

BUDGETARY RESPONSES ATTITUDE IN KUMASI POLYTECHNIC

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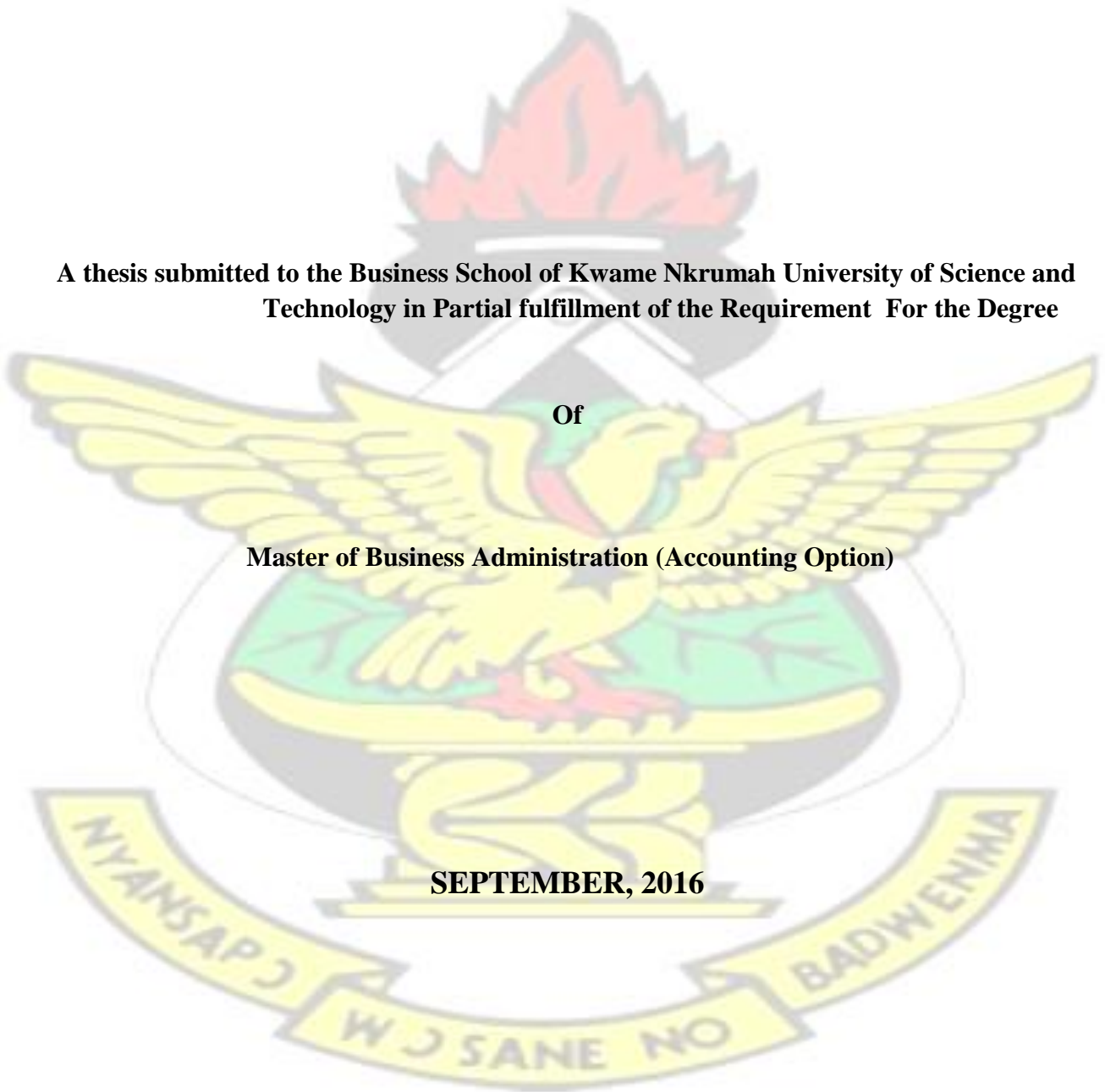
BY OTOO OBED DONALD PG2116914

**A thesis submitted to the Business School of Kwame Nkrumah University of Science and
Technology in Partial fulfillment of the Requirement For the Degree**

Of

Master of Business Administration (Accounting Option)

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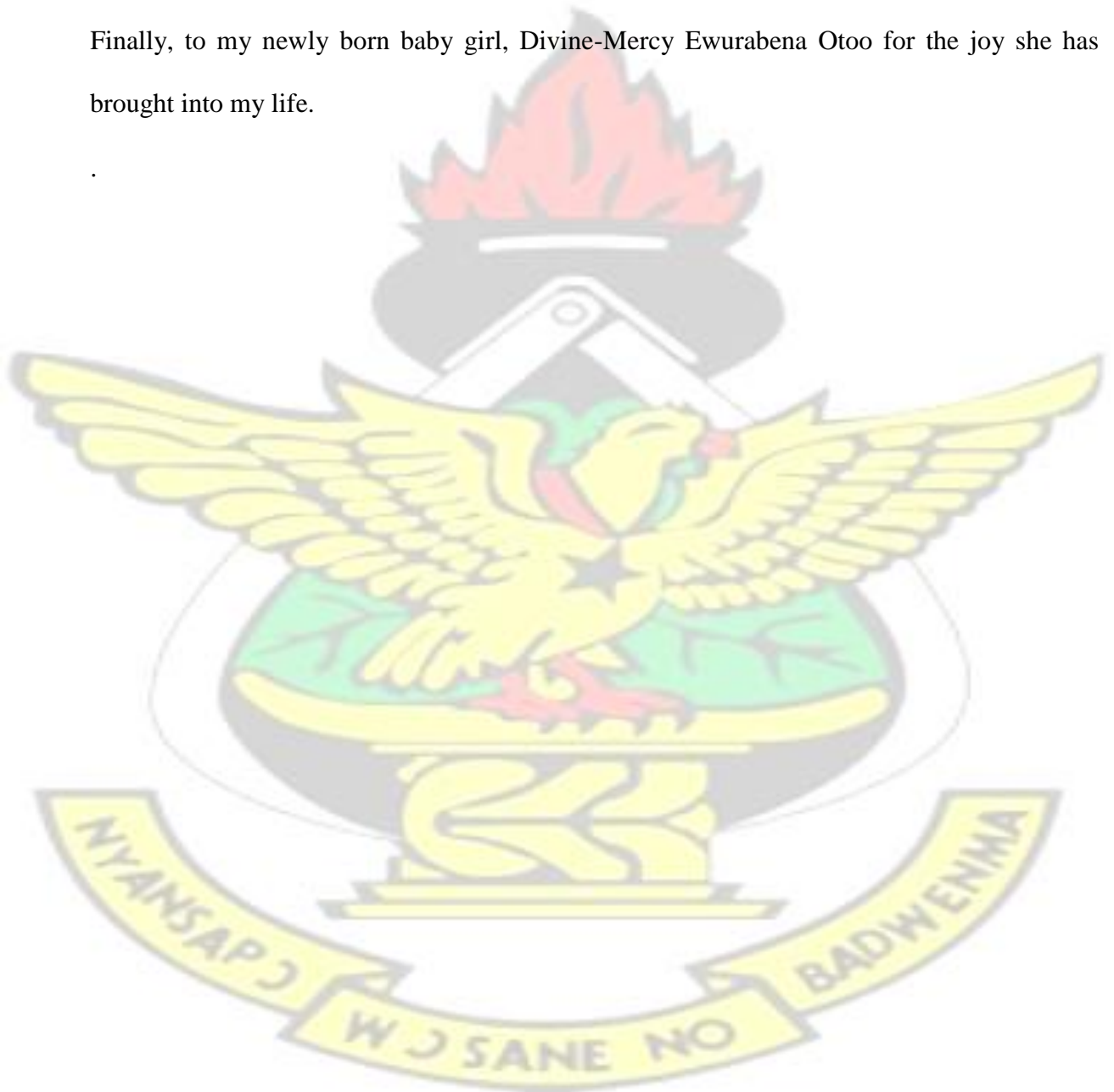


DEDICATION

This research work is dedicated to my wonderful parents Mr. Francis Donald Otoo and Mrs. Victoria Otoo; and my siblings, Bernard E. Otoo, Jeremiah E. Otoo, Emmanuel E. Otoo, Paul Ishmael Otoo, Ruth Diana Otoo and Ebenezer D. Otoo for their prayers and support.

Also I dedicate this work to a very trustworthy wife, Mercy Oforiwaah for her encouragement and effort in my life to this level.

Finally, to my newly born baby girl, Divine-Mercy Ewurabena Otoo for the joy she has brought into my life.



DECLARATION

I do hereby declare that this research work is originally produced by me and shows the true reflection of budgetary responses attitude in Kumasi Polytechnic, except for the information gathered from other sources for which references have been given in the appendices.

OTOO OBED DONALD

DATE STUDENT

SUPERVISOR'S DECLARATION

I declare that I have supervised the student in undertaking the study herein submitted and I confirm that the student has my permission to present it for assessment.

DR. KINGSLEY OPOKU APPIAH
SUPERVISOR

DATE

CERTIFICATION

I certify that a copy of the project has been submitted for institutional use.

DR. DANIEL DOMEHER
DEPARTMENT

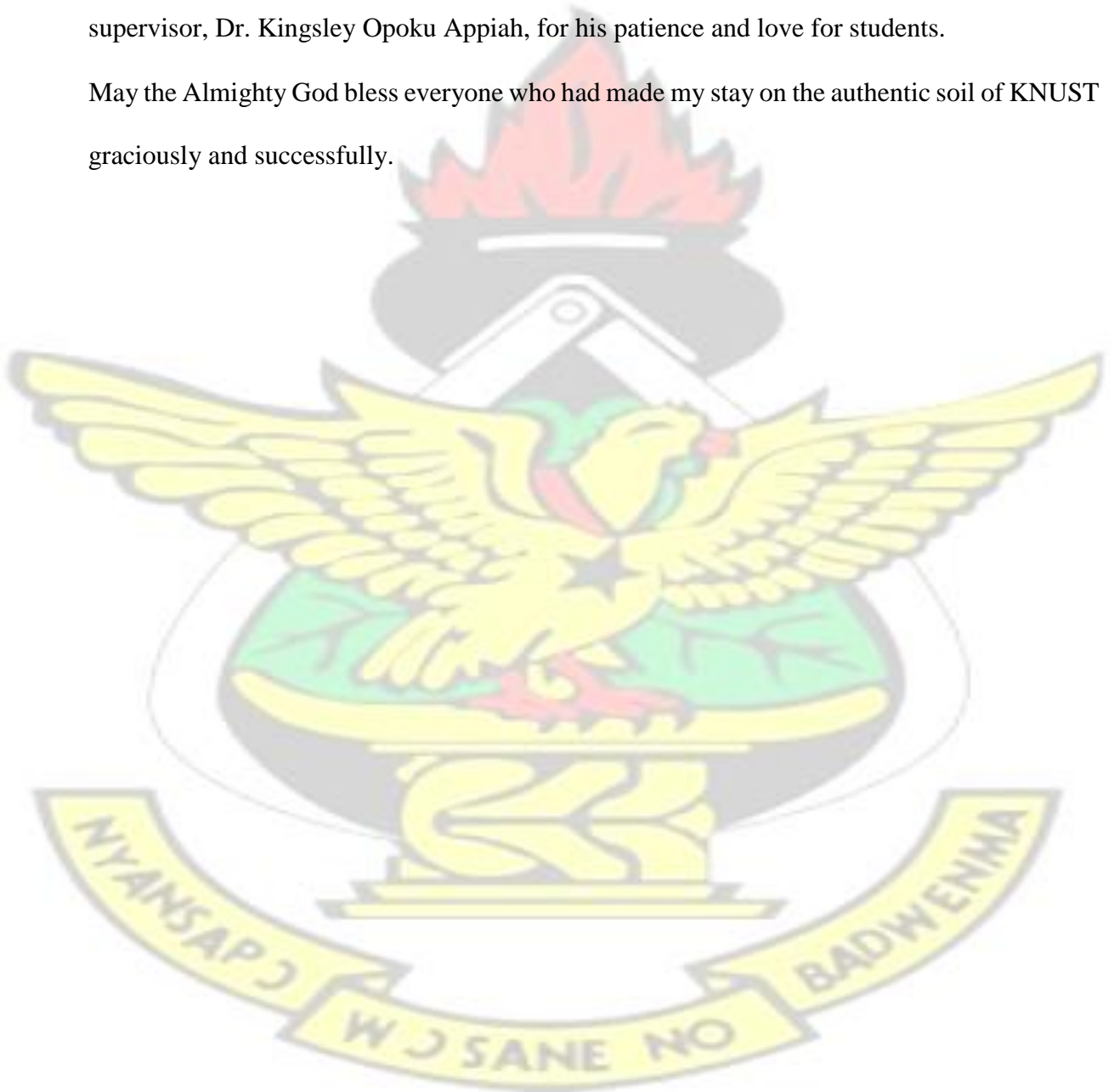
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My profound gratitude goes to the almighty God for His mercy, kind and unfading love which has kept me under His secret place for my course.

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May the Almighty God bless everyone who had made my stay on the authentic soil of KNUST graciously and successfully.



ABSTRACT

A budget is a financial plan that serves as a formal statement of revenue and expenses of an organization. Without a budget an institution is bound to face exceptional slow down in its operation and in some cases collapse. The extent to which any budget is successful is very much dependent on its acceptance, response and the attitudes of workers towards it. This study looks at the budgetary attitudinal response, the level of budgetary influence and communication of budget related matters in Kumasi Polytechnic. The methodology used in the study was the case study approach. Interviews and questionnaires were used to solicit data for the study. The research found out among others that, there was an interaction between the level of budgetary influence and budgetary communication; positive relationship exists between budgetary communication and budgetary response; and a weak or negative correlation exists between budgetary communication and their response attitude. Recommendations and suggestions have accordingly been made to improve upon budgetary response attitude in Kumasi Polytechnic to enhance its financial management and reporting.

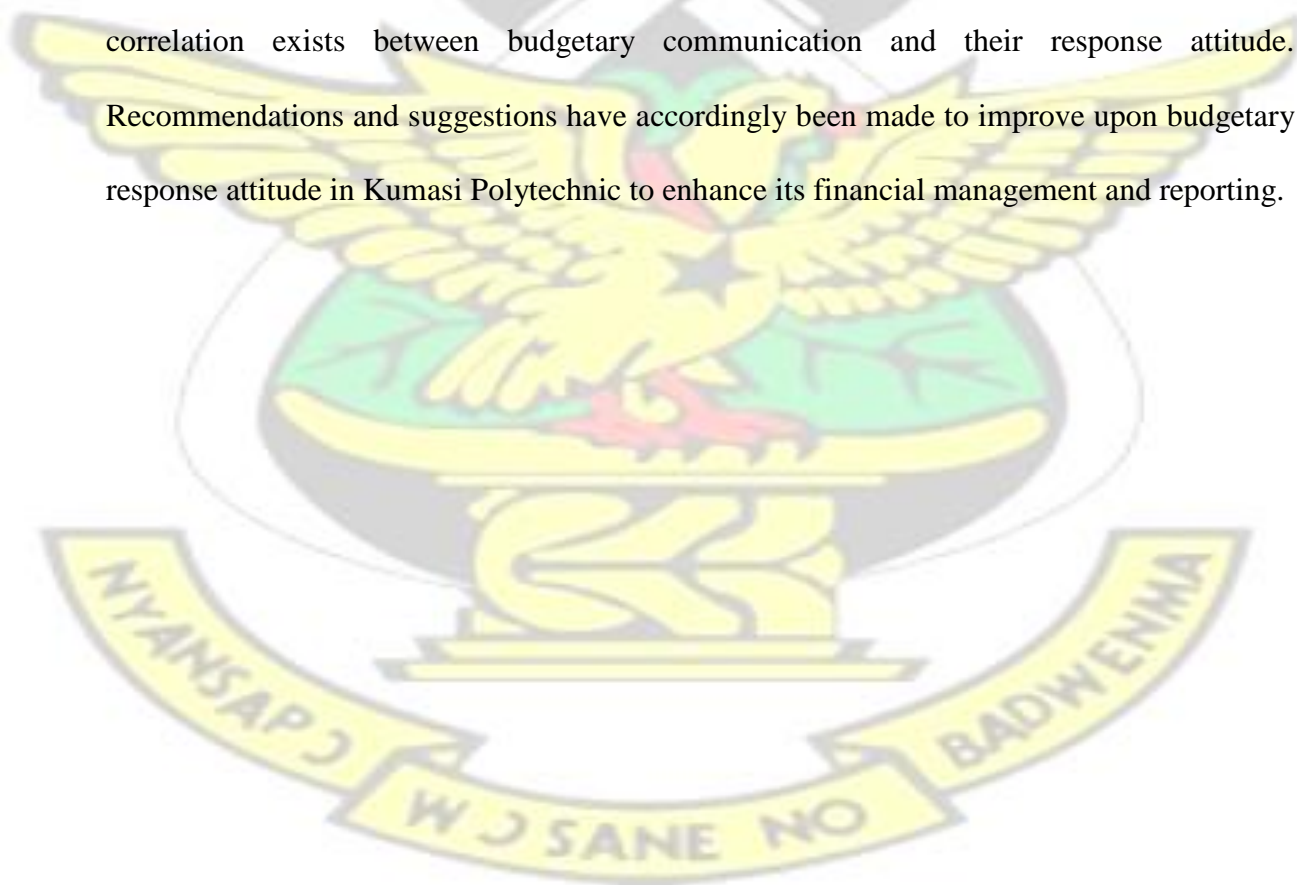


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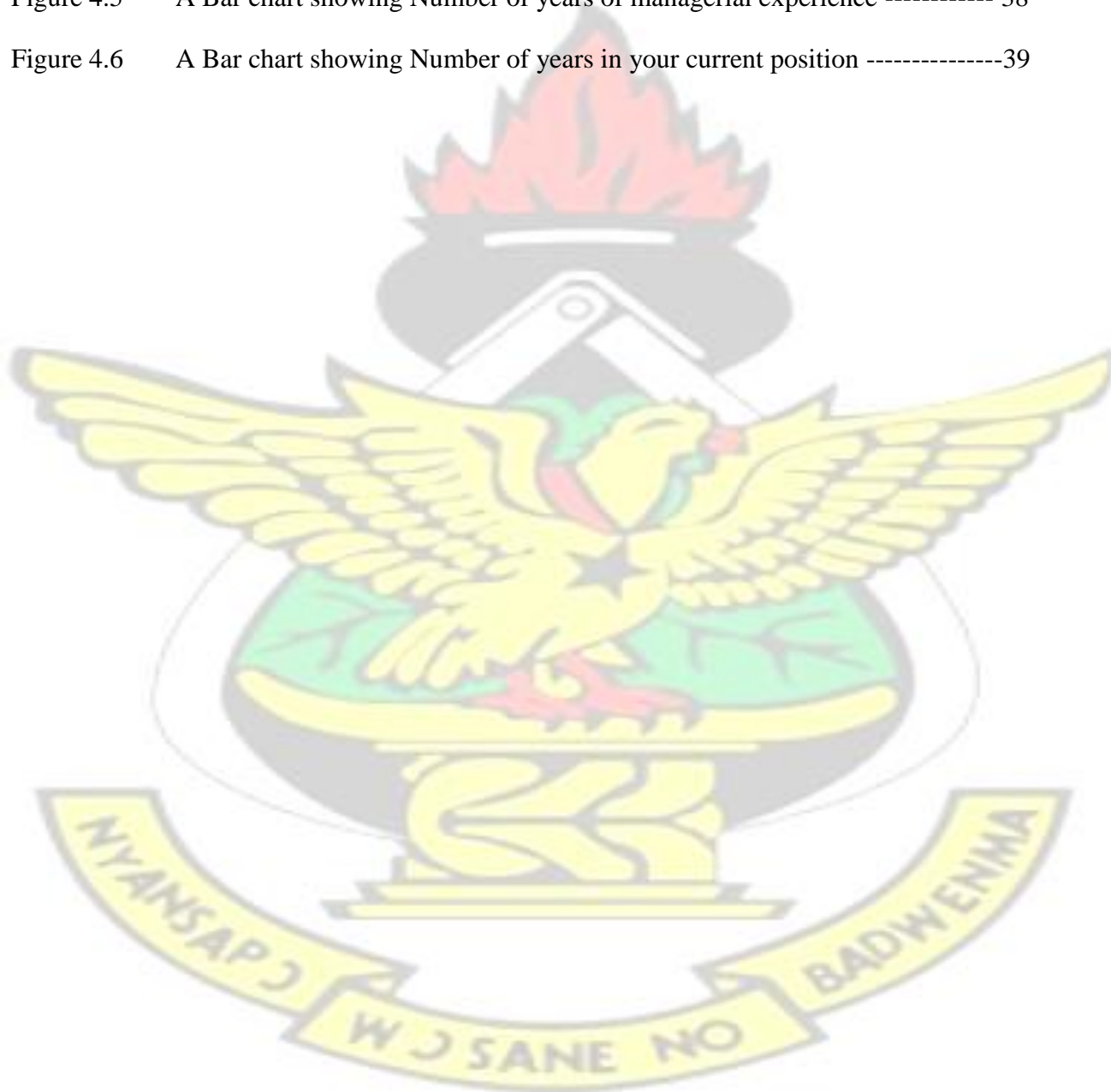
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CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

The definitive piece in administration control intended to maintain the effectiveness in the utilization of resources towards the realization of corporate vital objectives is termed “budgeting” and “budgetary controls”. Moolchand *et al.* (2012) found out that, public funding to many higher learning institutions in recent years has declined and continues to do so in real terms. It is proven in Ghana by the deferments and unremitting turn down of government endowments and discharges to tertiary institutions. The circumstance is a result of open technique and has the impact to expand the level of challenge between and inside higher learning institutions for obtainable reserves (David &Gouw, 1997).

Albeit past studies have focus on the procedure and legislative issues of spending allotments inside higher learning institution in a diminishing reserves setting (Ezzamel& Bourn, 1990; Hackman, 1985; Hills & Mahoney, 1978), not one past exploration is been analyzed on elements of attitudinal reactions which will emerge from procedure embraced to apportion these resources. In light of that, such reactions are characterized as the predisposition of people to support or withhold support of the budget and even to sabotage the budget (Collins 1978).

An arrangement of activity which has been arranged and endorsed before the period, when it will be utilized, itemizing in money related, amount or other illustrative terms and the occasion to be refined in the budget period is termed as budget (Mensah-Botsio, 2012). Supporting the definition by Mensah-Botsio (2012), budgets are benchmark beside which realistic recitation can be analyzed and restrained.

Budgets in this manner are vital since it gives the subsidizing distributions to be utilized by constituents of the Polytechnic to meet concurred target with respect to peripheral responsibilities which is presently required of higher learning institutions.

Organizational budgetary objectives are routinely charted in the strategic plan. Surveying the accomplishments of the tertiary institution over a discern period is typically based on the strategic plan. To accomplish vibrant targets, not just appropriates financing should be dispensed however responsibility for goals and the related budget of the different components likewise desires to ensue.

Referencing the Financial Administration Act 2003 (Act 654) and Financial Administration Regulation 2004 Act 654, higher learning institutions of which Kumasi Polytechnic is not exception, plan yearly operational budgets to venture income and use in expedition of medium and long term objectives separately. The yearly operational budget is set up as per the affirmed Medium Term Expenditure Framework (MTEF) of the Government of Ghana. Strategies for budgets recommended in the Financial and Stores Regulation 2007 of higher learning institutions portray a based-up way in dealing with budgeting, where offices and subdivisions introduce their budgetary course of action in context of departmental operational blueprints for blend. Resource allotments in public institution are centered on the authorized standards of National Council for Tertiary Education (NCTE) which is supposed to warrant justifiable and unbiased dispersal of resources. The philosophy in based-up budgeting procedure and structured system of resources allotment are along these, anticipated to bring together a positive response attitude and enhanced performance.

However, Wallander (1999) is of the feeling that based-up approach breeds strife. In this regards, initiating a budget prepared by experts at the topmost and surging it downwards for workers to assent without their say will ensure that there are no swerving views that will fetch conflict between the person who allots the resources and the person who benefits from the allotment resulting to negative attitudinal responses.

1.1 Problem Statement

Many organizations can be more successful if various resources necessary to carry out projects, programmes and activities arising from proper budgeting and its control are in place within the management system. The problems associated with budgetary responses attitude in higher learning institutions in recent times are numerous and have adversely affected their performance. Budgets are important to judiciously oversee rare budgetary assets and in the meantime serve as a method for consumption approval, control and assessment base.

Higher learning institutions prepare budgets; however, the notch and format at which budgets are masterminded as well as detailed into execution budgets change from institution to institution. Indeed, prescribed budgets are prepared, but their inclination and persistence may differ. Bradstreet (2004) reported that, Failure of many higher learning institutions nowadays erupted from the fact that budgetary controls which are the basis of any successful organizations are weak or absent. Those institutions may be distinguished by economic, managerial, production, and/or supervisory restrictions.

Budget preparation ought to be footed on accessibility of resources. Public Organizations ought to guarantee that productions of resources are enough to add up to government endowments which constantly are deficient. Likewise, somewhere else can be searched for resources to bolster their financial plans. This implies that, activities apprehended in the budget cannot be carried out due to the unavailability of resources. Kumasi Polytechnic prepares a budget however the expenditure reliably surpasses the revenue bringing about budget deficits. This implies that, budgets are not always ideal managers' tool. In line with this argument, the study looks at whether Kumasi Polytechnic can accomplish their goals with or without viable budgetary response; and explanations behind budgetary failure and shortfalls at Kumasi Polytechnic associating to their awful execution in the development process of budget.

Recorded issues are of the noticed that, higher learning institutions don't have successful monetary control framework because of poor spending definition and usage. Budget deficits in this manner happen on the grounds that:

- i. data base for forecasting and costing is unpleasant; ii. poor budgetary response culminating into unbudgeted expenditure; and iii. an absence of ownership and obligation with regards to budgeting and its responses.

1.2 Objectives of the Study

The goals of this research work are to;

1. Ascertain whether budget communication related matters correlates with budgetary attitudinal response at Kumasi Polytechnic.
2. Ascertain whether there is an interaction between the level of budgetary influence and budgetary communication over the medium / long term goal set in Kumasi Polytechnic;
3. Find out the relationship between budgetary communication and budgetary response attitude.
4. Find out if Kumasi Polytechnic is able to use budgets to achieve financial prudence. **1.3**

Research Question

In pursuance of the achievement of the study objectives, the following questions are raised:

1. Does budgetary communication correlates with budgetary attitudinal response in Kumasi Polytechnic?
2. What interaction does the level of budgetary influence have with budgetary over goal setting in Kumasi Polytechnic?
3. Does any relationship exist between budgetary communication and budgetary response attitude in Kumasi Polytechnic?
4. What are the existing systems used by Kumasi Polytechnic to achieve financial prudence.

1.4 Significance of the Study

The research is essential to stakeholders to have a wide and defined conception on the benefits of budgetary responses in the institution. It serves as a source of perspective for guaranteeing reasonable budgeting and budgetary controls in public sectors.

The work also contributes knowledge to be used in other fields for future research.

It will increase the public tertiary institution's ability to cope with new information, new situation and new development, and also provide ideas to the government in enacting and executing laws governing budget preparation in public tertiary institutions.

Finally, the recommendations made in this study, when executed, will ensure effective financial management and bring about good budgetary responses attitude in the institution.

1.5 Overview of Methodology of Study

This research is exploratory in nature and adopts a survey strategy. It adopts both a qualitative and a quantitative approach. The prime task of this study was to collect data, which was analyzed to produce realistic study objectives on budgetary responses attitude in Kumasi Polytechnic.

To achieve the objectives, self-administered questionnaires were designed and distributed to both administrative and academic staff of Kumasi Polytechnic involved in budget preparation, planning, evaluation and monitoring in order to evaluate their opinions, expectations and perspectives on budgetary response attitudes in the organization using correlation analysis.

1.6 Scope and Limitations of the Study

The researcher envisaged to delve into tertiary institution that deals with production and service in Kumasi. Reasons cited as ethics and sensitivity of the organization, sworn secrecy and confidentiality of the organization where the constraints encountered by the researcher in the study. However permission to conduct the research at Kumasi Polytechnic was sorted and

granted to undertake the study. Among are some of the constraints, which also strained the researcher to limit the study to Kumasi Polytechnic;

Focus: Focusing the study on one and only organization has influenced alternate views from different organizations that will have thrown further light on the discoveries of the study.

Respondents Reservations: It is anticipated that employees who will be chosen to partake in the study will think that it's hard to make critical remarks.

Poor reactions to interviews and questionnaires were another confinement as respondents said the topic was excessively delicate and could uncover the organization's mystery and privacy.

1.8 Organization of the Study

The study is composed into five chapters. Chapter One includes the background of the study; the problem statement; objectives of the study; research questions; significance of the study; overview of the methodology; and scope and limitation of the study. Relevant literature is presented in Chapter Two. The reviewed literature gives the groundwork and theory to the exploration issue. It gives a structure to setting up the significance of the study as well a benchmark for looking at the aftereffects of the study.

Methodology employed to collect data is outlined in Chapter Three. Chapter Four presents the results and analysis of the field data as well as the interpretations. Relayed in Chapter Five is the summary of findings; conclusion; recommendations; and limitations and areas for research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews prior studies identified with budgeting, budgetary communication and response attitudes; types of budgets, value in budget, budget preparation and its controls, benefits and challenges.

2.1 Budget

Budget also known as "spending plans" is a single vocabulary that has turned into the basic currency in all directors' in the course of recent decades. Management contained by government, secluded and the third sector at all level, have been using budget as a security or reason when stood up to or tested about any choice. Exceptionally, it is not to overhear variants of the expressions "the budget doesn't permit us to" or "it's not our budget".

Frederick (2001) characterized budgets to be "a plan that is measurable and timely".

Sweeney and Rachine (1997) defined budgets to be "a predetermined statement of management policy during a given period, which provides a standard for comparison with the results actually achieved".

The Institute of Cost and Management Accountants (I.C.M.A) defined a budget as "A plan quantified in monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated and/or expenditure to be incurred during that period and the capital to be employed to attain a given objective". Pandey (2003) defined budgets to "a short term financial plan or it is an action plan to guide managers in achieving the objectives of the firm".

Lucey (2002) in his perceived definition portrays budget as "a quantitative articulation, for a defined timeframe, which may incorporate arranged income, costs, resources, liabilities and

money streams". A budget gives a center to the association, helps the co-appointment of exercises, and encourages control through the relationship of honest to goodness costs with adaptable budgets.

Bruns and Waterhouse (1975) define budget as cash related courses of action that give the reason to planning and surveying the execution of individuals or sections of affiliations.

Smith and Lynch (2004) define budget as an arrangement for the achievement of projects identified with destinations and objectives inside an unequivocal day and age, including an appraisal of assets required, together with an assessment of assets accessible, as a rule contrasted and one or more past periods and demonstrating future requirements.

Adu-Gyamfi (2015) define budget as a financial plan which identifies the various resources necessary to carry out projects, programmes and activities. It quantifies the projects, programmes and activities into monetary values. Likewise budget is an instrument for actualizing financial and money related strategies. For the purpose of this work, the researcher defines budgets as a monetary arrangement that serves as a formal proclamation of income and cost of an institution.

2.1.1 Characteristics of a budget

Every good budget considers the same basic classifications or characteristics. A decent budget ensures you don't spend more than your yearly income, and permits you to plan for up and coming costs and to save for the future. A budget takes into account your budgetary objectives and helps you to accomplish them, while controlling the amount you spend.

Sadler (2003) characterized a "good budget" as involvement, completeness, principles, elasticity, response, and breakdown of cost and revenues.

Involvement: many people as possible could be allowed in drawing up a budget;

Completeness: grip the whole institution;

Principles: base it on set up benchmarks of execution;

Elasticity: permit for varying circumstances;
Response: relentlessly monitor performance; and

Breakdown of cost and revenues: premise of product ranks, offices or cost centers.

2.1.2 Types of budgets

Nelly and Adams (2003) classified the types of budgets into three categories: fixed, flexible and functional budgets.

Fixed Budget

It is otherwise called “still budgets”. It is set up for an unbending or standard volume of movement. They don't conform to changes in the volume of action. They are very much prepared ahead of time. As a result of this, there will without a doubt be variances at the season of correlation.

Flexible Budget

It is set up with a perspective to check the occasional changes in the level of activity achieved. In view of this, the costs and revenues targets are set in admiration of various level of activity from zero to 100% of production level. A mechanism of such budget changes costs and revenues and focuses for the actual level of activity which makes the comparison more intelligent and exploratory.

Functional Budgets

Another name for this type is “subsidiary budgets”. They are set up on the premise of an affirmed estimate for individual departments. Since departments are made in view of their capacities, they are known as "functional budgets”. This type of budget might differ in figure from organization to organization. The budget includes sales budget; plant budget; research and development budget; and financial budget such as cash budget; capital expenditure

budget; growth and expansion budget; advertising and marketing budget; working budget; and setup budget.

2.1.3 Types of budgets applied in the public sector

Nelly and Adams (2003) recognize five (5) distinct modules of budgets; activity based, zero-based, esteem/value based, profit planning and rolling budget and forecast.

Activity Based Budgeting (ABB)

Similar to Activity based management (ABM) and Activity based costing (ABC), Activity based budgeting (ABB) is the arranging and controlling along the lines of quality including activities and frameworks. Unsurprising with ABM examination which joins sorting out the association's exercises and business shapes so they better meet costumers and external need are decisions of benefit and capital allocations. Wilhelmi, Kleiner and Brain (1995) came out with their perspective that “ABB is actually a management practice, operating at the activity level, for incessant improvement on performance and costs”.

Zero-Based Budgeting

The zero based budgeting (ZBB) disbursements must be re-guarded in the midst of each budgeting cycle instead of building budgets as for prior years. ZBB is not expanded on inadequacies and errors of a past antique. The writer likewise noticed that estimation of ZBB methodology relies upon the steadiness of the operative environment.

Value-Based Budgeting

This is an endorsed and organized methodology in dealing with the formation of shareholders' worth after some period. That is, the worth, they will make. This aids to link institution's framework and shareholder worth to arranging and planning.

Profit Planning Budgeting

This is setting up the upcoming monetary income of profit centre; it gives the likelihood to survey if an institution or division yield adequate income; makes financial worth; and pulls in attractive budgetary resources for hypothesis. It besides guarantees considered institution's short and whole deal prospects while setting up its money related courses of action.

Rolling Budgets and Forecast

It appears to have the most probable as the better standard planning approach. It engages a firm to upgrade their gage precision and subdue to the customary planning time slack issue. This is by dealing with the issues associated with dynamic planning, being more open to making circumstances, yet requiring unlimited focal points to oversee, and conquering issues associated with planning to a balanced point in time.

Oduro (2015), in his book added four additional types of budgets applied in the public sector to that of Nelly and Adams (2003) as follows: detail budget; execution budget; incremental budget; and planning programme budgetary system (PPBS)

Detail Budget

This budgets show how disbursement is articulated in impressive subtle elements with less consideration being paid to the exercises to be attempted. The utilization object is the way to order. This may likewise be known as "line-item budget" in the event that it is in a preparatory phase (pre-approval phase). The nature of disbursements is demonstrated as a key instead of its tenacity (Oduro, 2015).

Execution Budget

This is a budgeting framework which characterizes things as indicated by direct yield of movement, transitional product, actions, and purpose. This may likewise be known as "performance budget" It concentrates on yield or result instead of effort and it been portrayed

by use of work burden or division expense of action on essential components assignments, and exercises introduction management (Oduro, 2015).

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Incremental Budget

The place at which the present budget is expanded to take into account expected future conditions. Resources are permitted taking into account what was gotten in earlier years instead of on any judicious designation in light of the strategy and arranging process. Any adjustments in need are suited at the edge instead of through an amendment to the assignment of the accessible money related assets. This methodology involves the utilization of the earlier year's spending plan as a benchmark to adds or subtracts or adds up to shape that spending plan to reflect suspicions of the expected fiscal year (Oduro, 2015).

Planning Programme Budgetary System (PPBS)

This is the connection between the line-item and program budgets and the more complex performance budget. Instead of the less complex project budget, this basic leadership apparatus interfaces the system under thought to the ways and method for encouraging the project. This is intended to serve as a long haul planning apparatus so that leaders are made mindful without bounds ramifications of their activities. These are regularly most valuable in capital activities. The planning bit of the budget sort looks to connection objectives to objects or expected results from particular yields, which are then sorted into projects that believer inputs to yields; at last, the budgeting of PPBS decides how to support the system (Oduro, 2015).

2.1.4 Values in budgeting

Generally three (3) values are deliberated in the collected works relating to public budgeting. These are focuses of accountability, efficiency, and efficacy.

Accountability focuses on the inputs going into the system or program in action and is best characterized by the line-Item budgeting approach. It is best suited for the control and monitoring functions of a budget.

Efficiency focuses on the process of the system or program and its conversion of inputs (resources) into outputs (policy). Its focus on the process makes this value appropriate for performance budgets and most in-line with management and steering functions.

Efficacy focuses on outputs and outcomes, measuring the impact of policy. This value follows both the program budget and PPBS budget approaches and coincides with the planning and strategic brokering functions.

2.2 Preparation of Budget

The process of preparing and concurring on a budget is a method for deciphering the general targets of the organization into detailed, feasible plan of action. Public budget preparation is one of the tedious tasks that any nation ought to look upon. . The preparation process for the yearly budget includes a lot of energy, time, and cost. Henceforth, it is imperative that a nation must have the capacity to take after precisely every one of the strategies for setting up a yearly budget. In budgeting, the focus is not only to prepare the budget, but more importantly to have a subsequent operation for budgeting and to act as indicated by known information.

In respect, Falk (1994) uttered that a monetary plan is budgetary articulations of a nation's arrangement for a timeframe. It advises where and how the organization will spend money and where the money will originate from to pay these expenses. He includes that budgets set cutoff points He articulates that, "Imagine how chaotic an industry or country would be if everyone was allowed to spend as much as they wished on whatever they wanted."

Other than setting limits, Andrews and Hill (2003) state that budgets in like manner gives the confirmation that the most basic needs of a country are met first and less vital needs are surrendered until there are satisfactory resources in which to pay for them. Regardless of the way that budget preparation is not the sole thing that necessities thought in planning, the

reason of it is still required remembering the final objective to have in any occasion close estimation.

2.2.1 The budget cycle

In both the classified and communal sectors, the budget is primed by the budget committee looking upon to the organization's objectives. In companies, it is submitted to the board of directors or chief executive for authorization. When authorized it becomes an "executive order". At the state level, the budget is authorized by both Cabinet and the Legislature before it becomes operational. Dismissing the budgeting process as beginning when the first budget is prepared would be easy to, and as being complete when the master budget is finalized. Actually, the budgeting process starts in numerous organizations for quite a while before the budget period starts and the procedure closes once the budget period has finished. This implies that the budgeting process is a very lengthy process. Regularly, for an extensive organization, the pre-budgeting stage can start up to a year prior to the budget period begins. (Adu-Gyamfi, 2015).

2.2.2 The budget period

The budget period is a time frame for which an arrangement of spending plans is prepared. As demonstrated by Jones, R. and Pendlebury, M. (1992), the budget period is of one year's range, and will be expected to relate with an institution's or government fiscal or budgetary year. There is no motivation behind why the time frame in budget must be one year, however regularly it is made so. These authorities, then again, say that if we are dealing with a project, then the budget will obviously be connected to that project. Most organizations will divide their budget period into calendar months or periods whereas others have thirteen period years all of an equivalent four week time spans. In specific circumstances, the budget period will be examined by specific component of the work in that circumstance. For example, brokers of stock have their year isolated into "accounts" of two and three weeks' term. In fact, these divisions of a budget period are control periods.

Before 1999, Ghana's governmental budget was set up on a yearly premise however with the presentation of the medium term expenditure framework (MTFF), the budget is set up in light of a three year rolling plan.

2.2.3 Purposes of budget preparation

In the perspective of Williamson (1996) budgets ought to be set up to fill the accompanying needs:

Planning

There is the probability that administrators might be enticed not to get ready for future operations as a result of everyday weights and working difficulties. The budgeting planning process guarantees that administrators do get ready for future operations, and that they consider how conditions in the following year may change and what steps they ought to take now to react to these changed conditions.

Communication

Everybody in the budget preparation chain must know about their contribution to the achievement of the entity's budgetary plan. This will guarantee that all are made responsible for the execution of the budget. This will likewise help in organizing all budgetary activities for smooth implementation of the plan.

Motivation

The budget gives a standard that managers will assess their performance by. On the off chance that they meet their objectives frequently, they might be roused to go for a higher target. If budgets are managed from above and forced on the individuals who are to actualize the plan, it will rather not rouse workers and may be resisted. It can likewise serve as a valuable gadget for impacting administration conduct and inspiring directors to perform in accordance with the organizational objectives

Control

Planned activities can be judged against actual so that effort will be focused on discovering the explanations for the distinctions. By examining the explanations behind the distinctions, administrators might have the capacity to distinguish inefficiencies, for example, the purchase of second rate quality materials. Appropriate control move will then be taken when explanations behind inefficiencies have been found.

Performance Evaluation

As an administrator you like to take chance to assess your own performance regardless of the fact that you are not surveyed by your prevalent. Notwithstanding, performance is regularly assessed by measuring a supervisor's execution against budget and the capacity to accomplish the objectives would prompt for promotion or reward. The budget in this manner gives an extremely valuable method for revealing administrators of how well they are performing in meeting focuses on that they have already set.

Williamson (Ibid) offers the perspective that, budgets are basically practices in estimation unless they are utilized. At the point when an organization draws a budget it does as such as a component of an arrangement of budgetary control. The controls are some essential thoughts of what the substance needs to do. It prepares budgets to help accomplish those thoughts; and afterward once that is done whatever it is that must be done, budgetary controls verify whether expenditures are on course.

2.2.4 Steps in the budgetary process

With reference to [http://en.wikipedia.org/public budgeting](http://en.wikipedia.org/public_budgeting) (2016), budgetary process is highlighted in six points:

Estimation of Revenue: This is performed in the executive branch by the finance executive, representative's office, budget executive, supervisor, or a team.

Call for Budget questioned to outline the presentation structure, suggest certain objectives.
Formulation of Budget sparkly on the past, set objectives for the future and accommodate the difference.

Hearings of Budget can incorporate offices, sections, the executive, and the people in general to discuss changes in the budget.

Adoption of Budget is ultimate authorization by the legislative body.

Execution of Budget modifies the budget as the financial year advances.

2.3 Budgetary Control

A budgetary mastery system fuse budget preparation and interpretation of budget control periods, determination of changes; (analyzing the causes of the variances (variance analysis)) and taking of remedial involvement particularly where unfavorable variances are alarmed (David & Fredrick, 2005).

Chartered Institute of Management Accountants (CIMA) (2007) defined budgetary control as the establishment of an instrument approving responsibilities of officials to the requirements of a policy and the persistent correlation of actual with budgeted results either to secure by individual action, the objective of a policy, or to provide a basis for its update.

Scot (2000) came out with the view that, budgetary controls aims at giving a formal premise for monitoring the progress of the institution as a whole and of its component parts towards the accomplishment of the objectives specified in the budget. Budgetary controls predetermine plans or benchmarks of output and evaluated incomes are compared with actual results for necessary restorative action to be taken.

Lucey (Ibid) argues that no system of planning can be successful without having an effective and efficient system of control. Budgeting is closely connected with control. The exercise of control in the organization with the help of the budget is known as budgetary control.

The process of budgetary control includes:

- i. preparation of various budgets in accordance with laid down policy, rules and regulations;
- ii. continuous comparison of actual performance with budgetary performance; and
- iii. revision of budgets in the light of changed circumstances.

Drury (1992) opines that two main budgetary commands exist. These are feed forward and feedback ascendance. The feed forward control comes into being when the predictions are matched against desired outcomes. The purpose of feed forward control system is to anticipate errors or variances before they happen and for which steps are taken to minimize them. The feedback control system is the measuring of differences between planned and actual outcome so that subsequent action at law can be modified to achieve the required results. He goes further to say that, the master budget is the budgeted profit and loss and proportion sheet for the coming period which will be used as a ground for decisiveness fashioning and control.

Adu –Gyamfi (2015) notes that budgetary controls can be achieved in public organizations through many ways including the establishment of the budget committee, Projects committee, and Investments committee.

Budgetary controls according to Adu –Gyamfi (ibid) are also achieved through enforcement of internal controls in the form of internal audits; internal checks within functions and activities; administrative controls in terms of ensuring effective personnel policies, operational rules, regulation, procedures and methods; segregation of duties into initiation, approval ,authorizations, execution and recording of transactions; chart of accounts, which indicate cost items, cost centers, cost levels and expenditure boundaries; maintenance of proper books of , which are books of prime entry, cash book, journals and ledgers; issuing accounting instructions in respect of purchase, stock and receipts, periodic stocktaking and imprest retirement and reimbursements; and issuing of accounting manuals and adoption of accounting policies in respect of assets disposals and depreciation.

In achieving effective budgetary control and responses, the Audit Service Law of Ghana, Act 654 (2004) shuffling it mandatory for public sector entities to establish an Audit Report Implementation Committees (ARICs). ARICs are not only to examine audit reports but also evaluate budgetary response attitude in public sector organizations. Audits of financial dealing and the final accounts periodically, or at least annually, and the issuing of audit theme timely cannot be over emphasized in budgetary ascendency. However, this is something which is usually lacking with many public organizations.

The use of budget and budgetary ascendency measures by Ghanaian local government authorization is certainly not a recent pattern. Over the years governments have used budgets and budget control measures to program and control public projects and programmes and expenditures (Adu –Gyamfi, 2015)

Budgets and budgetary control measures are used as a tool for various reasons such as:

- i. to set the objective in governmental organizations;
- ii. to achieve measurable results;
- iii. to measure operational processes; and
- iv. to achieve accountability.

Budgetary mastery systems are dependent on internal and external component which affect the organization. Changes in those components must have an impact on the budget. External, political, social and economic changes tend to have a slow essence on organization as such changes are often unpredictable. Organizations tend to act reactively rather than proactively. For example, in the public sector, changes in the visual modality of a government from vision 2020 to vision 2015 will have an impact on the annual budgets and budgets of public governing body. Also economic changes such as the rate of inflation will affect the predictive value of budgets of both public and private organizations. If these changes occur frequently then organizations will increasingly need to use techniques such as flexible budgeting and sensitivity analysis to essence of these changes.

2.4 How Budgetary Control Relates to Budgeting

As mentioned by Welsch (1976), a budget is a program expressed in quantitative and money terms. Budgets need to be prepared and approved in advance of the period of time in which they are to be used. Budgets can include some or all income, expenditure, and the capital to be employed. Moreover, a budget can be drawn up for an entire organization, any segment of the organization such as a section or sales dominion or division, or for a significant activity such as the merchandise and sale of a specific product (Lucey, 2002).

When an organization uses a budget, it does so by requiring a system of budgetary mastery. That is, managers have some basic ideas of what they want to do. We prepare budgets to help them achieve those ideas; and then once they have done whatever it is that they wanted to do, they check to see if they have kept to their budget.

Budgetary control also relates to the continuous comparison of actual with budgeted resultant role according to Williamson (1996). It does this to try to ensure that the objectives lens of that policy is achieved or to provide a footing for the variety of those objectives.

In summary, a budget is a program line setting out the monetary, numerical or nonquantitative expression of a system's architectural plan for the coming week or month or year. Budgetary mastery is the analysis of what happened when those plans were put option into practice, and what the organization did or did not do to correct any fluctuation from the plans.

2.5 The process of budgeting in the public sector

Prior to the commencement of a financial year and at a time designated by the Finance Minister, Directors and Divisional/Head/General Managers submit budget proposals for the ensuing year. This takes place after appropriate consultation with budget holders. The budget proposals are prepared in detail and conform to a format issued by the Finance Minister.

In the process of budget preparation within the public sector, coordination is very essential. Without coordination, certain activities and expenses may be duplicated, and there may also be uncomplimentary or disjointed activities being undertaken. Coordination means viewing the system as a whole and joining all the various parts together. Without coordination, positive synergies in various departmental efforts may be lost (Williamson, 1996).

The coordination with respect to should be:

Kick-starting the budget preparation; issuing guidelines for budget preparation; issuing prescribed formats or specimen forms to be used for preparing budgets; issuing deadlines for the preparation and submission of budgets of units, departments, divisions, etc; issuing deadlines for budget hearing sessions; issuing deadlines for the preparation of master budgets; overseeing the scrutiny of subsidiary budgets; and raising queries and seeking clarification on various subsidiary budgets

The budgetary process requires adherence to particular timescales for the performance of routines and duties. The Finance Minister is responsible for issuing and reviewing guidance on budgetary timetables. It is the responsibility of all Directors and Divisional/Head/General Managers concerned to adhere to such timetables and inform the Finance Minister of any reasons preventing the achievement of a specific deadline (Source: Government of Ghana Guideline for the 2011 – 2013 Budget Preparation).

2.6 Budgetary Communication and Budgetary Response Attitude

Cooperation by workers in the budgetary procedure has received extensive consideration in the academic literature (Brownell, 1982; Kenis, 1979; Milani, 1975). For budgetary participation to happen, one must turn out to be effectively required in the setting of budgetary goals by exchanging information and influencing outcomes (Hassel, 1993). Hassel and Cunningham (1993) argued on the grounds that, while a manager may have considerable

communication with more senior management over budget allocations, the degree of influence over the final allocation may be minimal. Evidence suggests that, within polytechnics, the opportunity for the heads of academic departments to influence budget allocations directly may be limited (Pfeffer & Salancik, 1974). This is because, in such institutions, budget allocations have been repeatedly found to reflect using an incremental budgeting approach that is dependent on workload carried, publications, research grants gained, and representation on both internal and external committees (Savenije, 1992). Further, it is therefore argued that, if budget allocations are to gain any support within an institution, communication within the budgetary process will be critical. This communication is needed if those responsible for budgeting outcomes are to have any knowledge of proposed budgetary practices and procedures, budget rationale, and intended budget goals (Katz & Kahn, 1978). Previous research has found that relevant communication can improve initial attitudinal responses to budgetary allocations (Ivancevich & Matteson, 1990), but Freedman *et al.* (1974) has argued that the likelihood of success is dependent on three factors: the general environment at the time; the message content; and trust in the communication provider by the message receiver.

2.7 Those Responsible for Budgetary Control in Public Organizations

The responsibilities of budgetary controls in the public sector rest on the shoulders of the head of the organization who may be Chief Executive Officer (CEO), Chief Directors, Coordinating Director etc. According to the Government of Ghana Financial Administrative Regulation (FAR) 2004, LI 1802 Section 2(f) “the head of a government department shall receive and order the disbursement of any trust moneys for which the head of department has been appointed as administering authority by or under any enactment or agreement”.

The head of a public organization is regarded by all as the spending officer of the organization and therefore has the mandate to control the allocated budget within the limits prescribed by

the Minister of Finance. (Source: Government of Ghana Financial Administrative Regulation (FAR) 2004, LI 1802 Section 2)

2.8 Benefits of a Budget

Lucey (ibid) outlines the benefits of budget as follows:

It provides clear guidelines for managers and supervisions and is the major way that organizational objectives are translated into specific tasks and objectives related to individual managers;

The budgetary process is an important method of communication and coordination both vertically and horizontally;

Because of the exception principle, which is at the heart of budgetary control, management time can be saved and attention directed to areas of most concern;

The integration of budgets makes possible better cash and working capital management;

Better control of current operations is helped by regular, systematic monitoring and reporting of activities; and

Provided there is proper participation, goal congruence is encouraged and motivation increased.

Kaplan (1998) also says that a budget brings about improvement and efficiency in the working conditions of the organization by setting out targets of the organization and providing resources to work towards achieving these targets thus everybody knows what they are working for and given the necessary resources which will ensure efficiency.

2.9 Challenges of a budget

Lucey (ibid), identifies the following as the challenges of a budget:

Variances due to frequent changing circumstances and poor forecasting due to poor managerial performance;

Budgets are developed round existing organization structures which may be inappropriate for current conditions; and

The possibility that a well-documented plans may cause inertia and lack of flexibility in adapting to change.

Badly handled budgetary systems with undue pressure or lack of regard to behavioral factors may cause antagonism and may lower morale. Drury (Ibid) opines that a budget could be seen as a pressure device imposed by management resulting in poor labour relations and inaccurate record keeping. Departmental conflicts over resource allocation and blaming each other when targets are not meet are challenges of a budget because budget preparation involves a lot of guess work.

Nelly et al (ibid) opines that budgets are rarely strategically focused and are often contradictory because:

They concentrate on cost reduction and not on value creation;

They act as a constraint to responsiveness and flexibility, and are often a barrier to change;

They add little value, rather they turn to be bureaucratic and discourage creative thinking;

They are time consuming and costly to put together;

They are developed and updated too infrequently – usually annually;

They are based on unsupported assumptions and guesswork, therefore encouraging gaming and perverse or dysfunctional behavior;

They strengthen vertical command and control;

They do not reflect the emerging network structures that organizations are adopting;

They reinforce departmental barriers rather than encourage knowledge sharing; and They make people feel undervalued.

What Nelly and Adams (2003) are focusing is the way that conventional arranging and budgeting forms utilized as a part of associations are neglecting to convey results. Budgets

are excessively tedious, making it impossible to embrace, energize inside legislative issues and gaming conduct, and are too internal looking, with transient culture that spotlights on accomplishing a budget figure. These powers further say that a budget as an administration instrument without anyone else is neither great nor awful. How managers oversee budgets is the way to their worth. At the point when directed astutely, a budget encourages arranging and asset portion. It helps to enumerate, itemize, dissect and examine all the products and services that an organization offers to clients.



CHAPTER THREE

METHODOLOGY AND PROFILE OF KUMASI POLYTECHNIC

3.0 Introduction

This chapter seeks to highlight how the research was designed, pre-tested, the determination of the sample frame and the size, methods of data, research limitation and statistics on the budgetary response attitudes in Kumasi Polytechnic.

It has been grouped into the following: research design; research population; sampling methods and sample size; sources of data; data collection instruments and methods; data analysis; and profile of the organization.

3.1 Research Design

This research is exploratory in nature and it is a survey strategy adopting both a qualitative and a quantitative approach. The prime task of the survey was to gather data, which can be evaluated to generate realistic conclusions.

To accomplish this, self-administered questionnaires were designed and dispersed to staff and management of Kumasi Polytechnic in order to weigh up their judgment, expectations and perspectives of the budgetary response attitudes in Kumasi Polytechnic.

3.2 Research Population

Due to time and academic exercises, all the studied population in this area could not be interviewed. In view of this, the population of the study comprised of the entire administration of Kumasi Polytechnic consisting of Deans / directors of the various faculties and directorates, heads of various departments (HODs), finance, monitoring and budget staff, budget committee members, finance and administration sub-committee and internal audit staff.

In order to reflect on the budgetary response attitudes in Kumasi Polytechnic, the researcher saw the need to target the stakeholders in these areas to achieve target.

3.3 Sampling Methods and Sample Size

Spiegel (1994) observed that examining hypothesis is an investigation of the relationship existing between a populace or universe and the samples drawn from it. So as to make conclusions of test hypothesis and statistical inferences valid, a sample must be chosen as to be illustrative of the entire populace (Spiegel, 1994). One way that a representative sample may be obtained is by utilizing the procedure of non-scientific or judgment sampling.

The director of finance and the budget officer were interview using a purposive sampling in selecting them. However, the other key and supporting staff associated with the preparation and implementation of the budget were selected using the random sampling technique. Fifty (50) respondents were selected the sampled area in the study was used to select

The following are some advantages to the researcher of using non-scientific or judgment sampling to select the sample size and respondents:

1. the researcher had a chance to utilize his own instinct, experience and judgment in selecting the specimen size and the respondents;
2. there was no compelling reason to utilize factual or scientific strategies, which requires some numerical or statistical calculations;
3. it permitted the researcher to consider social issues and circumstances in the random choice of the sample size, the respondents and reaching inferences;
4. the system kept away from postponements in the determination of the specimen size and who ought to be a respondent; and
5. it permitted the researcher to draw conclusions about the populace which were very illustrative.

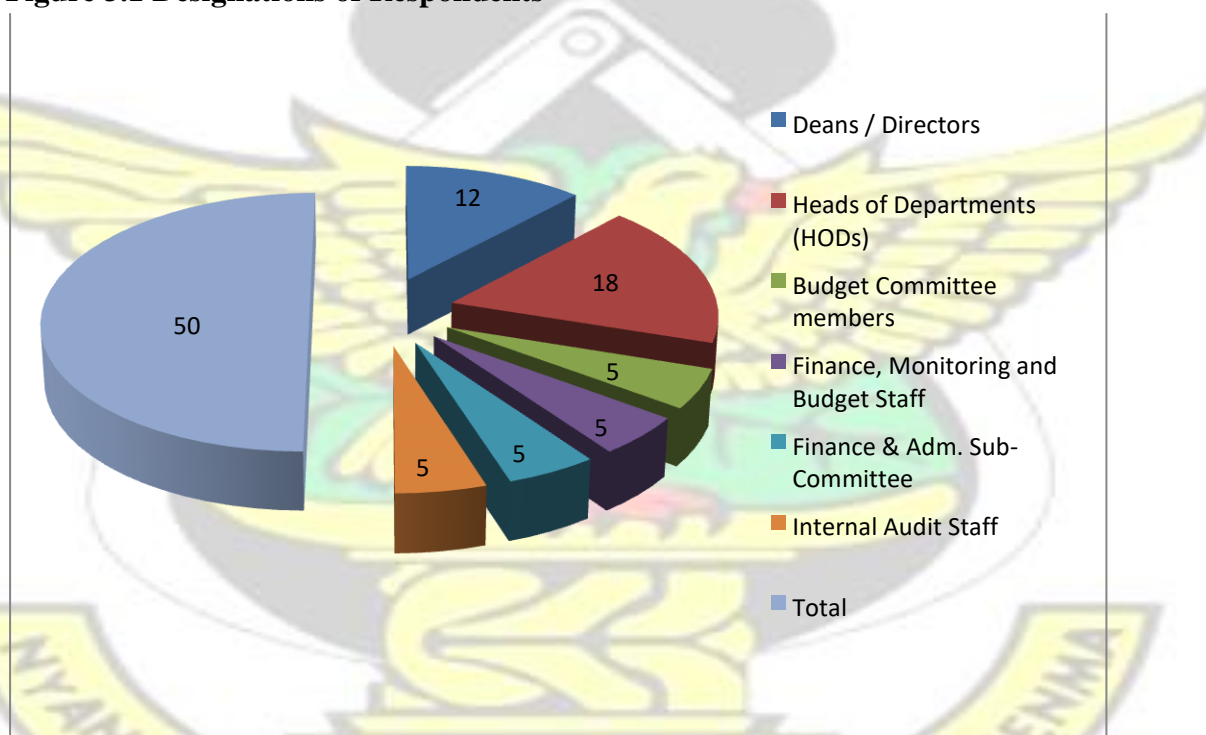
For the purpose of this research, expected respondents were classified as follows:

Table 3.1 Classification of Respondents and Sample Size

Deans / Directors	12
Heads of Departments (HODs)	18
Budget Committee members	5
Finance, Monitoring and Budget Staffs	5
Finance & Adm. Sub-Committee	5
Internal Audit Staff	5
Total	50

Source: Field Survey 2016

Figure 3.1 Designations of Respondents



Source: Field Survey, 2016

3.4 Source of Data

Secondary and primary data sources were used to collect and gather information in fostering and enhancing the achievement of the researcher's objectives.

3.4.1 Secondary source

The researcher concentrated on getting information through Kumasi Polytechnic and Kwame Nkrumah University of Science and Technology libraries with regards to literature sources. Hard copies were obtained for other information sources.

In view of this, the researcher also used internet search engines such as Google scholar as databases to get scholarly articles, journals and electronic books respectively. Additionally, the researcher utilized information from the institution's financial statement and crucial data on the topic. These materials supported the researcher to get a large portion of the data for the research.

3.4.2 Primary source Personal

interview

Appointments for interviews were made by telephone and sometimes in person. Due to the sensitivity of the survey, the researcher was provided with letters of introduction for the respondents' organization. The purpose and significance of the research were explained to respondents to ensure understanding and to elicit their cooperation. Data was then gathered basically by direct contact with personnel of the institution. However, an interview was carried out as per the policies of the institution, which stipulated that the respondents' names were not to be recorded.

Questionnaires

Data was collected through the use of questionnaires centered on the budgeting process in operations in the organization; the questionnaires were completed by the officer directly involved with budgeting in the organization. Actually a closed and open ended questionnaire was used in order to get diverse views from the staffs subjected to the process.

The time lapse of one week was given for the collection and there were no difficulties encountered in the collection of the questionnaire, because the duration for the eliciting was enough for the respondents.

A specimen of the questionnaire is available in the appendix. It wasn't possible to verify certain information directly concerned with the organization's records due to the organization's confidentiality policy.

3.5 Data Collection Instruments and Methods

The data gathering instruments were predominantly questionnaires, interviews, observations and face-to-face discussions key respondents. These have been chosen because it allows for a wide coverage with less cost. Respondents to the questionnaire felt free to offer more objective answers and take enough time to give considered answers. Interviews were further used to determine the budgetary response attitudes in Kumasi Polytechnic.

3.6 Data analysis Methods

Data gathered were altered, assessed and measured against the research to guarantee their fulfillment, consistency, precision and pertinence. Microsoft programming was utilized in the processing of primary and secondary data gathered through the administration of the data collection instruments. This was to enable data assembled to be displayed into tables, graphs and charts for qualitative, clarifications and analysis on the budgetary response attitudes in Kumasi Polytechnic.

3.7 Profile of the Organization (Kumasi Polytechnic)

Kumasi Polytechnic is one of the famous, elegant and vibrant Polytechnics in Ghana. It is a spectacularly beautiful institution, which is located at the heart of the Garden city of West Africa, the capital city of the Ashanti Region of Ghana (Kumasi).

The Polytechnic, known earlier as Kumasi Technical Institute, was established in 1954, but started actual teaching and learning in 1955, dealing mainly with craft courses. It became a

Polytechnic on 30th October, 1963 and from then on concentrated on Technician and a few Diploma Programmes. Additionally, a few professional courses were offered.

Following the enactment of the Polytechnic Law 1992, PNDC Law 321, Kumasi Polytechnic ceased to exist in its previous form and became a tertiary institution.

The Kumasi polytechnic has come a long way since 1963, to make its mark on the country as a strong and creditable tertiary institution. It has been making steady strides in its quest to fulfill its mandate of training the critical manpower needed for commerce and industry in Ghana.

It has expanded from three faculties and one centre in 2009/2010 to six faculties, one school and two institutes in the 2010/2011 academic year.

The institution is presently developing and strengthening its HND programmes into degree programmes. It is, therefore, training high calibre personnel in science and technology to equip them with entrepreneurial skills to meet the demands of industry in particular, and to also improve the general socio-economic development of the country.

Currently, the Polytechnic has two (2) Professors and six (6) Associate Professors as full time staff.

3.2.1 Mission Statement

To deliver a favorable atmosphere for teaching, research, skills and entrepreneurship training in science, technology, applied social sciences and applied arts for industrial and community development. This do to attract students and scholars from local and international communities and also to provide consultancy services.

3.2.2 Vision Statement

To be the pivot of excellence for tertiary level training of practical and professional human resource with innovative skills.

3.2.3 Core Values

Kumasi Polytechnic relishes and maintains five core values which are esteemed to be focal and fundamental to the institution's life; exercises and impact all people who work or go through this organization. The core values of the Polytechnic that oversee the operations and behavior of key officers and staff and in addition their associations with the general public at large are:

i) Integrity ii) Pace –

Setting iii) Good

Stewardship iv)

Leadership by Example

v) Institutional Patriotism

3.8 Budgeting system in Kumasi Polytechnic.

This area looks at the budgetary response attitudes and the budgeting system of the institution.

As indicated by the Director of Finance, Kumasi Polytechnic, being a production and service organization, has the budget preparation done by the Budget Committee and Finance and General Purpose committee set by the Polytechnic Council. Both committees are headed by the Director Finance (a chartered Accountant) and eight (8) other members each with Two (2) government appointees. Proposals from departments, offices of the deans and other directors are reviewed by both the Budget Committee and Finance and General Purpose Committee. The various heads of department are called to justify their proposals to

the committee while the committee also considers the limiting factors associated with the proposal to make modifications where necessary. This is then sent to Council to receive approval. When finally it is approved, then it turns into the working plan or document that will cover for period of time for the institution. The budget gives the benchmark by which performance would be refereed and this is an essential component of the budgetary control framework. The institution does not embrace zero base budgeting (ZBB) strategy. Rather, the institution utilizes the previous years as a yardstick to extend that of the present year i.e. incremental budgeting system.

It was noticed by the Director of Finance during an interview that, “an information technology (IT) system is of great importance in the budgeting and planning process, but the extent of its use in the organization is low”. He explained further, that not all workers required in the planning and the budgeting processes have the requisite skill for the compelling utilization of the IT structure (e.g. user interface design). It’s an impediment to the institution since IT would minimized oversights, incorporate and spread data about the organization’s activities; and be used as a tool for quick budgetary response and feedback.

The Director of Finance also stipulated that increasing workers' support in the planning and budgeting procedure is a solid motivational gadget. Henceforth, endeavors are being made to support plaining and budgeting procedure by having occasional gatherings among key officers and the rest of the workers with a specific end goal to get workers' perspective on the issues of the institution. Along these lines, workers turn out to be more dedicated to the execution of their various functions.

However, the Director of Finance concluded that actual results conforming to budget can be ensured if the institution embraces departmental checking on a quarterly premise and through a variance of reporting, and corrective measures can be taken promptly.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.0 Introduction

This chapter presents an analysis and evaluation of the data collected on the field. This field investigation was undertaken by the researcher through a structured questionnaire administered to selected staffs at Kumasi Polytechnic. The data gathered were raw as they were recorded on the field.

This chapter reduces the data into order and understandable information and discusses the findings in relation to the objectives and purpose of the research to help assess the budgetary response attitude in Kumasi Polytechnic.

The tables and figures below show the illustration of information and data gathered from questionnaires and interviews with explanations which follow the diagram. The questions are stated first and the answers are shown and explained with an illustration.

4.1 Demographic Characteristics

4.1.1 Gender distribution of respondents

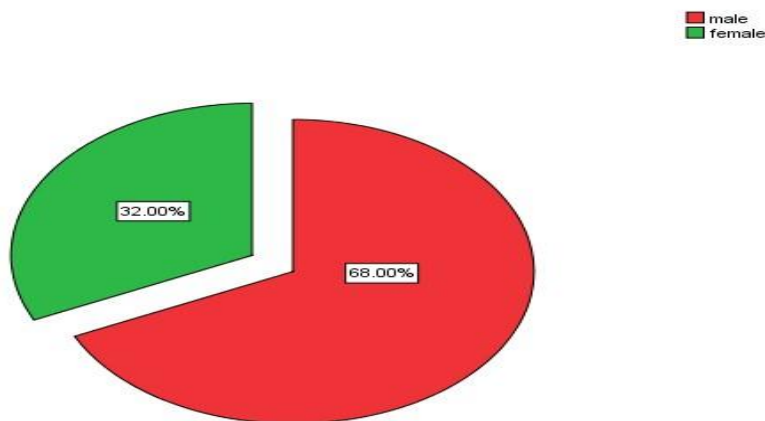
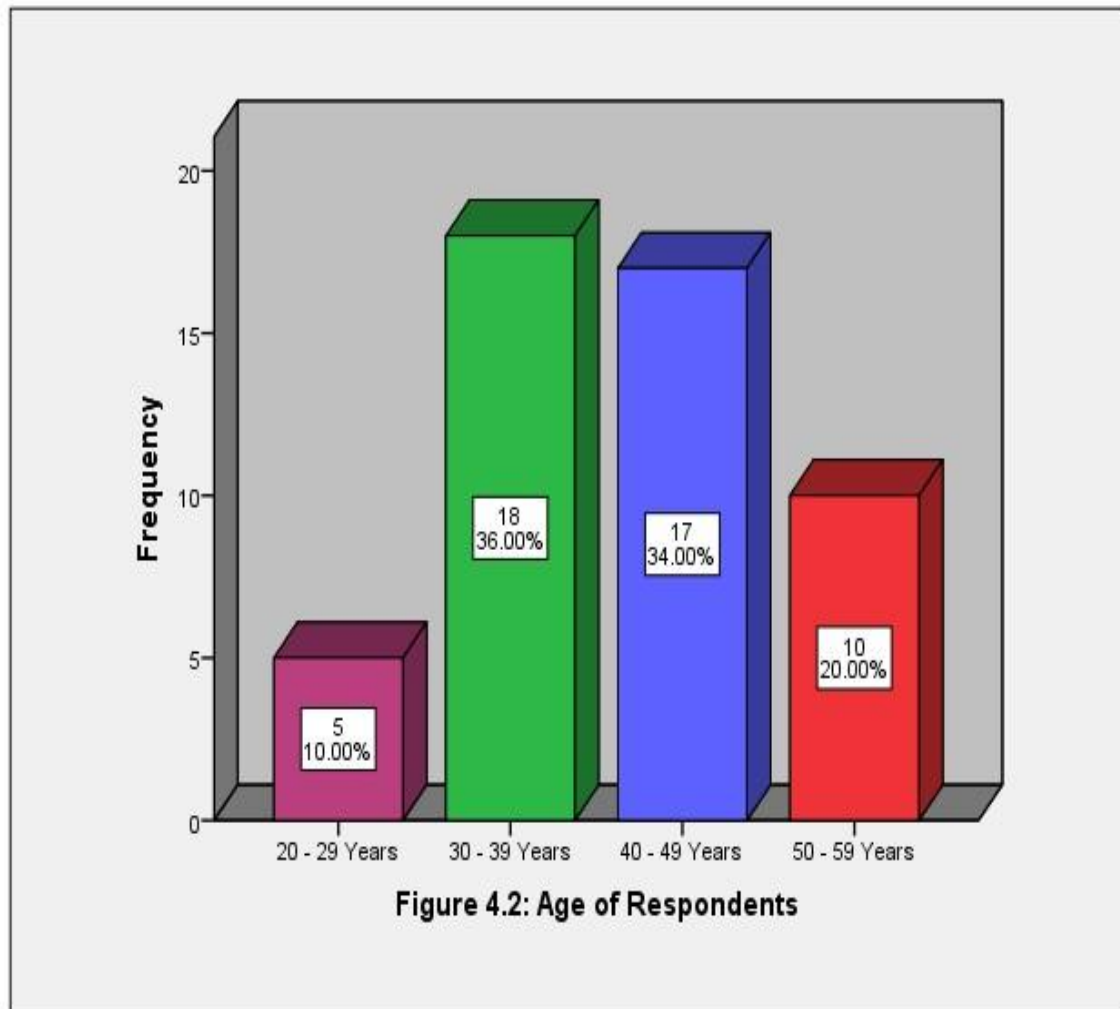


Fig 4.1 Gender of respondent

Source: Field survey, 2016

According to Figure 4.1, there were more male respondents than female. The males were more than two-thirds of the total response rate representing 68% while the female represented 32%.

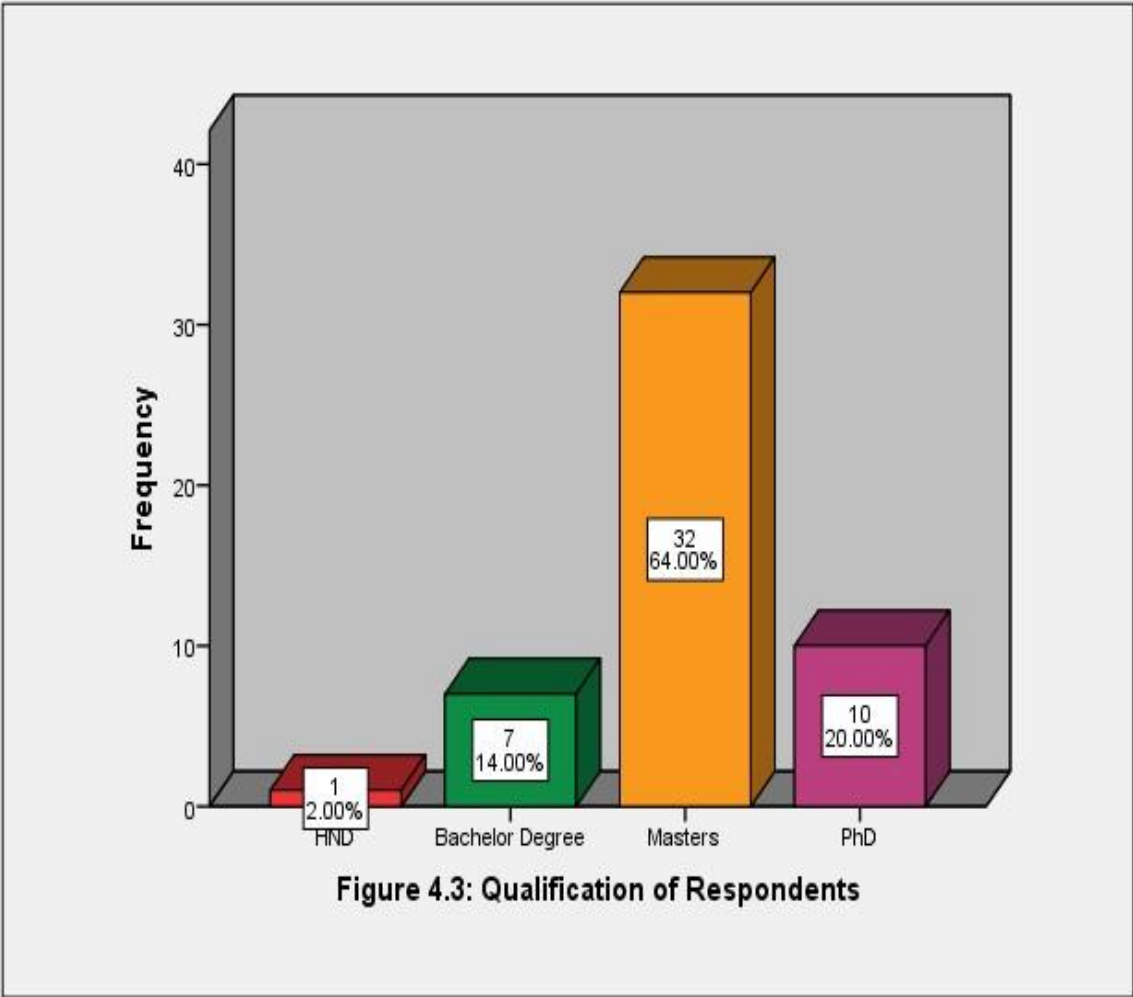
4.1.2 Respondents age in Kumasi Polytechnic



Source: Field Survey, 2016

Figure 4.2 shows the distribution of the age of the respondents. It shows that 10% of the respondents' ages are from 20 to 29 years; 36% of the respondents' ages are from 30 to 39 years. Those whose ages are from 40 to 49 years forms 34% while one out of every five respondents chosen is aged 50 years and above.

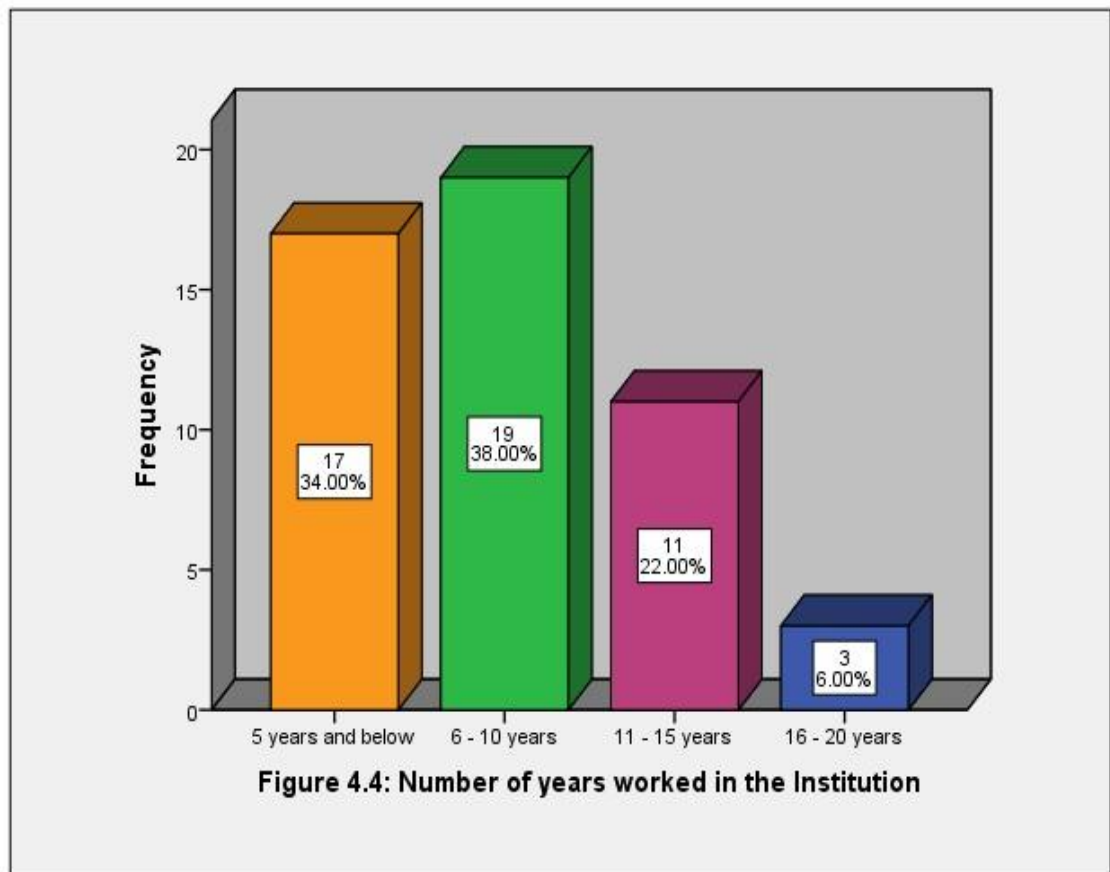
4.1.3 Qualification of respondents in Kumasi Polytechnic



Source: Field Survey, 2016

From Figure 4.3, almost two-thirds of the total respondents hold masters degree representing 64% of the respondent, and 20% of the respondents hold a PhD. Those with a first degree and below form 16% of the total response rate.

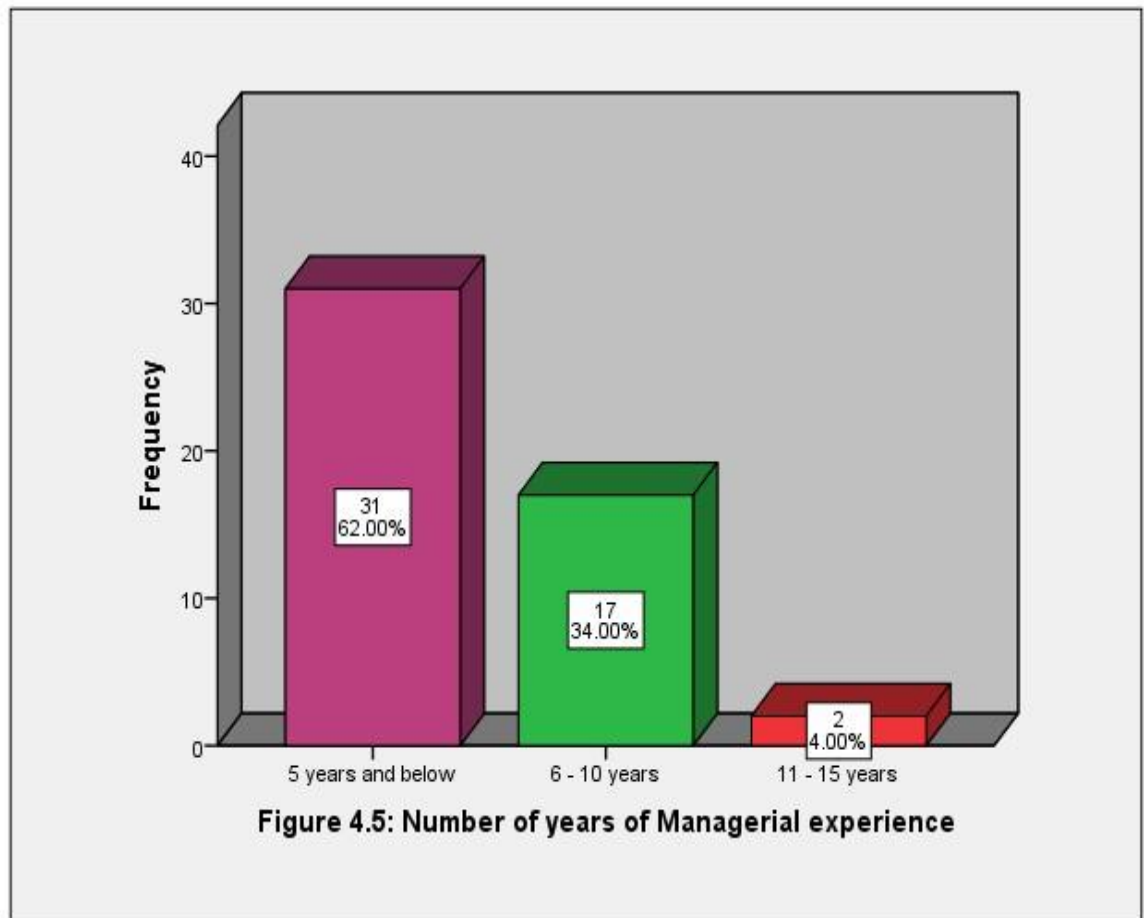
4.1.4 Respondents years worked in Kumasi Polytechnic



Source: Field Survey, 2016

Figure 4.4 shows the distribution of the number of years the respondents have worked in the institution. Thirty-four percent (34%) of the respondents have been working for five years and below. The majority of the respondents have been working at Kumasi Polytechnic for six to ten years representing 38%: 28% of the respondents have been working in the institution for more than ten years.

4.1.5 Number of years of managerial experience in Kumasi Polytechnic



Source: Field Survey, 2016

According to Figure 4.5, more than six out of every ten respondents selected have 5 years or below managerial experience in Kumasi Polytechnic representing 62%; 34% of the respondents have 6 to 10 years managerial experience in Kumasi Polytechnic. Only two respondents have more than ten years managerial experience in Kumasi Polytechnic representing 4%.

4.1.6 Number of years in your current position Kumasi Polytechnic

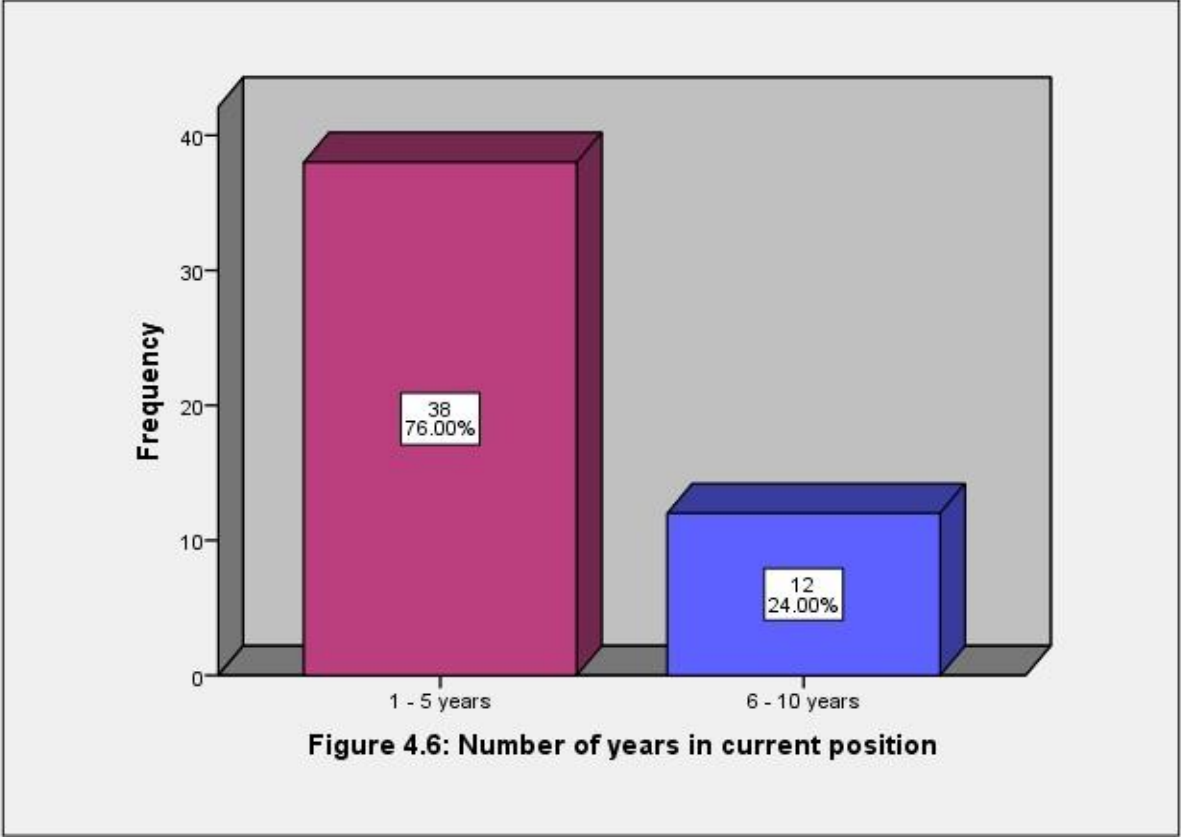
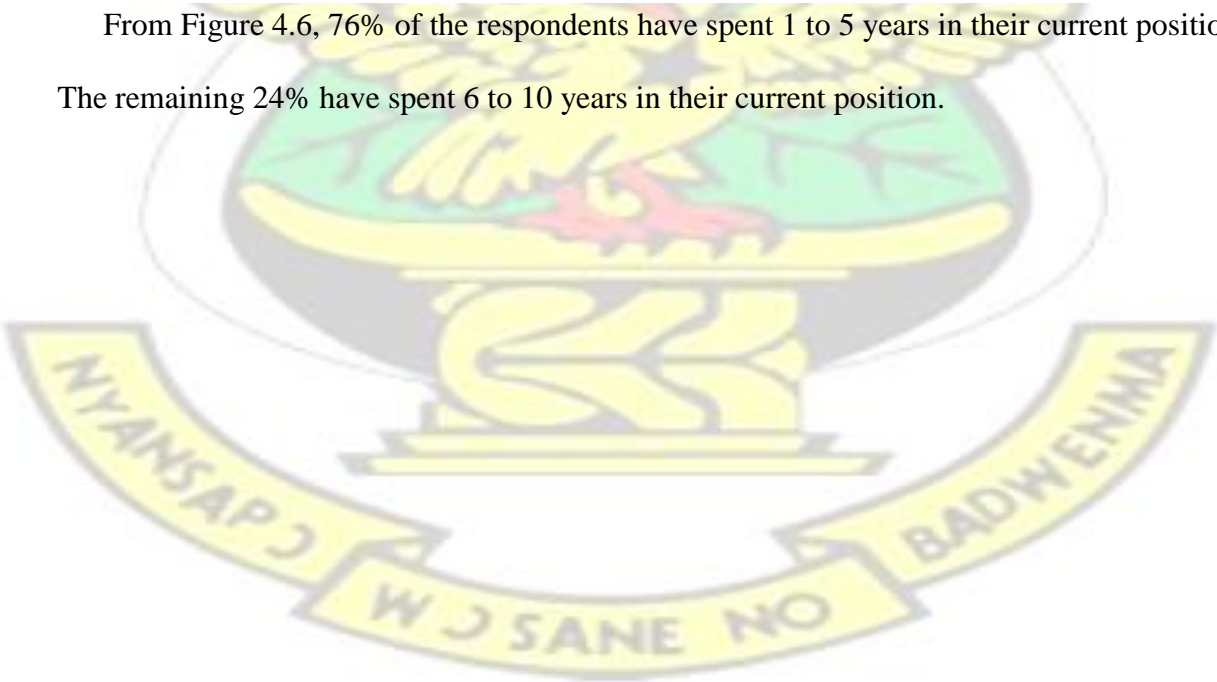


Figure 4.6: Number of years in current position

Source: Field Survey, 2016

From Figure 4.6, 76% of the respondents have spent 1 to 5 years in their current position. The remaining 24% have spent 6 to 10 years in their current position.



4.2 Communication of Budget Related Matters

Table 4.1 Communication of Budget related matters

Communication of budget related matters		Agree	Neutral	Disagree
1	Reason for not approving particular needed items in the budget are communicated back to the facilities or the department	20 42%	8 16%	22 44%
2	The institution reports budgetary variance to the various faculties or departments in question in a follow up review report.	33 66%	5 10%	12 24%
3	Prompt measures are instituted by management to correct predicted budget variances before incorporating the budget into the institution's strategic plan.	28 56%	18 36%	4 8%
4	Unusual variances between budgeted and actual are examined and communicated to the appropriate sector on regular basis	24 48%	19 38%	7 14%
5	Management compare budget estimates with actual results at year end to identify errors or changes in trends	38 76%	11 22%	1 2%

Source: Field Survey, 2016

According to Table 4.1, 66% of the respondents agree that the institution reports budgetary variance to the various faculties or departments in question in a follow up review report. Also, 76% agree that management budget estimates were compared with actual results at year end in identifying errors or changes in drifts; and 44% of the respondents disagree that reasons for not approving particular needed items in the budget are communicated back to the facilities or the department. Lastly, 56% agreed that prompt measures were instituted by management to correct predicted budget variances before incorporating the budget into the institution's

strategic plan. Positively, it indicates that budget communication relates to budgetary attitudinal response.

4.3 Budgetary Attitudinal Responses at Kumasi Polytechnic Table

4.2 Budgetary attitudinal responses at Kumasi Polytechnic

Budgetary attitudinal responses at Kumasi Polytechnic	Satisfied	Neutral	Dissatisfied
1 How would you feel when a particular need item in your budget estimate is disapproved and it is not communicated back at the due time?	0 0%	13 26%	37 74%
2 How satisfied would you when your department and/or faculty are reported to be in “adverse” in the variance budgetary follow up review report?	0 0%	6 12%	44 88%
3 What would be your stance when management fails to stand by your department and/or faculty budget estimate on a particular need items before incorporating the budget into the institution’s strategic plan?	35 70%	11 22%	4 8%
4 How satisfied would you when unusual budgetary variances are interpreted by management as poor performance in your department and/or faculty?	0 0%	12 24%	17 34%
5 What would be your stance when management identifies errors and changes in trend reports to the department and/or faculty with respect to budget estimate presented for approval?	30 60%	19 38%	1 2%

Source: Field Survey, 2016

From the table 4.2 above, it was realized that 74% of the respondents were dissatisfied when a particular need item in their budget estimate is disapproved whereas 26% of the respondent were neutral on that statement.

Also, most of the respondents (88%) were dissatisfied to the statement when their department or faculty is reported to be in adverse in the variance budgetary follow up review report while 12% of the respondent were neutral about this statement.

Moreover, 70% of the respondents were satisfied when management fail to stand by their department or faculty budget estimate on a particular need item before incorporating the budget into the institution's strategic plan whereas 22% of the respondents were neutral about that statement.

In addition to this, it was seen that 34% of the respondent were dissatisfied when unusual budgetary variance are interpreted by management as a poor performance in their department or faculty whereas 60% of them were satisfied when management identifies errors and changes in trend reports to the department or faculty with respect to budget estimate presented for approval .

4.4 Level of Budgetary Influence Table 4.3

Level of budgetary influence

Level of budgetary influence	Agree	Neutral	Disagree
1 All items that the faculties and/or the department request out of the institutions budget are often approved at the Academic Board level	6 12%	5 10%	39 78%
2 The final (operational) budgets are strongly approved and determined by the Polytechnic Council depending on the	45 90%	3 6%	2 4%

	availability of resources			
3	The heads of department, directors of faculties and heads of administration are the only once given chance in setting budgetary goals for the department, faculty and the institution as stated in the Polytechnic statutes	36 72%	1 2%	13 26%
4	The Academic Board and the Polytechnic Council are technically competent and neutral to cuts budgets	31 62%	15 30%	4 8%
5	Unless the budget revisions are approved by the Academic Board and the Polytechnic Council, the budget officer cannot enter the revised budget into the accounting system	36 72%	10 20%	4 8%

Source: Field Survey, 2016

From Table 4.3, 78% of the respondents disagree that all items that the faculties and/or the request out of the institutions budget are often approved at the Academic Board level; and 90% agree that the final (operational) budgets are strongly approved and determined by the Polytechnic Council depending on the availability of resources in agreement with the institution's strategic plan. Also, 72% agree that the heads of department, directors of faculties and heads of administration are the only once given chance in setting budgetary goals for the department, faculty and the institution as stated in the Polytechnic statutes; 72% also agreed that, unless the budget revisions are approved by the Academic Board and the Polytechnic Council, the budget officer cannot enter the revised budget into the accounting system. 62% of the respondents agree that the Academic Board and the Polytechnic Council are technically competent and neutral to cuts budgets.

Based on the above results, we can then say that the levels of budgetary influence in Kumasi polytechnic are; availability of resources, which are to be used by faculties and departments are strongly approved and determined by the Polytechnic Council in agreement with the institution strategic plan; Heads of department, Directors of faculties and Heads of

administration being the only one given the chance in setting budgetary goals; unless the budget revisions are approved by the Academic Board and the Polytechnic Council, the budget officer cannot enter the revised budget into the accounting system; and the Academic Board and the Polytechnic Council been technically competent and neutral to cuts budgets.

4.5 Inferential Analysis

Determine whether there is good interaction between the level of influence and budgetary communication over the medium / long term goals set;

H_0 : There is a good interaction between the level of influence and the budgetary communication over the medium / long term goal set

Table 4.4 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.094 ^a	16	.446
Likelihood Ratio	20.104	16	.216
Linear-by-Linear Association	.989	1	.320
N of Valid Cases	50		

a. 22 cells (88.0%) have expected count less than 5. The minimum expected count is .04.

From the table above, it was realized that a p-value of 0.216 was obtained which far greater than the significant level of 0.05 and hence reject the null hypothesis and conclude that there isn't a good interaction between the level of influence and the budgetary communication over the medium / long term goal set

H_0 : There is a positive relationship between budgetary communication and budgetary response attitude

Table 4.5: Chi-Square Tests between budgetary communication and budget response attitude

	Value	Df	Asymp. Sig. (2sided)
Pearson Chi-Square	106.360 ^a	9	.000
Likelihood Ratio	107.305	9	.000
Linear-by-Linear Association	27.769	1	.000
N of Valid Cases	50		

a. 12 cells (75.0%) have expected count less than 5. The minimum expected count is .08.

Since the expected count of the cells is greater than 20%, the likelihood ratio is considered over the Pearson Chi-square

It was established that, there is a positive relationship between budgetary communication and budgetary response attitude due to the fact that the p-value of 0.000 is greater than the significant value of 0.05. This implies that, when the budget is communicated to the various faculties and/or departments, they react positively toward it.

Table 4.6: Correlation between budgetary communication and budgetary attitude

	Value
Interval by Interval Pearson's R	-.096
Ordinal by Ordinal Spearman Correlation	-.099
N of Valid Cases	50

From the correlation table above, it was observed that there is a weak or negative correlation between budgetary communication and their attitudinal response towards it. This implies that, when the budget is being communicated to the various departments and/or faculties their response to it is not impressive and have negative effects on activities.

RELIABILITY ANALYSIS

Table 4.7: Reliability values of budgetary communication and budgetary influence

Item	Constructs	Cronbach's Alpha
Budget communication	Reasons for not approving particular needed items in the budget are communicated back to the faculties or the department	0.703
	The institution reports budgetary variance to the various faculties or departments in question in a follow up review report?	
	Prompt measures are instituted by management to correct predicted budgetary variances before incorporating the budget into the institution's strategic plan.	
	Unusual variances between budgeted and actual are examined and communicated to the appropriate sector (department/faculty) on a regular basis	
	Management compare budget estimates with actual results at year end to identify errors or changes in trends and communicate back to the department, the faculty, the Academic Board and the Polytechnic Council	
Budgetary influence	All items that the faculties and the departments' request out of the institution's budget are often approved at the Academic Board level	0.593

Budgetary influence	The final (operational) budgets are strongly determined and approved by the Polytechnic Council depending on the availability of resources.	0.593
	The heads of department, directors of faculties and heads of administration are the only once given chance in setting budgetary goal for the department, faculty and the institution as stated in the Polytechnic statutes?	
	Do you agree that the Academic Board and the Polytechnic Council are technically competent and neutral to cuts budgets?	
	Do you agree that, unless budget revisions are approved by the Academic Board and the Polytechnic Council, the budget officer cannot enter the revised budget into the accounting system?	

From the above table, it was observed that Cronbach's Alpha value of 0.703 was obtained which implies that, 70.3% of the variability of the sustainability construct by combining the five items. This implies the five items was able to explain budgetary communication. Also, 59.3% of the variability when the five items under budgetary influence are combined well explains the budgetary influence.

REGRESSION ANALYSIS

R-squared = 0.5795

Table 4.8: Multiple Regression

bud5 Coef.	Std. Err.	t	P>t	[95% Conf. Interval]
com	.6725801	7.46	0.000	.4913239 .8538364
level	.1036415	1.19	0.238	-.0709188 .2782018
cons	.4081855	1.62	0.113	-.1001245 .9164955

Dependent variable: Budgetary attitude response

Predictors: budgetary communication and level of influence

From the above table, it was seen that about 58% of the variation accounted by the predictor variables well explained the dependent variable.

Also, budget communication was a significant contributor to the dependent variable since its pvalue (0.000) was less than the significant value of 0.05 but the level of influence was not a significant contributor to the dependent variable due to the fact that its p-value (0.238) was greater than the significant value of 0.05.

Moreover, in terms of direction there was a positive direction among the independent variables (that is budgetary communication and level of influence) and the dependent variable (budgetary attitude response).

Regression Equation

$$Y = a + bx_1 + bx_2 + \varepsilon$$

Where;

Y is budgetary attitude response a

is the constant term

x_1 is budgetary communication x_2 is

level of budgetary influence b is

regression parameters, $i=0,1,2,3$; ϵ is

the error term

$$Y = 0.41 + 0.67x_1 + 0.10x_2 + \epsilon \quad (1)$$

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CHAPTER FIVE

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

5.0 Introduction

In this chapter, the researcher summarizes data collected from secondary and primary sources. Findings and conclusions are drawn from the survey followed by recommendations to the research. Limitations of the study, together with suggested areas for future research are also discussed.

5.1 Summary of findings

The research found that there was a good interaction between the level of budgetary influence and budgetary communication over a medium / long term goal set. Moreover, there was a positive relationship between budgetary communication and budgetary response attitude. There again, there was a weak or negative correlation between budgetary communication and their attitudinal response.

5.2 Conclusions

The accompanying conclusions have been accomplished in light of responses from respondents and in addition records and insistence made available to the research:

Kumasi Polytechnic issues budget guidelines aforementioned to budget preparation and takes after the financial laws such as the Public Procurement Act 663 (2003), Internal Audit Act 654 (2003) and the Financial Administration Act 658 (2003) as well as Financial Memorandum for local authorities in preparation and implementation of its annual budgets.

Budgeting is a fundamental financial decision making process at Kumasi Polytechnic and it serves numerous purposes in the aid of planning, co-ordination, communication, controlling and performance evaluation within the institution. Positive budgetary influence and communication also enhance financial prudence in Kumasi Polytechnic and improve upon the

attitude of employees. The positive communication and influence associated to budgeting helps to;

- i. Enhance effective revenue mobilization.
- ii. Share responsibilities.
- iii. Ensure judicious use of resources
- iv. Enhance accountability and responsibility

5.3 Recommendations

Taking into account the outline of findings and conclusions made from the study, the accompanying recommendations are made for thought via Kumasi Polytechnic:

Kumasi Polytechnic should take measures to positively correct the weak or negative correlation between their budgetary communication related matters as against their attitudinal response since good or positive attitude is attributable to good or positive communication.

Kumasi Polytechnic should moreover, continue to monitor its budgets and pay much closer attention to its budgetary controls and responses to enforce internal controls so as to correct variances and over-expenditure. There should also be continuous staff training in budgeting to guarantee that officers of Kumasi Polytechnic stay educated concerning the new enhancements in the field of public finance and the need to report variances to the appropriate department for action.

5.4 Limitations and Areas for Future Research

This study comes with a few qualities however throughout this study the couple of requirements experienced call for proposal for further studies in the accompanying areas and these are:

Only Polytechnics in Ghana was concerted on with particular weight on one Polytechnic (Kumasi Polytechnic); future studies could explore more than one Polytechnics and if possible looking at all the Polytechnics in Ghana.

Opinions of this study were centred on key staffs and budget committee members of the Polytechnic; however, key personnel such as Coordinators of the budget implementation, other supporting staff could be included in future studies.

Data were sourced only in Kumasi Polytechnic; however opposed results could crop up if the study was simulated in another setting or all ten Polytechnics.



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APPENDICES

QUESTIONNAIRE TO KEY STAFF

I am a post graduate student of Kwame Nkrumah University of Science and Technology pursuing Master in Business Administration (Accounting option). As part of my academic work I am conducting a research on THE BUDGETARY RESPONSE ATTITUDES IN KUMASI POLYTECHNIC. Information provided by you is for academic purposes only and will be treated as private and confidential.

Kindly respond to the statement below as objectively as possible making a tick (✓) mark against any appropriate alternatives which mostly apply to you.

Your response will be treated in utmost confidence.

Part One: Demographic Factors

1. Gender a. Male() b. Female()
2. Age a. 20 - 29 () b. 30 – 39 () c. 40 – 49 () d. 50 -59 () e. 60 and above ()
3. Educational level or qualification
 a. Diploma() b. HND() c. Bachelor’s Degree () d. Master's Degree () e. PhD ()
4. Number of years worked in this institution?
 a. Below 1-5 year () b.6–10 years () c.11 -15 years() d. 15 – 20 years() e.21 – 25 years()
 f. 26years and above ()
5. Number of years of managerial experience at Kumasi Polytechnic?

- a. Below 1-5 year () b. 6 – 10 years () c. 11 -15 years () d. 15 – 20 years ()
 e. 21 – 25 years () f. 26 years and above ()
6. Number of years in your current position at Kumasi Polytechnic?
- a. Below 1-5 year () b. 6 – 10 years () c. 11 -15 years () d. 15 – 20 years ()
 e. 21 – 25 years () f. 26 years and above ()

Part Two: Communication of budget related matters

7. Which of these, in your opinion, relates to budget communication related matters in Kumasi Polytechnic? Please tick as appropriate: 1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree

		1	2	3	4	5
7.1	Reasons for not approving particular needed items in the budget are communicated back to the faculties or the department?					
7.2	The institution reports budgetary variance to the various faculties or departments in question in a follow up review report?					
7.3	Prompt measures are instituted by management to correct predicted budgetary variances before incorporating the budget into the institution’s strategic plan.					
7.4	Unusual variances between budgeted and actual are examined and communicated to the appropriate sector (department/faculty) on a regular basis					
7.5	Management compare budget estimates with actual results at year end to identify errors or changes in trends and communicate back to the department, the faculty, the Academic Board and the Polytechnic Council					

Part Three: Budgetary attitudinal responses at Kumasi Polytechnic

8. The table below shows the attitudinal responses in relation to budgeting in Kumasi Polytechnic. Kindly tick as appropriate 1. Strongly satisfied 2. Satisfied 3. Neutral 4. Dissatisfied 5. Strongly satisfied

		1	2	3	4	5
8.1	How would you feel when a particular need item in your budget estimate is disapproved and it is not communicated back at the due time?					
8.2	How satisfied would you when your department and/or faculty are reported to be in “adverse” in the variance budgetary follow up review report?					
8.3	What would be your stance when management fails to stand by your department and/or faculty budget estimate on a particular need items before incorporating the budget into the institution’s strategic plan?					
8.4	How satisfied would you when unusual budgetary variances are interpreted by management as poor performance in your department and/or faculty?					

8.5	What would be your stance when management identifies errors and changes in trend reports to the department and/or faculty with respect to budget estimate presented for approval?					
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Part Four: Level of budgetary influence

9. The table below shows the level of influence associated with budgeting in Kumasi Polytechnic. Kindly tick as appropriate in your opinion 1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree

		1	2	3	4	5
9.1	All items that the faculties and the departments request out of the institution's budget are often approved at the Academic Board level					
9.2	The final (operational) budgets are strongly determined and approved by the Polytechnic Council depending on the availability of resources.					
9.3	The heads of department, directors of faculties and heads of administration are the only once given chance in setting budgetary goal for the department, faculty and the institution as stated in the Polytechnic statutes?					
9.4	Do you agree that the Academic Board and the Polytechnic Council are technically competent and neutral to cuts budgets?					
9.5	Do you agree that, unless budget revisions are approved by the Academic Board and the Polytechnic Council, the budget officer cannot enter the revised budget into the accounting system?					

Thank you for your participation

