



**ST MARY UNIVERSTY COLLEGE
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MBA IN ACCOUNTING AND FINANCE**

**ASSESSMENT OF BUDGET AND BUDGETARY CONTROL PRACTICES:
THECASE OF LUNA EXPORT SLAUGHTERHOUSE PLC**

**BY: HANA GETNET
ADVISOR: MOHAMMED SEID (PhD)**

**JUNE, 2021
ADDIS ABABA
ETHIOPIA**

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APPROVED BY BOARD OF EXAMINERS

_____	_____
Chairperson (Graduate. Committee)	Signature
_____	_____
Advisor.	Signature
_____	_____
External Examiner	Signature
_____	_____
Internal Examiner	Signature

Statement of declaration

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of, Mohammed Seid (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

Signature

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LIST OF ACRONYMS

BOFED	-----	Bureau of Finance and Economic Development
E.C	-----	Ethiopian Calendar
ICMA	-----	Institution of Cost and Management Accountant
LESH	-----	Luna Export Slaughter House
MEFA	-----	Macro -Economic and Fiscal Frame Work
ICMA	-----	Institution of Cost and Management Accountant
MCIT	-----	Ministry of Communication and Information Technology
MEFF	-----	Macro-Economic and Fiscal Framework
MoFECE	-----	Ministry of Finance and Economic Cooperation of Ethiopia
MoFED	-----	Ministry of Finance and Economic Development
SPSS	-----	Statistical Package for Social Sciences

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Abstract

The main purpose of this study is to assess budget and budgetary control in Luna Export Slaughter House PLC. The study use a descriptive research design which was aimed at examining the impact of budgetary controls on effectiveness of organizations in Luna Export Slaughterhouse and The study has been applied qualitative research methods and used simple statistical tool to present, interpret and analyze collected data. Therefore, the study takes all the 20 respondents from 4 departments who have direct and practical bond with budget utilization and budget control activities in the organization. The main finding of the study was there is major problem on budget implementation and top management support, and the company follows good budget planning and control. And the budgetary controls such as budget planning, budget monitoring and control, budget evaluation and budget participation, there is low practice of budgetary control system at the time of implementation in Luna Export slaughterhouse, in this study the top managements use a power decentralize on budget implementation to avoid the problem on budget implementation. And the researcher recommend that Planning and budget departments should arrange continuous training, Management of the organization in Luna Export slaughterhouse should give serious attention for budget monitoring and control to improve budget implementation so that effectiveness of the organization and the organization should regularly evaluate budget implementation and management team should discuss this result for taking corrective actions for organizational effectiveness.

Key words: Budget, Budget Utilization, Budgeting Control,

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Budgeting is the establishment of programmed goals, evaluation of the actual and predetermined Performance and Goals (Maheshwari, 2006). Now days, the organizations have use a variety method of control efficiency And effectiveness of the organization one of the most important and broadly used of these processes is budgeting (Geletaw, 2017).

Budgetary control is used by most organizations as a tool for proper management of resources in the organization and its activities. A firm with well formulated budgetary controls easily assigns its managers the responsibility for the use of designated financial resources to achieve their assigned operational objectives. Budget controls provides comparisons of actual results against budget plan. Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and no controllable factors, this is essential in reducing inefficiencies and poor budget practices leading to efficient allocation of scarce resources (Joshi and Abdulla, 1996).

To facilitate effective implementation of budgetary control, the management should define Proper budgetary control processes; this is achieved through planning, monitoring and control and evaluation. In this days budget have a big value and big roles in all over the world. The advocacy of this has come from prominent international agencies as World Bank and International Monetary Fund. These agencies are all interested in encouraging developing and underdeveloped countries to improve their budget practice. All these show the importance attached to budget as a management process.

Ketema (2015) examined assessment of budget preparation and utilization in Addis Ababa city administration health bureau and revealed that there is no accountability in budget and no market oriented cost estimation because of lack of adequate and experienced expert in the budget department. Budget and budget control mechanisms keep the plans and Organization running smoothly and up to date. As such, control is very important because if we cannot control the budget processes, constraints on cost, time and objectives will follow with this, budget utilization and budget control practices are the devices that an organization makes use for all these purposes. So the study is aimed at identifying challenges and weaknesses of analyzing it and making suggestions towards the current budget utilization and budget control practices of Luna Export Slaughter House PLC.

1.2 Statement of the Problem

The organization must build a strategy according to the existing situations. It should also prepare Annual plan and budget based on the strategy. One of the responsibilities of budget users is controlling costs and constantly improving the ways of doing things. Managers are the responsible to use the designated financial resources to achieve their assigned operational objectives. Budget controls provides comparisons of actual results against budget plan. Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors, this is essential in reducing inefficiencies and poor budget practices leading to efficient allocation of scarce resources (Frimpong, 2013).

Recognizing the role of budget and budgetary control has gained attention which has led some organizations to establish departments for implementation. Carried out the study on budget management and control by emphasizing on ministry of national defense by using descriptive and qualitative research approach and come up with that there is the idle cash in the ministry of defense due to lack of consistent purchase program which

lead to rush expenditure toward the end of budget year. Examined assessment of budget preparation and utilization in bureau and revealed that there is no accountability in budget and no market oriented cost estimation because of lack of adequate and experienced expert in the budget department (Geletaw, 2017). This problem requires further investigation with scientific approach how the budget utilization and control practices proceeded within the Luna export slaughterhouse P.L.C.

According to (Potter and diamond 2003) the crucial problems and controversial issue related to government budgeting is reflected in the preparation, enactment, execution and review phase of budget cycle. The politics of public budgeting is more serious and challenging particularly in federal democratic countries where there is constitutional power and resource sharing among different levels of government.

From the review (Darge,2018) of previous studies have conducted on budget practice, transparency and accountability, and budget implementation in the public sectors, but to the best of the researcher's knowledge there is no a case study research conducted in Luna Export Slaughter House to investigate the above stated problem in this organization in relation to budget and control practices. This research will bridges an evident research gap as there is no document that reports any study on the problem causes that may hinder the budget utilization in the Luna Export Slaughterhouse. In brief, the paper is focused on assessing the budget utilization and budget control practices in the organization, challenges up on utilization and control of budget, weaknesses observed in budget utilization and budget control in Luna Export Slaughter House.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study is to assess budget and budget control practices Of the Luna Export Slaughterhouse.

1.3.2 Specific Objectives

In line with the general objective of the study the following specific objectives are drawn;

- To assess the budget practices at Luna Export Slaughter House.
- To evaluate the budget control practices at Luna Export Slaughter House.
- To assess the challenges and weaknesses on budget control.

1.4 Research Questions

1. What does the budget utilization practice of the organization?
2. What is the budget control practice at Luna Export slaughterhouse?
3. What challenges and weaknesses in budget control Practices of the organization?

1.5 Significance of the Study

The study is important because it provides more understanding of the best practices in Budgeting and Budgetary control for Luna Export Slaughterhouse .The study may contribute to create awareness among the management members, leaders, and any other concerned body on the budget control practice to the success of the organization. Moreover, it helps the organization to know the actual challenges up on budget control and the way forward. This research work also contributes to the literature on the impact of maintaining a proper Budgeting and Budgetary control on the effectiveness of public organizations and therefore forms the basis for further research on this area.

1.6 Scope and Limitation of the Study

1.6.1 Scope of the Study

This study was delimited to determining the impact of Budget and Budgetary Control system on effectiveness of the organizations in 2020 by focusing on Luna Export Slaughterhouse. This study will be considered on the impact of budget and budgetary control in terms of budget planning, budget monitoring and control, budget evaluation and participative budget on effectiveness of organizations.

All organizations need effective budget control mechanisms. However, On the other hand the researcher assessed the budget and control aspects of budget because they are major aspects which used to evaluate the status of budget administration. It is obvious that budget includes both revenue and expenditure related issues. However, the study focused only on assessing the expenditure aspect of the budget. Because of the problem which has been evaluated and raised in the organization is mostly related to expenditure.

1.6.2 Limitation of the Study

The researcher experienced various limitations in the course of the study. Financial constraints, it was one of constraints which the researcher encountered that slowed the process of different process like: - data collection, production and preparing the final report of the study on time. And also lack of cooperation, while conducting the research, the researcher experienced a lot of unwillingness persons which were unable to respond, some never even responded and others delayed in returning the questionnaires on time. It was difficult to have face to face communication as most of the respondents were busy in doing their different activities in their office. This was the main challenges that encountered during conducting this research.

1.7 Organization of the Paper

This research is organized in five chapters. Chapter one is introductory part which consists background of the study, statement of the problem, research hypothesis, objective of the study, significance, and scope of the study. Chapter two describes the review of related literatures. Chapter three provides detail description of the methodology employed by the study. Chapter four contains data presentation, analysis and interpretation. Finally, the last chapter concludes the total work of the study and gives conclusion and relevant recommendations based on the findings.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The literature review aims at providing necessary theoretical and empirical review of the topic under investigation. In this chapter the concept of budget, budget preparation, budget utilization, budget control and some theoretical and empirical literatures are discussed. This is achieved by gathering the Available literature by scholars and academicians on the subject.

2.1 Theoretical Literature

2.1.1 Budget Definition

The major processes and techniques have been designed by organizations to facilitate planning and control functions. One of the most important and widely used of these processes is budgeting. Budgeting involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals (Geletaw, M 2017).

According to CIMA Official Terminology (2005), a budget is defined as a quantitative statement for a defined period of time, which may include planned revenues, assets, liabilities and cash flows. A budget provides a focus for the organization aids the co-ordination of activities and facilitates control. Budget refers to a comprehensive plan in writing, stated in monetary terms that outline the expected financial consequences of management's plans and strategies for accomplishing the organization's mission for the coming period. Budgeting refers to the process of preparation, implementation and operation of budgets decisions into specific projected financial plans.

Now days, budget is described in a broader meaning and has been defined by various authors' indifferent ways. Frederick (2001) defines budget as a plan that is measurable and timely. In addition, Drury (2006) defines budget as a plan expressed in quantitative, usually monetary term covering a specific period of time usually one year in other words a budget is a systematic plan for of manpower and material resources. In a business organization a budget represents an estimate of future costs and revenues. Horngren et al. sees budget as the quantitative expression of a proposed plan of action by management for a specified period and an aid to coordinating what needs to be done to implement that plan (Horngren et al., 2004). Falk (1994) states that budgets are financial expressions of a country's plan for period of time. It tells where and how the organization will spend money and where the money will come from to pay these expenses. The institution of cost and management accountant (ICMA) defined budget as a financial or quantitative statement prepared and approved prior to defined period of time of the policy to be pursued during the period for the purpose of attaining a given objectives. It may include income, expenditure and the employment capital.

2.1.2. Budgetary Control

Budgetary control is defined by CIMA, (2005) as the establishment of budgets relating the responsibilities of executives to the requirements of a policy, and the continuous comparison of

actual with budgeted results, either to secure by individual action the objective of that policy, or to provide a basis for its revision. Budgetary control is a system of controlling costs and resources which includes comparing actual performance with the budgeted performance and subsequently acting upon the actual results to minimize variance and achieve maximum returns. In essence, budgetary control is purported to ensure that the activities carried out are providing the desired results.

Budgetary control: refers to any management approach that involves setting some kind of targets, regularly measuring variances between the original targets and actual outcomes, and motivating people to reduce those variances.

According to Rufus, (2008) Managers and business operators (not only in the manufacturing industry) to pay more attention to their budgetary control systems, while those without any should endeavor to ensure the set-up of a result-oriented system as it goes a long way in repositioning businesses and organizations from their creeping performance level to an improved and high capacity utilization point. Budget and Budgetary control, both at management and operational level looks at the future and lays down what has to be achieved.

Ngozika, U. (2009) stated that Budgeting and budgetary control contribute in the improvement of management efficiency and high productivity, the budget committee should be educated in the implementation of budget. This would enable them to understand the importance of adhering to budget and the minimization of loses. Thus a budget education should be conducted at least once a year by the financial or an independent accounting or management consulting firm. Its usefulness cannot be questioned or over emphasized. The process of budgetary control should not only consider sector needs in the planning stage but also parameters within implementing organizations in order to facilitate sound financial standing. It is important not to over subject the process of budgetary control to political scrutiny as this may divert the core purposes of a budget. Budgets should not only be used as tool for management and indicators of management, they should also be viewed as practical tools within which organizations should use to enhance their financial goals (Odour and Jagongo, 2013).

According to Frimpong, (2013) Budgeting and budgeting control measures are an integral part of any organization including timber firms. It serves as a basis of planning, controlling cost of operations and evaluating performance of workers of the organization. For a budget to be an effective one, sound organizational structure, research and analysis as well as management acceptance should be considered. Budgeting thus, serves as a blueprint for any organization to follow in an up-coming period usually for one year period at most.

Yilmaz (2011) as a result, effectiveness of budgetary control, ethical work climate and perception of procedural justice are important factors affecting the creation of budgetary slack in public organizations. For this reason, it will be beneficial to make new regulations to increase perception of procedural justice and effectiveness of budgetary control. It will also be beneficial to make necessary things to establish ethical work climate that is accepted by employee and guided to them, open to the innovation. Because it is not provided adequate efficiency in public organizations; today, there is an increasing interest in new public management and privatization. For this reason, these kinds of researches" results should be taken more into account. Ahmed (2015) in the study recommends that in order to enhance the effectiveness of Budgetary control techniques in the Organizations, the management should put in place measures to solve the budgetary control system problems such as enhancing better understanding of budgetary control techniques, their behavior and institutional dynamics among the staff, developing strong

financial integration with performance management, quarterly revision of financial plan to redirect resources at frequent intervals, better engagement between organizational leaders, managers, finance staff with timing of the financial plan.

Moreover, Governments should set yearly objectives for each performance indicator of their budgetary control system so that Civil workers, the business owners and other employees should bear in mind the yearly objectives to be achieved, business owners and employees should work hard to achieve the yearly set objectives for each indicator.

According to Srinivasan, (2005) cited by Nyambura, (2014) there are several determinants to effective budget implementation of budgets among organizations. These included adequate availability of financial resources, competent human resource, proper planning, evaluation, monitoring and control of the budget process, staff motivation and participation of both staff and other stakeholders in the budgeting process.

2.1.3 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. For example a depressed economy could lead to a temporary departure from the long term plans. Therefore, before formulating the 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 a key to the implementation of a project or programmer (Joshi and Abdulla, 1996).

According to Drury, (2001) planning may be defined as the formulation of corporate objectives as well as the detailed steps that need to be accomplished in order to meet these objectives. Planning is at the heart of a budgeting process, by employing the budgeting process diligently, companies can plan extensively on the best course of action to achieve the organization's goals. As a planning aid, budgets allows for the refinement and quantification of the long-term business plan into short-term action plans whereby alternative planning scenarios may be examined and a "what-if" analysis applied. Without the annual budgeting process, the pressures of day-today operating problems may tempt managers not to plan for future operations.

One of the functions served by most budgets is that of forecasting and planning. Forecasting refers to the prediction of events over which the organization has little or no control of while planning is the attempt to shape the future by altering those uncontrollable factors in the light of available forecasts. Given a set of forecast, the budget model is able to operate in an optimizing

role, attempting to ascertain which plan of action will result in the greatest benefit of the organization.

Larry, M. (2009) indicated that Planning must occur at all levels. First, it occurs at the high level of setting strategy. It then moves to broad-based thought about how to establish an optimum position to maximize the potential for realization of goals. Finally, planning must be understood from the perspective of thoughtful consideration of financial realities/constraints and anticipated monetary outcomes (budget).

By integrating the budget setting process into the planning process, organizations are better positioned to determine budgets and allocate resources based on operational needs and consistent with approved strategies and priorities. Effective integration also promotes better understanding among managers of how their individual activities and budgets fit into organization wide responsibilities.

The strategic plan is typically supported by a range of operational and specific plans, including business plans, group operational plans, workforce plans, capital plans and individual performance agreements. Each plan or agreement translates one or more areas of the strategic plan into detailed operational objectives, activities and accountabilities. The planning process requires clarity about priorities, targets and metrics such that strategic goals can be cascaded down into each plan and agreement. The internal budget should similarly support each level of planning and performance management within the organization (Australian National Audit Office, 2008).

2.1.4. Monitoring and Controlling

Monitoring and control of budget 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).

Despite the laudable benefits of budgeting, its preparation, implementation and execution need to be controlled and monitored to avoid deviations from the plan and serve as a basis for revising the budget put in place. Challenge of preparation implementation and human factors that tend to affect budgeting need to be given serious thought. In the preparation of the budgets, management should give serious thought to the external environment, emerging technologies, organizational structure and size as well as culture of the organization and the setting where the timber firms operate (Frimpong, 2013).

A professional and transparent approach to budget planning will help convince investors, development banks and national or international donors to make financial resources available if the organization implements proper monitoring and control of budget process. 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).

2.1.5. Monitoring

According to Larry M. (2009) clearly, each action on your part is in response to you having monitored conditions and adopted an adjusting response. Likewise, business managers must rely on systematic monitoring tools to maintain awareness of where the business is headed. Managerial accounting provides these monitoring tools, and establishes a logical basis for making adjustments to business operations.

Budget monitoring and variance analysis should be made on regular bases in line with the monthly close of financial system to compare budget versus expenditure by budget holders and finance who are responsible for managing the projects budget and activities with clear justification and action points. So that managers are able to prevent over or under spends timely and take corrective actions (Yesuf A., 2015).

Australian National Audit Office, 2008 indicated that measure budget performance, organizations monitor the extent to which budget estimates match actual results. This helps 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.

2.1.6. Control

Drury, (2001) described Control as the continuous comparison of actual performance with budgets or standards. The comparison of actual results to budgets with enables the analyst to draw conclusions concerning the efficiency of operations, product probability and pinpoint problem areas. Control is the process of ensuring that a firm's activities conform to its plan and that its objectives are achieved. There can be no control without objectives and plans, since these predetermine and specify the desirable behavior and set out the procedures that should be followed by members of the organization to ensure that a firm is operated in a desired manner. Drucker (1964) distinguishes between controls and control. Controls are measurement and information, whereas control means direction. In other words, 'controls' are purely a means to an end; the end is control. Control is the function that makes sure that actual work is done to fulfill the original intention, and 'controls' are used to provide information to assist in determining the control action to be taken. Controls are indicates that costs exceed budget and that this may be because the purchase of inferior quality materials causes excessive wastage. 'Control' is the action that is taken to purchase the correct quality materials in the future to reduce excessive wastage.

Larry, M. Walther, (2009) stated that things rarely go exactly as planned; management must make a concerted effort to monitor and adjust for deviations. The managerial accountant is a major facilitator of this control process, including exploration of alternative corrective strategies to remedy unfavorable situations. In addition, recent trend (brought about in the USA by financial legislation most commonly known as Sarbanes-Oxley or SOX) is for enhanced internal controls and mandatory certifications by CEOs (chief executive officer) and CFOs (chief financial officer) as to the accuracy of financial reports.

Controls are encompasses all the methods and procedures that direct employees towards achieving the organization objectives. Many different control mechanisms are used in organizations and the management accounting control system represents only one aspect of the various control mechanisms that companies use to control their managers and employees. To fully understand the role that management accounting control systems play in the control process, it is necessary to be aware of how they relate to the entire array of control mechanisms used by organizations (Drucker, 1964).

2.1.7 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 the management team should be actively involved in the process of monitoring and evaluation of budgetary control processes and procedures (Hancock, 2009).

Evaluations are systematic and objective assessment of an ongoing or completed project, program or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors. Evaluation also refers to the process of determining the worth or significance of an activity, policy or program. Australian National Audit Office, (2008) indicated that Organizations monitor and evaluate actual results against approved budgets to guide current and future decision-making and hold manager's accountable for performance.

According to Hancock (2009) 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 the management team should be actively involved in the process of monitoring and evaluation of budgetary control processes and procedures.

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).

Australian National Audit Office (2008) indicated that Organizations monitor and evaluate actual results against approved budgets to guide current and future decision-making and hold manager's accountable for performance. Evaluations are systematic and objective assessment of an ongoing or completed project, program or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability.

2.1.8. Participating of budget

CIMA (2005) defines participative budgeting as a budgeting system in which all budget holders are given the opportunity to participate in setting their own budgets". This may also be referred to as „bottom-up budgeting". It contrasts with imposed or top-down budgets where the ultimate budget holder does not have the opportunity to participate in the budgeting process. The advantages of participative budgeting are as follows:

Improved quality of forecasts to use as the basis for the budget, Managers who are doing a job on a day-to-day basis are likely to have a better idea of what is achievable, what is likely to happen in the forthcoming period, local trading conditions, etc.

Improved motivation, Budget holders are more likely to want to work to achieve a budget that they have been involved in setting themselves, rather than one that has been imposed on them from above. They will own the budget and accept responsibility for the achievement of the targets contained therein.

The full participatory budgetary process involves liaison and discussion between all levels of management. It is an important formal avenue of communication between top and lower level

management regarding the organization's long term objectives and the practical problems of implementing these objectives. When the master budget and supporting budgets are agreed and finalized, they provide the formal means of communicating agreed plans embodied in the budget to all personnel involved. By publishing a budget, management explicitly informs its subordinates as to what exactly they must be doing and what other parts of the organization will be doing. Participation in the budget setting process can improve the budget holder's attitude to the budget system and make it more likely that he will accept the targets contained in the budget system. Participation is a process that can be used for planning and goal setting, for motivating subordinates and for coordinating interdependence. It is thus said to be an essential part of effective budgetary control (Matthew A., 2014).

All individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control 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 Waymire, 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 the budget 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.

2.2 Budget Utilization

According to Tommasi (2007) budget utilization is the phase where resources are used to implement policies incorporated in the budget. As he noted, 'A well-formulated budget can be poorly implemented, but a badly formulated budget cannot be implemented well. Good budget preparation comes first'. Successful budget utilization depends on factors, such as the ability to deal with changes in the macroeconomic environment, and the implementation capacities of the organizations concerned, assurance of effective expenditure control, resolving problems arising during implementation, managing the purchase and use of resources efficiently (Allen and Tommasi, 2001). Budget utilization system should ensure not only accurate aggregate expenditure control, but also effective and efficient uses of resource in accordance with budget priorities. Its procedure should be appropriately balanced in order to avoid conflicts between these objectives (Allen and Tommasi, 2001).

2.2.1 Over and Underutilization of Budget

Over utilization of budget could be caused by non-compliance of budget managers with the spending limits defined in the budget, when committing expenditures and by deficiencies in budget preparation (Allen and Tommasi, 2001). As they stated; in some countries, payments made through exceptional procedures are not controlled against the appropriations and are therefore an important cause of overruns. Lack of compliance can be addressed through strengthening the audit system, and reporting system, and ensuring the effectiveness of the basic budget utilization controls. Sound budget preparation processes and adequate institutional arrangements are a prerequisite to avoid over utilization caused by deficiencies in budget preparation. On the other hand, Allen and Tommasi (2001) expressed that in a number of

countries, the official budget is under spent, particularly its non-wages expenditure items. This does not necessarily mean that there is good fiscal discipline in these countries. In some countries with poor governance, under spending of the official budget may coexist with large amounts of off budgets pending. Based on the conclusion given by Allen and Tommasi; in most cases, underutilization Andover utilization is related to insufficiencies in budget preparation and program preparation. An overestimated budget and unrealistic projections of revenues may lead to budget revisions during budget execution and to a practice known as “repetitive budgeting”. Poor planning and budgeting; no links between policy making; poor expenditure control; little relationship between budget as formulated and budget as utilized; inadequate accounting systems; unreliability in the flow of budgeted funds to agencies and to lower levels of government; and poor cash management are some of the factors that affect resource allocation and use (Peters, 1998).

2.2.2 Causes of Deviations between Budgeted and Actual Expenditure

According to Omitoogun and Hutchful (2006), there are a number of factors that can explain why actual expenditure deviates from the levels approved at the beginning of the financial year in any sector. The reasons for deviations may vary over time. Some of the more common causes are: deviation in aggregate expenditure; reallocation of fund during budget implementation; policy changes during the year; an inability to implement policies, programmers and projects; and a lack of financial discipline. According to Ketema (2015), the causes for deviation between budgeted and actual expenditure are mainly due to lack of coordinated effort in purchasing, lack of consistency and delay in purchase processes, incapacitated budget staffs in terms of skill and knowledge in each respective budget offices and lack of information by management at each level to evaluate the budget utilization status.

2.2.3 Budget Control

Budget control is a tool implored by management to keep track of actual performance to ensure budgeted standards are met (Kpedor, 2012). It entails a repetitive circle of planning and control which is usually followed by appropriate information about actual result to the management for comparing them against the budgeted and initiating a control action if necessary (Defranco,1997).

According to Okapnachi and Muhammed (2013), absence of effective budgetary control breeds disregard for laid down procedures, loss of focus and shoddy coordination of activities and these are capable of crippling an organization. In other words, if actual performance is not controlled, then it will differ from planned performance and the business will not achieve its objectives. If there is budgetary control in the organization it is easy to achieve the intended budget objectives.

2.2.4 Benefits of Budget Controls

According to Scarlett, (2008), budget controls refer to the principles, procedures and practices of achieving given objectives through budgets. The budget control helps in fixing the goals for the organization as a whole and concerted efforts made for its achievements. It enables economies in the enterprise. Preetabh, (2010), highlighted the benefits of budgetary control as profit maximization; a budgetary control aims at maximization of profits or an organization through, proper planning and co-ordination of different functions, proper control over various capital and revenue expenditures and putting resources into best use. Coordination; achieved through working of different departments and sectors Warren,(2011)noted that within an organization ,

different departments have a bearing on one another, this therefore makes coordination of various executive and subordinates necessary in achieving of budgetary targets. Other budgetary benefits as indicated by preetabh (2010) include; Specific time aims; the plans, policies and goals are decided by the top management. All efforts are put together to reach the common goal of the organization. Every department is given a target to be achieved. The efforts are directed towards achieving some specific aims. If there is no definite aim then the efforts will be wasted in pursuing different aims.

Margah (2005) assert that budgetary controls are important tools for a county's economy. This is because it allows planning for expenditure thus facilitating systematic spending. Finances are put into optimum use, extending the benefits to industry and national economy. This reduces wastage of national resources. A budgetary control could help in determination of organizational weaknesses. According to Merika, (2008), the deviations in budgeted and actual performance will enable the determination of weak spots. This enables an organization to concentrate on those aspects where performance is less than stipulated. The management moreover takes a corrective action measures whenever there is a discrepancy in performance. Shields and Young (1993) posit that budget acts as a detector of variances between organizational objectives and performance and vital part to the umbrella concept of an effective budgetary performance. Budgets 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 (Silva&Jayamaha, 2012).

Budgets reflect the financial implication of business plans, identifying the amount, quantity and timing of resource needed (Shields and Young, 1993). They form benchmarks for by comparing actual results with budgeted plans and to take corrective actions if necessary (Sharma, 2012). Budgets do influence the behavior and decisions of employees by translating business objectives, and providing a yardstick against which to assess performance. Hancock(2009) even considered such operational planning as the backbone of management. A budget allows a goal and 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 (Hope & Fraser, 2013).

Adequate control is very essential to every organization be it individual or government owned all over the world. This is because if there is no adequate control of resources in the organization, it will be practically impossible to monitor budgets. The theory of control specifies the obligations of government/ industries in providing social and basic amenities to the citizens. It indicates that government owned industries is a basic principle of control on those scarce resources they are meant to manage (Robinson, 2009).

Shields and Young (2009) contend that government industries ought to provide both resources and employment to the citizens for meeting the laid down objectives. This implies that the government, board members and staff have joint responsibility to ensure proper accounting practices and timely budgetary implementation and appropriations by building effective management controls and directions. As per this theory, state corporations are expected to live to its responsibility of establishing standards, adequate controlling mechanism and acceptable accounting practices. Government enterprises need not to have unethical persons acting outside controls as ineffective control system in every organization can negatively affect organizational profitability and sustainability as well as companies resources and performance.

As Macro-Economic and Fiscal Framework (MEFF) is prepared by MOFED. The MEFF provides, among others, forecast of government revenue and expenditure, expenditure financing,

the split of aggregate expenditures between federal and regional, and the split of federal expenditures between recurrent and capital for the next three years. Based on the three-year MEFF, MO FED, prepares the annual fiscal plan, which includes identification of the amount of resources (foreign and domestic) known as the resource envelopes. These comprise the amount of money needed, known as the expenditure need, setting the block grant amount for regional governments and administrative councils from all sources (domestic and foreign), and splitting the federal share between the CapitaLand recurrent budgets. In public expenditure management, lack of predictability of financial resources undermines strategic prioritization and makes it harder for public officials to plan for the provision of services. Predictability of government expenditures in the aggregate and in the various sectors is also a challenge to guide the private sector in making its own production, marketing, and investment decisions. Besides, budgetary rules are unclear and are uniformly applied to everyone. Transparency of fiscal and financial information is another problem for an informed executive, legislature, and public. Scholars show that dumping immense amounts of raw budgetary material on the public does nothing to improve fiscal transparency (Lewis 2007).

2.5 Accounting Theory in Budgetary Control

Accounting theory is aimed towards endowment 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 (Kaplan and Norton 1996).

Then Budget had been defined as accounting device used to plan and control resources of operational department of government and divisions (Abdullahi & Angus, 2012). According to (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.

(Horvath, 2009) argues that the accounting methods that fail to meet the standard should be rejected. Accounting theory helps in explaining and guiding management actions in identifying and locating information necessary to be used in budget preparation. The money measurement concept in accounting 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 accounting guide in the selection of principles and roles to be applied in particular circumstance. The accounting theory in budget control has come up with different models of analysis for example revenue analysis and standard costing which serve as a standard setting in budgeting. Theory has an important normative role in the evaluation of budget and control procedures to be adopted. Theory has assisted in making predictions of the likely outcome of budget action in a given set of circumstance and effect of any change in circumstances.

Hornngren (2002) argues that accounting theory view 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 budget itself as a tool for effective management (Hornngren et al., 2002).

Accounting theory has developed models in which standard can be set. Management accounting theory also provides several yardsticks to be used for control. That is variance analysis. Since budget is an instrument of plan. It provides a framework of given feed back to the management on the implementation of budget. When implementing the accounting theory historical data is instrumental since this data serve as an input for making forecast. The cost accounting theory

developed by Wedgwood in early 20th century which stress on cost identification, allocation and revenue maximization has provide 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).

By establishing the cost for various programmed government set up, the criteria by which government programmed are to be review and evaluated. Budget has become the main instrument by which government attempt to manage economic growth and development. Budget become accounting instruments by which officials are held accountable for what government does and does not manage to accomplish (Yakubu, 2011). Hence, it is important that a country must be able to follow accurately all the methods of preparing and control of an annual budget. Budgeting is defined as a form of financial planning and source budget is utilized to impose the strategy of a country. Consequently, a budget is composing of different functional budget that could help a country for such development such as agriculture, technology, tourism, and other budget (Smith and Megeary, 1997).

Government use budgets as a guiding tool for planning and control of its resources, be it financial or otherwise. The use of budget involves knowing how much money you earn and spend over a period, particularly one year. When a budget of an establishment, department or ministry is created, it means creating a plan for spending and saving money (Abdullahi and Augus 2012).

Abokun and Fagbemi (2012) explain that another use of budget for control purpose is in evaluating performance. They argue that organizational plans are carried out by people, thus, control is exercise not over operations, revenue, costs, but over the persons responsible for those operations and the related revenue and expenses. Then the accounting for all Sub-programs will be governed by respective government accounting policies and procedures.

2.4 Empirical Literatures on Budget Utilization and Budget Control

Tilahun (2010) conducted an investigation of budget management and control at Ethiopian ministry of national defense. The lack of research, especially under the Ethiopian defense context, coupled by the sign of improper budget management has been a major motivation to carry out the study and the paper tried to investigate weaknesses observed in budget holders during budget process. Both primary and secondary data have been employed to explore the existing problems. Moreover, budget and audit experts were included in collecting primary data through structured questionnaire. According to this study; in Ethiopian defense, although budget guideline has been issued on how to prepare budget request, execute, and control budget by the budget holders, the guideline alone is not sufficient to bring the desired outcome unless budget executing bodies within the institution are directly involved and made accountable for all expenditure. Descriptive and qualitative analyses demonstrate that there was no strict accountability, which allow creating sense of institutional budget perception. There is no reasonable cost estimation practice. Lack of adequate and experienced budget workers is other issue that contributes to worsen the problems.

Badu (2011) conducted an investigation of budgeting and budgetary Control at Ernest Chemist Laurea. The aim of this study was to conduct research concerning the budgeting practice in Ernest Chemist, a pharmaceutical company based in Ghana, and identify the perception of the budgeting experts in the company and assess their views towards the current status of the company. This research was necessary in order to assess the possibility of solving any problem

this organization may face in designing an effective budgeting and budgetary control system. A self-designed interview questionnaire was sent to a member of staff in the company to seek his views on the problems and concerns regarding budgeting and budgetary control in the organization. The results of the study indicated that the appropriate system of budgeting and budgetary control had been adopted and used to prepare the pharmacy's budgets but there were a few problems associated with ethical issues which were also revealed.

In their study, (Nickson and Mears 2012) examined the relationship between budgetary control and performance of state ministries in Boston Massachusetts, a sample of five ministries were examined to test the relationship between budgetary control and performance of state ministries, secondary data was used and a review of 10 years was used, a regression model was used for data analysis and a statistical positive relationship was found between budgetary control and performance of state ministries. The results of the regression analysis concluded that proper budgetary control measures led to performance of state ministries.

Zerihun (2014) conducted a study to assess the current practice of budgeting and utilization of educational finance in public secondary schools of Shashemene. The study employed a descriptive survey method using data gathering tools questionnaire, interview and document analysis. Sampling techniques used were purposive sampling and random sampling technique. Frequency count, percentage and mean were used to analyze quantitative data whereas thematic analysis was used for qualitative data. The study findings indicated that schools have sources of budget other than government allocated budget. Schools' internal income, community contribution and NGO's support were the major sources of budget. Standard unit cost per student and budget utilized in previous year were the main criteria in the allocation of budget. Amount of allocated budget to implement education plan and in meeting the minimum quality/standard was found to be inadequate. The study finding revealed how the level of transparency and accountability in budget processes and effectiveness and efficiency in utilization of finance were measured more or less positive. Lack of forum, delay of budget, lack of block grant budget, lack of training on financial management, lack of internal audit and control, limitation in use of financial materials and rules and guidelines were among problems indicated. In light of findings, the following conclusions were drawn. Schools have sources of budget other than government budget. There were necessary financial rules and guidelines whose application was limited. Block grant budget was found to be small and its administration was in material form. There was infrequent internal auditing implying lack of timely audit and internal control system.

Ketema (2015) conducted an assessment of budget preparation and utilization at Addis Ababa City Administration Health Bureau. The general objective of the paper was to assess the budget preparation and utilization of the City Administration Health Bureau. Five out of seventeen budget holders were taken and ten key informants were selected from each budget holders with a total of 50 respondents. In addition, five budget experts were included in collecting primary data through structured questionnaire and three more BOFED budget experts involved. More of the qualitative analyses demonstrate that there was no accountability in budget utilization, there is no market oriented cost estimation practice. Lack of adequate and experienced budget experts is other issue that contributes to worsen the problems and also there is no evidence based evaluation mechanisms in the budget utilization at each level of the Health Bureau.

Dejene and Semeneh (2016) publish journal article on Intrinsic Factors Affecting Budget Utilization in Ethiopian Public Universities. The study sought to investigate internal (intrinsic) factors that affect budget utilization in public universities of Ethiopia in 2016. A total of 178 respondents were randomly selected from Dilla, Wolaita Sodo and Bule Hora Universities.

Primary data were collected using closed and open questionnaires. To supplement the survey result secondary data were collected from federal general auditor annual report. The data were analyzed using various descriptive statistics. The findings indicated significant improvement of budget allocation to public universities from time to time. However, lack of proper planning and allocation of budget in these Universities were found to be serious challenges. Inadequate timely revision of initial proposed physical activity plan based on the approved and available budget, inadequate knowledge on the concept of program budgeting system, shortage of adequate number of human resources and insufficient involvement of all concerned bodies during the budget plan preparation were found to be main the causes of the aforementioned problems. Decentralized budget administration system, absence of result oriented evaluation of budget performance and regular revision of plan in accordance with the available budget, lack of effective communication, lack of effective budget monitoring and evaluation, and absence of full involvement of the line managers in planning process were identified as the most important internal factors that affected budget utilization in public universities. The study recommended that due attention should be given by University top management during budget plan, allocation and implementation.

In general, the researchers raised several issues on budget management, budget implementation and budget control in the public sectors, but to the best of the researcher's Knowledge there is no a case study research conducted to investigate problem observed Luna export slaughterhouse plc in relation to budget utilization and control practices. Therefore based on its objectives, this project paper attempted to focus on the budget utilization and control issues in Luna export slaughterhouse plc.

2.5literature gap

In view of the above theoretical and empirical review, numerous studies have been conducted on the assessment of budget and budgetary control. Most of these studies focused on the public sector. Although such types of research were done in private sector limited literatures were available for this research including private company in Ethiopia. Besides, most of the empirical studies reviewed and discussed in the above sections were conducted in public sector; and studies in private sector are very scanty. As per the researcher knowledge, the only empirical studies on this area are the research under budget and budgetary control in Ethiopian postal service enterprise Zebidar (2018) and Tekliye (2017) examined the budget and budgetary control. Further from the studies the budget and budgetary control focused on the public sector. This study bridges this gap by using the very related with the budget control system on private sector; Luna export and slaughterhouse plc to achieve research objectives.

The researchers raised several issues on budget management, budget Implementation and budget control in the public sectors, but to the best of the researcher's Knowledge there is no a case study research conducted to investigate problem observed in Luna export and slaughterhouse in relation to budget and budgeting practices. Therefore based on its objectives, this project paper attempted to focus on the budget utilization and control issues in Ethiopian private sector; Luna export and slaughterhouse, and many studies that related to budgeting is on public sector, but this study is on private sector, in Luna export and slaughterhouse is not assess any study related on budgeting, this paper is the first and will involve other researcher based on this study. To sum up, budget and budgeting practice control can be explained as the process of using budgets as control

mechanism to evaluate managers as well as organizations performance by considering deviations from the questionnaires and interview questions.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

Concepts discussed in this chapter include the approaches and techniques the researcher will use when collecting data, analyzing the data and interpreting the findings. These include the research design, target population, sampling and sampling techniques, data collection methods and data analysis techniques.

3.1 Research Design

The study used a descriptive survey study research design which was aimed at examining the impact of budgetary controls on effectiveness of organizations in Luna Export Slaughterhouse. Research design is an outline of research study which indicates what the researcher does from writing the objectives and its operational implications to the final analysis of data. A research design is the arrangement of conditions for data collection and analysis of data in a manner that aim to combine relevance to research purpose with economy in research procedure .This study will have descriptive research design. The choice of this research design is to assess and budget and budget control practice in Luna export slaughterhouse.

3.2 Research Approach

This study uses a qualitative research approach. This approach was used to collect and Analyze data on the items related to budget and budget control through questionnaire and Interview.

3.3 Population and Sampling Technique

3.3.1 Target Population

The target population of the study is staffs who do have direct and practical bond with budget and budget control activities in the organization. Therefore the total number of the target population at the time of asking by top management and based on those response the related employees that works on budget and budgetary area is 20 which is the sum of 4 Department, of Luna Export Slaughterhouse.

3.3.2 Sampling Technique

Based on the nature of descriptive research question and that need to meet its objective, employed a census method. The researcher is used to select all of the study is the respondents who used to participate in yearly budget preparation and responsible for its implementation and control.

3.3.3 Sample Size

The sampling size is ambiguous in all non-probability sampling techniques. There are no rules. Rather the logical relationship between sampling selection technique and the purpose and focus of research is important. Generalizations are being made to theory rather than a population. Consequently, the research sample size is dependent on the research questions and objectives in particular, what the researcher needs to find out, what will be useful, what will have credibility and what can be done with in available resources. Since the number of target population stated above is manageable, the sample size has been taken to be the total population. Therefore, the study takes all the 20 respondents from 4 departments who have direct and practical bond with budget utilization and budget control activities in the organization.

3.4 Sources of Data and Instruments of Data Collection

To carry out this descriptive type of research, the data was gathered through primary data collection method to meet the general objective of the study. The types of instruments used to collect the primary data were through questionnaire and semi-structured interview.

Questionnaire

Questionnaires are appropriate instruments widely utilized by researchers to obtain facts about current conditions, practices and also to make inquiries. They are used due to their ability to collect as much information as possible within a short time which helped the researcher to save time. Saunders Descriptive research, such as that undertaken using attitude and opinion questionnaires and questionnaires of organizational practices, will enable us to identify and describe the variability in different phenomena. Therefore questionnaires were the primary data collection instruments for this study. The questionnaires were administered to the department heads, team leaders, regional managers, and Planning and Audit experts by the researcher to obtain both quantitative and qualitative data. The questionnaires were composed of close and open-ended questions.

The items in the Questionnaire request the perception of respondents regarding the budget preparation, budget utilization and budget control practices Luna Export Slaughter House. And questionnaires related to budget control were adapted and modified from prior study which was a study conducted on budget management and control. The questionnaire engaged a five point Likert-Scale items requiring respondents agreement or disagreement where the lowest scale represent strongly disagreement while the highest scale represent strongly agreement. The distributed questionnaires were organized into three parts; the first part comprised demographic questions regarding the respondents, the second part contained items relating to budget preparation, utilization and control practices and the third part contained open ended questions about challenges and weaknesses on utilization and control of budget in the organization. In order to assess the reliability of the instrument the Cronbach's Alpha (α) analysis will be conducted.

Interviews

An interview schedule was conducted to collect information from finance, planning and internal audit Managers of Luna Export Slaughter House. Semi-structured interview is used to gather data, which are normally analyzed qualitatively. These data are likely to be used not only to reveal and understand the 'what' and the 'how' but also to place more emphasis on exploring the 'why'. Therefore in addition to data collected using questionnaire the researcher conducted a focus group interview with 4 officials of planning, finance and audit departments in the

organization. An interview eliminates many sources of bias that could be associated with the other methods of data collection like in questionnaire.

3.6 Methods of Data Analysis and Interpretation

Data analyses are conducted through a descriptive statistics to provide details regarding the demographic question and the various items of budget utilization and control. Also Statistical Package for Social Science (SPSS) version 20 was used for the data analysis.

Then after the data will collect from questionnaires were screened and coded for completeness and accuracy and the response on each item put into specific themes in scientific way for easy analysis. In order to drawn meaningful conclusion, the data is summarize and present using appropriate table and figure format with frequencies, percentages for classifications of responses for easier understand and also for visual impression. Frequency and percentages is used to analyze the demographic characteristics of respondents. Then the data process to analyze the measures of central tendencies and variations that include the mean and standard deviations

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings were presented to determine the impact of budget and budgetary control on effectiveness of Luna Export Slaughter house. The data was gathered exclusively through questionnaire and interview as the research instrument. The questionnaire was designed in line with the objectives of the study. The discussion begins with the questionnaires response rate followed by the descriptive statistics of the responses related to the questions.

4.1 Response Rate

The data were collected and then analyzed in response to the problem posed in the first chapter of this study. The findings are based on the responses of those selected respondents with the help of questionnaire. Therefore, 20 questionnaires were distributed and 20 (100%) returned from respondents. Therefore, data were analyzed based on the data collected using questionnaires from 20(100%) of the respondents.

4.2 Demographic Characteristics of Respondents

In order to have clear understanding about the result of the study, it is important to be familiar with demographic characteristics of the respondent. Out of the total 20 questionnaires distributed, all 20 respondents, who were found in Luna Export Slaughter house, returned the questionnaire. Then in this sub section, variables such as age, sex, educational level and work experience of the respondents in the organization were analyzed and the information processed is summarized as follows.

Table 4.1 Demographic data of respondents

		frequency	percent	cumulative percentage
sex	Male	13	65	65
	Female	7	35	35
	Total	20	100	100

education level	diploma	2	10	10
	Degree	16	80	80
	masters	2	10	10
	Total	20	100	100

age	under 25 years	1	5	5
	25-34 years	4	20	20
	35-44 years	10	50	50
	45-50 years	4	20	20
	above 50 years	1	5	5

	Total	20	100	100
experience	less than 1 year	7	35	35
	1-3 years	6	30	30
	greater or equal to 3	7	35	35
	Total	20	100	100

Source: Questionnaire result, 2021

The above graph clearly depicts that most of the respondents, (65%) were male while, the remaining (35.5%) is female respondents, The gender figure indicated that both genders were involved in the study and Thus the finding of the study did not suffered from gender bias and on the level of education.

The study also requested the respondents to indicate their highest level of education and from the finding it was recognized that (80%) of the respondents indicated their highest level as first degree and (10%) of the respondents indicated their highest level of education as Master's Degree and the remaining (10%) of the respondents indicated diploma. This shows respondent's knowhow about the issue addressed in the study.

The above figure indicates that 1(5%) of the respondents were aged under 25 years, 4(20%) of them were between the age of 25 and 34, 10 (50%) of the respondents were between the age of 34 and 44, 4 (10%) of them were aged between 45 and 54, and 1(5%) of the respondents were aged above 55 years. This is an indication that respondents were well distributed in terms of their age bracket. The age bracket implies that the respondents were comprised of heterogeneous Groups; which in turn enabled the researcher to get varied responses across the sample units fairly distributed. Hence, the study did not suffered from age bracket bias.

Finally, the study requested respondents to indicate the number of service years they had served for. As we see on the above Figure 4.1, 7 (35%) of the respondents indicated that they had worked above 3 years,6(30%) is between 1 and 3 years and the rest7 (35%) of the respondents indicated that theyhad served less than 1 years. This implies that majority of the respondents have above 3 years experiences and below 1 years so, on the study it is one problem that the experienced respondent is less but still experienced respondents ; above 1 year is 70% which in turn added recognized value for this study.

4.3 Budgeting practice

The respondents were requested to measure their assessment on the budget utilization and budget control practices of Luna export and slaughterhouse PLC in the following Likert scale measurement. The ranges were 'strongly disagrees' (1) to 'strongly agree' (5). The scores of 'strongly disagree' and 'disagree' have been taken to represent a variable which had a mean score of 0 to 2.4 on the continuous likert scale; ($0 \leq \text{strongly disagrees} < 2.4$). The scores of 'Neutral' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous likert scale: ($2.5 \leq \text{Neutral} < 3.4$). The score of 'Agree' and 'strongly agree' have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous likert scale; ($3.5 \leq \text{strongly agree} < 5.0$).

The “mean” is a measure of central tendency i.e. tending toward the middle, or center, of the distribution. The “variances” are average errors between the mean and the observation. They indicate how well the items fit the actual data. The square root of the variance is the “Standard Deviation”. It measures how well the mean represent the data. A large standard deviation indicates that the points are distant from the mean. The standard deviation of “zero” would mean that all the scores are the same. In social science researches a standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents.

Table: 4.2 budgeting practice of Luna export and slaughterhouse PLC.

		FREQUENCY	PERCENTAGE
The budget have clear goals and objectives	YES	16	80
	NO	4	20
	Total	20	100
Did all department prepare proper budget	YES	5	25
	NO	15	75
	Total	20	100
Did the organization revise its plan frequently	YES	6	30
	NO	14	70
	Total	20	100

Source: Questionnaire result, 2021

As the analysis indicates, the majority respondents respond “yes” of the first items for measuring the central tendency of respondents on the budget have their clear goals and objectives practice shows as 80% are respond there is clear goals and objectives on budgeting practices and the analysis result infers that, the budget have clear goals and objectives. This implies that, the respondents is agree on the company have clear goals and objectives on budget and budgeting control i.e. the budget goals and objectives on budget are sound enough to support organizational objectives.

The second question, based on the majority respondents respond that “no” on all departments is prepare their budget but based on the respondents all department is not prepare their budget, based on the respondents shows as 80% are respond the power to prepare budget is not in the hand of all department and the analysis result infers that, there is centralized the power to prepare the budget. This implies that, the respondents is not agree on the department is prepare their own budget i.e. the department is not prepare their own budget it is difficult to implement and not meet the actual result with the plan and difficult to meet organizational objectives.

Lastly, on the third question based on most the respondents(70%) response that there is no revision of plan frequently but the remaining 30% of respondents response is there is a revision of plan frequently, so this indicates that in some department is a revision on plan and the other is

not. The analysis infers that there is no frequently revise the plan i.e. the department is not revise the budget plan frequently and if there is no update the plan with situation it is difficult to meet with the real world and alsodifficult to meet organizational objectives.

The result is consistent with the previous studies conducted by (Zebidar, 2018, Tilahun, 2010, Zerihun, 2014And Ketema, 2015) on which they found that weak divisional preparing of budget and the revision of budget plan is not properly revised of the public organization. And a clear goals and objectives on budgeting practices.

Apart from this, respondents mentioned that many problems related to budget utilization which has not been reflected in the close-ended questions. Of these difficulties, many of the respondents consent that what is planed is not implemented properly. Besides to this, less attention to internal periodic evaluation, during budget utilization, there is complicated procedure in procurement of items i.e. long procedure hinders the purchasing process at the same time leads to underutilization of budget (finance).

Moreover, respondents stated that in open ended question there is some reason for underutilization of budget i.e. shortage of experienced man power or expert exacerbated the problem, lack of coordination between budget and finance sections, untimely expenditure (such as towards the end of the period), and nonexistence of strict accountability were other reasons for the occurrence of budget utilization weaknesses.

As it is explained from the open-ended questions and interviews, respondents admit theexistence of the following problems; in the company why budget preparation is not departmentalize and why the budget follow-up periodically to meet the objective of Luna exports and slaughterhouse PLC. These are:-

- Ignore the responsibility which means if the budget preparation power is given to that department the department heads ignore the responsibility by frustrate the risk, if does not meet accordingly.
- The top management are also not committed to give the responsibility to those departments because of frustrate on budget that not planned with best way, which means if the department planned more than the capacity of the company or they depend on personal benefit.
- Lack of coordination among the department and top management regarding budgeting practices.
- Lack of experience of employees on budget planning
- Top management have a workload, because of not decentralize the power to manage the budgeting practice of Luna export and slaughterhouse PLC.

To sum up, as experts mentioned on the open ended question, there was lack of experienced manpower that fetch discrepancies in budget utilization, the experts clued also that the department does not arrange regular short-term training to improve the skill of budget personnel engaged in budget holders bureaus, the structure of budget department is not attractive for skilled budget experts to stay in the department i.e. there is no attractive salary and benefit package as they explained.

4.4 Budget control

Based on the responses gathered from the respondents, the researcher has tried to determine the relationships between budget and budgetary control and effectiveness of Luna Export slaughterhouse as indicated in the following table:

Table 4.3: Respondents Response on Budget and budgetary control and effectiveness

	N		Mean	Std. Error of Mean	Std. Deviation	Minimum	Maximum
	Valid	Missing					
Management hold budget meetings regularly to review performance (Q1)	20	0	1.40	.134	.598	1	3
The organization has budget policies that monitors budget spending (Q2)	20	0	4.20	.156	.696	3	5
Control of the budget activities is done by the head of departments (Q3)	20	0	4.05	.114	.510	3	5
The organization's budget performance evaluation reports are prepared frequently (Q4)	20	0	2.00	.126	.562	1	3
did the organization revise its plan frequently (Q5)	20	0	1.70	.105	.470	1	2
The organization effectively monitor the budget implementation (Q6)	20	0	4.05	.170	.759	2	5
Managers always take timely corrective actions on implementation of budget (Q7)	20	0	2.20	.213	.951	1	4
The costs of activities and function of the organization are constantly reviewed by the management team (Q8)	20	0	2.30	.179	.801	1	4
There is regular follow up on budget plans by the budget department (Q9)	20	0	2.10	.176	.788	1	4
The management of organization review the budget and make adjustment (Q10)	20	0	2.10	.204	.912	1	4
The organization review the process of budget allocation (Q11)	20	0	3.90	.191	.852	2	5
The management team discusses on the results of audit report for taking corrective actions (Q12)	20	0	3.85	.182	.813	2	5

The management team reviews regularly the implementation of budgetary control measures in the organization. (Q13)	20	0	2.05	.170	.759	1	4
Budget defines goals and objectives that serve as bench mark for evaluation (Q14)	20	0	3.85	.167	.745	2	5
The organization has a good budget performance evaluation (Q15)	20	0	3.00	.162	.725	2	4
Training and support is given to all the subordinates throughout the budget by budget department (Q16)	20	0	2.00	.145	.649	1	3

Source: Questionnaire result, 2021

The relevant research questions raised above have been examined in the light of the responses obtained from respondents concerning the existence and practice of budgetary control in Luna Export slaughterhouse Based on the responses to questionnaires obtained from respondents, there is the process of budget planning in Luna Export slaughterhouse. But, budget holders do not utilize their approved budget based on their plans, which means there is focused on the budget planning and evaluation of performance it is not focused on implementation process, there is also the problem of matching budget plan with budget in the organization.

As indicated in above table 4.2, the mean value of the responses computed based on questionnaires result indicates the average agreement of respondents on existence and practice of each elements of budget planning, monitoring and control, evaluation, participation and effectiveness of the organization. The overall mean of planning can be approximated to 2.28 which indicate the strong argument of respondents regarding the existence of budget planning in the organization. The highest mean of planning (4.20) indicates that majority of respondents agreed that the organization has budget plans. Conversely, the lowest score for budget planning (1.4) reflects the weakest argument regarding the existence of budget planning in the organization and the scores ranged from 1.4 to 4.2 for planning showing a relatively high support for the existence of budget planning in the organization based on responses computed by SPSS.

As Table 4.3 indicates, all the questions under the category of budget and budgetary control have got Relatively moderate rate i.e. (Q1) Management hold budget meetings regularly to review performance(Mean=1.4), (Q2) The organization has budget policies that monitors budget spending(Mean= 4.2), (Q3)Control of the budget activities is done by the head of departments (Mean= 4.05),(Q4) The organization's budget performance evaluation reports are prepared frequently(Mean=2.00), (Q5)did the organization revise its plan frequently(Mean= 1.7), (Q6) The organization effectively monitor the budget implementation (Mean= 4.05), (Q7) Managers always take timely corrective actions on implementation of budget (Mean= 2.2), (Q8) The costs of activities and function of the organization are constantly reviewed by the management team (Mean= 2.3), (Q9) There is regular follow up on budget plans by the budget department (Mean=

2.10), (Q10) The management of organization review the budget and make adjustment (Mean= 2.10), (Q11) The organization review the process of budget allocation (Mean=3.9), (Q12) The management team discusses on the results of audit report for taking corrective actions (Mean= 3.85), (Q13) The management team reviews regularly the implementation of budgetary control measures in the organization. (Mean= 2.05), (Q14) Budget defines goals and objectives that serve as bench mark for evaluation (Mean= 3.85), (Q15) the organization has a good budget performance evaluation (Mean= 3.00), (Q16) Training and support is given to all the subordinates throughout the budget by budget department (Mean= 2.00), were measured.

Based on the responses to questionnaires obtained from respondents concerning budget monitoring and control again, there are no regular budget meetings to review performance in the organization. Even though control of the budget activities is done by the head of departments the costs of activities and function of the organization are not constantly reviewed by the management team.

As discussed in the literature part, 'budget preparation is often viewed as a predominantly an executive role and includes the planning, sometimes referred to as pre-preparation and the linkage of plan through medium-term expenditure framework for annual budget establishment of priorities and resources spending envelopes' (Shah, ed. 2007a, p. 222).

Besides to these Lickert scales of questionnaire, there were answers provided by the respondent's for open-ended questions indicating that there were mismatch between plan prepared and annual budget requested. As the respondents stated, because of the mismatch between plan and budget, the company are obligated to revise plan to include new activities. As stated in Kiringai and West (2002), in most of the case low attention is given to the preparations of plan and budget. The cause for the revision of budget was mainly contributed by failing to consider the amount of budget needed for the fiscal year at the beginning of the budget year.

On the other hand, bureaus are considered that plan is always prepared by the planning department only and they left out for themselves. Such situation has resulted in preparing budget without the exact basis of reasonable estimates and base line data. As recognized from their written response, some bureaus' units prepare their annual budget by coping from the previous year budget request because of inexperience.

As we can see the above analyzed close-ended questions result, even if the practice of budget and budgeting control of the organization has been rated on moderate level, gaps are observed when we compared them with what literatures mention to have best budget control practices. As it is explained from the open-ended questions, some respondents revealed that, most of the problems observed on the budget utilization are the result of insufficient budget implementation Practices in the organization.

On the other hand, from the interview conducted with all department head and employees of Luna export and slaughter house, the organization conducts company performances. But because of the shortage of skilled manpower and experienced employee, there is no trend of conducting performance budget implementation in the organization. As they have said, the number, skill and experience of experts currently available in Luna export and slaughterhouse PLC. The researcher understood from the response of employees of Luna export and slaughterhouse that, budget implementation does not ensure efficiency and effectiveness of budget utilization. Performance on budgeting is preferable but it is not easy to manage. Still now performance on budget implementation is not functional due to shortage of skilled Manpower and experienced. On the other hand, based on the interview conducted with plan preparation, monitoring and evaluation department, there is no trend of preparing and sending budget performance report by departments.

On the interview and short answer questionnaires general description and the main discussion is the cause of the problems that are the decentralization of budget implementation and also the responsive ignorance by the employee and inflation are the major factor (problems) that affect the budgeting practice. And the employees also write on the questionnaires by giving some suggestions like by decentralize the power and train the employees.

In general on the Management hold budget meetings regularly to review performance there is a disagree based on the respondents so there is no management meeting regularly, and also there is no organization's budget performance evaluation reports prepared frequently as of the result showed the on the above table, Managers is not always take timely corrective actions on implementation of budget and the respondents filled is above 50% of respondents is answered not agree so the organizational manager is not follow-up of the budget process. And there is a problem on Training and support that given to all the subordinates throughout the budget by budget department, inadequate of supportive training.

As the interview of respondents the company is not used a formal budget rule, it's used the budget by the previous trained, the previous year performance or result is the base for this year budgeting practice and the question for the source of budget is mainly from previous year profit and the future income. The company budgeting allocation is also used the previous experience, if the previous year the purchasing department allocation budget is specified just for this year put the previous year budget by little amendment so the base is the previous year budget. The critical point that increase or reduce the budget planning if on the purchasing department that fix the unit cost and unit price of each product, this fix price is affect the overall year budgeting practices and implementations so in this department is special attention and focused on the department to mitigate or reduce the budget control problems.

Top management are responsible body for performance report; and the top managements are able to do any adjustment either the company is used the budget effectively and efficiently or not, so the performance evaluation is not evaluate by independence body like auditor. The analysis result infers that, the budget control practices are rated at neutral level. This implies that, even if respondents rate the items under practice of budgetary control is moderate; there are also gaps in making proper controlling mechanism in the firm. According to Okapnachi and Muhammed (2013), absence of effective budgetary control breeds disregard for laid down procedures, loss of focus and shoddy coordination of activities and these are capable of crippling an organization. In other words, if actual performance is not controlled consistently, then it will differ from planned performance and the business will not achieve its objectives.

Discussion on Short answer questionnaires and interview question

from the beginning question that's what are the major problem or challenges of budget control, from this question most of the respondents give the answer with the problem on the budget implementation which means there is a good budget planning but there is a problem on the implementation, and from the related question how to solved those problem, from the question the employee (respondents) answers that up to now there is no problem solving methods used by the company but as they recommend that if the budget implementation process is decentralized the problem will solved.

The next question that response by the respondents is that the reason for not solved the problem is mainly the commitment of top management, if the top management is committed to solve those problem also the team committed to solve the problem and the respondents (excluding top management) respond that if we committed to solve, we are not able to control the budgeting system, the budgeting implementation is mostly implemented by the top management so if the power of implementation of budgeting is decentralized the problem will be solve.

On the third question, the respondents say the major problems are:

1. Ignore the responsibility which means if the budget implementation power is given to those employees they ignore the responsibility by frustrate the risk.
2. The top management are also not committed to give the responsibility to the employees because of frustrate on budget will not control accordingly.
3. Inflation is the one problem for budget control which means that if the market value of all purchased product is differ with the budget plan, so it is difficult to reconcile the difference with the actual.

Those the above problems are the majority response that listed by the employees, this implies that there is a problem on internally and externally, on the internal problem the cause of not solve the problem is unwillingness of the top management and also the employees., but the second external problem;inflation is not solved because of there is no prediction of the future inflation of the country.

The forth question that give for respondents is what shall do to improve the budget control, from this question understand that the majority of employees answers that decentralize the power of budget control and teach and training all employees, to well known the budget implementation process.

The interview question is around 9 and the respondents is not answer the full question but the employee mainly focused on 4 question, and discussed in the next paragraph:

The company is not used a formal budget rule, it's used the budget by the previous trained, the previous year performance or result is the base for this year budgeting practice and the question for the source of budget is mainly from previous year profit and the future income. The company budgeting allocation is also used the previous experience, if the previous year the purchasing department allocation budget is specified just for this year put the previous year budget by little amendment so the base is the previous year budget.

The critical point that increase or reduce the budget planning if on the purchasing department that fix the unit cost and unit price of each product, this fix price is affect the overall year budgeting practices and implementations so in this department is special attention and focused on the department to mitigate or reduce the budget control problems.

Top management are responsible body for performance report; and the top managements are able to do any adjustment either the company is used the budget effectively and efficiently or not, so the performance evaluation is not evaluate by independence body like auditor.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Summary of findings

As it is indicated in introduction part, the general objective of this research paper was to evaluate and assess budget and budgeting control of Luna export and slaughterhouse PLC and to recommend on the key problem areas that seek attention and improvement. Therefore, the following findings were identified during the analysis;-

- 80 percent of the respondents agreed and witnessed on the company has clear goal and practices.
- 75 percent of respondents agreed on there is no prepare the departmental budget; the company prepare budget planning as a company level not by the department.
- according to the respondents and agreed on that, the company did not revise budget plan frequently
- Decentralization of budget implementation and also the responsive ignorance by the employee and inflation are the major factor (problems) that affect the budgeting practice.
- Lack of experience of employees on budget planning and lack of employee training.
- Top management have a workload, because of not decentralize the power to manage the budgeting practice of Luna export and slaughterhouse PLC

To sum up, as experts mentioned on the open ended question, there was lack of experienced manpower that fetch discrepancies in budget utilization and implementation the experts clued also that the department does not involve the departments on budget implementation, the structure of budget department is not attractive for skilled budget experts to stay in the department as indicated the work experience of the employee shows that there is no attractive salary and benefit package to the employees. Underutilization does not necessarily mean that there is good fiscal discipline in the company. Sound budget preparation processes and adequate institutional arrangements are a prerequisite for avoiding these discrepancies

5.2 Conclusions

This research was conducted to determine the impact of budget and budgetary controls on effectiveness of public organizations in case of Luna Export slaughterhouse. To accomplish the study twenty were sampled using judgmental sampling by the researcher based on their accessibility both in terms of the department that important for the study. From the total of 20 questionnaires distributed to sampled respondents, 20 questionnaires were collected and analyzed using the Statistical Package for Social Sciences (SPSS) version 21.

Descriptive statistics was used to determine of budget and budgetary controls on effectiveness of Luna Export slaughterhouse. The various variables under budgetary controls such as budget planning, budget monitoring and control, budget evaluation and participative budget were examined individually and their mean were evaluated and compared based on the likert scale of 1 to 5 points questionnaires and analyzed using percentages.

The relevant research questions raised above have been examined in the light of the responses obtained from respondents concerning the existence and practice of budgetary control in Luna Export slaughterhouse. As can be seen from the responses to questions relating to elements of budgetary controls such as budget planning, budget monitoring and control, budget evaluation and budget participation, there is low practice of budgetary control system in Luna Export slaughterhouse. With regard to budget planning, budget holders do not utilize their approved budget based on their plans and there is also the problem of matching budget plan with budget in the organization.

Based on the responses to questionnaires obtained from respondents concerning budget monitoring and control again, there are no regular budget meetings to review performance in the organization. There is no good budget implementation and budget holders give less attention for budget participation in the organization.

5.3 Recommendations

This research examined the impact of budget and budgetary controls on effectiveness private organizations in case of Luna Export slaughterhouse. Based on the result of the study, the following recommendation are provided with the assumption that this will help Luna Export slaughterhouse to improve the Budget planning, Monitoring and control budget evaluation and participative budget of its organization so that this will improve effectiveness in the organization. Therefore:

Planning and budget department in Luna Export slaughterhouse should arrange continuous training for budget holders at the ongoing of every budget period to enlighten management follow-up on budget planning to improve problem of matching budget with plan. If the company arranges a training schedule monthly or quarterly its better the future budget implementation and also arrange the meeting with the staff of the employee and discussed on the problems that occurs during the period and give a correction on those problem.

Management of the organization in Luna Export slaughterhouse should give serious attention for budget monitoring and control to improve budget implementation so that effectiveness of the organization is enhanced, as discussed on the above recommendation the top management periodically meeting mainly focused on the budget implementation and if there is a problem on those related to budget immediately give a correction on those issue.

The organization should regularly evaluate budget implementation and management team should discuss this result for taking corrective actions for organizational effectiveness.

The organization in Luna Export slaughterhouse should give enough chance for workers to participate in budget planning and utilizations. This motivates employees to perform better and enough experienced on the budgeting control system.

The organizations need also to investigate other factors that contribute to better for budgetary controls, in order to improve their efficiency and effectiveness, like employees motivation and invest more in staff development and participation.

The organization power is centralized specially on budgeting practices, this leads to a problem on budget implementation process, and the company must be decentralized the power to implement the planned budget if all employees are involved on budget implementation they have a responsible to do their task accordingly.

Purchase procedure should be shortened and there should be coordinated effort with other departments. There should be strong supervision and control by the bureau leaders and their successive subordinates; on budget utilization in order to correct the observed problems.

All departments should use opinions suggested on the feedback given by Luna export slaughterhouse P.LC and should be considered thoroughly. In general, Luna export slaughterhouse should take all possible actions to correct the observed weaknesses, and to avoid repetition of the same problems in subsequent year

5.4 Suggestion for future studies

Because of the limited time and resource, this study has been conduct in one organization, Luna export and slaughterhouse PLC. However, this may not represent the situation of budget Utilization and control across different private sectors and it is difficult to generalize at the whole private sector in the country level and select the company that available all data to use a numeric data to analysis. Therefore, more research in this area should focus on covering larger number of organizations so as to enhance better generalization of the results. Also, an interesting finding may come up by conducting studies on the impact of proper budget preparation and control on the organizational performance by incorporating other variables

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APPENDIX

QUESTIONNAIRES

St. Mary University
School of Postgraduate Studies

(Questionnaire filled by employees of Luna export slaughterhouse on Assessment Budget and budget Control)

Dear Respondent,

I am Hana Getnet, a post graduate student at St. Mary University. This questionnaire is prepared in order to conduct a study for the partial fulfillment of the requirements for the Award of a master's degree in Accounting and Finance at the University.

The title of the research work is, "Assessment of budget and budget control in Luna export slaughterhouse." Hence, to gather information, I kindly request your assistance in responding to the questions listed below. Any information you present will be kept absolutely confidential and will only be used for academic purpose. Your cooperation and prompt response will be highly appreciated.

NB

- Writing your name is not necessary
- Please put "X" for your choice in the box

Part I. General background of the employee

- 1, Sex: Male Female
- 2, Age in year: under 25 25-34 35-44 45-50 and above 50
- 3, Number of years working in organization (experience):
Less than 1 year 1-3 years above 3 years
- 4, Educational background: high school complete Technical school graduate
College Diploma BA/BSC (degree) Master Degree PHD

If other please state _____

Part II. Budgeting practices questions

1. The Budget Have Clear goals And Objectives?
Yes No
2. Did All Department Prepper a budget?
Yes No

3. Did the Organization Revise its plan frequently

Yes

No

Part III. Questions related to budgetary control

Please indicate your level of agreement with the statements so that your answers to questions will enable the researcher to assess the effect of budget and budgetary control on effectiveness of your organization, Where: 1=strongly disagree; 2=disagree; 3= no opinion; 4=agree; 5=strongly agree.

1	Management hold budget meetings regularly to review performance					
2	The organization has budget policies that monitors budget spending					
3	Control of the budget activities is done by the head of departments					
4	The costs of activities and function of the organization are constantly reviewed by the management team					
5	The organization's budget performance evaluation reports are prepared frequently					
6	The organization effectively monitor the budget implementation					
7	Managers always take timely corrective actions on implementation of budget					
8	There is regular follow up on budget plans by the budget department					
9	The management of organization review the budget and make adjustment					
10	The organization review the process of budget allocation					
11	The management team discusses on the results of audit report for taking corrective actions.					
12	The management team reviews regularly the implementation of budgetary control measures in the organization.					
13	Budget defines goals and objectives that serve as bench mark for evaluation					
14	The organization has a good budget performance evaluation					
15	Training and support is given to all the subordinates throughout the budget by budget department.					

PART IV. Questions related to Challenges and Weaknesses of Budget Control

Please give a short answer in the blank space (You can use Amharic and English languages)

1. What are the problems or challenges face about budget control in your Department/Organization?
And how the problems are solved?

2. With regarding to the above question No# 1, is there any problem that cannot be solved? Why?
Please Specify

3. What are the weaknesses that your department/organization has with regard to budget control?

4. All in all, what should be done to improve you company budget control?

APPENDIX II
INTERVIEW QUESTION

1. Does the organization use a formal budget rule?
2. What are the major activity plans for LESH?
3. What are the bases of the budget for the organization?
4. Where is the source of the budget?
5. How to allocate the given budget to each department or business unit?
6. Does the company effectively implement the budget?
7. Do you have a separate budget system that is used as a tool for controlling the overall budgetary system of your organization?
8. What are the critical points to increase or reduce the planned budget?
9. Who is responsible for the preparation of the performance report?