested to build universities and with the desired capacity to engage in problem solving research activities. In the past few years alone, the government allocated 10 to 20% of the national budget to the education sector where the lion's share goes to higher educational institutions (MoFED 2012).

Therefore, we are interested to assess factors affecting budget preparation and implementation in selected Ethiopian public Universities and based on the result of the study, we tried to give recommendation to the concerned bodies so as to increase efficient utilization of budget in public universities.

1.2. Statement of the problem

It has been argued that Universities are multifaceted institutions in all societies. They are especially important to the knowledge economies of the 21st century, but their roles extend far beyond this. Universities are quintessential public-good institutions; they are an essential underpinning of intellectual life in all societies, and especially in developing countries. They are key international links for science, scholarship, culture and ideas. Understanding the complex roles of universities is a first step towards providing the needed support-not only appropriate public funding, but also academic freedom and autonomy (Global University Network for Innovation, 2009). Even if the mandate of public universities is multidimensional, there are many challenges facing these public institutions including public universities of Ethiopia.

In the Ethiopian public sector, the budget implementation period or the financial years run from 1st July to 31st June. During this period, a lay down medium term expenditure framework budget cycle is followed in the preparation and implementation of the national budget. Budget implementation is the real execution of the budget and application of funds to the planned activities. During the financial year, however, not all funds are expended as per the plan. The budget cycle above shall be tracked and at every stage the factors that could be affecting the utilization of the budget analyzed.

Studies showed that in public expenditure management, a lack of predictability of financial resources undermines strategic prioritization and makes it harder for public officials to plan for the provision of services.

Predictability of government expenditure in the aggregate and in the various sectors is also a challenge to guide the private sector in making its own production, marketing, and investment decisions. Budgetary rules not clear and uniformly applied to everyone. Transparency of fiscal and financial information is another problem for an informed executive, legislature, and public. Scholars show that dumping immense amounts of raw budgetary material on the public does nothing to improve fiscal transparency (Lewis, 2007).

According to the report of the auditor general of Ethiopia, most public higher education institutions are frequently stated as prime government institutions for excess/under budget use and unlawful and/or improper utilization of the budget during the stated fiscal year. For example, in the year 2013/2014 budget, from only 99 public organizations over 2.576 Billion birr was returned back to the treasury having not been utilized. More than 782 million birr was also returned back from four public universities. On the other hand, about 235 million birr was over utilized in 37 public organizations and also higher education institutions have a lion share; for instance, more than 85million birr was over utilized in only 4 public universities (*Federal Auditor General Report, 2013/2014*).

As good as our budget is, the performance of which can be measured in terms of accomplishment is nothing to write home about. Budget accomplishment is far from reality and the disparity between budget and accomplishment are so wide and kept on abating as years pass by.

As to the researchers' knowledge and available literature, there are no adequate empirical studies about factors affecting budget utilization in higher public universities in Ethiopia. Therefore, this study is aimed to identify the major factors that significantly affecting budget preparation and implementation in selected Ethiopian public Universities.

1.3. Objectives of the study

1.3.1. General objectives

The general objective of this study was to assess major factors affecting budget preparation and utilization in selected Ethiopian Public Universities.

1.3.2. Specific objectives

The specific objectives of the study would be to:

- Identify the sources of Budget for public universities
- To examine budget preparation process of the selected universities
- Identify the criteria being employed for allocating budget for public universities
- Assess the extent of participation, transparency, and accountability in budget process of universities.
- assess the effectiveness and efficiency of utilization of budgetary fund at university level
- Examine factors that contribute for variation in budgeting and its performances in selected universities

1.4. Research Questions

This study is attempted to answer the following basic research questions:

- What are the main sources of budget in Ethiopian public universities
- How the budget preparation is processed in selected universities
- What factors/ criteria are considered in allocation of budget for public universities?
- To what extent the budget processes in the public universities are aligned with principles of budget system?
- To what extent is budgetary performance in public universities are effective and efficient?
- What are the main problems associated with budget processes in public universities

- What are the major factors that contribute for the variation of budget from the actual performances?

1.5. Significance of the Study

This study will be conducted with the aim of attaining the aforementioned general and specific objectives and will be expected to:

- Inform concerned stakeholders on the existing status of public universities regarding budget preparation, allocation and utilization.
- Give feedback to concerned bodies and institutions on problems of financing universities and budget process with possible recommendation
- Serve as a reference for other researchers in this area

1.6. Delimitation of the Study

Currently, there are 44 public universities in Ethiopia. It is very difficult to assess the major factors affecting budget preparation and implementation of all public universities due to lack of sufficient time. The researchers would use universities located to the south western oromia region (Jimma University from first generation, Wollega University from second generation and Mettu University from third generation). The fourth generations are excluded from the scope of study since they are newly started and it may difficult to get sufficient information from these universities.

1.7. Organization of the study

This research paper was organized into five chapters; the first chapter would include: Introductory part. It reflects background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study and limitations of the study. The second chapter would present the literature review. Chapter three would contain methodology. This includes; research design, descriptions of the study area, target population, sample size, method of data collections and analysis. Chapter four includes analysis and presentation of data obtained and collected through questionnaires and interviews from the target population of the selected universities. Chapter five gives conclusions and recommendations based on findings.

2. REVIEW OF LITERATURE

2.1. Introduction

This chapter presents a review of literature. The chapter includes; literature on budget implementation, theoretical literature, empirical literature, a conceptual framework and research gaps.

2.2. The Concept of Budget

The word budget is derived from the French bougette, a bag or purse, and is applied in modern times to the statement of revenues and expenditures (including the balance between the two) of governments, for the fiscal year (Wubishet, 2002). Budget is viewed as a process by which state's financial resource is planned and controlled. The budget is therefore financial statement which includes revenue, expenditure and the balance between the two. The budget is the basic way in which policies are turned to action. The budget sets out the plan for government spending and therefore shows what will be delivered. It highlights the priorities for the government as these are the area where scarce resources are being spent.

Public budgeting involves the selection of ends and the selection of means to those ends. It also involves the division of society's economic and financial resource between the public sector and the

private sector and the allocation of such resource among the competing public sector needs (*Robert, 2004 cited in Assefa, 2007*).

According to Nebiyu, a budget is financial plan, which intended to cover a fixed period of time usually one year. He explains budget further as quantitative expression of proposed plan of an institution for specific period of time. This definition of budget is explained by the same author as having three elements. These are one; a budget is formally expressed in a quantitative most commonly in the financial terms. Two, a budget has time coverage; it is prepared for a specific time frame. Three, the purpose of budget is to implement policy formulated by goals and objectives. (Nebiyu, 2000, cited in Mebrate 2000)

2.3. Government budget

Government budget is a very significant tool of economic management and political governance. It constitutes the framework for providing various goods and services by government. It is an annual financial and economic plan which serves as a vehicle for mobilization, allocation and management of resources. Annual budget is an important instrument of power and governance and more importantly a means for government to achieve the economic, social and political objectives of the country. For this to happen, the budget must be well formulated and effectively implemented (Obadan, 2008).

According to Blondaland Bergvall (2007, in Austria the budget is divided into twenty nine chapters including six for organs of state such as the presidency and the parliament. A supplement to the main budget is presented for each chapter, showing expenditures at an extreme level of detail, with each object of expenditure presented separately which the parliamentarians consider essential for assessing and discussing the budget. Each line item can have up to eight types of appropriation and the appropriations marked as mandatory refer to the fact that a specific law mandates the specific amount of expenditure or includes a formula or criteria for calculating the amount. Virement of funds between organizations programmes and types of appropriation is not permitted without the prior approval of parliament. Due to the restrictions on their use, it is often difficult for ministries to spend this amount, and many prefer to build up their own emergency reserve funds.

In Sub-Saharan African budget implementation follows on from the budget preparation and approval phase when government ministries and agencies spend funds in order to implement activities and achieve government objectives and collect government revenues as set out and approved in the budget (Muggeridge and Mends, 2008). Three key elements of budget implementation exists as follows; Ensuring that funds are spent and revenues collected in line with defined rules and regulations; Ensuring that the way in which funds are used and managed leads to the planned levels of performance, that is improved service delivery and monitoring budget implementation to take account of financial and physical performance and allowing for some adjustments to the budget to take account of changes (Muggeridge and Mends, 2008).

2.4. Budget Preparation

Maitland (2001) mentions that the process of preparing and agreeing on a budget is a means of translating the overall objectives of the organization into detailed, feasible plan of action. Public budget preparation is one of the tedious tasks that any country should look upon. The preparation process for the annual budget involves a great deal of energy, time, and expense. Hence, it is important that a country must be able to follow accurately all the methods of preparing an annual budget. In budgeting, the focus is not only to prepare the budget, but more importantly to have a follow-up operation for budgeting and to act according to known data. Falk (1994) states that budgets are financial expressions of a country's plan for a period of time. It tells where and how the organization will spend money and where the money will come from to pay these expenses. He adds

that budgets set limits. Besides setting limits, Andrews and Hill (2003) say that budgets also provides the assurance that the most important needs of a country are met first and less important needs are deferred until there are sufficient funds in which to pay for them. Even though budget preparation is not the sole thing that needs consideration in budgeting, the basis of it is still needed in order to have at least close estimation. As per Shah (2007) preparation of the budget usually takes many months and involves all public institutions: the Ministry of Finance manages the process; the Cabinet/President sets or approves the policy priorities, line ministries plan and advocate for their resource needs and the legislature reviews and approves the final plan. Preparation is at the heart of the political process: it is the decision on how to allocate the state's limited resources to competing demands.

2.5. Budget Utilization

Once a budget has been approved by the legislature, the government embarks on the challenging task of spending funds. Utilizing public funds effectively to meet stated policy objectives while ensuring value for money is often just as challenging than planning how to spend it. Several reviews of Public Financial Management performance in developing countries show that countries score significantly better on budget preparation than on budget utilizing. According to Schiavo-Campo and Tommasi (1999) budget utilization is the phase where resources are used to implement policies incorporated in the budget. As they argued, it is possible to utilize badly a well-prepared budget; it is not possible to utilize well a badly prepared budget. As per Allen and Tommasi (2001), successful budget utilization depends on numerous factors, such as the ability to deal with changes in the macroeconomic environment, and the implementation capacities of the agencies concerned. Besides to this, the budget system should assure effective expenditure control. In addition to a realistic budget to begin with, a good budget utilization system should have complete budgetary/appropriation accounting system. It is necessary to track transactions at each stage of the expenditure cycle (commitment, verification, payment) and movements between appropriations or budget items Schiavo-Campo and Tommasi (1999).

Requisites for effective budgetary control For budgetary control to be effective, the following requisites are essential.

Clear and realistic goals A budgeting system operates better where the objectives and goals of the organization are unambiguous. That is, the objectives and goals must be clear and understood to insure consistency in the organization. In absence of clear goals, employees will lack a proper direction. Thus, the financial manager or budget officer must ensure that objectives and goals are properly laid down, as well as departmental goals must align with organization corporate goals. In addition, previous studies by Yuen (2004) also state that clear goals promote the performance of employees by urging them to do the best. Several empirical research studies have supported the positive effects of goal clarity on performance (Locke & Schweiger, 1979).

Management Support Amoako and Acquah (2008) conceptualize that, for budgetary control system to be successful, it must be initiated and supported by management. A company will be able to implement its budget plans efficiently if management has a positive attitude towards budgeting and provides direction for budget implementation and control.

Authority and Responsibility The first step is to have clear organization chart explaining the authority and responsibility of each individual executive. The authorities and responsibilities of each manager should be clearly identified and established. Thus, the performance of each manager should be evaluated in terms of the assigned authorities and responsibilities (Donaldson, 2001).

Proper Communication Proper communication is also a condition for effective budgetary control system, because communication creates understanding among employees. The flow of information

should be quick so that the budget is implemented hence two-way communication is important. What is required to be achieved and how it is to be achieved should reach the lowest level. Similarly, Holland (2005) added, upward communication in respect of implementation difficulties should reach the top level to sort out without loss of time. The performance reports from various levels help the top management in monitoring and evaluating the general performance of the organization.

2.6. Quality of manpower and motivation and budget implementation

Manpower shortages have remained the bane of effective project planning and implementation in the local government areas. Professional and trained planners are virtually non-existent while administrative officers performing planning functions lack any form of training and experience. The result of this scenario is the poor quality of project proposals emanating from the LGAs for screening and assessment. The double jeopardy here is that not only is plan formulation poor but also that continuity is not ensured (Oladipo, 2008).

Capacity and decision making

Councilors do not always formulate strategies or make decisions that improve the ability of the local authority to deliver services to the residents of the areas for which they are responsible. This has been attributed to the lack of capacity, interest, incentive and motivation to do so. Additionally, decisions are sometimes made informally or casually hence it is very difficult for citizens to have a clear understanding of the standing procedures of service delivery (Odipo, 2005).

Professional's turnover

Whereas local authorities throughout Kenya tend to have a large staff complement, they also experience a very high turnover of professionals and technical staff. This is due to lack of incentives, motivation and conflict between the Public Service Commission and local authorities. Besides the failure to provide services to rates payers and residents of urban areas, most local authorities are faced with recurrent failure to pay their workers promptly. Some council workers have had to resort to industrial action to ensure that they receive back wages. In this situation, the worker morale does not only suffer but the rates payers are unduly inconvenienced because service delivery is disrupted delayed or under supplied (Odipo, 2005).

Trained financial professionals

In recent time, training outlays are typically treated as expenses rather than investments (Hope and Frazer, 2003). If the most sophisticated budgetary planning and control system is put in place, absence of the necessary investment in upgrading those involved in budgeting will only result in expecting to win a battle by sending in people with unfamiliar guns, which all together amount to total failure of such budgeting system (Adedeji, 2004).

Employee participation in the budget process

Budgeting participation is a process whereby subordinates are given opportunities to get involved in and have influence on the budget setting process. Through participation in budgeting, subordinates develop mental and emotional feelings that provide them with an ownership of budget goals. The act of participation increases a subordinate's trust, sense of control, and ego involvement with the organization which then jointly cause less resistance to change and more acceptance of, and commitment to, the budget goals. Thus, budget participation exerts a motivational effect on the subordinates which enhances their budget goal commitment (Ndiwalana, 2009).

Budget participation is measured from the ability of the subordinates to influence the design of the budget, to what extent the superior manager contacts the subordinates, how easy it is for the

subordinates to propose alterations in the budget process and to what extent the subordinates participate in the budget's follow-up phase. Allowing subordinates to participate in the budget setting process may result in them disclosing of private information which would result in more realistic plans and more accurate budgets. This serve as a function by inducing subordinates to accept and commit to their budget goals and also serves an informational function whereby subordinates can gather, exchange, and disseminate job-relevant information to facilitate their decision-making process and to communicate their private information to organizational decision makers (Ndiwalana, 2009)

2.7. Effects of budget planning and control on budget implementation

Budgeting systems forces firms to plan, which is a major benefit. The sales budget and related marketing plan set the overall level of activity and communication and coordination are needed if the firm is to achieve the profit goal. Budgets in the first instances should be used to aid planning, coordinate all activities and produce one master budget with all activities in departmental section. When revenues fall short of the projected level the budget implementation is affected to the extent that the expenditures have to be reduced and some projects and programmes postponed altogether (Pollit, 2004).

According to Akintoye (2008) companies continue to blunder and fail because they have flawed budgetary planning and control systems, which they apparently fail to recognize. Some firms sense weakness of their budgetary analysis but view them as individual problems rather than systematic deficiencies. They misdirect efforts and produce greater frustration. As a result, corporate strategy and capital allocation become misaligned and remain so, despite disapproving financial performance. Some of the drawbacks organizations encounter in the course of budgetary planning and control systems include:

Dynamic structure

Present day economic environment demands that organization adapt new infrastructure practices. Given the new competitive realities, there is need for management to embrace flexible and adaptable budgetary planning and control system which has the ability to quickly respond to environmental changes and complexities. A good budgetary planning and control system must involve not only an analysis of capital allocation requests when the project is executed, but also an analysis of all the capital needed to generate information such as market research, prior to investing in the project (Akintoye, 2008).

Budget integration

The major components of a local authority's annual budget are the recurrent and the capital budget. Recurrent budget deals with expenditure incurred in the regular operations of a local authority, including salaries, pension contributions, operations cost routine repairs and cost of maintenance and also includes revenues raised for these purpose including taxes, licenses, fees and charges. The capital budget is concerned with the creation of durable assets such as new roads, schools, markets and housing estates. Other types of budgets used by local authorities are the cash flow and the fund flow budgets (Nderi, IM et al., 1995).

Most often, capital budgeting and expense budgeting are distinct processes for instance organizations that do practice capital budgeting make assumptions about future cash flows that are dependent on certain advertising and sales promotion outlays. Even though these outlays are typically covered by the expense budget, the people approving the two requests do not necessarily try to ensure consistency between the two budgets even in organizations in which the determination of the expense request is tied at the outset of capital request (Akintoye, 2008).

Finance function as a strategic partner. Financial analysts doing budgetary planning are often seen as traffic cops than strategic partners. They often get into the budgetary process near the end, merely to rubber-stamp a conclusion that a marketing or manufacturing executive realized earlier. Budgetary planning then becomes a mere exercise, rather than values that produced the desired result, consequently, the quality of information for budgetary planning and control are seriously compromised (Akintoye, 2008).

The accounting systems

Local authorities in Kenya have the reputation for very poor record keeping for financial and management purposes. This problem therefore affects the institution's ability to make financial and management decisions on the basis of accurate and useful information. Financial and budget monitoring reports are often late and inaccurate. Even the annual appropriation accounts are often delayed and in some respects incorrect. This adversely affects the transparency and accountability of resource utilization (Odipo et al., 2005).

2.8. Integrity and ethics and budget implementation

Ethics and integrity poses one of the most lethal threats to local authorities' future economic growth, development and political stability. Illicit activities such as bribery kick backs, theft and misspending of public funds costs brings down services delivery. Integrity and ethics also undermines the legitimacy of the current administration and the political sides, fuels social unrest, contribute directly to the rise in social economic inequality and undermine Kenyan's environmental security. The high turnover of the most qualified professionals in local authorities is both a cause and a symptom of the degree of integrity and inefficiencies that they are faced with (Odipo et al., 2005). Ethics and integrity in local authorities has spill over effects beyond its borders. Management has failed to implement its projects. The pervasiveness of such ethics and integrity can be seen in the downfall of many local officials in charge of theft, fall of non authorized buildings, acquisition and transfer of land (Chathukulam, 2000).

Procurement

Today, in many countries, public procurement has become an issue of public attention and debate, and has been subjected to reforms, restructuring and rules and regulations. Public bodies have always been big purchasers, dealing with huge budgets however; public procurement is considered an inherently politically sensitive activity. In public procurement, managers take on the role of agent for elected representatives. However, senior officials and political leaders use public office for private gain and this has weakened the motivation to remain honest. This ultimately interferes with the procurement process and constrains compliance. Social and political influences have an important bearing on public sector reform. In developing countries one of the major obstacles to the procurement system is ministerial interference with the tender process where ministers intervene and influence tender awards. The threat of being suspended or fired has in many cases intimidated public officers into obeying illegal ministerial directives leading to non-compliance. Interference from the local politicians, businesspersons, members of parliament and very influential top management individuals has interrupted the procurement processes and deterred transparency. In addition if the workforce is not adequately educated in procurement matters, serious consequences including, breaches of codes of conduct do occur (Tukamuhabwa, 2012).

Political interference in budgeting

It has not been possible to generate sustained political commitment to the budget process and product. There are numerous examples of parachuted projects introduced to the public

investment programme (PIP) without going through formal appraisal procedures (Kiringai and West 2002). Performance of the local authorities in Kenya is not only affected by the lack of autonomy from the Minister for Local Government but also the prescribed manner of enlisting councillors and other personnel which is prone to abuse. Since the Local Government Act (Cap 265) allows for the appointment of councillors by the president, oftentimes such councillors are reluctant to submit to the authority of the managers in the local authorities. In situations where the councillors are elected, experiences of political party influence also arise. This difficulty is often reflected in councils in which the political divisions are so sharp that councillors are permanently preoccupied with gaining immediate political advantage over their opponents. In some cases, personnel are hired without the consideration of their ability to perform the tasks at hand (Odipo, 2005)

2.9. Theoretical literature

According to Rhee (2009), public budgeting can be approached through a lens of two theoretical perspectives that is descriptive and normative. A normative theory (or a welfare function or a hierarchy of values) of budgeting is a comprehensive and specific political theory detailing what the government's action ought to be at a particular time. It specifies a method for maximizing returns for budgetary expenditures. Given that the budget represents the outcome of political struggle, a normative theory of budgeting suggests the elimination of any such conflict over the government's role in society. It attempts to suggest solutions based on values rather than describing observations. Advice is based on a much narrower range of observations than descriptive theory and its proposed solutions may be based on values rather than observation.

The normative theory in public budgeting began at least from the early 20th century when reformers were attacking the spoils system that involved the budgeting system dominated by legislatures associated with ethics and integrity and inefficiency. It was necessary to develop a science of administration out of the politics to make government management more businesslike (Wilson, 1887; White, 1926). Reformers sought to find ways to ensure coordination of the political and administrative function, holding administrators accountable to political authorities without undermining the separation of politics from administration (Rhee, 2009).

The goals of budget reformers included the expansion of the power of the executive branch for policy formulation. In budget processes they aimed for a stronger role of the executive but a small role of the legislative despite a debate on these roles in a democracy. Later, the executive budget was created by Budget and Accounting Act of 1921, which gave the Presidential power to submit a government budget to Congress; and contributed to several federal budget reforms (Rhee, 2009). The reformers were not only after spending control, but efficient government. They specifically rejected line item budgets and detailed appropriations in favor of lump sum appropriations that allowed better management.

The program for achieving the reformers' goals included not only the expansion of the power of the executive to formulate policy and review proposals but also new budget formats to convey decision-making information about programs to the legislature and the public for their review.

They believed that public accountability in budget could be enhanced by improvement of the quality of budget information that would be provided to the public as well as the legislature because it could help their understanding of what the government was working for, and how much government was spending to achieve its goals (Rhee, 2009). To provide the improved quality of budget information, new budget formats were invented. The role of planning was emphasized in the budget to accomplish specific goals. They argued that budgets must contain a work plan and provide funding for future as well as current needs and despite their considerable variation in the scope of planning they agreed

that planning was inherent in budgeting. Some of the reformers explicitly linked city planning and budgeting, arguing that poor planning for growth and inadequate sewers, streets, and tunnels cost more money in the end and were inefficient (Rhee, 2009).

Cost accounting and management were advocated by reformers to cut back expenditures (Rhee, 2009). The public economists were more concerned with choices between options, laying out the options carefully and choosing between them on carefully specified grounds they based their arguments on what they perceived as rational choices and optimization of decision making. Both groups emphasized the need to get the most from each dollar. They rejected a model of budgeting that allowed the departments to ask for what they wanted instead of requesting what they needed to accomplish particular tasks. They were convinced that there was much waste in government and that expenditure could be cut back without losing much in the way of services.

They did not think that changes could be implemented only at the margins. They told stories of cutting departmental budgets in half while improving services (Rhee, 2009). Descriptive theory on the other hand aims to explain trends of events and uniformities across cases in the public sector based on observation or participation in public sector activities.

Theorists describe trends, sequences of events, and infer causes paying attention to local variations as well as uniformities across cases and the decision maker's goals should be satisfied given the constraints that exist. The descriptive theory in budget begins at least when Key (1940) indicates that budget allocation to a certain program is based on value preferences and priorities due to the lack of an overall budgetary theory that can allocate dollars to activities in any rational and predictable way. Politics is likely to be part of any descriptive theory in budgeting so long as it is believed that political system should reflect the public preferences for government services (Rhee, 2009).

Reacting on Key's arguments, Veme Lewis (1952) points out that the problem in government arises out of lack of facts such as firm numbers, rather than the lack of theory or method asserting that our decisions about who gets what would be better if we based them on fact and analysis (Rhee, 2009). Criticizing that both arguments on seeking a theory and better facts are not descriptive but rather prescriptive, Charles Lindblom, in his essay on "The science of muddling through" (1959) emphasizes that we need to focus on what we actually do and try to improve, rather than seek a theory or more facts. Lindblom argues that policy tends to be made based on rationality and optimal decisions at the margins in a system with successive limited comparisons among alternatives. He asserts that organizations are conservative decision makers so that they generally muddle through a problem building on previous ones, rather than reassess it from the ground up a new to adopt a purely rational solution.

Based on this decision-making theory, Wildavsky (1964) argues that incrementalism is descriptive as well as prescriptive in budgeting theory, where agencies are provided incrementally increased budget based on negotiation and bargaining among budget actors to promote stability and cooperative relations in the political system. He asserts that it is more close to democracy than the application of science to budgeting. He says that there are two constants in budget reform, which are incrementalism and the traditional line-item budget format. An incremental process is supported by the traditional line-item format. Etzioni (1967) suggested a mixed scanning decision model that is a hybrid of rational choice and incrementalism. In this model, decision makings should be made based on rational analysis for major or fundamental decisions with a full consideration of alternatives and results in significant policy decisions.

Smaller decisions tend to be made through this incremental analysis.

For the purpose of this study a mixed scanning model is used. This model is a hybrid of rational choice and incrementalism. In this model, decision makings are made based on rational analysis for

major or fundamental decisions with a full consideration of alternatives and results in significant policy decisions. Smaller decisions tend to be made through the incremental analysis.

This is due to the fact that local authorities are recommended to use the economic measure approach in formulating their annual estimates and a zero base budget approach in cases where there is strong evidence that a service has not been planned and managed satisfactory so as to identify a better way of providing it or to justify terminating its provision (Nderi, J.M et al., 1995).

3. Methodology of the study

3.1. Research Design

The research design is mainly descriptive. A cross sectional study was used to determine the interrelationship between the variables under consideration among the universities under the study.

This design would enable the researchers to collect the quantitative data, where the researchers explain the factors that affecting budget preparation and implementation in the selected Ethiopian public universities.

3.2. Source of Data

Based on the objective of the study, both primary and secondary data were collected. Primary data was collected directly from respondents such as, University planning and program experts, finance and procurement department, directors' faculty/college deans, department heads and internal audit experts. Secondary data were collected from Ministry of Finance and Economic Cooperation (MoFEC), federal auditor general office, manuals, audited annual reports, proclamations, and regulations.

3.3. Sampling Technique and Sample Size

Currently, there are 44 public universities in Ethiopia. The Universities are categorized under four generations while, 10 universities are classified under first generation, 12 universities classified under second generation, 11 universities under third generation, 11 universities under fourth generation. South western Oromia Universities are selected purposively because of their location near to the work place of the researchers.

The sample respondents from the selected universities were included in the study on the basis of the proportionate stratified sampling technique to collect primary data using questionnaires.

In order to determine the sample size, the researchers would use the following mathematical formula developed by Yemane in 1967 using 95% confidence level.

$$n = \frac{N}{1 + N(e)^2}$$

Where: **n**=sample size,

N=Population size and

e=sampling error=5%

$$n = \frac{135}{1 + 135(0.05)^2} = 100$$

3.4. Data Collection Methods

The primary data was collected through open ended and closed ended questionnaire. The questionnaires were structured in such a way that it captures the respondents' profile and data pertinent to study objectives. Unstructured interviews would be conducted by selecting stakeholders

and experts such as university Finance and budget directorate directors and team leaders, project coordinators, internal auditors, anti-corruption experts, economics and accounting teachers from the Universities. This is because they are the ones well experienced with budgeting procedures in the public universities.

The data enumerators administer the primary data collection by distributing the questionnaires.

Secondary data was collected from ministry of finance and Economic Cooperation and Federal Auditor General. In addition, secondary data will be collected from other related reference books and statistical bulletin prepared by different organizations.

3.5. Method of Data Analysis

After all important data were collected, tallied, and tabulated, descriptive statistics namely frequencies, percentages, would be used to analyze the data collected quantitatively by questionnaire. For the qualitative data analysis, the data that would be collected through interview was organized and followed by coding, and then by categorizing based on their similarities and differences. Finally, the categorized data would be analyzed, interpreted, concluded and presented qualitatively through paraphrasing and narrative discussion of the participants' opinions.

4. DISCUSSION, RESULT AND ANALYSIS OF FINDING

4.1. Introduction

This chapter contains discussion and analysis of finding of the study. It presents the findings related with the study objectives, which includes the assessment of the Major Factors Affecting Budget Preparation and Implementation in Ethiopian Public Universities (The Case of Mettu, Jimma and Wollega universities)

4.2. Characteristics of Respondents

1. Institution of Respondent

Table 4.1 the name of your Institution:

Variables	Frequency	Percent
JU	40	40
MU	35	35
WU	25	25
Total	100	100

Source-From survey data and authors computation

According to above table 4.1 numbers of respondents from Jimma University were about 40% followed by Wollega University which accounts 35% and 25% of respondents from Mettu University

2. Gender of respondent

Table 4.2 Gender of respondent

Variables	Frequency	Percent
Male	70	70
Female	30	30
Total	100	100

Source-From survey data and authors computation

Above table 4.2: shows that the male respondents accounted for 70% while the females accounted for 30%.

3. Age of respondent

Variables	Frequency	Percent
25-29yrs	20	20
30-34yrs	43	43
35-39yrs	32	32
40-44yrs	5	5
45yrs and above	0	0
Total	100	100

Source: own computation from survey data, 2019

The above table no.4:3 shows the respondents age distribution. According to the data, majority of the respondents (43%) were found in age brackets of 30-34 years followed by 35-39 years which accounts (32%). The lowest age group is 40-44 years which covers about 5%.

4. Your work experience in years

Table 4:4 Work Experience

Variables	Frequency	Percent
1-3 years	8	8
4-6 years	30	30
7-9 years	42	42
10-12 years	13	13
13 years and above	7	7
Total	100	100%

Regarding work experience the minimum is 1-3 years where as the maximum is 13 years and above years. Higher number of respondents is within age group ranging from 7-9, 42 (42%) of respondents followed with work experience that ranges from 4 -6 years, 30 (30%). This suggests that the respondents are more experienced and are familiar with points under discussion.

4.3. Organizational factors affecting budget utilization

Table 4:5 Organizational factors affecting budget utilization

Problems		Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	Total
	N	15	27	10	34	14	100
Lack of transparency and accountability has affected utilization of budgets	%	15%	27%	10%	34%	14%	100%
Delay in approval of project proposal by universities has affected utilization of budgets	N	20	23	33	14	24	100
	%	20%	23%	33%	14%	24%	100%
Absence of the evaluation of budget performance at different level affects budget utilization.	N	23	21	36	12	8	100
	%	23%	21%	36%	12%	8%	100%
Absence of full involvement of the line managers in planning and budgeting process.	N	16	22	34	9	11	100
	%	16%	22%	34%	9%	11%	100%

Tendency of corruption	N	22	35	21	10	11	100
	%	22%	35%	21%	10%	11%	100
Lack of ICT	N	13	46	10	9	11	100
	%	13	46%	10%	9%	11%	100%

Source: Authors computation, 2019

Looking at the data on the problems of lack of transparency and accountability of budget utilization, 34% has agreed on the problem and 15% of respondents have disagreed from different higher institutions. On the statement of absence of the evaluation of budget performance at different level affects budget utilization, majority of respondents (33%) are neutral whereas only 14% of them are agreed.

In this table, according to respondents' response on tendency of corruption in higher education, majority of respondents are disagreed (35%) and only 10% of them responded agree on this issue. In addition, even if the percentage is lower (11%), the respondents are agreed on lack of ICT in higher education whereas majority of respondents (46%) disagreed.

The above table also reveals that, there is a delay in approval of project proposal by universities has affected utilization of budgets. Accordingly, around 33% of respondents' are neutral while 24% of them are strongly agreed. This shows that, the negligence in budget approval in higher education selectively, Mettu, Jimma and wolega Universities is higher.

4.4. Cultural Factors affecting budget utilization

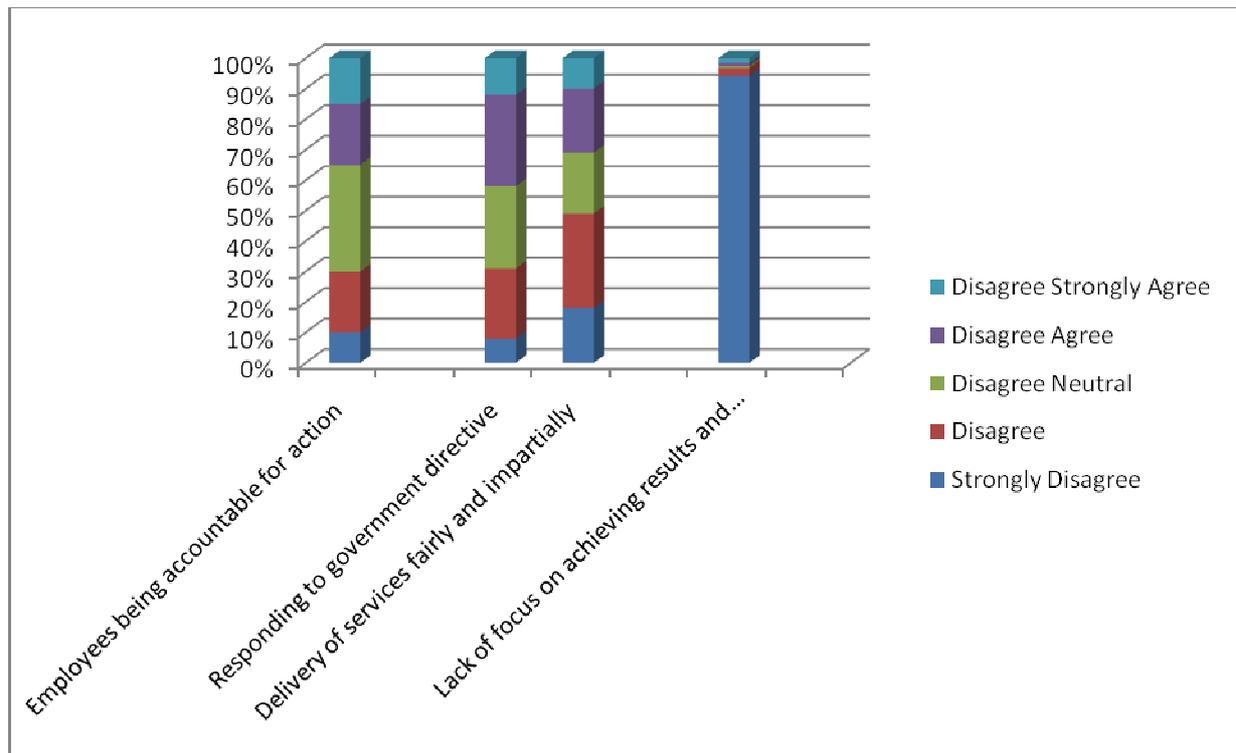
Table 4:6 Cultural Factors affecting budget utilization

Variables	Fre/no	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Employees being accountable for action	N	10	20	35	20	15	100
	%	10%	20%	35%	20%	15%	100%
Responding to government directive	N	8	23	27	30	12	100
	%	8%	23%	27%	30%	12%	100%
Delivery of services fairly and impartially	N	18	31	20	21	10	100
	%	18%	31%	20%	21%	10%	100%
Lack of focus on achieving results and managing performance	N	14	38	10	15	23	100
	%	14	38%	10%	15%	23%	100%

Source: Authors own computation, 2019

The statements that employees being accountable for budget utilization, 10% of the respondent strongly disagreed with the statement, 20% disagreed, 35% of respondents are neutral and 15% of the are agreed with it. Regarding with the statements lack of focus on achieving results and managing performance, majority of respondents (38%) from the selected universities are disagreed with it while 10% of the respondents are agreed with this statement.

Figure 2: Cultural Factors affecting budget utilization



4.5. Behavioural factors affecting budget utilization

Table 4:7 Behavioural factors affecting budget utilization

Variables	Fre/no	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Inadequate knowledge of people toward program Budget	N	7	28	47	7	11	100
	%	7%	28%	47%	7%	11%	100%
Failure to present information on budget progress to facilitate scrutiny by relevant government agencies	N	23	12	34	19	12	100
	%	23%	12%	34%	19%	12%	100%
A lack of clear performance indicators to measure the actual results	N	12	5	45	23	15	100
	%	12%	5%	45%	23%	15%	100%

Source: Authors own computation, 2019

The above table shows that, 47% of respondents are neutral, 7% of respondents are strongly disagreed with the statement of inadequate knowledge of people toward program Budget in the three Universities. On the other hand, on the statement of lack of clear performance indicators to measure the actual results, majority of respondents are neutral and 5% of them are disagreed with the statement.

5. Conclusion and recommendations

This chapter which is entitled as conclusion and recommendation is designed to present the conclusions made from the discussion and analysis part of the study and it then provides some recommendations.

5.1. Summary and Conclusions

From the view point of the findings obtained, the researcher has made the following concluding remarks:

- According to data collected from three Universities, majority of workers on budget preparation are males. This may expand the gender gap on budget preparation and allocation as well as controlling.
- Regarding work experience the minimum is 1-3 years whereas the maximum is 13 years and above years. Higher number of respondents is within age group ranging from 7-9, 42 (42%) of respondents followed with work experience that ranges from 4 -6 years, 30 (30%). This suggests that the respondents are more experienced and are familiar with points under discussion.
- Looking at the data on the problems of lack of transparency and accountability of budget utilization, 34% has agreed on the problem and 15% of respondents have disagreed from different higher institutions. On the statement of absence of the evaluation of budget performance at different level affects budget utilization, majority of respondents (33%) are neutral whereas only 14% of them are agreed. This shows that, there are severe problems of lack of transparency and accountability in the three selected universities namely Mettu, Jimma and Wolega University.
- According to respondents' response on tendency of corruption in higher education, majority of respondents are disagreed (35%) and only 10% of them responded agree on this issue. In addition, even if the percentage is lower (10%), the respondents are agreed on lack of ICT in higher education whereas majority of respondents (46%) disagreed.
- Based on data collected from the three Universities budget sectors, there is a delay in approval of project proposal by universities has affected utilization of budgets. Accordingly, around 33% of respondents' are neutral while 24% of them are strongly agreed. This shows that, the negligence in budget approval in higher education selectively, Mettu, Jimma and Wolega Universities are higher.
- The statements that employees being accountable for budget utilization, 10% of the respondent strongly disagreed with the statement, 20% disagreed, 35% of respondents are neutral and 15% of them are agreed with it. Regarding with the statements lack of focus on achieving results and managing performance, majority of respondents (38%) from the selected universities are agreed with it while 10% of the respondents are agreed with this statement.
- Majority of respondents (47% of respondents) are neutral, 7% of respondents are strongly disagreed with the statement of inadequate knowledge of people toward program Budget in the three Universities.
- On the other hand, on the statement of lack of clear performance indicators to measure the actual results, majority of respondents are neutral and 5% of them are disagreed with the statement.

5.2. Recommendations

In consideration of the aims of the study and the findings revealed, the research makes the following recommendations:

- Consultations, integration and co-ordination between the departments should be made in order to ensure transparency and accountability.

- From respondent response there is lack of Information Communication Technology so that technology should be employed to manage the budgetary process and implementation.
- Stakeholders should be engaged in the budgetary process to encourage participation and transparency.
- All groups of the population should be involved in the budgetary process in order to reduce gender gap on budget preparation and allocation as well as controlling.
- Due attention should be given by university managers during budget plan and implementation by capacitating the employees through training and involving all concerned bodies in the budget planning and implementation.
- The study recommends that in order to effectively and efficiently control activities involved in budget implementation, there should be detective and preventive controls. Detective controls may involve reconciling what is recorded in the papers such as annual financial performance reports and what is actually done, so as to reveal out any deviations, and preventive controls may involve locks and access codes. The use of these controls at universities will eventually enable effective implementation of its budget.
- In order to implement its budget and achieve the intended financial goals there must be a support from top management and reduce a delay in approval of project proposal.

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