THESIS ABSTRACT

Master of Business Administration
Accounting Option

Adventist University of Africa

School of Postgraduate Studies

Title: THE IMPACT OF EFFECTIVE BUDGETING AND BUDGETARY CONTROL ON FINANCIAL PERFORMANCE IN SELECTED ZIMBABWE UNION CONFERENCE ENTITIES

Researcher: Khanyisani Malufu

Faculty advisor: Marie-Anne Razafiarivony, PhD

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Resources are scarce and our wants are unlimited. The endless wants and limited resources bring about the need for efficient and effective allocation of resources in a way that brings stability, growth and profitability of an organization. Effective budgeting involves a right budgeting process, a consultative approach, and an adherence to policy regulating the process. However, effective budgeting is not enough. There needs to be an effective budgetary control for entities to have a good financial performance.

These two elements, budgeting and budgetary control are inevitable in any type of organization, including the church institutions. The study was aimed at helping administrators in the church institutions budget effectively and effectively use

approved budgets as control tools in their organizations so as to improve the organization's financial performance. Once the relationship between budgeting, budgetary control and financial performance has been established, the study will help the administrators of organisations to take budgeting and budgetary control concepts seriously. They will formulate and/or adopt policies that promote effective budgeting and budgetary controls in all entities for the benefit of all organisations and their sustainable growth while supporting the organization's mission. The study was a cross-sectional causal study that helped the researcher analyse the effects of budgeting and budgetary control on financial performance of selected Zimbabwe Union Conference entities.

The study was done in Zimbabwe using six conferences and it made use of all executive committee members of each of the six entities and all the union officers. Other employees who are either involved in the budgetary process or who make use of these budgets were selected using purposive and census sampling procedures. Data was collected using a 7-point Likert scale questionnaire and analyzed using SPSS version 20 after it was checked for validity and reliability. For the descriptive aspect, the data was used to calculate means and standard deviations. Correlations and regression analysis were used for inferential statistics. There was a statistically significant impact ($p < .05$) in both effective budgeting and effective budgetary control on financial performance.

The researcher concluded that both effective budgeting and effective budgetary control are inevitable in any organization's financial performance. The researcher recommended that the prevailing budgeting and budgetary control practices be encouraged in the future and the officers be trained in areas of weakness, especially the consultative approach. There also needs to be two-way communication that is maintained throughout the budgeting process and those involved in the budgeting and budgetary control processes be trained in order to increase their expertise. Further research is recommended to explore the area under study together with the other parts of financial management for non-profit faith-based organizations. The same study can be done in other institutions in Zimbabwe, and beyond the region, and the findings can be compared to assess if there are better ways being practiced elsewhere that can be shared and emulated. Other studies that combine both the perceptions and the financial data can be done to enrich the findings.

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THE IMPACT OF EFFECTIVE BUDGETING AND BUDGETARY CONTROL ON FINANCIAL PERFORMANCE IN SELECTED ZIMBABWE UNION CONFERENCE ENTITIES

A thesis

presented in partial fulfilment

of the requirements for the degree

Master of Business Administration

by

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APPROVAL BY THE COMMITTEE:

Advisor: Marie-Anne Razafiarivony, PhD	Programme Director, MBA Josephine Ganu, PhD
Reader: Hezron Osano, PhD	Dean, School of Postgraduate Studies Daniel Ganu, DrPH

AUA Main Campus

Date: June 2017

I dedicate my work to my wife, Mqhelewenkosi, for her unwavering support as I was doing my studies and my dad, Mr March Sibanda, for his constant encouragement. I further dedicate it to Zimbabwe Union Conference for sponsoring me and allowing me to conduct this study in their territory. Finally, to my daughter, Inhlinkosi, praying and wishing that she emulate this when she grows up.

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CHAPTER 1

INTRODUCTION

Background of the Study

Resources are scarce and our wants are unlimited. They cannot all be met with the limited resources; there is a limit, known as a budget line, which marks the boundary between those combinations of goods and services we can afford and those we cannot afford (Parkin, 2012). The endless wants and limited resources bring about the need for efficient and effective allocation of resources. This allocation process should be done using microeconomics principles in a way that brings stability, growth and profitability of an organization.

Budgeting is the approach of determining how to allocate resources to each part of the organization based on planned activities for a specified accounting period, and budgetary control is the technique of comparing actual results with budgets to identify any differences (variances) and take appropriate control actions (CIMA, 2008). Budgeting and budgetary control are therefore concerned with the preparation of budgets, establishing areas of responsibility and the comparison of actual results with budget to ensure that organization’s objectives are met (Lindahl, 2005).

In many instances the budgeting process is viewed to be subjective and largely dependent on one person (the treasurer) or few people in the treasury and officers of an organization. Due to the limitation of resources, there are other budget lines viewed as critical by other members of the organisation that tend to be removed at the budgeting stage and are only added at a later time when “funds become available” and in some instances they are never added. This creates some challenges as the process is usually viewed as being more subjective than objective by those affected by the failure to include those particular budget lines.

Once a budget has been prepared and approved it becomes a standard by which the organization's financial performance will be measured. All expenditures have to be controlled in accordance with the approved budget. However, in some instances approved budgets are not adhered to, leading to significant budget overruns. This may be deliberate due to failure to involve other workers in the budgeting process. They may become frustrated and resort to deliberate budget overruns as a way of protesting against the budget they do not want. When approved budgets are not properly communicated, it may cause those who are supposed to use it as a control tool to ignore it, as they may not be aware of it and its usefulness. If budgets are prepared and those affected by it do not feel ownership of it, they tend not to support the budget and that exerts a lot of pressure on the person responsible for budgetary control.

The budgeting aspect is not a strange thing in the Adventist church. There are several examples in the Bible that talk about budgeting. Jesus, when addressing His followers in Luke 14:28, "He asked who of you, if any, when he wants to build a tower, does not first sit down and count the cost to see if he has enough to finish it and just commences building without counting the cost?" We also learn of Joseph (Genesis 41) who was the governor in the palace of Pharaoh, he was responsible for the state budget and ensuring there was adequate food supplies for Egypt during the seven years of famine. They made some savings during the years of plenty to take care of the future period of famine. Nothing was distributed from the country's treasures without prior approval from him.

This concept still applies today, organisations have to monitor costs in line with budgets otherwise they will have to resort to borrowing in order to meet their current financial needs and thereby affect their propensity to grow. Future growth is largely dependent on current savings, and there must be adequate control of expenditures to ensure organizational sustenance.

Budgeting and budgetary control are inevitable in any type of organisation. The General conference Working Policy requires all denominational entities to budget. Due to this requirement, Adventist entities in Zimbabwe formulate budgets at the end of each year for use in the ensuing year. The question lies on the effectiveness of budgeting and budgetary control, as the process requires involvement of others and not just the senior people in the treasury department and the organization's officers. Yet, it is often observed that the budgeting process in general does not involve other workers.

Statement of the Problem

Effective budgeting involves a right budgeting process, a consultative approach, and an adherence to policy regulating the process. However, effective budgeting is not enough. There needs to be an effective budgetary control. These two elements combine create a platform for better financial performance. Budgeting and budgetary control are inevitable in any type of organisation, including the church institutions. The General conference Working Policy requires all denominational entities to budget. Due to this requirement, Adventist entities in Zimbabwe formulate budgets at the end of each year for use in the ensuing year. The question lies on the effectiveness of budgeting and budgetary control as it eventually impacts the financial performance of these institutions. This study investigated the extent to which selected

ZUC entities are effective in use of budgeting and budgetary control and the impact of both on financial performance.

Research Questions

1. To what extent do the entities under study follow the budgeting process?
2. To what extent do the entities under study implement budgetary controls?
3. What is the level of financial performance of entities under study?
4. To what extent does effective budgeting impact the financial performance of these entities?
5. To what extent do effective budgetary controls impact the financial performance of these entities?

Research Hypothesis

H_0: 1. Effective budgeting has no significant impact on financial performance

H_0: 2. Effective budgetary controls have no significant impact on financial performance.

Operational Hypothesis

H_0: 1 Budgeting policy has no significant impact on financial performance.

H_0: 2 Budgeting process has no significant impact on financial performance.

H_0: 3 Consultative approach has no significant impact on financial performance.

H_0: 4 Budgetary control policy has no significant impact on financial performance.

H_0: 5 Preventive budgetary controls have no significant impact on financial performance.

H_0: 6 Detective budgetary controls have no significant impact on financial performance.

Theoretical and Conceptual Framework

Effective budgeting has an impact on the financial performance. When the budget process is followed in its entirety, according to the policy stated and through a consultative approach, there is bound to be a positive result in financial performance as everyone concerned in the organization work together to set the budget, each individual knows the reason behind budgetary decisions that are made, and is deemed to own those decisions . The end result will be that everyone will strive to achieve more with the limited resources availed to them.

Effective budgetary controls depend on the adherance to the control policies set in place. It also has a preventive and detective aspects to it. The preventive aspect involves setting checks and reminders to keep the budget users on track. The detective aspect involves the review of financial statements in comparison to the budget leading to the correcting aspect to address unintentional performance errors and intentional irregularities such as theft or misuse of resources (Jones & Thompson, 2002). Effective budgetary control helps to ensure that the actual performance results are free from material error and intentional irregularities.

The financial performance of entities is the dependent variable of effective budgetary process and control. Its indicators involve adequate liquidity and working capital as well as increased profitability. The latter is computed from income and expenses.

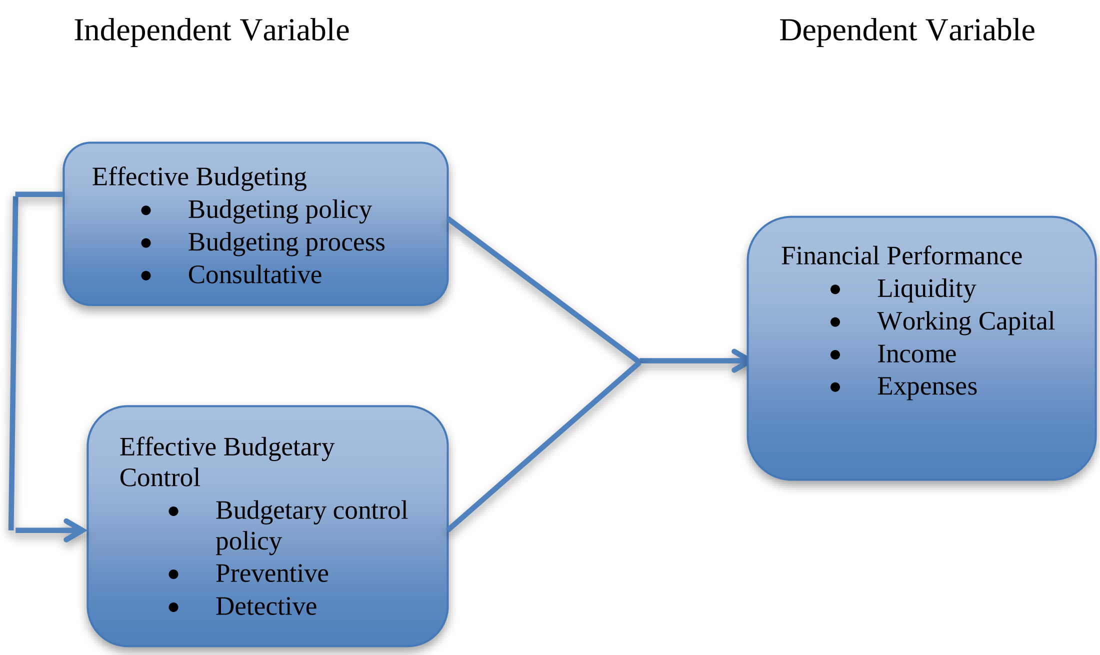


Figure 1. Conceptual Framework

Significance of the Study

The study is aimed at helping administrators in the church institutions to effectively budget and use approved budgets as control tools in their organizations so as to improve the organization's financial performance.

Once the relationship between budgeting process and budgetary control on one hand, and financial performance on the other hand has been established, the study will help the administrators of organisations to take budgeting and budgetary control concepts seriously for ensuring financial stability and growth of their organizations.

The study will also help the Divisions and the General Conference to adopt or come up with better policies, which promote effective budgeting and budgetary controls in all entities for the benefit of all organisations and their sustainable growth while supporting the organization's mission.

The study will also benefit the constituency at large where the entities are situated. When budgets are well managed, entities will operate within their means and grow thereby creating more available resources for their organisations. The work will be furthered through adequate financing of the mission's activities making members feel the value for money and then contribute even more for the cause of the gospel.

Scope and Limitations of the Study

Scope of the Study

The study was done in selected Zimbabwe Union Conference entities. Zimbabwe Union Conference has 6 conferences, 1 university, 1 Children's home, 1 Adventist Book Centre, 1 ADRA and 1 Adventist Dental Practice. Of the 6 conferences two are situated in Bulawayo, two currently in Gweru and two in Harare. The study was focused on the conferences for purposes of uniformity of information and organizational setting.

The researcher focused on analysing the effectiveness of budgeting and budgetary control in the Conferences of the Seventh-day Adventist church in Zimbabwe. Other things relating to budgeting and budgetary control, other than the analysis of the effectiveness of budgeting and budgetary control were not part of this study.

Limitations of the Study

The conferences in Zimbabwe were re-aligned from three conferences to six conferences. ZUC officers were not available and were unable to respond to the same questionnaire 6 times to represent each entity. While questionnaires were sent to them the researcher only obtained two filled in questionnaires from them. However, this did not greatly impact the findings of the study since the conference officers were available and gave their responses.

The research focused only on selected Adventist entities in the Zimbabwe Union Conference territory. For that reason, factors that may be prevalent in some entities may not be the same factors prevalent in all entities in Zimbabwe and beyond her boarders. This may affect the generalizability of the study, as findings of this research may not necessarily suit the context of other entities, Adventist or non-Adventist.

Budgeting and Budgetary control is broad; there are many types of budgets. Though other types may be touched, as they may be deemed applicable to the SDA church, the researcher focused on the operating budgets and will not look at budgeting holistically. Other types of budgets like Capital budgets, production budgets, and sales budgets, be they relevant or irrelevant to the SDA Church, were not be included in this study.

Committee members in each conference come from different parts of the country to ensure a fair representation of members around the constituency. It was difficult to access all of them. However, the questionnaires were distributed to them and the electronic link to the questionnaire was sent to those who could not be physically handed the questionnaire though some did not respond to it.

Operational Definition of Terms

A budget is a monetary and quantitative expression of business plans and actions prepared in advance to be pursued in the future period of time.

A budget journal is a tool for recording unexpected events so that potential repeats can be allowed for in the subsequent budgets.

Budgetary control is the technique of comparing actual results with budgets to identify any differences (variances) and take appropriate control actions.

Budgeting is the approach of determining how to allocate resources to each part of the organization based on planned activities for a specified accounting period.

Capital budgeting is the process by which an organization determines whether it is worthy to invest in a long-term investment, property plant and equipment or it is not worthy it.

Consultative budgeting is a budgeting process under which those people impacted by a budget are actively involved in the budget creation process. It occurs when management asks subordinates to discuss their ideas but no joint decision making occurs. It is also known as participative budgeting.

Contingency budgeting is a way of allowing for unexpected emergencies in the future.

Effective budgeting is following the budgeting process in its entirety and adopting consultative approach. It is consultatively budgeting in a way that ensures that budgets can be evaluated on a monthly basis to ensure that expenditures do not surpass income while being able to finance the organization’s strategic intent and operations.

Financial performance is a measure of how well a firm can use its assets to generate revenues. It is also a general measure of a firm's overall financial health over a given period of time.

CHAPTER 2

REVIEW OF LITERATURE

In this chapter, the researcher presented the theoretical framework, the review of related literature and a summary of what is obtained from the relevant literature.

All organizations, regardless of the sector to in which they belong, public or private sector, have to deal with planning and control issues (Broadbent & Cullen, 1994). They achieve this through budgeting and budgetary control systems established in the organization.

Budgeting

Budgeting and budgetary control systems are the inevitable controlling tools of an institution’s operations (Wagh & Gadade, 2013). Budget sets the standards and targets for income and expenditure, and budgetary control is a means of achieving financial control of an institution, they are a must. According to Siyanbola (2013) resources are limited and the adoption of budgeting and budgetary control concepts are inevitable in order to satisfy organizational needs at the least possible cost while fulfilling the stewardship obligation to stakeholders (Siyanbola, 2013).

Budget

Siyanbola (2013) highlighted that the idea of budgeting and saving for the future existed since the primitive age. CIMA has created its topic gateway series about budgeting. It states that budgeting is essential in all organisations and is a management control tool (CIMA, 2008). A study on the development, dissemination and difusion of budgeting and budgetary control, conducted by Berland & Boyns (2002) in Britain and France concluded that it doesn't matter much where budgeting began, what is important is that all the organisations under their study use budgets (Berland & Boyns, 2002).

While budgeting is essential in all organisations, budgetary practices vary from organization to organization and are either solely done or heavily influenced by the organization's management (CIMA, 2008). Carlitz (2010) stated that there is a need for transparency, accountability and participation in the budgeting process regardless of the sector in which the organization operates (Carlitz, 2010). GCWP S 05 15 states that, "All denominational organizations shall follow the budget plan of financial operating. The annual operating budget shall be approved by the controlling committee" (General Conference of Seventh-day Adventist Church, 2011, p. 150). It is a requirement and not an option for SDA entities to use approved budgets.

The Chartered Institute of Management Accountants, England, defines a budget as a financial and/or quantitative statement, prepared and approved prior to defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective (CIMA, 2008). According to Brown & Howard (1975) of 'Management Accountant' a budget is a predetermined statement reflecting the organization's managerial policy. It is prepared during a given financial period and provides a standard for comparison with the results actually achieved (Brown & Howard, 1975).

Some describe the main budget statement as a revenue budget. This more often includes income and expenditures for a particular period of time which is more often than not often one year (Cammack, 1999). This means that a budget must be prepared before the year begins and must include all the projected income and expenditures for the ensuing year.

The capital budget estimates cost of items that last longer than one year but some non-governmental organisations sometimes include capital and revenue items in the same statement and simply call that statement a budget (Cammack, 1999).

The SID working policy states that all denominational organizations shall follow the budget plan of financial operating. The controlling committee shall approve the annual operating budget for use in the following year. It shall be the responsibility of the officers of each level of organization to require subsidiary organizations in their territory to follow the budget plan [GCWP S 05 15] (Southern Africa-Indian Ocean Division, 2013).

The budget is to serve as the primary instrument of financial authorization and control for every organization. The treasurer is to provide timely financial information to his/her fellow officers and the controlling committee, comparing actual operating results with budgeted projections [GCWP S 25 20] (Southern Africa-Indian Ocean Division, 2013). A budget is therefore a monitory and quantitative expression of organization’s plans and actions, done annually before the beginning of a new financial year. It details all the anticipated income and expenditures; and it serves as a primary instrument of financial authorization and control.

Budgeting

There are many ways of budgeting. The preparation of budgets is usually done following one of the three techniques called incremental budgeting, Zero-based budgeting and Flexed budgeting (Brown, 2009).

Incremental budgeting involves taking costs of the prior period and adding a certain percentage to cover items like increase in purchasing costs and inflation. Zero-based budgeting assumes that everything is Zero and budgeting involves determining what is absolutely necessary and investigating how that can be obtained in a most economic way. What goes into the budget is absolutely necessary and obtained in a cost effective way. It therefore, restrains the building in of contingencies into the budget (Brown, 2009). Flexed budgeting involves preparing an achievable budget by making a reasonable review of potential business and likely movement in resource costs by balancing pessimistic and optimistic levels of performance (Brown, 2009). The SDA Church widely uses a hybrid approach that combines some concepts of Zero-based and incremental budgeting to come up with the 'operating budget'.

In most cases a budget is usually drawn up using a combination of past experiences with a prediction or forecast of what is most likely to happen in the future Brown, 2009). It therefore calls for timely recording of transactions. If some of the transactions are not captured, projections will be made based on wrong amounts. Cammack (2009) stated that for budget preparation process and monitoring to be more accurate, it is essential that they be based on a sound accounting system (Cammack, 1999). A faulty system will lead to erroneous preparation and/or monitoring decisions.

Operating budget deals with "prediction of income by source for the coming year and an outline of how that income will be used for the normal functioning of the organization" (General Conference of Seventh-day Adventist Church, 2011, p. 150). According to this method, anticipated income for the ensuing year is predicted and all such expected income is allocated to the various programs and supporting services of the organization (General Conference of Seventh-day Adventist Church, 2011). To arrive at the anticipated income, the Seventh-day Adventist Church projects its income at between 95% and 105% of the prior year total income projected to

December, for a financial year beginning in January. Zimbabwe is currently facing a liquidity crisis and entities are failing to meet the budgeted incomes which were basically 95% of the prior year's actuals. This is resulting in some shrinks in yearly budgeted income. Cammack (2009) stated that budgeting is a process of coming up with a financial plan of activities that are designed by management in order to meet organizational objectives (Cammack, 1999). This therefore means that budgeting involves setting of objectives and converting them into a financial plan. While resources are dwindling in Zimbabwe, entities should budget with an aim of ensuring the best use of limited business resources to achieve the organization's given objectives (Brown, 2009).

Because the SDA entities use this hybrid approach when preparing their budgets and income is limited to usually 95% of the prior year's projected income, some of the budget lines that are deemed not absolutely necessary for the organization's existence are not included in the budget. They are added at a later time when there is significant income above budget that can warrant a budget revision.

There are some eventualities that might happen regardless of the levels of planning. Contingency allowance may be put in place to address the possibility of a future unknown event occurring. The amount is dependent on the size of the total budget and the balancing effect on the budget (Brown, 2009). If contingencies are to be allowed in the budgeting process it is essential that they be shown as a separate item in the budget statement with an explanatory note why the contingency is required so as to avoid its abuse (Brown, 2009).

Some of the eventualities are foreseen and some of them are recurring events that have happened in the past. Those unpleasant situations should be provided for in the budget so that the organization is not caught unprepared. This calls for a use of a budget journal to record potential emergencies that may occur to avoid future oversight of ‘unexpected emergencies’ when preparing budgets for the ensuing year. A budget journal records all the unexpected events that occurred during the past year that can impact on the budgeted income and or expenses (Brown, 2009). That journal should be used when preparing the budget for the following year in order to factor in those unexpected eventualities in the new year’s budget.

Once the budget has been prepared, the governing committee must approve it as a way of authorising its use. “The approval of a budget by a governing committee generally constitutes authorization for the administration to spend specified amounts to accomplish various functions” (General Conference of Seventh-day Adventist Church, 2011, p. 6). This committee authorization “should not be construed as unlimited discretion over how to spend the total amount of the budget. It is the duty of the CFO, through tactful counsel and the exercise of wise leadership, to work with operating personnel to help ensure that budgetary allocations are expended efficiently and effectively” (General Conference of Seventh-day Adventist Church, 2011, pp. 6-7). Budgeting should be properly done, as setting an accurate budget is the first step towards budgetary control (Brown, 2009).

The Budgeting Process

There is a need to appoint someone to coordinate the budget preparation process (Chadwick & Kirkby, 1995). According to the SIDWP, 2013 budget coordination is the responsibility of the CFO (Southern Africa-Indian Ocean Division, 2013). However, the CFO does not do it alone, he works with others.

This budgeting process can be divided into three main areas that include planning, monitoring and reviewing. Budgeting is concerned with planning organization’s objectives as well as its finances. The first stage of a budget entails deciding what needs to be achieved over a particular period on which that budget will be based (Cammack, 1999). Others have classified the budgeting process into two; budgeting planning and budgetary control (Qi, 2010). Monitoring and reviewing will be discussed under the budgetary control section.

The budgeting process involves co-ordinating the different parts of the budget in a bid to make sure that available income is sufficient to cover projected expenditure for the period (Cammack, 1999). This process should be carefully and effectively co-ordinated by the budget coordinator and it involves keeping the preparation time table (Chadwick & Kirkby, 1995). It must be done "keeping in mind the mechanics of compilation of the original budget, the negotiations and trade-offs which are necessary before it takes its final form, and the presentation to the governing committee for approval, actual work should be started on the budget no later than the beginning of the third month preceding the new year" (General Conference of Seventh-day Adventist Church, 2011, p. 151). This gives time to allow the proper planning, involvement and negotiations before taking the budget to the governing committee for approval.

"Before the budgeting process begins, administrators need to analyse current and prior financial conditions and performance" (General Conference of Seventh-day Adventist Church, 2011, pp. 147-148). The review of the prior financial performance is an on-going process that generally takes place towards the end of the financial year that leads to the next year's financial planning stage. It is also an opportunity for management to identify areas which need to be managed differently for the success of the organisation (Cammack, 1999).

The budgeting process must be done with due diligence and in consultation with users of the budget. The head of every business unit must produce an accurate budget every year and submit it to the budget coordinator in preparation for each new trading year (Brown, 2009). More staff involvement in the budget preparation process results in them working towards meeting budget goals (Cammack, 1999; Chadwick & Kirkby, 1995; General Conference of Seventh-day Adventist Church, 2011).

In budgeting the SDA church uses a conservative approach. “A conservative approach dictates that budgeted income for the new year should not exceed estimated actual income for the current year” (General Conference of Seventh-day Adventist Church, 2011, p. 151).

“After the budget is prepared, it must be presented to the governing committee for approval. Broad agreement by the management team and all others involved in implementation of the budget will minimize unpleasant crises. The budget, regardless of how much work has been put into it, is not an official instrument of control until it has been approved by the governing committee” (General Conference of Seventh-day Adventist Church, 2011, p. 153).

An approved budget must not be kept secret. It must be communicated to the users. “Good communication of the budget is vital in order that staff know what is required of them” (Cammack, 1999). The budgeting process must be administered wisely. When properly administered, budgeting compels management planning, provides means for assessing performance and promotes effective communication and coordination (Qi, 2010).

Effective Budgeting

Effective budgeting is ensuring that the budget is aligned to the organization’s strategy and everyone is involved in the budgeting process so there is a buy in.It involves the use of budgeting principles within the time frame that allows every department to negotiate their budgets and a consensus be reached while effectively and efficiently allocating the limited resources for the organization's success. Those responsible for meeting the budgets that are prepared should be the ones to create those budgets (Brown, 2009). It entails following the budgeting process and adopting consultative approach. "Appropriate discussion and negotiation with all these individuals must be carried on continuously during development of the budget" (General Conference of Seventh-day Adventist Church, 2011, p. 153). The budget should not be imposed on the users as "a budget which is imposed from above stands little chance of being accepted by those who are expected to be governed by it. Before the budget is submitted to the governing committee, it must be supported by broad general agreement of all individuals involved" (General Conference of Seventh-day Adventist Church, 2011).

"The quality of a budget will depend on its ability to present a clear plan of activities designed to meet organizational objectives" (Cammack, 1999)

While there may be a budget line for eventualities commonly known as 'contingency allowance', there is a need to take great care on the use of contingency allowance as it has great potential of being misused or abused. To budget effectively requires transparency in the budgeting process. That includes the budget coordinator giving valid reasons for cutting the budget requests from department heads otherwise they will begin to play it safe and over inflate budget requests in future if the head of finance systematically cuts their budget requests without giving any valid reason (Brown, 2009). Both the indiscriminately chopped budgets and the bugets with over-inflated uncontrolled contingency costs, lead to the same result which according to Brown (2009) is a business that is not cost effective and that cannot be optimally competitive. If there was an unusually large cut in the previous year's request, a padded estimate is submitted to make up for the loss in expected funds (Davis, H Dempster, & Wildavsky, 1966).

Budgeting effectively entails knowing the seasons when income is likely to be received and when expenses are likely to be incurred. This helps avoid spending time analysing variances that are not realistic but are caused by timing differences due to their being seasonal in nature. Conferences located in agro-based areas will receive most of their income after the harvest time but before the next farming season. That is most of their income will be received between April and September, while those with more members in the formal sector will receive their income evenly throughout the year. This has to be catered for when budgeting. The same applies to expenses, launches are usually done once at the beginning of the year and camp meetings are usually in August. Rather than apportion the budget evenly throughout the year, such known expenditures may be given a bulk figure at the time when the funds will be required for ease of budgetary control and to avoid having overruns that will be explained to controlling committees.

Linking Budget to Strategy

Goode & Malik (2011) criticised the traditional way of budgeting statting that it is restrictive and has become irrelevant. According to Hope & Fraser (2003) as cited in Goode & Malik (2011), the conventional budgeting system that is implemented by most businesses should be eradicated. They have proposed ‘beyond budgeting’ as an influential idea that will reinvigorate management accounting contribution in business operation and performance (Goode & Malik, 2011).

Beyond budgeting, as the name suggests, is going beyond the era of making budgets. It is basically having no budgets and let the organization pay for what is seen as fit for that particular time as long as it is in line with the organization's strategy.

Pilkington & Cowther (2007) as cited in Goode & Malik (2011) stated that Beyond Budgeting promotes the most ideal characteristics of a budgeting system; flexibility, coordination and responsiveness (Goode & Malik, 2011). Though they observed from their study that many companies are now following the Beyond Budgeting model and it is becoming increasingly popular (Goode & Malik, 2011), they were skeptical about its adoption as it is still at its infancy stage. They then proposed 'better budgeting techniques' as an alternative for management who desire a formal planning and control system (Goode & Malik, 2011).They highlighted their concerns with traditional budgeting stating that it lacks flexibility and then pointed out the need to finance strategy rather than financing the traditional budget lines (Goode & Malik, 2011). The authors however failed to realise that resources are scarce, hence the need for resource allocation. If resources were in abundance the idea of financing the strategy rather than budgeting would probably work. It currently is not practical and not feasible with the limited resources. There is therefore a definite need for efficient allocation of resources through proper financial planning (Gitman & Zutter, 2015; Parkin, 2012). In general, the financial planning process begins with long term, or strategic plans that ultimately guide the formulation of short term, or operating plans and budgets (Gitman & Zutter, 2015). CIMA (2007) believe that having no budget creates various problems. A business will have no framework for planning, coordinating and controlling its activities. The budget provides a road maps for guiding, coordinating and controlling the firm's actions to achieve its objectives" (Gitman & Zutter, 2015). It, therefore, serves as a guide and should be linked to the organization's strategy.

When the road map has been set, there is a definite need for monitoring. Budget monitoring is a key method of ensuring that the objectives of the organisation are achieved (Cammack, 1999).

Consultative Approach in Budgeting

What Consultative Approach Entails

A study conducted by Dunbar (1971) viewed “budgeting” as goal setting that requires users of budgets to be involved in the budget making process to ensure that they perceive the set goal as fair. This means that they should plan together and set what is achievable and what is required to attain that set goal. They review the budget as a team, make some trade offs and arrive at a workable solution that is favourable to all the team members and best for the entire organization (Dunbar, 1971).When a goal is set for the team, everyone believing that it is achievable and has a buy in, then everyone will work towards achieving it as they understand the reason why the goal was set like that and the constraints that contributed to that kind of a budget are clear to all. They will not complain that the budget is unfair to them or their department. Failure to involve non-managerial workers in the budgeting process demoralises them, reduces ownership of the set targets and does not compel them to work towards the set goals (CIMA, 2008). In the same vein the Southern Africa-Indian Ocean Division (2013) working policy S 09 Financial Planning and Budgeting process gives the SDA Church’s position and philosophy by explaining the elements of departmental involvement in the budget formulation process.

According to Subramanian and Ashkanasy (2001), budget participation is the involvement of workers in the budgetary process and their influence on the setting of budgetary targets (Subramaniam & Ashkanasy, 2001). This consultative approach should be done when defining explicit budget goals, when discussing causes for variances and when deciding the course of action to be taken to correct the deviations from the set targets (Chalos & Poon, 2000). Budget participation entails subordinates and management sharing information resulting in better decision-making and better organizational performance (Qi, 2010). “It is a serious mistake for management to develop the budget without conferring with the responsible individuals who are expected to live within the budget in the discharge of their duties” (General Conference of Seventh-day Adventist Church, 2011, p. 153). Chenhall and Brownell (1998) stated that consultative approach in budgeting helps clarify goals and execution methods to the subordinates (Chenhall, R., & Brownell, 1988) thereby promoting efficiency in operations. The accounting manual safeguards the imposing of budgets to those who use them and states that “a budget which is imposed from above stands little chance of being accepted by those who are expected to be governed by it” (General Conference of Seventh-day Adventist Church, 2011, p. 153). The indiscriminate cutting of well-prepared budget requests can create a barrier to organization’s growth and profitability (Brown, 2009).

Benefits of Consultative Approach in the Budgeting

There must be co-ordination among different functions of an institution and participation in the budgeting process. Wagh & Gadade (2013) observed that participation in the budgeting process motivates employees and improves the allocation of scarce resources (Wagh & Gadade, 2013).

Discussing on the issue of involving workers in the budgeting process, Cammack (1999) indicated that, the participation of workers in the budget process is a desirable phenomenon from both a management and a financial point of view”. The author established that with such involvement of staff, their motivation improves while at the same time communication may also be improved. Staff are more likely to feel that the organization's objectives are relevant to their own work (Cammack, 1999).

Involvement of departmental directors and other workers in the preparation of budgets also helps support an effective budgetary control system. In his book, Brown (2009) argued that involving departmental managers in the preparation of budgets supports an effective budgetary control system. This is however, not sufficient on its own, the organization must also have an accurate, reliable and timely system for recording and disseminating actual financial information. They must regularly monitor and be willing to investigate variances. (Brown, 2009)

How Consultative Approach Enhances Performance

In general people do not want to be policed. In order to maximise the benefits of the accounting system there must be a good relationship between financial and non-financial staff. The relationship should be such that financial staff adopt an 'enabling' rather than a 'policing' role, as the former encourages a more responsive attitude to both budgeting and accounting in general (Cammack, 1999). Staff participation in the budget process is desirable from both a management and financial view point (Cammack, 1999) as it reduces resistance and provides motivation. This increases efficiency as all seek to achieve their objectives with the set budgets as they are agreeable to and are aware of how it was arrived at. Cammack (1999) argued that the more staff participation in the process, the more they have a buy in and the more they will work towards meeting the budget targets (Cammack, 1999).

Budgetary Control

What is Budgetary Control?

Budgetary control is “A system of management control in which actual income and spending are compared with planned income and spending, so that you can see if plans are being followed and if those plans need to be changed in order to make a profit.” (Financial Times, n.d.)

In many organisations the primary instrument of management control is responsibility budgeting which embraces both the formulation of budgets and their execution (Jones & Thompson, 2002). “Resources are to be used … within the limits of an operating budget previously approved by the governing committee” (General Conference of Seventh-day Adventist Church, 2011, p. 5). According to Brown (2009) it is absolutely pointless to spend time and effort preparing a budget that you don’t intend to use it to control monthly expenses and operational costs (B. Brown, 2009). Budgeting and tracking expenses helps know where money came from and where it was used. When properly followed it helps reach financial goals. Budgetary control is therefore a very important aspect in an organization and it begins with the budgeting process as the budgeting process can impact largely the extent to which budgetary control is going to be effective (CIMA, 2008). Brown (2009) concurs that the first step for budgetary control is to set standards and objectives by formulating an accurate budget(Brown, 2009).

When an accurate budget has been formulated, the second step is to measure the actual performance against that particular budget (Brown, 2009). The budgetary control process requires a comparison between the budgeted cost and actual cost (Broadbent & Cullen, 1994). This comparison between the budget and actual figures should be carried out at frequent intervals in order to provide management with early warning and early detection system of matters that are not going according to plan (Chadwick & Kirkby, 1995). The measure of performance against budget must be continually done through checking actual achieved figures against budget projections to identify any variances (Brown, 2009).

The third step is to identify areas for action by highlighting differences for investigation (Brown, 2009). The common tool that is used to analyse performance and promote management action at the earliest possible stage is called variance analysis (Broadbent & Cullen, 1994). Any variances that arise while checking performance against budget will be reported to management for investigation and necessary corrective action which is the fourth step of the budgetary control process (Broadbent & Cullen, 1994; Brown, 2009). Management should analyse variances and take corrective action to bring the budget back into line (Brown, 2009). Cammack (1999) stated that those responsible for budgetary control should make sure that action is taken when there are large differences between the planned and the actual results (Cammack, 1999). The budgetary control process is not a once off, it is repeated monthly. Budgetary control is not the end in itself. It is a tool that helps to control the organization’s finances against plans. It therefore calls for flexibility so as to increase efficiency in achieving organization’s goals.

In the Seventh-day Adventist Church, “the CFO, as an administrative officer, has significant influence and a duty to guide and counsel in plans and decisions affecting financial matters” (General Conference of Seventh-day Adventist Church, 2011, p. 6). Though responsible and answerable to the governing committee on financial matters, the “CFO needs to find a balance between too little control on one hand and unilateral decision-making on the other hand” (General Conference of Seventh-day Adventist Church, 2011, p. 6).

Management Function - Leading and Controlling

The management control process is designed to be for motivating and inspiring people, especially subordinate managers, so that they can serve the policies and their organization's purpose (Jones & Thompson, 2002). The general control model considers four important aspects that must be satisfied before any process can be said to be controlled. These are: knowing the set objective or what is to be achieved; measuring the outputs and decide whether they achieve the set objectives; predicting the effect of any action that can be taken to alter or control the process; and correcting and deviations away from the objectives (Broadbent & Cullen, 1994). Siyanbola (2013) looking at the impact of budgeting and budgetary control on the performance of manufacturing companies in Nigeria acknowledged that resources are limited and seeks to adopt the budgeting and budgetary control concepts in order to satisfy their needs at the least possible cost while fulfilling their stewardship obligation to stakeholders. Budgetary control helps facilitate the participation of departmental directors in explicitly planning for the future and optimising the use of limited resources availed to their departments.

Comparing Results with Plan to Identify Variances

A budget is a prediction of the most likely pattern of operations for the year and is therefore not totally correct. There are bound to be variances from the actual performance to the budget. The Institute of Cost Accountants of India (2012) states that organisations need to plan and translate those plans into reality and control them to review the progress and be sure it is in accordance with the plan. They further state that budgets are prepared in monitory or quantitative details prior to a defined period of time and they help immensely in the controlling function (Institute of Cost Accountants of India, 2012).

"In accordance with denominational working policy and with good management practice, the *[SDAAM]* requires the unaudited annual financial statements of the organization as a whole to include a budget comparison" (General Conference of Seventh-day Adventist Church, 2011, p. 126). The objectives of budgeting are planning, co-ordination and control. Control is the continuous comparison of actual results with those planned. It goes to taking corrective action to address adverse variances or to exploit favourable variances (Broadbent & Cullen, 1994; Cammack, 1999).

Berland & Boyns (2002) identified three possible types of control - planning control, co-ordination control, and performance evaluation. They stated that planning control does not require feedback and hence there are no sanctions for non-compliance while co-ordination control and performance evaluation require feedback. At the early development stages it was discovered that introducing budgets to some parts of the organization limits the effectivness of control being exercised (Berland & Boyns, 2002). Boyns et al., 2000 as cited in Berland & Boyns (2002) discovered that when budgeting began, some companies applied budgeting in cash planning process and did not apply it in monitoring sales. Budgetary control has been changing over time (Berland & Boyns, 2002). According to Wagh & Gadade (2013), actual results are compared with the standard, the budget, and variances are investigated (Cammack, 1999; Wagh & Gadade, 2013).

When doing variance analysis, it must be borne in mind that not all variances are bad. There are some variances that may appear at the initial stage and disappear over time (Brown, 2009). These include items like office supplies and church supplies that are usually bought in bulk at the beginning of the year to take advantage of economies of scale. They may be expensed rather than being kept as supplies inventory causing immediate overspending that gradually diminishes as the year goes by (Brown, 2009). Some yearly events like launches usually take place at the beginning of the year causing significant budget overruns during the first months of the year. While they may be highlighted as variances, no control action may be required on these at this point in time but a clear explanation of the cause of the variance has to be given to those responsible for reviewing the financial statements.

Taking Appropriate Control Actions

The SDAAM (2011) requires that financial administrators should closely analyse monthly financial statements with budget comparison, and take prompt corrective action wherever important variations in either income or expenses are disclosed. “It is an error to conclude that variations from the budget are inevitable and uncontrollable” (General Conference of Seventh-day Adventist Church, 2011, p. 154). The reasons for variances should be analysed and divided into two, controllable and un-controllable factors (Wagh & Gadade, 2013).

The monthly comparisons of actual results as shown in the organization’s financial statements provide checkpoints for evaluation of the entity’s operation. They should be used as management tools that guide the entity’s administrators in “tailoring the actual operation to coincide as closely as possible, not with the budget solely, but also with the actual realized data” (General Conference of Seventh-day Adventist Church, 2011, p. 154). This calls for checking if the income is also in line with the budgeted income as it will be pointless to keep expenses in line with the budgeted amounts when the income is way below the budgeted income. “If expenses are consistently exceeding actual income regardless of the budgeted expectations, timely action must be taken during the year to bring the expenses into line” (General Conference of Seventh-day Adventist Church, 2011, p. 154).

Failure to operate within an approved budget should not be reason for changing the budget. Changing budgets because they have not been met is inappropriate and creates a lot of problems on control. Brown (2009) said that you will never get it right unless you can clearly identify where you went wrong. It is essential for a comparison to be done for someone to identify where they went wrong and be able to correct it. According to Brown (2009) under normal circumstances no business should change its budgets during a normal trading year. It however, would be necessary to set a new budget in very occasional instances that may have risen and impacted on a budget to such an extent that they render it meaningless (Brown, 2009). In that instance it becomes necessary to make a budget revision to give it a meaning. Short of that, once agreed and set, budgets should remain the same throughout the year and only change when they have been overtaken by substantial, unexpected and dramatic events (Brown, 2009).

In the same vein the SDAAM states that “Of course, if developing circumstances indicate that revisions must be made in the budget previously approved, a revised budget should be submitted to the governing committee for its approval” (General Conference of Seventh-day Adventist Church, 2011, p. 154). Changing budgets during they year is generally not expected to be a routine. It is something that should only happen once in a long while when something major has happened.

Effective Budgetary Control

For budgetary control to be effective there is a need for involvement and support of top management and all other levels of management; and the budgets must be realistic and revised regularly where necessary (Siyanbola, 2013). A budget that is imposed on a manager or director will never be effective as it may easily be contested.

They can be able to say that they had nothing to do with that particular budget and it does not reflect the prevailing circumstances of their business unit (Brown, 2009).

Siyanbola (2013) stated that budget and budgetary control must be adopted and implemented but they should not be complicated for people to understand.

Expenditures can be controlled by having an authorisation system that ensures that a senior person with a budget authorises an expenditure before it is made (Cammack, 1999). While in the SDA Church institutions it may be difficult to have overruns caused by departments that incur expenditures without prior authorisation as they may not be processed by the treasury department, the policy requires that there be a mutual understanding with the department directors when setting up budgets. This is because they are going to be responsible for the performance goals while using the set budgets.

For budgetary control to be effective there must be an accurate, reliable and speedy system of recording actual expenditures and income (Brown, 2009). When transactions are processed timely it reduces the risk of overspending as everyone will be aware of how much has been used and how much is left in the budget. Monthly financial statements reflecting budgets must be produced in accordance with the budget format to enable managers to quickly identify budget variances and act upon them (Brown, 2009). Regular reporting of results is fundamental to any budgetary control system to enable corrective action to be correctly taken to bring the business back into line with the budget targets. For budgetary control to be effective, the budget monitoring process must be carried out quickly regularly to ensure that variances are quickly identified and promptly dealt with (Brown, 2009). In that vein, both the SDA Accounting manual and the working policy require that mothly financial statements be presented to the controlling committees, officers of that entity and officers of the next higher organization (General Conference of Seventh-day Adventist Church, 2011; Southern Africa-Indian Ocean Division, 2013)

Relationship between Effective Budgeting and Budgetary Control Effectiveness

There is however, no homogeneity in the application of budget and budgetary control system (Wagh & Gadade, 2013). Berland & Boyns (2002) ascertained that the nature of controls and how controls are perceived affects the control process. If control is to be effective it must not be selective (Berland & Boyns, 2002). There is a need for everyone in the organization to understand budgetary constraints. The budgetary constraints are built on the prices of goods to be bought and the individual or organization's income. ("Budget Constraint and Indifference Curve Analysis," n.d.) When budgeting there is a need to be aware of the constraints, and when spending there is more need to be aware of the same constraints and operate within the set limits.

Financial performance

The financial performance record of companies is of particular importance to investors. In particular, profitability and liquidity are of great importance to them (Chadwick & Kirkby, 1995). According to Paramasivan & Subramanian (2009), Financial Management is an important part of the organization and it links different parts of the organization. Its main objectives are profit maximisation (efficiency) and wealth maximisation (NPV). Profit maximisation is concerned with efficiency of the business concern while wealth maximisation is concerned with maximising the value of the business or its net present worth maximisation. Some view wealth maximisation as superior to profit maximisation as it seeks to grow the organization. Others view it the same as profit maximisation as it is only achieved through profit maximisation. The bottom line is that it provides an efficient allocation of resources and ensures the economic interest of the society once this has been achieved. For this to be achieved, Paramasivan & Subramanian (2009) stated that the organisations need to control their expenditures and operate within set limits. To improve profitability position of the organization, there has to be a help of strong control devices such as budgetary control, ratio analysis and cost volume profit analysis (Paramasivan & Subramanian, 2009).

Measures of financial performance/ financial performance indicators. The major financial accounting statements aim to provide to is readers, a picture of the financial position at a particular time and the performance of a business (Atrill & McLaney, 2011).

The balance sheet or statement of financial position is like a snapshot. It tells us what the accumulated wealth of the business is at the end of that period. The Statement of financial activity (profit and loss) shows the performance of the business. It shows how much wealth or profit was generated or lost by the business over that period. It is defined as the increase or decrease in wealth arising from trading activities. The cash flow statement shows the movements of cash over a particular period (Atrill & McLaney, 2011). There is need for reliability of the measurement for consistency.

The income statement provides essential information on how effective the business has been in generating wealth and how it derived its profit or bottom line for the period. (Atrill & McLaney, 2011) It is a primary measure of performance (Atrill & McLaney, 2011). "To evaluate the business performance effectively, it is important to discover how the profit figure was derived." It is important to understand the amount and nature of expenses incurred and the profit in relation to revenues (Atrill & McLaney, 2011).

There are five broad measures of performance or position. These are profitability, efficiency, liquidity, financial gearing and investment ratios (Atrill & McLaney, 2011). Comparing companies through accounting ratios aids economic decision-making (Broadbent & Cullen, 1994). Simply calculating these ratios does not help, however they are meaningful when compared with the benchmark; the past periods or against the planned performance (Atrill & McLaney, 2011). Ratios make results comparable and make it possible to control differences (Broadbent & Cullen, 1994). Cinnamon (2010) argued that while "in practice companies tend to evaluate their performance against last year, against budget, or against corporate targets set down from on high, none of these are very satisfactory since one is based on history and two are inventions" (Cinnamon, Helweg-Larsen, & Cinnamon, 2010). It generally makes more sense to compare with what one had planned to do in the first place. "Comparison of planned performance with actual performance...(is)...a useful way of revealing the level of achievement attained." (Atrill & McLaney, 2011) "Planned performance is likely to be the most valuable benchmark against which managers may assess their own business" (Atrill & McLaney, 2011). When measuring performance like must be compared with like and "when comparing the financial statements of two entities, they must be having the same accounting period and must be in the same industry" (Cinnamon et al., 2010).

Profitability ratios are concerned with effectiveness at generating profit, efficiency ratios are concerned with efficiency of using assets or resources and liquidity ratios are concerned with the ability to meet short-term obligations (Atrill & McLaney, 2011).

Relationship of budget to performance. The income statement measures performance (Atrill & McLaney, 2011) and performance measurement is useful when actual results are compared with the planned performance (Broadbent & Cullen, 1994). There is therefore a need to have financial statements that have a budget column for comparison (General Conference of Seventh-day Adventist Church, 2011). Well performing organizations must control their expenses and ensure that they operate within the approved budgets and surpass budgets on income for them to sustain their operating budgets. The value of the budget as a standard for measuring performance is largely dependent on the skillfulness of the budget negotiations (Qi, 2010).

Impact of budgetary control on financial performance. Budgetary control is needed for the success of an organization. It helps control expenditures, increase profitability and in turn increase the value of the organization and promotes savings (Paramasivan & Subramanian, 2009). In not-for-profit organizations like churches, budgetary control promotes saving that in turn increases the fund balance.

Implementing budgetary controls helps control costs while improving services according to budget allocations (Kaguri, 2015). Kenya Insurance Report (2015) as cited in Kaguri (2015) stated that proper budgetary control improves financial performance each year.

Gaps

While general literature has said something about budgeting and budgetary control, there is a gap regarding the measures of effectiveness for budgeting as well as the effectiveness of budgetary control in faith-based entities. While something has been said about budgeting and budgetary control nothing has been said about the extent to which effective budgeting impacts financial performance. This study sought to establish the impact of budgeting and budgetary control on financial performance. Further, there is also considerable lack of studies regarding budgeting and budgetary control in Zimbabwe. The study intends to fill this gap.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

This chapter discusses the design and methodology used in this study. It explains the type of study, the setting, strategies used in the research, the survey instrument, data collection techniques and tools used to analyse the data collected.

Research Design

Type of Study

The researcher adopted a cross-sectional causal study that helped the researcher to analyse the effect of effective budgeting and effective budgetary control on financial performance of selected Zimbabwe Union Conference entities.

Study Setting

The study was done in Zimbabwe, using ZUC six conferences. Two of these conferences are located in Bulawayo, two in Harare, one in Gweru and one in Kwekwe administering over 1,200 organized churches in total and a total membership above 750,000. The conferences are managed by a top management team of three: the President, the Executive Secretary and the Chief Financial Officer. These officers report to the Executive Committee of each conference which is the ultimate decision-making board in between sessions. On average there are 20 individuals sitting on the Executive Committee. The latter has some four subcommittees that deal with finances: an audit committee, a budget review committee, a compensation review committee, and a finance committee. The three Union officers (President, Executive

Secretary and Chief Financial Officer) are ex-officio members of each of these conferences Executive Committee.

Population and Sampling Procedure

The population was composed of Union officers, the executive committee members of each conference and conference employees, the total number of which was 349 (see table 1 below).

Table 1. Population of the Study

Entity	Workers	Excom Members	ZUC	Total
Zimbabwe Union Conference Officers			3	3
Central Zimbabwe Conference	34	19		53
East Zimbabwe Conference	50	23		73
North Zimbabwe Conference	46	21		67
North-West Zimbabwe Conference	26	21		47
South Zimbabwe Conference	35	17		52
West Zimbabwe Conference	35	19		54
Total	226	120	3	349

For the sample, a census was taken of all executive committee members of each of the six entities and all the union officers. The sample for the workers, however, was made of only employees who are either involved in the budgetary process or who made use of these budgets. Hence purposive and census sampling procedures for selecting respondents was adopted (See table 2 below)

Table 2. Sample Size of Respondents

Entity	Sample of Workers	No. of Excom members	ZUC	Total
Zimbabwe Union Conference			3	3
Central Zimbabwe Conference	9	19		28
East Zimbabwe Conference	8	23		31
North Zimbabwe Conference	9	21		30
North-West Zimbabwe Conference	10	21		31
South Zimbabwe Conference	11	17		28
West Zimbabwe Conference	9	19		28
Total	56	120	3	179

Instrument for Data Collection

The researcher used a self-constructed questionnaire to collect the data from the respondents. The questionnaire was divided into three parts.

The first part had 5 questions that enabled the researcher to categorize the respondents according to their jobs in the organization and further got a general understanding of the organization’s budget overview.

The second part of the questionnaire consisted of questions that described the situation of event that the respondents felt that it represented or did not represent what happens in their entity. The questions in this part were on a 7-point Likert scale that was used to check on the budgeting process, budgetary control and financial performance elements as identified by the researcher. It had 35 items in all.

The third part was 2 open-ended questions that offered the respondents an opportunity to freely give their responses on their perception of the effectiveness of budgeting and budgetary control in their entities.

The researcher also collected data from the officers through an interview that had 4 leading questions.

Validity and Reliability of the Instrument

After designing the questionnaire, the researcher sent it to the Adventist University of Africa for approval and gave it to some counterparts and other experts in the finance area in Zimbabwe to check if it measures what it says it measures to test for validity.

The researcher went on to further test the reliability of the statistics for whole 35 items using the Cronbach’s Alpha reliability test and got and a coefficient alpha of 0.782 based on standardized items. According to Santos (1999) a Cronbach’s Alpha of 0.7 is considered to be reliable (Santos, 1999). The Cronbach’s Alpha obtained was above 0.7 hence the internal consistency reliability of the measure used can be acceptable. The results for the reliability test performed are shown on table 3 below.

Table 3. Cronbach's Alpha Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.704	.782	35

Factor Analysis for the Scale

The researcher performed a factor analysis on SPSS using the principal component analysis extraction method and Varimax rotation method with Kaiser Normalization using the 35 items from the instrument and got 9 factors with Eigen values greater than 1 accounting for a total of 79.16%. The 9 factors that were selected and grouped into 3 categories as follows: (See table 4 below)

Table 4. Cronbach's Alpha for the Selected Variables

Code	Items	Cronbach's Alpha	Group Alpha
EFFECTIVE BUDGETING			0.830
1: Budgeting Process	4	0.871	
2: Budgeting Policy	6	0.775	
3: Consultative Approach	3	0.534	
EFFECTIVE BUDGETARY CONTROL			0.623
1: Budgetary Control Policy	4	0.567	
2: Detective Budgetary Control	2	0.676	
3: Preventive Budgetary Control	4	0.615	
FINANCIAL PERFORMANCE			0.719
1: Liquidity and Working Capital	2	0.917	
2: Income	3	0.707	
3: Expenses	2	0.519	

It should be noted that only 30 items were used in the grouping. 5 items did not fit in either of the groups and failed to pass the reliability test. Yet, they were kept as part of the instrument as they provided some useful information regarding budgeting.

Ethical Considerations

The researcher sought permission to conduct a study and to make adequate disclosure to the populace for the purpose of the study. A reasonable assurance was also be given to the respondents that their responses will be kept confidential and only used for the intended purpose as disclosed.

To conduct this study in selected ZUC entities, the researcher sought permission from the ZUC Chief Financial Officer to conduct a research in ZUC entities. Once permission was granted, the researcher communicated with the CFOs of the organizations so they were aware that the permission had been granted and what was its purpose.

The respondents were asked if they were willing to participate in the research and gave their personal consent depending on their willingness to participate. To ensure confidentiality and anonymity of respondents, the questionnaire did not require names of respondents. The researcher is only going to collect what was specifically needed to carry out this study effectively.

While it is important that all the respondents responded as the sample size was small, respondents were given the freedom to choose on whether to participate or not participate in the study, and freedom to withdraw at any time without penalty.

All findings and information obtained during this study was used solely for academic purposes as outlined in this study and was not used beyond what was expressed or reduced in writing on this paper.

Data Collection Procedure

The Adventist University of Africa's School of Postgraduate Studies approved the researcher's questionnaire. The researcher sought permission to administer the survey questionnaire in the Zimbabwe Union Conference territory and was granted permission by the Administrative Committee of the Zimbabwe Union Conference to go ahead and collect data from the six conferences of the Seventh-day Adventist Church in Zimbabwe.

The researcher printed and administered the questionnaires and also coded the questionnaire into an online Google forms document to enable those who could not be easily reached by the researcher be able to fill in their responses to the survey on line. To avoid duplications, those who filled in the hard copies were not emailed the online survey. Once they were filled, the researcher collected the questionnaires, sorted and numbered them for capturing into SPSS.

The data that was collected from the field was coded systematically into SPSS version 20, checked for validity and analysed in order to obtain graphs and entries in different tables used herein to interpret the data.

The interviews were done with some of the officers soon after the data was collected from the questionnaires. This was in order to get the officers to give an overview of what they felt about the budgeting process and approach used in their entities and whether it contributes to the financial performance of their entities. 11 officers were interviewed.

Method of Data Analysis

The researcher used Statistical Package for Social Sciences (SPSS) Version 20 to analyse the data collected. For the descriptive part, means and standard deviations for research questions number 1 to 3 were calculated. Further, an ANOVA test was performed to give a complete picture of the situation. For research questions number 4 and 5 inferential statistics is necessary, correlation and regression analysis was deemed appropriate.

Evaluation and Scoring of the Questionnaire

Table 5. Evaluation and Scoring of the Questionnaire

Scale	Response	Mean Interval	Verbal Interpretation
1	Strongly Disagree	1.00 – 1.49	Never practiced
2	Mostly Disagree	1.50 – 2.49	Hardly practiced
3	Somewhat Disagree	2.50 – 3.49	Less often Practiced
4	Neither agree nor disagree	3.50 – 4.49	Undecided (Sometimes practiced)
5	Somewhat Agree	4.50 – 5.49	Often practiced
6	Mostly Agree	5.50 – 6.49	Most often practiced
7	Strongly Agree	6.50 – 7.00	Always practiced

This table was used only to interpret the independent variables. For the dependent variable, the scale used was translated as the degree to which the respondents agreed to the statements made.

CHAPTER 4

RESULTS AND DISCUSSION

The executive committee members and workers of the institutions under study were expected to be 349 and the expected sample for this study was 179. Out of 179 questionnaires administered 143 responded to the questionnaires of which conclusions and recommendations were made based on findings from these respondents. The response rate for the study conducted was therefore 80% and the researcher strongly believed it was adequate to allow the conclusions to be made based on the data obtained.

The researcher categorised the respondents into 5 categories in order to ensure there is fair representation of all categories of the expected respondents. The categories of respondents are shown on the frequency table below.

Table 6. Distribution by Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Officers	20	14.0	14.0	14.0
	Department Directors/AFOs	40	28.0	28.0	42.0
	EXCOM Member (Non-employee)	51	35.7	35.7	77.6
	Accounts Office Employee	15	10.5	10.5	88.1
	Other employee	17	11.9	11.9	100.0
	Total	143	100.0	100.0	

The researcher observed that all categories are represented and hence feels that the findings fairly represent what is obtaining in the six entities under study. Of the 143 respondents, 51 are not employees of the organization and that represents 35.7% of the total number of respondents. They are however Executive Committee Members and they are therefore properly positioned to make their responses, as they are the drivers of the church as they sit in the controlling committees of the entities understudy.

All the respondents from the entities under study represented that there are budgets in their entities.

Table 7. Entity has a Budget

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	143	100.0	100.0	100.0

The working policy of the Seventh-day Adventist Church requires that all entities must have budgets. Therefore it is very logical that all the entities are complying with this policy. Due to this result, the researcher is very much able to proceed with the other findings, as the results will all be reflecting what is obtaining on the ground as all the entities use budgets.

While there are budgets in all entities, the researcher observed that 9 out of 143 respondents stated that there is no budget timeline followed in their entities.

Table 8. Entity has a Budget Timeline

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	134	93.7	93.7	93.7
	No	9	6.3	6.3	100.0
	Total	143	100.0	100.0	

Source: Primary data

This pauses some challenges to the entity that has not adopted a timeline as that leaves the entity prone to working haphazardly and end up in the risk of failing to involve others in the budgeting process as they may be caught napping and rush to present what wasn't discussed and agreed upon when the budgets become due for presentation to the executive committee.

Although the respondents gave varying responses as to the time when budgeting begins, the majority of the respondents as shown on the table below stated that the budgeting process begins 2 or 3 months before the budget is due to be presented to the executive committee.

Table 9. Distribution by Time When Budgeting Process Begins

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Month	6	4.2	4.2	4.2
	2 Months	63	44.1	44.1	48.3
	3 Months	63	44.1	44.1	92.3
	4 Months	8	5.6	5.6	97.9
	5 Months	2	1.4	1.4	99.3
	6 Months	1	.7	.7	100.0
	Total	143	100.0	100.0	

Those who start preparing their budgets 2 months and those who start 3 months before it is due are 88.2% of the total number of respondents. That leaves 11.8% of the respondents to be on the other extremes but it is clear that the budgeting process generally takes place towards the end of the year.

From the researcher's understanding of the entities during the time of the survey, budgeting begins in October after the September Financial Statements are out and are usually presented in December during the year-end executive committee meetings. That gives the responses that are between 2 and 3 months to be mostly what is obtaining on the ground.

The researcher observed that the budget coordinator is the CFO. There are 14 out of 143 respondents who represent 9.8% that stated that another person in the treasury department, other than the CFO, coordinates the budget.

Table 10. Distribution by Budget Coordinator

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CFO	129	90.2	90.2	90.2
	FO/AFO/Accountant	14	9.8	9.8	100.0
	Total	143	100.0	100.0	

Source: Primary data

There is absolutely nothing wrong with having the Financial Officer or whoever is next in the treasury department's hierarchy doing the budget coordination. What is however clear is that most CFOs do the budget coordination themselves as it is expected of them to carryout that role. As they are officers, they also fully understand the organization's strategic objective and intent and they will be better placed to assist in the allocation of resources in a way that will ensure that the organization's strategic goals are fairly provided for with the available resources.

Research Question 1: Budgeting Process

To what extent do the entities under study follow the budgeting process?

The extent to which entities follow the budgeting process will be based on the results provided on table 11 below and the interpretation will be as shown on table 5 above.

Table 11. Extent of Following the Budgeting Process

	N	Mean	Std. Deviation
Budgets conservatively	143	6.78	.549
Budgeted income equals expenses	143	6.46	1.293
Departments participate	143	6.40	1.082
Objectives budgeting	143	6.35	1.057
Negotiate budgets	143	5.71	1.231
Budget review committee meets	143	6.65	.620
Budget journal	143	5.18	1.466
Department follows budget	143	6.61	1.081
Departments submit budget requests	143	6.28	1.097
Negotiates department budget	143	5.26	1.582
Budgetary constraints are explained	143	6.10	1.339
Fair resource allocation	143	6.03	1.213
Budget is imposed - Reverse coded	143	6.51	.985
Valid N (listwise)	143		

The denominational policy requires that entities should budget conservatively. The entities are expected to budget for the ensuing year at 95% of the current year's income projected to December. When asked the question "The organization budgets conservatively (95% of prior year income)" the respondents gave their responses and the researcher obtained a mean of 6.78 and a standard deviation of 0.549 from the mean. This is also strong, there is however one entity's officers who stated that they have challenges balancing their budgets and they are in some instances allowed by the union to budget between 98% and 100%. The researcher perceives some consistency with this as the standard deviation of 0.549 from the mean of 6.78 confirms that some of the responses were scoring in the region of 6 in a 7-point Likert scale. That is interpreted as most often practiced using the verbal interpretations on table 5.

When asked whether the budget review committee set by the EXCOM reviews the budget before it is presented to the EXCOM for approval the result obtained had a mean of 6.65 and a standard deviation of 0.62 from the mean. The verbal interpretation is that this is always practiced. The standard deviation still leaves the responses having scores of 6 and above. That therefore means that the researcher can have a positive assurance that to a greater extent the budgeting process followed involves the review of the budget by the budget review committee before it is presented to the executive committee for approval.

The budget serves as a guide to financial spending. The denominational working policy requires that each entity should follow an approved budget. Research has shown that if the budget users are not involved in the budgeting process they don not follow the budget that they do not agree with. The researcher obtained a mean of 6.61 and a standard deviation of 1.081 from the mean in response to the question "My department works within the approved budget for the year. However the standard deviation of 1.08 was large but when using the evaluation of the questionnaire it can be interpreted that this is always practiced.

Consistent with the above question, the researcher obtained a mean of 6.51 and a standard deviation of 0.985 from the mean in response to the question "The budget is imposed, I do not have a chance to participate in its formulation" after the responses were reverse coded. That basically means there is a large participation and the treasurer does not make the budgets alone, although the standard deviation is quite large.

When budgeting in the Adventist church, budgeted income should always be equal to budgeted expenses unless there are appropriations that will be given by the higher organization. In any case they are also incorporated to be part of the income. The researcher obtained a fairly high mean of 6.46 but there was a large standard deviation of 1.293 from the mean on responses to the question that “the budgets prepared and voted have proposed income to equal to proposed expenses. Further, the interview with the officers of the higher organization indicated that all entities had budgets that are “balancing” meaning that their incomes are equal to expenses. Hence, the researcher can say that the process is followed to a large extent.

The denominational accounting manual requires that as part of the budgeting process the department directors send budget requests to the budget coordinator. The researcher checked this and obtained finding that to a large extent the departments participate in the budget making process with a mean of 6.4. The standard deviation of 1.082 from the mean suggests that to some extent there are some who feel that it is not always the case. There could be a possibility that the directors submit their requests but the communication breaks down in the process and they feel they are not adequately participating in the budgeting process.

The literature revealed that it is important that strategic objective for the organization for be provided for in the budget preparation process. The researcher checked if this was the case in the entities under study and obtained a mean of 6.35. This shows that the entities under study more often budget according to their strategic objectives. A standard deviation of 1.057 from the mean shows that there is high degree of variance in the responses and there are some entities that do it at a lower extent than others. A similar study conducted and reported by (CIMA, 2009 stated that, “Budgets are rarely strategically focused and are often contradictory” (p. 9). It may not be a common phenomenon among entities in the Adventist church to keep the strategic objectives of the organization in mind when preparing the budgets. It is, however, an important practice to do so, as the strategic objectives are the driving force of the organization.

The respondents mostly agree that they submit budget requests for the inclusion into the ensuing year's budget as shown by a mean of 6.28 and a standard deviation of 1.097 from the mean. The standard deviation is high as the respondents varied a lot in their responses, which shows the extent to which they differ. Following the interpretation tools, the researcher concludes that the entities most often follow the budgeting process as required by the policy.

Resources are scarce and therefore the organization cannot meet all the needs. It is important to communicate budgetary constraints. The respondents confirmed that budgetary constraints are explained to them with responses that differed widely by a standard deviation of 1.339 from the mean of 6.1. The entities under study mostly follow this process to a large extent.

As resources may not cover all the needs, there should be a fair allocation of resources among the different items competing for the same available resources. The respondents stated that there is usually a fair resource allocation and the researcher got a mean of 6.03 and a standard deviation of 1.213 from the mean. The responses varied to a large extent but they converged to a high mean of 6.03, which is interpreted that this is most often practiced.

The aspect of negotiating mostly practiced as shown by a mean of 5.71 however the responses varied to a large extent among the respondents and therefore a standard deviation of 1.231 from the mean was obtained. It shows that some of the entities are not sure if they really have an opportunity to negotiate their budget requests with the budget coordinator.

On the same note, the researcher found from the analysis of data that departments somewhat agree that they have an opportunity to negotiate for their department's budgets before the budget is sent to the executive committee for approval. This however had a very large standard deviation of 1.582 from the mean. The mean obtained on responses for this question was 5.26.

The researcher found that the use of budget journal is often practiced as depicted by a mean of 5.18 and a standard deviation from the mean of 1.466.

Asked about their feeling about the budgeting process and its effectiveness, there was a general consistency in the responses from the respondents that the budgeting process in their entities is transparent and helps them be able to come up with feasible financial working plans. It was viewed as a fair and effective process that follows the Seventh-day Adventist church's budgeting policies.

On the same note, during an interview with officers, when asked what they thought about the budgeting process followed in their entities, the officers indicated that the budgeting process in their entities was fair. They indicated that it allows them and other workers to participate in the formulation of budgets that affect their operations. The officers further indicated that budgets are not imposed, they have a chance to participate and there is a fair resource allocation to all the different areas of need according to available funds. Some of them stated that "there are little resources but the treasury is transparent and does its best to share the little cake to everyone" taking into consideration their budget requests. The respondents stated that it has been a functional process and has helped all departmental directors to be actively involved in the budget formation and this has lessened opposition in its implementation because directors were involved in its formation.

While most of the respondents viewed the budgeting process to be effective, there are however, a few respondents who indicated that it needs improvement so that more people are involved in the process. Of important note was that some of the respondents stated that the budgeting process “is pretty effective but possibly not as collaborative as it should be”. There is a need to involve department directors more. This is consistent with the statistical analysis as there was low inter-item consistency in the consultative approach section. They further stated that there is a need to “align their budgets with the strategic plan or document”

To further look into the issue of budgeting, and especially the aspect of consultative approach, the researcher deemed it necessary to find out if top management perceives this matter differently from the lower level management. It may happen that top managers think that they are using a participative approach adequately while the lower level managers perceive that it is inadequate. The researcher performed a one-way ANOVA to check if there was a significant difference in the consultative approach perception between top management group and low-level management group. The study found that there is no statistical difference between the perception of the officers and the other groups of workers and executive committee members as determined by one-way Anova F = .345 (4, 138) and p = .847. The results obtained are shown in the table below.

Table 12. ANOVA - Perception of Consultative Approach

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.201	4	.300	.345	.847
Within Groups	119.968	138	.869		
Total	121.169	142			

The researcher asked if there were any improvements to the budgeting process they would like to suggest as officers, the officers felt that the process was good, it must be maintained and commended the budget coordinators for the good work and transparency. However, some of them felt that there is more officer involvement and there was a need to increase the involvement of department directors. Those respondents stated that at times directors "just find the budget in the EXCOM and they end up asking questions there which is not good". This was consistent with the results obtained from data analysis.

Research Question 2: Budgetary Control

To what extent do the entities under study implement budgetary controls?

The extent to which entities follow the budgeting process will be based on the results provided on table 13 below and the interpretation will be as shown on table 5 above.

Table 13. Extent of Implementing Budgetary Controls

	N	Mean	Std. Deviation
Seasonal budgeting	143	3.22	1.817
EXCOM approves budget	143	6.90	.350
Finstat has budget column	143	6.80	.564
Excom quarterly Finstat	143	6.76	.478
Budget variance policy	143	5.83	1.300
Budget reminders	143	6.36	.946
Adheres to budget	143	6.62	.530
Involvement improves Control	143	6.65	.521
Overruns unseasonal budgeting	143	6.11	1.478
Involvement motivates	143	6.66	.616
Total Effective Budgetary Control	143	6.3462	.46931
Valid N (listwise)	143		

Table 13 indicates that the majority of the respondents practice budgetary control in their respective entities. The range is between 6.90 and 5.83. The total aggregate score shown at the bottom has a mean of 6.35 with a standard deviation of .47. This was consistent with the responses obtained from the open-ended question in the questionnaire “Is budgetary control in your entity effective? Please explain”. In response to this question, the respondents seemed to view budgetary controls as very effective in their entities with more emphasis on that “it is very difficult to get funding once one has reached their budget allocation limit for a particular period”. They indicated that they are given statements every time they need to make requests and they cannot spend beyond the budget limit. This has helped them be able to better manage their finances. They, however, felt the process and management of the budget instrument could still be improved so as to enhance effectiveness. Some indicated them that the research questions have shown them the areas they need to safeguard and they will strategize in order to maintain the recommended liquidity and working capital ratios and percentages. They indicated that the monthly financial statement reviews makes the budgetary control effective as it keeps management accountable to the governing board for any variances. They are very careful not to allow overruns, as they will have to answer many questions to the executive committee that approved the budget.

The highest mean scores are around elements of detective budgetary control: the executive committee approves the budget (m = 6.90, sd = .350), the budget column that is included in financial statements (m – 6.80, sd = .564) and the policy regarding the executive committee reviewing the financial statements on a quarterly basis (m = 6.76, sd = .478). It is interesting to note that one item registers a lower mean than the rest: seasonal budgeting. The respondents somewhat disagree that they use seasonal budgeting. However the high standard deviation (sd = 1.8) in this item reveals that there is a great degree of variance around the mean of 3.22. This could be due to the fact that, although in general the conferences do not use seasonal budgeting, some of them may have to, because of their location and the occupation of their constituents, i.e. the church members. If the latter were largely composed of farmers, a seasonal budgeting would probably be the most appropriate way to account for income and revenues.

The researcher asked the officers, during an interview, what entities can do to effectively manage budgets and some of the officers felt that the idea of budgeting according to seasons that was raised should solve their problems. They further stated that treasury should not pay out for what is beyond the budgeted expenses for the month. They should watch the small expenses, "take care of the cents and dollars will take care of themselves".

Some of them indicated that they needed to be constantly reminded on how much is remaining on their budgets so that they can plan accordingly. They highlighted a major drawback that needed attention - the big programs that come without adequate financing. They need to provide adequate resources for major programs or seek alternative funding from well-wishers if it cannot be financed from the conference budget.

Research Question 3: Financial Performance

What is the level of financial performance of entities under study?

The extent to which entities follow the budgeting process will be based on the results provided on table 14 below. The interpretation of the response for section "Financial Performance" for the paper is an agreement interpretation rather than a practice interpretation. That is, the respondents have to agree whether their entities do have adequate liquidity (above 100%), and adequate liquidity and so on.

Table 14. Level of Financial Performance

	N	Mean	Std. Deviation
Adequate Working Capital	143	5.39	2.032
Adequate Liquidity	143	5.38	1.953
Income exceeds budget	143	2.87	1.614
Excess Income leading to revised budget	143	3.02	1.461
Expenses within budget	143	5.57	1.308
Adequate resources to meet needs	143	3.22	1.831
Working within budget improves financial performance	143	6.45	.845
Valid N (listwise)	143		

The findings from financial performance response were in a range of 6.45 to 3.02. The highest mean concerned the respondents' agreement regarding the alignment between adherence to budget and performance, (m = 6.45, sd = 0.84). The second highest mean was about expenses, the respondents indicated that their conferences keep their expenses within budget. However, the standard deviation indicates a large variation about the mean (m = 5.57, sd = 1.3).   The issues of working capital and liquidity come third and fourth (m = 5.38, sd = 1.9 and m = 5.39, sd = 2.0 respectively), indicating that the respondents somewhat agree that their conferences have adequate working capital and liquidity. The standard deviation, nevertheless, show that the responses were varied on this matter too.

Beyond managing the financial resources the conference has, financial performance also include the element checking if all the needs of the entities under consideration are met. On this matter, the respondents somewhat disagree that there are adequate resources to meet the needs of the conference (m=3.22, sd = 1.8). They also somewhat disagree that there are excess income that can allow for the budget to be revised (m= 3.02; sd = 1.4). The respondents indicated that they somewhat disagree with the fact that income received is always above the amount budgeted (m = 2.87; sd = 1.6).

Research Question 4: Impact of Effective Budgeting on Financial Performance

To what extent does effective budgeting impact the financial performance of these entities?

This part is important to the study as its findings will reveal the role played by an effective budgeting on the financial performance of the entities. A regression analysis was done to that effect and the following results were found.

From table 15, the model shows that 20% of financial performance can be explained by effective budgeting (r^2= .198), F change = 3.695. Furthermore, table 16 shows a p-value of less than 0.05, indicating a statistical significance regarding the impact of effective budgeting on financial performance.

Table 15. Model Summary: Effective Budgeting Impact on Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.521[a]	.271	.198	.88692	.271	3.695	13	129	.000

a. Predictors: (Constant), Budget is imposed - Reverse coded, Budget review committee meets, Objectives budgeting, Budgets conservatively, Budget journal, Fair resource allocation, Negotiate budgets, Budgetary constraints are explained, Departments submit budget requests, Department follows budget, Budgeted income equals expenses, Negotiates department budget, Departments participate

Table 16. ANOVA – Impact of Budgeting on Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	37.786	13	2.907	3.695	.000[b]
1	Residual	101.476	129	.787		
	Total	139.262	142			

Source: Primary data

a. Dependent Variable: Total Financial Performance b. Predictors: (Constant), Budget is imposed - Reverse coded, Budget review committee meets, Objectives budgeting, Budgets conservatively, Budget journal, Fair resource allocation, Negotiate budgets, Budgetary constraints are explained, Departments submit budget requests, Department follows budget, Budgeted income equals expenses, Negotiates department budget, Departments participate

Table 17 indicates a standardized coefficient (*Beta)* in the regression model for the variables were: 0.05 for budgets conservatively, t = .415, p = .678; budgeted income equals expenses: (*Beta)* = -.234, t = -1.737, p = .085; departments participate: (*Beta)* = -.284, t = -1.718, p = .088; objectives budgeting: (*Beta)* = .059, t = .459, p = .647; Negotiates budgets: (*Beta)* = .192, t = 1.522, p = .131; Budget review committee meets: (*Beta)* = .240, t = -1.783, p = .077; Budget journal: (*Beta)* = .177, t = 1.524, p = .130; Department follows budget: (*Beta)* = .210, t = 1.611, p = .110; Department submits budget requests: (*Beta)* = .301, t = 2.051, p = .042; Negotiates department's budgets: (*Beta)* = -.524, t = -3.653, p <.05; Budgetary constraints are explained: (*Beta)* = .052, t = .471, p = .639; Fair resource allocation: (*Beta)* = .071, t = 169, p = .866 and Budget imposed reverse coded: (*Beta)* = -.031, t = -356, p = .723

Most of the officers stated that even if they tried to share the little they had, the income is inadequate to cover their budget needs due to the prevailing economic situation in the country. Their organization's incomes are just below what they had budgeted for and they cannot manage operations with what they have. They however may not be having budget overruns in the financial statement because treasury does not give them what is not budgeted for or what is beyond the budgeted amount. They however concurred that if they manage their resources well they will have good financial performance, hence they have to control their spending. Their entities' financial performance hinges on the budgeting process followed by the entity.

Hypothesis 1: Effective Budgeting Has No Significant Impact on Financial Performance

In order to ascertain whether effective budgeting impacts the financial performance, the researcher developed and tested the null hypothesis above. This helped the researcher to answer the question whether effective budgeting impacts financial performance or not.

Based on the findings from the tables above, the impact is statistically significant with a p value $<.05$, therefore the null hypothesis is rejected. Effective budgeting does impact financial performance.

Table 17. Coefficients - Impact of Budgeting on Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.998	1.721		.580	.563
	Budgets conservatively	.090	.218	.050	.415	.678
	Budgeted income equals expenses	-.179	.103	-.234	-1.737	.085
	Departments participate	-.260	.152	-.284	-1.718	.088
	Objectives budgeting	.055	.120	.059	.459	.647
	Negotiate budgets	.155	.102	.192	1.522	.131
	Budget review committee meets	.384	.215	.240	1.783	.077
	Budget journal	.119	.078	.177	1.524	.130
	Department follows budget	.192	.119	.210	1.611	.110
	Departments submit budget requests	.272	.133	.301	2.051	.042
	Negotiates department budget	-.328	.090	-.524	-3.653	.000
	Budgetary constraints are explained	.038	.081	.052	.471	.639
	Fair resource allocation	.014	.084	.017	.169	.866
	Budget is imposed - Reverse coded	-.032	.089	-.031	-.356	.723

a. Dependent Variable: Total Financial Performance

Research Question 5: Impact of Budgetary Control on Financial Performance

To what extent do effective budgetary controls impact the financial performance of these entities?

This question analysed the impact of effective budgetary control on financial performance. It was deemed necessary to find, together with effective budgeting, the impact that budgetary control has on the financial performance of the entities under study.

From the table 18, the model shows that 14.3% of financial performance can be explained by effective budgetary controls (adjusted $r^2 = .143$), F change = 3.370.

Furthermore, table 19 shows a $p < .05$, meaning that there is a statistical significance in the impact of effective budgetary controls on financial performance.

Table 18. Model Summary: Budgetary Control On Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.451[a]	.203	.143	.91676	.203	3.370	10	132	.001

a. Predictors: (Constant), Involvement motivates, Adheres to budget, Budget variance policy, Budget reminders, Involvement improves Control, Overruns unseasonal budgeting, EXCOM approves budget, Seasonal budgeting, Excom quarterly Finstat, Finstat has budget column.

Table 19. ANOVA - Controls on Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	28.322	10	2.832	3.370	.001[b]
1	Residual	110.940	132	.840		
	Total	139.262	142			

a. Dependent Variable: Total Financial Performance

b. Predictors: (Constant), Involvement motivates, Adheres to budget, Budget variance policy, Budget reminders, Involvement improves Control, Overruns unseasonal budgeting, EXCOM approves budget, Seasonal budgeting, Excom quarterly Finstat, Finstat has budget column.

Table 20 indicates a standardized coefficient (*Beta)* in the regression model for the variables were: Seasonal budgeting: (*Beta)* = -.135, t = -1.444, p = .151; EXCOM approves budgeted: (*Beta)* = .310, t = 2.882, p = .005; Financial statement has budget column: (*Beta)* = -.158, *t* = -1.470, *p* = .144; EXCOM reviews quarterly Financial statements: (*Beta)* = -.110, *t* = -1.142, *p* = .256; Budget variance policy: (*Beta)* = .299, *t* = 3.409, *p* = .001; Budget reminders: (*Beta)* = .073, *t* = 780, *p* = .437; Adheres to budget: (*Beta)* = -.127, *t* = -1.248, *p* = .214; Involvement improves control: (*Beta)* = .185, *t* = 2.004, *p* = 047; Overruns due to unseasonal budgeting: (*Beta)* = -.051, *t* = -.573, *p* = .567 and Involvement motivates: (*Beta)* = -.238, *t* = -2.269, *p* = .025

Hypothesis 2: Effective Budgetary Controls Have No Significant Impact on Financial Performance

In order to ascertain whether effective budgetary controls impact the financial performance, the researcher developed and tested the null hypothesis below.

Based on the findings from the tables above, the impact is statistically significant with a p value < .05, therefore the null hypothesis is rejected. Effective budgetary controls have an impact on financial performance.

Table 20. Coefficients - Control Impact on Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	2.366	2.082		1.136	.258
	Seasonal budgeting	-.073	.051	-.135	-1.444	.151
	EXCOM approves budget	.875	.304	.310	2.882	.005
	Finstat has budget column	-.278	.189	-.158	-1.470	.144
	Excom quarterly Finstat	-.228	.200	-.110	-1.142	.256
1	Budget variance policy	.228	.067	.299	3.409	.001
	Budget reminders	.076	.098	.073	.780	.437
	Adheres to budget	-.237	.190	-.127	-1.248	.214
	Involvement improves Control	.352	.175	.185	2.004	.047
	Overruns unseasonal budgeting	-.034	.060	-.051	-.573	.567
	Involvement motivates	-.383	.169	-.238	-2.269	.025

a. Dependent Variable: Total Financial Performance

Operational Hypothesis

The researcher transformed the factors to obtain means for each variable and performed some correlation and regression analysis in order to test each of the six operational hypotheses. The computed results for the descriptive statistics as well as inferential statistics are presented on tables 21 to 27 below.

Table 21. Descriptive Statistics - By Variables

	Mean	Std. Deviation	N
Total Financial Performance	4.5584	.99031	143
EBF Budgeting Process	6.1853	.95022	143
EBF Budgeting Policy	6.2960	.76592	143
EBF Consultative Approach	5.9347	.92374	143
EBCF Budgetary Control Policy	6.4633	.51812	143
EBCF Detective Budgetary Control	6.8462	.40781	143
EBCF Preventive Budgetary Control	5.5909	.56571	143

Total financial performance as shown on table 21 above had a *mean* = 4.56, *sd* = .990). For the independent variables, the mean ranges from 5.59 for preventive budgetary control to 6.85 for detective budgetary control, with a standard deviation of .566 and .408 respectively.

A regression analysis was done to ascertain the impact of budgeting and budgetary control on financial performance with all the six variables as predictors. The results are shown on table 22 below.

Table 22. Model Summary - By Variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.408[a]	.166	.129	.92398	.166	4.520	6	136	.000

a. Predictors: (Constant), EBCF Preventive Budgetary Control, EBCF Budgetary Control Policy, EBCF Detective Budgetary Control, EBF Budgeting Policy, EBF Budgeting Process, EBF Consultative Approach

The variables combined had adjusted $r^2 = 12.9$, F Change 4.520 and $p < 0.05$ which was statistically significant. These variables combined account for 13% of financial performance.

Table 23. ANOVA - By Variables

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	23.153	6	3.859	4.520	.000[b]
1	Residual	116.108	136	.854		
	Total	139.262	142			

a. Dependent Variable: Total Financial Performance

b. Predictors: (Constant), EBCF Preventive Budgetary Control, EBCF Budgetary Control Policy, EBCF Detective Budgetary Control, EBF Budgeting Policy, EBF Budgeting Process, EBF Consultative Approach

The Anova results on table 23 above show that $p < .05$, that is statistically significant.

The researcher did some correlations to measure the strength and the direction of the linear relationship between each of the six factors and financial performance. The results are shown on table 24 below.

Table 24. Correlations - By Variables

		Total Financial Performance	EBF Budgeting Process	EBF Budgeting Policy	EBF Consultative Approach	EBCF Budgetary Control Policy	EBCF Detective Budgetary Control	EBCF Preventive Budgetary Control
Pearson Correlation	Total Financial Performance	1.000	.110	.054	-.154	.287	.062	-.096
	EBF Budgeting Process	.110	1.000	.237	.508	.123	.265	.239
	EBF Budgeting Policy	.054	.237	1.000	.487	.221	.179	.156
	EBF Consultative Approach	-.154	.508	.487	1.000	.072	.275	.294
	EBCF Budgetary Control Policy	.287	.123	.221	.072	1.000	.094	.010
	EBCF Detective Budgetary Control	.062	.265	.179	.275	.094	1.000	.111
	EBCF Preventive Budgetary Control	-.096	.239	.156	.294	.010	.111	1.000
Sig. (1-tailed)	Total Financial Performance	.	.095	.262	.033	.000	.230	.128
	EBF Budgeting Process	.095	.	.002	.000	.072	.001	.002
	EBF Budgeting Policy	.262	.002	.	.000	.004	.016	.031
	EBF Consultative Approach	.033	.000	.000	.	.196	.000	.000
	EBCF Budgetary Control Policy	.000	.072	.004	.196	.	.132	.453
	EBCF Detective Budgetary Control	.230	.001	.016	.000	.132	.	.094
	EBCF Preventive Budgetary Control	.128	.002	.031	.000	.453	.094	.

The results on table 24 above show that the linear relationships are weak except for Budgeting process and consultative approach that is positive correlation with a factor of .508 with the all the others showing weak positive linear relationships.

There is a weak negative correlation between financial performance and consultative approach, R = -.154 meaning that when consultative approach increases, financial performance may decrease. The same applies to preventive budgetary controls and financial performance that also had a weak negative correlation coefficient, R = -.096

Among the six factors the budgetary control policy had the highest correlation to financial performance of .287 followed by the budgeting process with a correlation coefficient of .110. This means that, when budgetary control policy increases, financial performance increases .287 times and when budgeting process increases, financial performance increases .110 times.

Operational Hypothesis 1: Budgeting Policy Has No Statistically Significant Impact On Financial Performance

Basing on table 25, Budgeting policy: (*Beta)* = .225, t = 2.421, p < .05 which is statistically significant, hence we reject the null hypothesis because budgeting policy has a statistical significant impact on financial performance.

Operational Hypothesis 2: Budgeting Process Has No Statistically Significant Impact on Financial Performance

Basing on table 25, Budgeting process: (*Beta)* = .108, t = 1.170, p <.244 which is statistically insignificant, hence we fail to reject the null hypothesis. Budgeting policy has no statistical significant impact on financial performance.

Operational Hypothesis 3: Consultative Approach Has No Statistically Significant Impact on Financial Performance

Basing on table 25, consultative approach: (*Beta)* = -.333, t = -3.201, $p < .05$ which is statistically significant, hence we reject the null hypothesis. Consultative approach has a statistical significant impact on financial performance.

The results from these findings indicate that both budgeting policy and the approach used during the budgeting process have an impact on financial performance. The process itself, on the other hand, does not impact financial performance.

Operational Hypothesis 4: Budgetary Control Policy Has No Statistically Significant Impact on Financial Performance

Based on the findings on table 25, Preventive budgeting controls: (*Beta)* = .255, t = 3.15, p <0.05. This indicates a statistical significance, hence we reject the null hypothesis. Budgetary control policy has a statistical significant impact on financial performance.

Operational Hypothesis 5: Preventive Budgetary Controls Have No Statistically Significant Impact on Financial Performance

Based on the findings as shown on table 25, Preventive budgeting controls: (Beta) = -.078, t = -.941, p = .349, that is, there is a statistical insignificance, therefore, we fail to reject the null hypothesis. Preventive budgetary controls have no statistical significant impact on financial performance.

Operational Hypothesis 6: Detective Budgetary Controls Have No Statistically Significant Impact on Financial Performance

Based on the findings as shown on table 25, detective budgeting controls: (*Beta)* = .060, t = .723, p = .471. There is a statistical insignificance, hence we fail to reject the null hypothesis. Detective budgetary controls have no statistical significant impact on financial performance.

Individually, both the detective and preventive budgetary control elements have no statistically significant impact on financial performance of the entities under study. However, the budgetary control policy does have an impact on financial performance.

Table 25. Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
11	(Constant)	.966	1.691		.571	.569	-2.379	4.311					
	EBF Budgeting Process	.234	.097	.225	2.421	.017	.043	.426	.110	.203	.190	.709	1.409
	EBF Budgeting Policy	.139	.119	.108	1.170	.244	-.096	.374	.054	.100	.092	.725	1.379
	EBF Consultative Approach	-.357	.111	-.333	-3.201	.002	-.577	-.136	-.154	-.265	-.251	.567	1.764
	EBCF Budgetary Control Policy	.487	.155	.255	3.150	.002	.181	.793	.287	.261	.247	.935	1.069
	EBCF Detective Budgetary Control	.145	.201	.060	.723	.471	-.252	.542	.062	.062	.057	.898	1.114
	EBCF Preventive Budgetary Control	-.136	.144	-.078	-.941	.349	-.421	.150	-.096	-.080	-.074	.901	1.110

a. Dependent Variable: Total Financial Performance

Variables that Were Not Grouped into Subscales

The researcher has five items that did not fit in either of the groups and failed to pass the reliability test. These items were, however, kept as part of the instrument as they provided some useful information regarding budgeting. They were part of the 12 factors that were making up a total of 80% that was explained by the 12 factors using factor analysis and removing them would compromise the results. The researcher could not just discard them as the responses were of paramount importance to the study. In the accounting circles, the analysis of these items helps enrich the findings regarding budgeting and budgetary control even if they stand-alone. Removing them would leave a gap in the understanding of budgeting process and control in the ZUC.

The researcher did some descriptive statistics to check the means and standard deviations for the five items and the results are shown on table 26 below.

Table 26. Descriptive Statistics - Five Isolated Items

	N	Minimum	Maximum	Mean	Std. Deviation
Income inadequate	143	1	7	6.05	1.455
Significant Overruns	143	1	6	2.82	1.608
Budget is indiscriminately cut	143	1	7	2.61	2.073
Don't use Budgetary Controls - Reverse Coded	143	2	7	6.59	1.134
Don't Know Budget - Reverse Coded	143	1	7	6.14	1.730
Valid N (listwise)	143				

The response to the question “Don’t know budget” is a communication issue. For control to be effective there must be effective communication and those bound by the instrument should be aware of the instrument. The researcher realised that the responses to the item on “inadequate income” was consistent with the responses given during interviews in that some of the officers indicated that their entities have low incomes and they end up not being able to finance some of their budget need. If there is no communication with those who submit budget requests, it is easy for those who submitted their requests to feel that the budgets were indiscriminately cut while the officers may be having a different perspective altogether. There is therefore a need have a consultative approach which goes up to the end.

According to the (CIMA, 2008) gateway series, there must be continuous dialogue between the top and low-level management that entails an allocation, discussion, negotiation and then final allocation. That way, those expected to use those budgets will be fully aware of their budgets and what led to the final budget, hence they cannot challenge it.

There were 3 items shown on table 26 above that had a mean beyond 6 just like the other items of the questionnaire. Some of the respondents said they don't use budgetary control, the degree of variation was too large however to generalize to all the entities under study. These items contribute to confirm what has transpired already from the other groups of variables that in general, the entities use effective budgets and control, however there are some that may be struggling to reach the level of effectiveness desired. The means for the two – significant overruns and budgets indiscriminately cut were close to each other, 2.82 and 2.61 respectively as shown on the table 26 above.

The standard deviation of 2.074 from the mean and a variance of 4.296 clearly show that there are some respondents who strongly believe that the budgets are indiscriminately cut by the budget coordinator. The response frequencies are shown on the table 27 below.

Table 27. Frequencies - Budget Indiscriminately Cut

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	7.7	7.7	7.7
	Mostly Disagree	12	8.4	8.4	16.1
	Somewhat Disagree	8	5.6	5.6	21.7
	Neither Agree nor Disagree	11	7.7	7.7	29.4
	Somewhat Agree	9	6.3	6.3	35.7
	Mostly Agree	21	14.7	14.7	50.3
	Strongly Agree	71	49.7	49.7	100.0
	Total	143	100.0	100.0	

The table above shows that 29.4% of the respondents either disagree or are uncertain that budgets are indiscriminately cut. They believe that there is proper agreement leading to the cutting of budgets. On the other hand, almost 50% of the respondents strongly agreed to the question "Treasury indiscriminately cuts our well prepared budget requests to come up with the proposed budget". A further 14.7% mostly agreed to the same question making a total of 64.4% of the respondents mostly and strongly believe that the budgets are indiscriminately cut.

Considering the number of respondents to be representing 6 entities on a fairly even number, the researcher has a reasonable basis to believe that among the 6 entities being studied, at least 2 entities somewhat or more often do not indiscriminately cut the budgets while the other 4 mostly or always indiscriminately cut the well prepared budget requests. This is an unfortunate situation and is likely to cause the entities to have overruns and disgruntled workers as they feel that there is no transparency in the budgeting process.

There are however, proper consultations that are going on leading to arriving at the final budget. This was consistent with the responses given by officers as they stated that there was involvement of low-level management in the budgeting process though some of them felt it was to a lesser extent and needed to be increased. The researcher observed that there was a broken down communication as to how the final proposed budget was being arrived at in most of the entities.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

This study intends to identify the extent to which the Conferences of the Zimbabwe Union entity are using effective budgeting and effective budgetary control and the impact of both on the financial performance of these entities as perceived by the members of the executive committee, the Union officers as well as the workers directly involved in budget preparation and budget use. The instruments used for the study were a questionnaire and an interview. The questionnaire was mainly composed of a Likert scale that endeavoured to capture three variables: effective budgeting, budgetary control, and financial performance. Apart from these three variables: the number of respondents were 143 out of 176 who were given a questionnaire, thus there was a response rate of 80%.

The summary of the findings indicate that in general, all the conferences practiced an effective budgeting, as indicated by a mean of 6 and above. However, in general the standard deviation is large, implying that the variation around the mean is significant, and that not all the respondents agree that they practice an efficient budgeting. When it comes to budgetary control, the respondents indicated that, again, effective control is being practiced in the conferences. The standard deviation around the mean in this variable is much smaller. This indicates that the level of agreement regarding the practice is more or less the same across the conferences.

The overall analysis reveals that effective budgeting and effective budgetary control both had a statistically significant impact on financial performance with a *p* value <.05, they therefore both impact financial performance 20% and 14% respectively. This implies that there are other factors that impact the financial performance. An understated factor that nevertheless could be felt through this study is income base received. With several industries that are shutting down and retrenching workers, the church members go for months without salaries. That is negatively affecting the level of income for the conferences as they depend on tithes and offerings from church members. This was confirmed by interviews and responses to the item there are inadequate income.

The findings from the analysis grouped in their respective subscales reveal that, budgetary policy and a consultative approach have an impact on financial performance when it comes to the budgeting process. When it comes to budgetary control, the budgetary policy has an impact on the financial performance.

Conclusion

Effective budgeting and effective budgetary control are very important in non-profit organizations, especially the church organizations. These entities are required to follow the right procedures and to adhere to the policies regarding budgeting and budgetary control. This study highlighted few shortcomings when it comes the budgeting process, and adherence to policies. Rather the weaknesses found seemed to lie with the approach adopted while budgeting, i.e. the participatory approach which was sometimes overlooked. When it comes to the financial performance of the entities, there is in general adequate liquidity and working capital, but there seems to be more needs than can be met. This may be a hindrance in the long run financial health of the constituencies. The present economic situation in Zimbabwe where by a lot of companies are scaling down their operation and even downsizing, basically reduces the income levels of the local church members and impacts their remittance of Tithes and Offerings to the conferences. Hence the conferences receive less income yet the level of expenses remains pretty much the same. The findings also reveal that both the consultative approach and the policies in place and practiced during the budgeting process impact on financial performance. The same thing is found when it comes to the control aspect: the budgetary control policies set in place and practiced have an impact on the financial performance.

Recommendations

Several recommendations can be made through the findings of this study. The entities of the ZUC seem to be doing very well when it comes to practising effective budgeting and budgetary controls. This practice should be encouraged for the future, in spite of the economic setbacks. The researcher recommends the training of conference officers in areas of weakness, like the budgetary participatory approach, so they can unite with the lower level managers to keep forging ahead in spite of the setbacks. The income may be low, but that's all that is available. One has to make the best of what is there and to use it in an effective and efficient manner. The researcher also recommends that conference officers keep the communication channel going on during the budgeting process so that other levels of management do not feel that their budget requests are indiscriminately cut, without knowing why. The researcher further recommends that all the workers who are one way or another involved in the budgetary process need to be trained, and encouraged to learn and increase their expertise in effective budgeting and effective budgetary control.

Suggestions for Future Research

This study has dealt with only one part of the whole financial management process. Further researches are recommended to explore the area under study together with the other parts of financial management for non-profit faith-based organizations. In particular, this study has dealt with the preventive and detective elements of budgetary control. Other studies are needed to add the element of corrective to complete the picture. The same study can be done in other institutions in Zimbabwe, and beyond the region and the findings can be compared to find if there are better ways being practiced elsewhere that can be shared and emulated. The study used an instrument that tapped into the perceptions of the respondents. Other studies can be done that combine both the perceptions and the financial data to enrich the findings.

APPENDICES

APPENDIX A

CORRESPONDENCES

Approval from ZUC

The ZUC Executive Secretary announced to the team of officers and department directors for the union and the six conferences that I have been granted permission to go ahead with the collecting data for the study. This was at an Assessment meeting held in Gweru Dental Practice on the 20th of April 2017.

On 20 Apr,2017, at 8:47 PM, NdabezinhleMasuku<masukun@zuc.adventist.org> wrote:
I trust this is now water under the bridge.

Best,

NdabezinhleMasuku
CFO // Zimbabwe Union Conference
41 Lawley Road // Suburbs
Bulawayo // Zimbabwe
Tel. +263 9 250681/2
Mob. +263772272205
Skype. ndanonto

On 19 Apr,2017, at 5:35 PM, Khanyisani Malufu <malufuk@szc.adventist.org> wrote:
Dear Elder Masuku,

I wish to check if this item went through and if it will be in order for me to proceed with data collection.

Kind Regards,

Khanyisani Malufu
Chief Financial Officer
South Zimbabwe Conference | *A Devoted Bible-based Conference of Choice*

On 06 Apr,2017, at 11:56 AM, NdabezinhleMasuku<masukun@zuc.adventist.org> wrote:

Dear Dr Chifamba,

The email string below refers. May I recommend that this request becomes an ADCOM agenda item.

Best,

NdabezinhleMasuku
CFO // Zimbabwe Union Conference
41 Lawley Road // Suburbs
Bulawayo // Zimbabwe
Tel. +263 9 250681/2
Mob. +263772272205
Skype. ndanonto

Begin forwarded message:
From: Khanyisani Malufu <malufuk@szc.adventist.org>
Subject: Re: Budgeting and Budgetary Control - Questionnaire
Date: 06 April 2017 at 11:44:11 AM CAT
To: NdabezinhleMasuku<masukun@zuc.adventist.org>

Thank you very much for the advice, I humbly request for your assistance in that regard so I can have that actioned.

Kind Regards,

Khanyisani Malufu
Chief Financial Officer
South Zimbabwe Conference | *A Devoted Bible-based Conference of Choice*

On 06 Apr,2017, at 11:22 AM, NdabezinhleMasuku<masukun@zuc.adventist.org> wrote:

Dear Elder Malufu,

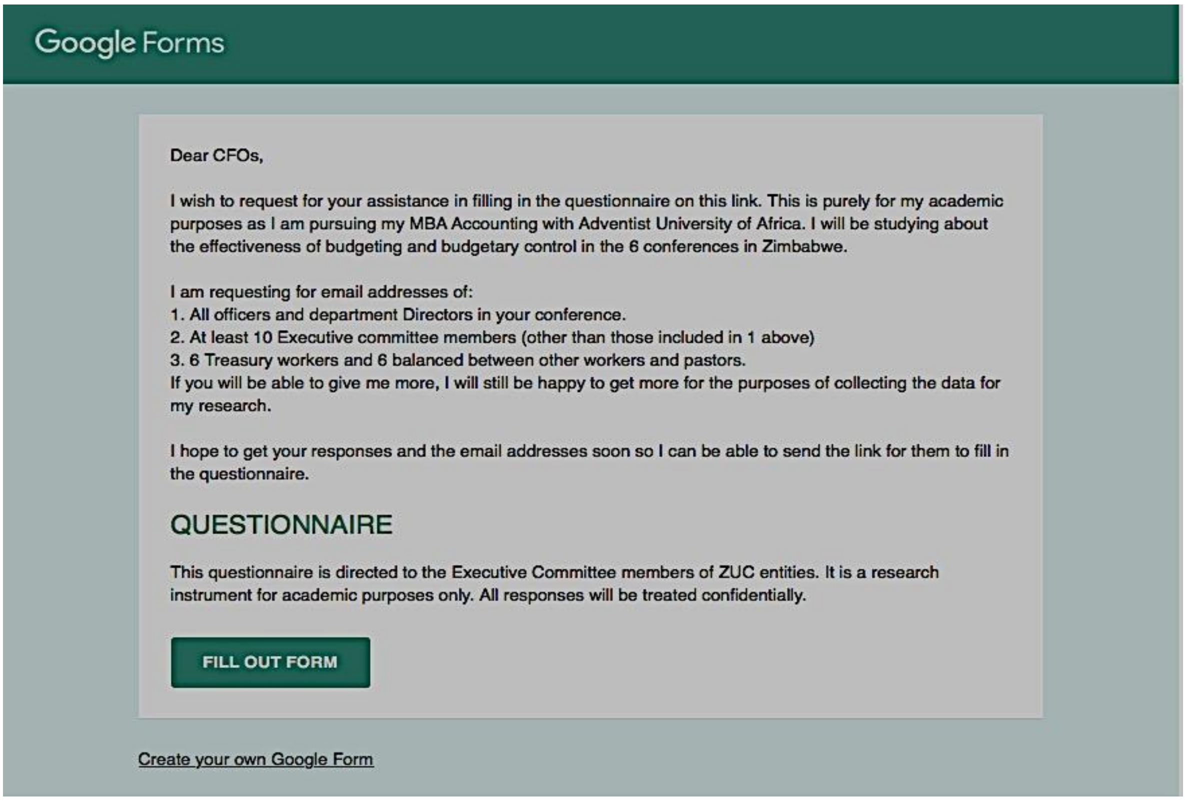
We are going into an ADCOM in an hour. You may benefit from taking an action to request to do research similar to the one that was taken for Elder Moyo. I would engage Dr Chifamba. That said I will personally fill in the question once I get a moment later on today.

Best,

NdabezinhleMasuku
CFO // Zimbabwe Union Conference
41 Lawley Road // Suburbs
Bulawayo // Zimbabwe

Tel. +263 9 250681/2
Mob. +263772272205
Skype. ndanonto

On 06 Apr, 2017, at 11:16 AM, malufuk@szc.adventist.org wrote:



Google Forms

Dear CFOs,

I wish to request for your assistance in filling in the questionnaire on this link. This is purely for my academic purposes as I am pursuing my MBA Accounting with Adventist University of Africa. I will be studying about the effectiveness of budgeting and budgetary control in the 6 conferences in Zimbabwe.

I am requesting for email addresses of:
1. All officers and department Directors in your conference.
2. At least 10 Executive committee members (other than those included in 1 above)
3. 6 Treasury workers and 6 balanced between other workers and pastors.
If you will be able to give me more, I will still be happy to get more for the purposes of collecting the data for my research.

I hope to get your responses and the email addresses soon so I can be able to send the link for them to fill in the questionnaire.

QUESTIONNAIRE

This questionnaire is directed to the Executive Committee members of ZUC entities. It is a research instrument for academic purposes only. All responses will be treated confidentially.

FILL OUT FORM

Create your own Google Form

APPENDIX B

QUESTIONNAIRE

This questionnaire is directed to the Executive Committee members of ZUC entities. It is a research instrument for academic purposes only. All responses will be treated confidentially.

What is your job position in the organization? ________________________________

In questions 1-4 below, please fill in the spaces provided or tick (✓) where appropriate.

1. Do you have a budget in your entity? **Y ( )** **N ( )**
2. Do you have a budget time line in your entity? **Y ( )** **N ( )**
3. When do you usually start preparing the budget before it is due? _________________ Months
4. Who coordinates the budget in your entity (position) _________________________________

The situations below are statements of events that you may or may not feel represent your entity. Please read each item carefully and put an X on the number that best represents the extent to which you perceive it in agreement or disagreement.

1= Strongly Disagree 2 = Mostly Disagree 3 = Somewhat Disagree 4 = Neither Agree nor Disagree 5 = Somewhat Agree 6 = Mostly Agree 7 = Strongly Agree

Effective Budgeting		1	2	3	4	5	6	7
1.	Departments submit budget requests for the following year							
2.	Departments participate in the budget making process before it is presented to the executive committee.							
3.	We negotiate our budgets with the coordinator before it is sent for approval.							
4.	Strategic objectives for the year are provided for in the budget.							
5.	My department works within the approved budget for the year							
6.	The budgets that are prepared and voted have proposed income equal to proposed expenses.							
7.	The budget review committee set by the EXCOM reviews the budget before it is presented to the EXCOM for approval.							
8.	Constraints that lead to the final budget are explained to us and I understand them							
9.	The organization keeps a record of unexpected events that, if there are potential repeats, can be included in subsequent budgets.							
10.	The organization budgets conservatively (95% of prior year inc							
11.	There is fair allocation of resources because of our involvement							
12.	I have an opportunity to negotiate for my department's budget before it is presented to the EXCOM							
13.	The budget is imposed I do not have a chance to participate in its formulation							
14.	Treasury indiscriminately cuts our well prepared budget requests to come up with the proposed budget							
Effective Budgetary control								
15.	The executive committee reviews financial statements quarterly							
16.	Involvement in budget preparation makes it possible to control and monitor the execution of the budget							
17.	The organization operates within the approved budget							
18.	Our entity has a policy for identifying and addressing monthly budget variances							
19.	The executive committee approves the budget for use in the following year							
20.	The financial statements presented for review have budget column for comparison							
21.	I am constantly reminded of my budget and how much I have used							

22.	Being involved in budgeting motivates me to work within the approved budget							
23.	Treasury always explains overruns to the executive committee because income and expenses are not budgeted for seasonally							
24.	We budget our monthly income and expenses according to season they are likely to occur. We don't just divide it by 12							
25.	We do not use budgetary controls in our entity							
26.	Approved budgets are only kept by treasury, we don't know our budgets.							
Financial performance								
27.	The Conference's working Capital is always above 100%							
28	The Conference's liquidity is always above 100%							
29.	There are always adequate resources to cover our budget needs							
30.	There is excess income allowing us to revise our budget upwards							
31.	Income received is always above the budgeted income							
32.	Our operating expenses are within the approved budget							
33.	Working within approved budget has improved our organization's financial performance							
34.	There are things we need that are sometimes not included in the budget because of inadequacy of budgeted income							
35.	There are significant budget overruns in the financial statements							

Effectiveness of Budgeting and Budgetary Control

Please write your responses on the spaces provided. You can use the back of this questionnaire or attach a separate page if you require more than the spaces provided.

36. What is your feeling about the budgeting process in your entity and how effective is it?

____

____

____

37. Is budgetary control in your entity effective? Please explain.

____

____

Thank you for your valuable time and participation by responding to this questionnaire.

APPENDIX C

INTERVIEW GUIDE

INTERVIEW QUESTIONS

1. What do you think about the budgeting process followed in your entity?
2. Are there any improvements to the budgeting process you would like to suggest?
3. What can your entity do to effectively manage budgets?
4. Do you think that the financial performance of your entity hinges on the budgeting process followed by your entity?

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CURRICULUM VITAE

PERSONAL DETAILS

Khanyisani Malufu

Date and Place of Birth:	21 June 1983, Gweru
Sex:	Male
Nationality:	Zimbabwean
Marital Status:	Married
Name of the Spouse:	Mqhelewenkosi
Contact Cell:	+263 712 322 373
Email:	malufuk@aua.ac.ke / khanyi09@gmail.com

EDUCATIONAL ATTAINMENT

(1)	Level:	Graduate Degree
	Title:	Executive Master of Business Administration
	Institution	National University of Science and Technology (NUST)
	Dates:	July 2011 – November 2014
(2)	Level:	Undergraduate Studies
	Title:	Bachelor of Business Administration (BBA)
	Major:	Accounting
	Institution:	Solusi University
	Dates:	May 2002 – December 2005
(3)	Level:	Advanced Level
	Qualifications	3 A' Levels
	Institution:	Educare College
(4)	Level:	Ordinary Level
	Qualifications	7 O' Levels
	Institution:	Nkululeko High School

WORK PROFILE - EXPERIENCES

Administrative Experiences

Employer:	South Zimbabwe Conference
Period:	January 2015 to Date
Position:	Chief Financial Officer
Employer:	West Zimbabwe Conference
Period:	January 2011 to December 2014
Position:	Chief Financial Officer
Employer:	Zimbabwe Union Conference
Period:	February 2009 to December 2010
Position:	Assistant Treasurer
Employer:	West Zimbabwe Conference
Period:	January 2008 to January 2009
Position:	Assistant Treasurer
	Non-administrative
Employer:	West Zimbabwe Conference
Period:	January 2007 to December 2007
Position:	Senior Accountant
Employer:	West Zimbabwe Conference
Period:	January 2006 to December 2006
Position:	Accountant

ABILITIES AND SKILLS

Leadership and administrative skills
Conducting Training seminars on financial matters
Clean audit opinions