



ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIED

THE ROLE OF BUDGET IN ACHIEVING ORGANIZATION OBJECTIVE
(A CASE STUDY OF ETHIOPIAN ROADS AUTHORITY)

BY
KIDIST FETENE

JUNE, 2020
ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF
ST.MARY'S UNIVERSITY IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MBA IN ACCOUNTING AND
FINANCE**

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ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIED
MBA IN ACCOUNTING AND FINANCE

Declare that this thesis entitled “The Role of Budget in Achieving Organization Objective in Ethiopian Road’s Authority” submitted to school of graduate studies of St. Mary’s university in partial fulfillment of the requirements for the degree of MBA in accounting and finance. This thesis is my original work and has not presented for any other awarded degree in university

Approved by Board of Examiners

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DECLARATIONS

I Kidist Fetene ID. Number SGS/0459/2011, declare that this thesis entitled “The Role of Budget in Achieving Organization Objective in Ethiopian Roads Authority” submitted to school of graduate studies of St. Mary’s university in partial fulfillment of the requirements for the degree of MBA in accounting and finance. This thesis is my original work and has not presented for any other awarded degree in university accomplish this thesis under the guidance of Abebaw Kassie (PhD).

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ENDORSEMENT

This thesis has submitted to St. Mary's University for examination with my approval as a university advisor.

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AKNOWLEDGEMENTS

First, I would like to thank the almighty God for supporting me in the accomplishment of this research paper.

Second, I would like to special thanks to my advisor Dr. Abebaw Kassie has given me guidance, comments throughout the working of this research paper and careful reading of my thesis.

Thirdly, I would like to thanks to Mr.Gelana Bedada coordinator of plan budget and program directorate and Mr. Amanueal Thesome coordinator of finance directorate lastly to ERAS employees for this study data collection respondents participated in responding to the questioner by taking their time.

Lastly, I am also grateful to my friend Mr. Ashenafi Regassa encourage and supported me during study and completed this thesis.

ABSTRACT

The purpose of this study was assessed on the role of budget in achieving organization objective in a case of ERAS. The study examined the budget practice exists in plan budget and program directorate, monitoring and evaluation and finance directorate from ERAS managers, coordinator or supervisor and employees of three departments. To achieve the objective of the study, data was collected from employees through questioner and interview. Data analyzed by descriptive statistics.

Result of the study shows there is a problem of matching plan with approved budget, there is a huge gap between the demands that supply, shortage of finance, lack of revise its plan with budget, lack of control budget implementation, not improve timely feedback as well as not conduct regular audit and the big demand for road sector therefore, management of the organization should be fill the existed gap. Then, based on finding the study recommended in the overall budget employees of ERAS should be aware of the role of budget planning, budget coordination, and budget controlling and budget evaluation contributed to achieving objective of organization and government be ensure for approved budget and make a policy in the budget implementation.

Key Words; Role of budget, Planning, Coordination, Controlling, Evaluation, Achieve Organization Objective

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ACRONYMS

ERAS	Ethiopian Roads Authority
MoFEC	Ministry of Finance Corporation
MoFED	Ministry of Finance and Economic Development
NBE	National Bank of Ethiopia
HAIE	Help Age International Ethiopia
GTP	Growth and Transformation Plan
SDGS	Sustainable Development Goals
HPR	House of People Representative
SPSS	Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Public finance administration is that focuses work on federal government such as: Ministers, departments and agencies that bond different activities and it is a managerial process of all organization and effective management of national budget process. Public sector budget is too important that focuses on peoples need to facilitate infrastructures (Nwankpa and Okeke (2017).

Budget is a key component of public financial management. It administrated public activities and function. Budget in developing countries like Africa it runs decentralized budget, this became complexity and it needs proper budget preparation and participation (George and Francis (2018.)

Budget is a primary instrument that evaluates economic growth and development. In public administration it monitored and evaluates the quality of service delivery. Budget is important to communicate and make decision for future plan and ensuring transparency (XiaoHu 2017). Ekholm and Wallin (2000) budget has a big role to manage the function of organization by providing achievement of goal and a guideline for future plan. Jordaan (2007) budget as a quantified the actual performance with regarding to plan due to specific time that evaluates resource allocation by comparing input and output.

Lambe, Mary and Theresa (2015) budget is a key policy instrument of public, private, business and other group for many of practice. Budget is as comprehensive and coordinated plan by management of organization which describes the financial activities and resource allocation for future period. Managements have to compare budget plan with actual performance. Budget in government organization has an important tool towards objective. Budget and Budget control seriously prepare and implement and it is a framework as a means of achieving organization plan.

Budget in government organization is important for the reason of reduce wastage, asymmetric information to make decision confidentially, validity and proper financial reports to the users (Amen and Getachew 2019).

Well known that budgeting is a key factor to achieve any organizations goal and objective. Budget is one of the most important tools for planning and to control plans in to actions. In addition, financial resource is the most important to achieve organization objectives. It needs critical budget planning which participant all concerned stakeholders to fetch desired results.

In Ethiopia all public bodies at federal level forward their budget demand to the Ministry of finance according to budget ceiling given to them every year. Ethiopian Roads Authority is one of the federal government organizations which run activities by budget allocated from the Ministry of Finance. The main objective of this organization is to create road access to the citizens to enjoy economic and social benefits from road access. It is the established fact that road is a back bone of an economic development of any nation. The organization under study has been rehabilitating, upgrading and constructing new road since its establishment in 1951. Given the importance of road sector development for other sector development, the government has given good attention to this sector by devoting per mount of budget for road sector development. For instance, for the year 2019/2020 from the total of 386.9 billion birr budget 33percent is called for capital budget which accounts 127.7 billion birr. From the total capital budget 46.7 billion budgets is allocated for federal roads construction (ERAS, 2019 approved budget document).

1.2. Statement of the Problems

Budget is an essential tool to run the function of organization short term and long term plan to achieve goal and objective in addition to that measure the financial position of organization though allocate resources efficiently.

Sani Audu Usman et al, (2016) many scholars and researchers have been attracted to verify how government can make and use of budget to achieving the goal. The study examine to determine how budgeting and budgetary control enables government more to plan, coordinate, control and evaluate the activities. The researchers found budget not well done according to such challenges like corruption and mismanagement, lack of skilled man power, Inefficiency government exercised and poor application of budget and budget control system. The study concluded that budget is very important tools for management the affairs of an organization. The researcher recommended that departments of the government various activities should be planned and

coordinated very well to ensure that the effective budget will be achieved and budget committees should be function very well to make sure budget applied properly. According to Nwankpa and Okeke (2017) the national budget processes is instrument of change of social, political and economy. National budget is financial plan of government that proposed expenditure and expected revenue. The main research question of this study is on how the effective management of the national budgetary processes in Nigeria may bring about healthy fiscal policy administration in the country. In public sector budget have many problems indiscipline procedure and implementation crises. National budget system faces challenges and deficiency. National budgetary of government is poor administration and utilization of capital budget by federal ministries and departments. Budget performance is underscore and risky. This study concludes that budget process is the most important issue and recommended that public officials should have responsible for public budget and ignore irresponsibility.

George and Francis (2018) carried out to examine the role budgeting practice in public sector in Ghana. It was found that budget polices and process looked how to influence and have positive significance service deliver and a communication tools help for the managers and the staff to make a decision going on the future. Finally budget has a key role in managing the organization for providing future activities and set serious objectives to be achieved.

The study was assessed different published researches in local;

Amen and Getachewu (2019) as studied in Wolaita Zone impact of budgeting process in organization effectiveness raise that in developing countries increase the complexity of expenditure but there is a scare resources in the other way the demand also increase. In conference and annual budget review it blames of budget fairness and accessibility. Budgeting process is the sound of good government. Effective organization indicates reduce wastages, reduce asymmetric information and give reliable financial report.

Geletaw (2017) the researcher studied on the existence of budgetary control in Benishangul gumzu region public office. Identify the determinants of budget control. Budget control is play important role for overall management system and the major mechanism to ensure the sound of organization as well as government. There is a problem of linking the work plan with expenditure, purchasing of goods and services is not based on the annual action plan, control is

low, not implement as planned due to lack of internal control, poor budget control resulting in misappropriations of funds in over expenditure and not complied data. The researcher recommends that public sector office should be support budget control function by facilitating regular review and evaluation, training new technology regarding to accounting software and continually training on budget guideline for each public sector.

Yesuf (2015) studied on budgeting and budget monitoring practice in NGOs. Budget is a key and very important to any organization. Budget and budget monitoring in Non-government organization in Ethiopia to manage and implement fund is very poor. The researcher conclude that not only Non-government organization and also other sector in Ethiopia should be pay attention and understand the practice of budget and budget monitoring in order to manage under spending and over spending.

According to National Bank of Ethiopia for 2017/2018 annual report the government expenditure is increased by 7.6 percent when compared to 3 percent GDP this is result of budget deficit. For this time government faces a shortage of fund supply most of the time it is going to purchase Treasury bill during this situation there is a high probability of inflation and interest rate increases this is strongly affects economy. Government did not pay dept to foreign borrower in addition could not cover expenditure of poor society. The main problems are macroeconomic policy and the problem of revenue generates no modern tax collection system this is highly affects government budget and not achieving gross transformation plan.

Ethiopia is a big country with a total length of 1.1 million square kilo meters which needs fast engagement in network expansion. According to ERAS 2019 annual plan report, Ethiopia has only 120,171 km road network coverage all over the country. This shows that there is a need for huge investment in this sector. On the other hand, even though there has been an increment in the budget allocated for ERAS, there is a big gap between the demand and actual approved budget every year. For instance, for the year 2019/2020 the organization actual demand to achieve its annual plans is more than 60 billion birr whereas the approved budget for this year is 46.7 billion birr (MoFEC 2019/2020). This clearly shows that there is a deviation between the supply and demand of the organization budget to attain its goals. Ethiopia Roads Authority is one of the biggest government organizations and has national task. However, organization not only deviation between supply and demand budget but there are a key challenges such as the problem

of linkage between plan and budget, lack of responsibility and ability on well prepared plan as well as lack of capacity in employee. This is highly affects different organization function. So, the researcher needs in order to identify how budget plays a role in organization and the study will fill the gap by identifying the factor that affects to achieve organization objective with regarding to budget planning, budget coordination, budget controlling and budget evaluation.

On the above listed global and local previous related researches the researcher found various challenges they were; corruption, lack of skilled man power, indiscipline procedure, and poor budget implementation, complexity of expenditure, problem of linkage of work plan, lack of budget control, government poor administration and utilization of capital budget. On this research paper the following main challenges in Ethiopia Roads Authority; an increment in the budget allocated, big gap between the demand and actual approved budget, the problem of linkage between plan and budget, lack of responsibility and ability on well prepared plan as well as lack of capacity in employee. Therefore, this study tries to fill those gaps by assessing the role of budget in achieving organization objective in case of Ethiopia Roads Authority.

1.3 Research question

- What is a role budget planning plays on organization objective?
- What is budget coordinate plays role on organization objective?
- What is a role budget controlling plays on organization objective?
- How budget evaluation plays a role on organization objective?

1.4 Objective of the study

1.4.1 General objective of the study

- The major purpose of this study is to assess the role of budget in achieving organization objective: In the case of Ethiopian roads authority.

1.4.2 Specific objective of the study

- To examine budget planning plays role on organization objective.
- To examine budget coordinate plays on organization objective.
- To examine budget controlling plays role on organization objective.
- To examine budget evaluation plays role on organization objective.

1.5. Significance of the Study

- Studies would have a significances and importance for government and organization future plan and strategies such as:
- It has been help for government specifically Ministry of finance and economic corporation will carefully see the finance and expenditure management policy and procedure changes because government not enough budgets approved in other side also there is wastage of expenditure.
- It helps and support top managers of Ethiopian roads authority monitor and evaluate actual performances according to plan in order to achieve goal.
- The studies strongly fulfill the gap and used in a practice.
- Highly contribute to knowledge and expanded further research work in local as well as world.
- This research is important for incoming researchers as sources of document.

1.6. Scope of the Study

The study is examined on federal government organizations specifically in Ethiopian Roads Authority. This study was to determine the role of budget in achieving organization objectives by focus on ERAS from plan budget and program directorate, monitoring and evaluation and finance directorate of managers, coordinator and experts. This study was considered only the role budget play in terms of planning, coordinate, controlling and evaluation.

1.7. Limitation of the Study

One of the main limitation of the study is during data collected not take all experts in the listed sample size for the study this research for the reason of employees not exist on working place by the problem of corona virus pandemic diesis. Even though some of respondents accepted the questionnaires but some of respondents were unfilled.

1.8. Organization of the Study

The study was organized in five chapters. The first chapter have contain the background of the study, statement of the problem, research question, and objective of the study, significance of the study, the scope and limitation of the study. The second chapter contains review of literature which is relevant to the topic. The third chapter has methodology about research design, research approach, target population, sampling technique, sample size, source of data and collection method and data analysis technique. The forth chapter have discussion and interpretation which is collected the data from the respondents. Finally chapter five is discusses about summery, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

The literature review providing essential theoretical and empirical review of the topic in study. This chapter will have four sections. The first section deals with introduction. The second section discuss theoretical literature review; the concept of budget, components of government budget, types of budget, budget classification, budget administration and preparation, characteristics of budget, the budget cycle or process, theories of budget, roles of budget and Ethiopia budgeting process. The third section is about empirical literature review and specific objective concerns about the budget planning, coordination, controlling and evaluation plays role on organization objective. Four sections describe summary of literature review.

2.2. Theoretical Literature Review

2.2.1. Concepts of Budget

The word budget originated from a French word bougette meaning little bag. In Britain, the word was used to describe the leather bag in which the Chancellor of the Exchequer used to carry to the parliament, the statement of government needs and sources. After several thoughts of consensus, the budget became the document contained in the bags which represent plans of government expressed in money and submitted to legislature for approval. A budget is an authorization for the officials to spend public revenue as provided in the approved allocations and in accordance with the financial regulations. The authorization by the legislature promotes the principle of popular sovereignty. It also serves as an essential device for relating total expenditure to total revenue. Budget is a scientific means of quantification and measurement of services in terms of expenditure within a given period (Nwankpa and Okeke 2017).

Budget is the movement of fund that accomplishes different activities in different government and private organization. Budget involves in both developed and developing countries. Budget is a basic and powerful management that can manages their scare resources that accomplish organization goal. Budget is an instrument for policy maker.

Budget is a process of resource allocation that meets demand. The process that link past, present and future for federal, states and local activities of government organization how government

prepared budget and measure actual performance of activities before the beginning of financial year. Budget is preparing and formulating of the annual action of income and expenditure. It can be considered as moving relevant economic system (Sani Audu Usman et al, 2016).

Jordaan, (2013) budget is a key element of public financial management for functional public administration its tools of development and growth of government function. Jutting et al, (2004) budget is a process resource allocation and utilizing financial resources. Many countries budget uses for poverty reduction, proper utilization and better service delivery. Jordaan, (2007) budget is a quantified plan course of an action in distinct time estimate input and cost of input that associated revenue from output.

Budget is a plan for each output and administration setting standard providing a means of efficiency achieving (Nice 2002).

Premchand, (1995) budget is a detailed plan that expressed in quantitative terms how resources will acquire for specific period which includes planning, coordination, facilitation and communication, allocation resource, controlling operational activities and evaluate the performance.

2.2.2. Components of Government Budget

Government budget is financial resources the approved budget disburse to all public bodies. Expenditures integrated with organization goal and objective administers different government organization. There are two types of budget component in government includes, revenue budget and capital budget. Revenue budget is the source of government revenue is from collected tax. While capital budget includes capital receipt meaning loan and capital expenditure is the expenditure for a long period of time such as different projects like dams, roads and condominium (MOFED, 2010).

2.2.3. Types of Budget

According to Lambe, Mary and Theresa (2015) fundamentally there are three major types of budget system used by management of any organization the function for planning and controlling. These include, fixed budgeting, flexible budgeting and incremental or zero- based budgeting. The fourth is master budgeting which includes those three types of budgeting. Different authors write the following type of budget.

2.2.3.1. A Fixed Budget

Based on one level of activities are related with for various costs. The activities is one with different material cost, labour cost and overhead cost the control cost is difficult with fixed budget because cost is various but output is one so did not much the plan and actual performance then the budgeted cost considered by management accomplishment become worthless. Fixed budget sometimes expense limited or that cannot exceeded that does not a comparison the actual performance and budgeted result (Pogue 1997).

2.2.3.2. The Flexible Budget

A type of budget which allows a change of original form because the expenditure and service output are varies among different level of production. Flexible budget various and different production and also the cost is different both have a relation and much the planned activities and actual performance but highly oppose a fixed budget. The operating cost is related with operating activities (Harper 1999).

2.2.3.3. Incremental or Zero Based Budgets

Budget uses for each activities and programs but expenditure of budget must be examined. The programs are divided in different activities see needs of resources and calculate the total cost. It does not include direct material and labour but it's a normal condition of production see carefully and monitors each cost with different level of production and economic movement. It is important for budget preparation because it assess the problems of each activity. There is a comparison the budgeted and actual with respect to capital budget. (Koonntz, 2003).

2.2.3.4. Masters Budget

Some authors said master budget not a type of budget because a summary of all functional budgets from all functional departments. Masters budget is nothing further than a summary of all segments of the company of plan and goal of the future. It is set a specific target for sales, production, administration, distribution and financing activities in project. Therefore master budget prepared in the form of budgeted profit and loose account in which production, sales and estimated cost for budgeted period in single position (Ray 1995).

2.2.4. Budget Classification

Sani Audu Usman et al, (2016) on the effect of budgeting and budgetary control in local government administration Budget can be classified in various ways help to planning and controlling activities of organization. These include Capital budget, Re-current budget, fixed budget and flexible budget discussed in below.

2.2.4.1. Capital Budget

This is the aspects of the plan objective to be achieved. It is planning and evaluating long term investment. This is the aspect of plan that indicate objectives to be achieved on the creation and development of fixed asset, expenditure on asset and mean of financing.

2.2.4.2. Re-currents Budget

Plan indicates for the operating expenditure the various organization this is guarantee stability of government service such as; salaries, working activities, health activities and education activities. It includes salary of civil servant, police man, and military as well as working capital.

2.2.5. Budget Administration and Preparation

Okpanachi and Mohammed (2013) budget administration is a function and responsibility of staff by providing data and coordinating the budget from various departments to form master budget. Budget administer by budget committee, budget director and budget manual discussed as below:

2.2.5.1. Budget Committee

Budget is administrated delegated by budget committee. The membership of budget committee consists of executive from each department all should participate in setting goals, developing plan and formulating policies. The budget committee is the management committee which brings together activities of the entire department in a coordinated way and controls the activities in effective manner.

2.2.5.2. Budget Director

The budget director is one of the responsible for all over function of the budget committee and responsible for preparation for detail budget preparation of budget and making necessary adjustment and computation to consolidate individual budget into master plan.

2.2.5.3. Budget Manual

The organization for budgeting process should be documented in budget manual. A budget manual is written set of instruction and relevant information that serve as a rule book and reference for the implementation of a budget programmed. It tells us what to do, how to do it, when to do it and who to do it. It is express objectives, goal, procedure, organization structure, authority and responsibility in writing.

2.2.6. Characteristics of Budget

Ekhatior and Chima (2015) budget is estimate revenue and expenditure but how government manage affairs of in the previous year, public treasury and program of work for the year to come how financed should be work. Hence the characteristics of budget as follow:

- Clear identification of all activities to be carried out within the budgeted year.
- Accurate estimate of the resources required to carry out identified activities.
- Among the departments allocation of funds and predetermined activities.
- Formulation of appropriate policies to guide and implementation of budget.

2.2.7. The Budget Cycle or Process

According to Help Age International Ethiopia (2009) there are four budget cycle or process such as: budget preparation, budget approval or appropriation, budget execution or implementation and budget control as discuss in below.

2.2.7.1. Budget preparation

Ministry of finance circulates a budget call letter and guideline to all public bodies. Every public body required to prepare their budget requirement and submit it to ministry of finance. Ministry

of finance is responsible for summarizing and consolidating the national budget and finally presenting before ministers of council.

2.2.7.2. Budget approval or appropriation

During this budget is making adjusted and reviewed by ministers of councils, then presented to the parliament for approval. Annual appropriation of the approved budget will then follow for achieving and run different activities.

2.2.7.3. Budget execution or implementation

In this case the approved budget is disbursed to the relevant bodies, implementation of planned activities and recording expenditure. This is the process of the transfer and spending of the money which ensures that activities to reach the required goals.

2.2.7.4. Budget control

Budget control involves monitoring and controlling activities in terms of annual public bodies report and audit reports to parliament this is will help to provides for future plan

2.2.8. Theories of Budget

According to different authors there are four theories namely; theory of budgeting, agency theory, accounting theory and control theory as discussed below:

2.2.8.1. Theory of Budgeting

Budget has future financial performance which enables evaluating the financial capability of a plan. In most organization this process is formalized by preparing annual budgets and monitoring performance against budgets (Silva and Jayamaha, 2012). They form by comparing actual results with budgeted plans and to take corrective actions (Sharma, 2012). 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 comparisons of actual results with the created standard. It requires those involved to be forward looking rather than looking back (Hope and Fraser, 2013).

2.2.8.2. Agency Theory

In public organizations are going to national treasury which is controlled under the ministers to stand for the public interest. The treasury required to produce output for their budget approved. In developing countries the legislature and civic groups participate in making decision for the public expenditure. The main objective of national treasury to implement effectively expenditure programmed (Kirimi, 2012).

2.2.8.3. Accounting Theory

Budget is a tool for the organization to measure how organization performs; accounting is a framework to utilize different concepts. Accounting theory develops models and makes variation analysis and gives a feedback to the management (Flamholtz, 2012).

2.2.8.4. Control Theory

Control is a crucial for organization for private and public. Control is an obligation for government because there is a scarce resource to manage among the need bring appropriate service to the society (Robinson and Last 2009). Government has responsibility to ensure proper accounting practice and timely budgetary implementation by build effective management controls and directions. A theory establishes standards, adequate controlling mechanism and acceptable accounting practices. Organization should have effective and sustainable performance (Shields and Young 2009).

2.2.9. Roles of budget

Budget have always played a key role in managing an institution for both private and public, existence an important control system in many firms. The overall objective of the budget is to keep control of the activity done in the company by providing a roadmap for future activities and to set a series of goals to be achieved and the means by which to achieve those goals (Achim 2009).

Budget function is one of the most important organizational issues within government. The way the budget function operates has wide ranging effect on the budget itself, the budget office, the government as a whole and as well as the community (Sorin 2006.P.248).

Achim, (2009) and Sorin (2006) budget have the following role.

2.2.9.1. Planning

Planning is based on some more general long term objectives with the purpose of elaborating operational plans for different sectors or executive links of the enterprise. Planning is the key to success in any business and it is encouraged by the allotment of budgetary resources. Planning is reflected in the master budget that includes all the secondary budgets, a fact that determines the managers to consider the relation among the function of the budget and the various departments of the organization and to analyze the way in which they contribute to achieving the objectives. The purpose of budgeting in its planning is to make the most effective and efficient use of government resources. The budget process should incorporate a long term perspective, establish linkages to broad organizational goal, focus budget decisions on result and outcomes provide incentive to government management and employed. Comprehensive plan expressed in financial terms by which an operating programmed is effective for a given period of the usually one year including estimates of the services, activities and projects comprising the programmed, resulting expenditure requirement and the resources usable for their support (Michel 2002).

Planning processes is that ensure the company's strategic objectives realization. Budgeting process stimulates managers to predict all the problems before their appearance and there by avoid making quick decisions in the event of certain undesirable situations in the future. Budget assurances that they will plan future operations depending on how it was accomplished the previous budget taking in to account all the factors that have influenced charges regarding previous budget indicator (Achim, 2009.P.165).

2.2.9.2. Coordination

Coordination should have immediate access to decision maker. Coordination is necessary to prevent confusion and misinformation ensures that the budget process moves forward as a planned and ensure that appropriate stakeholders are involved (Sorin 2006). Coordination various activities different types of subdivisions each employed and groups interests. Each subdivision of an economic entity has its own objectives and this can lead to condition in which these goals are contradictory in relation to other responsibility centers. The budget has the role to reconcile these contradictions in favor of the economic entity so that this situation can be prevented (Achim, 2009. P.165). An activity which requires coordinated efforts from different departments and at various levels to ensure that staff become involved and participate in a useful

and meaningful manner, all efforts need to be coordinated. Since different departments are involved, conflicts are likely to arise. The organization should develop mechanisms to resolve such conflicts without affecting the basic objectives. Management must also ensure that people actively participate in budgeting process. It is only through active participation that staff feels committed, motivated and encouraged to work towards the common goal and objective (Michel 2002).

2.2.9.3. Control

Current activity is ensuring discipline according to organization plan. Careful drafting of budgets ensures the optimum standard to compare undertaken activity achievements to determine deviations and to take measures to eliminate them (Achim, 2009.p.166). Control in the element of budgeting is the least expected by employees. The process of comparing the current results with the planned or budgeted results and reporting the comparisons results which is in fact the budgetary control, establishes a guideline for carrying out the plans within the set limits for the expenses (Sorin 2006). According to Patrick and Amaka (2017) the overall purpose of budgetary control is to assist managers plan and control the use of resources in systematic and logical manner to ensure that achieve their financial objectives.

2.2.9.4. Evaluation

Pivotal to an organization such that it can be used to ascertain if the budget and budgetary control instituted achieves the expected outcomes during a specific period of time. Performance evaluation is a tool for appraising how well an organization has performed and managers need to determine what an organization accomplishes (Patrick and Amaka 2017). Evaluation the manager is partially evaluated according to their ability to implement the budget. His or her ability to achieve the budget objectives is an important factor whenever a manager is evaluated to be promoted, to be given a raise or in any other kind of assessment (Sorin 2006).

2.2.10. Ethiopian Budgeting Process

Ethiopian budget system used to follow the line-item or traditional budget and program budget. The line-item budget or traditional budget is based on historical needs and to make the annual budget more efficiently and effectively. A program budgeting in Ethiopia is primary designed to act as a basis for supporting reforms by enhancing performance management and accountability,

enabling a stronger linkage between the annual budget and policy objectives, and improving transparency and accessibility of information. Program budget make more strategic process by focusing on government objectives and shifting the basis of decision from what was spent in the past to what is wanted for the future decision should be according to the objective government. Federal government of Ethiopia budget spending classified in to four category 1.Current spending 2. Capital spending 3.Subsidies to regions and support for the sustainable development goals. Budget process, the annual budget is requested prepared by different public organization and to be within ceiling by ministry. A budget hearing is conduct to thoroughly discuss the detail plan on the requested budget by the spending units with the minister of finance and economic cooperation to agree on budget proposal. The budget hearing is over the annual budget proposal council of minister is present to the house of people representative or parliament for appropriation of budget. The annual budget is published by Negarit Gazzet implemented throughout the budget year (MoFEC 2018).

According to help age international (2009) Ethiopian budget process guided by a directive or financial calendar issued by the ministry of finance economic corporate (MoFEC) to all entities listed as public bodies. This directive has a schedule to ensure that planning and budgeting are prepared, approve, appropriated and executed accordingly. Ethiopian budget process has four stages:

Stage one: Budget Preparation in this stage has four phases. First, all public bodies are required to perform all budget preparation activities including the midyear programmed review for the current fiscal year. Second phase, submission of the budget request on time budget call letter is issued by ministry of finance economic corporate (MoFEC) to all public bodies. The budget call letter include recurrent and capital budget ceiling to be considered in preparing the budget. Third phase is conducting a budget hearing based on discussion and government polices the total expenditure ceiling and allocated ceiling for each public body, the requested budget will be reviewed, adjustment and consolidate. The fourth phase is summarized the recommended budget by ministry of finance economic corporate (MoFEC) to be presented to the executive body, council of ministers, regional council and woreda council.

Stage Two: Budget process or cycle is budget approval and appropriation. After budget reviewed and adjustment by the executive body at all levels, then presented to legislative bodies:

the federal house of peoples representative, regional house of peoples representatives, woreda house of peoples representatives for approval and annual appropriation of the approved budget at all levels. These legislative bodies review, amend and approve the budget.

Stage Three: Budget execution the budget is approved and appropriated by the legislative bodies and their budget institutions of the source of finance and line item of expenditures for the disbursement of the approved budget. The budget is to carry out their activities for the year.

Stage four: Budget control which deals with performance review. The activities ensuring the revenue utilization is according to laws and regulation, ensuring whether the disbursement is made according to budget, ensuring whether public property is kept safe and recording and accounting procedures is work to standard. The general auditor is auditing public bodies and presents its finding before the house of people's representative.

2.3. Empirical Literature Review

Evans (2014) budgeting and budgetary control practice and procedures, the study evaluate budget is effective way to ensure proper use of resources. Study stated that there is limited resource it is need to budget planning and to coordinate resource allocation. The firms use management techniques to evaluate their function. The techniques help to plan, control and evaluate their activities to achieve the objective to maximize profit. Budgeting promotes planning, coordination and controlling in the activities of organization and budget adopt for evaluate performance success of in target setting. The study adopts descriptive survey. The population took departmental heads and their deputies in four timber firms in large size and coverage area. The sample was took 35 heads and 53 deputies. Data collected from questioner and interview. The study find that budget is important in timber firms for planning, coordination resources, to promote communication and controlling operation. This is shows that performance of firms and improve allocation of scarce resource and avoid the deviation.

Silva and Jayamaha (2012) budgetary process and organizational performance, descriptive statistics was used. Sample of the study 50 companies are selected based on convenient judgment sampling method. The total population was 228 managers in Srilanka apparel industry. Source of data is questioner and interview. The study adopted five independent variables are budget planning, budget coordination, budget communication, and budget control and budget

evaluation. According to the results 82% budget planning, 80% of budget coordination, 81% of budget communication and control and finally 68% of budget evaluation. Accordingly budget evaluation level is low compared to other variables. Therefore low performance of budget valuation has in the industry. The dependent variables measured by return on asset. The study finds that there is relationship between organizational performances with each independent variable. All variables have high correlation except budget evaluation. Therefore have positive relationship between budgetary process and organizational performance.

Samuel and Henrietta (2016) budgeting and its impact on financial, budget played role in the performance of organization. On his study cited different researches budget have an impact on firms performance. Study quantitative research design was adopted. From financial institutions are seven non-banks in Ghana from managerial position selected by convenience sampling techniques. Data collected through questioner. There are independent variables measured by budget planning, budget coordination, and budget control and budget evaluation. The dependent variable measured by net profit margin, return on investment, revenue growth, market share and liquidity from the variables model was formulated. The study finds that the data is valid and reliable. All the independent variables are highest level and greater extent. In general budget is important and have played significant role for budget planning, budget coordination, budget control and budget evaluation and have positive relationship.

Budgeting, budgetary control and performance evaluation (Patrick and Amaka 2017) the study said that there is assumption human wants are unlimited but resources are limited in other way in most of organization wastage production of good and service this is a factor for underutilized. Budgeting is tools for planning and control in Nigeria hospitality companies indispensable. The study employed descriptive design and a primary source of data collection used. The semi structured questioner with five point range from strongly disagrees to strongly agree. The population of the study is the management and supervisor participating in budget. The questioner is reliability by checked the techniques of reliability coefficient by Cronbach alpha. T-taste, mean and standard deviation used to validate. Sample techniques used purposively sample selected and should be analyzed by descriptive and inferential statistics. The study results said that cronbach alpha of 0.76 questioner is reliable. The mean value is above 2.50 is valid. The result concludes that there is association between budgeting, budgetary control and performance

evaluation in hospitality firms in Nigeria and there is a significant variation among them. Performance evaluation is a fundamental for organization and tools for appraise how well organization has performed.

Joshi, Jawahar and Wayne (2015) corporate budget planning, control, and performance evaluation in Bahrain, budget is blue print for firms for future period have multiple objective and function. Budget is a means of long range plan, communication and control the performance and making decision. The main finding of the study is all companies prepared annual budget from prior period the main purpose of budget is to forecast for future and control performance by investigate variances. Coordination within departments during budget executive can be easily achieved. Related to budget evaluation top manager evaluate the budget variance regularly in time. The variance is used to evaluate the ability of manager and to solve the problem.

Tilahun (2010) budget management and control in ministry of national defense. On his study raised annual budget planned has prepared to achieve organization mission and objective at the same time budget control is a lion share and has a big role on budget utilizes for the given purpose. The study is focus on the mismatch between plan and budget, weakness of budget execution, lack of budget control and evaluation on the effectiveness of organization. The study finds that budget utilizes under the approved budget. Planning and budget department does not coordinated this is the cause of lack of skilled man power and awareness of about the role of budget.

Darge (2018) impact of budget and budgetary control system on effectiveness of public organization, study evaluate the influence of budget planning, budget monitor and control, budget evaluation and the impact of participative budget on the effectiveness of public organization. On the investigation with regarding to budget planning budget holder not allocate the approve budget based on plan. In general related to element of budget controls are planning, monitoring, controlling, evaluation and participative budget there is a low practice of budgetary practice. In addition to that there is no good budget performance evaluation and no regular time to review the implementation. This is a cause of the mismatching budget and panning.

Geletaw (2017) determinants of budget control in public organization. The study focus on five public organizations by purposely sampling techniques selected. The data after collected

analyzed by descriptive statistics and inferential output. The study used seven independent variable are such as budget planning, management support, internal audit, budget commitment, budget control and evaluation, information and communication and cost reduction dependent variable budget control measured by regression output. All independent variable is making 78% of contribution to the budget control. Many of public organization which develop budget control system to reduce the budget variance and maximize effectiveness in their service.

2.4. Summary of Literature Review

Public finance has appositive impact and big role in the economic development approach and for sustainable of the rapid economic growth. Budget is systematic way allocate resource it's a tools, instrument and a backbone for government and private organization.

Review of the empirical literature shows that, on the studied budgeting and budgetary control practices and procedures in timber firms, budgetary process and organizational performance in Srilanka, budgeting and its impact on firms financial performance in Ghana, budgeting, budgetary control and performance evaluation hospitality firms in Nigeria, corporate budget planning, control and performance evaluation in Bahrain, budget management and control in Ethiopian national defense, impact of budget and budgetary control system on effectiveness of public organization in East Wollega zone, determinants of budget control in public organization in Benishangul Gumzu region. The results show similar analysis. It stated that from Evans (2014) budget is important in timber firms. Budget have role in planning, coordinating, controlling and evaluation to improve the allocation of scarce resource and avoid deviation at the same thing lack of resource and poor forecasting is challenge. Silva and Jayamaha (2012) there is relationships between organization performances with each independent variable therefore have a positive relationship. At the same the other author named Samuel and Henrietta (2016) have a positive relationship. (Patrick and Amaka 2017) budget controlling and evaluation is fundamental and a significance association among them. Joshi, Jawahar and Wayne (2015) prepare planning for future operation. Budget controlling and budget evaluation have role to control the performance and budget variances regularly on time. Tilahun (2010) budget planning and budget controlling is a lion share and played big role to achieve organization mission and objective. Darge (2018) there is process of budget but budget holder not allocate their approve budget based on plan this is faces for the problem of matching budget with planning. Each

variable have high support to the effectiveness of organization. Geletaw (2017) all independent variables have high contribution to the budget control.

Studied conduct linkages among the variables for budgetary process and organizational performance five independent variables such as budgetary planning, coordination, communication, controlling and evaluation whereas dependent variable is organizational performance. The other author stated similar variables in the study on budgeting and its impact on financial performance independent variables are budget planning, coordinating, controlling and evaluation dependent variable is financial performance. Four independent variables are budget planning, budget monitoring, budget controlling and evaluation and dependent variable is budgetary control on effectiveness of public organization. The study used seven independent variable such as budget planning, management support, internal audit, budget commitment, budget control and evaluation, information and communication and cost reduction dependent variable budget control measured by regression output

Study with regarding to the role of budget various reading but no study is find. The peculiarity of ERAS that requires separate attention study is conduct reasons for deviations the actual approved budget and demand. This research was assessed the role of budget such as: planning, coordination, controlling and evaluation in achieve ERAS objective.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

In this chapter concerns techniques of the study were used. These include research design, research approach, target population, sampling techniques, sample size, data collection method and data analysis and interpretation.

3.2. Research Design

In order to address the research questions and also achieve the research objective the studies has determine suitable research design. Research design is the plan; structure and strategy of investigation obtain answers to research question. It is a method and procedure data collecting, measurement, analysis and interpretation. Descriptive study is concerned with explained population and variables with major importance. The aim is to assess and describe organization achieving objective based on the role of budget in ERAS. A descriptive research study was used because to obtain present reliable and accuracy information and position the problem under investigation budget variation. The use of descriptive research design enables to bring the role of budget plays in the organization and also quantitative and qualitative method would be examine the variables that can affect the function of budget in the road sector. The study is uses both primary and secondary data sources. The primary data collection tools used through questioner and key informant interviews. The study is tries to analyze the data quantitatively and qualitatively to achieve the objective of the study.

3.3. Research Approach

There are research approaches available for research to design their research methodology. In this research: quantitative and qualitative research approach. This approach was used to collect and analyzed data on the item related to the role of budget in achieving organization objective through questioners and interview.

3.3.1. Quantitative Research

Quantitative research is inquiry into an identified problem, based on testing a theory measured with numbers and analyzed using statistical techniques. Usually involves collecting data and converting into numerical form in that statistical calculations and analysis could be made and conclusions will describe. The goal of quantitative research method is to determine whether the predictive generalization of a theory hold true. Most common important method for statistical analysis is mean, standard deviation, regression, sample size determination and testing hypothesis (Hariharaputhrian, 2010 p.60).

3.3.2. Qualitative Research

A study based on qualitative of inquiry has the goal of understanding a social or human problem from multiple perspectives and which emphasizes construct nature of reality. Qualitative research is conducted in a natural setting and involves a process of building a complex and general picture of the phenomenon of interest. In regarding this not pre-determine hypotheses however, clearly identified problems. Data is collected in textual form on the basis of observation and interaction with the participants through questioners distributes and collected from participant, in depth interviews and focus group discussion. The method is open-ended and close-ended in addition to that ask why, how, what and when after data collected make conclusion and generalization from the result (Hariharaputhrian, 2010 p.9).

Therefore, this research was used both quantitative and qualitative research approach. In the quantitative the study analyzed the data after collected through percentage, mean and standard deviation where as in the qualitative research approach identified the problems through questioner results from respondent's response and interview form coordinator and manager. Describe and explained the characteristics, clearly identified the problem, challenges and in general the role of budget with regarding to budget plays a role in planning, coordination, controlling and evaluation in achieving the organization objective.

3.4. Target Population

The research population for this study is from plan budget and program directorate, monitoring and evaluation and finance directorate from ERAS because the list target population is representative of ERAS who do have direct and practical with budget activities in the organization and have a direct relationship with respect to role of budget have a knowledge and

background of the budgeting processes. To get the exact, reliable and sufficient information the research selected those list departments.

3.5. Sampling Technique

Based on the nature of research sampling techniques methods are generally divided in two categories: probability and non probability sampling method.

3.5.1. Probability sampling

In probability sampling usually offer a sample which can be seen to be representative is the most important and also techniques of probability sampling get at different ways of ensuring representativeness. Probability sampling includes simple random sampling, systematic random sampling, stratified sampling, cluster sampling and multi stage sampling (Sue and Joe, 2015 p 63).

3.5.2. Non probability sampling

Non probability sampling is a method of selection sampling. The target population is selected with regarding to the characteristics activities with respondents and required for the study. The researchers indicate on personal judgment. Non probability sampling includes convenience sampling, quota sampling, purposive sampling and snowball sampling. Purposive sampling is using your own judgment to select a sample. Populations within qualitative research particularly case studies. A case is selected special or particular participants directly related to the research question. The nature of this study is descriptive research it also needed to integrate the objective of study so, employed non probability sampling method by used purposive or judgmental sampling because those listed three departments are directly involves and background, knowledge and experience with the activities and role of budget in the organization (Sue and Joe, 2015 p 63).

3.6. Sample Size

The population selected is representativeness of the organization in budget practice and most important the below list target population is representative of ERAS who do have experience and knowledge with respect to role of budget and practice. The study was collected the detailed data about every item of budget. The total population for sampling is 91 (ninety one) who works in three departments. The sample size has been taken in the total population was selected thirty (30)

plan budget and program directorate, six (6) monitoring and evaluation, fifty five (55) finance departments. Therefore, the total numbers of purposively selected respondents and their related departments.

3.7. Sources and Data Collection Methods

This study used primary data. The primary data collection tools through questioner and key informant interviews including budget employee and managers of three departments. The detail source of the questionnaire and interview for each tool is discussed below.

A. Questionnaire

The questionnaire is adopted from prior researches and objectives of the study after modification (Geletaw, 2017 and Darge, 2018). Reason used is the form and explanation of the questionnaire has a great important for this study and the layout should be kept easy and simple. Structured questioner is the questions that can be answered only in specific such as strongly agree or disagree administered on face to face facilitate immediate return of completed questioner minimize time consuming ensured unbiased sampled population this is get more accurate data (Patrick and Amaka, 2017). Study data was gathered by means of a structured questionnaire responded from respondents of ERAS. The questionnaire is prepared to collect data on various aspect of role of budget plays towards budget planning, budget coordination, budget controlling and budget evaluation. Three departments have better understanding on budget function. The questionnaires will be consisted of close ended questions because closed questions provide a more structured response. A five point Likert-scale ranging from strongly disagree (SD), Disagree (D), Neutral (N), and Agree (A) and strongly agree (SA).

B. Key Informant Interview (KII)

Key Informant Interview was conduct with the level of two managers and one coordinator from plan budget and program, monitoring and evaluation and finance. Moreover, the managers and coordinator of departments who have a directly involved in the role of budget with prepared structured questions obtain open ended questionnaires. Key question, type of question is asked what criteria? How does? Describe? For the objective towards budget planning, budget coordination, budget controlling and budget evaluation. Secondary data was obtained from published journal articles and book for literature review.

3.8. Data Analysis and Interpretation

The research is used to analyze the collected data statistical data analysis tools namely descriptive statistics. Descriptive statistics is to describe a data set and to summarize the information in data set and to present the information in convenient form. The collected data is interpret by descriptive statistics using statistical package for social science (SPSS 23) include frequency, percentage, table and bar graph, mean and standard deviation.

CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND INTEPRITATION

4.1. Introduction

This chapter presents research finding and analysis of the study place in the research methodology. The study findings were presented to the role of budget in achieving organization objective on government organization at Ethiopian Roads Authority. The data was gathered from research instrument. The questioner was designed based on the objective of the study. The data was gathered from sample of organization and secondary data was used to evaluate budget variation. The analysis begin with the questioners respondents demographic information like sex, age, level of education, position in the organization and engaged in budgeted year. The result of reliability analysis, percentage, mean, standard deviation and correlation was presented.

4.2. Validity Analysis

The instrument adequately covers all the content with respect to the variable. Validity would cover all the content with greater importance on the topic which established better coverage (Roberta and Alison 2015). The instrument is prepare with regarding to the role of budget plays in its planning, coordinating, controlling and evaluation and to be answer for raised question. The questioner is finally prepared comment is received from research advisor.

4.3. Reliability Analysis

Reliability analysis is importance to measure the consistency scale taste based on response for the question. Dilek and Nurhan (2016) the research face reliability total item test score correlation between the items and cronbach alpha reliability coefficient value calculated and analyzed to test the reliability of the scale. Cronbach alpha reliability coefficient value is a measurement of consistency between the scale test scores and value of 0.70 or higher reliability taste is accepted.

Table 4.1 the Measurement of Reliability Coefficients

Cronbach's Alpha	Cronbach's Alpha based on standardized items	N of Items
0.806	0.855	37

Source: SPSS output from data, 2020

From the table 4.1 reliability result indicated the value for Cronbach's Alpha 0.806 for all variables items. Cronbach alpha reliability coefficient value calculated and analyzed to test the reliability of the scale. Therefore according to respondents reply for all the item of question is reliable.

4.4. Response rate analysis

The target population study to gather data in Ethiopian Roads Authority from three departments because of with their experience and knowledge as well as background have a key contribution in the budget planning, coordination, controlling and evaluation. A total 91 employees those are selected in planning budget and program, finance and monitoring and evaluation selected. Eighty one (81) questioner distribute seventy eight questioner was collected three questioner not returned and two at management level and one coordinator was interviewed the remaining eight employees is in the annual leave. This response rate is 85.71 %. The researcher requested their approved annual budget and expenditure spending to analyze the variation and how organization achieves their own objective.

4.4.1. Respondents demographic information

The sample of the organization selected from three departments in planning budget and program directorate, finance directorate and monitoring and evaluation directorate by communicating the coordinators facilitate all employees to full fill the questioner appropriately. All employees in this three department directly work here have knowledge, experience, background and responsible.

Table 4.2 Department of respondents

Department	Frequency	Percentage (%)
Finance Directorate	50	64.1
Plan budget and program	22	28.2
Monitoring and evaluation	6	7.7

Source: SPSS output from data, 202

As indicated in the table 50 (64.1%) from finance 22 (28.2%) from plan budget and program and lastly 6 (7.7%) from monitoring and evaluation department responded the questioners. This is shows that the highest number is counted in finance and budget.

Table4.3. Respondents of general information

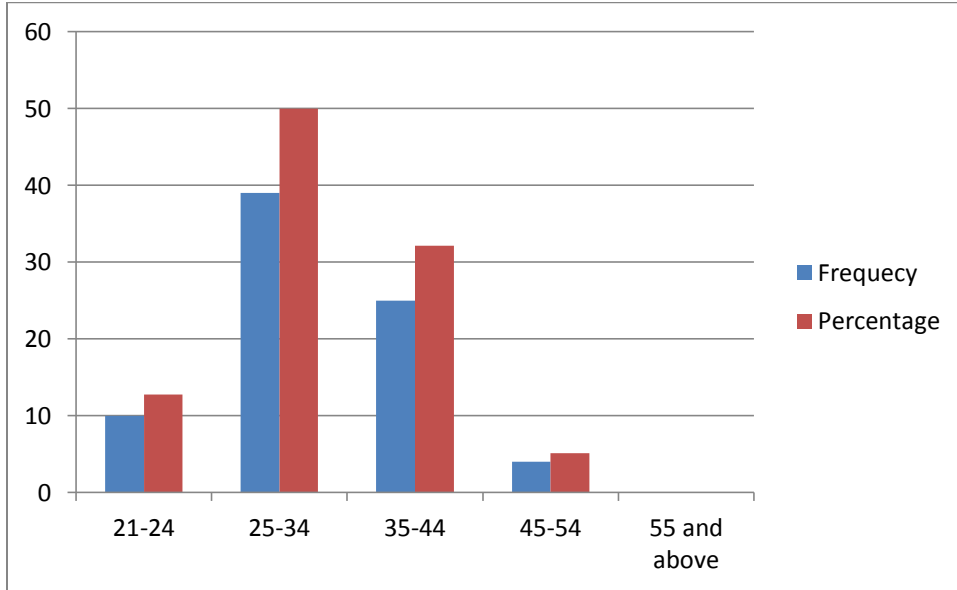
Item	Category	Frequency	Percentage (%)
Sex	Male	43	55.1
	Female	35	44.9
	Total	78	100
Age	21-24	10	12.8
	25-34	39	50
	34-44	25	32.1
	45-54	4	5.1
	55 and above	0	0
	Total	78	100
Level of education	BA Degree	60	76.9
	Master	18	23.1
	PHD	0	0
	Total	78	100
Level of Position	Expert	72	92.3
	Coordinator or Supervisor	6	7.7
	Director	0	0
	Total	78	100
Engaged in budget year	0-5 year	33	42.3
	6-10 year	28	35.9
	11-15 year	16	20.5
	15 and above	1	1.3
	Total	78	100

Source: Questioner responses, 2020

As indicated in the above table from the total 78 respondents male 43 (55.1%) female 35 (44.9%) the result shows that moderate level both male and female are contribute to the at the level of position and working area in organization male have little higher than females. With regarding to age in the organization of those three departments the age grouped from 21-24 frequency and percentage value 10 (12.1%), from 25-34 frequency and percentage value is 39 (50%) from 35-

44 age the result indicate 25 (32.1%) from 45-54 age 4 (5.1%) and finally no employees above the age 55.

Figure4.1. Respondents of age group

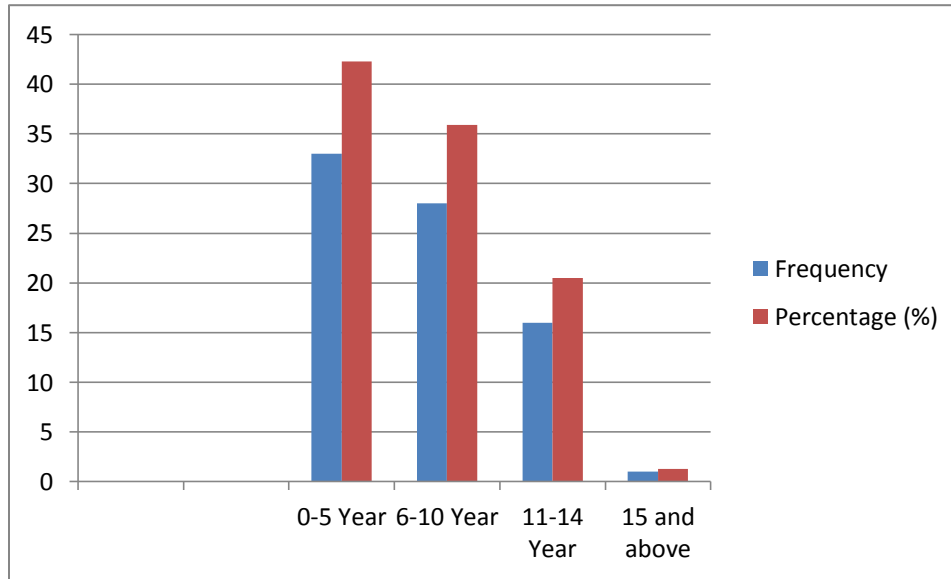


Source: Questioner 2020

In the above table the education level of respondents for BA Degree 60 (76.9%) for master 18 (23.1%) no respondents indicated in the level of PHD. Educations with experience are basic and have a big role and positively contribute towards to set the target of the organization. Majority of respondents should be in the level of BA Degree there are a master level to some extent no. With regarding to position, majority of the employees exists in the expert level 72 (92.3%) and the reaming working in the coordinator and supervisor level 6 (7.7%).

Experiences with education have a vital role and best the result shows in the table with the rage of 0-5 engaged year 33 (42.3%) from 6-10 year engaged 28 (35.9%) from experienced within 11-15 year engaged 16 (20.5%) finally only one employee 15 and above 1 (1.3%)

Figure4.2. Respondents of experienced



Source: Questioner 2020

4.5. Descriptive Statistics

The role of budget in achieving organization objective requested to the respondents to measure in Likert scale level and the respondents put their level of agreement. The identified variables get better to the role of budget. The respondents response indicate score in five point Likert scale where 1 for strongly disagree 2 for disagree 3 for no opinion 4 for agree and 5 for strongly agree. The level of score is analyzed through frequency, mean and standard deviation.

4.5.1. Budget planning

Budget planning plays a role for organization to be ensured resources efficiently has be used. Prepared plan detailed operational plan for different ongoing operational plan for different projects and programs.

Budget planning those managers to predict all problems before their appearance and avoid making quick decisions in the occurrence of certain undesirable situations in the future (Anchim 2009)

Table4.4. Responses for budget planning

	1	2	3	4	5	Mean	SD
Long term budgeted plan exist.		35	13	24	6	3.78	1.04
Organization departments prepare budget plan from the previous budget year which helps for wise performance.			1	50	27	4.33	0.5
Organization use the approved budget based on their plan in the existence of organization performance.			4	47	27	4.29	0.56
Budget have clear objective.		3	4	35	36	4.33	0.75
Budget consider as a communication medium for organization plans and objective.			6	30	42	4.46	0.64
There is problem of matching plan with approved budget.		5	9	41	23	4.05	0.82
Departments properly revise its plan frequently in relation to budget.	8	29	8	24	9	2.96	1.253
Prepare budget plan achieve organization objective.		2	4	42	30	4.28	0.682
Budget serves as effective means of planning your activities.		4	3	40	31	4.26	0.763
Grand Mean						4.08	

Source: SPSS output from questioner response 2020

In the above table indicated the value of Mean is based on Likert scale measure on the existence of the response agreement for each component. The Mean value of 4.46 indicate budget consider as a medium of communication for the organization plan and objective majority of the respondents agree the finding further stated that the existence of communication the organization is lead by board from the member of parliament, ministry of finance even if the top, middle and lower level of management have a linkage from approval stage to in the implementation and evaluation of budget allocation. Majority of respondents reflects positive attitude. The Mean result 4.33 organization budget have clear objective the majority response agree. The result

added shows in Mean score 4.33 this reflects strength of the organization towards organization departments prepare budget plan from the previous budget year which helps for wise performance.

The table 4.4 indicate that Mean result 4.28 prepare budget plan achieve organization objective majority of respondents reflect agree. This is the strongest and appreciable part of Ethiopian Road Authority. From the above table Mean value 4.29 organization uses the approve budget based on their plan in the existence of organization performance most of respondents agree. ERAS effectively utilize the approve budget on the existence projects and new projects but the road sector spend huge amount of cost. The Mean 4.26 budget serve as effective means of planning your activities and should have positive contribution for huge and several programs and projects of ERAS.

The above table 4.4 indicates Mean 4.05 there is a problem of matching plan with approved budget the result shows that agree because of road sector. The score Mean 2.96 for the element of departments properly revise its plan frequently in relation to budget majority respondent's responses disagree. The Mean result shows that there is a gap not frequently and properly revises. The score Mean 3.78 long terms budgeted plan exists respondents give response no opinion further result indicate from interview ERAS should not have long term budget. However, ERAS existed big and large projects plan for GTP 1 the plan for five years but the budget is approve in every year not for long term. .

The overall value of Mean is 4.08 which are based on agreement their existence of budget planning have played a role and improve according to budget plan, in order to prepare budget plan from prior budgeted year for effective way of planning, the approved budget is implemented based on plan, have a clear objective and linked with budget allocated this is organization increase performance as well as achieved organization objective. As Samuel and Henrietta (2016) budget planning has greater influence on organization goal, time table and guidelines for budget planning.

As interview result there are challenges; prepare budget planning more than budget ceiling from ministry of finance, uncertain market environment where the price of goods increase time to time

this affects project compellation time, high public demand gap demand between supply create shortage of finance, capacity gap in budget utilization and not well prepared plan.

4.5.2. Budget Coordination

A budget is in coordination between separate activity units with each other in balance. The work of organization integrated from planning and implementation the activities. Accordingly all of the directorate the tasks joined in budget process. Achim (2009) integrate various functions of different types of sections. To achieve goal and objective each section has a relationship with each other. The respondents give their level of agreement in below table.

Table4.5. Responses for budget coordination

	1	2	3	4	5	Mean	SD
Organization has shortage of budget this is causes of variance your budget.	1	4	13	37	23	3.99	0.89
Budgeting coordinate the activities of the entire organization by integrating the plans of various parts with approved budget.		2	6	39	31	4.27	0.715
The availability of budget coordination increases the general performance.		1	6	36	35	4.35	0.68
Budget department collect the budget demand from different departments.	2	2	3	33	38	4.32	0.875
Execute the approve budget according to budget demand.	8	21	11	25	13	3.18	1.287
Grand Mean						4.022	

Source: SPSS output from questioner response 2020

As indicate in the table 4.5 Mean 4.35 the highest level and majority of response agree the availability of budget coordination increase general performance. The Mean value score 4.32 agree budget departments collect budget demand from different departments give positive attitudes towards it. At the related result Mean 4.27 budget coordinate the activity of entire organization by integrating the plan of various parts with approve budget respondents agree. The Mean value 3.99 towards organization has shortage of budget this is cause of variance your

budget most of respondents agree therefore according to ERAS has a shortage of budget. From the above table result Mean 3.18 execute the approve budget according to budget demand the response of respondents give no opinion this implies that there is a weakness or gap for the execute budget.

The result implies that on budget coordination grand Mean 4.022 this indicates that budget coordination contribute in general by integrating the plan activities with budget, collect budget demand from each department manage the success of budget increase organization performance. According to Joshi, Jawahar and Wayne (2003) budget coordination is the most important factor for success of budgeting and organization achieving the goal.

As interview result there are challenges; budget not well linked lack of responsibility, high budget demand from departments, inability of sending budget demand on time and wrong estimation.

4.5.3. Budget controlling

According to Evans (2014) budget control is fundamental and necessary tool in the management and administration of every organization objective. The success of manager has been to achieve setting target by exercise budget control. This enables efficiently and effectively achieve their goals. Results level of agreement listed in below table.

Table4.6. Responses for budget controlling

	1	2	3	4	5	Mean	SD
Organization effectively controls the budget implementation	5	32	6	24	11	3.05	1.247
Head of departments take corrective actions on budget implementation	4	26	11	22	15	3.23	1.248
Budget control is an essential tool to management decision making.		1	3	41	33	4.36	0.624
Budget control plays a role in your organization.	1	1	3	39	34	4.33	0.733
Budget control enhances organization productivity.		1	4	40	33	4.35	0.641
Budget reflects the organization pattern of work.		3	3	41	31	4.28	0.719
Grand Mean						3.93	

Source: SPSS output from questioner response 2020

In the table 4.6 shows result the Mean value 4.36 budget controls is an essential tool to management decision making the greater part of respondents agreed. Mean 4.35 budget controls enhances organization productivity and Mean 4.33 budget control plays a role in your organization therefore, elements according to response score stated agree. Additional finding Mean 4.28 budget reflects the organization pattern of work. The Mean scored 3.05 organization effectively controls the budget implementation this implies that there is a problem in budget implementation with regarding to Mean 3.23 head of departments take corrective action on the budget implementation more respondents no opinion therefore, ERAS have a weakness and gap. In general budget control according to ERAS Grand Mean is 3.93 budget controls is tools and a vital role in many direction but absence of control on budget implementation. According to Tilahun (2010) indicated that budget is a lion share and big role played to accomplish goal of organization. However, there exists lack of budget control on the effectiveness of organization, budget utilizes under the approved budget lack of skilled man power and awareness of about the role of budget.

As interview result there are challenges; since the task of organization increase from time to time, not immediately taking corrective action on the problem of budget implementation.

4.5.4. Budget Evaluation

Anchim (2009) budget evaluation is plans completion by the responsibility center and their managers. Management performance can be appreciated by comparing the results what have done through the year with those expected to be achieved. The response of respondents listed as follow below in listed table

Table 4.7. Responses for budget evaluation

	1	2	3	4	5	Mean	SD
Organization is evaluating budget through continuous comparison of actual performance with budgeted and if variance takes corrective action.		1	10	45	22	4.13	0.671
Organization budget deviation is reported to the head of management for evaluation on timely basis.		4	15	38	21	3.97	0.821
Management hold budget meeting regularly to review the performance of sector budget.		4	17	36	21	3.95	0.836
The organization budget performance evaluation report is prepared frequently.		4	10	36	28	4.13	0.827
The management of organization reviews the budget and makes adjustment.			8	42	28	4.26	0.633
Department provides timely feedback to budget users to correct the detect weaknesses.	5	35	9	19	10	2.58	1.099
The organization conducts regular audit to evaluate budget implementation report the result for the head of the organization on time.	4	28	14	22	10	2.78	1.147
The management team discusses on the results of audit report for taking corrective actions.	3	3	16	39	17	3.82	0.95
The management team reviews budget implementation.		1	11	44	22	4.12	0.683
Budget defines goals and objectives that serve as bench mark for evaluation.			10	40	28	4.23	0.663
There is regular follow up on budget plan by the budget departmental head.		1	7	39	31	4.28	0.682
Grand Mean						3.84	

Source: SPSS output from questioner response 2020

From the above table 4.7 shows Mean 4.28 regarding with there is regular follow up on budget plan by the budget departmental head this indicate that majority of response agree. Therefore regular follow up improve on budget plan good practice and important for the next year budget planning and manage shortage of fund. Mean 4.26 the management of organization review the budget and make adjustment. Mean 4.23 budgets define goal and objective that serve as bench mark for evaluation greater response agree with this aspect. Mean 4.13 the organization budget performance evaluation report is prepared frequently. This implied many of respondents resonance agree therefore evaluation is basic and essential compare actual figure with expected what have been done with budgeted. Mean 4.13 organization is evaluating budget through continuous comparison of actual performance with budgeted and if variance takes corrective action. Mean 4.12 the management team reviews budget implementation.

Mean 3.97 and 3.95 with regarding to organization budget deviation is reported to the head of management for evaluation on timely basis and management hold budget meeting regularly to review the performance of sector budget. The summery of table implied that approximately to agree therefore have a good way for improving, maintain and contribute the sector.

Mean rate 2.58 department provides timely feedback to budget users to correct the detect weakness majority of respondents response disagree therefore not effectively improve feedback this result reflects weakness as ERAS. Mean 2.78 with regarding to the organization conduct regular audit to evaluate budget implementation report the result for head of the organization on time result implied that most of respondents reply disagree not improve regular audit to evaluate the budget on time this is further finding as the weakness of ERAS. However, Mean rate 3.82 the management team discusses on the results of audit report for taking corrective actions respondents replay in moderate level this sentence should be some extent have a gap.

Grand Mean score is 3.84 to the level of no opinion. Evaluation of ERAS exists not effectively review performance sector, lack of giving feedback problem happen, does not have regular audit and discussion on audit result not properly done in general budget evaluation is poor improvement this is affect to achieve organization objective. According to Darge (2018) indicated that there is no good budget evaluation and no regular time to review the implementation. This is a cause of the mismatching budget and panning.

4.5.5. Objective Achievement

Budget is fundamental to realize organization objective, goals and programs. That linked to the role of public budget with the allocation of resources among the sector to meet the objective. Budget is important for target setting programs and projects. With regarding to the questioner the role of budget in the objective achievement the level of agreement and response result below in listed summery table.

Table4.8. Summary of objective achievement

	1	2	3	4	5	Mean	SD
Budget is tool for the achievement of organizational objective.				36	42	4.54	0.502
Adequate financial resource influences to achieve organizational objectives and goal effectively.	1		1	41	35	4.40	0.651
Budget can be affects the quality of service in the organization.		1		38	35	4.47	0.575
Grand Mean						4.47	

Source: SPSS output from questioner response 2020

Mean 4.54 regarding to budget is tool for the achievement of organizational objective result implied that all the respondents gave agree and strongly agree then budget in ERAS have big role and strongly contributed. Mean 4.40 toward adequate financial resource influences to achieve organizational objectives and goal effectively. Mean 4.47 budget can be affects the quality of service in the organization.

The study concludes that based on result average mean 4.47 indicates budget and adequate resource broadly important have positive significance the objectives of organization. As Evans (2014) indicated budget is very important to the function, basis for planning, coordination and improves scarce resource allocation.

Table4.9. Major Challenges

	1	2	3	4	5	Mean	SD
There have an increment in the budget allocated in every year.			5	28	45	4.51	0.619
Approved budget less than the annual plan.	3	5	9	29	32	4.05	1.068
The road sector need huge budget.			1	14	63	4.79	0.437
Grand Mean						4.45	

Source: SPSS output from questioner response 2020

From table 4.9 Mean 4.51 there have an increment in the budget allocated in every year. Mean 4.05 approved budget less than the annual plan. Mean 4.79 the road sector need huge budget. Majority of respondents response agree and strongly agree in ERAS in every year the budget demand increase additionally road sector truly spend huge amount of cost this is the one the main challenges.

As the analysis of average mean 4.45 major challenges in budget practice result implies that agree have challenges; an increment budget, lack of budget and sectors need huge budget this is influence organization achieving objective. As Evans (2014) agrees that lack of budget, poor forecasting, lower morale, uncertain market condition and inflation.

As interview responses indicates that have various challenges uncertain market the price of goods is increase, shortage of finance, capacity gap, wrong budget estimation, not well prepared budget and lack of responsibility.

4.6. Data Analysis based on Interviews

Data collected through interview with plan budget and program directorate and monitoring and evaluation departments is discussed about the role of budget planning, coordination, control and evaluation play for achieving objective. An increment budget demand for the reason of huge public demand and the deviation between the supply and demand is challenges.

As managers and coordinator said Ethiopian Roads Authority prepare budget planning by using program budget system it allocates funds or resources effectively to completed projects and to achieve the organization task so played role and significantly influences. With regarding to the role of budget coordination played due to each department to prepare their budget demand then

collected the budget demand from each department it is compared with the task of their department then make decision this factor helps to minimize the cause of variance and increase the organization performance. Budget coordination helps activities due to manage the quality, the cost and time of the project for the success of budget implementation. Budget coordination played a role in many aspects such as; it attaches each activity to objective, increasing accountability it helps to allocate resources effectively and achieving organization objective. With regarding to budget control played a role in the organization helps to manage the resources effectively and if any faces of shortage of finance resource organization should have immediately taking action. Budget control assists organizational performance by follow up and control of the budget spent on every task with the work done. Budget control is reducing expenditure as well as control cost with detailed estimation of cost the setting of budget. Lastly budget evaluation is the most important factor and evaluates budget implementation have advantage for the next budget year due to proper and well budget planning.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of finding

This research was starting to evaluate the role budget in achieving organization objective in Ethiopian Roads Authority. Therefore, from based on analysis the study summarized the findings as follows:

As ERAS highly used budget to achieve objectives but as the majority of respondents replied there is a problem of matching plan with approved budget.

From interview result exists there is a huge gap between the demands that supply shortage of finance in the organization.

Another results showed that departments not properly and frequently revise its plan related to the budget.

As interview result indicated that human, institutional and other related capacity gap in maximizing budget utilization.

ERAS faces shortage of finance this is the causes for existence of variance.

Head of budget department not execute the budget for different departments of ERAS according to budget demand based on respondents' response. While interviewed replied that for this statement requirements budget from different directorate and projects more than the ceiling.

As interview indicate there is a shortage budget but not only limited budget one of the main problem and gap is the budget not well linked to organization objective. There is lack of responsibility not well prepared plan.

High requirement of budget demand exists from different directorates and projects more than ceiling from government budget.

The result from interview indicated that inability of sending their budget requirement on time and wrong estimation of the demand budget.

With regarding to budget control ERAS not effectively control the budget implementation. Majority of respondents implied organization have a problem of budget implementation control. Even if head of departments not take corrective action this result have an impact for the future well done performance.

With related department provides timely feedback to users majority of respondents implied that not effectively improve feedback to be detect of the weakness. As well as organization not conduct regular audit to evaluate the budget implementation report the result for the head of organization management.

Road sector development is untouched sector compared to the size and population of the country in addition to that big demand for road and limited financial resources.

5.2 Conclusion

The study was focused on assessment of the role of budget in achieving organization objective in Ethiopian Roads Authority. During, study reviewed appropriate literatures and collected data from the targeted population through questioner and interview. The collected data is interpreted by descriptive statistics using SPSS version 23 it indicated by frequency, percentage, mean and standard deviation as well as describe the role of budget planning play, budget coordination, budget controlling and budget evaluation affect on organization objective through interview. The researcher used both quantitative and qualitative research approach to achieve the objective of the study.

In terms of budget planning play a role to serve as effective activities and which helps for wise performance. Organization has a problem of matching plan with approved budget. Though departments not improve properly revise its plan frequently. In addition to that budget coordination helps the activities of organization by integrating the plan with approve budget and also budget coordination increases the general performance. But budget department not execute the approve budget based on entire demand because the demand from different directorate need more than ceiling.

In Ethiopian Roads authority the budget control is an essential tool and plays a role in organization in addition to that enhances productivity and increase good pattern of work. But organization not effectively control the budget implementation and have a problem of

departments take corrective action. With regarding to budget evaluation continuous comparison of actual performance with budgeted. While department not provides timely feedback to the budget user and not regular audit conduct to evaluate budget implementation. In general, budget planning, budget coordination, budget control and budget evaluation played on organization objective achievement.

5.3 Recommendation

The main purpose of this research is to identify and find the fundamental cause of budget variation. In the study find out problems exists in the organization. Recommendation will help to improve properly budget planning, budget coordination, budget control and budget evaluation on well achievement of objective in the organization. Therefore suggest the following recommendation:

5.3.1 Budget Planning

There is a problem of matching plan with approved budget. Organization has a huge tasks runs road sector and establishes new projects and existing projects as well as construction market price is increase throughout the budget year. This is face mismatching plan with approved budget. Departments not properly and frequently revise its plan related to the budget. Therefore, departments should be improve effectively prepare budget planning to be related with current market price. Budget departments should be properly and frequently revise its plan with budgeted as well as to be make adjustment in specific item code. There is a huge gap between the demands that supply these causes of shortage of finance. Therefore, government take serious action should be increase the budget ceiling for specific public sector. Organization should be give capacity building training to employees in order to reduce human and institutional gap.

5.3.2 Budget Coordination

Ethiopian Roads Authority faces shortage of finance this is the causes for existence of variance. Departments should be prepared their own budget demand to be certain construction market environment this is highly support forecast budget. As government and organization budget utilize for existing projects sometimes there is suddenly establish new projects in budgeted year this is for cause of variance. So, organization should be not improving utilization budget for the early coming projects. It is advisable if the existing project is completed and effectively allocate

budget this is strongly support for the next year budget allocation then precede next projects and programs. As respondents budget not execute according to budget demand while the managers replay that high require budget from different directorates and projects than budget ceiling. Therefore, organization should be executing the budget based on the extent and depth of directorate. Shortage of budget exists but not only limited budget if should be improve well linked to organization objective and have responsible on well budget planning. Organization should be give training to employees to avoid inability of sending their budget demand on time and wrong estimation.

5.3.3 Budget Controlling

Budget controlling is a basic for organization. The study find out that not effectively control the budget implementation. Organization should be improving control the budget implementation for sustainable achievement objective. Head of departments to be take corrective action this result have an impact for the future success and strongly support effective and efficient use of government resources.

5.3.4 Budget Evaluation

There should be improving timely feedback to users. As well as organization should be conduct regular audit to evaluate the budget implementation report the result for the head of organization management. Budget help to plan future operations depending on previous accomplished.

As see researcher finally recommend for Ethiopian Roads Authority should be taken immediately action on the finding and practical weakness. Therefore, this is strongly important for the coming budget year to implement the budget activities in good manner and if problems will be happen it is simple and easy to avoid the problems. For the government or ministry of finance and economic corporation recommend that policy recommendation because in the previous research in literature review stated in global and local there are broad problems in public fund planning, allocation and implementation, controlling and evaluation in addition to that during this study this is for the cause of for budget deviation this is highly dangerous as a country because expose to the current inflation and unemployment to avoid this problems government should be carefully and appropriately the budget practice in all public organization. It should be put policy punishment on incorrectly applied and implement the budget practice.

Government should be applied technology that means will be used accounting software in every government organization as well as will be giving training to employees to control the budget gap in public fund these activities strongly support for the government budget management.

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APPENDICES

APPENDICES 1 QUESTIONNAIRE

Kidist Fetene MBA AF Student

St. Mary's University

School of Graduate Studies

Department of Accounting and Finance

June, 2020

Dear, Sir/Madam

Dear respondent, I am conducting a study on The Role of Budget in Achieving Organization Objective in Ethiopian Roads Authority as part of my study at St, Mary's University. As one of the respondent, your involvement is very important to this study. The information you provide will only be used for academic purpose and will be treated with utmost confidentiality, please spend few of your time and respond to the questionnaires below as honestly as you can.

Thank you in advance for your support and participation.

Questionnaire will administer to ERAS office heads, experts from plan budget and program directorate, monitoring and evaluation and finance directorate.

Objective of the Questionnaire

Budget is a key component to achieve organization goal and objectives and one of the most important tools for administrated public activities and function. Therefore, the purpose of this research to be assessing the role of budget in achieve organization objective in ERAS and contribute to the sectors. Statement related with the budget planning, budget coordinating, budget controlling and budget evaluation as provided in the table below.

N.B

- No need of writing your name.
- Answer options are available please tick in the space.

Part 1 Demographic Information

1. Sex: Male Female

2. Age:

21-24	25-34	35-44	45-54	55 and above
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. What is the level of education?

BA Degree	Master	PHD
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. What is your position in your organization?

Expert	Coordinator/Supervisor	Director
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. How long have you been engaged in budgeting in year?

0-5 year	6-10 year	11-15 year	Above 15 year
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 2 Questionnaires related to the role of budget in achieve organization objective.

Please tick the following statements by indicating your level of agreement. The value of scale is:-

Where 1= strongly disagree 2= disagree 3= no opinion 4= agree 5= strongly agree

Budget planning

No		1	2	3	4	5
1	Long term budgeted plan exist.					
2	Organization departments prepare budget plan from the previous budget year which helps for wise performance.					
3	Organization use the approved budget based on their plan in the existence of organization performance.					
4	Organization budget have clear objectives.					
5	Budget consider as a communication medium for organization plans and objective.					
6	There is problem of matching plan with approved budget.					
7	Departments properly revise its plan frequently in relation to budget.					
8	Prepare budget plan to achieve organization objective.					
9	Budget serves as effective means of planning your activities.					

Budget Coordination

Where 1= strongly disagree 2= disagree 3= no opinion 4= agree 5= strongly agree

No		1	2	3	4	5
1	Organization has shortage of budget this is causes of variance your budget.					
2	Budgeting coordinate the activities of the entire organization by integrating the plans of various parts with approved budget.					
3	The availability of budget coordination increase general performance.					
4	Budget department collect the budget demand from different departments.					
5	Execute the approve budget according to budget demand.					

Budget Controlling

Where 1= strongly disagree 2= disagree 3= no opinion 4= agree 5= strongly agree

No		1	2	3	4	5
1	Organization effectively controls the budget implementation.					
2	Head of departments take corrective actions on budget implementation.					
3	Budget control is an essential tool to management decision making.					
4	Budget control plays a role in your organization.					
5	Budget control enhances organization productivity.					
6	Budget reflects the organization pattern of work.					

Budget Evaluation

Where 1= strongly disagree 2= disagree 3= no opinion 4= agree 5= strongly agree

No		1	2	3	4	5
1	Organization is evaluating budget through continuous comparison of actual performance with budgeted and if variance takes corrective action.					
2	Organization budget deviation is reported to the head of management for evaluation on timely basis.					
3	Management hold budget meeting regularly to review the performance of sector budget.					
4	The organization budget performance evaluation report is prepared frequently.					
5	The management of organization reviews the budget and makes adjustment.					
6	Department provides timely feedback to budget users to correct the detect weaknesses.					

7	The organization conducts regular audit to evaluate budget implementation report the result for the head of the organization on time.					
8	The management team discusses on the results of audit report for taking corrective actions.					
9	The management team reviews budget implementation.					
10	Budget defines goals and objectives that serve as bench mark for evaluation.					
11	There is regular follow up on budget plan by the budget departmental head.					

Objective achievement

Where 1= strongly disagree 2= disagree 3= no opinion 4= agree 5= strongly agree

No		1	2	3	4	5
1	Budget is a tool for the achievement of organizational objective.					
2	Adequate financial resource influences to achieve organizational objectives and goal effectively.					
3	Budget can be affects the quality of service in the organization.					

Major Challenges

Where 1= strongly disagree 2= disagree 3= no opinion 4= agree 5= strongly agree

No		1	2	3	4	5
1	There has an increment in the budget allocated in every year.					
2	Approved budget less than the annual plan.					
3	The road sector need huge budget.					

Thank you for your time and Cooperation

APPENDICES 2: INTERVIEW SCHEDULE

Interview questionnaires will prepare for Ethiopian Roads Authority at Management level.

A. Budget Planning

1. What method does follow in budget plan?
2. Are there any criteria for budget plan? If your answer is yes what criteria is used?
3. What are the key challenges to effective budget plan?

B. Budget Coordination

1. How budget help coordinate ERAS activities?
2. What is the key challenge in budget coordination for achieve objective?

C. Budget Control

1. How budget helps to control the activity in effective manner?
2. What is the effect of budget control on well organization performance?
3. Is budget control provide reduce expenditure cost?
4. Are there policies and procedure in budget control to identify and solve the budget problem?

D. Budget Evaluation

1. If there is deviation of actual figures from the budgeted what is the corrective measures?
2. Inadequate budget is the major problem on performance towards to set target. What you recommend in the aspect of budget plays the role of planning, coordination, and control and budget evaluation?