KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

COLLEGE OF SOCIAL SCIENCES

SCHOOL OF BUSINESS

BUDGET AND BUDGETARY CONTROL PRACTICES OF SOME SELECTED CREDIT UNIONS WITHIN THE ASHANTI CHAPTER.

By

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(ACCOUNTING OPTION)

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DECLARATION

I hereby declare that this submission is my own towards the award of Master of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due acknowledgment has been made in the text.

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DEDICATION

This work is dedicated to my lovely wife, whose love and support has contributed invaluably towards my education.

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I wish to acknowledge with great thanks and gratitude, the varied support and help I received in the preparation of the dissertation. However, it is only possible to mention just a few.

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ABSTRACT

According to Elliott (1986), Credit Unions essentially reverse the normal corporate financial objective of maximizing profit since they are expected to pay so much on savings and charge so little on loans. Therefore for Credit Unions to achieve a high level of organizational performance there should be effective and efficient use of resources. Budget and budgetary controls has been emphasized as a viable tool for ensuring effective and efficient use of organizational resource. The problem that normally arises is whether the budget and budgetary control practices of the Credit Unions comply with the best practices of budgeting. This study is a multiple case study, exploratory and descriptive research. The instrument used in gathering the data for this study is an interview guide. After data collection, analysis and processing was done by the use of computer programmes such as Microsoft Word and Excel. The research reveals that, the 60% of the Credit Unions have strategic plans which makes them more proactive than reactive in dealing with issues, ensures effective allocation of resources and inspires the budget. Also, annual budget was common to all the Unions and the bottom-up approach to budgeting was mostly used. Incremental budgeting was mostly prepared by the selected Unions, and budget committees as well as budget manuals were almost non-existent. Comparing budget figures with actual, and conducting variance analysis were the two most carried out monitoring and control activities. The selected Credit Unions comply fairly with the best standards in budget and budgetary control. The major challenges faced by the Unions were poor forecasting, time consuming, inability to achieve targets, difficulty in determining the cause of variance and identifying who to reward and who to punish. The Credit Unions should do more in motivating their management to produce budgets that are credible and challenging, educating the staff on the purpose of budgets, engaging dedicated budget specialist as well as tying people to specific budget target.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

“If you fail to plan, you are planning to fail” is a popular quote attributed to Benjamin Franklin. Although there are considerable differences in the ways in which management plan; planning entirely in their heads, making note in jotters, and systematically and orderly documenting the plan in formal fashion, in every establishment management gives some thoughts to what the organization’s objectives should be and the best way of reaching those objectives.The basic fuction in managing is planning. In other to attain organizational objectives, the course of action need to be followed to the later.Who will do the particular task, when to do it and what to do is a decision needed to be taken in advance.

The process of checking if the plans are being followed or not, safe keeping of records and comparing it with the plans is controlling. Mockler (1972), defines it as “a systematic effort to set performance standards with planning objectives, to design information feedback systems, to compare actual performance with these predetermined standards, to determine whether there are any deviations and to measure their significance, and take any action required to ensure that all corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives”. The use of control techniques is needed in every business enterprise in order to survive in the highly competitive economic environment. There are various control devices in use in organizations, but budgets are the most important tool for profit planning and control among Credit Unions. They also operate as an instrument of coordination.

Budgeting remains the most usually used accounting tool for management according to Drury et al. (1993), and Puxty and Lyall (1989). It is therefore necessary to have a full understanding as to the way and the reason for its use in Co-operative Credit Unions and how controls are set to ensure the objectives of management are achieved. Budgets play an essential role in the transmition of management's expectation to lower level employees. Bremser (1988) states that budgets remain a tool senior management use to communicate to middle and lower level employees what is required from them. Lucey (1993) defines budget as a plan of action prepared before the time it relates and presented in monetary terms, and approved before the period. Budgets are plans which relate to specific period of time and which are mostly expressed in quantitative terms. Budget is thus a predetermined statement which incorporates the policy of the management in a given period and serves as a standard for comparing the actual results. A budget is therefore an instrument in management's hands and provides directions to all employees as to achievement of the objectives, goals and targets.

Budgeting has it place in the management functions of planning and controlling. Planning involves the development of future objectives, and budgeting quantifies these future objectives usually in monetary terms. Management wishes to make sure every sectors of the organization is functioning in a manner consistent with the objectives of the organization set at the planning stage through control. Budgeting aids in this control function by providing a benchmark against which actual performance may be compared and deviations corrected in order to achieve the set objectives.

Co-operative Credit Unions are member-owned associations that operate with the aim of seeking the good of its members and not necessary to make abnormal profit. The NLC

Decree 252 of 1968 under which they operate requires an interest on loans of not more than 12% per annum and the payment of dividend and interests on savings of more than 5% per annum. With the current lending rate of about 30%, this limits the Credit Union operations making them less competitive. Elliott (1986) describes it this way: “It is important to recognise that Credit Unions essentially reverse the normal corporate financial objective of maximising profit. Where else could one envisage a Board giving its management the following instructions: Pay as much as you can for your funds, charge as little as you can for your loans . . . and then achieve the following profit targets so as to maintain our capital adequacy?”

Effective and efficient use of its resources should therefore be in the heart of every Credit Union management. Budget and budgetary control, been emphasised as the viable tool for enhancing effective and efficient use of resources with the ultimate end result of achieving high level performance, should be practiced by all Credit Unions in Ghana. It is however not uncommon to find Credit Unions operating without a well structured budget and appropriate budgetary controls. Even those that have it face a lot challenges implementing them.

There is no doubt that budgeting is inevitable and it is the driving force behind every organization. Planning, directing, organizing and controlling of economic resources are activities that are made to suit the nature and objectives of the organization and must be well tailored towards the achievement of general predetermined objectives of the organization.

1.2 Problem Statement

Organizations come out with a lot of policies, programmes and activities covering the economic, social, political and other areas of the organizations. Undertaking these activities involve the use of finances. The activities organizations undertake are documented and accompanied by their related financial implications. The financial plan backing organization actions and programmes for a period (usually one year) is what is called budget.

In today's competitive world, without proper planning and control over the expenses no organization can survive. Profit can be maximized by increasing sales, which depends upon the external factor like market condition, demand, and competitors' actions among others. Another way to increase profit is to decrease cost (profit=sales-total cost). According to Elliott (1986), Credit Unions essentially reverse the normal corporate financial objective of maximizing profit since they are expected to pay so much on savings and charge so little on loans. This makes it vital for Credit Unions to ensure effective and efficient use of resource in order to survive. Budget and budgetary control has always been emphasized in many organizations globally as a viable tool for enhancing effective and efficient use of organizational resources with the ultimate end result of achieving high level of organizational performance. The problem that normally arises is whether the budget and budgetary practices of the Credit Unions comply with the best practices of budgeting. To make this problem more complicated, empirical works that investigate the budget and budgetary control practices among Co-operative Credit Unions are hard to come by. This study has been therefore initiated to empirically assess the practices of budgeting and budgetary control among Credit Unions and to ascertain if these practices meet best standards. Again, problems associated with budgeting and budgetary controls like poor forecasting leading to budget overruns, lack of human and financial resource to undertake budgeting, difficulty in defining budget objectives, as well as identifying who to reward and punish when budgets are achieved or not achieved respectively are matters this study seek to identify and offer solutions.

1.3 The Objectives of this Study

1.3.1 General Objective

To assess budget and budgetary control practices of some selected Co-operative Credit Unions in the Ashanti Chapter.

1.3.2 Specific Objectives

1. To examine the nature of budget and budgetary control practices of some selected Co-operative Credit Unions in the Ashanti Chapter.
2. To assess the compliance of the budget and budgetary control practices of these Credit Unions to best standards.
3. To identify the challenges that the selected Credit Unions face in their budget and budgetary control practices.

1.4 Research Questions

1. What is the nature of budget and budgetary control practices of the selected Co-operative Credit Unions?
2. To what extent does the budget and budgetary control practices of the selected Credit Unions comply with best standards?
3. What are the challenges the selected Credit Unions face in their budget and budgetary control practices?

1.5 Significance of the Study

This research is to provide a deeper understanding of the budgetary practices of some Credit Unions and an update on earlier research works in the area. This study covers a wide range of budgeting issues, like the budgetary processes, budgetary processes monitoring and review, as well as the human aspects of the budgeting process. The study is important in the sense that it provides management of Co-operative Credit Unions with valuable information to reach a better understanding on ways budget and budgetary control practices can enhance their performance.

The study will also be used by the apex body, which is, CUA to update its assessment criteria which as at now excludes the preparation of budget and enforcement of budgetary controls. This, the researcher believes, if it is done, will enhance the operations of Credit Unions. In addition, the study will also be of immense importance in the sense that it will add more statistical data to prior accounting research which will be used to improve the performances of Co-operative Credit Unions. Ultimately, this study is relevant to national development as it seeks to improve the operations of the microfinance sector of the economy which provide capital to the poor to combat poverty on an individual level.

1.6 Scope of the Study

This study was carried out in five (5) Credit Unions in the Ashanti Chapter. These Unions were purposely and conveniently selected to achieve the objective of carrying out a detailed study. Since the objective of the study was only to be achieved with the Credit Unions that have a budget document and budgetary control system in place, the researcher did not consider the Unions who do not have a well-documented budget. Again, the study focused on budget and budget control practices of the five (5) selected Credit Unions in the period before May, 2015.

1.7 Limitations of the Study

The major limitation of this study was the number of Credit Unions used. This made it virtually impossible to generalize the findings. The researcher however overcame this limitation by ensuring the Credit Unions selected are as much as possible representative of the population. In this way, all the three categories of Credit Unions; large, medium and small were duly represented. This gave the researcher the opportunity to compare and contrast the findings and to make an informed judgment. Also, the sensitive nature of budgeting especially when it comes to getting budgeted figures from organizations made it not possible to extend the study to that section. The research design was therefore reviewed and restructured to eliminate these sensitive areas without compromising on the objectives of the study. In addition, finding empirical literature on budgeting and budgetary controls of Non-Bank Financial Institutions and their associated problems were hard to come by. This led to the researcher relying on studies done in other sectors like hotels, logs and lumber, pharmaceutical, as well as public sector.

1.8 Organization of the Study

This study has been categorized into five (5) main chapters. The chapter one deals with the general introduction, problem statement, questions used for this research, the objectives, significance of the study and the study’s limitation limitations. Existing literature that fundamentally deals with discussions and review of literature related to concepts of the research was captured in chapter two. The nature of budget and budgetary control, ethical consideration of budget and budgetary control, the benefits and limitations of budget and budgetary control, requisite for a successful budgetary control system, budgetary planning, classification and types of budgets, styles of budgets, procedures for the preparation of budget, as well as empirical literature on budgetary practice and challenges of budgeting, among others, were captured in this chapter. The third chapter presented the study's methodology. It captures the scope of the study, population and sample, research design, data collection and the method of data analysis. Since the study is a multiple case study, the background or profile of the organizations are not needed in this chapter. The chapter four comprised presentation, analysis and discussion of the data collected from the field during the study. The fifth chapter presented the summary of the findings, conclusion as well as appropriate recommendation needed to address the challenges identified by the researcher.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

A variety of problems were mentioned in this chapter that is of importance to budget and budgetary control practices of some Co-operative Credit Unions. This section of the research is based on the other researcher's findings on the subject with key references to completely different authors who showed different views regarding budget and budgetary control practices among Co-operative Credit Unions. In reviewing the literature, the most focused will be to determine the purpose of departure and try to fill these gaps between the findings of earlier studies and what pertains currently.

2.1 Meaning of Budgeting and Budgetary Control

An institution's budget is an already known statement of the institution's monetary policy within the given period. It includes the programme of activities that the establishment or organization proposes to pursue throughout a given monetary period. The budget may be a management tool that facilitates the prudent allocation of the organization's restricted resource and ensures that the resources areas are used to attain planned organizational goals (Agalega, 2014).Budget is a financial and quantitative statement that represents a number of intents and policies. Although it identifies and quantifies targets and provides a framework for management and control, the budget is actually a forecast. As such budgets need constant reviews to fulfill the objectives of the organization. The programmes once drawn are translated in terms of the required resources needed to carry them out. An example is people needed to carry out the activities are translated in terms of salaries, wages and allowances that will be paid to them. Likewise, materials and equipments needed would be translated in monetary terms. In effect, the whole activity to be done is translated into financial terms. CIMA Official Terminology (2005), states that a budget is a quantitative expression of a plan for an outlined period of time. It should include among others planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows. Budget is a quantitative expression of a plan of action prepared for the business as a complete statement, for departments, for functions such as sales and production or for financial resources items for instance cash, capital expenditure, man power purchase, and others (Lucey, 2003). Anderson (2000) defines a budget as a procedural way of allocating economic, physical, as well as human resources to achieve the long-term goals of a firm. Companies develop budgets so as to keep track of the progress made towards their goals, help monitor cost, and forecast future cash flows and profits. Horngren et al. (1997) also define a budget as quantitative expression for period of time designed for future plan of action by management. The above definition show that a budget may capture both the financial and non-financial aspects of an organizations plan and it presents a road map for the organization to follow. This means that budgets are units of estimates of the operating results of an organization for a period of time in the future.

According to Brook and Palmer (1984) budget is a system of financial control of an organizations. Therefore budgeting is about making future plans, implementing those plans as well as monitoring the activities to see if they are as planned. Whereas forecast might not be a scientific activity due to the fact that it can just be a guess work, a budget is a scientific document because it is prepared in a systematic manner under approved principles and procedures.

CIMA in 2006 described the budget as “the method of expressing the predicted costs and resources for a planned course of action over a specified time period.” Budgets can be prepared for teams, products, departments, business units or the entire organization. Budgets are also known as financial plans and refer to resources that are not cash like time or workers.

Budgets assist all kinds of organization in planning and controlling their activities, it also assists managerial strategies. A budget provides the yardstick against which one can measure performance. This yardstick might be the minimum profit and loss performance required by management. An organization’s assessment system for individuals who are deemed responsible for a performance may be to compare the actual performance against the budgeted. This means therefore that budgets are management tool, expressed in quantitative terms and it is simplest way to prioritize as well as coordinate competing decisions throughout the organization. However budgets are often mistaken as finance tool due to the fact that they normally emanate from the finance department and involve numbers. Managers who are not savvy might undermine the contribution of budgets. Budgets are however not popular due to the effort and time spent on developing and negotiating them, as well as variances explanation.

A school of thought is of the view that budgeting increases data over, prohibit the action of management, and it is usually a drawback rather than an advantage to the organization. The result of this is the emergence of alternative approaches to the traditional budgeting. Collis and Hussey (2007) define budgetary control as the process by which financial control is exercised by budget holders for expenditure and revenue for every function of the organizations prior to the period to which they relate. Budgetary control therefore involves constant comparison of actual performance with the budgeted so as to ensure the achievement of the plan or to make an alternative for the revision of the plan. Budgetary control is defined by CIMA as “the establishment of budgets relating the responsibilities of executives to the requirements of a policy, and the regular comparison of actual with budgeted results, either to secure by individual action the objective of that policy, or to provide a basis for its revision”.

2.2 Distinction between Planning, Budgeting and Forecasting

It is not uncommon to identify business executives, managers and finance professionals use connected terms in place of the other, it is therefore vital to consider a few elementary variations between planning, budgeting, and forecasting. IBM study in July, 2009 offers these distinctions between the terms:

The strategic forecast of an organizations performance at a summary level is termed as planning. Normally, it is the territory of some small know-how top managers charged with making sure the organization react to the dynamic economic conditions and opportunities, as well as blending the strength of the organization with the opportunities available in the external surroundings.

Budgeting on the other hand is the distribution of planning to the various sectors of responsibility in an organization. Due to this, additional people are brought in to complete at a greater detail. The budgeting process is an overwhelming activity that takes much time, sometimes even weeks, and it is carried out once or sometimes twice in a year. Lately it is common to find the budget been outdated immediately after it approval.

Basically, forecasting is recasting of budget, perhaps in a summarized form, to suit the dynamic economic conditions, strategic plan adjustments, corrections of errors, as well as revised assumptions in the originally approved budgets. Frequently organizations reforecast month to month or on an impromptu or occasional manner in this unpredictable economy, with few account staff carrying out the procedure. Table 2.1 recapitulates the key aspects of forecasting, planning and budgeting.

Table 2.1Key Aspects of Forecasting, Planning and Budgeting

	Centralized or Decentralizes	**Detailed level**	**Number of times**	**Speed**
Forecasting	Combination	Light detailed	Ad hoc or Monthly	Quick
Planning	Centralized	Summary	Very often	Quick
Budgeting	Decentralized	Very Detailed	Yearly	Slow

Source: IBM White Paper July, 2009: Best-Practice Budgeting

2.3 Ethical problems in Budgeting

Budgeting makes real ethical issues for some individuals. A good part of information for the budgeting is given by the managers and lower level workers whose performance is then contrasted against that same budget document they have created. There is an argument by Maher and Deakin (1994) to the effect that organizations need to encourage individuals to report honestly, meaning the organization must compensate for good performance as well as for genuine estimates. The fact is a number of organizations put broad weight on representatives to accomplish progressively difficult targets.

2.4Benefits of Budget and Budgetary Control

According to Agalega (2014), budget may be prepared to achieve the following purpose:

i. **Planning**

Budget planning process requires detailed information of past performance, determination of the present position and forecasting of the future. The planning process must provide information about the structure and behaviour of expenditure, sources and trends in revenue and demands of various government activities and functions. There is therefore the need for constant monitoring of activities and programmes to ensure that actual performance conforms to plans and corrective actions are taken on deviations from plans. Izhar (1990), states that the first function of budgeting is planning.

Managers are forced by forward planning to formally consider optional future courses of action, properly assess them and select the most appropriate option. It urges them to expect challenges even before they emerge and gives them ample time to think about optional ways to overcome them when they do happen.

ii. **Coordination**

For a firm to fulfill vision, it's necessary to coordinate its numerous activities and make sure they are resulting in achievement of those goals. The budgeting system makes conceivable this coordination since organizational activities and the connections between them are altogether incorporated during budget preparation, and the overall coherence between the budgeted activities is inspected before the Master Budget is approved by top management. Without the framework of the budgeting system, individual heads of department may be enticed to settle on choices that may not be in the interest for the entire organisation.

iii. Communication

The budgeting system enables communication within organisation, both vertically (between senior and junior managers) and horizontally (between distinctive organizational functions). Vertical communication permits senior managers to ensure that the organizational vision and policies objectives are comprehended by each one of the individuals who matter to accomplish it. Communication likewise happens at all phases of the budgetary control process, particularly during budget preparation and examination of end-of-period control.

iv. Control

Actual performance of the organization compared with the budget may provide variances, which should indicate the appropriate management action to be taken to steer its operations in order to achieve its objectives. Budgetary review is an essential tool to ensure that the implementation process stay on course.

There exist three types of control. These are expenditure control, accountability for the purposes of efficiency and management, and evaluation for the purposes of monitoring, evaluating and planning the future service requirements control difficulties. Budgetary control ensures people are deterred from misappropriating the resources of an organization. The management function, control, rides on the premise that expenditure must agree with appropriation.

v. Motivation

Budget system can impact the conduct of managers and employees, and it may inspire them to enhance their performance if the objective spoke to by the budget is situated at a fitting level. An inappropriate target can possibly be de-motivating. In this manner there ought to be a level of cooperation in the budget-setting procedure, for a suitable degree of participation can have a positive motivational effect.

vi. Performance Evaluation

Performance of managers is regularly assessed by the degree to which budgetary targets for which individual managers are responsible have been accomplished. Rewards of managers, for example, bonuses or performance-related pay can likewise be associated with accomplishment of budgetary targets. Managers can likewise use the budget to assess their own performance and elucidate that they are so near to meeting the agreed performance targets. This way, budgeting acts as a measuring rod.

vii. Forecasting and setting targets

Budget represents management projections of the future and may act as the forecast of event in the real world. For instance cash budget attempt to predict the timing of cash inflow and outflow so that deficiencies can be covered and surpluses can be utilized. However, it must be noted that, the formulation of budget is based on past experience.

viii. **Decision making**

Budgetary reviews aids and stimulates decision making, choices, priorities, timing, resource volume and expenditure. It assists managers to obtain detailed and better understanding of how to formulate plans and achieve its objectives.

2.5 Limitations of Budget and Budgetary Control

Despite the numerous benefits of budgets to organizations, Cox and Fardon (2012) offer the following limitations of budget:

i. **The advantage of the budget must be more than the cost**

Budgeting is a fairly complex process and some businesses – especially smaller ones – may find that the undertaking is a lot of a weight in terms of time and other resources, with just limited advantages. In any case, numerous lenders – for example, banks – often require the production of budgets as part of the business plan. The general rule is that, the benefit of creating the budget must surpass its cost.

ii. **Budget information may not be precise**

It is fundamental that the information going into budgets ought to be as exact as could reasonably be expected. Anyone can produce a budget, yet the more mistaken it is the more futile it is to the business as a planning and control mechanism. Extraordinary care should be brought with estimate of sales which is often the beginning stage of the budgeting process, as well as costs. Budgetary control is used to compare the budget against what really occurred – the budget should be changed if it gets to be unachievable.

iii. The budget may de-motivate

Workers who have had no part in concurring and setting a budget which is forced upon them will feel that they do not own it. Thus, the staff may be de-motivated. Another limitation is that workers may see budgets as either a "carrot" or a 'stick'; as a form of encouragement to accomplish the objectives set or as a form of punishment if targets are missed.

iv. Budgets may lead to dysfunctional management

A limitation that can happen is that employees in one department of the business might over-achieve against their budget and make issues somewhere else. Case in point, a production department may accomplish additional yield that the sales department finds difficult to sell. To stay away from such dysfunctional management, budgets should be set at practical levels and connected and coordinated over all departments inside of the business.

v. Budgets may be set at too low a level

Where the budget is too easy to achieve it will be of no benefit to the business and may, in fact, lead to lower levels of output and higher costs than before the budget was established. Budgets should be set at realistic levels, which make the best use of the resources available.

2.6 Requisites for a Successful Budgetary Control System

According to Singla (2009), the following is required to make budgetary control system successful:

1. Budget Objectives Clarification:

Budgets can be used to accomplish the objectives of an organisation. For proper preparation of budget, the objectives must be spelt out. The absence of clear objectives will make the budget unachievable.

2. Proper Delegation of Authority and Responsibility:

At each level of management, budget preparation and control is done. Inclusion of individuals from the lower levels is important for the achievement of budget despite the fact that the budget is finalized at the top level. There is therefore the need to properly delegate authority and responsibility.

3. Proper Communication System:

In order to achieve a fruitful budgetary control, an effective communication is needed. Quick flow of information is required in order for these to be implemented. The upward communication will help in knowing the challenges in execution of the budgets. The execution level will help the top management in budgetary control.

4. Participation of all Employees:

The literature on management accounting supports participation in budgeting by employees as it gives them the feeling of belonging. They develop the idea that "it is our budget" and builds the likelihood that they will make more prominent endeavors to accomplish the budgetary objectives of the organization. Past research on the connection between participation in the budgetary process and performance, have acquired blended results. Cherrington and Cherrington (1973) and Stedry (1960) observed that a participative budgeting approach has a negative effect on performance. Despite what might be expected, Brownell (1982) and Merchant (1981) discovered a positive relationship between performance and budget participation. The later literature, notwithstanding, seems to promote a participative approach as it can be more effective and individuals may be more disposed to endeavor to accomplish budgetary objectives if consulted in the budget-setting activity (Hilton et al., 2000). The authors in any case, push that certain precautionary measures, for example, giving incentive for accurate budget projections are key if participative budgeting is to be effective.

Since budgeting is done for every segment of the organization, it requires the active participation and involvement of everyone. Practically, budgets are to be executed at lower level management. Therefore, those for whom the budget s made ought to be effectively connected with its execution. Employee on the basis of their past experience may offer more helpful proposal and hence they should not be ignored. The fruitful implementation of the budget will depend upon the participation of employees.

5. Flexibility:

Flexibility in the budget is needed to make them suitable under the evolving circumstances. Budget is made for future which is constantly uncertain. Despite the fact that budgets are prepared by consideration of future probability yet at the same time some events later on may require certain adjustments. Flexibility in the budget will make the budget more suitable and sensible.

6. Motivation:

Budgets are to be implemented by people. Hence a fruitful implementation of the budget will depend on the interest indicated by the employees. All persons ought to be motivated to enhance their working so that the budget is fruitful. A fitting arrangement of motivation ought to be presented for making this system a success.

7. Budget Education:

The employees ought to be well educated about the advantages of budgeting system. They ought to be educated about their role in the success of this system. Budgetary control should not be taken just as control device for employees' activities however it ought to be utilized as a tool for enhancing efficiency. Claret (1988) has Budget education as one of his 3 conditions for successful budget. According to Claret, for the budget system to be correctly used as a positive managerial technique, it is essential that all people are aware of its implication.

In addition, Claret believes that for budget to be successful it should fit the organization and management must be committed to it.

Chand (2015) however reports of 13 essentials of effective budgetary control. These are: sound forecasting, budget orientation, proper recording system, participation, support from top management, flexibility, enforcement of timeliness, efficient organization, proper coordination, sound administration, constant review, reward and punishment, and understanding that results take time to show.

2.7 Budgetary Planning

According to Cox and Fardon (2012), many organizations have a very formal perspective of planning the budget. They therefore make use of

a. a budget manual; which gives guideline in the matter of who is included with the budgetary planning and control process, and how the procedure is to be led.

b. a budget committee, which organizes the process of budgetary planning and control; as an advisory group, the budget committee unites agents from all the functional areas of the business and it is headed by a budget coordinator whose main occupation is to direct and also manage the operations of the committee.

In organizations that are small in size, the process of planning the budget may be somewhat more informal. The proprietor or supervisor might be the one managing and budgeting for all the various functional units.

As per Patro (2015), no matter the size of the organization, it is critical that the planning process starts well long before the beginning of the ensuing budget period. This will then give appropriate time for budgets to be properly drafted, assessed, redrafted, and corrected again before they are submitted to the authorities for final approval. For instance a budget that will start in July 1st may initiate in January so there will be enough time for preparation, reviews and approval.

2.8 Classification and Types of Budgets

Budgets are classified on the basis of their nature. Kulkarni (2006), pointed to following classifications of budget and this is supported by Ganvir (2014).

2.8.1 Time based Classification

With this classification, budgets are grouped into long-term, short-term and current. Long-term budgets are prepared for a period varying from five to ten years and it is useful in industries where gestation period is long like machinery, electricity, and engineering. Short-term budgets are generally for a year or two. Current budget is normally prepared for months and weeks and they relate to current activities of the business.

2.8.2 Functions based Classification

Here, budgets are grouped into operating, financial and the master budgets. Operating budgets is when the budget prepared relates to different activities or operations of the firm. The size and nature of the business inform the number of such budgets prepared. They include Sales, production, purchases, materials, labour, plant utilization, manufacturing expense or work overhead, and administrative and selling expenses budgets. Operating budget for an organization may be developed in terms of programmes or responsibility areas. Financial budgets mainly look at cash receipts and disbursements, working capital expenditure, financial position and result of the business operations. They include the cash budget, working capital budget, capital expenditure budget, income statement budget, budgeted balance sheet or position statement budget. The Master budget integrates all the functional budgets. It is prepared by the budget officer and remains with top level management.

2.8.3 Flexibility based Classification

With this classification, budgets may be fixed or flexible. The fixed budgets are prepared for a given level of activity. If there is a hang in expenditure arising out of anticipated change, it will not be adjusted in the budget. I.C.M.A. London defines fixed budgets as a budget which is designed to remain unchanged irrespective of the level of activity actually attained. They are most suitable under static conditions and if sales, expenses and cost can be forecasted with greater accuracy, then, this budget can be very beneficial. Flexible budget is made up of series of budgets for different level of activity. Therefore, it varies with the attained activity at every point in time. A flexible budget is prepared when unforeseen changes in conditions of the business are taken into consideration. The budget is useful when the activity levels changes from time to time, and when the forecasting of demand is uncertain and the business operates under condition of material, labour, and others are in short supplies.

2.9 Traditional Budgeting Vs. Zero-Based Budgeting

It is important to distinguish between the two most popular types of budgeting; the traditional (incremental) budgeting and the zero-based budgeting. The benefits of one are seen as the challenges of the other and vice versa since they present opposing views.

2.9.1 Traditional Budgeting

This budget uses the incremental approach hence it is also known as incremental budgeting. It builds on the previous year's budget by adjusting upwards or downwards to reflect changing assumptions for the ensuing year. The upload or download adjustment will need to be justified. For instance, an upward adjustment may be due to increase in the cost of inputs such as materials and labour. According to Cheong (2012), the incremental approach may not take into account a careful assessment of the level of services being offered. Since the current budget is influenced by the previous budget, where there is situation where a budgeted amount was not used in the previous year, the current year budget is reduced. This results in the disadvantage of leading to a wasteful spending by employees because they do not want to lose their budget. Cheong (2012) argues that this is common among government unit managers as they endeavor to exhaust the entire budget for the year so there is no surplus at the yearend in order to least maintain the current budgetary levels.

2.9.2 Zero-Based Budgeting

Zero-based budgeting, also known as priority-based budgeting, is believed to have started in the late 1960s as an attempt to overcome the challenges of incremental budgets. Zero-Based budgeting ensures that all activities are justified and prioritized before decisions are taken as to the amount of resources allocated to each activity. Whiles traditional budgeting focuses on functional departments based on line-items, zero-based budgeting focuses on programmes or activities. It is generally believed that zero-based budgeting offers a better approach to dealing with the drawbacks of the traditional budgeting. According to Drury (2004) and Cheong (2012) the advantages of zero-based budgeting over traditional budgeting are claimed to be as follows:

1. Whiles traditional budgeting often extrapolates the past by adding a percentage increase to the current year, zero-based budgeting represents a move towards the allocation of an organization's resources on the basis of need or benefit. This

means that funding level is not taken for granted under zero-based budgeting like it is the case under traditional budgeting.

2. Traditional budgeting accepts the previous year's budget as the base and assumes it representing value for money but zero-base budgeting creates a questioning attitude. Every item needs to be justified for its inclusion.
3. Zero-Based Budgeting seeks value for money.

Despite the above advantages of zero-based budgeting over traditional budgeting, Drury (2004) and Cheong (2012) states that zero-based budgeting has the following disadvantages that make traditional or incremental budgeting preferable.

1. It is difficult to implement and management may find it time consuming. Going through operations in enough detail to justify costs of each budget cycle without depending on past results may take a considerable amount of managerial time. Hilton (2005) suggest creating a rolling budget every year and develop a zero-based budget every 3 to 5 years or when there occurs a major change in the operation is the sure way of overcoming the problem.
2. It is relatively too costly to operate a zero-based budget. Aside the immeasurable cost of managerial time that goes into zero-based budgeting, the approach require the engagement to experts and people who are really knowledgeable in the operations of an organization. The short-term cost reduction advantage of traditional budgeting may be given precedence over long-term cost reduction of zero-based budgeting.
3. There is likely to be frequent conflicts over budget allocation since a fresh budget is started every year.

4. There are also too many decision packages to evaluate and information to enable them to be ranked may be insufficient.

Drury (2004) points out that earlier research done in this area suggests that many organizations do not apply the full-scale approach outline in the literature but rather approximate the principles of zero-based budgeting. He states that it does not have to be implemented throughout the organization but can be applied selectively to those areas that management is so concern about cost reduction.

2.10 Styles of Budgeting

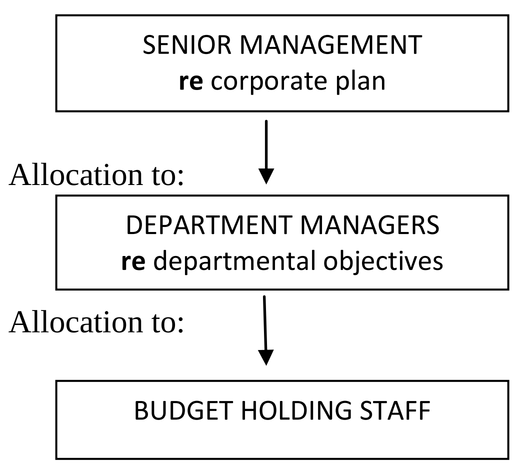
Budgets may be classified in terms of managerial or control issues as follows:

1. Imposed / Top-down budgeting.

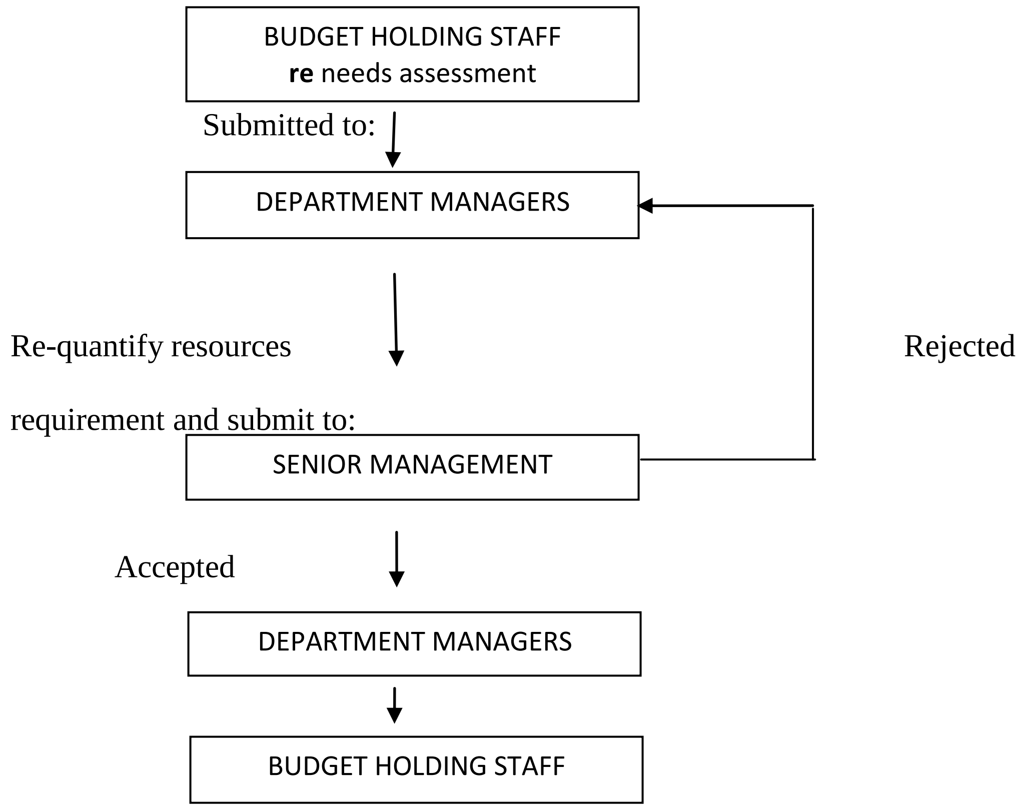
2. Participative / Bottom-up budgeting.

3. Negotiated / Parallel budgeting.

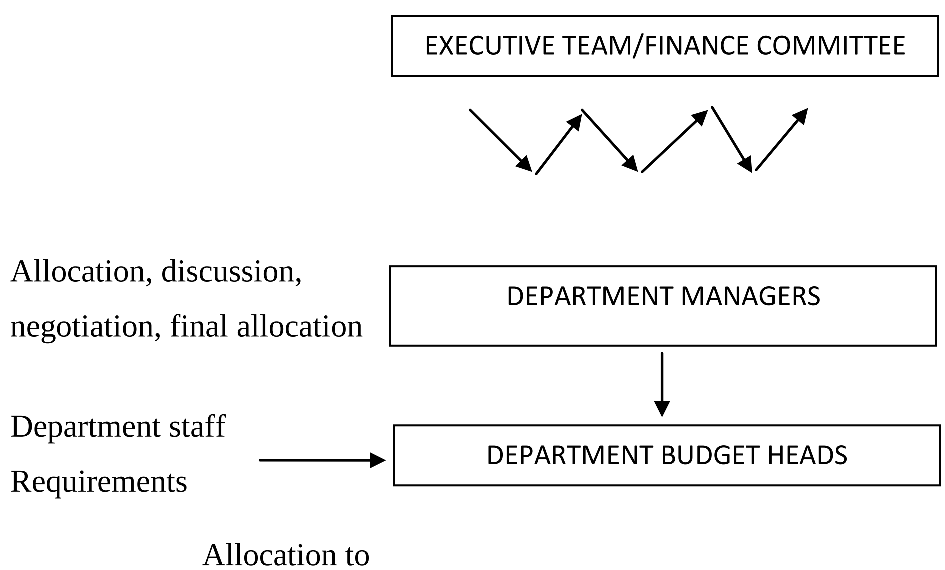
Imposed Budgeting



Participative Budgeting



Parallel Budgeting



Source: CIMA Guide to Develop Budgeting (1997).

2.11 Procedure in Budget Preparation

According to Clive et al. (1990), the procedure for the preparation of budgets may vary from organization to organization depending on the size, type of product and market, the degree of uncertainty which the firm faces, technology, management choice, and many others. In spite of these differences, there are importance procedures to follow during budget preparation.

When control through budgets is desired the budgetary organization is to be busy with the following preliminaries:

A. Establishment of Budget Centers:

Budget centre is the section of an organization that is responsible for the preparation of budgets. Budget centers should be clearly defined and established for each of which a budget will be set with the help of the departments concerned like labour budget, production cost budget among others, by the accountant in conjunction with production manager and other executives

B. Preparation of the Organizational Chart:

An organization chart when properly drafted will show the functional responsibilities of each member of management and the person will know his/her position in the organization and his relations to other members. The organization chart may have to be adjusted to ensure that each center is to be controlled by an appropriate member of the staff.

C. Preparation of Adequate Accounting Record:

It is essential that the accounting system should be able to record and analysis any transactions involved. An account code should be maintained which should be linked with the budget centers for the establishment of budget and control through the budgets.

D. Formation Of Budget Committee:

In small sized organizations a budget officer may establish budget and coordinate all work involved, but in larger organization the budget committee consisting of chief executive, budget officer and heads of departments of budget centers, is established. The main functions of budget committee are as follows:

1. To accept and scrutinize all budgets.
2. To decide overall policies to be followed.
3. To approve finally revised budgets
4. To recommend actions that should be taken under different situations.

E. Preparation of Budget Manual:

It is the document setting out the responsibilities of the person engaged in, the routine of, and the forms and the records required for, budgetary control. A budget manual helps in standardizing methods and procedures and the risk of overlapping of function is eliminated.

F. Fixation Of Budget Period:

A budget period is the period of time for which the budget is to be prepared and employed. Except in case of capital expenditure budget, the budget period is generally the accounting year subdivided into 4 quarters or 12 months.

G. Determination of Governing Factors:

It is the factor to the extent whose influence must first be assessed in order to ensure that functional budgets are reasonably capable of fulfillment. The key factor serves as the starting point for preparing the budget. Generally, sales become the key factor, but other factors of production, such as labour, material, capital among others may also be factors.

Cherrington et al. (1988), Clive et al. (1990) and Izar (1990) offer this process for preparing a budget. They present seven stage process for budgeting as follows:

1. Identify the major objective for the ensuing budget period and provide the key external changes that may affect the organization and communicate them to the people tasked with the budget development so they become aware of the overriding factors to keep in mind during the budget preparation.
2. Find the factors that limit the growth of the organization. In budgeting context, this is known as the principal budget factor. Sometimes this factor is the sales demand. Getting the budget of the key factor wrong will seriously affect the subsidiary budgets.
3. The preparation of budgets for the principal budget factor. This is often the most difficult budget to prepare especially where there are many external influences which the firm has no control.
4. The first preparation of the subsidiary budget such as production, direct labour, production overheads, selling and distribution, capital expenditure, and cash budgets among others.
5. This stage involves the co-ordination and review of the subsidiary budgets by the budget committee or the budget officer to ensure there are no conflict and inconsistencies between them.
6. This stage is where the subsidiary budgets are consolidated into a single master budget. The master budget takes the form of a budgeted income statement and balance sheet.

7. The last stage is where the board of directors for approval. Izhar (1990) add that although the budget process is finalized upon the directors approval, in one sense the process of budgeting never comes to an ends.

2.12 Budgetary and Budgetary Control Best Practices

After his study of leading organizations that are superior performers in the process of developing budgets, and tapping from the knowledge of specialists, experts and industry leaders, Andersen (2000) came out with the following best practices:

2.12.1 Link Budget Development to Corporate Strategy

Budget development is most efficient when it is connected to general corporate strategy. This connection provides managers and employees with a clearer comprehension of strategic goals and prompts more noteworthy support for the goals. It also ensures better coordination of tactics which result in a more grounded performance of the entire organization.

Be that as it may, how is such a connection made? Communication plays an essential role in organizations that apply best practice and senior management must lead the pack in creating and imparting key objectives. Setting up effective channels for communication makes it simpler to set testing yet achievable strategic objectives. Setting objectives before budgeting starts makes it less demanding, speedier, and less expensive for budget developers at all levels.

2.12.2 Design Procedures that Allocate Resources Strategically

Competition for resource is inevitable in any organization. Funds are needed for both capital and operating expenses of business functions and units. It is vital for organizations to come out with ways that resources can be allocated to help key strategies.

Resources distribution is part science and part art. Luckily, better results are achieved when we take after certain best practices. These practices include coordinating the review of capital and operating budgets. This helps managers in understanding how one budget is influenced by a change in the other.

2.12.3 Reward on other Performance Measures but not Meeting of Budget Targets

It is not uncommon to find organizations assessing manager's performance mainly on how close they achieve their budget targets. This is often seen as reasonable, but may lead to managers engaging in budgetary gamesmanship which is mostly not in the utmost interest of the organization. It is therefore good to place meeting budget targets secondary to other performance measures.

2.12.4 Link Cost Management Efforts to Budgeting

Organizations enhance the nature of information accessible for managers to use in building up the budgets when cost management efforts are connected to budgeting. Getting access to accurate cost information is crucial to budgeting. It leads to the enhancement of the speed and accuracy of the budget process.

When cost management system is standardized in the entire organization, it is a critical stride in enhancing the connection between cost management and budgeting. Activity Based Budgeting (ABC) has been found to be crucial in differentiating the actual cost of producing, selling and delivering products or servicing. As packaged software become accessible, smaller and medium organizations are finding out how they can benefit from Activity Based Budgeting.

The strategic use of variance analysis is another best practice employed when connecting cost management to budgeting. When variance analysis are used to identify areas where there are shortcomings, managers can identify areas where their organization needs to enhance its performance. However, managers must concentrate on those changes that have a noteworthy effect. Otherwise, decision making and budgeting may end up focusing so much on the not so important details.

2.12.5 Cut down Budget Cycle Time and Complexity

Most leading organizations endeavor to lessen budget complexity and make more efficient budgeting procedures. This permits the gathering of budget information by management, ensure the making of allocated decisions, and communication of final targets in short time, at lower cost, and with less interruption to the organization's core activities.

Organizations make imperative strides toward streamlining budgeting by controlling the number of budgets that are required and by making standard the methods of budgeting.

2.12.6 Prepare Flexible Budgets

Organizations can react to competitive threats or opportunities more rapidly and with more accuracy by developing flexible budgets. Resources can be used effectively to exploit the most promising opportunities. Realizing budgets have some flexibility relieves developers of budget from the need to "cushion" budgets to cover a wide mixed bag of possible developments. This prompts simpler yet more reasonable budgets.

Organizations ordinarily review budgets on a quarterly basis, month to month, or even week by week. Managers of organizations are alerted that new tactics may be called for if they are to meet their targets for the year when review reports on changes in business are incorporated. While it is imperative that budgets not be changed to conceal inefficient performance or lack of proper planning, organizations decide to modify budgets as opposed to hold fast to budgets that are not in line with current conditions. Leading organizations depend on "rolling" or "continuous" forecasts instead of on conventional yearly budgets. The main distinction between such estimates and conventional budgets is that the forecast is adjusted with the real results as the organization progress through the year.

2.13 Empirical Literature on Budgetary Practice and Challenges of Budgeting

Finding empirical literature on budgeting and budgetary controls of Non-Bank Financial Institutions and their associated problems were hard to come by. This led to the researcher relying on studies done in other sectors like hotels, logs and lumber, pharmaceutical, as well as public sector.

In his article, "Changes in hotel industry budgetary practice", Tracy (2008) identified that the main rationale organisations produce budgets are to assist in control, evaluate performance and planning. Schoute and Wiersma (2011), supports this finding but identified three main purposes of budget use as planning and communication, coordination and allocation, and evaluation and rewarding. Tracy (2008) discovered again that the top-down, bottom-up and the combination approaches to budgeting did not dominate in the UK. The outcomes demonstrated a higher rate of the top-down approach in the UK, contrasted with former surveys in different nations. Budgets were by and large seen as the foremost performance indicator in hotel organizations. There was little use of flexible budgeting, budget committees or budget manuals in the hotel industry. The "human aspect" of budgeting shows some fascinating inconsistencies, for example, the belief that participation is key in budgeting working, yet there was an absence of participation in practice, most significantly amongst hotel department managers.

Regarding challenges faced in Budgeting, Kyei (2009) identified lack of resources, operational difficulty, time consuming process, lower morale, delays and lags and intensive monitoring as major challenges faced by Kumasi Metropolitan Assembly in their budgetary process. Frimpong (2009) also pointed to the following challenges in his study of Logs and Lumber Limited: Lack of sufficient participation in the setting of budgets by managers, lack of sufficient follow-up by senior management in the form of supervision to ensure that targets are achieved, and lack of sufficient knowledge on the part of department managers with regard to budget targets set. The author concluded by saying Ghanaian managers ought to pay particular attention to their budget and budgetary control systems to increase productivity and efficiency and to ensure goal attainment. Kpedor (2012) also mentioned the problem of low participation in the budget process as one of the major challenges faced by Allterain Services Group (ATS). Badu (2011) reported there is occasionally lack of true reports from the employees of Ernest Chemist and this he believes makes the budgeting system lack its integrity. He also mentioned bad environmental issues such rapid increase in water bills, electricity bill, property tax and other taxes as also affecting the budgetary system. Corruption and mismanagement, lack of skilled manpower, lack of civil society participation, government interference, and lack of resources are problems of local government budgeting identified by Ugoh and Ukpere (2009).

2.14 Institutions which are into Microfinance in Ghana

In pursuance to the Banking Act 2004, (Act 673) as amended by Act 738, the Bank of Ghana has grouped the business of Microfinance into Tier 1, Tier 2, Tier 3 and Tier 4. The categorization of the activities of Microfinance and the institutions which come under them were given by the Bank of Ghana in Notice No. BG/GOV/SEC/2011/04as:

2.14.1 Tier 1 Activities

This shall comprise those undertaken by Rural and Community Banks, Finance Houses and Savings and Loans Companies – These institution are regulated under the Banking Act, 2004 (Act 673).

2.14.2 Tier 2 Activities

Those activities undertaken by

i. Susu companies and other financial service providers, including Financial Non-Governmental (FNGOs) that are deposit taking and profit making.

ii. Credit Unions. However, Credit Unions are not regulated under this Notice. A legislative instrument under the Non-Bank Financial Institutions (NBFI) Act, 2008 will soon be passed to regulate their activities.

2.14.3 Tier 3 Activities

i. Money lenders

ii. Non-deposit taking Financial Non-Governmental Organizations (FNGOs)

2.14.4 Tier 4 Activities

Those activities undertaken by

i. Susu collectors whether or not previously registered with the Ghana Cooperative Susu Collectors Association (GCSCA);

ii. Individual money lenders

2.15 Nature of Credit Union

2.15.1 Definition of Credit Union

Sammons (1977) defines Credit Union as community finance co-operative. At first sight it seems little different from the various organizations which supply credit already in existence. These are loan clubs, provident societies, money lenders, finance companies, banks and many others. A Credit Union, however, is different in the following ways:

1. it draws its members from a definable group and can truly claim to be a community
2. it exists solely to be of service to its members
3. it respects the character and dignity of its members
4. it encourages mutual trust and mutual support
5. it advises where the need arises on the better management of the individual's finances
6. it encourages saving within one's means
7. it performs financial rescue operations
8. it is run on an entirely voluntary basis: no one is paid
9. it helps to bring back the spirit of community that seems to be lacking today
10. it is more economical to borrow from a Credit Union.

Each Credit Union is based around its own bond of membership which may consist of either a geographical area of residence or employment, specific industry base, or homogeneous groupings such as church or ethnic affiliations. The individual Credit Union members elect their Board of Directors by democratic vote and, as might be expected, the Credit Union by virtue of its very structure and product orientation quickly takes on the profile of its particular membership base (Elliott, 1986).

The Credit Unions concept is such that people with a common interest come together in a society, mobilize funds regularly so that after six months, when a needy member applies for a credit facility he/she would be offered with a minimum interest rate payable within a period of time. At a close of a financial year, management declares profit and shared among members contributions. The concept is good and appreciated and need to be promoted in workplaces, parish and communities.

2.15.2 Legal Framework

The law regulating Credit Union operations in Ghana is the National Liberation Council (NLC) Decree of 1968 Section 252.Although there have been calls on governments over the years by the Ghana Co-operative Credit Union Association (CUA) - the apex body for Credit Unions in Ghana to amend this law to ensure the growth and future viability of Credit Unions, little has been done. The law, as it stands now, makes Credit Unions less competitive since it sets limits that are not in tune with modern day operations. This decree was tailored to meet the needs of farmers' co-operatives. Meanwhile there is a legislation awaiting approval since 2011. The proposed new law hopes to identify Credit Unions as co-operative financial institutions that are properly supervised through the BOG. Most importantly the new law will allow the Unions to price their services competitively, which compares favorably to the dictates of the existing decree.

2.15.3 History of Credit Union

Credit Unions have existed for a lengthy period. Perhaps the first was formed by the Franciscans in Italy within the 13th century. It was called Mons Pietatis and its aim was to combat usury. About the middle of the last century the Mayor of a small country town called Flamersfeld in Germany faced a desperate situation. There had been a drought and the people were nearing starvation. The small holdings of the farmers were under the control of the money lenders. He set up a Credit Union which he founded on three principles:

1. an individual trait was the most important security for a loan
2. Borrowing is restricted to only members of the Credit Union and the loan must be for a provident or productive purpose.

The people had to help each other and so help themselves. His name was Wilhelm Raiffaison. Now there are hundreds of Raiffaison Credit Unions operating in Germany based on his principles. From Germany the movement spread to Nova Scotia, Canada, and became known as the Antigonish Movement adopting the name of the little port of Antigonish to which Credit Unions brought industrial democracy.

At present, there are more than 86 nations that operate Credit Unions overall and 34 are in Africa. Ghana was the first nation to operate a Credit Union in the whole African continent. The first Credit Union in Africa was established at a town in the North-West, now the Upper West Region, called Jirapa in September, 1955. An Irish Canadian, Rev. Father John McNulty presented the idea.

When Bishop Dery was delegated as the Bishop of Wa in 1960 by Pope John XXIII, he supported the development of Credit Unions in all the parishes and Nandom, Kaleo, Ko, Daffiama, Wa, Lawra and Tumu were part. The Bishop's meeting with the President of Ghana then to discuss issues that the Credit Unions were facing and the backing the President gave also contributed to the development of the Credit Unions. Participations were viewed as such an honor and benefit, to the point that just about everyone needed to be part.

Due to the fact that the Bishop had been consultant to all the Credit Unions that were formed, in 1967 the Credit Unions in the North came together to form a chapter. Their counterpart in the south also saw the need to join them for training programmes. At a meeting in Lesotho in January 1968, under the sponsorship of CUMA International, the idea of forming a national association in Ghana was conceived.

The Ghana National Union and Thrift Association, the forerunner of the Ghana Cooperative Credit Unions Association (CUA) Limited was form in April 1968 at Tamale. Among their duties were to educate, promote, support and organize the Credit Union Movement. According to Quainoo 1997, by 1968, when they were brought under enactment and the CUA was shaped as an apex body, there were 254 Credit Unions (64 of them rural) with some 60,000 members. The number of Credit Unions kept on growing to almost 500 by the mid-1970s, yet the financial performance was not really solid. High inflation in the latter part of 1970s eroded their capital, and by the mid-1990s, the number of Credit Unions had fallen considerably by half. Different reasons for the decrease included droughts in the 1980s, which seriously slowed down economic activities, and the Government's labour redeployment exercise, which prompted numerous workers being laid off (Ghana CUA, 2002). A significant number of the remaining CUA individuals were dormant, particularly in community-based ones. The weak financial performance of Credit Unions has been due in greater part to their organization as co-operative societies with a focus on welfare, and in particular to their strategy of low interest rates on loans (Steel and Andah, 2003)

As at the end of 2002 CUA had 253 affiliates with 123,204 members (about a quarter of them Study Groups in the process of becoming full Credit Unions). As at 2013 however, the number of affiliates had increased to 451 with 532,348 members. Total member savings stood atGH¢498,549,099 with member shares of GH¢39,293,857 (Ghana CUA, 2014).

The Ghana Co-operative Credit Union Association (CUA) Limited functions in the (10) regions of Ghana with each of the regions, but Greater Accra, having a "Chapter". There are two "Chapters" in the Greater Accra Region – Accra Chapter and Tema Chapter. Each Chapter of the eleven "Chapters" is headed by a Manager and directed by a Chapter Board whose members are elected from the various primary societies. General Meeting of delegates is held by the National Association once in two years. The Biennial General Meeting is the highest decision making body and it is the body that elect the National Board. When the National Board is elected, they successively appoint General Manager for the Association.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter looks at collection methods used and the other methodologies used for this study. A background based on which the findings of the study were evaluated a description of the population, research design, data collection techniques, processing and analysis, and challenges as well as the limitations of the study.

3.1 Research Design

This study is a multiple case study, exploratory and descriptive research. The case study research is better than aggregated or statistical research in this study since the former has the advantage of offering deeper understanding of specific instances of a phenomenon. It is best used when the focus of the study is to answer "how" and "why" questions. Again, the researcher believes the choice of multiple case study as opposed to a single case enable the exploration of differences within and between cases with the goal of replicating the findings across cases to reveal complementary aspects of the budgeting and budgetary control practices. Yin (1994) posits that the case study is a research method that focuses on understanding the dynamics of single settings. In comparison with aggregated, statistical research, the primary advantage of case study research is its deeper understanding of specific instances of a phenomenon.

Exploratory case study is used to identify conditions which need an intervention for proper evaluation which has no clear and single set of outcomes .Descriptive case study on the other hand is used to explain a phenomenon or an intervention in the present context in which it occurred (Yin, 2003). This study combines both the exploratory and descriptive case study to enrich the findings and to ensure the achievement of the research objectives. Quantitative and qualitative methods for designing the research methods were used. Qualitative method was used to draw information from the financial records while quantitative method was used to collect information from people who are central to the budgetary process of the unions. This allowed the researcher to determine the attitudinal options of the respondents with reference to budgetary controls and to get full understanding of the budgetary process.

3.2 Source of Data

Data was collected from both the primary and secondary sources. The primary data was collected using questionnaires administered by the researcher while the secondary data were mainly from the Unions' financial report, CUA Data, Management Minutes, and budget manuals.

3.3 Study Population

The study population comprised of 93Credit Unions under the Ashanti Chapter as at 30th June, 2014 who are categorized into large, medium and small. There was one Union in the large category with total assets size of GH¢10,022,703, eight Unions in the medium with asset size ranging between GH¢8,815,250 and GH¢5,356,152, and eight-four Unions in the small category with assets size ranging between GH¢4,019,238 and GH¢60,683.

3.4 Sampling Flame

The Ghana Co-operative Credit Unions Association (CUA) Limited has a list and detailed address including e-mail addresses and phone numbers of all registered Unions in Ashanti Chapter. The Unions have been ranked using the asset size. Using the equivalent sample frame provides consistency, for comparability of data. Given that the complete list amounted to 93 organizations a representative sample was used as opposed to a census survey due to factors such as time, convenience and financial resource.

3.5 Sample Size and Sampling Techniques

The Unions were first clustered using the Ghana Co-operative Credit Unions Association (CUA) Limited categorization and a non-probability sample method was used to select Unions from each category. Five Unions were purposively selected due to the sensitive nature of the topic, willingness on the part of the management of the organizations to allow the researcher to use vital data/information from the organizations, and the very expensive nature of conducting a study on organizations that are scattered over a wide geographical area. A sample size of five Unions made up of the one in the large category, two from the medium category and two from the small category. This was done to ensure a balance and a more representing sample and two Unions were picked from the medium and small categories in order to see if a co-relation exists between a category and the budgetary practice. In the Unions, the researcher collected information from two people who are fully involved in the budgetary process. The information from these people was matched against each other to get the Unions true stands relating to the issue. Where conflict existed clarification was sought from the head of the organization and the inputs from them are taken as that of the Union.

3.6 Data Collection Instruments

The instrument used in gathering the data for this work is an interview guide. Due to the smaller number of respondents involved this study, it would not be appropriate to use structure questionnaires only but to add unstructured as well. This made the interview guide the most appropriate tool for the study since it serves as an expedient way of gathering data and as well offers the opportunity to dive deeper into response and to seek clarification. The structured part was made-up of both open – ended questions and close questions; respondents provided their own answers to open-ended questions while with closed questions, a list of appropriate answers was provided for the respondent to choose from. Regarding the unstructured part, follow-up questions were asked the respondents to seek clarification and to obtain emphasis. This was recorded on paper by the researcher and was analyzed together with the structured to reach the conclusions made herein.

3.7 Data Analysis Techniques

Analysis and processing was done by the using MS Excel and SPPS version 20 which helped in presenting data symmetrically and chronologically .The interpretation of data was done by comparing and contrasting primary and secondary data and marrying it with the opinion of other researchers. Qualitative data was analyzed basing on opinion of the respondents.

3.8 Ethical Consideration

In the opinion of the researcher, this study gave consideration to ethical standards used in conducting research of this nature. All participants or respondents passed information freely with any compulsion. At no point in this study has the researcher used the information given by respondents in a manner not disclosed to them or alter the information for personal gains. The secondary data used are all published by the selected Unions themselves or by third parties with their consent.

3.9 Validity and Reliability of Data

The researcher can say with all confidence that the data collected has a firm base and can be relied upon for decision making. This confidence stem from the research methods adopted in gathering data, analyzing them and conclusions made from the findings. The data used for this study came from the right source and are as much as possible free from bias and prejudice. The researcher believes this study is verifiable and the conclusions that would be reached if same is replicated will not differ.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.0 Introduction

This chapter presents the findings, analyze and interpret the findings to address the problems of the research. In the presentation of findings, tables, frequencies, percentages and figures were used to describe the findings. The researcher drew conclusions and made recommendations that can be useful in organizations based on the findings in this chapter. This study is an exploratory one, which involved five Co-operative Credit Unions in the Ashanti Chapter.

4.1 General Information about the Unions and Respondents

This section of the research presents information about the selected Credit Unions for this study as well as the people who provided the researcher with the needed information for this study.

4.1.1 Credit Unions Studied

Data was collected from five registered Co-operative Credit Unions namely, Ramseyer, Kumasi Polytechnic Staff, St. Peter's, Komfo Anokye Teaching Hospital and St. Martin de Porres. All these Unions are members of the Ashanti Chapter and are located within the Kumasi Metropolis. Per the latest categorization done by Ghana Co-operative Credit Unions Association (CUA) Limited, these Unions are evenly spread with two Unions each coming from the Small and Medium category and the only large Union being represented. The table below shows how each of the Unions is categorized on 2014 list.

Table 4.1Credit Union Studied

	Credit Unions	MEMBERSHIP	SHARES	SAVINGS	TOTAL ASSETS
	LARGE: TOTAL ASSETS ABOVE GHC10MILLION				
1.	St.Peter's (Bompata)	14,694	745,514	8,139,856	10,022,703
	MEDIUM: TOTAL ASSETS ABOVE GHC5MILLION AND BELOW GHC10MILLION				
2.	St. Martin de Porres	6,046	673,187	6,219,296	8,815,250
9.	Ramseyer Presby	15,902	424,997	3,836,342	5,356,152
	SMALL: TOTAL ASSETS BELOW GHC5MILLION				
10.	Komfo Anokye Teaching Hospital	2411	264,548	2,845,974	4,019,238
12.	Kumasi Polytechnic	874	155,607	2,541,918	3,569,591

Source: CUA Data, 2015

From Table 4.1, it could be observed that the five Unions selected for this study are among the 12 largest Credit Unions within the Ashanti Chapter. Also, the membership of the Unions ranges from a low of 874 to a high of 15,902. Again, the shares and savings deposits ranges from a low of GHC155,607 and GHC2,541.918 to a high of GHC745,514 and GHC8,139,856 respectively. In the opinion of the researcher, the budget and budgetary control practices of the five Unions under study can be said to represent the best of practice of the Unions within the Ashanti Chapter.

4.1.2 Period of Existence

The period of existence of the five Unions being studied ranges from 13years to 46years. Arguably, these Unions can be said to be experienced in this financial sector with over 10years of experience. The table below shows the year of formation of the Unions and period of existence.

Table 4.2 Period of Existence

CREDIT UNION	YEAR OF FORMATION	PERIOD OF EXISTENCE
St. Peter's	1969	46years
St. Martin de Porres	1997	18years
Ramseyer Presby	1993	22years
Komfo Anokye Teaching Hospital	2002	13years
Kumasi Polytechnic	1999	16years

Source: Author's Field Study, 2015

4.1.3 Functional Position of Respondents

The five respondents were CEOs, General Managers, Accountants, Internal Auditors and Loans Officers that took responsibility at the organizational level for finance and accounting. These people play a major role in the budget and budgetary control processes of their Union. They are either part of the budget formulation and approval or are central to the budget implementation. In the opinion of the researcher, they represent the right source of information on budget and budgetary control practices of their Unions.

4.1.4 Respondent's Length of Time with the Union

All but one of the five respondents has been with the Union for over seven years. The one respondent has been with the Union for just over a year. The researcher therefore verified most of the information provided by this respondent with the Manager; a longer serving person in the Union. It came out that the view expressed by this respondent are truly the practice of the Union. The researcher can therefore say that the views expressed by respondents are one based on knowledge since they have been with the Union for a long period of time. Table 4.3

Table 4.3 Respondent's Length of Time with the Union

CREDIT UNION	RESPONDENT'STIME WITH THE UNION
St. Peter's	7 YEARS
St. Martin de Porres	OVER 1 YEAR
Ramseyer Presby	10 YEARS
Komfo Anokye Teaching Hospital	10 YEARS
Kumasi Polytechnic	13 YEARS

Source: Author's Field Study, 2015

4.1.5 Qualification of Respondents

Respondents are holders of Masters or Bachelors Degree in Business Administration with Accounting or Finance options. Three respondents; representing 60%, are MBA Finance holders and two respondents; representing 40% are holders of BSc. Business Administration (Accounting option). This shows they are people with knowledge in budget and budgetary control processes and practices. The technical nature of budget and budgetary control practices makes it prudent to solicit for information from people with knowledge in the area. In the opinion of the researcher, the respondents have the right qualification to understand questions asked and offer appropriate answers needed for deliberation.

4.2 Nature of Budget and Budgetary Control

This section of data analysis and discussion of results presents budget and budgetary control practices of the selected Credit Unions.

4.2.1 Existence of a Strategic (Long-range) Plan

On the question of the existence of a strategic (long-range) plan, 3 representing 60% of the Credit Unions studied stated that they have while 2 representing 40% stated they do not have a strategic (long-range) plan at the moment but are in the process of getting it for their respective Unions. The researcher found out that the 3 Unions with the strategic plan (That is, St. Peter's, St. Martin de Porres and Komfo Anokye Teaching Hospital) has no distinct characteristic from those who do not have. They are made up of a Union each from each of the categories and the 2 Unions without a strategic plan (Ramseyer and Kumasi Polytechnic) are from medium and small categories respectively. Figure 4.1 below shows how the Unions responded of the question of existence of a strategic plan.

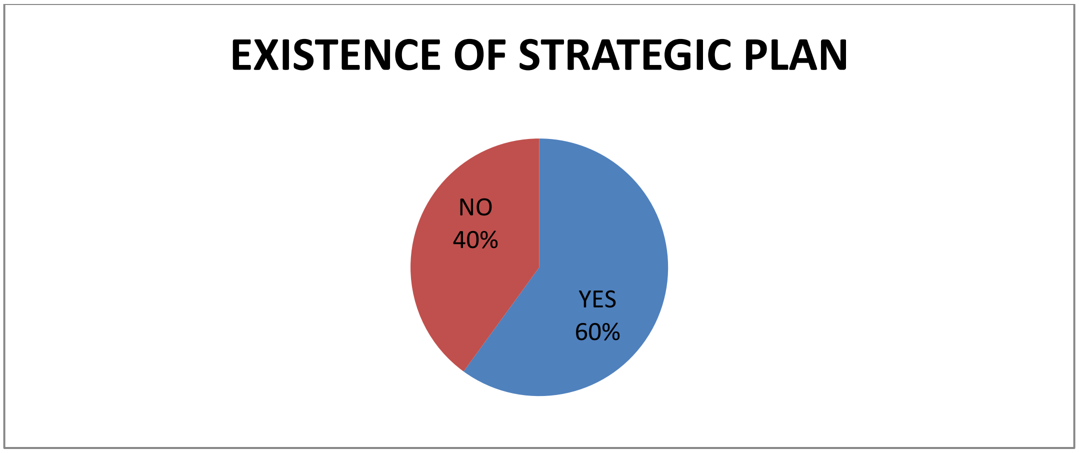


Figure 4.1**Existence of Strategic Plan in the Union**

4.2.2 Length of a Strategic Plan

Two out of the three Unions with a strategic plan, representing 67%, stated they have a 5year plan while the one, representing 33%, stated it has a 3year plan. The two (That is, St. Peter's and Komfo Anokye Teaching Hospital) come from the large and the small categories respectively while the one (That is, St. Martin de Porres) is in the medium category.

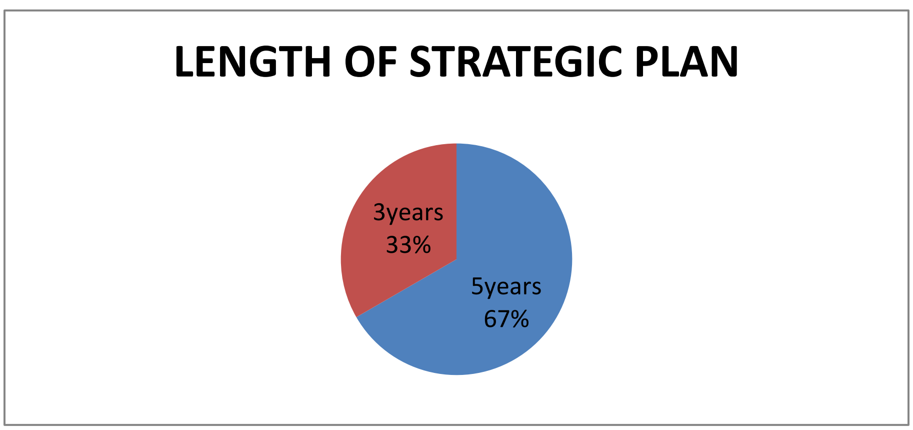


Figure 4.2 **Length of Strategic Plan**

4.2.3 Advantages of the Strategic Plan

The Unions with a strategic plan mentioned the advantages the long-range plan offers them. The advantages mentioned matches the advantages found by Hill and Gareth (2009), Warren (2002) and Johnson et al. (2005). Among the reasons given are:

4.2.4 Makes the Union more Proactive than Reactive

The strategic plan allows the Unions to be more proactive than reactive in shaping its own future; it allows the Unions to exert control over their own destiny. The plan forces management to think through the possible future actions and to prepare reactions that would best suit them.

4.2.5 Framework for Improved Coordination and Control of Activities

The strategic plan provides a framework for improved coordination and control of activities; it provides a strategic vision for the Unions and serves as a central point that all efforts should be directed, it help to properly measure progress of activities as it serves as a standard against which actual performance is measured, and it helps to check performance of workers.

4.2.6 Encourages a Favorable Attitude towards Change

Through the strategic plan, managers and employees become committed to supporting the Union. Understanding and committed managers and employees with clearly defined objectives become creative and innovative and their sense of effectiveness is empowered.

4.2.7 Inspires the Annual Budget

The strategic plan serves as the main reference point for the annual budget. It is the long-range plan that is broken-down into achievable annual plans (budgets). A well-coordinated strategic plan reduces gaps and overlaps in activities among individuals and groups, and this is good for budgeting.

4.2.8 Ensures Effective Allocation of Resources

The strategic plan ensures the limited resources of the Union are put to the best use and wastage is avoided. Resources are allocated to identified opportunities and strengths, and places where less benefit will be derived are avoided.

4.2.9 Frequency of Budget Preparation

100% of the Unions studied states that they prepare annual budgets. The researcher believes this is a general practice among Credit Unions in Ashanti Chapter and Ghana as a whole.

4.2.10 How Far in Advance Budgets are Started

There was a mix response when Unions were asked how far in advance their budgets are started. Two Unions (That is, Ramseyer and St. Peter's), representing 40%, stated they start their budget 2 months in advance. St. Martin de Porres Credit Union start the budget three months in advance whiles Kumasi Polytechnic Credit Union start the budget one month in advance. Komfo Anokye Teaching Hospital Credit Union stated their budgets are not started in advance but a month into the budget year. This means they go at least a month without a budget.

4.2.11 Reasons for Budgeting

All the Unions studied stated they produce budget to evaluate performance. 80% of the Unions stated their reason for budgeting is to aid their planning, communicate their plans, and to aid control. 60% of the respondents stated their reason for budgeting is to coordinate their operations while 20% stated their reason for budgeting is to motivate managers to give out their best of performance. St. Peter's Credit Union selected all the 6 normative reasons of budgeting provided by the researcher while Kumasi Polytechnic Credit Union selected planning and performance evaluation as their reasons for budgeting. St. Martin de Porres Credit Union selected all the normative reasons but motivation of managers as their reason for budgeting. Ramseyer Credit Union and Komfo Anokye Teaching Hospital Credit Union selected 4 reasons each with the former rejecting planning and motivation of managers as their reasons for budgeting while the later rejected motivation of managers and coordination of operations. Table 4.4 below show the Union's reason for budgeting:

Table 4.4 Reasons for Budgeting

	REASONS FOR BUDGETING					
Credit Unions	Planning	Control	Evaluate Performance	Motivate Managers	Communicate Plans	Coordinate Operations
St. Peter's	✓	✓	✓	✓	✓	✓
St. Martin	✓	✓	✓		✓	✓
Ramseyer		✓	✓		✓	✓
KATH	✓	✓	✓		✓	
K. Poly	✓		✓			
	80%	**80%**	**100%**	**20%**	**80%**	**60%**

Source: Author's Field Study, 2015

4.2.12 Style of Budgeting Used

The bottom-up approach is identified as more participative, hence encouraging increased ownership and commitment from managers at the lower level. Three(3) of the respondents, representing 60%, stated they use bottom-up approach to budgeting whiles a respondent each, representing 20%, selected the top-down and negotiated/combination. When further questions was asked, it could be deduced that the Union cited as using negotiated style of budgeting is really preparing budget using the bottom-up style, but top managers providing the overall guidance and the framework for all the budgets. This researcher finds the responds in line with the norm as most organizations are moving from the "autocratic" top-down style of budgeting to an all involving bottom-up approach. Table 4.5 below shows how the Unions responded to the question of the style of budget they use.

Table 4.5Styles of Budgeting

CREDIT UNIONS	STYLE OF BUDGET	PERCENTAGE
St. Martin	Negotiated	20%
Komfo Anokye Teaching Hospital	Top-down	20%
St. Peter's	Bottom-up	60%
Ramseyer	Bottom-up	
Kumasi Polytechnic	Bottom-up	

Source: Author's Field Study, 2015

4.2.13 Type of Budget Prepared

Four out of the five Unions selected stated they prepare an incremental budget. Kumasi Polytechnic Credit Union departed from what the researcher saw to be the norm by selecting zero-based budgeting. Again, they say looking at the time budgets are commenced and the processes they have to go through before it becomes operational; it is just impracticable to successfully carry out a zero-base budget.

4.2.14 Specific Budgets Prepared

Four of the selected Unions, representing 80%, prepare a master budget made up of Income Statement and Statement of Financial Position. Ramseyer Credit Union only prepares an income statement budget. All the Unions agreed preparing a number of subordinate budgets, like Loans Budget and Cash Budget, before arriving at the figures for the Income Statement and the Statement of Financial Position. Again, the researcher found that in the Credit Unions with well-structured departments, Departmental Budgets are prepared and submitted for inclusion into the Master Budget whiles in others budgets for the branches are consolidated into one budget.

4.2.15 The use of Flexible Budgeting

All the Unions selected but Kumasi Polytechnic Credit Union, stated they use flexible budgeting. With 80% of the selected Unions using flexible budgeting, it can be said that fixed budgeting is not that popular among Credit Unions in the Chapter. According to Tracy (2008), flexible budgeting was found as "normative", with most of the management accounting writers at least making a mention of it and five of them having dedicated chapter for them. This finding of this study supports the norm but contrast Tracy (2008) findings in the hotel industry. Figure 4.3 summarizes this information.

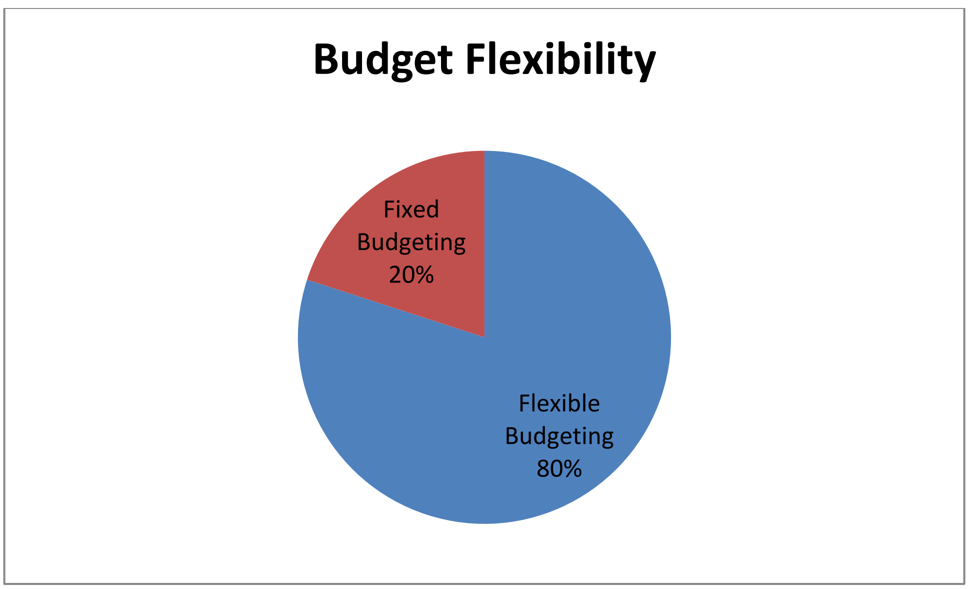


Figure 4.3 **Budget Flexibility**

4.2.16 Participation in the Preparation of the Budget

The purpose of this question was to gain an understanding as to who is involved in budgeting for different level of budgets and at differing management levels within the structure. The researcher wanted to separate those who are fully involved from those who are partially involved in order to ascertain whether the respondents are fully involved in the budget and budgetary control process. It was observed that involvement in the Union's budget does not follow a clear pattern and the structure of the Union plays a very important role.

Unions with two or more management levels within the structure tend to have more fully involved staff than Unions with a single management level. In the case of the latter, you have the Board of Directors and/or members from the Supervisory and Loans Committees taken over the budgetary process. This is shown clearly in Table 4.6 below.

Table 4.6People Fully Involved in the Budgetary Process

	St. Peter's	St. Martin	Ramseyer	KATH	K. Poly
BOD		✓	✓	✓	✓
Supervisory Committee		✓			
Loans Committee		✓			
CEO	✓	✓	✓		
General Manager	✓			✓	✓
Branch Managers	✓	✓	✓		
Accountant	✓	✓	✓		
Loans Manager	✓	✓	✓		
Operations Manager	✓	✓	✓		
HR Manager					

Source: Author's Field Study, 2015

4.2.17 Budgetary Process of the Union

The budgetary process of most of Unions studied is similar. They start by soliciting for inputs from department and branch heads as well as from the committees. These inputs are collated and adjusted where necessary. Discussions are held on the budget figures and draft budget is concluded on and forward to the Board for their inputs and approval. Implementation, monitoring and review of budget are then carried out by management.

Others leave most of the activities within budgetary process to the Board of Directors and Committees to handle with the manager as the implementing agent. This was noticed in the Unions with less management levels in their structure. This confirmed normative position that budgetary process is centralized where management levels are less.

The researcher found that in all the Unions studied, the Board of Directors approves the budget for implementation. Again in the all the Unions, it is the CEO or her equivalent that is charged with the implementation, monitoring and review of the budget.

4.2.18 Factor in Budgetary Process

4.2.18.1 Environmental Scanning

Table 4.7 Environmental Scanning Factor in Budgetary Process

Scale	No.	Percentage
Strongly Agree	1	20%
Agree	2	40%
Not Sure	1	20%
Disagree	1	20%
Strongly Disagree	0	0%
TOTAL	**5**	**100%**

Source: Author's Field Study, 2015

Table 4.7 shows that 60% of the selected Unions strongly agree or agree that environmental scanning should be part of their Union's budgetary process, 20% is not sure and 20% disagree. The 60% who agree argue that the Union finds itself in an environment that keeps on changing and influences its everyday operations; a review of the environment to determine changes opportunities and threats that are likely to affect the Union's budget is not out of place. The 40% that did not agree argue the period the Union has to come out with a budget is too short for any proper environmental scanning or review and that the long range plan should cater for that.

4.2.18.2 Internal Scanning

Table 4.8 Internal Scanning Factor in Budgetary Process

Scale	No.	Percentage
Strongly Agree	2	40%
Agree	1	20%
Not Sure	1	20%
Disagree	1	20%
Strongly Disagree	0	0%
TOTAL	**5**	**100%**

Source: Author's Field Study, 2015

It can be seen from table 4.8 that 60% of respondents strongly agree or agree that internal scanning or review should be part of the budgetary process of the Union while 40% of the respondents did not agree. The researcher noticed that the respondents who did not agree to the environmental review answered same in the internal review. The same reasons given in the case of environmental scanning, was given for their answer. The 60% who agree argue the capacity of the Union is not static and the strength and weakness keeps changing year after year. They agree therefore that the Union should assess its strength and weakness as part of the budgetary process.

4.2.18.3 Budget Formulation

Table 4.9 Budget Formulation Factor in Budgetary Process

Scale	**No.**	**Percentage**
Strongly Agree	3	60%
Agree	2	40%
Not Sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	**5**	**100%**

Source: Author's Field Study, 2015

All the respondents agree or strongly agree that budget formulation should be part of the budget process. They agree the budget formulation is made up of communicating details of budget policy and guidelines to those responsible for the preparation of budgets, determining the factor that restricts output and budgeting first for that, and then followed by an initial preparation of the various budgets. They state that budget preparation should be part of every Union's scale of preference. They concede some Unions do not have a well-documented budget.

4.2.18.4 Budget Approval

Table 4.10 Budget Approval Factor in Budgetary Process

Scale	No.	Percentage
Strongly Agree	4	80%
Agree	1	20%
Not Sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	**5**	**100%**

Source: Author's Field Study, 2015

All the selected Unions agreed that budgets approval should be part of the budget process. They agree the budget approval begins with negotiation of budgets with superiors which may necessitate coordination or review.

4.2.18.5Budget Implementation

Table 4.11 Budget Implementation Factor in Budgetary Process

Scale	No.	Percentage
Strongly Agree	3	60%
Agree	2	40%
Not Sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	**5**	**100%**

Source: Author's Field Study, 2015

It can be seen from Table 4.18.5 above that 100% of the respondents strongly agree or agree that budget implementation should be part of a budget process. They also argue that monitoring is important at this stage of the budget process. It is at this stage that the necessary budgetary controls should be activated to check deviations and address them. Some respondents were of the view that a budget if not well implemented is a cost and waste of time.

4.2.18.6Budget Review

Table 4.12 Budget Review Factor in Budgetary Process

Scale	No.	Percentage
Strongly Agree	4	80%
Agree	1	20%
Not Sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	**5**	**100%**

Source: Author's Field Study, 2015

100% of the respondents strongly agree or agree that budget review should be part of the budgetary process. The respondent agreed that budget review is a continuous activity and not a one-off event. They argued that budgets, once formulated, should not be taken as it is but should be compared with current realities and the necessary changes made. They also stressed the importance of having a budget that is flexible as opposed to a budget that is fixed.

4.2.19 Monitoring and Control Practices

Table 4.13Monitoring and Control practices and how often they are carried out

	5 All times	4 Most times	3 Some times	2 Few times	1 Never	Total
Re-forecasting within Budget Period		**20%**	**60%**		**20%**	**100%**
Varying budget figures			**60%**	**20%**	**20%**	**100%**
Comparing Budget with Actual	**80%**	**20%**				**100%**
Variance Analysis	**80%**	**20%**				**100%**
Reviewing budgetary planning and control procedures		**40%**	**40%**		**20%**	**100%**

Source: Author's Field Study, 2015

It can be observed from Table 4.13 above that almost all the Unions compare budgeted and actual figures and carryout variance analysis all the time. This result is statistically significant and the researcher finds it very encouraging.

Again, most of the Unions reported they carryout re-forecast within the budget period. Only 20% of the respondent said they never perform re-forecasting within the budget period. Those who perform said they do it because it is very difficult to forecast right the first time looking at the high volatility of the environment within which they operate. The period for the reforecast was not uniform. Those who said they never perform re-forecasting within budget periods however attributed their non-performance to accurate forecasting carried out by the management.

Also, most of the Unions reported they sometimes vary budget figures. When asked what necessitate the varying of budget figures, it was said it is mostly due to external situations that makes the budget unrealistic. The researcher wanted to find out if budgetary "gamesmanship", where mangers try to understate revenue and overstate costs could be the reason for the variation of budgeted figures but all the respondents reported that was not the reason and added that will wipe out the essence of budgeting.

In addition, it can be observed that 80% of the respondent either most of the time or sometimes review budgetary planning and control procedures, and only 20% reported otherwise. The 20% that said they never review budgetary planning and control procedures however conceded it is important to carry out such reviews.

4.2.20 Specific Benchmarks for Investigating Significant Variances

All the selected Unions answered yes to the question of whether the Union set benchmarks for significant variances for investigation. They were asked to identify the base of the benchmark, for example, monetary value, a percentage, a repeat of an adverse variance, or combination of these. The most commonly cited benchmark was to use a combination approach, followed by a repeat of an adverse variance, with no reporting the use of a monetary benchmark, or percentage only.

4.2.21 Significant Variances

When a significant variance is identified at a department of the Union it tends to be followed up by the manager together with the department head. In most cases the issues is discussed at the management level or even handle by the supervisory committee, however is was not the norm. Explaining the variance, identifying if it was likely to continue, and reporting on the action taken are the key aspects addressed here.

When variance are identified at the branch level, the Union manager and branch manager are most cited as people who deals with it. Again, in some case the issues are brought to management meeting for discussion and when the variance goes to the core of the Union, the Union's CEO or manager steps in to take charge of the issue and deal with it.

4.2.22 Role of Budget in Monitoring Performance

Four out of the five Unions selected, representing 80%, said budgets were their key performance indicator whiles one Union, representing 20%, reported budgets are one of a few main indicators used in the Union. None of the Union said that budgets are not used as a performance indicator. Figure 4.4 below shows how the Unions responded to the question of how the see their budget:

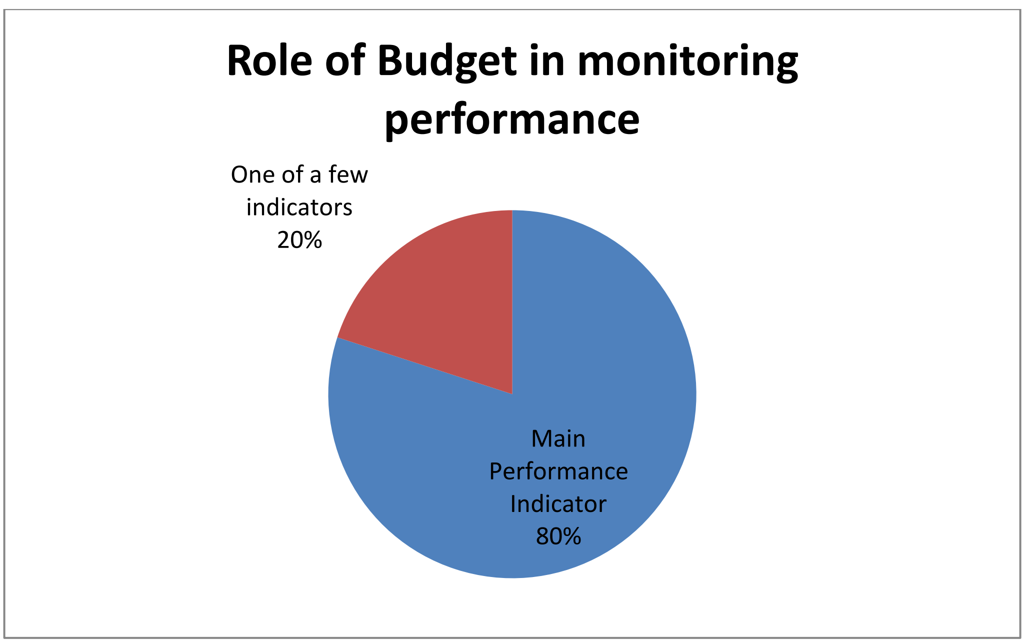


Figure 4.4 **Role Budgets in Monitoring Performance**

4.2.23 Performance Measurement

When the Unions were asked their main benchmark for measuring the Union's performance, 80% of the respondents reported they use previous year's results. A Credit Union reported it is the budgeted figures. This response the researcher finds conflicting with the earlier response given in **section 4.2.22**. Only a Credit Union was consistent in its response. The researcher however believes this inconsistency may be due to the way the questions were framed and the inability of the respondents to identify the similarity in the previous question and this. The result is depicted in figure 4.5 below.

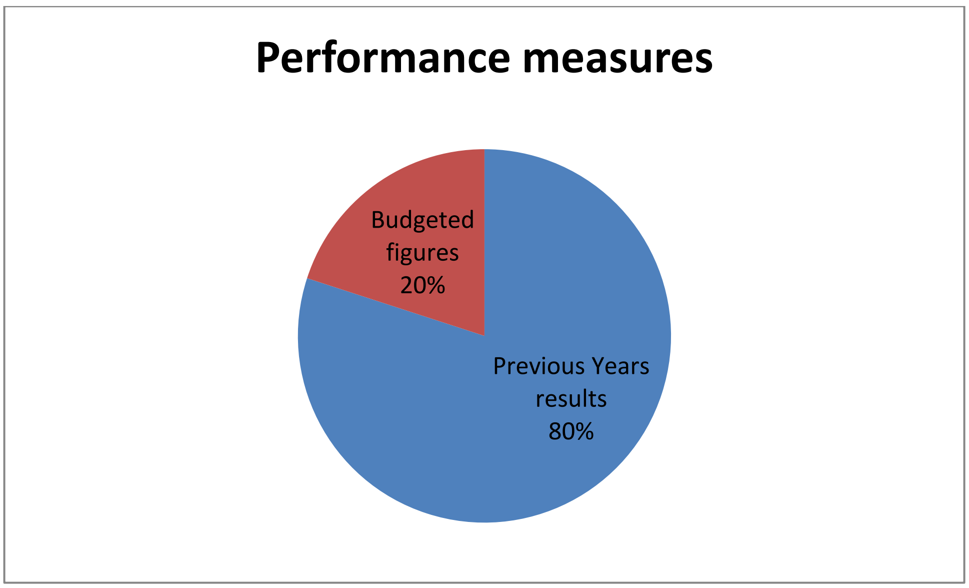


Figure 4.5 **Performance Measures**

4.2.24Budgetary Planning and Control Procedure

With almost all the selected Unions saying they review their planning and control procedures on budgeting, the researcher finds this impressive. However, all the Unions report doing this infrequently. On a scale of 1 to 5 with 1 represented no review and 5 representing total review, 4 of the Unions selected chose 2 with 1Union choosing 1. It was realized the Union that chose 1had reported they never review their budgetary planning and control procedures.

When asked the changes that are made during the review, the researcher received varied response some of which are: change of format, change of timing, and change of personnel. Those who are likely to take part in the review of the procedures are the board treasurer, with the CEO or general manager, branch heads, accountant and the operation managers.

4. 3 Compliance to Best Budget and Budgetary Control Best Practices

The selected Unions were asked to indicate on a 5point scale their compliance to the following best practices. With 5 being “Excellent”, 4 being “Very Good”, 3 being “Good”, 2 being “Satisfactory” and 1 being “Less Satisfactory”, the respondent reported the following.

Table 4.14 Compliance to Best Budgeting Practices

	Excellent	Very Good	Good	Satisfactory	Less Satisfactory
Clarity of Objectives		100%			
Proper Delegation	20%		60%	20%	
Proper Communication of budget targets		40%	40%	20%	
Participation		20%	20%	40%	20%
Changing budget figures to Suit level of activity		20%	40%	20%	20%
Motivation			100%		
Budget Education			20%	60%	20%
Existence of Budget Manual		20%			80%
Budget Committee		40%		20%	40%
Use of Budget as a control tool		40%	40%		20%
Comparison of Actual and Budgeted	20%	60%	20%		
Review of Budgetary Target		20%	40%	40%	
Variance Analysis	20%	20%	60%		
Low Budget Overrun			80%	20%	

Source: Author's Field Study, 2015

4.3.1 Clarity of Budgetary Objectives

Establishing objectives is an essential pre-requisite of the budgetary planning process. In all organizations employees must have a good understanding of what the organization is trying to achieve with its budget. It is the general belief that organizations with no clarity in their budgetary objective will not achieve what it set out to achieve through the budget.

From Table 4.14, all the Unions graded themselves "Very Good" when it comes to clarity of budgetary objective. Some of the Unions reported the objectives of every budget are communicated at meetings with staff and are reemphasized from time to time. This result the researcher finds impressive.

4.3.2 Proper Delegation of Authority and Responsibility

Tracy (2008) found in his study that in order for budgetary control to work effectively there should be clarity in the connection between manager's authority and responsibility. The researcher asked if the authority and responsibility of individual managers are properly delegated.

From Table 4.14, four (4) of the selected Unions graded themselves very high and 1 Unions elected "Satisfactory". This response mean that industry practice most of the times ensures that authority and responsibility is always clear.

4.3.3 Proper Communication of Budgetary Targets

It is believed for an organization to function effectively, there must be definite lines of communication so that all the parts will be kept fully informed of the plans and the policies, and the constraints, to which the organization is expected to conform. Everyone in the organization should therefore have a clear understanding of the part they are expected to play in achieving the annual budget. This process ensures that appropriate individuals are made accountable for implementing the budget.

Again, 4 of the selected Unions graded themselves very high and 1 Union selected "Satisfactory". It can be said that industry practice most of the times ensures that there is proper communication of budgetary targets.

4.3.4 Lower Level Employees' Participation in the Budgetary Process

The general belief is that participation is paramount to employees accepting their budgets and considering them attainable. Participation is mostly needed when budgets are used as a performance measure. Only 2 Unions graded themselves high. Out of the three remaining, 2 selected "Satisfactory" and 1 selected "Less Satisfactory". The researcher observes this is not a general practice among the Unions. This is despite the fact that most of the respondents claiming they use the bottom-up approach to budgeting.

4.3.5 Use of Flexible Budgeting

Respondents were asked to grade themselves based on how they change budget figures to suit their level of activity. 80% of the respondents graded themselves high in the use of flexible budgeting while 20% graded themselves "Less Satisfactory". The respondents made to explain why they use (do not use) flexible budgeting, but there was not a common pattern in their response. Collier and Gregory (1995) however argue that flexible budgets are mostly used in organizations with low fixed cost.

4.3.6 Budget Motivating Employees

It is believed difficult but achievable budgets motivate employees. All five Unions graded themselves "Good" when asked if their budgets serve as a motivation to the employees to achieve more than they would otherwise have. While this finding is important, both industry and normative studies done by Tracy (2008) showed motivation was not a strong reason why organizations budget.

4.3.7 Budget Education

Almost all the Unions graded themselves relatively low when they were asked if they carry out budget education. With 80% of the respondents grading themselves lower than

"Good", this is something managers of Credit Unions should be taken serious look at. The researcher observes this practice is almost nonexistent among Credit Unions. It is a bad practice according to Claret (1988) not to make people aware of the implications of budgets.

4.3.8 Existence of Budget Manual

One Union out of the five selected conceded to having a budget manual. 80% of the respondents graded themselves less satisfactory when they asked whether they have a budget manual. This is quiet significant and one can say these are not commonly used in the Credit Union fraternity. Tracy (2008) also report that this was infrequently cited in the previous surveys and was generally not mentioned within textbooks.

4.3.9 Existence of Budget Committees

Two Unions graded themselves high when asked if they have a budget committee. The rest of the Unions, representing 60%, conceded to not having a budget committee. The results prove statistically significant Kosturakis and Eyster (1997) likewise came to the same outcome.

4.3.10 Use of Budget as a Control Tool

A budget serves as a control tool when it provides standards for evaluating performance. In the opinion of the researcher, when budgets are prepared and not used as a basis for evaluating performance but keep in the cabinet just for the fun of it, it loses it purpose and it becomes a cost to the Union. All the Unions graded themselves high when asked if they use budget as a control tool.

4.3.11 Regular Comparison of Actual and Budgeted Figures

100% of the respondents graded themselves either “Excellent” or “Very Good”. This result is statistically significant and in the opinion of the researcher, it is a general practice among Credit Union to regularly compare actual and budgeted figures. When asked how regular, 80% of the Unions said they do it monthly whiles 20% said they do it quarterly.

4.3.12 Regular Review of Budgetary Targets

It is a general practice in budgeting to regularly review budgetary targets to see whether they are achievable or not. Regularly review is necessary to identify unrealistic targets as soon as possible and correct them before they demoralize implementers. All the Unions rated themselves relatively high when they were asked if they regularly review budgetary targets. However, the extent of regularity varies among Unions. Whiles some of the Unions reported they do it monthly, others said they do it quarterly and half yearly.

4.3.13 Regular Performance of Variance Analysis

It is one thing comparing actual and budgeted figures to identify the variance and another analyzing the variance to see why they occur. All the Unions rated themselves high when asked if they regularly perform variance analysis. Most of the Unions reported they discuss variances anytime they have management meetings and accounts are read by their accountants. In the Unions where there is few staff, this is carried out by the manager and/or accountant and ways of correcting the variances are made known to management.

4.3.14 Low Degree of Budget Overruns

The Unions selected agreed that deviations from budgets are expected but where on a consistent basis actual cost outweighs budgeted; there is the need for management to be worried. A high degree of budget overrun may mean the Union is not doing well with its forecasting or the Union is inefficient in the way the resources are being used. 80% of the Unions rated themselves “Good” whiles 20% rated themselves “Satisfactory”. The Unions reported the overruns occur only in some line-items within the budget and not the entire budget. In the opinion of the researcher, the volatility in the general economic environment within which the Unions operate is to blame for such overruns.

4.4 Challenges of Budgeting

The researcher, at this section of the study, presents the various challenges faced by the selected Credit Union at various stages of the budgetary process; formulation, implementation and post implementation.

4.4.1 Challenges during Budget Formulation

Table 4.15 Challenges Faced during Budget Formulation

CHALLENGES	YES	NO	TOTAL
Poor forecasting	20%	80%	100%
Lack of resources	20%	80%	100%
Operational difficulty	20%	80%	100%
Difficulty in defining objectives	0%	100%	100%
Lower morale	40%	60%	100%
Time consuming	80%	20%	100%
Lack of interest	20%	80%	100%

Source: Author’s Field Study, 2015

From Table 4.14 above, at least each of the five Unions reported of facing a challenge during budget formulation. Whiles none of the Union reported of facing a challenge of difficulty in defining budget objectives, 80% of the respondents reported they find the budget formulation to be time consuming. This is in supports of Kyei (2009) findings at

Kumasi Metropolitan Assembly. With regards to the budget formulation process being time consuming, the respondents report they have to attend meetings upon meetings and spending hours in order to come out with the document. They indicated that in some cases, management staff is made to stay beyond the working hours and/or sacrifice their weekends in order to get the budget ready at the right time for implementation. Most of the respondents said this is an inherent challenge and the way they manage it is to try to motivate people who are central to the budget formulation.

Again, 60% of the respondents find lower morale a challenge at this stage of the budgeting process and this is in supports of Kyei (2009) findings. Most of the respondents indicated the lower morale occur in both management and the employees at the lower level and it is normally a spillover from the non-achievement of the previous budgetary targets or the inadequacy of the rewards given for achieving the previous targets. Some argued managing this challenge is not easy at all due to its psychological nature.

From Table 4.15, it can be observed that challenges like poor forecasting, lack of resources, operational difficulty and lack of interest are faced by few of the Unions. Majority of the Unions selected, 80% of respondents in each case, reported they do not see those as challenges during budget formulation. With regard to poor forecasting, the result does not support Anderson (2000) assertion that the main difficulty that developers of budget face is predicting the future. According to Anderson (2000), predicting the future cannot be done with all accuracy. Developing effective budgets have become more important but difficult due to the fast pace of technological change and the complex nature of the worldwide competition.

4.4.2 Challenges during Budget Implementation

Table 4.16 Challenges Faced during Budget Implementation

CHALLENGES	YES	NO	TOTAL
Inability to adapt to change	40%	60%	100%
Constant Monitoring	40%	60%	100%
Operational difficulty	0%	100%	100%
Delays and lags	40%	60%	100%
Lower morale	40%	60%	100%
Sabotage	20%	80%	100%
Lack of concern	0%	100%	100%

Source: Author's Field Study, 2015

At least, each of the five selected Unions reported of facing a challenge during budget implementation but there was not a clear challenge that cuts across all the selected Unions. Contrary to Kyei (2009) findings, none of the selected Unions reported of facing challenges of operational difficulty and lack of concern at the budget implementation stage. 20% of the respondents reported sabotage as a challenge at this stage whiles 80% said it is non-existent. The 20% report the sabotage is not at the lower level but at the management level where decision of funding and execution of programmes and activities are made.

4.4.3 Challenges after Budget Implementation

Table 4.17 Challenges Faced after Budget Implementation

CHALLENGES	YES	NO	TOTAL
Inability to achieve targets	60%	40%	100%
Determining the cause of variance	60%	40%	100%
Cost exceeding benefit	0%	100%	100%
Identifying who to reward	60%	40%	100%
Identifying who to punish	60%	40%	100%
Low morale	20%	80%	100%
Lack of concern	20%	80%	100%

Source: Author's Field Study, 2015

After budget implementation, the Unions admitted they face challenges. At least, each of the five Unions reported of facing a challenge at this stage of budgeting. None of the respondents reported facing the challenge of the budget cost exceeding the benefit. This result showed budgeting at the Unions is an efficient process.

Low morale and lack of concern are challenges faced by 20% of the selected Unions. With majority of the Unions reporting non-existence of these challenges, the researcher sought further explanation from the 20% respondents who explained the low morale emanates from non-achievement of budgetary target and/or inadequacy or nonexistence of rewards for targets achieved. Regarding the lack of concern or apathy, the respondents reported it occurs when nothing is done in the form of punishment to people who fail to meet their targets despite given all the resources they need. Majority of the respondents however reported challenges in identifying who to reward for budgetary targets achieved and who to blame and punish for non-achievement. This they acknowledged occurs because people are not personally tied to specific targets and where they are it is sometime easy to associate achievement or non-achievement to other factors external to the individual.

From Table 4.16, 60% of the respondents reported of facing the challenges of inability to achieve targets and determining the cause of variance. With regards to the former, most of the respondents blamed it on factors such as poor forecasting, unforeseen occurrences leading to over spending or low revenue, and high competition. Again the 60% respondents reported that where several factors are seen as coming to play to cause a variance and the Union is unable to directly link the variance to one or more specific cause, they are challenged in addressing the variance. 40% of the respondents however did not report this as a challenge they face after budgets are implemented.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter five of this study summarizes what has been discussed in the earlier chapters and provides conclusions from the facts obtained from the respondents from the Credit Unions. Also, befitting recommendations were provided to address the challenges identified during the study.

5.1 Summary of Findings

The research reveals that, the 60% of the Credit Unions have strategic plans which makes them more proactive than reactive in dealing with issues, ensures effective allocation of resources and inspires the budget. Also, annual budget was common to all the Unions and the bottom-up approach to budgeting was mostly used. Incremental budgeting was mostly prepared by the selected Unions and budget committees and budget manuals were almost non-existent. Comparing budget figures with actual, and conducting variance analysis were the two most carried out monitoring and control activities. The Board of Directors was responsible for budget approvals.

In addition, the selected Credit Unions comply fairly with the best standards in budget and budgetary control. Clarity of budgetary objectives, proper delegation of authority and responsibility, proper communication of budgetary targets, flexible budgeting, budget motivation, use of budget control tools, regular comparison of actual and budgeted figures, review of budgetary targets, regular performance of variance analysis, and low degree of budget overruns received high grading. The Credit Unions, however, graded poor in the areas of budget education, budget manual and budget committee.

Furthermore, the major challenges faced by the Unions were poor forecasting, time consuming, inability to achieve targets, difficulty in determining the cause of variance and identifying who to reward and who to punish. The Unions did not face challenges with defining budget objectives and did not have operational difficulty regarding budgeting as well as lack of concern or apathy on the part of employees.

5.2 Conclusion

It can be concluded from the finding that there exist an appropriate system of budgeting and budgetary control in all the selected Credit Union. There exist proper budgetary controls at the Unions and the deviations from the best practices are not that much. Most of the Unions do not have a standing budget committee and budget manuals are non-existent. Budget education is also lacking in most of the Credit Unions and participation of lower-level employees in the budget process is poor. The Credit Unions however do well in clarifying objectives, communicating budgetary targets, setting challenging target that motivates employees to achieve more, regularly comparing budgeted figures with actual and undertaken variance analysis. Budget over-runs are also minimized enhancing the purpose of budgeting.

One challenge of the budgeting process faced by the Unions is the fact that budgeting is time consuming and requires a lot of effort. Budgeting will never be the "Most loved Things" of any manager because of the enormous investment in developing a well drafted yearly budget, spending intensely on software specially designed, staff additional time and brief help from people who will enter data. Maybe much all the more expensive (however less quantifiable) are the innumerable hours that top managers, finance office, divisional managers and financial analyst spend to get ready, make changes and put together the budget. Notwithstanding difficulties and issues connected with budgeting, for all intents and purposes no real business association can do without the budget. There is an excessive amount of worth in the end result to maintain a business without a budget. Budgets are basic key tool for assigning power to people in an organization. It also guarantees that managers unmistakably comprehend the quantifiable parameters used to judge their performance. Also, budgets make businesses act in a more proactive manner rather than just been reactive.

5.3 Recommendation

Based on the findings of this study, the researcher is of the view that motivating the management to produce a credible and challenging budget, embarking on budget education, engaging dedicated budget specialist to handle the budget, tying people specific budget targets, as well as enforcing budgetary control policies will help improve the budget and budgetary control practices of the selected Credit Unions. These are explained below:

Firstly, considering the time consuming nature of the budgeting people who are fully in engaged in the budget process should be adequately motivated to give out their best and avoid shoddy budgeting. It has been proposed by Maher and Deakin (1994) that organizations should motivate its employees for truthful reporting. This therefore supposes that organization should reward for both good reporting and honest reporting. Looking at the challenges associated with budgeting mentioned earlier in this study and ethical issues like the absence of integrity in the budget formulation process due to budgetary “gamesmanship”, board of directors of the selected Unions should make a conscious effort to motivate management to produce budgets that are credible and challenging.

Secondly, budget education should be integral to the budgetary process. Employees should be made to understand the objectives and the purpose of budgets as well as the implications of budgeting in order for them to give out their best when duty calls on them. Budget education will help boost the morale of the staff and avoid the negative tendencies like apathy, sabotage, among others that people take into budgeting.

Thirdly, most people who are fully engaged in the budgetary process do it alongside their main work. This reduces the time devoted to budgeting at every point in time and may often leads to budget delays. Budgeting is a special art, and it should be given the necessary attention it deserves. The Unions should therefore consider engaging full time budget officers who will see to the coordination of the budgetary process. Where poor forecasting becomes rampant and budget over runs become the order, consultants should be brought in to augment the budget team. Though bringing in specialists comes with a cost, savings in getting budgetary process right cannot be over emphasized.

Also, one thing that discourages most employees is when they do not get the need recognition and reward for targets they have worked hard to achieve. Equally more discouraging is when people who failed to achieve their targets are left off the hook. Tying employees or group of employees to budgetary targets and rewarding and punishing for achievement and non-achievement respectively is the surest way to avoid this challenge. This should be done tactfully by linking employees whose works are interrelated in order not to unduly credit or discredit some of them.

Furthermore, the best way to stay within targets is to prevent overruns from occurring. Waiting till the end of a budget period to detect overruns is surely not being proactive. Control policies must be in place to prevent branches, departments and units from spending beyond their budget.

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APPENDIX

INTERVIEW GUIDE

Dear respondent,

This interview guide is designed to find appropriate information that will help the researcher to carry out a study on "Budget and Budgetary control practices of some selected Credit Unions within the Ashanti Chapter."

Kindly respond to all questions by ticking the appropriate answer(s) among the alternatives provided or providing the appropriate information in the spaces provided.

The study is purely for academic purposes and the information obtained will be treated with the highest degree of confidentiality.

In order to achieve the aims and objectives of the study, the researcher kindly requests you to provide appropriate information for the questionnaire below:

SECTION A: GENERAL INFORMATION

1. Name of the Credit Union……………………………………………………………
2. Year of formation of the Credit Union………………………………………………
3. Functional Position of Respondent………………………………………………….
4. Length of time with the Union………………………………………………………
5. Academic Qualification of Respondent…………………………………………….

SECTION B: NATURE OF BUDGET AND BUDGETARY CONTROL PRACTICES

6. Does your Credit Union have a documented Strategic (long range) plan?

   Yes (   )   No (   )   Don't Know (   )

7. If yes, what is the length of time?

   a) 1 – 3 years   b) 1 – 5 years   c) Over 5 years

8. What advantages does this long range plan offer?

9. How frequently do you prepare budget?

10. How far in advance are budgets started? _______________ months

11. What are the yourreasons for preparing budget?

- [ ] Aids Planning
- [ ] Aids Control
- [ ] Evaluates Performance
- [ ] Motivates Managers
- [ ] Communicates Plans
- [ ] Coordinates Operations
- [ ] Others, specify…………………………………………………………………

12. Which of the following approaches to budget best suit your style of budgeting?

[ ] Top-down   [ ] Bottom-up   [ ] Negotiated/Combination

13. What type of budget do you prepare?

[ ] Incremental   [ ] Zero based   [ ] Rolling Budget

[ ] Activity Based   [ ] Programme Based   [ ] Others, please specify

………………………………………………………………………………………..……

14. Which of these budgets does your Union prepare? (Please tick as relevant)

- [ ] Cash Budget
- [ ] Loan Budget
- [ ] Working capital budget
- [ ] Capital expenditure budget
- [ ] Income statement budget
- [ ] Statement of retained earning budget
- [ ] Budgeted balance sheet or position statement budget
- [ ] Master Budget

15. Which of the following forms does your budget take?

- [ ] Generally flexible (subject to change)
- [ ] Generally fixed (not subject to change)
- [ ] Do not know the form

16. Indicate which of the following people are **fully involved** in the budgetary process.

(***Please thick as relevant***)

Board Treasurer	( )
CEO	( )
General Manager	( )
Branch Heads	( )
Accountant	( )
Loans Manager	( )
Operations Manager	( )
Human Resource Manager	( )

Other(s), specify …………………………………………………………………

17. Briefly comment on the level of involvement.

	5	**4**	**3**	**2**	**1**
	Strongly Agree	**Agree**	**Not Sure**	**Disagree**	**Strongly disagree**
Environmental Scanning					
Firm Scanning					
Budget Formulation					
Budget Approval					
Budget Implementation					
Budget Review					

18. Briefly describe the budgetary process of your Union?
19. To what extent do you agree the following should be part of a budgetary process of the Union
20. Explain the choice of your answer to Question 19?
21. How often do you carry out the following monitoring and control practices

	5	**4**	**3**	**2**	**1**
	All times	**Most times**	**Some times**	**Few times**	**Never**
Reforecasting within Budget Period					
Varying budget figures					
Comparing Budget with Actual					
Variance Analysis					
Reviewing budgetary planning and control procedures					

22. Do you set benchmarks for significant variances for investigation?
23. If significant variances are identified, who deals with it? ______________________
24. How does the Union see its budget?

[ ] Main Performance Indicator   [ ] One of a few indicators

[ ] Not performance indicator

25. Which of these is the main benchmark for measuring the Unions performance?

[ ] Previous year's results   [ ] Budgeted figures   [ ] Inter-union comparisons

26. What extent do you review the budgetary planning and control procedures?

Totally [5] [4] [3] [2] [1] Not at all

27. What changes are mostly made during review? (***Please thick as relevant***)

[ ] Change of format   [ ] Change timing

[ ] Change of Personnel   [ ] Other, specify…….

28. In the case where a review is done, who is involved? (***Please thick as relevant***)

Board Treasurer	( )
CEO	( )
General Manager	( )
Branch Heads	( )
Accountant	( )
Loans Manager	( )
Operations Manager	( )
Human Resource Manager	( )

Other(s), specify ……………………………………………………………………..

SECTION C: COMPLIANCE TO BEST BUDGET AND BUDGETARY CONTROL BEST PRACTICES

29. Indicate your Union's compliance to the following best practices:

BEST PRACTICES	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	LESS SATISFACTORY	REMARKS
Clarity of budgetary Objectives						
Proper delegation of authority and responsibility						
Proper communication budgetary targets						
Lower level Employees Participation						
Changing budget figures to suit level of activity						
Budget serving as motivation to employees						
Budget Education						
Existence of Budget Manual						
Operational Budget Committee in place						
Use of budget as a control tool						
Regular comparison of Actual and Budgeted figures						
Budgeted figures						
Regular review of Budgetary targets						
Regular performance of Variance Analysis						
Low degree of budgetary overrun						

SECTION D: CHALLENGES OF BUDGETING

30. Indicate if your Union faces these challenges during budget formulation: (***Please thick as relevant***)

CHALLENGES	YES	NO	REMARKS
Poor forecasting			
Lack of resources			
Operational difficulty			
Difficulty in defining objectives			
Lower morale			
Time consuming			
Lack of interest			
Others, please specify			

31. Indicate if your Union faces these challenges during budget Implementation: (***Please thick as relevant***)

CHALLENGES	YES	NO	REMARKS
Inability to adapt to change			
Constant Monitoring			
Operational difficulty			
Delays and lags			
Lower morale			
Sabotage			
Lack of concern			
Others, please specify			

32. Indicate if your Union faces these challenges after budget Implementation? (***Please thick as relevant***)

CHALLENGES	YES	NO	REMARKS
Inability to achieve targets			
Determining the cause of variance			
Cost exceeding benefit			
Identifying who to reward			
Identifying who to punish			
Low morale			
Lack of concern			
Others, please specify			

33. How do you overcome budget and budgetary control challenges?

34. Any comment you would like to provide on budget and budget and budgetary control practices at your Union?

THANK YOU VERY MUCH!