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STAFF PERCEPTION ON PROJECT COST

MANAGEMENT

THE CASE OF SAVE THE CHILDREN

ETHIOPIA, ADDIS ABABA

By:

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JANUARY ,2019

ADDIS ABABA, ETHIOPIA

**STAFF PERCEPTION ON PROJECT COST
MANAGEMENT
THE CASE OF SAVE THE CHILDREN
ETHIOPIA, ADDIS ABABA**

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DECLARATION

I, hear by declare that this thesis entitled Staffs perception on Project Cost Management in The Case of Save the Children.is my original work, prepared under guidance of Dejene Mamo (Asst. Professor) and has not been presented for a degree in any other University. All source of materials used for the thesis have been duly acknowledge. I further confirm that the thesis has not been submitted in part or fully to any other higher institution for the purpose of earning any degree.

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January 2019

Addis Ababa

ENDORSEMENT

This is to certify that Berhe |Gidey has completed his thesis entitled The Assessment of Management practice in Project Cost Management in Save the Children. As I have evaluated, his thesis, it is appropriate to be submitted as a partial fulfillment required for the award of Master of Business Administration in Project Management.

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LISTS OF ABBERVATIONS

BVA	Budget Variance Analysis
FSL	Food Security and Lively hood
PMBOK	Project Management Body of Knowledge
PMI	Project Management Institute
SCI	Save the Children International
USAID	United States Agency for international Development
WASH	Water Sanitation and Hygiene

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ABSTRACT

Project cost management is about designing project cost plans for the future, project cost estimation, cost budgeting implementing those cost plans and monitoring implantation of those plans against the sated standards to see the plans are achieved. The primary objectives of this research to assess the perception of staffs towards project cost management in Save the Children in Ethiopia. The study was focused on project cost management plan, project cost estimation, cost budgeting project cost management implementation and project cost monitoring. As projects creates a unique product or output by its very nature requires robust project cost management system. To achieve the objectives of the thesis, purposive sampling method was used and selected seventy- three Save the children staffs were selected as sample of the research for questionnaire survey and five senior management staffs as key informants for interview are taken as respondents from Program, Finance, awards and operation departments of the organizations. A self-administered questionnaire was distributed to respondents and interviews also conducted. Secondary data was also collected from budget performance reports, financial statements and manuals. As the findings show, the overall project cost management system in Save the children needs to be strengthen Participation of staffs in project cost palming, cost estimation, cost budgeting and monitoring will help to establish effective project cost management. To achieve the purposes of project cost management such as participation of staffs at all level is essential.

Key words: -Project, cost management, budget, monitoring, save the children

CHAPTER ONE: INTRODUCTION

1.1 Over View of Project Cost Management

A project is a temporary endeavor directed to create a unique output or service. The temporary nature of the project does not mean short but rather the products, services created by the project will last so long such like constructed dams, building and national monuments. The temporary nature of projects indicates a definite beginning and end (Horine, 2005). The end is reached when the project is ended or terminated.

As project management focuses on desired specific results projects are clearly separated from business as usual activities required peoples to come together to focus temporarily on specific objectives. Project management is defined as getting things done through people. (Barens2012) Project management is the way if managing changes from simple wedding up to the Olympics games.

Project management is the application of knowledge, skills, tools and techniques to project activates to meet the project objectives. Project management is nothing but the application and integration project management body of knowledge initiating, planning, implementing monitoring and controlling as well as closing (PMI, 2008).

Organizations have developed several techniques and methods in cost estimating, cost budgeting and cost controlling as a project management functions. Budgeting and budget controlling is one of the most fundamental and widely used financial frame works of project cost monitoring in non-governmental organizations. ‘Effective project cost management significantly contributes to the achievement of the goals and objectives’ Brook soon (2000). Project cost management involves the resource planning, cost estimating, cost budgeting and cost control.

Establishment of predetermined goals, budgeting facilitates effective utilization of funds, improve managerial decision making, and provide a bench mark to measure and control performance, enhance effective communication and monitoring within the organization and establish understanding between managers about goals and objectives.

A good project cost management process incorporates a long term perspective, establishes linkages to organizational goals, focuses cost management decision on results and outcomes and promotes effective communication with stakeholders. The purpose of cost control is to provide a forecast of revenues and expenditures. (Churchill, 2001).

Cost management enable the management team to make plans for the future through implementing those plans and monitoring activities to see whether they conform to the plan, effective implementation of cost control is an important tool for implementation of budget in the organization (Carr and Joseph, 2000).

Organization can prepare a good project cost management as a basis for performance management and standards on a regular basis in order to compare actual performance with the budget to analyze differences in the results and take corrective measures, which mainly involves the process of cost implementation, evaluation and control (Hokal and Shaw,2002). Organizations do their cost monitoring to manage their spending activities. (Dunk,2009). Organizations can use cost control in forecasting techniques in order to make plan and budget for the future (Epstein and McFarlan, 2011). The management of the organizations implements project cost control to prevent losses resulting from theft and fraud.

Save the children have a role to play in implementation and proper utilization of the allocated budget. To achieve effectiveness in project cost management, have to ensures that estimated cost, the resources of Save the children should be managed effectively and efficiently to meet its obligations by minimizing costs.

The activities of planning, organizing, directing and controlling of economic resources, are schematized to reflect the nature and objectives of the organization and must be tailored towards the attainment of the overall organization's predetermined objectives.

This must be achieved effectively to ensure successful project cost management implementation (Donald, 2008).

Owing to this fact, the focus of this study is to examine the assessment of management practice in project cost management as a management tool for enhancing financial management in save the children operating in Ethiopia.

According to the procedure of grant management and donor agreement stipulated in the contract to implement projects. Moreover, it identifies the problems that face by the management in project cost monitoring to give possible recommendations.

1.2. Background of the Organization

Save the Children first worked in Ethiopia in the 1930s and set up its permanent offices by Save the Children Sweden in 1965 and Save the Children UK in 1974. The earliest work in Ethiopia focused on humanitarian and emergency relief, and has evolved into a range of longer-term development initiatives for the most vulnerable children. On October 1, 2012, seven Save the Children Member organizations, which had all been working in Ethiopia (Canada, Denmark, Finland, Norway, Sweden, UK and USA) came together to form a single organization.

Save the Children will pursue this through its nine thematic areas in Health, Nutrition, Food Security and Livelihoods (FSL), Water and Sanitation (WASH), HIV/AIDS, Child Protection, Education, Building Child Friendly Systems and Structures and Humanitarian Response.

Save the Children has a new global strategy – ‘Ambition for Children 2030’. its mission is as urgent and relevant as ever: more children are surviving and thriving than ever before, but millions of children are denied their most basic rights and unable to fulfil their potential.

Save the children won’t achieve its 2030 ambition with business as usual. Save the children will need to make tough choices and take calculated risks. Save the children will need to sharpen its program focus and learn from its successes and failures in terms of what has the greatest impact for children.

Save the children must find new and better ways of mobilizing supporters to bring millions more people on board with its cause. Save the children will need to reach a new standard of efficiency and effectiveness with strong, diverse leadership across its organization.

1.3. Statement of the Problem

One systematic approach for attaining effective project management performance is project cost management.

Project costs are represented in monetized expressions of target to be accomplished in a given period by an organization. It is an intentional attempt to achieve greater targets over time with available and expected resources. Such aims are influenced by the experiences of the past and expectation of the future (Douglas, 2004). With a well-articulated costs, the management of Save the children can effectively to plan, coordinate, control and evaluates its activities. Costs are presented in the form of budgets which are financial plans. Budgeting is one of the existing process in save the children and very crucial. A good budgeting process is one of the management tool to enhance proper project cost management in project implementation.

Save the children in Ethiopia do value costing and cost monitoring in managing funds to implement projects. Budgets are sourced for allocation of resources and mobilization of funds through proposals to donors. Save the children is funded by international donors to implement and deliver various projects in multi sectorial assistances health and nutrition, food security, resilience, lively hood, education, child protection emergency responses management (Cherington and Cherington, 2003). To achieve efficient utilization of the allocated funds, proper project cost control measures should be implemented to ensure that the management team account for the allocated funds. Save the children have a master budget that guides their project cost allocation and mobilization in preparing budget proposals to receive funds from donors. Save the children used to manage its project cost management process and monitoring variances to take timely decision.

Project cost management is a device intended to provide greater effectiveness in achieving organizational success. To achieve effectiveness in project cost management the management team of the organization should ensure the project budgets for the allocated projects are implemented with the stipulated time and costs to enhance effectiveness.

The basic objectives of project cost management are planning, estimating, budgeting and control. It's difficult to discuss one without mentioning the other (Arora, 1995). A budget provides a detailed plan of action for an organization over a specified period of time. By implementing proper cost management, the organization is able to reduce costs and improve on quality of its services by reducing costs.

This helps to reduce on costs and achievement of goals is enhanced and thus organizational effectiveness (Mathis, 1989). By cost management, managers coordinate their efforts so that objectives of the organization harmonize with the objectives of its parts. Cost management ensures that objectives as laid down in the cost management are achieved (Churchill, 2001).

Save the children with well formulated cost management easily assigns its managers the responsibility for the use of designated financial resources to achieve their assigned operational objectives. Project cost management provides comparisons of actual results against project cost plan which is essential is reducing ineffectiveness and poor project cost management leading to effectiveness allocation of scarce resources (Joshi and Abdulla, 1996).The success of projects depends on various factors one of the key factor is the practice of Save the children in managing project costs. Project costs management adds value to overall performance of the project management. Project managers are required to undertake more rigorous project cost management frame works and guide lines.by doing so they will achieve project success.

From the review of past research most studies have concentrated on project cost management and how it affects organizational performance in both the public and private sectors. Although there is project cost management system in Save the Children but not effective as there is no policy brief in project cost management.

This study is determined to fill this gap by assessing the perception of staffs towards the project cost management in the case of Save the Children in Ethiopia.

1.4. Basic Research Questions

The study focused on the following basic research questions on the assessment of management practice in project cost management as a management tool in save the children operating in Ethiopia and to provide achievable suggestions and recommendations for save the children management and project staffs.

This research tried to answer the question what is the management practice in project cost management in save the children. It in turn pursues to answer the following research questions:

1. What is the level of participation of save the children staffs in the project cost management process and cost monitoring practice?
2. What is the practice of Save the children staffs to apply the tools in the process of project cost budget preparation, cost monitoring to discharge roles and responsibilities?

1.5. Objectives of the Study

The study has general and specific objectives described as follows: -.

1.5.1 General Objective

The general objective of the study is to examine the management practice of project cost management as a management tool for managing projects in save the children.

1.5.2 Specific Objectives

The study has the following specific objectives.

1. To examine project cost management practices in save the children as a management tool to for project implementation.
2. To determine level of participation of staffs in the cost management and cost monitoring practice.
3. To describe the role applied for project cost budgeting and project budget monitoring as a tool in project cost management.

1.6. Definition of terms

Project: - is “a temporary endeavor undertaken to create a unique product, service, or result” Projects **end when their objectives** have been reached or the project has been terminated. Projects can be large or small and take a short or long time to complete which is designed to achieve a specific and **unique outcome**, which operates within time, scope, cost and quality constraints and which is often used to introduce **change** (PMI,2012).

Project Management is all about the planning, organizing, directing, and controlling of company resources for a relatively short-term objective that has been established to complete specific goals and objectives (Kerzner, H. (2001).

Project Cost Management: - includes the processes involved in planning, estimating, budgeting, financing, funding, managing, and controlling costs so that the project can be completed within the approved budget (PMI,2013).

Plan cost Management: - is the process that establishes the policies, procedures, and documentation for planning, managing, expending, and controlling project costs. The key benefit of this process is that it provides guidance and direction on how the project costs will be managed throughout the project (PMI,2013).

Estimate costs—The process of developing an approximation of the monetary resources needed to complete project activities. Cost estimates are a prediction that is based on the information known at a given point in time. Cost estimates include the identification and consideration of costing alternatives to initiate and complete the project. Cost tradeoffs and risks should be considered, such as make versus buy, buy versus lease, and the sharing of resources in order to achieve optimal costs for the project. (PMI,2013).

Cost Budgeting —The process of aggregating the estimated costs of individual activities or work packages to establish an authorized cost baseline. The key benefit of this process is that it determines the cost baseline against which project performance can be monitored and controlled.

A project budget includes all the funds authorized to execute the project. The cost baseline is the approved version of the time-phased project budget, but excludes management reserves (PMI,2013).

Control costs—The process of monitoring the status of the project to update the project costs and managing changes to the cost baseline. The key benefit of this process is that it provides the means to recognize variance from the plan in order to take corrective action and minimize risk (PMI ,2013).

1.7. Significance of the Study

This research is significant to save the children, budget holders, finance project manager and other project staff to identify the major problems on project cost management as a management tool to manage project budget monitoring in save the children. Taking this in to consideration, therefore, the study has the following major significances:

- 1.It would enrich the knowledge of save the children staffs on project cost management.

2. It provides baseline information about save the children current practice of the project cost management process in managing donor funds.
3. Save the children can get inputs to improve its project cost management
4. It provides some highlights for those who want to carry out in-depth study in the future concerning save the children project cost management.

1.8. Scope of the study

The study emphasizes on the assessment of project cost management practice as a management tool to manage project costs in save the children.

1.9. Limitation of the study

The study has focused on project cost management of save the children which have head offices in Addis Ababa. The study doesn't cover the entire project management of save the children organization more this study focuses only to save the children project cost management alone, as a result, the same conclusion cannot be drawn to the entire save the children project management system.

1.10. Organization of the study

The study is organized into five chapters. Chapter one covers the background of the study, problem statement, objectives of the study, research questions, significance of the study, scope of and limitation of the study. Chapter two review literatures on project cost management, budgeting process and budget forecasting approaches, good practice in project cost monitoring and control as well as empirical studies on project cost management.

Chapter three is about the methodology used in the study. It covers the research design, population, sample and sampling procedures, data collection instruments and analysis methods. Chapter four is about data presentation, analysis, discussion and interpretation. Chapter five provides the conclusions and recommendations.

CHAPTER TWO: REVIEW OF RELATED LITRATURE

2.1. Theoretical Literature Review

This section covers the theoretical framework of the study; it discusses theories that support project cost management project cost estimate determine the budget and budgetary control and effectiveness, determinants of effectiveness, theoretical studies and the summary of the literature review. There are four theories that support project cost management in project management that organizations can use in project cost planning, cost estimating, cost budgeting and budgetary control as discussed below.

2.1.1 What is Cost and Project Cost Management

Cost is a resource sacrificed or foregone to achieve a specific objective, or something given up in exchange. Costs are both financial and no-financial. But usually measured in monetary units, such as birrs.

Project cost management is the process required to ensure that the project is completed within approved budget. Project cost management will keep on measuring and monitoring cost performance of the project budget utilization.

Project cost management is one of the key knowledge areas in project management aims to determine the required budget for project required to complete the project and to enhance monitoring and control the project costs to meet the determined budget. Project budget is the main output of this knowledge area. After being the project scope is clear and project activities and deliverables are determined costs will be allocated to associated activities. Project cost management is primarily concerned with the cost of resources such as expenses, salary and procurement of materials, tools, and equipment's.

Management will keep on measuring and monitoring the cost performance of the project to meet the agreed budget.

Project Cost Management is primarily concerned with the cost of the resources needed to complete project activities. Project Cost Management should consider the effect of project decisions on the subsequent recurring cost of using, maintaining, and supporting the product, service, or result of the project.

For example, limiting the number of design reviews can reduce the cost of the project but could increase the resulting product's operating costs.

Another aspect of cost management is recognizing that different stakeholders measure project costs in different ways and at different times. For example, the cost of an acquired item may be measured when the acquisition decision is made or committed, the order is placed, the item is delivered, or the actual cost is incurred or recorded for project accounting purposes. In many organizations, predicting and analyzing the prospective financial performance of the project's product is performed outside of the project. In others, such as a capital facilities project, Project Cost Management can include this work. When such predictions and analyses are included, Project Cost Management may address additional processes and numerous general financial management techniques such as return on investment, discounted cash flow, and investment payback analysis.

Project Cost Management includes the processes required to ensure that the project is completed within the approved budget. **Project cost management** provides an overview of the following major processes:

- 1. Resource Planning**—determining what resources (people, equipment, materials) and what quantities of each should be used to perform project activities.
- 2. Cost Estimating**—developing an approximation (estimate) of the costs of the resources needed to complete project activities.
- 3. Cost Budgeting**—allocating the overall cost estimate to individual work items.
- 4. Cost Control**—controlling changes to the project budget.

These processes interact with each other and with the processes in the other knowledge areas as well. Each process may involve effort from one or more individuals or groups of individuals based on the needs of the project. Each process generally occurs at least once in every project phase.

Although the processes are presented here as discrete elements with well-defined interfaces, in practice they may overlap and interact. Project cost management is primarily concerned with the cost of the resources needed to complete project activities.

However, project cost management should also consider the effect of project decisions on the cost of using the project product.

For example, limiting the number of design reviews may reduce the cost of the project at the expense of an increase in the customer's operating costs. This broader view of project cost management is often called *life-cycle costing*.

In many application areas predicting and analyzing the prospective financial performance of the project product is done outside the project. In others (e.g., capital facilities projects), project cost management also includes this work. When such predictions and analysis are included; project cost management will include additional processes and numerous general management techniques such as return on investment, discounted cash flow, payback analysis, and others. Project cost management should consider the information needs of the project different stakeholders may measure project costs in different ways and at different times. For example, the cost of a procurement item may be measured when committed, ordered, delivered, incurred, or recorded for accounting purposes.

On some projects, especially smaller ones, resource planning, cost estimating, and cost budgeting is so tightly linked that they are viewed as a single process (e.g., they may be performed by a single individual over a relatively short period of time). They are presented here as distinct processes because the tools and techniques for each are different.

2.1.2 Resource Management Plan

Resource planning involves determining what physical resources (people, equipment, materials) and what quantities of each should be used to perform project activities. It must be closely coordinated with cost estimating. For instance, a construction project team will need to be familiar with local building codes. Such knowledge is often readily available at virtually no cost by using local labor. However, if the local labor pool lacks experience with unusual or specialized construction techniques, the additional cost for a consultant might be the most effective way to secure knowledge of the local building codes.

An automotive design team should be familiar with the latest in automated assembly techniques. The requisite knowledge might be obtained by hiring a consultant, by sending a designer to a seminar on robotics, or by including someone from manufacturing as a member of the team.

The project team uses expert judgment, analytical techniques, and meetings to develop the cost management plan. A cost management plan includes: Level of accuracy and units of measure, organizational procedure links, Control thresholds, rules of performance measurement, reporting formats and process descriptions.

Planning phase is fundamental to any project management and it is one of the success factors for the project (Kerzner, H,1998:89). How smart was the plan the project cost management system has to be flexible enough to accommodate changes?

Cost planning is concerned with quantifying the cost factors to be applied to a project, assuming certain resources are available. According to Kerzner, H. (2001), effective planning cannot be accomplished unless the necessary information becomes available at project initiation. The information requirements are: According to Kerzner, H. (2001), project cost planning should include, statement of work (SOW), Project specifications, milestone schedules and work break down structure(WBS).

A statement of work describes the actual work that is going on to be implemented as per the specifications and on the basis of project contract document Cleland, D.I. and L.R.(2002).Statement of work is a written document that makes clear and confirm the project requirements and used as reference document for final approval and acceptance of deliverables that can be measured at the end of the project (Basson, G. 2003).

Specifications are project description of technical contents of the product or service requirements must meet. (Cleland, D.I and Ireland, L.R 2002). Specification's are standards for the price of the project hence are basic for project cost. Specification's there for needs high-level of accuracy and clarity to avoid significance cost implications.

The milestone schedules are a significant event in the project usually completion of major deliverable." (PMI,2000). A milestone in project schedule is the summary of planned dates.

According to Kerzner, H. (2001), project milestone schedules the time frame parameters and control project costs throughout the project life cycle. A milestone is a significant event that normally has no duration.

The work breakdown structure is a deliverable-oriented grouping of project elements that organizes and defines the total scope of the project (PMI, 2000). It is a means of dividing a project into the easily managed elements that ensure the completeness and continuity of all the work that is required for successful completion of the project.

WBS provides the frame work cost planning can be performed in which activities are breaking down in to smaller elements Kerzner, H. (2001)

2.1.3 Project Cost Estimate

Estimate costs is the second process of cost management knowledge area in project cost management. Cost estimation for each project activity and tools, materials, equipment are done in this process. Cost estimating is one of the key aspects of project planning. Cost estimating involves developing approximation(estimates) of the costs of the resources needed to complete activities (PMI, 2017). An accurate cost estimates would enhance efficient cost estimating thus will help to important project management decision on whether the project accepted or reject,” go/no go decision (Harrison, H.L.1990)

On the basis of these estimations, overall project budget is estimated. Clear definition of project costs at the beginning decreases the possibility of estimation errors. With greater initial accuracy the likelihood of completing within budget estimates is greater. To be able to create good estimations the project must be broken down by deliverables, work packages and tasks. The following are different costs to be included in project cost estimating as emphasized by Burke, R. (1993),

Direct costs: - these are the different costs to be included in the project cost estimating the costs directly linked with the project activities these costs such direct labour, material and equipment costs.

Indirect costs: - these costs are not directly traced to an activity of the project. For instance, office rent for a project is a fixed cost. Regardless of how many project resources will work, you need an office, and this cost will be in your project budget. On the other hand, material costs, expenses for project personnel etc. will be variable depending on the number of people or materials.

“Determine Budget is the process of aggregating the estimated costs of individual activities or work packages to establish an authorized cost baseline. The key benefit of this process is that it determines the cost baseline against which project performance can be monitored and controlled. This process is performed once or at predefined points in the project. A project budget includes all the funds authorized to execute the project. The cost baseline is the approved version of the time-phased project budget that includes contingency reserves, but excludes management reserves. (PMI, 2017)”

In planning for the costs of a project, cost estimating is a cardinal aspect of the plan. Cost estimating involves developing an approximation (estimate) of the costs of the resources needed to complete activities (PMI,2000). Consequently, an accurate estimate of project costs is an essential part of the proper basis for management decisions and control if project objectives have to be met.

Robust cost estimating demands a clear idea of project costs. Project cost estimation considers several variables including methods to create cost estimate and steps at which. The first step towards robust cost management is having a clear idea of your project’s likely costs.

However, it’s futile to track and control costs if you base your spending on unrealistic estimates. Project estimating considers several variables, including the method you use to create the estimate, the stage at which you build your estimate, and the types of cost you include. The first variable is the method you employ. You can produce cost estimates using a variety of estimating techniques, depending on the extent to which you define a project and the type of information you have access to. Here are some common estimation techniques:

2.1.4 Analogous Estimating

This uses historical data from similar past projects to create estimates for new projects. This method works if you have experience with projects of the same type. Analogous cost estimating uses the values such as scope, cost, budget, and duration or measures of scale such as size, weight, and complexity from a previous, similar project as the basis for estimating the same parameter or measurement for a current project.

When estimating costs, this technique relies on the actual cost of previous, similar projects as the basis for estimating the cost of the current project. It is a gross value estimating approach, sometimes adjusted for known differences in project complexity. (PMI,2013)

Analogous cost estimating is generally less costly and less time consuming than other techniques, but it is also generally less accurate. Analogous cost estimates can be applied to a total project or to segments of a project, in conjunction with other estimating methods.

Analogous estimating is most reliable when the previous projects are similar in fact and not just in appearance, and the project team members preparing the estimates have the needed expertise.

2.1.5 Parametric Estimating

This method estimates time and cost by multiplying per unit or per task amounts by the total number expected in the project. The rates are often standard or publicly published rates and can be expressed in hours of work, amount of data entered, or the number of units of a product manufactured. This technique has a reputation for good reliability, but it's less relevant when output isn't uniform, such as when writing computer code. Some projects have widely varying or unprecedented tasks, so they do not lend themselves to this method.

Parametric estimating uses a statistical relationship between relevant historical data and other variables (e.g., square footage in construction) to calculate a cost estimate for project work. This technique can produce higher levels of accuracy depending upon the sophistication and underlying data built into the model. Parametric cost estimates can be applied to a total project or to segments of a project, in conjunction with other estimating methods.

2.1.6 Bottom-up Estimating

Bottom-up estimating is a method of estimating a component of work. The cost of individual work packages or activities is estimated to the greatest level of specified detail. The detailed cost is then summarized or "rolled up" to higher levels for subsequent reporting and tracking purposes. The cost and accuracy of bottom-up cost estimating are typically influenced by the size and complexity of the individual work package.

Top-down -Based on collective judgments and experiences of top and middle managers. Overall project cost estimated by estimating costs of major tasks

2.1.7 Three-Point Estimating

The accuracy of single-point activity cost estimates may be improved by considering estimation uncertainty and risk and using three estimates to define an approximate range for an activity's cost:

Most likely (tm). The cost of the activity, based on realistic effort assessment for the required work and any predicted expenses.

Optimistic (to). The activity cost based on analysis of the best-case scenario for the activity.

Pessimistic (tp). The activity cost based on analysis of the worst-case scenario for the activity. (PMI,2017)

2.1.8 Cost Budgeting

Budgetary cost control Hirst (1987) an effective budgetary control solves an organization's need to plan and consider how to confront future potential risks and opportunities by establishing an efficient system of control, a detector of variances between organizational objectives and performance (Shields and Young,1993). Budgets are considered to be the core element of an efficient control process and consequently vital part to the umbrella concept of an effective budgetary control.

Cost budgets are project future financial performance which enables evaluating the financial viability of a chosen strategy. In most organizations this process is formalized by preparing annual budgets and monitoring performance against budgets. Cost budgets are therefore merely a collection of plans and forecasts (Silva and Jayamaha, 2012). They reflect the financial implication of business plans, identifying the amount, quantity and timing of resource needed (Shields and Young, 1993).

Cost budgets can further influence the behavior and decisions of employees by translating business objectives, and providing a benchmark against which to assess performance. Hancock (2009) even considered such operational planning as the backbone of management.

During budget preparation procedures, consideration of alternative courses of action becomes an integral part and leads to increased rationality. A budget allows a goal, a standard of performance to be established with subsequent comparison of actual results with the created standard. It requires those involved to be forward looking rather than looking back (Scott, 2005). Cost budgets have therefore been identified as playing a number of roles which include making goals explicit, coding learning, facilitating control, and contracting with external parties (Selznick, 2008).

2.1.9 Cost Control

In reference to Robinson and Last (2009), budgeting system is a tool used by the firm as a framework for their spending and revenue allocation. To ensure the firm's resources are not wasted, the organization must be able to come out with an effective budgeting system. This is important as it ensure that the outputs produced and services delivered achieve the objectives. According to this theory, a good budgeting system must be able to addresses the efficiency and effectiveness of the organization's expenditure. A good budget is determined by the level of income of the organization (Robinson, 2009).

The organization has to put proper controls that ensure that the budget is properly maintained and allocated. This is achieved through cutting costs in order to increase the quality of goods and service offered by the firm. However, if an organization has lesser income they might have to find a way to fund their estimated budget by borrowing and tax restructuring (Robinson and Last, 2009).

Kaplan and Norton (1996), accounting theory is aimed towards provision of a coherent set of logical principles that form the general frame of reference for the evaluation and development of sound accounting practices and policy development.

Otley and Pollanen (2000), the purpose in developing a theory of accounting is to establish standard for judging the acceptability of accounting methods. Procedures that meet the standard should be employed in practice of accounting. Money measurement concept in cost management has contributed to a greater extent in providing yardstick for quantifying, conversion and translating various inputs in relation to materials, and machines required in the preparation of budget (Horvath and Seiter, 2009).

Theory in cost management guide in the selection of principles and roles to be applied in particular circumstance. The theory of project cost management has come up with different models of analysis for example cost volume profit analysis and standard costing which serve as a standard setting in project cost management. Theory has an important normative role in the evaluation of project cost management and control procedures to be adopted.

Theory has assisted in making predictions of the likely outcome of project cost action in a given set of circumstance and effect of any change in circumstances. Horngren (2002) argues that project cost management theory views a firm as a separate entity in which its activities are distinct from its owners. These principles serve as an impetus to the general philosophy of project cost itself as a tool for effective management (Horngren, Forster and Dater, 1997).

The project cost management theory developed by Wedgwood in early 20th century which stress on cost identification, allocation and revenue maximization has provided a basic insight and blue print in budget and control in organization. The matching concept in accounting also plays a role as reference issue in budget analysis (Hopwood, 1976).

2.1.10 Determinants of Cost Effectiveness

There are several determinants to effective budget implementation of budgets among organizations. These included adequate availability of financial resources, competent human resource, participation of both staff and other stakeholders in the project cost estimation budgeting process, proper planning, evaluation, monitoring and control of the budget process and staff motivation (Srinivasan, 2005).

2.1.11 Availability of Adequate Financial Resources

Adequate availability of financial resources is one of the determinants of effectiveness. To achieve an effective project cost management, the organization must ensure that it have adequate access to financial resources in order to finance its projects and to carry out its activities. The management team should plan and come up with a budget before implementing projects (Dunk, 2001).

The organization must allocate adequate financial resources and other structures that facilitate effective implementation of projects and other organizational for example adequate allocation for funds to facilitate effective budget implementation. These resources should be both financial and physical resources (Hancock, 2009).

2.1.12 Human Resource Competency

Competence of human resource is another determinant of effectiveness. To successfully execute its activities, the organization should ensure that it has competent human resource with knowledge and skills on efficient and effective means of budgetary control processes and procedures (Horngren, 2002).

The organization should be well equipped with knowledgeable and skilled employees who are well conversant with budgetary control measures to effectively implement the budgetary control processes and allocation. Employees play an integral role in the process of planning, monitoring control and evaluation processes of budget implementation this highly contributes to monitoring budget expenditures and accountability in the use of the budget (Silva and Jayamaha, 2012).

2.1.13 Staff and Stakeholders Participation

All individuals responsible for achieving results should be consulted in the formulation of project budgets. No system of project cost management can succeed without the mutual understanding of superiors and subordinates. The organization should communicate the outcome of budget decisions to all the relevant staff.

Budgets have an important part to play in the communication of objectives, targets and responsibilities throughout the organization. Carried out properly, this can have considerable benefits in promoting co-operation at all levels (Callahan and waymier,2007). Participation assures full co-operation and commitment for making budgets successful. Participation also makes budgets realistic and workable (Simiyu, 2002).

To ensure that the process of implementing project cost management is successful, the management and the employees should work together to ensure that the interests of all

stakeholders are fully represented when making key decisions involving budgetary allocations in key projects.

2.1.14 Proper Planning

In order to carry out budgetary control, it is necessary to formulate a fully coordinated detailed plan in both financial and quantitative terms for a forthcoming period. The duration of the period is usually one year. The plan needs to be in line with the long term development strategy of the organization, although in the shorter term of a budget year, conditions may prevail which could dilute this aim

Therefore, before formulating the project budgets, the policy to be pursued during the forthcoming trading period needs to be established (Dunk, et al, 2001).

Once budgets are operating throughout an organization, it is important that feedback is made available to the managers responsible for its operation. This is often done by means of monthly budget reports. These reports contain comparisons between the budget and the actual position and throw up differences which are known technically as variances.

The budget plans must be properly coordinated in order to eliminate bottlenecks. Individual budgets should be coordinated with one another to ensure that the implementation process is conducted effectively in order to save time and costs (Horngren, Forster and Dater, 1997).

To facilitate proper planning, the management team should define the patterns of expenditure and revenue over the life of the project or the activity that the organization is undertaking. A predetermined budget of possible costs that was incurred carrying out the activities planned in a project should be made. Realistic planning of finances is key to the implementation of a project or programme (Joshi and Abdulla, 1996).

2.1.15 Evaluation

Evaluation is a key determinant for effectiveness, through an evaluation plan, the firm can clarify what direction the evaluation should take based on priorities, resources, time, and skills needed to accomplish the evaluation.

To enhance effectiveness and transparency management should be actively involved in the process of monitoring and evaluation of budgetary control processes and procedures (Hancock, 2009)

The process of developing an evaluation plan in cooperation with an evaluation workgroup of stakeholders will foster collaboration and a sense of shared purpose this highly contributes towards achieving an effective budgetary control (Simiyu, 2002).

2.1.16 Monitoring and Control

Monitoring and control of project cost management process is a determinant of effectiveness. Once the budgets have been implemented they need to be monitored and controlled to ensure effectiveness in aligning budgets over a defined period of time (Horngren *et al.*,1997). This is achieved through ensuring that the estimated budget does not deviate from the actual outcome in order to take appropriate actions where necessary (Otley and Van der Stede,2003).

Budget holders monitor and evaluate actual results against approved budgets to guide current and future decision-making and hold managers accountable for performance. Key processes to effectively manage approved budgets include:

1. **Monitoring and reporting against internal budgets:** on a consistent and regular basis to assess whether targets are being met, to guide decision-making and enforce accountabilities;
2. **Revising budgets:** through a controlled and coordinated process that maintains clear lines of accountability between budget estimates and actual results;
3. **Forecasting to manage gaps between budget estimates and actual results** to quickly identify and respond to changes in the external environment or internal activities; and
4. **Reviewing and improving internal budget processes** by monitoring the accuracy and timeliness of budget setting processes to identify areas for improvement.

To measure budget performance, budget holders monitor the extent to which budget estimates match actual results. This helps to ensure financial control and identify where change is required. Monitoring budget accuracy is the responsibility of all managers.

Effective monitoring of budget performance requires that managers are provided with relevant, timely and accurate information appropriate to their level of responsibility. It also requires managers to provide clear and consistent feedback in a timely manner about underlying causes and effects of budget variations, as well as planned actions to manage variations for which they are accountable.

2.1.17 Budget Performance Report

Reviewing actual results against budget estimates on a regular basis (monthly for most organizations) using a process that is understood across the organization is critical to effective monitoring and reporting of budget performance.

Careful design of financial reports is fundamental to effective review and analysis of budget versus actual information. The effectiveness of internal financial reporting is likely to be enhanced when reports are prepared for each level of budget-accountability and summarized appropriately for each level of management.

Lewis (2012) states that better practice organizations provide managers with details of actual results against budgets in regular bases. Standardizing reporting across each project is ideal and is made easier when managers source actual and budget data directly from the same financial system. Routine reporting of detailed information on individual projects, such as milestones, percentage of completion and phasing of total projected costs, provides decision-makers with useful information on current and future impacts of project activity. In the case of Save the children with a large number of projects, this information should be presented on a summarized basis with more detailed information provided by exception, that is, where projects are not progressing to plan managers with budget holding responsibility are generally in the best position to assess current and expected budget performance for functions under their control or stewardship. In addition to year-to-date and monthly budget-to-actual results.

2.1.18 Budget Phasing

Phasing involves apportioning the approved budget over sub-periods within the relevant budget period according to a recognized pattern of expenditure or revenue indicated in the detail implementation plan. Budgets are typically phased using monthly intervals. Phasing the budget assists managers with the timely identification and analysis of budget variances. In phasing the current year budget, it is important to adjust for known fluctuation factors where material, including where cash and accrual timings differ. To support the rolling assessment of budget impacts it is useful to prepare phasing for the next one to two financial years.

2.1.19 Staff Motivation

By setting challenging but realistic targets well designed budgets can play a significant part in motivating managers. The targets must be clear and achievable, and the manager should participate in setting his or her own budget (Hansen et al.,2003).

The budget gives senior management a means of judging the performance of their teams. It must be remembered; however, that adherence to the budget alone cannot measure all aspects of a manager's performance.

For an effective budget implementation, the budget plan should be more clear and accurate, the financial resources should be readily available and enough, both the staff and interested stakeholders should be involved in the budget process, the staff actively involved in the budget should be motivated to facilitate successful implementation of the budget process (Hansen et al., 2003).

2.3 Empirical Review

This section will present the assessment of research papers written in project cost management. At the minimum of three papers will be selected because of their similarity with the study in the assessment of the procurement practices of organization. The researchers who tried to find out the gaps which exist in the project cost management process.

Bogale T.2010) conducted a study on budget monitoring and control on Ethiopian Ministry of Defense. On his thesis for Master's degree to Addis Ababa University.

The aim of his study was by which the military budget was prepared and implemented and monitored. As per his analysis he had discovered lack of trained manpower and low level of budget planning were the main findings of his research. He also explains that costs are not reasonably estimated and no risk management plan or practice is included in the cost management system of ministry of defense

Seble A. (2015) conducted a thesis for her Master degree in St. Mary's University on financial management practice in selected Non-Governmental Organizations working in the health sector.

Based on her study her concluded that better financial achievements will be maintained if overall financial system of the organization namely planning, budgeting, recording and internal control and monitoring evaluation systems exist.

Geletaw D. (2017) conducted a thesis for his Master's degree from Addis Ababa University on determinants of budgetary control in public organizations. As his analysis the overall management system, budget control improves organizational efficiency and effectiveness and reduces asymmetry during decision making.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design and Methodology

This chapter outlines the methodology used in the collection of data and describes the research design, data collection methods, sampling techniques, data analysis and interpretation. The main idea of this study is to make an assessment on the Project cost management practice practices in the case of save the children. Hence, the researcher uses descriptive way of research design and following by qualitative approach.

3.2. Research Design

The researcher used descriptive study design to answer the research questions. Robert k. yin (2012) this study method is amongst the most flexible of research designs and is particularly useful in researching issues related to sustainability and institutional systems. The method attempted to collect primary data from members of a population and described existing phenomenon through questionnaire. According to Fetter and Mcmillan (1980) purposive samples normally involve a more deliberate effort to secure a sample that conforms to some predetermined criteria. The researcher therefore uses a non-probability sampling design in the form Varkervisser, (2003) aims at describing and observing the natural situation in its occurrence rather than explaining them. Accordingly, questionnaires were administered from those who actively participate in the project planning, project management and implementation from Save the Children International Afar Region. The study was based on descriptive survey, designed to assess Project budget monitoring management practice in Save the children.

3.3. Study Population

It is therefore appropriate that the research paper described some aspects of a population by selecting unaided samples of individuals who were asked to complete questionnaires. It would be regarded with the relationship that existed with the prevailed project management practices that were going on. (Varkervisser, 2003).

A purposive sampling method adopted which is appropriate to gather the data. A survey research suited to descriptive studies to look the relationships between variables occurring particularly at save the children contexts.

3.4. Sampling Techniques

The sampling technique used is convenience sampling method. ‘convenience sampling helps to gather useful data information that would not have been possible using probability sampling techniques which require more formal access to lists of populations’ (Mugera,2013). The researcher selected 75 sample key staffs from the organizations for the study.

Key staffs who were responsible and can provide information based on their experience to the questionnaire in project cost management preparation, monitoring and implementation according to the structure of the organization. Accordingly, a total of 75 staffs were recommended to participate as respondents.

3.5. Data Gathering Instruments

3.5.1. Questionnaire

Primary data was collected for the purpose of this study. The primary data for this research was collected through questionnaires which were self-administrated. In order to determine the effect of project cost management as a management tool for enhancing project management in save the children.

Self-administered questionnaire was distributed to employees involved in the project cost planning, cost estimation cost budgeting and cost monitoring process. This enabled the researcher to get adequate and accurate information from people with related experience. The researcher used structured questionnaires as data collection instrument.

3.5.2 Key Informant Interview

Qualitative research interview to pursues in covering up of facts and a meaning level, what the interviewees say (Kaval,1996). Interviews are particularly important for getting the story behind a participant’s experience. The interviewer can track in depth information about the topic (McNamara,1999). Interview is defined as face to face discussion via some media tool (Kultarr,2007)

The interview which include Program Operations Directors Chief of parties, program operations managers and finance managers five individuals were ether thorough telephone and face to face interview.

This helped the researcher how the practice of project cost management was implemented in the organization. The information obtained through these interviews showed that data collection efficiency, quality and consistency. Thus the researcher triangulate findings with qualitative data collected through questionnaire

3.6. Method of data analysis

Depending up on the volume of data collected through the instruments applied for this research, the analysis is made using statistical SPSS 20 and Microsoft Excel Table's graphs, charts and percentages are used to analyze the data.

The researcher sorted and edit the questionnaire manually to ensure for completeness of and analysis was performed using SPSS version 20 data entry. questionnaires were collected, coded and entered in to a data entry.

3.7 Reliability and Validity

3.7.1 Reliability

The researcher communicated save the children staffs to identify key staffs who were involved in budgeting and budget monitoring. The purpose of identifying the key staff was to examine the appropriateness of the research instruments to be used in collecting the required data and determine the participants. According to Mugenda and Mugenda (2003), the quality of a research study depends to a large extent on the accuracy of the data collection procedures and the instruments or tools used to collect data must yield the type of data the researcher can use to accurately answer his or her questions. The questionnaire is developed and shared. The questionnaires were also analyzed to find out whether the methods of analysis are appropriate.

A data quality has been assured and measured thorough internal validity instrument for its accuracy and data consistency was checked using reliability test (Cron bach's Alpha methods). according to (Sckaran,2010), reliability less than 0.6 are considered poor, those in the 0.7 range, acceptable and those above 8 are good.

Measuring consistency in a questionnaire based on Likert scale, making a reliability analysis to measure the reliability of measuring constructs. Cronbach's Alpha (α) widely and commonly used measurement scale of reliability (Field 2009; Cohen and Sayag 2010) and according to Cronbach's (1951), a reliability value (α) greater than 0.600 is also acceptable.

Table 3.2 Reliability Statistics

Variable	Number of	Cronbach's alpha
Assessment of project cost planning	5	.821
Assessment of cost estimates	8	.896
Assessment of cost budgeting	13	.929
Assessment of project cost management implementation	7	.909
Assessment of cost	6	.906
	39	0.953

Source: survey data, 2018

3.7.2 Validity

Data were collected from reliable sources who have adequate experience on project cost management. the survey and interview questions were developed based on the literature review. Validity is depending on our ability to make conclusions, implications and propositions Adam, et al. (2007)

3.7.3 Ethical Considerations

During this research study the researcher observed the highest standards of ethical consideration on the basis of academic behavior to ensure credibility and honesty with integrity

CHAPTER FOUR: ANALYSIS, DISCUSSION AND INTERPRETATION

4.1 Response Rate of Respondents

This chapter presents analysis and discussion of the study as set out in the research methodology. The study analysis was presented to establish the effect of project cost management planning, project cost estimating, cost budgeting, budget monitoring and budget implementation as a management tool for enhancing financial management in Save the Children. The data was gathered from Save the children through questionnaire and interviews of key informants as data collection instrument. Based on this, table's graphs and charts are used to present the facts of the study.

The study targeted 75 save the children staffs to collect the research data. Managers of the sample organizations were communicated to identify the key employees that contribute in project cost planning, cost estimation, budgeting and cost controlling according to the structure of Save the children who can provide information based on their experience and responsibility. A total of 75 staffs were identified as the population of the study. Questionnaire is given to 75 sample staffs that are selected as respondents from Program, Operations, Awards, Finance, and support service departments of the organization based on sampling technique. 73 staffs have responded to the questionnaire. That is 97.33% of the respondents returned the questionnaire properly.

4.2 Analysis of respondent's demographic information

The key staffs that take part in the project cost management cost estimation cost budgeting and cost control process who have the experience were selected to respond to the questionnaire from program, operation, awards finance and support service departments of the organizational structure.

The first part of the questionnaire is consisting of demographic information of the respondents. This part of the questionnaire requested information related to demographic characteristics of respondents.

Variables such as age, gender, education level and experience with the organization of respondents were described and summarized in the following table.

Table 4.2 Demographic Characteristics of Respondents in The Organization

Characteristics of Respondents	Item	No of employees N 73	
		Frequency	Valid Percent
Gender	Male	53	72.6
	Female	20	27.4
Age	18-25	1	1.4
	26-35	22	30.1
	36-45	38	52.1
	46 and above	12	16.4
Educational Back Ground	PHD	4	19.2
	MA/MSC	55	75.3
	BA/BSC	14	5.5
Experience of Respondents with the organization in	<2	7	9.6
	3-5	28	38.4
	6-8	23	31.5
	9-11	7	9.6
	12-14	5	6.8
	>15	3	4.1

Source: survey data, 2018

As indicated on the above table 4.1 72.6 percent of respondents were male and the rest 27.4 percent were females which obviously shows that majority of the respondents were male. As can be seen in the table 4.1 above, the largest age group lies under the age category of 36 to 45 scoring 52.1 percent followed by age category of 26-35 resulting in 30.1percent. Thus 82.2 percent of the respondents are between the age of 26 to 45.

Though age does not necessarily show the years of experience but if we link the age distribution with the experience of respondents, it implies that the higher the age of the respondents, the higher the years of experience.

With regards to educational qualifications of the respondents, majority of the respondents were post graduates amounting to 75.3 percent.

The rest of respondents were under graduate staffs with 19.2 percent and 5.5 percent respondents were employees holding Doctors of Philosophy. In terms of qualifications of the respondents, 14 have bachelors, 55 post graduates and 4 doctorate degrees. This shows the respondents were highly qualified to respond the questionnaire in a professional way.

Internes of work experience, 38.4 percent of the total respondents have three to five years' experience with organization and 31.5 percent of the respondents have six to eight years' experience with the organization and gradually decline the numbers of staffs working with the organization from nine to eleven years 9.6 percent, from twelve to fourteen years 6.8 percent and above fifteen years 4.1 percent. The respondents there for have adequate knowledge about the organization.

Interview were also employed for selected five senior management team who have ample experience to respond to the research questions and the researcher was able to extract some quotes to complete the survey. The respondents are four males and one female staffs. respondents have right mix of experience and qualifications.

The respondents are invited to indicate their level of agreement on the following statements in relation to budget preparation. The responses are rated on a five point Likert scale where:

1 indicate no extent; 2 less extent; 3 some extent; 4 large extents and 5 very large extents. The level of score was analyzed which shows the agreement level designed by Best (1977:174). The frequency, mean and standard deviation are generated from as illustrated in the subsequent table. For convenience data presentation figures were used throughout.

4.3 Project Resource Management Plan

Project Resource management plan system in save the children shows that the organization preparedness in terms of designing effective and efficient system with in depth analysis of the situation, scope and aims communicating with impact on the basis of organizational theory of change.

Table 4.3 Descriptive statistics on Assessment of project resource planning

How does the project resource management plan function within save the children project	1	2	3	4	5	Mean	S.D.
Establish a multi-disciplinary project team	2.7	11	26	39.7	20.5	3.6438	1.01885
Communication framework exist	5.5	17.8	30.1	32.9	13.7	3.3151	1.09134
Strategies available during the project resource development	2.7	16.4	32.9	32.9	15.1	3.4110	1.02518
Continuous interaction between functional teams	2.7	6.8	21.9	39.7	28.8	3.8493	1.00928
Use of Life cycle in resource planning	1.4	11	23.5	35.6	28.8	3.7945	1.02685
Historical information used for resource planning	1.4	5.5	35.6	31.5	26	3.7534	.95424
Relevant outputs from other planning used as an inputs		12.3	24.7	38.4	24.7	3.7534	.95424
Scope statement use as a basis for project resource planning	2.7	4.1	35.6	34.2	23.3	3.7123	..96436
Uses of adequate knowledge in resource planning	1.4	6.8	31.5	41.1	19.2	3.6986	.90806
Use of expertise and leadership in resource planning		2.7	31.53	39.7	26	3.8904	.82600
Group Mean & SD						3.68	.979284

Source: survey data, 2018

From the findings, the respondents give more weight to human resource plan and a statement of work break down structure, document approval quality and specifications. The highest weighted mean given to Human resource plan.

The average weighted mean result shows a weighted mean of 3.68 means Save the Children's project cost planning perceived as strong should not be kept silent without the needs to mitigate stakeholder register and stakeholder management strategy is prepared, project cost management plans which documents the actions to define, prepare, integrate, and coordinate all project cost management process showed less weight as per the respondent's replay.

The result of the mixed research approach showed that project cost management plan is best for the management informed decision making improving quality, deliverables and achieve a greater extent meeting objectives and enhancing capacity of staffs. Areas of improvement also highlighted by respondents as well. Since identification and managing of stack holder and project cost management plans documentation and actions required for the implementations needs improvement.

4.4 PROJECT COST ESTIMATION

Project cost management is depending on its strength in helping projects be successful in managing funds. The basis of strength in this aspect lies on the existence of workable system of project cost management in general and particularly project cost estimation.

Table 4.4 Descriptive statistics on Project cost estimation

How does the project cost estimation system function in Save the Children	1	2	3	4	5	Mean	Std. Deviation
Uses activity duration estimates for project cost estimation		6.8	20.5	35.6	37	4.0274	.92755
Use resource rate estimates to get the unit rate			31.5	46.6	21.9	3.9041	.72962
Have clear definition of cost estimate guide line	1.4	11	21.9	31.5	34.2	3.8630	1.05824
Cost estimate accuracy the likely hood of completing within the budget estimate		5.5	34.2	35.6	24.7	3.7945	.88127
Use work broken down by deliverables ,work packages and tasks to create good estimate		4.1	13.7	43.8	38.4	4.1644	.81673
Uses of historical cost information for different category		2.7	17.8	46.6	32.8	4.0959	.78465
Utilize chart of accounts describes the coding structure		4.1	24.7	38.4	32.9	4.0000	.86603
Average						3.97	.86

Source: survey data, 2018

From the findings, the respondents give more weight to The whole project must be broken down by deliverables, work packages and tasks to create good estimate, cost estimation involves developing an approximation of the cost of resources needed to couplet the project, project cost estimation is one of the key aspects of project cost management and project cost estimates requires robust ideas in project cost estimation.

Considering several variables including methods and techniques to create cost estimation depending project type definitions and less weight given to greater initial accuracy the likely hood of completing within the budget estimate is greater and clear definition of project cost estimate at the beginning decrease the possibility of estimation errors. As the average mean shows 3.97 that Save the Children have a system of project cost estimates but a least score was given emphasizing some core functions of cost estimations initial accuracy and clear definitions of project costs have effects on possibility of creating cost estimation errors. As per the interview results the organization only uses historical cost estimation and not supported by any other cost estimation scientific techniques and there is no guideline found on this aspect This shows project cost estimation system in save the children needs improvement of function of project cost estimations.

The average weighted mean result shows a weighted mean of 3.68 means Save the Children's project cost planning perceived as strong should not be kept silent without the needs to mitigate Stakeholder Register & Stakeholder Management Strategy is prepared Project Cost Management Plans which documents the actions to define, prepare, integrate, and coordinate all project cost management process.

4.5 Project Cost Budgeting

Budgets are regarded to be one of the vital element for effective cost management system. Budgets are future financial performance of projects which enable the organization to implement its objective to acquire resources. The financial viability of a chosen cost budgeting system is there for very important for any project implementation.

Table 4:5 Descriptive Statistics evaluation of project budget management

How do you evaluate the project budget management function in Save the Children	1	2	3	4	5	Mean	Std. Deviation
Budgets are prepared with reference to the organization annual plans, strategic plan and overall goal.	1.4	9.6	21.9	42.5	24.7	3.7945	.97124
Budgets are used to allocate the resources.		6.8	13.7	45.2	34.2	4.0685	.87128
All staff or functions of the organization are involved in budget preparation.	11	15.1	30.1	32.9	11	3.1781	1.15881
Budgeting process starts with preparation of forecasts of the expected confirmed income/grants.		8.2	21.9	45.2	24.7	3.8630	.88687
The organization has documented budgeting process which is referenced during the process		8.2	23.3	38.4	30.1	3.9041	.93042
The budgets are always approved by the senior management before any execution.		5.5	8.2	27.4	58.9	4.3973	.86184
Average						3.86	.94674

Source: survey data, 2018

As shown in the table 4.5 above, more weight was given that the budgets are always approved by the senior management before any execution followed by budgets are used to allocate the resources, the organization has documented budgeting process which is referenced during the process and the budgeting process starts with preparation of forecasts of the expected confirmed income/grant. Although the results showed the project cost budgeting is perceived fine since the respondents weight has given 3.86 rate.

However, all staff or functions of the organization are less involved in budget preparation and this is also reflected during interview and even under lined that the time given for senior management to review project cost budget is less. So this aspect staff's participation can be a worth mentioned areas of improvement by Save the Children in project cost budgeting.

4.6 Assessment of Project Cost Management Implementation

The implementation of project cost management system in project management is helping projects to be successful. Since project success was based on the organizational competency in managing complex projects.

Table: 4:6 Descriptive Statistics on assessment of project cost management implementation

Assessment of the function of project cost management implementations in Save the children	1	2	3	4	5	Mean	S.D.
Budgets are include unattainable tasks	5.5	24.7	38.4	23.3	8.2	3.0411	1.01978
Insufficient funds affect budget implementation.	5.5	8.2	26	34.2	26	3.6712	1.11871
Institutional weakness could hinder effective budget implementations.		11	24.7	42.5	21.9	3.7534	.92467
The budget process is time consuming become volatile in implementation	6.8	20.5	37	27.4	8.2	3.0959	1.04302
Foreign exchange rate fluctuations in the market hinder organization to affect their budgets.	2.7	8.2	39.7	32.9	16.4	3.5205	.95902
Stakeholders Priority and emerging situations at ground level affect the implementation of budget.	1.4	12.3	17.8	53.4	15.1	3.6849	.92611

Change of project staff or implementers of budgets affect the achievements of the budgets.	1.4	4.1	35.6	41.1	17.8	3.6986	.86096
Late start of projects in processing local agreements hinders the budget implementation.		6.8	24.7	35.5	37	4.0274	.92755
Project teams are acquired and developed to enhance their competencies, interactions and team environment in project cost management		15.1	24.7	42.5	17.8	3.6301	.95025
Project team member's performance is tracked, feedback is provided, issues are resolved and changes are managed to optimize team performance in project cost management	2.7	6.8	27.4	39.7	23.3	3.7397	.98640
Average						3.6	.96

Source: survey data, 2018

From the findings, the respondents give more weight to late start of projects in processing local agreements hinders the budget implementation, new projects or donors have different budgeting guidelines and come with new set of rules which take time to learn and can be a challenge to budget implementation, institutional weakness could hinder effective budget implantations Project team member's performance is tracked, feedback is provided, issues are resolved and changes are managed to optimize team performance in project cost management, stakeholders priority and emerging situations at ground level affect the implementation of budget.

The average mean of 3.6 which means Save the Children showed that a system of good project budget management. This does not mean that needs areas of improvement the budget process is time consuming and expensive and may become volatile before implementation. and in some period budget include unattainable targets.

4.7 Assessment of Project Cost Monitoring

Table 4:7 Descriptive Statistics on project cost monitoring

Assessment of project cost monitoring	1	2	3	4	5	Mean	S.D
The approved budget are shared with all departments and budget holders and ensure they are understood				46.6	24.7	3.8356	.97202
Leadership support provided by managers to the subordinate throughout budget execution is effective				35.6	23.3	3.7260	.93185
While striving to implement project the budget holder consider how their action affect achievement of the set target of the organization as a whole.				45.2	28.8	4.0274	.74485
Coordination among the various departments during budget execution is achieved through clear communication and consultation.				45.2	21.9	3.8356	.85006
An activity is approved to ensure that there are adequate funds.				45.2	21.9	4.1370	.78731
Budget vs actual is done regularly.				49.3	20.5	3.8082	.89221
Reports on budget variance is shared				45.2	35.6	3.6849	.87997
Variances are investigated and justified to take timely corrective actions.				42.5	45.5	3.8356	.85006
The organization engages its stakeholders in making key budget decisions				41.1	12.3	3.3699	1.04757
Project budget is monitored/ updated and changes to cost baselines are managed.				43.8	15.1	3.6575	.83698
Project cost performance information like status reports, progress measurements and forecasts are collected and distributed.				45.2	15.1	3.6438	.87194
Project cost risk response plans are implemented and evaluated.				41.1	15.1	3.5479	.95802
Average						3.75	.88524

Source: survey data, 2018

As shown in the above table more weight is given to the there is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds followed by while striving to implement project the budget holder consider how their action affect achievement of the set target of the organization as a whole, variances are investigated and justified to take timely corrective actions, coordination among the various departments during budget execution is achieved through clear communication and consultation, the approved budget are shared with all departments and budget holders and ensure they are understood budget vs actual comparison and identification of variances is done regularly.

There are clear results showing that Save the Children have good practice in project cost monitoring since the weight score is 3.75 and the perceived results marked that the project cost management seems fine the less weight also given the organization engages its stakeholders in making key budget decisions followed by project cost risk response plans are implemented, project cost risks identified are tracked, project cost residual risks are monitored, new project cost risks are identified and project cost risk process effectiveness is evaluated, project budget is monitored/ updated and changes to cost baselines are managed, project cost performance information like status reports, progress measurements and forecasts are collected and distributed. Shows there is an areas of improvement in its projects cost control functions.

CHAPTER FIVE: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Findings

This chapter presents findings, conclusions and recommendations of the study based on the findings, research questions and objectives of the study. Save the children have its own system in project cost management and doing good. The research findings revealed that stakeholder register & stakeholder management and strategy related to project cost management plans

which documents the actions to define, prepare, integrate, and coordinate all project cost management process rated less weight.

As per the respondents replay clear definition of projects cost estimate at the beginning decrease the possibility of estimation errors and with greater initial accuracy the likelihood of completing within the budget estimates is greater given less weight this shows the process required improvement.

Save the Children staffs that are responsible for the management of the project costs according to the respondent's replay have got less weight. As indicated on the survey questions save the children did participate less. This indicates that most of concerned staffs responsible for cost implementation were not participated in the project cost development process. As per the respondent's budget are prepared with reference to the organization annual plans strategic plan and objective was given less weight that means needs improvement.

According to respondent's replay less weight is given for some period budget include unattainable targets or standards, and the budget process is time consuming which shows that the issue requires some improvement in setting up attainable budget sealing to meet standards and targets.

The respondents replay shows less weight to the organization engages its stakeholders in making key budget decisions and project cost risk response plans are implemented, project cost risks identified are tracked, project cost residual risks are monitored, new project cost risks are identified and project cost risk process effectiveness is evaluated.

This marked that save the children could lack flexibility to mitigate risks. The assessment revealed less weight that project budget is monitored, updated and changes to cost baselines are managed and project cost performance information like status reports, progress measurements and forecasts are collected and distributed which shows improvement.

Majority of the respondents during the interview indicated that their organization have requested no cost extension from donors. This implies that the organizations face underspends during budget implementation process. So that Save the children are forced to request no cost extension for additional periods with the same budget to accomplish the project activities. This indicates that most of the organization do not do timely budget versus expenditure analysis to prevent over and underspends timely.

Most of the respondents indicated that budget versus actual is provided by the finance/system regularly for budget monitoring and variance analysis. However, during the interview poor quality information misleads decision making to take corrective actions.

The result shows that Save the Children have no fixed time for time monitoring budget and doing variance analysis regularly however but Save the Children monitor its budget and made variance analysis accordingly. Based on the finding of the research through interview as per the evidence from the key informants the practice is made as needs arise which leads to make passive decisions that limit the managers to take corrective actions to prevent unfavorable variances.

5.2 Conclusion

The study focused on the assessment management practice in project cost planning, cost estimating cost budgeting cost management implementation and monitoring as a management tool for managing project costs. Project cost management includes the functions of project cost planning, project cost estimation, project cost budgeting, project cost implementation and project cost monitoring is an essential element for Save the children project management structure. Effective cost management practice is a paramount significance to the attainment of project success. Project cost management in Save the children is branded by proper financial management systems. Save the Children, operate in a very dynamic environment, project managers need to be empower to develop agility to manage projects effectively by utilizing basic project management tools and techniques during the project management cycle. As project cost management is similar to project life cycle process is the continuous process by which passes in to stages of implementation that will produce the desired outcome.

As Save the Children's project cost planning perceived as strong in the respondent's response however in the average response we can observe the stakeholder register and stakeholder management strategy preparedness not satisfactory. Project cost management plans which documents the actions to define, prepare, integrate, and coordinate as per the survey result marked that this function was addressed less in project cost planning process at the organization.

Respondents replay show less score that initial cost estimation process based on clear definition and accuracy of project costs at the beginning reduce the possibility of estimation error was a marked weakness since the organization only utilize historical cost estimation system.

Staffs who are responsible for project cost implementation be involved at the beginning when budget were prepared involvement was less. Effective project cost budgeting should ensure participation of responsible project staffs.

Based on respondent's replay is less on budgets are prepared with reference to the organization annual plans, strategic plan and over goal.

As project cost budgeting is the aggregation of individual project costs which enable organizations to measure project performance. As Save the Children use funding limit reconciliation method of budgeting it is not surprising the organization to focus on strategic costing. Individual project costs are so simple and yields great result however if budgets are not prepared with reference of the organization annual plan, strategic plans and aims could lose its balance in the future and eventually will impact the morale of employees.

The finding shows that budgeting process in general seems good; this does not implies required improvement, since response for the budget process is time consuming and expensive and may become volatile before implementation. and in some period budget include unattainable targets or standards as well as managing foreign exchange rate fluctuations in the market hinder organization to affect their budgets are not simple comments while shows areas of improvement.

The implementation of project cost management control system in project management is fundamental in helping projects to be successful. Since project success was based on the organizational competency in managing complex projects by involving all its stake holders. As per the findings cost management control function the organization engages its stakeholders in making key budget decisions seems less. Project cost risk response plans were not implemented well. Project cost risks identifications and tracking project costs and residual risks were not adequately monitored. This clearly revealed that project cost management seems not fully integrated with risk management plan as new project cost risks were not well identified.

Although there is a system for project cost monitoring but changes were not well updated and changes to cost baselines were slightly managed. As per the respondent's replay project cost performance information like status reports, progress measurements and forecasts were collected and distributed but requires improvements. As these reports are fundamental in project management which enable the senior management to make informed decision.

Finally, it is good to understand that effective project cost management processes, which could contribute to the organization flexibility and adaptability with changing operating environment that could enhance the uses of its potential with respect to the organizational objectives and priorities. In other hand working in project cost management will in turn brings success in its financial performance.

5.3 Recommendations

Based on the study findings and conclusions on project cost management practice of Save the children in managing project costs the following recommendations are made.

Project cost budgets usually have a potential to arouse project managers to look and plan can enhance effective communication of their objectives and provide a bench mark to measure performance. Save the children should involve those staffs who will be responsible for managing project costs should be actively involved in project proposal as well as project cost budgeting. This helps to increase the accuracy of project cost management and motivate the staff to spend within budget.

The research findings revealed that stakeholder register and stakeholder management needs improvement. Without participating stack holder's in projects cost management could not be successful. Save the Children have to involve stack holders in project cost management process. Participation of key stake holders in the budget decision will enhance project implementation smoothly as it ensures transparency and project ownership and sustainability.

The strategy related to project cost management plans which documents the actions to define, prepare, integrate, and coordinate all project cost management process rated less weight according to the assessment in the survey so this has to be well articulated and should be addressed well since this is avital aspect of cost management. Save the children have to develop a procedure for cost management to maintain standard procedures and tools for project cost management process to prepare integrate and coordinate project cost activities.

Budget monitoring and variance analysis should be made on regular bases in line with activity monitoring and evaluation functions regularly. Accountability and project cost management matrixes have to be established to address and to manage variances versus expenditure analysis. Project budgets should be well monitored on monthly bases and cost changes against baseline should be addressed well with clear justifications which in turn will mitigate under and over spent of project costs.

According to respondent's replay less weight was given for some period budget include unattainable targets or standards, and the budget process is time consuming which shows that the issue requires some improvement in setting up attainable budget sealing to meet standards and targets. The organizations have to improve to formulate more realistic and attainable project budget cost estimates tools to its projects.

The cost budgeting system as it was revealed in their response from the respondents the project cost budgeting is time consuming. The organization have to utilized mixed tools for cost budgeting to speed up cost estimation and budgeting process by utilizing some guided tools like computerized cost estimations and budgeting tools to reduce the time consuming process in budget preparation.

The respondents replay shows less weight to project cost risk response plans were implemented, project cost risks identified, tracked, project cost residual risks were less monitored and managing new project cost risks given little attention. Having a well-designed project cost risk management plan is one of the basic functions in project cost management that will to mitigate risks and uncertainties in project cost management in the organization. Thus the organization have to integrate risk management plan in to its project cost management plan.

Finally, the researcher suggested the above recommendations. the recommendations are crucial to improve project cost management practice as a management tool for enhancing sound project cost management in the save the children. this is because the recommendations are forwarded based on the results of the findings in the process of cost management planning, cost estimation, cost budgeting, implementation and monitoring moreover, the researcher would like to recommend that future studies should be carried out to establish the challenges related to the project cost management across save the children.

Finally, the researcher would like to recommend that future studies should be carried out to establish the challenges related to the project cost management across Save the Children.

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ANNEXES

Annex:1 Questionnaire for the Assessment of management practice in project cost management in Save the Children

St. Mary's University School of Graduate Studies

Assessment of Staff Perception on Project Cost Management: The case of Save the Children International- Ethiopia Questionnaire

For partial fulfilment of award of Master Degree in Project management
December 2018

QUESTIONNAIRE

I am conducting a research on a title “ Assessment of Project Cost Management:- The case of Save the Children International-Ethiopia.” The purpose of this study is academic The aim of the research is to asses project cost management in Save the Children. As part of academic work the survey is on project cost management as a management tool for project management in save the children . Please spare few minutes of your time and respond to the questionnaires below as honestly as you can. Information provided by you is for academic purposes only and will be treated as private and confidential.So ,your genuine, frank and timely response is vital for successfulness of the study.

Accordingly, the effect of this questionnaire study is highly dependent upon your cooperation of genuine response. Therefore, I kindly request your kind cooperation in filling out the questionnaire. I confirm you that all the data gathered will be *held confidential*. *May you have any question, please call me on 0911 059102 or email me on cyrusberhe229@ygmail.com*

Thank you for scarifying your precious time in advance!

Kindly answer the following questions by ticking the appropriate box and give your answer or suggestion when appropriate.

PART I: General Information

OBJECTIVES OF THE STUDY:

- To assess and identify the management practice in project cost management practice in the case Save the Children International’s project management system (if any).
- To assess and identify Save thechildren in Ethiopia do value costing and cost monitoring in managing funds to implement projects
- To evaluate how the project and financial policies and procedure manuals developed and how the organization is implementing it and also to check if the organization have devised mechanisms for monitoring
- To check and evaluate whether SCI is using project cost management tools and techniques in cost plaining, cost estimating, cost budgeting in the project cost management
- To measure whether existing project cost management system is effective, time and cost efficient and to recommend best practices.

Direction: Please indicate with an ‘X’ the response that best indicates the current reality of the organization or yourself.

1. Sex

Male Female

2. Age

18 – 25 26 – 35 36 – 45 Above 46

3. Educational background

Diploma BA/BSC MA/MSc PHD

Spfcy if any

4. Position of the respondent in the organization.....

5. For how long have you worked with this organization?

<2 3-5 6-8 9-11 12-14 >15

6. Would you please specify your department in the organization

6.1 Program

6.2 Finance

6.3 Strategic Portfolio, Partnerships and Awards (SPPA)

6.4 Operations

6.5 Supply Chain

6.6 Proposal Development Unit

6.6 HR

7. Would you please specify your thematic sector in the organization if you are engaged more than one sector you can select more than one

1. Child Right Governance 2. Child Protection 3. Education 4. Food Security and Livelihood
5. Health 6. Nutrition 7. Humanitarian Response

PART II: SPECIFIC QUESTION TO RESEARCH

8. Assessment of Project Resource Planning

Indicate your view on the following statements on assessment of project cost planning preparation to your organization. Using a rating of 1 to 5 please indicate your view of the following statement on the assessment of project cost management. Where 5= very large extent; 4= To large extent; 3 = some extent; 2= to lessextent; 1=to no extent

S.No.	Project resource planning	1	2	3	4	5
8.1	Establish a multi-disciplinary project team					
8.2	Effective communication framework					
8.3	Strategies during the project resource development					
8.4	Continuous interaction between functional teams					
8.5	Life cycle costing in resource planning					
8.6	Historical information used for resource planning					
8.7	Relevant outputs from other planning used as an inputs					
8.8	scope statement as a basis for project resource planning					
8.9	Uses adequate knowledge in resource planning					
8.10	Use of expertise and leadership in resource planning					

9. Assessment of Project Cost Estimation

Indicate your view on the following statements on assessment of project cost estimation in project budget preparation to your organization. Using a rating of 1 to 5 please indicate your view of the following statement on the project cost estimation. Where 5= very large extent; 4= To large extent; 3 = some extent; 2= to less extent; 1=to no extent

S. No	Project cost estimation	1	2	3	4	5
9.1	Uses activity duration estimates for project cost estimation					
9.2	Use resource rate estimates to get the unit rate					
9.3	have clear definition of cost estimate guide line					
9.4	Cost estimate accuracy the likely hood of completing within the budget estimate is greater					
9.5	Use work broken down by deliverables ,work packages and tasks to create good estimate					
9.6	Uses of historical cost information for different category					
9.7	Utilizetlize chart of accounts describes the coding structure					

10. Assessment of Project Cost budgeting

Indicate your view on the following statements on assessment of project cost budget preparation to your organization. Using a rating of 1 to 5 please indicate your view of the following statement on the project cost budget preparation. Where 5= very large extent; 4= To large extent; 3 = some extent; 2= to less extent; 1=to no extent

S.No	Assessment of project cost budgeting	1	2	3	4	5
10.1	Budgets are prepared with reference to the organization annual plans, strategic plan and overall goal.					
10.2	Budgets are used to allocate the resources.					
10.3	All staff or functions of the organization are involved in budget preparation.					
10.4	The budgeting process starts with preparation of forecasts of the expected confirmed income/grants.					

10.5	The organization has documented budgeting process which is referenced during the process					
10.6	The budgets are always approved by the senior management before any execution.					

11. Assessment of Project Cost Management Implementation

Indicate your view on the following statements on assessment of project cost management implementation to your organization. Using a rating of 1 to 5 please indicate your view of the following statement on the project cost management implantation. Where 5= very large extent; 4= To large extent; 3 = some extent; 2= to less extent; 1=to no extent

Assessment of Project cost management implementation

S. No	Assessment of Project cost management implementation	1	2	3	4	5
11.1	Budget include unattainable targets or Standards					
11.2	Insufficient funds allocated to department or projects affect budget implementation.					
11.3	Institutional weakness could hinder effective budgeting process.					
11.4	The budget process is time consuming and expensive and may become volatile before implementation.					
11.5	There may be tendency by user department to adhere to budget process just to comply with organization or donor requirement.					
11.6	New projects or donors have different budgeting guidelines and come with new set of rules which take time to learn and can be a challenge to budget implementation.					
11.7	Foreign exchange rate fluctuations in the market hinder organization to effect their budgets.					
11.8	Stakeholders Priority and emerging situations at ground level affect the implementation of budget.					
11.9	Change of project staff or implementers of budgets affect the achievements of the budgets.					
11.10	Late start of projects in processing local agreements hinders the budget implementation.					
11.11	Project teams are acquired and developed to enhance their competencies, interactions and team environment in project cost management					

11.12	Project team member's performance is tracked, feedback is provided, issues are resolved and changes are managed to optimize team performance in project cost management					
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12. Assessment of Project Cost Management Control

Indicate your view on the following statements on assessment of project cost management implementation to your organization. Using a rating of 1 to 5 please indicate your view of the following statement on the project cost management implementation. Where 5= very large extent; 4= To large extent; 3 = some extent; 2= to less extent; 1=to no extent

Assessment of Project cost management Control

S. No.	Assessment of Project cost management implementation	1	2	3	4	5
12.1	The approved budgets are shared with all departments and budget holders and ensure they are understood.					
12.2	Leadership and support provided by managers to the subordinate throughout budget execution is effective.					
12.3	While striving to implement project the budget holder consider how their action affect achievement of the set target of the organization as a whole.					
12.4	Coordination among the various departments during budget execution is achieved through clear communication and consultation.					
12.5	There is always reference to budget before any request to undertake an activity is approved to ensure that there are adequate funds.					
12.6	Budget vs actual comparison and identification of variances is done regularly.					
12.7	Reports on budget variance are shared with budget holders and senior management					
12.8	Variances are investigated and justified to take timely corrective actions.					
12.9	The organization engages its stakeholders in making key budget decisions					
12.10	Project budget is monitored/ updated and changes to cost baselines are managed.					
12.11	Project cost performance information like status reports, progress measurements and forecasts are collected and distributed.					
12.12	Project cost risks response plans are implemented ,project cost risks identified are tracked, project cost residual risks are monitored ,new project cost risks are identified and project cost risk process is evaluated					

13.As per your view, how is the current project cost management system of the organization?

13.1 Strong project cost management system:

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13.2 Weak project cost management system:

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14.What do you think should be the preferred cost management system in the organization

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If you have any additional comment, you may write it below:

I thank you very much for your time. Your input to this project is greatly appreciate

Annex: 2 Interview questions for Senior Management Team

Section 1: Project Cost planning

1. Tell me about any project that you managed, supervised or monitored in the last five years? What was the name of the project, its thematic focus, project period, and beneficiaries?
2. Clarify your experience in project cost management?
3. Do your organization participate concerned staffs in the budget development process that are responsible for the implementation of budget?
4. Are there policies and procedures in place in budget preparation, budget control and implementation to identify the role and responsibility of staffs in different departments?
5. what methods are used in your organization for project cost estimation in your organization?
6. What Methods are used in your organization to determine project budgeting since Budgeting is allocating costs/resources to project activities or work packages to establish a cost baseline to measure project performance
7. What methods or tools use in your organization to control project costs
8. Do you request no cost or cost extension from a donor for projects that you have implemented in your Organization?
9. When do grant meeting conducted with staffs to evaluate the status of budget implementation in line with the detail implementation plan?
10. Is budget versus actual report is provided by the finance department/system regularly to budget holders to do budget monitoring and variance analysis?
11. What is your suggestion to improve the existing Save the children project cost management system?

