



Aspire, Acquire, Prosper

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ABSTRACT

The purpose of this study was to assess the relationship between the Budgetary Process and compliance to Budget provisions of parastatals in Zambia with a focus on ZESCO Limited. The specific objectives of the study were: to determine the effect of the budgeting process which includes a review of past budgets, identifying and forecasting revenues for the target budget period, and then assigning amounts for established expense lines on compliance to budget provisions in parastatals. An effective budgeting process calls for the participation of key budget holders in the spending units or business units, senior management and finance teams across the entity.

The study of this relationship was important to enhance conscious participation in the budgeting process which would assist the budget holders to easily comply with the provisions in the budget thus making the envisaged strategic plans more achievable. The government of the republic of Zambia provides the strategic framework within which the approximately 22 parastatals under its control with the Industrial Development Corporation (IDC) exercising oversight on its behalf, operate. One important element in this framework is the elimination of wasteful expenditure. The researcher therefore thought it important to assess how the current compliance levels are as a result of the adequacy or otherwise of the current budgetary processes being undertaken by these parastatals. Problems of inadequate funds in the budgets, the lack of clarity on correct budgets lines in terms of cost allocation, leading to overspending influenced the researcher to carry out this study.

The study design was an explanatory non experimental descriptive research design. The target population was the 6,700 ZESCO Limited staff members in the 8 directorates and through systematic sampling the sample size of 364 members of staff was established. The selected respondents in the study showed a fair knowledge of the budgeting process. The study employed quantitative data analysis technique: descriptive and SPSS software was used to carryout inferential statistics analysis using multiple regression. This analysed data was reported using frequency distributions, percentages and charts. During the research, it was noted that ZESCO Limited had fully decentralized budget processes to business units thereby enhancing a good understanding of the process, use of technology, monitoring processes as well as control including virement and supplementary budgeting. There seems to be good adherence to regulatory frameworks, implementation of strong internal controls and close supervisory oversight of the budgeting process in ZESCO Limited. The researcher also noted that effective

communication and reporting has enhanced compliance in the company.

The study thus concluded that the budgetary process which involves planning, implementation, monitoring and evaluation had a relationship and significantly influenced compliance to the budget of the parastatal. The study recommends that all parastatals should learn from ZESCO Limited and review their policies on staff participation in the budget process, budget monitoring, and enhancement of capacity building programs and use of technology in the budgeting to improve compliance.

Contents

CHAPTER ONE: INTRODUCTION.....	8
1.1 BACKGROUND.....	8
1.2 RESEARCH PROBLEM	9
1.3 RESEARCH AIM	10
1.4 GENERAL OBJECTIVES	10
1.5 SPECIFIC RESEARCH OBJECTIVES.....	10
1.6 RESEARCH QUESTIONS	11
1.7 RESEARCH HYPOTHESIS	11
1.8 CHAPTER SUMMARY	11
CHAPTER TWO: LITERATURE REVIEW	13
2.1 INTRODUCTION.....	13
2.1 ACCOUNTING THEORY	13
2.2 OTHER THEORIES.....	15
2.2.1 Participative Budgeting theory	16
2.2.2 The performance budgeting theory.....	18
2.2.3 Zero based budgeting.....	21
2.3 CONCEPTUAL FRAMEWORK	23
2.3.1 Independent Variables	24
2.3.2 Dependent Variables.....	24
2.4. GAPS IN THE LITERATURE	25
2.5 CHAPTER SUMMARY	25
CHAPTER THREE: RESEARCH METHODOLOGY	26
3.1 INTRODUCTION.....	26
3.2 RESEARCH APPROACH.....	26
3.3 STRATEGY JUSTIFICATION	26
3.3 RESEARCH PARADIGM.....	26
3.4 INDUCTIVE APPROACHES	27
3.5 DEDUCTIVE APPROACHES	27

3.6 TIME HORIZON	27
3.7 RESEARCH STRATEGY	27
3.8 SAMPLING FRAME AND SAMPLE SIZE	27
3.9 DATA COLLECTION	28
3.10 DATA PROCESSING AND ANALYSIS	28
3.11 RELIABILITY OF RESEARCH FINDINGS	29
3.12 VALIDITY OF RESEARCH FINDINGS	30
3.13 GENERALISABILITY OF RESEARCH FINDINGS	30
3.4 ETHICAL AND ACCESS ISSUES.....	30
3.4.1 Accessibility	30
3.4.2 Research Ethics	31
CHAPTER FOUR	32
DATA ANALYSIS AND PRESENTATION	32
4.1 INTRODUCTION	32
4.2 RESPONSE RATE	32
4.3 DEMOGRAPHIC DATA.....	33
4.3.1 Gender Distribution	33
4.3.2 Age Distribution	34
4.3.3 Academic Qualifications	34
4.3.4 Experience of the Respondents.....	35
4.4 BUDGETARY PROCESS AND FINANCIAL PERFORMANCE OF ZESCO LIMITED	35
4.4.1 Budgetary Planning and Financial Performance	36
4.4.2 Budgetary Implementation and Financial Performance.	38
4.4.3 Budgetary Monitoring and Evaluation and Financial Performance.	41
4.4.4 Financial Performance	43
4.5 INFERENTIAL STATISTICS ANALYSIS.....	45
4.5.1 Regression Analysis.....	45
CHAPTER FIVE	49
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	49

5.1 INTRODUCTION	49
5.2 SUMMARY OF THE STUDY FINDINGS.....	49
5.3 CONCLUSIONS OF THE STUDY	51
5.4 CONTRIBUTION TO KNOWLEDGE	52
5.5 RECOMMENDATIONS FOR POLICY	53
5.6 LIMITATIONS TO THE STUDY	53
5.7 SUGGESTIONS FOR FURTHER STUDIES	54
APPENDIX 1 : INTRODUCTORY LETTER	60
APPENDIX II : QUESTIONNAIRE FOR DIRECTORATE STAFF	61

Chapter One: Introduction

1.1 Background

Budgets are generally defined as schedules of planned expenses and revenues. Budgeting in this regard is viewed as enabling the different functions of management control further, state that the budget represents their numbers and their benchmarks against which their performance is measured (Richard, 2015). It can also be simply defined as a financial plan that enumerates the most important sources of revenue and how such revenues are to be spent. When analyzed at national level, the budget will be a declaration of receipts and expenditures with a focus on the financing plan while taking into action the interests of the general citizenry. National budgets share some similarities with those done at household level but tend to be easier to plan and consolidate, since they are typically done at a high level. At entity level, be it public or private sector, the budget also provides the same information but with more detail to facilitate management's decisions about the services, inflows and out flows. Entities use budgets to provide forecasts of revenues and expenditures, that is, construct a model of how certain strategies, actions and occurrences if implemented would affect the financials and provides a reference to performance measurement against the forecasts (Simson, 2014) . According to Richard (2015), the basic functions of budgets would include pooling of resources and allocation of these resources to activities that would assist the entity to achieve its strategic goals and make profit while maintaining sustainable levels of expenditure in support of the entity's operations.

The budgeting process comprises of two main phases: the planning phase and the control phase (Shim, 2011). The planning phase identifies the goals to be attained during the fiscal year and the financial plan necessary to achieve them. The control phase focuses on the actual performance towards achieving the plan. It involves implementation, monitoring and control functions. The control phase puts emphasis on a comparison between the budgeted revenue and expenses against the actual revenue and expense activity. Budget planning may be described as a process of joint work of units and employees of the enterprise, aimed toward achieving the goal of developing and approving a plan of work of the enterprise within the "forecast" period, results of which works as measures of economic activity against what is indicated within a particular budget expressed in terms of the financial structure of the enterprises. Budgeting control involves oversight of departmental budgets in relation to

responsibilities assigned to top executives in line with established policy and a continuous review of actual results against budgeted amounts which engenders subsequent actions.

The researcher's selection of ZESCO Limited from various government parastatals was influenced by a number of factors. Among them is the unique nature of ZESCO's operations being the leading generating, transmitting and distributing electricity entity in Zambia thus requiring both high revenues and incurs significant expenditure in sustaining its operations. Therefore, compliance levels to the budget would significantly impact profitability. Secondly, ZESCO being a member of the Industrial Development Corporation (IDC), is among the parastatals that have embraced various reforms and digitalization programs to improve service delivery. Companies in the IDC group are encouraged to carry on with the transformation programs to achieve sustainable profitability, ensure delivery of profits and dividends to the Zambian people. The researcher therefore thought it important to review whether ZESCO's budgetary process is contributing to the company's efficiency and ability to manage expenditure as well assess the compliance levels to such budget provisions. Lastly many aspects of budgeting in parastatals have been studied but here we want to confirm that parastatals can comply with budget provisions.

1.2 Research problem

There has been a public notion and impression that public entities and parastatals struggle to comply with budget provisions. This is premised on the seeming inadequate planning and control of budgets as evidenced by the indiscriminate use of funds meant for more viable activities and failure to stick to budgeted expenditure (Auditor General, 2016 - 2020). However, Budgeting has been at the core of economic reform programs in most nations around the world, Simson (2014). Budgets have also been instrumental in the transformation and restructuring of many public sector organizations in Zambia including ZESCO. It has been noted that the success of the budgeting process is enhanced by the level of participation of both individuals and Management in the process. Even though the importance of proper budget implementation has been widely recognized, there has been little empirical assessment of how public sector budgeting processes have developed within increasingly decentralized frameworks of governance.

With the growing challenges posed by financial mismanagement in developing countries, the need for enhanced budgeting processes and innovative financial management techniques are increasingly being

felt in the public sector. In this regard, ZESCO Limited has implemented various reforms and modernization programs aimed at improving efficiency and service delivery. These reforms include re-engineering of internal business processes and restructuring of revenue and service departments. However for these initiatives to yield desired results, financial management practices such as budgeting processes must be in line with best practice. Most research on budgeting practices has been done in developed countries, focusing on the positive relationship between participation and its effects, Budget and decision-making impact. Proposals from the available literature on budgets form an important basis for financial management (Claessens, 2002).

To the best of my knowledge, no previous study exists on the evaluation of budgeting processes in Zambian government parastatals. It is in this light that the research aims to review the budgeting processes in government parastatals in Zambia with specific reference to ZESCO Limited. The main objective of this study will be to review the budgeting processes in ZESCO and strive to answer the following research questions: To what extent have the budgeting processes used at ZESCO achieved budgeting objectives? To what extent are the budgeting processes in ZESCO in conformity with best practice? Is ZESCO able to comply to budget provisions and with what benefit to the organization?

1.3 Research Aim

The aim of the research will be to review the success of the current strategies employed in the budgeting process in parastatals with ZESCO Limited being the main focus. Ultimately, the research aims to show that parastatals can comply with budget provisions.

1.4 General objectives

The objective of this study will be to assess the adequacy of the budgeting process in parastatals and dispel the seemingly non-compliance to budget provisions as in the case study of ZESCO Limited in the country.

1.5 Specific Research Objectives

- i. To assess whether or not budget processes affects the attainment of the budget provisions.
- ii. To assess if any benefits that accrue to business units within an entity who are fully involved in the budgeting process and implementation.

- iii. To assess whether the public perception of the compliance levels to budget provisions actually accrue benefits to the parastatal under review.
- iv. To assess how the budgeting process and its implementation affect the the general attainment of strategic goals.

1.6 Research questions

The following Research questions shall be used to obtain responses to the review of budget processed and compliance to budget provision by ZESCO as indicated in the problem statement.

- i. Does the budget process affect the attainment of compliance to budget provisions?
- ii. Are business units knowledgeable enough to ably participate in the budgeting process?
- iii. Are the members of staff in the participating business unit willing to participate in the budgeting process?
- iv. Does ZESCO benefit from the current budgeting process strategies?
- v. Are there sufficient measurement tools available to measure the performance or compliance to budgets?

1.7 Research Hypothesis

This research Hypothesis will aim to review whether or not the budgeting process has an impact on the resultant compliance to the approved budgets.

H1: Budgeting process affects compliance to budget provisions.

H2: Budgeting process does not affect compliance to budget provisions.

1.8 Chapter Summary

The Chapter started with a provisional title of the research explaining the direction of research covering the area/problem, research questions, research objectives and the hypotheses. Five chapters have been done for this research, chapter one is particularly the introduction to the research which has subtitles like background of the study, the statement of the problem, objectives of the research, research questions, but also includes the significance of the study as well as the scope of study. Chapter two is details the

review carried out of related literature, a collaborative empirical review, identification of the research gap and concludes with the Conceptual framework. This literature review shows what scholars and other researchers report on the budgetary process in parastatals, public entities and their compliance to budgets. Chapter three details the research methodology used, and includes subtitles on research design, the target population, the sample size as well as the sampling techniques used. The chapter will also explain the data collection procedure, validity of the instruments used, reliability and pilot study, data analysis and presentation concluding with ethical considerations taken. Chapter four then is a presentation of an analysis of the findings of the study based on the data collected from the field. It therefore provides information on the relationship between the budgetary process and financial performance of ZESCO Limited as a result of their compliance to approved budgets. The chapter states the respondents' profiles and the response rate, descriptive statistics resulting from responses to the provided research questions of the study. Chapter five is a summary of the main findings according to the expected study objectives and states conclusions by the researcher and recommendations for future implementation. This study is meant to be a contribution to the existing body of knowledge but also highlights limitations to the study as well as suggestions for further study.

Chapter Two: Literature Review

2.1 Introduction

This chapter will attempt to analyze some theories of the budgeting process and compliance from both a theoretical as well as a conceptual theory point of the research. It will refer to theoretical theories and concepts that are readily accessible from secondary literature such as journals authored and published by numerous distinguished scholars and researchers regarding budget development/implementation vis-a-vis control and financial performance. These include conventions of financial accounting and the standards as issued by Boards and various committees, which serve as reference points for practicing Accountants in general. Then finally, the study attempts to identify gaps in available literature and concludes with a summary. Below are some theories that may directly or indirectly affect budgets, budgetary control and compliance.

2.1 Accounting Theory

The accounting theory is one theory that has had a great impact on all stages of the budget and ultimately budgetary control. The theory encompasses various postulates, concepts, standards, models and assumptions that assist in the budgeting process as well as evaluation and control (Bello, 2010). The Accounting theory assist in explaining identifying information to be used in the preparation of budgets. This is usually historical data which facilitates forecasting. Some cardinal tasks undertaken in accounting are: decision making, planning, and control / performance measurements and these are known to be the basis of the management accounting theory, notwithstanding any applied technology or discipline. Many organizations including parastatals include budget compliance among the other performance indicators. Budget analysis with involves a comparison of actual expenditure to budgeted expenditure can provide management with a quick and constant snap shot of the performance of the organization (Malmi, 2009). The accounting theory thus seeks to consider the link between the management choices and the resultant performance expressed in financial terms.

Budgeting is therefore seen both as a vital planning tool and a good performance indicator with factors such as environmental issues and costing being taken into account in addition to the traditional approach of budgeting. Other factors included are ethical and social issues. For example, when organisations are considering procurement of production inputs such as labour and raw materials they would have an option of obtaining these at the least cost which would probably be well within budget levels

appreciated by top management. However, a consideration of how legal the cheap labour is (as provided for by Human Rights Commission, Labour laws, etc.), how environmentally safe the materials are matters that may be considered and may have to be included in the budget otherwise, performance may be adversely affected and huge variances reported in the financial records as a result of penalties and fines.

The Accounting theory itself is a framework that is not directed by any specific metatheory (Llewelyn, 2003), but instead can be applied to numerous research methods and facilitates and adoption of various theoretical approaches in the field of study. One such application is the Budget theory which is often described as a systematic study of the political and social motives behind government and civil society budgets. The Budget theory has also carried a pivotal theme all types of organizations including public and quasi- government organizations (Bartle, 2008). Common public budget theoreticians have stated that effective budget management is a cardinal endeavor for any organization since the establishment of an efficient management system serves as a detector of variances between the organization's goals and performance. In fact, it eases the planning process and assists identify and plan for potential risks or opportunities. Budgets are considered a primary element of an efficient management process and are a key component of the overall concept of effective budget management. Budgets facilitate forecasting of future financial performance and assess the financial feasibility of your strategy of choice. For most organizations, private or public, this process is formalized by formulating an annual budget and closely monitoring compliance to the budget. That is why budgets are said to be collection of plans and forecasts which reflect the financial impact of management's decisions, identifies how much and when funds are required for certain undertaking in order to build wealth.(Silva, 2012). For the budget process to be a success, procedures must be established. Budget estimates may be expressed in terms of short to medium term in order to ensure availability of funds for daily operations and revenues. Medium and long term budgets are also established as per management policy direction. However, management should establish benchmarks for these budgets. One way of doing this is through an analysis of actual expenditure against budget expenditure thereby creating an opportunity for corrective action as need may be (Sharma, 2012). It has also been noted that budgets can influence employee behavior and decision-making by interpreting management strategies thus providing benchmarks for assessing performance. Hancock (2009) even considered such operational planning as the backbone of management. The budgeting theory also has been seen to provide guidance to the budgeting planning function, as other behavioral policies becomes

a fundamental part of the budgeting process leading to increased rationality and fostering better compliance. Stakeholders are encouraged to look forward to budgets and not look back. Ultimately, budgets have been found to play many roles, such as clarifying goals, communicating goals, facilitating monitoring, and outsourcing to external stakeholders.

Other theorists identify factors that may affect the accounting and budgeting theories which tend to affect these network relationships, but not necessarily based on the cause-effect relationship. The facets earlier identified of management accounting (decision-making - planning - management) may be affected by habits in human capital. One such factor is the expression of power, for example in terms of the social element: environmental, social, and ethical. In the execution of all the phase of the budgeting process, entities must adhere prevailing social and environmental standards as well as ethical standards. Other concepts that affect how employees behave during the budgeting process are education, available technology, risk management skills, culture and ethics. However, the ones who are seemingly more powerful are usually unanimously supported when discussing the budgeting process to achieve goals and budgets. Therefore, power is an important aspect of an entity. Education regarding social issues such as the ethics, social biases and environmental matters is also cardinal as it assists raise awareness thereby motivates employees to perform their duties consciously. Another emerging concept to be factored into the budgeting process is Ethics. The discussion cannot be complete without the mention of strategies to deal uncertainty. Risk management in the budget, accords organizations a safety margin to fall back on in the event of an unexpected events which may result in substantial adjustments to the approved budget. Budget holders should not confuse risk management meant to deal with uncertainty and building in of slack into the budget which is highly discouraged. As for technology, it has been well accepted that access to the actual accounting information system and basic spreadsheet technology is very important in ensuring compliance to the budget. Ultimately, new technologies can help budget and provide more accurate information. These inputs are made at the decision level and then transferred to the planning and management phase.

2.2 Other Theories

The researcher discusses three other theories that are used in budgeting.

2.2.1 Participative Budgeting theory

Other theories used in budgeting include the Participative Budgeting theory under which people impacted by a budget are actively involved in the budget creation process (Heinle, 2014). Participatory budgeting is a great communication tool for top management to understand employee issues. This method can motivate employees to reach their organization's goals. Participatory budgeting certainly has several advantages, such as passing information from subordinates to their superiors, improving job satisfaction for their subordinates, accountability for budgets, and matching goals. The disadvantage of participatory budgeting is that employees may try to fit small extra cushions or budget gaps in their budget.

Top administration might start the budget process and provide basic principles yet it is lower-level workers who foster the budgets for their own business units. Representatives often include staff from every business unit or section who can give important experiences from their units' operations. The resource allotment depends on their feedback and it is very important that they are involved all through the budget process. (Abata, 2014) states that Participative Budgeting involves financial planning systems that require lively interactions between members of staff in arriving at a practical budget, not only for the business unit but the entire organisation. Members of staff at different levels are encouraged to provide input into the process so as to assist provide a basis for forecasts that will be included in a particular budget period. Such active participation has benefits such as expanding worker motivation and commitment to compliance to budgets, encouraging innovativeness among all members of staff, expanding an awareness of certain expectations, expanding position fulfillment and furthermore execution. This level of participation is a fundamental piece of budget preparation and control and is the essential apparatus for diminishing lapses in the planning process.

Notwithstanding, budget objectives ought to be bargained through budget plan cooperation and be set at a tight yet feasible level. This sort of budget plan objectives can cause inspirational impacts that will expand the degree of compliance. Some literature on Accounting demonstrates the significance of participation in the budgeting process. It expresses that the cooperation of operational and tactical levels of management in the budgeting process can have positive impact on compliance. First the course of cooperation lessens data deviation in the organisation thus empowering top management to acquire understanding into issues about which lower level managers have particular information. Additionally, the course of support might achieve more prominent responsibility by lower level directors to complete

the budget cycle and be more compliant to the provisions therein (Welsch, 2002). Investment is an interaction that can be utilized for forecasting and objective setting when there is natural vulnerability, or persuading subordinates when there is task vulnerability and for coordinating relationship when there is task reliance. Various writers even suggest that participation may well be the antidote to adverse effects impacts of planning.

All things considered, there are likewise perils innate in participative planning. A few chiefs might utilize the open door given by interest to diminish the principles requested of them and to make predisposition in the appraisals they submit. In many organizations, pseudo investment where a predominant allows a subordinate to be associated with yet have no effect on setting the subordinate's spending plan rather than legitimate cooperation where an unrivaled allows a subordinate to be associated with and impact financial plan setting is utilized. Subsequently interest is no widespread arrangement. It is a fundamental piece of powerful monetary control yet should be utilized with care and understanding. Concentrates on connected with the subject of spending plan cooperation can overall be isolated into two significant gatherings. One bunch of scientists attempted to examine and decide the ideal states of financial plan support while others were keener on portraying the connections among cooperation and factors like execution and occupation fulfillment. The older authors found in their investigations that supervisors in exceptionally organized associations will generally see themselves as having more impact and in this way take part more in spending plan arranging and show up more happy with spending plan related exercises (Bruns, 1975).

Directors in associations where authority is concentrated are by and large considered responsible for fewer monetary factors, experience unrivaled related tension and spending plans along with interest as less helpful. Likewise, like this are the discoveries of (Hofstede, 1968) who saw that the people who don't generally take part in financial plan setting for the most part don't want it and that support as a rule becomes alluring solely after it has been capable. Albeit, a positive connection between spending plan support and representative execution feels somewhat doubtful, how precisely this capacities truly has stayed an open inquiry right up 'til the present time. A few creators guarantee that this connection is straightforward however not immediate where different components can assume the part of an interceding variable. Different investigations discovered that the connection among support and execution was subject to the character of the director in question. Chiefs who felt they had a critical level of command over their predetermination showed the normal relationship yet for the individuals who felt

their fate was constrained by karma, possibility or destiny, monetary investment brought about less fortunate execution. Other mediating factors that were frequently used to make sense of the impacts of spending plan investment on administrative execution were:- financial plan ampleness and authoritative responsibility, social foundation of the supervisors, reasonableness discernments and objective responsibility. The relationship that they found was the place where the degree of data unevenness influences spending plan investment which influences the utilization of financial plan based motivations which then decidedly influences execution. Also, the outcomes that Kren (1992) and Chong and Chong (2002) got, ended up being reliable with the suggestion that monetary interest works with work important data obtaining by chiefs spending plan objective responsibility and that work applicable data thusly is related with further developed execution the utilization of a participative planning approach in the arrangement and execution of hierarchical spending plan will produce the accompanying advantages:-

- Employee contribution and inspiration
- Enhances correspondence among and inside the different units/divisions inside the association
- Increased spending plan exactness and more significant difference investigation.

Nonetheless, it is clear from this exploration that investment should not be totally amassed in the lower level administration. Spending plans set by the lower level administration ought to be likely to survey and endorsement by the high level administration to guarantee that slacks are not incorporated into the financial plan. In synopsis, assuming that most extreme goal is to be accomplished due thought should be given to the social parts of monetary control. To accomplish hierarchical objective, staff and the board investment and co-activity ought to be looked for. Subsequently financial plan is utilized as an instrument of control and real need will be contrasted and the financial plan execution to discover difference

2.2.2 The performance budgeting theory

The performance budgeting theory which make possible the determination of specific programme goals like a project, a selection of the best fit undertaking, a budget template which guides management of requirements for the chosen undertaking, and finally, review the outcomes against planned revenues and expenditures (Schick, 2014). It aids greater accountability in achievements and control. In performance budgeting operations of an enterprise are evaluated based on the funds availed to them against output. Performance budgets are a direct input to budget allocation decisions, or as contextual information to increase transparency and accountability throughout the budgeting process by supporting budget

planning and providing information to legislators and the general public. A systematic use of performance information to inform budget decisions about the purpose of spending and the results achieved. The shorter definition is "a budget that provides information about what government agencies have done or are trying to do with the money provided to them". Broader definitions of performance budgets include spending and program reviews, and preparing an annual budget with performance information (Robinson M., 2005). However, these best practices are primarily related to the core processes of budgeting, budget execution, monitoring, and reporting. Pre-policy impact assessments, spending reviews, and ex-program assessments are discussed in terms of their relationship to performance budgets. They do not include best practices for spending assessment, the best practices statement for evaluating expected or actual results. This may be the subject of future OECD instructions for best practices. Performance budget assumptions will mean to focus and focus on the political goal, focusing on the management of the input, and achieving political goals (OECD, Performance Budgeting, Evaluation and Spending Review in OECD Countries Highlights, 2017). This is a greater involvement in the center of the center of the government, the characteristics of the budget process, the traditional closed area of the budget professional, the number of numbers, the legislator and citizens. The characteristic elements of the Performance Budget System are as follows:

- In prepare for budgeting, expenditure decisions take into account the priority decisions and program performance past.
- Budget is presented to a member of a series of programs. It may be added to or replaced by presentations based on administrative and economic classification.
- Non-financial performance indicators and targets that represent planned spending targets are presented in the budget and linked to the spending program.
- During budget execution, budget managers have accountability and autonomy to manage balanced financial resources to achieve results.
- Performance information is provided to managers along with budget execution data to help monitor performance and improve the quality of spending.
- The report to Congress regarding budget implementation includes performance information and an explanation of why it was under-implemented or over-implemented.

In reality, each country's focus is on performance, and the extent to which it has replaced more traditional forms of budgeting varies widely from OECD country to OECD country (OECD, International

Performance Budgeting Database, 2018). The first three characteristics above are common to most systems, but few include the administrative aspects described in the fourth and fifth bullet points.

The OECD categorizes different approaches to performance budgets in member countries as follows:

- **Performance Budget Presentation** - Here, performance, results, and performance indicators are presented separately from key performance indicators. This is relatively easy to achieve and is suitable when budget allocation and actual spending are limited to show that they are in line with government strategic goals and policy priorities. On the other hand, separating performance and budget data makes it difficult to relate the two.
- **Budgeting Based on Performance Information** - This includes performance metrics in the budget document and includes restructuring the budget document based on the program. This approach requires a great deal of effort and is suitable for governments that want to achieve more ambitious goals such as:
B. Prioritize performance-related spending and increase delegation of budget control to program managers. This is the form of performance budgeting that many OECD countries have adopted.
- **Managerial Performance Budgeting** - Managerial performance budgeting is a variant on performance informed budgeting. In this approach the focus is on managerial impacts and changes in organisational behaviour, achieved through combined use of budget and related performance information. This depends on a performance culture existing within government that will take time to establish if it does not already exist. Direct Performance Budgeting Direct performance budgeting establishes a direct link between results and resources, usually implying contractual type mechanisms that directly link budget allocations to the achievement of results, implying a budgetary response to over or underachievement of performance objectives.

OECD countries adopting performance budgets are almost evenly divided into these three approaches.

Performance budgets offer a wide range of potential benefits that appeal to a variety of stakeholders. For the central government, performance budgets provide an opportunity to strengthen coordination between budget allocation decisions and government policy priorities, thereby increasing the likelihood that the government will make significant commitments. In Congress, the performance budget becomes clearer about the purpose of spending, the goods and services offered in exchange for the resources voted, and the means by which authorities are held responsible for achieving the results. In the case of the Treasury,

the Performance Budget is a new type of information that helps make resource allocation decisions based on evidence of what is working, and to make the business unit accountable for the effectiveness and efficiency of spending. Performance budgets provide tools for improving internal decision-making and for stronger discussions with governments that support the budget proposal. It also helps project managers get the job done by being able to track both performance and expenses (Moynihan, 2012). At Government level (for citizens and civil society organizations) performance budgets provide the prospect of increased transparency and accountability regarding the purpose and outcome of public spending, and by opening a budget "black box" for citizens directly to the budget. Process strengthening the foundation of involvement. Performance budgeting is subject to constant innovation, as results-based budgeting attempts are often disappointing. However, the logic is still compelling enough that instead of abandoning the pursuit of performance, countries are turning from performance-based budgeting to performance-based budgeting, or from central budget decision-making to line ministries. I'm shifting my focus to performance management. Many countries have repeatedly changed the definition and classification of key concepts such as results and impacts, and their use in the submission and review of budget requests. Others have shifted from the initial focus of public budgeting as a tool for making budget decisions to a means of classifying or showing the decisions made during budgeting. With a combination of modest expectations and a coordinated approach, the OECD government is now benefiting from these reforms. Looking at various aspects of effectiveness, OECD countries have reported the strongest results in the areas of improving budget transparency and accountability, with less impact in the areas of resource allocation and the transition to a performance culture.

2.2.3 Zero based budgeting

Zero Based Budgeting was brought to popular attention by P. A. Pyhrr who states that most businesses have used historical data in many of their budgeting procedures. The zero-base budgeting does not allow this to happen because managers need to justify from a zero base any proposed expenditure. Here, a cost-benefit analysis is mainly utilised when making a proposal of expenditure or continuing with a particular line of expenditure. According to this theory, the budget process shall critically assess and define activities requiring funds, rank all such expenditure in order of importance and then prepare the final budget document that must be adhered to (Pyhrr, 2012). Drury (2013) calls this a budgeting approach where expected spending on existing activities starts at zero rather than last year's budget, forcing managers to justify all budget spending and prioritizing budgets. The ACCA Review Team (2016)

explained two reasons why zero-based budgeting is often considered more suitable for public sector service organizations than private companies. One is that it is suitable for expenses with high discretionary spending. The second reason is that the activities of public sector organizations are easier to define and can usually be included in decision packages. However, the adoption of a zero-based budgeting scheme may present challenges like:

- i. Traditional incremental budgeting tends to protect the empire built by managers, so its implementation may be opposed by staff.
- ii. We need to combat the feeling that current operations are efficient.
- iii. Zero-based budgeting is time consuming to implement and administrators may lack the necessary expertise.
- iv. Lack of support from top management.

A comprehensive review of the literature provides a compelling example of the implementation of evidence-based zero-based budgeting by revealing that public authorities have failed to implement a zero-based budgeting system. Create. These can be avoided by properly adhering to the basic rules of zero-based budgeting. Many benefits can be seen when a zero-based budgeting system is implemented. Greater involvement in all levels of management, and reduced budget allocation, are just one of the benefits that zero-based budgeting has provided to institutions implementing this type of budgeting system, especially when properly adhered to. It was a club. Compliance, and thus risk minimization, is guaranteed by adhering to the following steps that are critical to the successful design and implementation of zero-based budgeting. The following is an overview of the steps required to implement zero-based budgeting to provide clear and concise guidelines for the success of a zero-based budgeting system.

2.1. Setting Goals and Objectives

In the context of a zero-based budgeting system, managers at all levels are expected to participate in budget preparation. For top management, it is their duty to initiate the budgeting process by effectively communicating the goals and objectives of the organization to all levels of management. Following this communication, lower-level managers consult with higher-level managers about programs they believe are essential to achieving the goals of the organization, thereby providing their own input. Work with your administrator. Allowing senior management to take the lead facilitates a strong communication and information loop between senior and subordinates. This early involvement of senior management in the planning process helps senior

management fully understand whether the missing financial allocations are in line with the organization's goals and objectives.

The careful identity of targets is extraordinarily important, due to the fact they are able to assist give a boost to the case for particular price range of proposals and as such are beneficial component of the budget, procurement plan, proposals and memorandums. Due to the energy of the connection among the targets of choice gadgets and price range requirements, practical targets are a quintessential a part of any price range proposal. Finally, its miles vital that targets are measurable in order that assessment of software or choice unit consequences can decide whether or not the real overall performance of a given software became as expected. A loss of measurable desires might nullify any capacity of control to regulate budgets in step with overall performance, as control might be not able to exercising rational judgment on software consequences. However, with measurable targets in place, managers of choice gadgets can awareness on opportunity methods to fulfill their targets and behavior fee advantage evaluation to decide the great opportunity approach within side the case while consequences had been unsatisfactory. In public quarter control, overall performance size is certainly placing the performance and effectiveness of beyond movements in quantifiable form. Efficiency is certainly the ratio of outputs to inputs and effectiveness corresponds to the alignment of real output with the desires and targets of any given organization. The performance values in any given software and the hobby gadgets that make up that software may be the same. Strong overall performance of the degree sheds mild at the smart employment of sources via way of means of an organizational unit manager. The effectiveness size seeks to help control in comparing whether or not the outcomes of a software or hobby are in sturdy alignment with its targets. It is for those motives that each measurements play an essential function while comparing a given unit proposed price range within side the choice package.

2.3 Conceptual framework

The study concentrated on three independent variables of budgetary planning, implementation, monitoring and evaluation. The dependent variable (compliance to budget provisions) was measured against the three independent variables.

2.3.1 Independent Variables

Independent variables of the research were budgetary planning, implementation, monitoring and evaluation which included a review of ZESCO Limited's the strategic plans, financing plan, forecasts, size of the business units and areas of operation.

2.3.2 Dependent Variables

The dependent variable being compliance was seen in the execution of both capital and revenue expenditure.

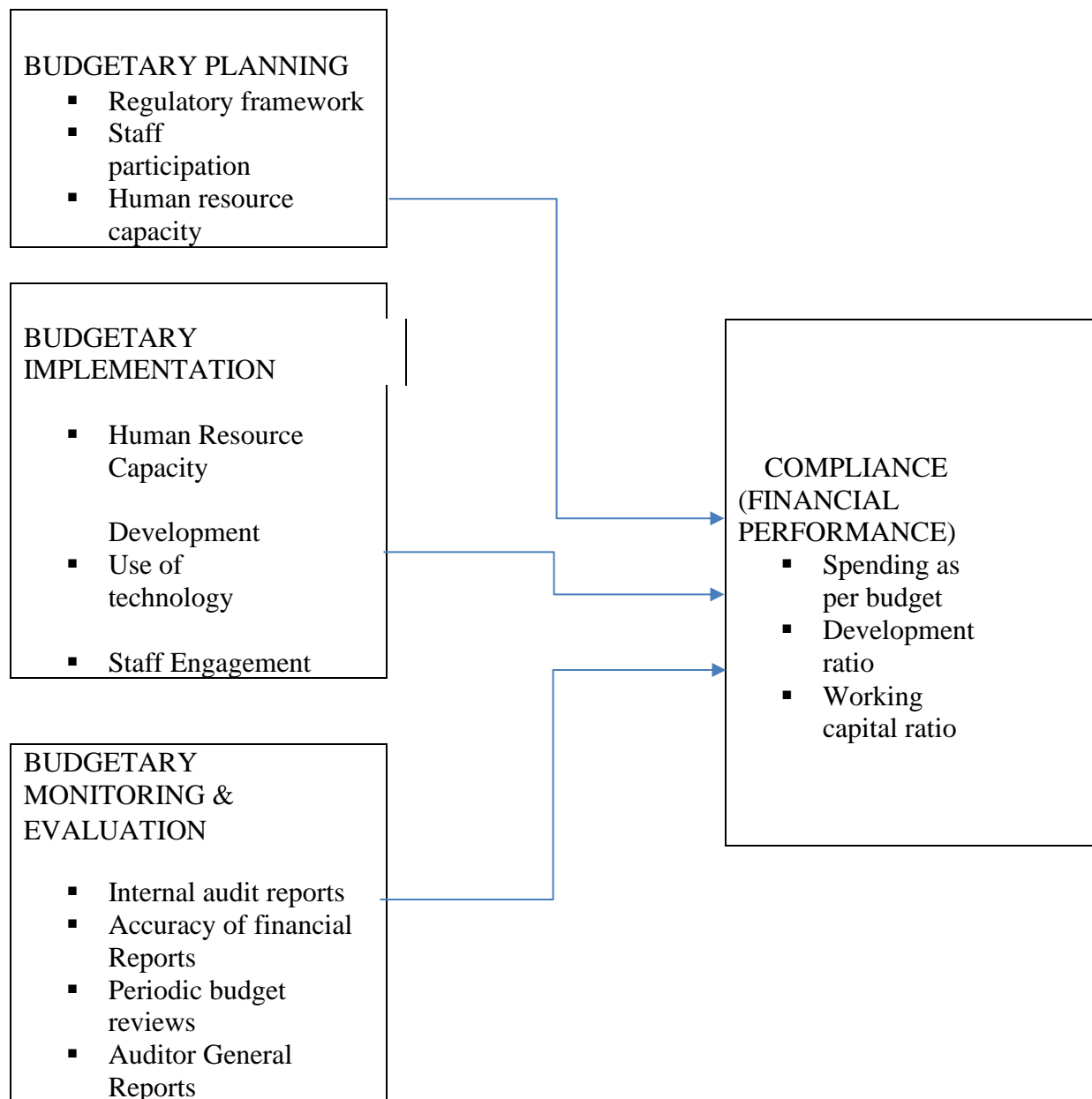


Fig 2.1: Conceptual Framework

Source: Researcher (2022)

2.4. Gaps in the Literature

The gaps define the missing links in the primary source literature such as journals and books relating to the study. The gaps will be relevant to the study so as to have a full picture and appreciate the purpose of the research study. This paper is unique in its analysis of budgetary processes in comparison to how they affected business units respond to provisions of the allocated budgets for public institutes in Zambia. These gaps will come from available primary data and will provide a basis for future research.

2.5 Chapter Summary

The chapter has dealt with both theoretical theories, conceptual theories framework and the gaps in the chapter offers a summary discussion on crucial theoretical approaches and encounters described in preceding interrelated research studies on the budgeting process and budgetary control (Alessia D'Amato, 2009).

Chapter Three: Research Methodology

3.1 Introduction

This chapter will focus on how the research will be conducted while considering methodological approaches. This includes research design, approach, strategy, sampling, data collection, analysis tools and ethical issues.

3.2 Research approach

Research approach will include viewpoints and opinions through a thorough detailed literature review as recommended by Vargas-Hernández (2014). A mixed approach of a qualitative and quantitative nature will be employed in a bid to balance the numeric and narrative aspects. Data that will be gathered from the quantitative data collections process shall be subjected to further tests in the SPSS to derive the required results (Wohllwill, 2013, p.3-4). This descriptive survey research is meant to derive statistical information about aspects of devolution that interest budget holders and those of the government without any manipulation of variables.

3.3 Strategy justification

Budgets and budgetary control seem to be the cornerstone profit maximisation and cost reductions of any entity that wishes to have benefits accrued to the owners of that entity. This has been somewhat of a challenge for parastatals. It is against this background that the researcher proposes a review of the budgeting process and control of parastatals, the case of ZESCO Limited.

3.3 Research paradigm

Going by the study Paradigm, this study will be conducted within ZESCO Limited using a well structured data collection instrument in form of a questionnaire, both with open and closed questions with multiple choice likert scale and open questions requiring respondents to openly answer according to their emotional and express view points (Abdul Rehman, 2016). This will enable the researcher to stick to constructionism paradigm which holds that truth differs from individual to individuals as the questionnaire will be distributed to varied workmates.

3.4 Inductive approaches

Inductive approach is rationally favoured because based on what will be observed, will underpin theories to be developed to the end of research process because of the observational characteristics, much as it will take into account the theories when crafting research questions and aims of the study according to (Pearse, 2019). It will enhance the researcher to evaluate data sets that will be gathered in line with available theories

3.5 Deductive approaches

The researcher will look at developing propositions in the study based on prevailing theories and then plan to test the given hypothesis thereby enhance sound reasoning from the narrow point to the general point of view as this approach will attempt to understand the subject from the general viewpoints although the approach will be to observe feelings, expressions and collection of data itself from the sampling target (Pearse, 2019).

3.6 Time horizon

The whole research will account for three months starting in January to March 2022, in which data will be collected, coded in the SPSS software, analysed, come up with the findings and develop the recommendations based on the findings.

3.7 Research strategy

The research strategy the researcher intends to apply will be empirical based research that is applied in observational research and quantify the events (Johannesson, 2014). As such, the data that will be gathered will be matched with the hypothesis theory much as the outcomes will be likely to be a real life practice.

3.8 Sampling frame and sample size

The researcher targets the sample size of three hundred sixty four (364) staff within ZESCO Limited from different business units in a population of 6700 staff using probability sampling and will include purposive stratified sampling to obtain qualitative and expert knowledge from selected respondents (Etikan, 2016).

Table 3:2 Sample Size Framework.

S/No.	Directorate Category Staff	Population	Staff Sample
1	Corporate	500	27
2	Copperbelt	800	43
3	Lusaka	1200	65
4	Southern	440	24
5	Northern	700	38
6	Generation	360	20
7	Transmission	400	22
8	Distribution & Customer Services	2300	125
	Total	6700	364

Source: Researcher, (2022)

3.9 Data collection

The collection of data was rational and done in a systematic manner so as to attain reasonable conclusions of the research (Abawi, 2014,p.1-4). Therefore, a questionnaire was administered to target the selected sample for data collection from a broad spectrum of business units. The questionnaire was used to collect data from company departmental staff. The questionnaire had six sections, first section itemized the respondents' personal data while the rest of five sections collected data based on the study objectives. The study used a structured questionnaire for purposes of collecting data. The questionnaire consisted of closed and open ended questions. A five point Likert scale ranging from strongly agree to strongly disagree was used in measuring the extent of the responses provided. The collected data was then coded, tested and then analysed to yield results and facilitate the coming up with recommendations for further study (Canals, 2017).

3.10 Data processing and analysis

The data collected will be subjected to SPSS software data coding. An analysis will be made after which, findings will be presented for analytical review then recommendations regarding the findings will be presented in a descriptive form (Sharma, 2018, p.2-4). The integrity of the collected data was checked and the data was entered into SPSS, a statistics data editor which helps improve viewing and editing. The results of this analysis are displayed as tables, pie charts, and bar charts for both convenience and

understanding. The data was set as a measure of central tendency, which is the average, mode and median to emphasize the most important results. Inference statistics were used to determine this Qualitative relationship with research variables by content analysis. An analysis of variances (ANOVA) was used to determine the relationship between the variables or hypotheses. The relationship was between independent variables (budget planning, budget implementation, monitoring and evaluation) and dependent variables (financial performance which signals compliance to budget).

3.11 Reliability of research findings

The researcher will employ the use of a likert scale standard as a data collection tool. Reactions from target participants through the questionnaire will used. The likert scale will have multiple choice ranging from Strongly Disagree , Disagree, Agree, Strongly agree and Undecided as a standard information reliability test. This feedback will then be analysis in the SPSS Software (Taherdoost, 2016, p.1-2). Further, the an SPSS cronbach will be applied to assess the relaibility of the likert scale. The reliability of the survey tool has been improved by pilot surveys. Prior to actually collecting the data, researcher undertook a pilot survey in 10 departments of Corporate Directorate at the headooffice of ZESCO Limited in Lusaka. The study was done to help the researcher determine the reliability and validity of the questionnaire and thus become familiar with the management of questionnaires, improve the questionnnaire as well as the data collection procedures.

Reliability is a measure of how research tools produce consistent results. In this study, Cronbach's alpha factor was used to test the reliability of the survey. For reliability analysis, Cronbach's alpha was calculated using SPSS. Alpha coefficient values range from 0 to 1 and are dichotomous (ie, two-choice questions) and / or multipoint (ie, rating scale: 1) questionnaires or scales = factors extracted from bad. It can be used to explain reliability. 5 = excellent). The tool is deemed reliable if Cronbach's alpha value is greater than 5 and unreliable if the result is 5 or less than 5. Therefore, the higher the value, the more reliable the generated scale. Since all alpha coefficients are greater than 0.7, it was concluded that the questionnaire has an acceptable reliability coefficient and is suitable for research. In addition, the test and retest method was used to calculate the correlation coefficient.

Table 3.3: Reliability Result

Variables	Cronbach's Alpha	Items
Budget Planning	0.812	4
Budget Implementations	0.765	3
Budget Monitoring	0.770	3
Budget Evaluation	0.800	4

Source: Researcher, (2022)

3.12 Validity of research findings

Feedback for the respondents will be scrutinized for validity. It is envisaged that the feedback will include features that correspond to the internal and external validity features, other instrumental validity properties (Heale, 2015). Using the software mentioned earlier, a careful analysis of the findings for validity will be done with a base reference of collecting a minimum of 70% correspondence containing the right feedback.

3.13 Generalisability of research findings

It has been said that the larger the sample population size, the higher the probability that the outcome can be generalized to the whole population (Øvretveit, 2011) . In this review, the researcher will take the outcome as a general view based to the high rate of feedback from the respondents.

3.4 Ethical and access issues

3.4.1 Accessibility

The researcher anticipates enough access to data from ZESCO Limited given that this is the researcher's work place. During the research period, the researcher will maintain the high levels of ethical decorum required to collect sensitive data. Despite being a member of staff, the researcher will still indicate that the data to be collected during this exercise will purely be used for academic purposes and pledge to ensure the data safety (Sugiura et al, 2016, p.2-4). The researcher will also ensure that no interviews shall be conducted, where a questionnaire cannot be answered. This means that the researcher will ensure that the questionnaire is simple and made available to respondents in good time.

3.4.2 Research Ethics

The researcher will in the course of collecting data be professional and apply decorum of responsible demeanor towards respondents. High ethical standards will be used of non-disclosure of privileged data from respondents except for what it will be intended academically (Folkman, 2000, p.2). Ethical issues arise from the nature of the issues studied by social scientists and the methods used to obtain valid and reliable data (Rees, 2020). Ethical considerations were relevant to this study due to the nature of the problem, the method of data collection, and the nature of the individual as a study participant. During the course of this study, possible respondents were informed about the nature of the study and were able to decide whether or not to participate. There is widespread consensus among social scientists that research involving human participants should be conducted with the informed consent of the participants. Therefore, the researcher sought full consent from participants. To protect the privacy of participants, respondents were kept anonymous from other respondents and were not required to indicate their name on the questionnaire.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the analysis of the study findings according to the data collected from the field. It provides general information on the relationship between budgetary process and the financial performance of ZESCO Limited. It begins with instrument return rate, demographic data of the respondents, while the other sections are based on the study variables including budget planning, implementation, monitoring and evaluation. Data is both qualitative and quantitative and analysis based on both descriptive and inferential analysis. The statistical package for social sciences (SPSS) Computer programme version 20 was used for data analysis, then pie charts, frequency distribution tables and percentages were used to present the outcomes.

This section presents the examination of the findings as per the information gathered from the field. It gives general data on the connection between the budgetary process and compliance to the budget of ZESCO Limited shown through its financial performance. It starts with questionnaire feedback rate, summarized feedback from of the respondents, and then provides a summary of the various comments on variables that affect compliance. Information is both subjective and quantitative and examination in light of both unmistakable and inferential investigation. The information was dissected involving the factual bundle for sociologies (SPSS) Computer program form 20. The outcomes are introduced utilizing recurrence appropriation tables, pie outlines and rates.

4.2 Response Rate

The research was done at ZESCO Limited and where three hundred sixty-eight questionnaires were circulated and three hundred fifty were returned as shown in Figure 4.1 below. This represented a 96% response rate, which was commendable for the study since the 21st century has seen a drop in response rate to below 70% (Morton et al, 2012).

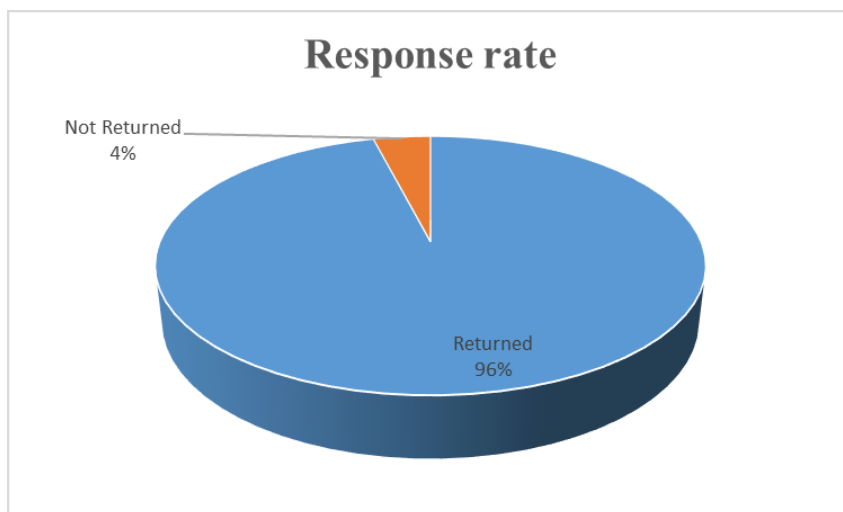


Figure 4.1 Response Rate

Source: Researcher, (2022)

4.3 Demographic Data

4.3.1 Gender Distribution

Below is the gender distribution of the respondents.

Table 4.2 Gender Distribution

Gender	Frequency	Percentage
Male	196	54%
Female	168	46%
Total	364	100%

Source: Researcher, (2022)

Table 4.2 above shows that majority of the respondents were males (54%), while the female respondents were (46%). This distribution of respondents shows that ZESCO Limited is an equal opportunity employer and this status was advantageous as it reduced prejudiced responses due to gender disproportion.

4.3.2 Age Distribution

The age distribution of the respondents was also reviewed. Results are shown in Figure 4.3 below showing that majority of the respondents were aged between 40-49 years at a rate of 40% while the age range of 30-39 years polled 37% and 35% from 50-59 years. The distributed noted shows that ZESCO Limited has a mature workforce who are in their productive ages and are undertaking strategic roles.

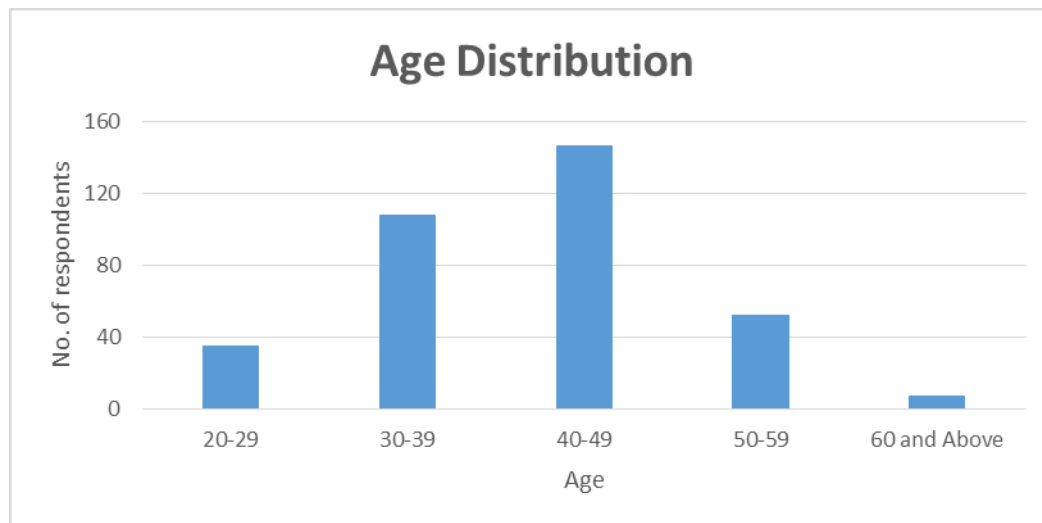


Figure 4.3 Age Distribution

Source: Researcher, (2022)

4.3.3 Academic Qualifications

The academic qualifications of the respondents were also taken note of as shown in table 4.4 below

Academic Qualification	No of Respondents	Percentage
Certificate	45	13%
Diploma	147	42%
Degree	98	28%
Post Graduate	59	17%
Others	0	0%
Total	349	100%

Table 4.4 Academic Qualifications

Source: Researcher, (2022)

The figure 4.4 shown above displays that 42% of the respondents were diploma holders while 28% held bachelor degrees, 17% post graduate and 13% certificates. These results showed a workforce that had an appreciation and motivation for academic qualifications of the staff thereby ensuring a diverse pool of skill sets and knowledge levels.

4.3.4 Experience of the Respondents

The researcher also noted the level of experience of the respondents as shown by the number of years they had worked for ZESCO Limited.

Years Worked	No of Respondents	Percentage
0 - 3'	7	2%
4 - 6'	52	15%
7 - 9'	77	22%
Above 9	213	61%
Total		100%

Table 4.5 Number of Years Worked

Source: Researcher (2022)

Table 4.5 above shows that the majority of respondents had work experience of over 9 years having reported 61%) , while 22% had worked for 7-9 years and the rest below 6 years. This shows that many members of staff had gained experience in the operations of the company and who be in a position to provide reliable input to the budget process and by extension, to this research.

4.4 Budgetary process and financial performance of ZESCO Limited

The research sought to establish the effect of the budgetary process on compliance to budgets which were measured through the company's financial performance. The budgetary process aspects considered included budgetary planning, implementation, monitoring and evaluation.

4.4.1 Budgetary Planning and Financial Performance

Information on the effect the budget planning stage had on compliance was collected from responses on financial performance of ZESCO Limited. A summary of the responses is shown below where the Likert Scale showed: 5 – Strongly agree; 4- Agree; 3- Neutral; 2-Disagree; 1- Strongly Disagree

Budgetary Planning	5	4	3	2	1
The regulatory framework has been effectively adopted in the budgeting planning i.e. ZESCO Limited Budget Policy	50%	46%	4%	0%	0%
Budget holders are effectively involved in the budget planning i.e. before the budget estimate and after the budget estimates	35%	59%	3%	2%	1%
The company has an effective human resource/staffing structure to undertake the budgeting planning	39%	48%	5%	6%	2%
Key planning policy documents are prepared and approved as per the budget cycle, i.e. the financing plan and the procurement plan	75%	20%	4%	1%	0%
There is adequate communication and interaction between the Finance staff and budget holders during the planning stage	20%	36%	20%	22%	2%
The budget holders' expenditure schedules match the approved budget schedule by the ZESCO Board of Directors	10%	40%	30%	19%	1%
Capital projects are carefully analysed and allocated adequate funds for the set deliverables in a budget cycle	33%	23%	12%	26%	6%
Allocated budgets for both Capital and Operational expenditure targets set are realistic	12%	32%	19%	33%	4%
Budget planning process influences financial performance of ZESCO Limited	30%	56%	2%	12%	0%

Table 4.6 Budgetary planning aspects' effect on financial performance.

Source: Researcher, (2022)

Table 4.6 details results on the effect the planning part of the budgeting process affects compliance to budget in ZESCO Limited. Many respondents agreed and strongly agreed that regulatory frameworks have been well incorporated into the budgeting process. The ZESCO budget guidelines (policy) was established with reference to the following: ISO 9001 Standard: Quality Management System. Requirements , ISO 14001 Standard: Environmental Management System, ISO 45001 Specification:

Occupational Health and Safety Management Systems, Virement Policy CO.14900.POLY.00017, Business Plan , Control of Documents format procedure, Public Procurements Act no. 12 of 2008 of the Laws of Zambia, ZBB Round Table. This showed good compliance regulations for proper budget planning which highly influences other factors of the budgeting process.

Employees at various levels of authority felt competent enough to participate in planning and have been involved in planning for budgets according over 90% of the respondents. Their good participation may well affect and this could affect project selection and ranking, implementation, monitoring and evaluation and ultimately compliance to budgeted expenditure since they are part of the initiation process. It was established through the 95% of the respondents that key planning policy documents were made ready and approved for each budget period by management further proving compliance with various frameworks and regulations as expected of public entities. 56% of the respondents were comfortable with the communication levels between the budgets office & accountants on one side and them as budget holders in business units on the other. This may affect the accuracy of forecasts and general information provided. It is always important to have high level interactions with stakeholders seeing as proper budgeting thrives on a good flow of communication thereby according participants a good chance at compliance, having understood what is required of them (Omolo, 2010).

However, employees struggled to have expenditure schedules that were matching the approved budget as shown by responses hovering around 50%. This showed low stakeholder engagement by the county government in budget planning. Some respondents cited unrealistic budget estimates resulting in misallocation and over expenditure on particular budget line beyond the approved amounts. Generally, a total of 86% of respondents agreed that how effectively the planning phase of the budget process has a direct impact on how budget holders were able to comply with approved budgets.

4.4.1.1 Strategies for enhancing effective budgetary planning of ZESCO Limited

A significant number of respondents (65%) in the study suggested additional engagement sessions with budget holders to enhance capacity in budget planning. While employees were quite involved in the budget planning phase, their effectiveness participation was crucial in achieving a well-balanced and achievable budget. Malmir (2017) suggests that employees should be motivated through training and assignment of budget related responsibilities to increase the chance of budget process success.

The other 25% of the respondents recommended enhanced communication during the planning process so that participants are able to propose reasonable funds allocations and be better able to take ownership of projects. This may motivate them to follow through the other phase of the budget process.

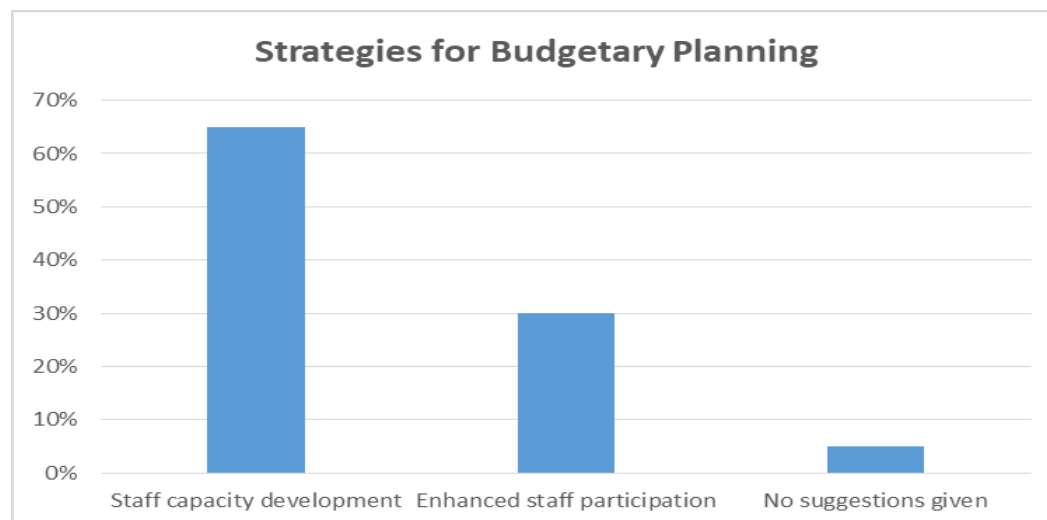


Figure 4.7 Strategies for enhancing budgetary planning

Source: Researcher, (2022)

4.4.2 Budgetary Implementation and Financial Performance.

The research pursued to establish the effect of the budgetary implementation phase on compliance to budget as measured through the financial performance of business units in ZESCO Limited. The Likert Scale used: 5 - Strongly Agree; 4 - Agree; 3 - Neutral; 2 - Disagree; 1 – Strongly Disagree

Budgetary implementation	5	4	3	2	1
The company has an effective human resource/staffing structure to undertake the budget implementation	45%	49%	5%	1%	0%
The Budget implementation process is clearly communicated and understood by budget holders	30%	45%	5%	19%	1%
Human capacity is built through continuous engagement and training in budget implementation	25%	38%	5%	30%	2%
The company has effectively uses the Financial Management System where annual budgets are uploaded for processing its financial transactions	51%	49%	0%	0%	0%

The company has effectively decentralized financial management/Budget execution to business units	54%	45%	1%	0%	0%
Corporate Management ensures all budget holders are actively involved in the budget implementation	80%	18%	1%	0%	1%
Budget holders are encouraged to employ effective strategies that enhance budget implementation	33%	62%	0%	5%	0%
Budget holders are encouraged to liaise with Corporate treasury for timely release of funds for budget implementation	40%	45%	5%	9%	1%
Budgets allow for limited flexibility in response to changing business circumstances; disasters, legislation, unforeseen/unavoidable expenditure and technological changes	30%	22%	2%	42%	4%
Supplementary budgets are approved in good time to allow sufficient time for implementation of activities	20%	19%	2%	52%	7%
Timely Financial reports are submitted for enhanced timely budget execution and/or remedial action	38%	53%	6%	2%	1%
Budget implementation influences financial performance	45%	52%	3%	0%	0%

Table 4.8 Budgetary implementation effect on financial performance.

Source: Researcher, (2022)

Table 4.8 above summarized responses on the effect of budgetary implementation on the financial performance of the ZESCO Limited. Almost all the respondents (94%) agreed that there were employees who could manage the budget implementation process. However, a significant number of the respondents did not think that enough had been done to build capacity of the current workforce as regards budgets. One factor affecting the knowledge levels is the high rate of staff turnover. This could affect budget implementation process when the people who have transactions history leave the department and the new one fail to understand the importance of implementing a particular project in the same way it was planned for. ZESCO Limited has a robust information system and other sub-systems are linked to the main system where approved budgets are upload. All respondents attested to this fact. This concurs with what Richard (2015) established, that the use of technology has proved to provided resounding success when applied correctly and extensively. It assists to keep track of not only expenses but also revenue that supports the company's operations. Over 90% were happy with the

disbursement of funds from treasury to support the budget with only 9% not being sure of the process or not actually receiving the funds when request thereby making budget implementation impossible.

Almost half of the respondents (46%) did not think that the budgets allowed for flexibility in response to changing business circumstances; disasters, legislation, unforeseen/unavoidable expenditure and technological changes. A significant number of respondents (59%) also bemoaned the delay to approve supplementary budgets due to bureaucratic processes which are highly typical of government wings and parastatals. While they were aware of the virement policy but stated that processing of transfer of funds between budget report lines was restricted. They said that this process usually delays budget implementation and at times makes budget holders misallocate available funds to urgent activities. The root cause of such actions were stated as underfunding of some budget activities at budget approval stage where management feels that the budget projections may have been overstated by budget holders. Having decentralized budget implementation to budget holders in various business units, ZESCO Limited has ensured that financial information is made available to budget holders which has eased implementation and corrective action where it is noticed that a project has not yet taken off or is lagging behind. This information assists the business unit heads to be fully responsible for the success of the activities that they planned for and their implementation.

4.4.2.1 Strategies for enhancing effective budgetary implementation of ZESCO Limited

The respondents suggested strategies for the improvement of budgetary implementation. These included the release of funds from treasury on time to facilitate timely implementation by various business units (70%). Otherwise, implementation of the budget would prove impossible without actual funds to support the plans. A 20% section of respondents suggested an improvement to the financial management system to ensure that all systems that are used by ZESCO Limited in the implementation of planned activities are well synchronized. For example, the drawing of fuel for all corporation vehicles has been automated. However, the requests are not validated against the budget before the fuel is dispensed. Validation only happens later on due to the lack of direct synchronization between the two systems. This leaves a lot of room for users to draw fuel beyond what they initially budgeted for resulting in adverse variances which would then push up the number of audit queries when it comes to monitoring. The accountability of the budget holders was also cited by 10% of the respondents as an area of improvement if budget implementation was to greatly succeed.

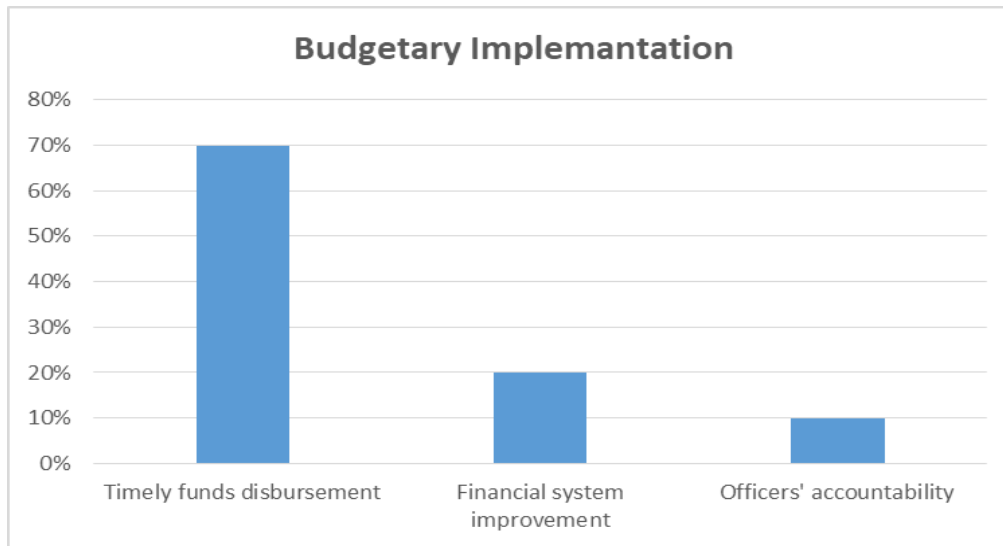


Figure 4.9 Strategies for enhancing effective budgetary implementation

Source: Researcher, (2022)

4.4.3 Budgetary Monitoring and Evaluation and Financial Performance.

The research reported on the effect of budgetary monitoring and evaluation aspects as regards compliance to budgets by ZESCO Limited. The Likert Scale used the following:

5 - Strongly Agree 4 - Agree 3 - Neutral; 2 - Disagree; 1 – Strongly Disagree

Budgetary monitoring and Evaluation	5	4	3	2	1
The Budget, Compliance and Investments department is active in budget monitoring	80%	20%	0%	0%	0%
The internal audit and compliance Division strengthens budget controls through periodical reviews	41%	59%	0%	0%	0%
Use of Financial Management System has enhanced audit trails for budget process monitoring and evaluation	39%	61%	0%	0%	0%
Timely and accurate financial reports are submitted to budget holders	19%	80%	0%	1%	0%
Budgets holders are able to explain budgetary deficits and ensures their root causes are established.	20%	80%	0%	0%	0%

The Senior Manager Budget, Compliance and Investments shall conduct a mid and annual year budget review and communicates to budget holders	10%	40%	50%	0%	0%
The virement policy is fully communicated to budget holders and Management Accountants are on hand to assist users with the process	33%	66%	1%	0%	0%
Budget monitoring and evaluation influences effective compliances to budget provisions	12%	87%	1%	0%	0%

Table 4.10 Budgetary monitoring and evaluation influences financial performance.

Source: Researcher, (2022)

The results in **table 4.10** show that almost all the respondents agreed that the company had a functional budget monitoring and evaluation process. However, 50% of the respondents were not aware that the ZESCO Limited's budget policy provides that the Senior Manager Budgets and Compliance conduct a mid and annual year budget review and communicate the findings to budget holders for redial action. This showed that there may be need for the budget officers to engage in more engagements and awareness programs with budget holders. This was a really comforting position showing that the budget process has a better chance of encouraging compliance since there is a robust feedback phase in place.

Serem (2013) stated that financial reports needed preparation and circulation at regular intervals detailing the analysis of actual expenditure against the budgeted expenditure. These reports are circulated to budget unit heads showing favorable or adverse variances. All the respondents agreed that the budgets unit heads are able to explain variance reported in their units of operation and engage in root causes analysis for remedial action. The respondents also agreed that the Audit function is helping monitor compliance which the semi-annual reviews of financial information. They are thus well accepted as critical players in the budgeting process. Auditors check the commitments made by budget holders against planned activities and any departure from this must then be justified. The Auditor general also reports on the activities of parastatals to the owners of these entities who are the

government of the republic of Zambia. They thus visit parastatals to review transaction for a particular audit period as the compliance to plans including budgets ensure adequate returns to shareholders.

All the respondents agreed that budget monitoring and evaluation had an effect on compliance with budget provision as users felt more accountable and responsible knowing that someone was checking on how the planned budget had been implemented. They also felt that monitoring and evaluation accorded them an opportunity to actually perform corrective active should need arise.

4.4.3.1 Strategies to ensure increased budget monitoring and evaluation at ZESCO Limited

All respondents who expressed ignorance of reports from Budgets office proposed enhanced staff engagements and circulation of budget review reports which would then accord them a chance to further scrutinize the information received from Accountants for onward action. They felt that that would signify more transparency and assist them gather quality information for the next budget cycle, strengthen budget control and improve efficiency.

4.4.4 Financial Performance

The also sought to assess aspects that would influence financial performance of ZESCO Limited.

Likert Scale: 1- Strongly Disagree; 2- Disagree; 3- Neutral; 4- Agree; 5 – Strongly agree

Financial Performance	5	4	3	2	1
The Company's expenditure is effectively as per the budget appropriations	20%	37%	4%	36%	3%
The Company has well implemented austerity measures in its expenditure	14%	40%	20%	24%	2%
The Company is adequately financially solvent	33%	30%	20%	17%	0%

Table 4.11 Aspects influencing financial performance of ZESCO Limited

Source: Researcher, (2022)

A significant number of respondents (39%) felt that most expenditure did not tally with the budget provisions. This was mainly due to the under allocation of funds on certain budget lines as well as delays in approval of supplementary budgets. It is government's plan that all public funds are not appropriated outside the approved budgeted amounts. That is why the office of the Auditor general reports on these variances every year. These variance have caused a lot of unwarranted losses making some parastatals fail to even declare dividends to the owners of the company (Auditor General, 2016 - 2020).

The government declared austerity measures that were to be implemented by all spending agencies under their oversight in 2018. ZESCO Limited circulated these measures to all employees and advised that these be incorporated in the budgeting process. This is what has contributed to the seemingly under allocation of budget amounts to some expense line. However, only 54% could attest to the full implementation of these strategies while the rest either doubted that they were being applied or outrightly denied having seen the effect to these measures. They noted that being in a critical service industry, some operations were cardinal and therefore would need expenditure even though the government had advised to the contrary.

A good number of respondents (20%) said that they did not fully grasp the financial status of the company, especially those who were not from accounts departments. Even though they received regular financial reports, they could not deduce the financial status of the company. 63% agreed that the company was financially solvent and made suggestions on how to improve this status while 17% disagreed.

4.4.4.1 Strategies to ensure increased financial performance of ZESCO Limited

To enhance financial performance of ZESCO Limited, respondents provided opposing strategies. Key among them was the improvement of controls over the implementation phase with strict compliance to budget provisions (Hadley, 2019). This strategy was proposed by 65% of the respondents. This is in line with government provisions for all its spending entities or parastatals. 25% proposed further interactions with accounts and budget officers to further understand important statements in the reports. This would then shape their attitude towards the decisions made during day to day operations. The other 10% emphasized the need for ZESCO Limited to enhance its revenue base so as to ensure a steady flow of funds and avoid insolvency of the power utility.

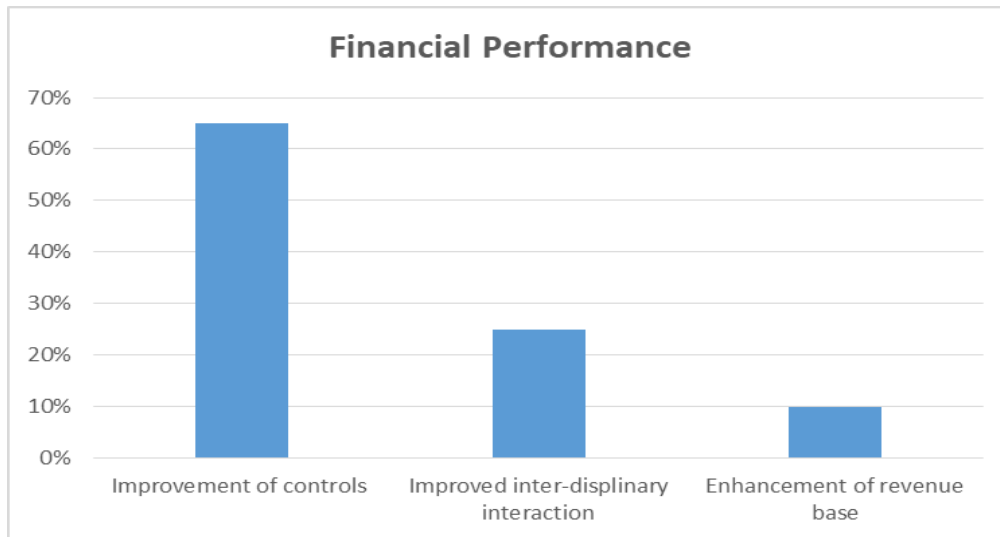


Figure 4.12 Strategies to ensure that there is increased financial performance

Source: Researcher, (2022)

4.5 Inferential Statistics Analysis

Inference statistical analysis was performed to establish the relationships between the variables. We used the multiple regression method to establish a relationship between the normality test and model fit. ANNOVA was also applied to test the significance of the relationship between the dependent and independent variables.

4.5.1 Regression Analysis

Ordinal regression was performed to test the relationship between influencers and employee participation in the financial management of the company. Ordinal regression was utilised since all variables were definite variables. Prior to the main analysis, the collected data was subjected to a thorough analysis procedure where key investigative tests were also done in order to ensure that the data provided met the general assumptions for conducting the regression analysis.

Results of the analysis are shown in **Table 4.13**.

Table 4.13 Test of Normality

Kolmogorov-Smirnov			Shapiro-wilk test		
Statistic	Df	Sig.	Statistic	Df	Sig.
0.468	69	0.047	0.867	69	0.03

Source: Researcher, (2022)

The results of the normality test showed that the data collected was normal, the significance being lower than 0.05 (.03).

Table 4.14 Model Fit Results

Model fitting information					
Model		-2 Likelihood	Chi-Square	F	Sig.
Intercept Only		133.355			
Final		87.360	44.334	11	0.0377

Source: Researcher, (2022)

To get the meaning of the regression of the independent variables, the percentage of the data was regressed with the following results: three different outputs for the R square just as was the case on the outputs of the ordinal regression.

Table 4.15 Results of the R-squared

Pseudo R-Square	
Cox and Snell	0.507
Nagelkerke	0.578
McFadden	0.226

Source: Researcher, (2022)

The researcher employed some personal judgement when selecting R². Since the independent variables had significant values, the researcher opted to pick 0.578 as the R² value for the model (**Table 4.15**). This choice being the best measure. Seber (2012) proposed that at least one of the variables being assessed should be useful for any predictions in a financial performance analysis.

Therefore, since the model predicted R square of 0.507, it meant that 50.7% of the results were predicted by independent variables. The 49.3% which was the remainder could not be clearly explained by the model.

Table 4.16 Coefficients of the regression model

Parameter Estimates	Estimate (β)	Std. Error	Wald	Df	Sig.
Constant	2.425	0.776	9.778	1	0.002
Budget planning	1.996	0.593	4.105	1	0.035
Budgetary Implementation	2.072	0.663	4.063	1	0.020
Budget Monitoring and Evaluation	2.264	1.111	4.154	1	0.042

Source: Researcher, (2022)

The coefficients analysis gives β_0 (Beta) at 2.425, β_1 at 1.996, β_2 at 2.072 and β_3 at 2.264 (Table 4.16). Where β_0 is the constant, β_1 , β_2 and β_3 are constraints for estimation of the independent variables; budget planning, implementation, monitoring and evaluation. From this regression equation; $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$. Letting the financial performance of the organization be (Y); the influencing factors measured included budgetary planning, implementation, monitoring and evaluation, and are denoted by X_1 , X_2 X_3 , the regression equation of the model becomes:

$$Y = 2.425 + 1.996X_1 + 2.072X_2 + 2.264X_3$$

It is apparent from the above regression model that if all variables were to be taken constant in relation to budgetary planning, implementation, monitoring and evaluation, then changes in financial performance which signal compliance at the parastatal would be at 2.425 of one unit. It can therefore be concluded from the coefficient of the regression that all the independent variables were significant (with p-values of 0.020, 0.035 and 0.042). Thus, all the three variables: budgetary planning, implementation, monitoring and evaluation affect the financial performance of ZESCO Limited. This outcome strengthens the descriptive statistics results and the Anova Results (sig. 0.000) as shown in the table below:

Table 4.17 Anova Test Results

ANOVA						
Model		Sum of squares		Mean Square	F	Sig.
1	Regression	66.381	11	5.595	7.67	.000b
	Residual	244.739	255	0.825		
	Total	333.121	57			

a. Dependent Variable: Financial Performance of ZESCO Limited

Source: Researcher, (2022)

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section talks about the synopsis of the research along with the research objectives. It then makes inferences in light of these discoveries and conversations are advanced for the suggestions of the research in view of both ZESCO Limited's budget and virement policies. The chapter also includes suggestions for additional areas of further research.

5.2 Summary of the Study Findings

The general objective of the study was to assess the effect of the budgetary process on financial performance of ZESCO Limited. The appraised literature revealed that the efficiency of the budgetary process plays a critical role in enhancing financial management and performance of the Parastatal. The research sought to answer the questions: whether budgetary planning, implementation, monitoring and evaluation influenced compliance to the budget of ZESCO Limited. The research sought to assess the effect of budgetary planning on financial performance of the ZESCO Limited. The study found that the budgetary planning process had substantial effect on financial performance of the parastatal. Budgetary planning aspects reviewed proved that the regulatory framework was effective in budget planning while more stakeholder engagement was needed. Notably, the budget and compliance department was well established and was involved in budget planning. Company funds were effectively controlled before any operations according to majority of the respondents, although some felt that the approved amounts were not really realistic. This showed mistakes in the planning process that would affect budget implementation as well as compliance of the Parastatal. A significant number of respondents agreed that how budgets were implementation had an effect of how compliant stakeholders were to budget provisions and ultimately, the financial performance of the Parastatal. A review of the relationship of budgetary implementation and the financial performance of the ZESCO Limited revealed that there was a significant relationship.

Budgetary implementation aspects highlighted the need for an effective work force that would participate in the budgetary implementation process. ZESCO Limited had a strong employee base with need for

more engagement. The company has been using the existing information system for processing its financial transactions and some respondents called for additional work through the ICT department to ensure that systems are synchronized to be able to have all transactions validated before being processed in sub-systems. The parastatal had decentralised budget management to the business units under the general oversight of the Senior Manager – Budgets and Compliance. Respondents confirmed interaction with the budgets office while a significant number wished for more communication from the head of the unit. Treasury was cited as generally being able to release funds for approved expenditure on time. Supplementary budgets were not approved expeditiously due to bureaucratic processes in as per government guidelines. This delays implementation of unforeseen activities that require adjustments to the original. While there was no complaint on revenue, some respondents recommended an expansion of the revenue base seeing as there are some existing uncollected debts. A steady flow of revenue would smoothen the flow of activities thereby resulting in more timely investment into planned activities yielding more revenue and improving service delivery of the organization. The research assessed the effect of budgetary monitoring systems on financial performance of ZESCO Limited. The resultant information showed that budgetary monitoring had a significant influence on financial performance of the parastatal. All the respondents agreed that the Company's monitoring and evaluation department was in operation in budgetary monitoring and internal audit department helped strengthen compliance to budgets. As regards the use of information systems, all respondents agreed that technology made forecast for budget planning stage easier as well as monitoring and evaluation. They also agree that variances of actual against budgets were to be explained with the root-cause identified for corrective action and also agreed that final information was provided to them periodically. The Auditor general reviews and reports were effective in instilling the sense of need for compliance at government level since parastatals are answerable to government. Such reports instill confidence in the public who are stakeholders that the public funds are being properly utilized. All the respondents agreed that the company budget was actively monitored and that the departures to approved amounts were reviewed for errors and frauds reported either by internal or external audit. This was another constraint to mitigation of budget implementation constraints and poor financial performance thereby encouraging compliance. All the respondents agreed that budget monitoring and evaluation influenced financial performance of the Parastatal. The ZESCO Limited effectively utilized both operational and capital expenditure as per budget provisions according to about half of the respondents. To enhance the financial performance of parastatal, respondents suggested the enhancement of financial controls over implementation activities through system

integration with strict adherence with budget amounts: and addition of revenue generation sources as well as increase controls during collection for a smooth flow of much needed funds.

5.3 Conclusions of the Study

Budgeting is significant for public organizations around the world. It is also a significant endeavor in supporting financial performance of parastatals. Through devolution, it is anticipated that policy-making, public resource management and revenue sharing and especially as devolved funds become key drivers of development, business units will need to be actively involved so that there is better planning for already scarce resources. The employees views the success of the company through these aspects and they are able to determine the performance the company at a given period and thus channel effects to areas of concentration. In this research, compliance was measured in terms of budget processes: planning, implementation and monitoring. To ensure that budget holders are satisfied through resource allocations, the parastatals are mandated through various legislatures (The Constitution; Companies Act; among others) to create budgets that ensure operative resource organization, allocation and ensure that sufficient controls are in place to enhance financial performance. The study assessed the effect of budgetary process on compliance to approved budgets of parastatals through the case study of ZESCO Limited. The budgetary variables considered were budget planning, implementation, monitoring and evaluation. The research noted that the three variables had a significant effect on financial performance of the parastatal. The parastatal prepared and had approved key planning policy documents for each the budget cycle, the research agreed that compliance approved budgets required a concerted effort of all budget holders. Budgetary implementation variables assessed the effect on financial management of company funds measured against budgeted amounts. The outcomes showed that though financial management had been decentralized to business units; there were inefficiencies in regards to technology adoption, controls, oversight and timely supplementary budgeting mainly bordering on effective communication and engagements.

All the respondents agreed that the parastatals' monitoring and evaluation unit was operational in budget monitoring. Financial information was provided periodically as expected. The audit function from both internal and external sources was well functional and adequate thus enabling evaluation, feedback and timely remedial actions. Unlike other parastatal reported on by Auditor general, most of the issued raised

were thoroughly reviewed and corrected thus making ZESCO Limited a parastatal worth imitating by others.

The study thus concludes that the budgetary process involving planning, implementation, monitoring and evaluation influenced compliance and ultimately the financial performance of the parastatal. The regression analysis outcomes further reinforce the findings with all results showing significance at the critical value. Respondents proposed several key strategies for developing the budgeting process in enhancing financial performance. Timely disbursement of funds and approval of supplementary budgets was deemed important in the funding projects and other activities. To improve controls, the information system need improvement as well as integration for improved reduction of resource leakages and misapplication, accountability and transparency of budget holders when undertaking budgetary activities as well as monitoring of funds use in projects through stakeholder engagement in all the three stages of budgeting.

5.4 Contribution to Knowledge

The study findings and conclusions present the case of budget process influence on financial performance of ZESCO Limited. The study echoed the importance of compliance to budgetary regulatory frameworks for the parastatals in ensuring that there is effectiveness in implementation. The study stressed stakeholder engagement in the budget process to ensure that goal achievement and management of resources is attained for the benefit of the public. The study highlights the benefits of automation as well as integration of systems in use with the financial systems to facilitate access to lie budget data. Importantly, the research also specifies that an indifference to careful implementation of the approved budget could lead to serious resource misallocation. As regards solvency, budget deficit which were prevalent in the years around 2016 are better managed now due to the various interventions implemented ZESCO Limited including constant annual checks by audit. Queries raised by Auditor General regarding unplanned borrowing and expenditure by most parastatals, possibly due to liquidity challenges has greatly reduced for the company. This study also contributes knowledge regarding the benefits of budget process decentralization.

5.5 Recommendations for Policy

ZESCO Limited should consider the improvement of capacity building of the employees engaged in the budget process. The study found that the capacity building programmes were being undertaken but that there was still room for improvement as the skilled acquired affected effective budgeting, monitoring and compliance. This would assist the parastatal to also provide good forecasts for inputs into the budgeting process and motivate the employees to build competence in budgeting and costing. This would reduce cases of budget deficits and project failures.

The company should continue in research and design on the application of the information management systems, its challenges, alternative applications and cost-benefit analysis to ensure presumes benefits are tangible and realisable. Integration of all systems being used so as to allow all users access to live budgets. This will allow user to access real-time information which is weighed against budgets and allow for quick remedial action. This is a critical undertaking as it also supports the dissemination of information and provides reports to all stakeholders. It provides timely information to all stakeholders about budgets and this knowledge is able to present opportunities for oversight through social audits and perusal of budget documents and periodic financial reports. This allows stakeholders to carryout checks and balances that deter corruption, budget misallocation and non-completion of planned activities by the parastatal.

Supplementary budgets review and approval processes should also be reconsidered to ensure a quicker process as permitted with the guidelines is adopted. This will allow for the provision of budget lines for urgent matters that may arise within the budget cycle.

5.6 Limitations to the Study

Just is usually encountered in most studies of this nature, challenges are inevitable. Respondents for this study were only from ZESCO Limited, one of the parastatals under the Industrial Development Corporation (Government) mainly and concentrated in Lusaka so the generalization of the findings of the research would be have to be subjected to certain cautions. There may be other factors that may affect the budgeting process in other parastatals in addition to the general guidelines from government. The researcher did not find a lot of documented information on the previous studies undertaken in Zambian parastatals. This made it slightly challenging to obtain comparative date for parastatals on the Zambian

horizon. However, this was overcome by comparative data on the African continent and the collected primary data. The information collected was massive but due to time constraints, not all information was processed. In order to ensure credibility of the report, the researcher sought to carefully review the most important submissions. Where respondents failed to provide very useful information, an attempt was made to back it up with secondary data. Some respondents initially refused to participate in the survey until they were assured of anonymity and the fact the information collected was purely for academic purposes.

5.7 Suggestions for Further Studies

Further study should be undertaken in the following three areas: factors affecting the use of information systems for financial management in parastatals, the effect of employee participation in budget process on the financial performance of parastatals and factors affecting compliance to regulatory frameworks in public finance management of parastatals: cognitive capacity of members of staff in the budgetary process.

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APPENDIX 1 : INTRODUCTORY LETTER



22nd March, 2022.

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: CONDUCTING RESEARCH

The above captioned subject matter refers.

I write to advise that the bearer of this letter is a Post-graduate ZCAS University student. Our student would like to conduct a **Research** with your organisation. The research will enable her to develop an understanding of the research topic given. The information gathered will be purely used for academic purposes.


Below is the name of the student:

1. Jane Tembo Banda B11314

It is my hope and trust that an opportunity will be availed to our students in order to enable them complete and adhere to the course requirements.

Your assistance will be highly appreciated.

Yours faithfully,
ZCAS University


PS

Prof. Edwin Bbenkele
DEAN - SCHOOL OF BUSINESS
Cc: File

APPENDIX II : QUESTIONNAIRE FOR DIRECTORATE STAFF

Introduction

This research is meant for academic purpose. It will try to find out **HOW THE BUDGETING PROCESS AFFECTS COMPLIANCE TO BUDGET PROVISIONS OF ZESCO LIMITED.**

You are kindly requested to answers as many questions and as honestly and accurately as possible. Note that all responses in this survey will be treated as confidential. Do not write your name or that of your department anywhere on this questionnaire. Where appropriate please tick [☐] or fill in the required information on the spaces provided.

Section A: Personal Data

1. Gender: Male [☐] Female [☐]

2. Age of respondent: 20-29 [☐] 30-39 [☐] 40-49 [☐] 50-59 [☐] Above 60 [☐]

3. Academic qualifications

Master's degree and above [☐] Bachelor degree [☐] Diploma [☐] Certificate [☐] Other (Specify)

.....

4. For how long have you worked with ZESCO Limited?

Less than 1 year [☐] Between 1-3 years [☐] Between 3-5 years [☐] Above 5 years [☐]

SECTION B: Budgetary planning and compliance of ZESCO Limited.

5. Rank the extent to which the company's Budgeting planning influences compliance.

Please rank the following statements on Likert Scale ranging from strongly disagrees to strongly agree, where:

1- Strongly Disagree; 2- Disagree; 3- Neutral; 4- Agree; 5 –Strongly agree

Budgetary Planning	5	4	3	2	1
The regulatory framework has been effectively adopted in the budgeting planning i.e. ZESCO Limited Budget Policy					
Budget holders are effectively involved in the budget planning i.e. before the budget estimate and after the budget estimates					
The company has an effective human resource/staffing structure to undertake the budgeting planning					
Key planning policy documents are prepared and approved as per the budget cycle, i.e. the financing plan and the procurement plan					
There is adequate communication and interaction between the Finance staff and budget holders during the planning stage					
The budget holders' expenditure schedules match the approved budget schedule by the ZESCO Board of Directors					
Capital projects are carefully analysed and allocated adequate funds for the set deliverables in a budget cycle					
Allocated budgets for both Capital and Operational expenditure targets set are realistic					
Budget planning process influences financial performance of ZESCO Limited					

(b). In your view what should be done to ensure that there is increased effective budgetary planning in ZESCO Limited?

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SECTION C: Budgetary Implementation and compliance of ZESCO Limited

6. Rank the extent to which the following aspects in the company's Budgeting implementation process affects compliance. Likert Scale ranging from strongly disagrees to strongly agree, where:

1- Strongly Disagree; 2- Disagree; 3- Neutral; 4- Agree; 5– Strongly agree

Budgetary implementation	5	4	3	2	1
The company has an effective human resource/staffing structure to undertake the budget implementation					
The Budget implementation process is clearly communicated and understood by budget holders					
Human capacity is built through continuous engagement and training in budget implementation					
The company has effectively uses the Financial Management System where annual budgets are uploaded for processing its financial transactions					
The company has effectively decentralized financial management/Budget execution to business units					
Corporate Management ensures all budget holders are actively involved in the budget implementation					
Budget holders are encouraged to employ effective strategies that enhance budget implementation					
Budget holders are encouraged to liaise with Corporate treasury for timely release of funds for budget implementation					
Budgets allow for limited flexibility in response to changing business circumstances; disasters, legislation, unforeseen/unavoidable expenditure and technological changes					
Supplementary budgets are approved in good time to allow sufficient time for implementation of activities					
Timely Financial reports are submitted for enhanced timely budget execution and/or remedial action					
Budget implementation influences financial performance					

(b). In your view what should be done to ensure that there is increased effective budget implementation in ZESCO Limited?

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SECTION D: Budgetary Monitoring and Evaluation and compliance of ZESCO Limited

7. Rank the extent to which the following aspects in the company's Budgeting monitoring and evaluation influences compliance; Likert Scale ranging from strongly disagrees to strongly agree, where:

1- Strongly Disagree; 2- Disagree; 3- Neutral; 4-Agree; 5 – Strongly agree

Budgetary monitoring and Evaluation	5	4	3	2	1
The Budget, Compliance and Investments department is active in budget monitoring					
The internal audit and compliance Division strengthens budget controls through perodical reviews					
Use of Financial Manangement System has enhanced audit trails for budget process monitoring and evaluation					
Timely and accurate financial reports are submitted to budget holders					
Budgets holders are able to explain budgetary deficits and ensures their root causes are established.					
The Senior Manager Budget, Compliance and Investments shall conduct a mid and annual year budget review and communicates to budget holders					
The virement policy is fully communicated to budget holders and Management Accountants are on hand to assist users with the process					
Budget monitoring and evaluation influences effective compliances to budget provisions					

(b). In your view what should be done to ensure that there is enhance budgetary monitoring and evaluation ZESCO Limited?

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SECTION E: Financial performance of ZESCO Limited

8. Rank the extent to which the following aspects influences financial performance of

ZESCO Limited: Likert Scale ranging from strongly disagrees to strongly agree, where:

1- Strongly Disagree; 2- Disagree; 3- Neutral; 4- Agree; 5 – Strongly agree

Financial Performance	5	4	3	2	1
The Company's expenditure is effectively as per the budget appropriations					
The Company has well implemented austerity measures in its expenditure					
The Company is adequately financially solvent					

(b). In your view what should be done to ensure that there is increased financial performance of ZESCO Limited?

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Thank you for your cooperation.

APPENDIX III

RESEARCH AUTHORIZATION