**INFLUENCE OF BUDGETING PROCESS ON ORGANIZATIONAL PERFORMANCE: A CASE OF MOROGORO MUNICIPAL COUNCIL**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF PROJECT MANAGEMENT**

**DEPARTMENT OF MARKETING, ENTREPRENEURSHIP AND MANAGEMENT**

**OF THE OPEN UNIVERSITY OF TANZANIA**

**2024**

**CERTIFICATION**

The undersigned certify that, that they have read and here by recommend for acceptance by The Open University of Tanzania a dissertation entitled; **“Influence of Budgeting Process on Organizational Performance: A Case of Morogoro Municipal Council”,**  in partial fulfilment of the requirements for the degree of Master of Project Management.

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I, **Emmanuel Ernest Swai,** declare that the work presented in this dissertation is original. It has never been presented to any other University or Institution. Where other people’s works have been used, references have been provided. It is in this regard that I declare this work as originally mine. It is hereby presented in partial fulfilment of the requirements for the degree of Master of Project Management.

………………………………..

Signature

………………………………..

Date

**DEDICATION**

I dedicate this work to my lovely parents Mr. & Mrs. Swai; my lovely wife Sega Amos Isebuka, my sons and all my relatives for their prayers, care and love that strengthened me throughout this tough work.

**ACKNOWLEDGEMENT**

First, I thank the almighty God without whom the accomplishment of this study would not have been possible.

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God bless you.

**ABSTRACT**

The study focused on the influence of the budgeting process on the organization performance of Morogoro Municipal Council as a case study. The study is guided by the Goal-setting theory. In this research, both probability and non-probability sampling techniques are used. In probability sampling, a simple random sampling method is used because the departments has the same characteristics. The sample of the study was 100 respondents. Structured questionnaire and in-depth interviews were the main techniques for data collection from respondents, Collected data was analyzed using multiple regression analysis to determine the relationship between theindependent and dependent variables The analyzed results revealed that there is a positive relationship between budgeting processes and organization performance. The regression is 0.761c and R. square of 0.58. For the correlation, there is a positive coefficient between budgeting processes and organization performance. The study recommended that organizations should strengthen the budgetary process to make their goals clear, specific and difficult but attainable in order to realize superior performance. Findings indicate that effective budgeting process is crucial for organizations to align resources with strategic objectives. A flexible budgeting process are easily adapted to new requirements without losing effectiveness or efficiency of organization goals.

**Keywords:** *Budget performance, budget goal clarity, goal difficulty and goal specificity*

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# LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA Analysis of Variance

BPA Budgetary Process Authority

BPO Budget Procurement Oversight

ERC Energy Regulatory Commission

NGOs Non-Government Organizations

OUT Open University of Tanzania

PBC Parliamentary Budgeting Committee

SACCOS Saving and Credit Co-operative Societies

SME Small and Medium Enterprises

SPSS Statistical Package for Social Sciences

TEMESA Tanzania Electrical Mechanical and Electronics Services Agency

# CHAPTER ONE

**BACKGROUND OF THE STUDY**

# 1.0 Chapter Overview

This chapter provides description of background of the problem, statement of the problem, research objective, research questions, significance of the study, relevance and organization of the study.

**1.1 Background of the Study**

A properly managed program budget process can promote sustainable effectiveness in many organizations. Normally, organizations operate using several resources including financial, human, capital and other financial resources as the key elements in achieving organizational performance. Budget is one of the most widely used tools for planning and controlling business organizations (Lucey, 2020). The budget is the main instrument for planning, monitoring and financial control of a project or organization. It estimates the income and expenses for your project or organization for a certain period of time (Dixon, 2021). It makes possible to sustain accountability and responsibility for assets and resources. Organizations began to equate the input of resources and the output of services for each unit of an organization and assess relative performance based on degree of attainment of intended outcome (Genkamo, &Handalo, 2020).

Budget is among the major tools for implementation of the objectives and policies of the organizations. In other words, budget provides the basis for decision making in the organization. Budgeting plays an important role not only to organizations but also to individuals on how to spend in relation to the income available. Further, budgets play other managerial roles such as planning, controlling, communication and motivation. A well-formulated budgeting system enables the organization to reach its goals more successfully (Nkeobuna& Ugoani, 2019).

Yuen (2019), defines the budgeting process as the completeness of the formal budgeting planning process, budget-goal clarity and difficulty, budgeting sophistication, and the formal process of budgetary control. In turn, it results in higher performance in organizations. Budget is as important as money itself; any theft, waste, excessive use can cause poor business performance. Most of the highest performing institutions acknowledged that their performance was influenced by budget systems (Van Roestel, 2016). This can be linked with budgetary control as the base for internal financial management and resources allocation gives a wide range of effective budgeting control in the direction of achieving organizational goals (Salum, 2021).

Nevertheless, it has been recognized that a country can have a sound budget and financial system and still fail to achieve its intended goals (Isaboke & Kwasira, 2016).This suggests that the rules by which the budget is formulated and implemented are important and that they influence organizational outcomes. Many scholars show the influence of budgets on the organization’s performance, particularly private organizations. Budgets provide a basis for directing and evaluating the performance of individuals or segments of organizations and also structure the decision-making environment (Bruns, 2021), so they appear to be appropriate as control devices impacting performance of organizations. However, little is known about influence of budgeting on organization performance as the studies carried out lack detailed information over the subject. Ultimately, this study fills the existing knowledge gap by assessing the influence of budgeting on organization performance and establishes relationship between budgeting and organization performance in Morogoro Municipal Council.

Furthermore this study was guided by the Goal Setting Theory**,** a theory propounded by Locke and Latham in 1990. The theory is based on the idea that setting specific and measurable goals is more effective than setting unclear goals. In that aspect the researcher generated a number of questions that were answered through data collection. Among the raised questions include; what are the effects of budgetary goal clarity on organizational performance? What are the effects of budgetary goal specificity on organizational performance? What are the effects of budgetary goal difficulty on organizational performance?

## 1.2 Statement of the Problem

Budgets is necessary to prudently manage scarce financial resources and at the same time serve as means of expenditure authorization, control and evaluation base to obey goals of the organization. Goal clarity in an organization show the extent to which budget goals specifically, goals difficulty and goal clarity influence the performance of the organization. Within the sphere of budgeting, income, expenditure, cash flow and other non-financial indicators are planned which allows reaching organization goals. It is also used to evaluate the policies and goals of an organization. Studies, including Hakam, (2013); Irafay (2020); Biswalo (2023) in Temeke Municipal Council, southern highland in Tanzania respectively focused on the role and effectiveness of budgeting allocation to meet organization goals and its performance. These studies revealed that budgeting plays a very significant role in influencing performance of NGOs.

These studies further revealed that to a large extent there is effectiveness of the budgeting process and management in public sectors and this is due to the achievements that come from the budgeting process system in all affairs such as expansion of revenue collection and good performance of the management. Others scholars show the effects of the budget on the private institution performance. For this case, little is done in Morogoro Municipality to link the relationship between influence budgeting process and organization performance. Hence, this creates an information gap that is filled by study in Morogoro Municipality. Therefore, this study aimed at filling the gap by examining the influence of budget process in organization performance.

## 1.3 General Objective

The general objective of this study is to examine the influence of budgeting process on organizational performance in Morogoro municipal, Tanzania.

## 1.4 Specific Objectives

The study was specifically aiming at attaining the following objectives;

1. To examine the influence of budgetary goal clarity on organizational performance.
2. To determine the influence of budgetary goal specificity on organizational performance.
3. To examine the influence of budgetary goal difficulty on organizational performance.

**1.5 Research Questions**

1. Does budgetary goal clarity influence organizational performance?
2. Does budgetary goal specificity influence organizational performance?
3. Does budgetary goal difficulty influence organizational performance?

## 

## 1.6 Significance of the Study

First,the current study contributes to budgeting theory. This study draws researchers’ observation from the obviously ignored area of financial planning and control in organizations. It gives a fresh insight into the possible correlation between budgeting and performance in an organization by theoretical exploration. Moreover, through conducting empirical investigation, the present study shows how budgeting process undertakes and influences performance in Tanzanian organizations. Finally, it expands the existing findings in the budgeting literature. Because quantitative research is involved in the current study, it enhances the existing research with more empirical data. In this study, financial measurements mixed with non-financial measurements suggested holistically reflect the whole performance of organizations.

Practically, this study, as a whole, caters to a perceived need of organization owners/managers for better budgeting process to improve performance. The findings of this research provides owners/managers with more useful understanding about budgeting and participation, i.e. how to apply the budgeting system; how to adjust budget practice within organizations; whether it is useful to apply participation in a small organization. They may change their attitude and/or behaviour concerning the influence of the budgeting process on organization performance in Tanzania budgeting activity, and finally enhance the beneficial outcome of management accounting system at the firm level. The results simultaneously contribute to business consultants having a better understanding of financial planning in an organization. Therefore, more empirical studies were expected to investigate the influence of the budgeting process, if suitably applied and covered on time, which positively improves organization performance. The findings give more evidence on the effectiveness of budgeting process on organization performance in Tanzania at large.

## 

## 1.7 Scope of the Study

This study focuses on influence of budgeting process on organizational performance in Morogoro region. In terms of content of the study, special attention is paid on a strategic plan obtained from activities undertaken by Morogoro Municipal Council in improving social well-being and economic development of Morogoro region at large.

## 

## 1.8 Organization of the Dissertation

This dissertation is organized into five chapters. Chapter One presents the background and introduction of the study by exposing the research problem by contextualizing it in the study area. Furthermore, the chapter covers statement of the problem, study objectives, research questions, significance of the study, and delimitations of the study. Chapter Two presents the literature review containing both theoretical and empirical literature of the study, operational definition and conceptual framework. Chapter Three focuses on Research Methodology that is, the research design that was used to conduct the study, the population and sampling, instrumentation and data analysis. Chapter Four presents the results and analysis of the study findings. Moreover, Chapter Five discusses observations, which ultimately draw up the conclusion to the research objectives, which generally conclude the study. Furthermore, the chapter provides recommendations, some of which are derived from the respondents while others are the researcher's own views as the result of careful analysis and observation of the case.

# CHAPTER TWO

## LITERATURE REVIEW

**2.1 Chapter Overview**

The chapter presents definition of key terms, theory related to the study, empirical review, knowledge gap and conceptual framework. It specifically reviews literature concerning the performance of different organizations in relation to budgeting.

## 

## 2.2 Definition of Key Terms

## 2.2.1 Budgeting

A budget is the monetary expression of plans and constitutes a tool for decision-making and control, materialized through a specific information circuit and budget work itself (Cheng et al. 2021). It is also defined as a quantitative expression of a plan for a defined period of time (Ibid). It is further defined as allocation and use of financial resources with objectives to ensure sound macro-fiscal outcome, priorities expenditure and efficiently deliver government services while maximizing their effectiveness (Sapala, 2018). In this study, Cheng et al. (2021) define effectiveness of budgeting in enhancing organizational performance because it contains most important elements of the budgeting process including plans, decision-making and control.

The first side is about redefining the concept of the budgeting process by adding more dimensions of the budgeting process. Budget goal characteristics, including goal clarity and goal difficulty, are stressed in Yuen’s (2019) work. It reveals that a “tight but attainable” budget goal is the most effective way to motivate the employees’ performance. Therefore, clear goals reduce budgeting process uncertainty and improve a firm’s performance. In turn, it results in higher performance in organizations.

## 2.2.2 Organizational Performance

Organizational performance are the objectives that organizations are seeking to achieve (Aramide et al., 2020). Organizational performance is created in an attempt to achieve a desired state of profit, success, and sustainability. It is also defined as measurable objectives that are set to help an organization attain aims like higher profit, clarity, specificity, enhance customer satisfaction and employee retention (Daswani & Rose, 2023). In defining organizational goal, Aramide et al. (2020) definition is used since it focused on what organizations desire to achieve.

## 2.2.3 Financial Performance

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues (Kenton et al., 2023). The term is also used as a general measure of a firm’s overall financial health over a given period (Eshna, 2021). Kenton et al. (2023) definition fits in this study as it reflects the magnitude in which a firm can use available assets in enhancing organization goal achievement.

## 2.3 Theoretical Literature Review

This study was guided by goal setting theory.

## 2.3.1 Goal Setting Theory

Goal setting theory was propounded by Locke and Latham in 1990. The theory is based on the idea that setting specific and measurable goals is more effective than setting unclear goals. The theory further suggests that setting specific and difficult goals leads to higher performance and motivation in individuals and teams. The theory connects goals setting and task performance. Since budgeting involves setting financial and operational goals of an organization, by achieving these goals well, communicated and aligned with organizational objectives, they motivate employees and departments toward achieving these goals (Locke, 2003). In an organization managers can play an important role in facilitating goal commitment for subordinates by persuading them that the goals are both attainable and important.

**2.3.1.1 Strength of Goal Setting Theory**

Goal setting increases organizational performance as it affects intensity of action and emotion (Latham, 2004). That is the more difficult and valued a goal is, the more intense of efforts to attain it, and the more success experienced followed by achievement. Schunk (1985) reported that participation in goal setting encourages a search for new strategies to aid success.

**2.3.1.2 Weakness of the Theory**

Goal setting can foster unethical behavior when people do not achieve specified goals. Some people feel that goal setting may have the drawback of inhibiting implicit learning: goal setting may encourage simple focus on an outcome without openness to exploration, understanding, or growth. The theory therefore fails to express the extent in which budgeting process may enhance the attainment of organization goal. Therefore, this study applied the theory to unveil what the theory lacks.

**2.3.1.3 Critics of the Theory**

The theory may lead to an overemphasis on outcome goals, potentially neglecting the importance of process goals. Focusing solely on outcomes can lead to disappointment and desired outcome not achieved, even if progress is made. More complex and difficult goals may lead to risky behavior in an attempt to accomplish the goals in a timely manner. The theory may not be effective for all types of tasks. [For example, tasks that require creativity and innovation may not benefit from goal-setting theory as much as tasks that require repetitive actions](https://www.notesformba.com/topic/goal-setting-theory-characteristics-advantages-limitations/). The theory however was examining the extent in which budgeting practice led to the attainment of organization goals. The theory also examines the influence of budgeting process on allocation of resources within the organization to ensure worthy performance.

**2.3.1.4 Justification of Goal Setting Theory**

The theory is vital to this study on influence of budgeting process on organization performance because when organization goals are clearly set, its performance is easily achieved, measures results accurately and which behaviours to reward. However, when a goal is vague it is difficult to measure, it is not motivating, moreover it is difficult to know to what extent the organization has achieved their performance goal. In his 1968 article "Toward a Theory of Task Motivation and Incentives," Edwin Locke showed that clear goals and appropriate feedback motivate employees. He went on to highlight that working toward a goal is also a major source of motivation which, in turn, improves performance.

## 2.4 Empirical Literature Review

Empirical evidences support the fact that budgeting plays a significant role in achieving organization goals. Omar (2019) asserted that budgeting has been treated as a control mechanism in ensuring that organizational resources mainly financial resources are protected and not misused. Gibson (2018) insists that presence of budgeting process and as a controlling tool of resources have been proven to be nothing without having well trained human resources who are directly involved in a budgeting process.

## 2.4.1 The Budgetary Goal Clarity and Organization Performance

The research conducted by Purniawan (2021) examines the influence of budget goal clarity, accounting control and organizational commitment on the Government Performance Accountability. The results show that the budget goal clarity of the cities and regencies in Yogyakarta has a significant positive effect on the government performance accountability. And the research conducted by Dian and Dewi (2018) shows that the budget goal clarity has a positive and significant effect on the government performance accountability. So, Budget Goal Clarity has significant effect on the organization Performance.

According to Hansen and Van der Stede (2019), there are four potential reasons for budgeting in organizations: operational planning, performance evaluation, communication of goals, and strategy formulation. The budget arises in different circumstances and that performance is associated with different budgeting characteristics. These characteristics are budgetary planning, budgetary control, and budgetary participation. If the budgetary process works appropriately, it is believed that the process can motivate managers, earn trust, and increase their commitment to achieve the highest performance. On the contrary, if the process does not work as expected, then some problems of management control may occur as a result. Some of these management control problems were described by Wech (Libby and Lindsay, 2018) thus making a budget is an exercise in minimization. You are always trying to get the lowest out of people, because everyone is negotiating to get a lower number.” In their paper, Hope and Fraser (2017) argued that budget is no more than a yearly ritual, a routine and something that consumes much time for those who are involved and thus prevent new innovations from occurring. In order for budget participation to have a positive and significant impact on performance of managers, top level management must consider other variables that influence the relationship.

Mkasiwa, (2019) conducted an investigation on budgeting and monitoring functions of the Tanzanian Parliament. The study set out to explore the role of budgeting in the monitoring functions of the Tanzanian Parliament, specifically the monitoring functions of the Parliamentary Budgeting Committee (PBC). The results indicate that budgeting documents were used as learning and answering machines, as they served as the basis for questioning, for checking variances, for reviewing and for conducting monitoring visits. The study further revealed that budgeting process or procedures was utilized as ammunition machines, as they were used as the basis for expressing legislative officials’ positions and understanding the logic of executive officials’ position.

## 2.4.2 The Budgetary Specificity Goal and Organizational Performance

Ugoani (2019) conducted a study on budget management and organizational performance in Nigeria. The study examined the relationship between budget management and organizational performance. The exploratory research design was used for the study, and through data analysis, it was found that budget management has positive correlation with organizational performance. The study suggests that management at all levels and times must ensure that deviations from budget are checked to avoid mismanagement and enterprise failure.

Mohamed (2022), investigated the impact of budgetary control on manufacturing firms' financial performance in Mogadishu, Somalia. The study was designed to examine effects of budgetary planning on financial performance, as well as the impact of budgetary monitoring on financial performance and the impact of budgetary feedback on financial performance.

Acássia et al. (2020) did a study on ‘Evidence of the Relationship between Budgetary Participation, Organizational Commitment and Managerial Performance.’ The study set out to investigate the relations between budgetary participation, organizational commitment and managerial performance. The results reveal that budgetary participation influences managerial performance in two ways: directly, as a result of managers’ involvement and influence in the budgeting process, and indirectly, when managers' commitment to the organization increases due to their participation and involvement in budgetary definitions.

## 2.4.3 The Budgetary difficulty Goals and Organizational Performance

Resource allocation is the practice of assigning and managing assets in a manner that chains an organization's strategic planning goals in a specific period (Irafay, 2020). Resource allocation includes managing tangible assets such as hardware to make the best use of softer assets such as human capital**.** Kaplan (1998) indicated that once an organization has developed its short-term plan, it can project the operating and financial consequences of that plan over a short run planning horizon usually one year. Resource allocation is pegged to strategic corporate plan, a document that stipulates an organization’s long-term plan to achieving its strategic goals.

The study assessed the relationships between resource allocation and organizational goals and outcomes, focusing mostly on organizational-level outcomes. Prior studies have examined the effects of goal setting as strategic decisions, such as cost savings decisions (Gaba and Joseph, [2013](https://onlinelibrary.wiley.com/doi/full/10.1111/joms.12994#joms12994-bib-0042); Savva et al., [2019](https://onlinelibrary.wiley.com/doi/full/10.1111/joms.12994#joms12994-bib-0087)), and the enactment of effective and timely decisions. Moreover, this organizational-level research also examined organizational decisions, such as how organizations set up routines to facilitate goals’ achievement (Dittrich and Seidl, [2018](https://onlinelibrary.wiley.com/doi/full/10.1111/joms.12994#joms12994-bib-0031)), how to display a positive organizational climate (Parke and Seo, [2017](https://onlinelibrary.wiley.com/doi/full/10.1111/joms.12994#joms12994-bib-0083)); how to increase collaboration among employees (Lee and Puranam, [2017](https://onlinelibrary.wiley.com/doi/full/10.1111/joms.12994#joms12994-bib-0072)), how to enact the right form of organizational control and how to induce goal-congruent investment decisions by divisional managers (Johnson et al., [2013](https://onlinelibrary.wiley.com/doi/full/10.1111/joms.12994#joms12994-bib-0060)). Thus, we acknowledge a set of studies that account for this direct link between organizational goal setting and how it translates into specific organizational goals.

## 2.5 Research Gap

Budgeting influences the organizational performance as well as a firm’s performance across the globe. However, organizational performance varies across the global context and regional level. Studies related to influence of budgeting on organization performance articulate positive significance between budgeting process and organization performance in global perspectives. There are scant studies addressing the topic in Tanzania context where studies including that of Mkasiwa, (2019); Miraji (2017) illustrate budgeting and monitoring functions and its effect on organization performance. The assumption of this study is that budgeting process, management and resources allocation is adopted and effectively applied to influence organization performance. Therefore, the study fills the knowledge gap by assessing the influence of budgeting on organizational performance in Tanzania specifically Morogoro Municipal Council.

## 2.6 Conceptual Framework

A conceptual framework is a representation of the relationship you expect to see between your variables, or the characteristics or properties that you want to study. The effective budget of any organization leads to the goals realization. The goals realization in an organization describes how successfully the organization is or becoming. The failure of the same describes the opposite. Therefore, goal realization in an organization is reflected by the growth of the organization through attaining its goals example increasing of market share. One way of having an effective budget is through the proper use of appropriate computer system to achieve the process. Most budgets prepared in organizations aim at achieving organization goals. One of the approaches is involving staff from development department in the budgeting process. However, the organization may decide to adopt or not to adopt. As such, adoption of the involvement of all staff in budgeting is influenced by transparency in the organization. In situations where staffs are, involved transparency reduces mismanagement of the organization’s funds, the combination of which contributes to effective budget hence goal realization (Gordon, 2021).

From Figure 2.1 below of the conceptual framework, there are different variables, which are the independent variable and dependent variable. Goal clarity, goal specificity and goal difficulty act as independent variables because they influence organization performance. Organization performance acts as the dependent variable because it needs other factors to influence changes. Goal clarity, goal specificity and goal difficulty are independent variables because they are expected to influence changes but they are invisible because they cannot be found on the act.

**2.7 Conceptual Framework**

**Independent Variable Dependent Variable**

Goal clarity

Goal specificity

Goal Difficulty

Organizational performance

## Figure 2.1: Conceptual Framework

**Sources:** Author, 2024

# CHAPTER THREE

# METHODOLOGY

## 3.1 Introduction

This chapter describes the study research philosophy, research approach, location, population sample, research design, data collection procedures, data processing and analysis methods and ethical consideration issues. A research methodology means a way of systematically solving the problem, sometimes explained as the knowledge of known on how research is prepared (Kothari, 2004).

## 3.2 Research Philosophy

This is a research guiding principle or a general idea of what constitutes good research. The study used positivism philosophical approach. The approach assumes that answers can be found by carefully measuring and analyzing numerical data (Oaks, 2019).The choice of this approach is because the aim of this research is to allow concepts to emerge from the field data, using documentation, interviews and questionnaires.

## 3.3 Research Approach

These are the research strategies and plans used during the study. There are three types of research approaches: quantitative, qualitative, and hybrid research. In this study, quantitative research approach was used. Quantitative research approach employed statistics and was governed by positivism as a research philosophy. The approach makes possible the use of questionnaire and survey research methods. The approach therefore was successfully used in collecting numeric data related to extent to which the allocation of resources aligned with the organizational goals, establishing correlation between the budgeting process and the organizational goals.

## 3.4 Research Design

Research design is the general plan of the research that shows the direction of how to answer the research question (Saunders, et al., 2012). In this study explanatory research design was used because it helped to investigate how budgeting influenced the organization performance in Morogoro Municipal Council. The explanatory research design for instance uses open-ended probing questions which gives participants the opportunity to respond in their own words rather than forcing them to choose from fixed responses. This approach enabled the study to explore the respondents’ feelings and attitudes with regard to the effectiveness of budgeting in achieving organizational goals.

## 3.5 Study Area

The Morogoro Municipal Council was selected amongst other municipalities as it has many organisations that have been facing insufficient capital expenditure resulting to its poor performance and under performance due to poor budgeting process. The Municipal faces insufficient budget experts in carrying out its budget preparation process (Morogoro Municipal Council profile 2023 page 213). In addition, the study aimed to explore detailed information on the influence of budgeting towards the organization performance and the researcher intends to expand knowledge related to the extent in which budgeting affects the organization performance attainment in the Morogoro Municipal Council.

## 3.6 Study Population

The population targeted depended on the number of employees working in specific departments where the study was conducted. The researcher expected the population to be three thousand, four hundred and fifty three (3453) people working with Morogoro Municipal Council from departments of planning, procurement, and departments of primary and secondary education. This research aimed at looking at how good budgeting processes influence the performance of the organization, thus the sample collected from each department of Morogoro Municipal Council offices. Variables were quantified by giving values and scale whereby nominal-scale, ordinal-scale, interval-scale and ratio-scale applied.

## 

## 3.7 Sample Size and Sample Distribution

A sample is the set of units selected to represent the population of interest (Gravetter & Wallnau, 2017).The sample was representative of the population of interest, a requirement addressed by prescribing the correct sampling frame and by using an appropriate sampling method. In this study therefore, 100 respondents were involved in data gathering. Yamane (1967) provides a simplified formula used to obtain sample size as follows:

Sample size (n) = N \_\_\_

[(1+N (e) 2)]

Where;

N= Total number of (Staffs) population 3453

e = Sampling error = 10%

n= Sample size

The total numbers of respondents demarcated into small units of samples; Table 1 provides the summary of distribution of the sample size.

**Computation:**

n = N / 1+N (e) ^2

n = 3451 / 1+3453(0.01) 2 = 98.24 respondents rounded off to 100

## Table 3.1: Composition of Sample

|  |  |  |  |
| --- | --- | --- | --- |
| **S/N** | **Respondents by department** | **No. of Population** | **Distribution of Sample from the population** |
| 1 | Planning department | 10 | 05 |
| 2 | Procurement | 09 | 05 |
| 3 | Community development department | 56 | 25 |
| 4 | Primary Education | 1983 | 35 |
| 5 | Secondary Education | 1395 | 30 |
|  | Total | 3453 | 100 |

## Source: Morogoro Municipal Council profile 2023

## 

## 3.8 Sampling Techniques

In this study, purposive and random sampling techniques were used. A purposive sample is a representative subset of a larger population, constructed to serve a specific need or purpose (Kothari, 2004). Purposive sampling method was selected where specific departments were studied. The purposive selection assumption was that people had broad knowledge of understanding the whole concept of budget and its importance in an organisation. Purposive sampling applied here since it is used with a number of techniques in data gathering (Godambe, 1982 cited in Tongco, 2007).

Simple random sampling method is a probability sampling whereby all members in the population have equal chance to being selected to form a sample (Kothari, & Garg, 2014). It was used because it became possible to select a unit randomly without bias from the sample frame without replacement. This enables the study to acquire appropriate and unbiased information since every member had an equal chance of being selected.

## 3.9 Data Collection Methods

Structured questionnaire was the main technique of data collection from respondents to extract required information to accomplish the overall objective of this study. The questionnaire was used due to its strength of capturing empirical data in both formal and informal settings. Indepth interviews are those interviews that are designed to discover underlying motives, desires and feelings of respondents (Kothari, 2007).

In other words, interviews aimed at eliciting understanding, feelings and perspectives of interviewees and other types of material related to personality dynamics and motivations. A set of questions or issues explored in the course of the in-depth interview were developed.

## 3.10 Primary Data

Primary data is first-hand information obtained from the field by the researcher. For this study, primary data was collected through questionnaires and interviews. Participants of both genders were used during primary data collection to eliminate gender bias.

## 3.11 Data Analysis Methods

Kothari (2007) defined data analysis as the computation of particular measures with the intent of searching the patterns of relationship among data groups. In this study, the quantitative data collected on the field was sorted, edited, coded and then processed with help of the computer using the Statistical Package for Social Sciences (SPSS). This technology has been used in processing data and running the statistical test done by the researcher (Gordon, 2021).

Quantitative data was used to analyze two approaches (ibid). First approach involved descriptive statistics analysis to help the researcher profile and ease understanding of the respondent characteristics. Descriptive statistics results were presented in form of tables, pie chart and bar graphs depending on nature of the information required. The second part involved inferential statistics analysis to examine the research question and make inference about the population from which the sample was drawn. Inferential statistics analysis involves application of multiple regression analysis in analyzing the research variable using the following formulae:

**y =** β**x1 +** β **x2+** β**x3+ b**

Whereby

β= beta coefficient

X1=goal clarity

X2=goal specificity

X3= goal difficulty

Before multiple regression analysis, the researcher tested for the following regression assumptions to check whether the assumptions met. First the researcher tested for Linearity by creating a scatter plot X vs Y. From the scatter plot x vs y if residual plots have points that are closer to the line of best fit is a better model showing that linear relationship between the dependent and the independent variables exist and the assumption holds. Residual plots that have points that are further from the line of best fit are not as good models. A perfect model was when all points on a residual plot match the line of best fit. Moreover, if the data are wildly scattered residual points suggest that the data mighty have no correlations.

Second the researcher tested to check whether a sample was drawn from a normally distributed population. In this study normality was tested by using histogram plot of residual. Another assumption is homoscedasticity which compares similar variance as uneven variances in samples result in biased and skewed test results. Thus, homoscedasticity was checked by making a scatterplot with the residuals against the dependent variable.

Furthermore, multi-collinearity assumption was tested by calculating the variance inflation factor (VIF). Multi-collinearity happens when independent variables in the regression model are highly correlated to each other. It makes it hard to interpret a model and creates an over fitting problem. A VIF above 4 or tolerance below 0.25 indicates that multi-collinearity might exist, and further investigation is required. When VIF is higher than 10 or tolerance is lower than 0.1, there is significant multi-collinearity that needs to be corrected. ANOVA was used to analyze the data collected and the output presented in tables and figures for presentation of findings and interpretations on the influence of budgeting process on organizational performance.

## 3.12 Data Cleaning Process

Data cleaning is the process of fixing or removing incorrect, corrupted, incorrectly formatted, duplicate, or incomplete data within a dataset (Kothari & Garg, 2014). The computer software, Statistical Package for Social Sciences (SPSS, Version 20) was the tool used for data processing. All the data was recorded using numerical codes. This enhanced quick data entry, with few errors. Each question on the questionnaire was coded for each possible response. Coding was done to convert the variables and their separate levels into numbers.

Furthermore more data discrepancies were identified using data observability tools, hence Removing data discrepancies, Standardizing data formats, Consolidating data sets, Checking data integrity, Storing data securely.

## 3.13 Reliability and Validity

## 3.14 Reliability

Reliability refers to how accurate on average the estimate of the true score is in the population of objects measured inorder to reduce systematic and random errors and maintain an internal consistency or homogeneity among data (Kothari & Garg, 2014). Reliability forms an essential pre-condition for validity and was estimated in any of the following ways; internal consistency which is typically Cronbach’s Alpha. In this study the reliability value was a**<**0.5 was low reliability; for high reliability a **>** 0.8. In other words the Cronbach’s Alpha of 70 and above is good, 80 and above is better, and 90 and above is defined as best.

## 3.15 Validity

Validity is when an instrument/research study measures that which it is supposed to measure (ibid). Validity assesses errors arising from bias, measurement, conceptualization and design of the research. To increase validity, careful study planning and adequate quality control and implementation strategies-including adequate recruitment strategies, data collection, data analysis, and sample size are considered.

## 3.16 Ethical Consideration

This study considered ethical issues by first assuring respondents that the data collected or information provided by respondents was used only for this study not otherwise. Ethics and norms of behaviors that guided moral choices about our relationship with others was priority.

The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities. The researcher ensured that ethical issues were observed and also the respondents were fully informed about the procedures and risks involved in the research and must give their consent to participate.

**CHAPTER FOUR**

# FINDINGS

## 4.0 Introduction

The study intended to find out the impact of budgetary process on organization performance. This chapter indicates information on the background of the respondents and the study results as guided by the objectives.

## 4.1 Demographic Background Information

Demographic background information provides a foundation for understanding characteristics of respondents in the study area. For this study the demographic background information involved the collection of information from a specific group of respondents, such as their age, gender, level of education, working experience, and other relevant attributes. This enabled the researcher to establish a decision on the respondent’s view on the influence of budgeting on organization performance.

The study focused on a hundred (100) respondents from different departments in Morogoro Municipal Council. In Table 4.1 the demographic data of participants revealed that 50 representing 50% weremale respondents, and 50 representing 50% were female. In regard to the level of education of the respondents, those who held university degree level and above accounted for 07%, while those who attained undergraduate degree accounted for 27% and diploma holders accounted for 37%, and those who held only certificate of secondary education accounted for 08%, while those with various professional certificates accounted for 21%. From the respondents’ scores, out of the 100 participants, 10 indicated 0-5 years work experience accounting for 10%, and 34 individuals accounting for 34% indicated 05-10 years experience. Those with above-10 years’ experience accounted for 45.0% and those who were not employed but participated in the study were 11 which accounted for 11% as shown in Table 4.1 below;

## Table 4.1: The Demographic Background Information

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Column Total N %** | **Table Valid N %** |
| **Gender** | Female | 50.0% | 50.0% |
| Male | 50.0% | 50.0% |
| **Total** | **100.0%** | **100.0%** |
| **Age** | 56+ | 7.0% | 7.0% |
| 18-25 | 9.0% | 9.0% |
| 36-45 | 17.0% | 17.0% |
| 46-55 | 19.0% | 19.0% |
| 26-35 | 48.0% | 48.0% |
| **Total** | **100.0%** | **100.0%** |
| **Education Level** | Degree And Above | 7.0% | 7.0% |
| Secondary Education | 8.0% | 8.0% |
| Certificate | 21.0% | 21.0% |
| University Degree | 27.0% | 27.0% |
| Diploma | 37.0% | 37.0% |
| **Total** | **100.0%** | **100.0%** |
| **Working Experience** | 0-05 | 10.0% | 10.0% |
| 06-10 | 35.0% | 35.0% |
| Not Employed | 10.0% | 10.0% |
| Above Ten Years | 45.0% | 45.0% |
| **Total** | **100.0%** | **100.0%** |
| **Department** | Finance Planning | 10.0% | 10.0% |
| Procurement Department | 10.0% | 10.0% |
| Community Department | 20.0% | 20.0% |
| Others | 26.0% | 26.0% |
| Education Department | 34.0% | 34.0% |
| **Total** | **100.0%** | **100.0%** |

**Source:** Study Area 2024

The demographic data Table 4.1 above indicates 45% of the respondents in this study have more than ten years experience working in Morogoro hence have features and characters that can give genuine feedback fostering the tust of the data needed by the researcher.

# 4.2 Budgeting Process Morogoro Municipal Council

## 4.2.1 Initiated Point of the Budgeting Process

The researcher requested the respondents to specify the initiated point of the budgeting process and data collected, coded and analysed as per the study objectives. The findings indicate that 38% showed that the budgetary processes are initiated by managerial level and were the majority of the respondents, 36% indicated supervisory level, 20% was top management and the rest 06% were from the junior level. It therefore concluded that, the budgeting process starts from managerial level as per analysis below in Figure 4.2.

**Table 4.2: Frequency Distribution of Respondents on Initiated Point of the Budgeting Process**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| Valid | Managerial level | 38 | 38.0 | 38.0 | 38.0 |
| Supervisory level | 36 | 36.0 | 36.0 | 36.0 |
| Top management level | 20 | 20.0 | 20.0 | 20.0 |
| Junior level | 06 | 06.0 | 06.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** Study Area 2024

**4.2.2 Presence of a Budgeting Committee in Morogoro Municipal Council**

The researcher moreover needed to know if the budgeting committee operated efficiently in Morogoro Municipal Council. The result shows that 58% of respondents agreed that there was an operational budgeting committee in the Morogoro Municipal Council; 21% said there was no budgeting committee and 21% said they did not know if there was an operational budgeting committee in the Morogoro Municipal Council as shown in Table 4.3 below.

**Table 4.3: Frequency Distribution of Respondents on Presence of Budgeting Committee**

|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Yes | 58 | 58.0 | 58.0 | 58.0 |
| No | 21 | 21.0 | 21.0 | 79.0 |
| I Don't Know | 21 | 21.0 | 21.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** Study Area2024

## 4.2.3 Impacts of Budgeting Process on the Performance of the Organization

In addition, the study sought to establish whether the budgeting process influences organization performance. From the respondents’ scores out of the 100 participants, 16% disagreed whereas 58% were positive and agreed while 26% were neutral meaning they did not agree or disagree that budgeting process influenced the performance of the organization. This is the case as summarized in Table 4.4 below.

**Table 4.4: Frequency Distribution of Respondents on Impacts of Budgeting Process**

|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Negative | 16 | 16.0 | 16.0 | 16.0 |
| Positive | 58 | 58.0 | 58.0 | 74.0 |
| Neutral | 26 | 26.0 | 26.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** Study area 2024

## 4.2.4 Appropriate Time for Budget Process in Morogoro Municipal Council

On concerns about the appropriate time forMorogoro Municipal Council budgeting process, the study revealed that 43% of the respondents said annually, whereas 26% quarterly, 23% monthly, and 6% weekly and 02% said daily. This is shown inTable 4.5 below.

**Table 4.5: Frequency Distribution of Respondents Showing Appropriate Time for Budgeting Process**

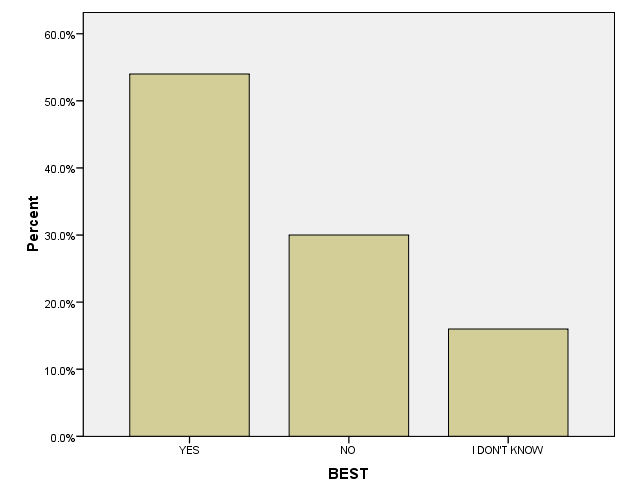
|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Daily | 2 | 2.0 | 2.0 | 2.0 |
| Weekly | 6 | 6.0 | 6.0 | 8.0 |
| Monthly | 23 | 23.0 | 23.0 | 31.0 |
| Quarterly | 26 | 26.0 | 26.0 | 57.0 |
| Annually | 43 | 43.0 | 43.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source;** Study Area 2024

According to the findings, summarised in Table 4.5 above, 43% of the respondents said that budgeting process should be done annually, compared to those who responded for quarterly, monthly, weekly and daily.

## 4.2.5 Whether the Organization has the Best Budget

The researcher wanted to know if the organization in Morogoro has the best budget. The respondents were asked in the questionnaires “Do you think the organization has the best budget process?” The respondents revealed as shown in Figure 4.1 below.

 **Figure 4.1: Frequency Distribution of Respondents on Best Budget**

**Source:** Study Area 2024

According to the data summarised in Figure 4.1 above, 54% of the respondents revealed that the organisation has the best budgeting process. On the other hand, 30% of the respondents were not satisfied with the ways the organisation’s budgeting process was made, while 16% said, they do not know if the budgeting process is best. Hence, the data revealed that the budgeting process in Morogoro Municipal Council is good.

One of the respondents said:

*‘This is because activities and allocation of resources matched, which leads to smooth flow of work, hence increasing productivity as well as profitability of the organisation, thus organization performance.’*

## 4.2.6 The Extent Internal Staff Expertise was used to Prepare Budget

The researcher moreover needed to know to what extent the internal staff expertise was used to prepare budget that can influence performance of the organization. The result shows that 51% said to a great extent who were the majority of respondents, 27.% said to a moderate extent, 10% indicated to a very large extent while small extent were only 12%. Therefore, most of the respondents said internal staff expertise was used in budgeting process to a great extent by 51% asTable 4.6 below indicates.

**Table 4.6: The Extent of Internal Staff Expertise in Budgeting Process**

|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Very Large Extent | 10 | 10.0 | 10.0 | 10.0 |
| Great Extent | 51 | 51.0 | 51.0 | 61.0 |
| Moderate Extent | 27 | 27.0 | 27.0 | 88.0 |
| Small Extent | 12 | 12.0 | 12.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** Study Area 2024

According to the findings, summarised in Table 4.6 above, 51% of the respondents said that the organization has internal staff expertise in the budgeting process.

## 4.2.7 Type of Budgeting Process in an Organization

A good budgeting process can be flexible or static depending on the philosophy of the organization. The respondents reacted on whether the budgeting process is flexible or static. Their answers are shown in Table 4.7 below.

**Table 4.7 Frequency Distribution of Respondents on Budgeting Process in Organizations**

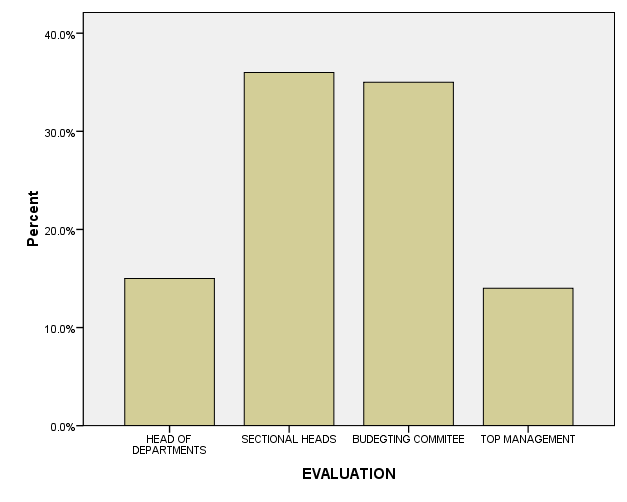
|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Flexible Budget | 44 | 44.0 | 44.0 | 44.0 |
| Static Budget | 29 | 29.0 | 29.0 | 73.0 |
| I Don’t Know | 27 | 27.0 | 27.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** Study Area 2024

According to the findings, summarised in Table 4.7 above, 44% of the respondents said that budgeting process in Morogoro Municipal Council is flexible. They argued that it helped in accomplishment of work in time, best utilisation of resources which leads to higher productivity and increased profits. The 27% of the respondents revealed that the budget process is static, while 27% showed that, they do not know if the budget process in Morogoro Municipal Council is flexible or static.

## 4.2.8 Evaluation of various Reports on Budgeting Process in an Organization

Evaluation reports are documents which are prepared to examine whether a service or process is working according to a set of standards. For the budget to be effective, the evaluation must be carried frequently to ensure the resources are fully allocated and used accordingly to ensure organization performance. From the study, the respondents were asked who evaluates the budgeting process.as shown in Figure 4.5 below.



## Figure 4.2: Frequency Distribution of Respondents on who Evaluates Reports

**Source:** Study Area 2024

According to the findings, summarised in Figure 4.2 above, 36% of the respondents said that sectional heads evaluate budgeting process. 35% of the respondents revealed that budgeting committee evaluates the budgeting processwhile 15% of the respondents said that budgeting process is evaluated by heads of departments and 14% revealed that top management are the ones responsible for evaluation of the budgeting process.

## 4.2.9 Impact of Budgeting process on Performance of Organization

According to the data that the researcher collected, 61% of the respondents agreed and 21% strongly agreed and argued that the organization budgeting has great impact on organization performance. This is because budgeting consists of how the resources were utilized and the time suitable to utilize them. They argued that poor budgeting contributed to misallocation of resources, corruption, delay, incompletion of work, increase in operating cost as well as creating poor reputation in the organization.

On the other hand 16% of the respondents also revealed that the budgeting process has negative influence on organization performance, and 26% of the respondents were neutral, while 58% opined that the budgeting process has positive influence on organization performance assummarized in Table 4.8 below.

**Table 4.8: Influence of Budgeting process on Performance of organization**

|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Negative | 16 | 16.0 | 16.0 | 16.0 |
| Positive | 58 | 58.0 | 58.0 | 74.0 |
| Neutral | 26 | 26.0 | 26.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** Study Area 2024

## 4.2.10 Clarity of Goals in the Budgetary Process on the Organization Performance

Clarity of goals denotes the extent to which team members understand the organization goals, objective, outcome desired by the organization. Clear goals setting allows employees to understand their roles in the bigger picture. Besides, the study inquired on the clarity of budgeting process goals on organization performance. From the respondents’ scores out of the 100 participants, 58% indicated that budgeting goals are clear, whereas 26% said there was no clarity of budgeting goals, while 16% said they do not know if there was clarity of budgeting goals. Goal clarity can improve budgeting process, whereas lack of clarity leads to confusion, tension, and dissatisfaction among personnel in an organization. At the same time, unclear goals can reduce budgetary performance. Table 4.9 summarizes the views on goal clarity.

**Table 4.9: Frequency Distribution of Respondents on Clarity of Budgeting Goals**

|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Yes | 58 | 58.0 | 58.0 | 58.0 |
| No | 26 | 26.0 | 26.0 | 84.0 |
| I Don't Know | 16 | 16.0 | 16.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** Study area 2024

## 4.2.11 Budgeting Process Specific Goal toward the Organization Performance

The study also sought to establish whether the budgeting has specific goals in organization performance. From the respondents’ scores, out of the 100 participants, 17% disagreed whereas 59% agreed that budgeting process has specific goal to the organization performance, 24% said the budgeting process has no specific goals to organizational performance. The general views of the respondents is budgeting process have specific goals by 59% toward influence of organizational performance As shown inTable 4.10 below.

**Table 4.10: Budgeting Goals toward the Organization Performance**

|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Yes | 59 | 59.0 | 59.0 | 59.0 |
| No | 24 | 24.0 | 24.0 | 83.0 |
| I Don’t Know | 17 | 17.0 | 17.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** Study Area 2024

## 4.2.12 Difficult Goals in the Budgetary Process on the Organization Performance

For the organization to perform well it needs difficult goals that can be attained with minimum intervention, greater efforts, knowledge and sophisticated skills. Therefore, the level of budget-goal difficulty may influence performance of organization. From the study, the researcher asked the respondents to state level of difficult goals in Morogoro Municipal Council. Table 4.11 below summaries their responses.

**Table 4.11: Distribution of Respondents on difficult Goals on Budgeting Process**

|  |  | **Frequency** | **Percent** | **Valid Percent** | **Cumulative Percent** |
| --- | --- | --- | --- | --- | --- |
| Valid | Yes | 63 | 63.0 | 63.0 | 63.0 |
| No | 23 | 23.0 | 23.0 | 86.0 |
| I Don't Know | 14 | 14.0 | 14.0 | 100.0 |
| Total | 100 | 100.0 | 100.0 |  |

**Source:** study area 2024

Table 4.11 above revealed that 63% of respondents said yes that the budgeting process in Morogoro Municipal Council has difficult goals, 23% responded that the budgeting process has no difficult goals while 14% responded that they don’t know if the budgeting process in Morogoro Municipal Council has difficult goals. This result is supported by Qi (2010), who obsereved that budgeting processes which are more difficult but attainable result in higher performance of an organization.

# 4.2.13 Features of Budgeting Process on Organization Performance

Features of budgeting process based on achieving specific goals and outcomes measure performance thus ensure effectiveness and efficiency of organization performance. The researcher moreover needed to know features of budgeting process on organization performance in Morogoro Municipal Council. The result shows that the majority 33%of respondents said the budgeting process should be specific to the organization goals to ensure good performance, 25% said the budget should be measureable that should show means or indicators of evaluation to what extent it has been used or achieved. 23% responded that the budgeting process should be attainable; they revealed that a good budget should be achievable that can fulfill the needs of daily operations of the organizationwhile 19% mentioned feature of budgeting process as time limit, the budget process should show the start and end of budget; these help to discover to what extent the project is developing. Figure 4.4 below summarizes these views.

## Figure 4.3: Distribution of Features on Budgeting Process

**Source:** Study Area 2024

## 4.2.14 Challenges in Budgeting Process in an Organization’s Performance

The budgeting process includes planned sales volumes, revenues, resource quantities, costs and expenses, assets, liabilities and cash flow thus experts are needed to reduce the risk of challenges during implementation. For any organization, there are challenges that can hinder the performance of an organization, including during preparation. Figure 4.4 shows the challenges facing organization performance during budgeting preparation process, where the researcher’s results revealed that majority of respondents at 37% agreed that the organization faces budget deficit, 14% respondents said bureaucracy is one of challenges in budgeting process, 20% resource allocation, 12% price fluctuation, 17% poor expenditure challenges in the budgeting process.

## Figure 4.4: Frequency Distribution of Respondents on Challenges in the Budget Process

**Source:** Study Area 2024

## 4.3 Regression Analysis

## 4.3.1 Multiple Linear Regression

The data was also subjected to a multiple linear regression analysis to establish the extent to which the three variables influence the performance of Morogoro Municipal Council with the help of SPSS software in the analysis and presenting the results obtained from model equations. The summary model with a linear regression of three variables showing R squares, Adjusted R square and std. Error of the Estimate are summarized in Table 4.12 below.

**Table 4.12: Multiple Linear Regression Model Summary**

| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** |
| --- | --- | --- | --- | --- |
| 1 | .692a | .479 | .473 | .53072 |
| 2 | .725b | .526 | .516 | .50895 |
| 3 | .761c | .580 | .567 | .48155 |
| Predictors: (Constant), Clarity, Specificity, Difficulty | | | | |

**Source:** Study Area 2024

From the data analysis, the calculated R squared was 0.58 meaning the variables Clarity, Specificity and Difficulty accounted for 58% whereas the error term was 42% arising from other exogenous factors other than Clarity, Specificity and Difficulty thus conclude the regression of 0.761c and R square of 0.58.

# 4.3.2 Reliability Analysis Using Cronbach’s Alpha

The researcher tested for Reliability of the internal consistency by using Cronbach’s Alpha in the study. The reliability value of a**<**0.5 will be low reliability and for high reliability a **>** 0.8. In other words the Cronbach’s Alpha of 70 and above is good, 80 and above is better, and 90 and above is defined as best. For the study Cronbach’s Alpha was above 70 which indicates that the variables have internal consistency and good as Table 4.13 below shows.

**Table 4.13: Showing Reliability Statistics**

| **Reliability Statistics** | | |
| --- | --- | --- |
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .914 | .915 | 3 |

Reliability test results in Table 4.14 show that Cronbach’s Alpha value is 0.94 which indicates that the variables have internal consistency.

**Table 4.14: Reliability Item-Total Statistics**

| **Item-Total Statistics** | | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
| Clarity | 3.4900 | 1.869 | .882 | .779 | .833 |
| Specific | 3.5300 | 1.848 | .816 | .701 | .888 |
| Difficult | 3.5600 | 1.966 | .789 | .645 | .908 |

**Source:** Primary data from study area

Reliability test results in Table 4.15 show that Cronbach’s Alpha value is 0.94 which indicates that the variable have internal consistency hence acceptable for the realibility scale. Considering a coefficient equal to or greater than 0.7 is acceptable.

## 4.3.3 Regression Coefficients

The regression coefficients of the study revealed significance of 0.275, 0.000 and 0.016 for Clarity, Specificity and Difficulty respectively indicating that the variables are significant and influence the performance of an organization as summarized in Table 4.13 below.

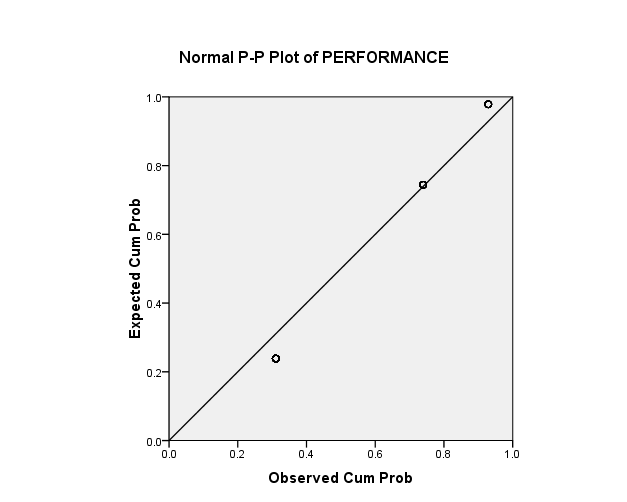
**Table 4.15: Showing Regression Coefficients Results**

| **Model** | | Unstandardized Coefficients | | Standardized Coefficients | **t** | **Sig.** |
| --- | --- | --- | --- | --- | --- | --- |
| **B** | **Std. Error** | **Beta** |
| 1 | (Constant) | .454 | .124 |  | 3.649 | .000 |
| Clarity | .662 | .070 | .692 | 9.488 | .000 |
| 2 | (Constant) | .300 | .129 |  | 2.320 | .022 |
| Clarity | .513 | .083 | .535 | 6.203 | .000 |
| Specific | .250 | .081 | .267 | 3.093 | .003 |
| 3 | (Constant) | .143 | .130 |  | 1.097 | .275 |
| Clarity | .402 | .084 | .420 | 4.769 | .000 |
| Specific | .192 | .078 | .205 | 2.456 | .016 |
| Difficult | .294 | .084 | .282 | 3.515 | .001 |
| A. Dependent Variable: Performance | | | |  |  |  |

**Source:** Study Area 2024

**4.3.4 Normality Test**

The normal probability plot graph shown in Fig. 4.5 shows that the data spread around the diagonal line and the distribution follows the direction of the diagonal line. Thus, the regression model satisfies the assumption of normality Figure 4.5 shown below.



**Figure 4.5:Normality Test**

**Source:** Primary data

## 

## 4.3.5 Multi-collinearity Test

Table 4.16 shows that the two variables above have VIF values of 1.770, 1.1594 and 1.472 <10.Thus, it can be concluded that there is no multi-collinearity between the independent variables in the regression model. Table 4.16 below summarises:

## Table 4.16:Multi-collinearity of Test Results

| **Model** | | **Collinearity Statistics** | |
| --- | --- | --- | --- |
| **Tolerance** | **VIF** |
| 1 | (Constant) |  |  |
| Clarity | 1.000 | 1.000 |
| 2 | (Constant) |  |  |
| Clarity | .656 | 1.523 |
| Specific | .656 | 1.523 |
| 3 | (Constant) |  |  |
| Clarity | .565 | 1.770 |
| Specific | .627 | 1.594 |
| Difficult | .679 | 1.472 |

**Source:** Study Area 2024

## CHAPTER FIVE

## DISCUSSION OF THE FINDINGS

## 5.0 Introduction

In this section, findings from the study are discussed. The main objective of this study was to examine the effect of budgetary goal clarity on organizational performance, to examine the effect of budgetary goal specificity on organizational performance and to examine the effect of budgetary goal difficulty on organizational performance.

The study sought to determine the influence of budgeting process on organization performance. Descriptive techniques such as standard deviation and means were used to establish the extent to which budgeting process influenced the organization performance tested using regression analysis. In this study 100 questionnaires were sent to the respondents in Morogoro Municipal Council.

## 5.1 The Influence of Budgetary Goal Clarity on Organizational Performance

The study inquired on the Clarity of budgeting process goals on organization performance. Goal clarity refers to the extent to which budget goals are stated specifically and clearly, and understood by those who are responsible for meeting them (Yuen, 2004).

From the respondents’ scores out of the 100 participants, 58% indicated that budgeting goals are clear, whereas 26% said there is no clarity of budgeting goals, while 16% said they do not know if there was clarity of budgeting goals. Also (Qi, 2010) indicated that clear goal setting improves budgetary process hence leads to SMEs performance in China. Similarly, Locke & Schweiger (1979) indicate that “goal clarity can improve budgetary performance, whereas lack of clarity leads to confusion, tension, and dissatisfaction among employees. So-called budgetary performance means reaching the budget goals by employee. Weingart (1992) also indicated that unclear goals can reduce budgetary performance. The findings align with goal-setting theory, which emphasizes clarity of goals, challenges, and commitment in performing tasks. Thus the organization has to adhere budget goal clarity prio to investment of resources in ensuring the good perfomance.

## 5.2 The Influence of Budgetary Goal difficulty on Organizational Performance

This study focuses on whether the organization has which level of budget goals difficult to perform well. Budget goals levels can vary from soft and easily achievable goals to difficult and unattainable goals. Goal difficulty requires greater energies, additional knowledge and skills. On the other hand, easily achievable goals require minimum effort, knowledge, and skills to achieve. Therefore, the level of budget-goal difficulty may influence organization performance.

From the study 63% of the respondents said organizations in Morogoro have difficult and achievable goals in the budgeting process, 23% said ‘no’, while 14% they said they don’t know which. Majority of respondents showed that budgeting process has difficult goals but achievable. Other scholars who had a similar result indicated that the perceived budget goal difficulty and performance are strongly related (Kenis, 1979). For example, Hirst & Lowy (1990) found that difficult goals generate higher performance than setting specific moderate goals, specific easy goals, or too general goals. Kenis (1979) shows that a “tight but attainable” budget goal is the most effective way to motivate managers to perform better, while a “too tight” budget goal has a negative impact on the performance of managers and results in higher job tension. On the other hand, easily attainable goals do not generate incentives for managers to pursue a higher level of performance. Therefore, in this study we can assume that budget goals which are more difficult, but attainable, result in higher performance. The finding is in line with goal-setting theory, which insists on setting clear, difficult goals within the structural contractual framework significantly enhances organization performance. Thus for the organization to perform in maximum mode budgetary goal difficulty which is attainable must adhared to the organization management.

**5.3 The Influence of Budgetary Goal Specificity on Organizational Performance**

The study inquired on the specificity of budgeting process goals on organization performance. The features of goal specificity are Define what you expect, Determine who will do it, Detail accountability, Use action verbs, Express physical or mental action as much as possible and Provide enough details of the organization.

The study revealed that from the respondents’ scores, out of the 100 participants, 59% responded ‘yes’ that budgeting process has goals specific to the organization performance, 24% responded ‘no’ to the budgeting process goal specific while 17% said they don’t know. Positively the majority agreed budget process has specific goal results in a better job satisfaction among employees hence higher level of job involvement of employees hence good organization performance. Abas et al., (2021) reported that specific goals in budgeting process is an essential mechanism employed to optimize organization performance and foster their growth in terms of efficiency, productivity, job satisfaction, motivation, and innovation within the organizational context. Similarly, Zia-ur-Rehman (2020), found that budgeting processes in training and development programs were effective in improving service delivery among public organizations in the Bukoba Municipal Council.Thus budgetary goal specificity has positive contribution on organizational performance in Morogoro Municipal.

## 5.4 Regression Analysis

The response rate was 82% the reliability statistics recorded a Conbach’s Alpha coefficient of 0.823 which implied that the questionnaire was internally consistent. The study found out that budget process difficulty goal, specificity goal and clarity goal have positive impacts to the organization performance to a great extent.

The study concluded that there is a strong (R-value = 0.58) relationship between the organization performance and budgeting process with total variance. Coefficient of determination (R-Square) is a value used to see the extent to which the model formed can explain the actual conditions (Lestari et al., 2019). The R-Square value from the model is equal to 0.580 means 58.0% show positive hypothesis that there is a relationship between budgeting processes and organization performance in Morogoro Municipal Council. These results are the same as those found by Castro & Marques, 2017; Rokim et al., 2014; Satria, (2017).

The multicollinearity showed a very high inter-association among the independent variables but the VIFs indicate that the data had no issue of multicollinearity. The two variables above have VIF values of 1.770, 1.1594 and 1.472 <10. Thus, it can be concluded that there is no multi-collinearity between the independent variables in the regression model.Thus the analysis was carried out without any modifications.

## CHAPTER SIX

## CONCLUSIONS AND RECOMMENDATIONS

## 6.0 Introduction

The chapter presents a summary of the findings obtained and presented in Chapter Four and conclusion of the study in which the researcher’s work comes to an end. The summaries which have been obtained and presented in Chapter Five and recommendations that can be adopted and implemented to overcome the problems highlighted are also presented in this chapter.

## 6.1 Summary of the Study

The study was guided by the general objectives, which were to examine the effect of budgetary goal clarity on organizational performance, to examine the effect of budgetary goal specificity on organizational performance and to examine the effect of budgetary goal difficulty on organizational performance. The obtained data was analyzed quantitatively.

In respect of the study, the researcher intended to examine the influence of budgeting process on organisation performance in Morogoro Municipal Council. On the positive side, it found out that, budgeting process was initiated at Managerial level whereas other results show that 58% of respondents agree that there was a budgeting committee in the Morogoro Municipal Council, 21% said, there was a budgeting committee and 21% said they do not know if there was a budgeting committee in the Morogoro Municipal Council. Concern on the appropriate time for Morogoro Municipal Council budgeting process, the study revealed that 43% said annually, whereas 26% said quarterly, 23% monthly, 6% weekly and 2% said daily. These results are supported by Noon, (2012) who pointed out that if the organization has long term and short term budget plans organizational departments should prepare budget plans prior to the budget year.

On the issue of whether budget is flexible or static in the organization the data shows that 44% of the respondents said that budgeting process in Morogoro Municipal Council is flexible. Besides, the study inquired on the goal Clarity of budgeting process on organization performance. From the respondents’ scores out of the 100 participants, 51% indicated that budgeting goals are clear, whereas 31% individuals said there was no clarity of budgeting goalswhile 18% said they do not know of their clarity. This study focuses on whether the organization has which level of budget goals difficulty to perform well. From the study the majority of respondents, 63%, said organizations in Morogoro Municipal Council have difficult goals but achievable in attaining their goals, 23% said ‘no’, while 14% said they don’t know which level of goal difficulty in the budgeting process. The budgeting has goal specific goals in organization performance. From the respondents’ scores, out of the 100 participants, the majority 59%, showed that budgeting process has goal specific toward the organization performance, 24% responded ‘no’ to the budgeting process specificity while 17% said they don’t’ know.

## 6.2 Challenges Facing Budget Processing

Furthermore the study revealed challenges facing organization performance during budget processing. The majority of respondents showed that 37% agreed that the organization faced budget difficulty, 14% said bureaucracy, 20% resource allocation, 12% price fluctuation, and 17% poor expenditure challenges in the budgeting process. Positively very specific budget goal results in a better job satisfaction among employees hence higher level of job involvement of employees hence good organization performance.

## 6.3 Conclusion

Budgeting process in an organisation has a big role to play in determining its organization performance since it acts as a road map to the organisation. Thus budgeting process influences positively towards organization performance. The Municipal budgeting process has budgeting committee, it is flexible, has goal specificity, has goal clarity and also goal difficulty but attainable. From the analysed data, it revealed that there is a positive correlation between budgetary processes and performance of an organizationwith the regression of 0.834a and R square of 0.65. This proves the hypothesis that there is a relationship between budgetary processes and organization performance.

## 6.4 Recommendations

In light of the conclusions drawn above and the findings obtained during the study, the following is recommended to influence budgeting process on organization performance in Morogoro Municipal Council. In budget formulation, it is necessary to make a flexible budget process to cater for macroeconomic changes and risks prevailing in the business environment. The top management should be willing to support the committee concerned with budget improvements with all the required resources.

Furthermore, the budgeting goals should be clear and specific to the set goals to ensure all parties and employees understand the project be accomplished to ensure performance of the organization. Also the budget process should have difficult but attainable goals to ensure monitoring of embezzlement of funds and resources which can lead to poor performance of the organization.

## 6.5 Areas for Further Study

Further research could be conducted on impacts of budgeting process on employee motivation in private organizations.

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# APPENDICES

# Appendix A: QUESTIONNAIRE

Dear respondent

This questionnaire was designated to assess the title “**INFLUENCE OF BUDGETING PROCESS ON ORGANIZATIONAL PERFORMANCE”: A CASE OF MOROGORO MUNICIPAL**”. Information collected by using this questionnaire only used for the purpose of academic issues. The aim of this research proposal is to evaluate the importance of budget on financial performance where different factors observed. In order to make this study successful, the researcher kindly requests you to fill in the questionnaires brought to you.

**NB: additional answer sheet provided for extra answers**

**PART 1: PERSONAL PARTICULARS INFORMATION**

Instruction: shade the correct box

1. Gender

(a) Male ( ) (b) Female ( )

2. What is the highest level of education you have attained?

(a) University degree

(b) High school or diploma

(c) Secondary education

(d) Primary school

3. (a) How long have you been working with Morogoro Municipal Council?

1. (a) below one years
2. (b) 5 to 10 years
3. (c) above ten years

4. What is your age by now?

1. (a) 23-29 Years
2. (b) 31-37 Years
3. (c) 38-44 Years
4. (d) 45+years

**PART 2: KIND OF BUDGETING PROCESS MOROGORO MUNICIPAL**

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

(i) Negative

(ii) Positive

(iii)Neutral

Give reason for your answer above?

…………………………………………………………………………………………

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

i) Yes ( )

ii) No ( )

iii) I do not know

7. How frequent do you make a budget process in Morogoro?

(i) Daily

(ii) Weekly

(iii)Monthly

(iv)Quarterly

(v) Annually

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

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

09. Where does the budgeting process initiates in the Morogoro municipal?

(a) Top management level

(b) Managerial level

(c) Supervisory level

(d) Junior employee’s level

10. To what extent do you use internal staff expertise in budgets process?

(a) Very large extent

(b) Large extent

(c) Moderate extent

(d) Small extent

11. What type of budget does your organization prepare?

(a) Flexible budget

(b) Static budget

(c) I do not know

12. In your department who evaluate budget variance report?

(a) Departmental heads

(b) Sectional heads

(c) Budgeting committee

(d) Top management

**PART 3: ORGANIZATION PERFOMANCE**

13. How does the budgetary process roles in achieving organization performance?

(a) Positive

(b) Negative

(c) I do not know

14. Are the clarity goals in the budgetary process contribute the organization performance?

Yes (……….) No (…….) I don’t know (……….)

If are there please mention them…………………………………….

15. Do you think budgetary process goal specific toward the organization performance?

(a) Yes (b) No (c) I don’t know

If yes Explain……………………………………………………..................................

16. Are you aware of the characteristics feature of good organization performance?

If yes, please mention them

……………………………………………………………………………………………………………………………………………………………………………………

**PART 4: BUDGET PROCESS AND ORGANIZATION PERFOMANCE**

17. How does the organization performance influenced by budgeting process

(a) Positive

(b) Negative

(c) I do not know

18. Are you aware of the characteristics feature of good budgeting process?

..................................................................................................................................................................................................................................................................................

If yes please mention them……………………………………………………………

20. Are you aware of any difficulties in budgeting process in your organization performance?

..................................................................................................................................................................................................................................................................................

If yes please mention them ……………………………………………………………

*\*\*\*\*\*\* THANK YOU DEAR RESPONDENTS\*\*\*\*\*\*\*\**