



**FACTORS AFFECTING EFFECTIVE MANAGEMENT OF PUBLIC BUDGET: A CASE OF OROMIA REGIONAL GOVERNMENT- ETHIOPIA**

**Mesfin Mahtemeselase\***      **Padakanti Laxmikantham\*\***

*\*Senior Financial Coordinator, Food Security Program PSNP, Oromia BoFEC, Addis Ababa, Ethiopia.*

*\*\* Assistant Professor, Department of Accounting and Finance, Addis Ababa University, Ethiopia.*

**Abstract**

The study intended to establishing factors that affecting effective management of public budget objectives to determine the effect of public participation, staff competency, government regulations and the application of information technology on effective management of budget in Oromia Regional Government (ORG). The target population was Regional Government employees in the regional Sector Bureaus & Woreda Finance & Economic Office. A sample of one hundred ten was selected by the application of stratified sampling technique from employees working for the Regional Governments. The researchers collected data through administering questionnaires to senior regional officials in each department. Descriptive research technique was applied to analyze and interpret data that made it possible to draw conclusions on the factors affecting effective management of the budget in the region. Analyzed data and findings were presented by using the SPSS which is statistical software. The study established that there was a positive and significant relationship between the explanatory variables and effective management of the budget in region. The study therefore concluded that, citizen participation, employee competency and public finance regulations should be embraced since they established a significant positive relationship with the dependent variable.

**Key Words:** *SPSS, Population, Citizen Participation, Employee Competency, Information Technology, Budget, Stratified Sampling.*

**Introduction**

Budget can be generally considered as a proper expression of plans, goals, and objectives of an organization that covers all aspects of operations for a designated time period (Jatau, 2008), and it is described as the single most important document of the government in any fiscal year. In federal governments it is a process that includes regional governments, where different mandates and levels of autonomy apply in different countries, and its systems and procedures should be coordinated, coherent and consistent across levels of government. Its principles are, therefore, relevant and should be applied as appropriate, to all levels of government (OECD, 2014).

In Ethiopia, the public budget management system has been used in accordance with the planned priorities. Budgets were allocated to public bodies or sector offices and their particular departments make division the programs and assign responsibilities for their effective use of delegation. It is crucial that the planning and budgeting cycles at each level has harmonized and coordinated. This is also why a basic understanding of the procedures and timelines in preparing the budget at federal level is important in order to understand the budget process at regional and woreda, the purpose or objective of a budget is related to the intended outputs.

**Table 1 - Budget Share of Oromia from FGE**

| <b>The 2018 (Hamle 1, 2010 - Sene 2011 E.C) at federal level and subsidy to Oromia</b> |                           |
|--|---------------------------|
| 1. A for recurrent expenditure   | 91,675,160,588.00         |
| 2. for capital expenditure   | 113,635,559,980.00        |
| 3. for subsidy appropriation to regions  | 135,604,731,380.00        |
| 4. support for achievement of sustainable development Goals                            | 6,000,000,000.00          |
| Total  | <u>346,915,451,948.00</u> |
| Allocation of subsidy to region  |                           |
| Domestic source  | 131,218,696,798           |
| External Loan  | 3,932,880,000             |



|   |                 |
|---|-----------------|
| External Assistance   | 453,154,582     |
| Total   | 135,604,731,380 |
| Subsidy from Federal to The state of Oromia                   |                 |
| 1. Domestic source  | 45,281,817,687  |
| 2. External assistance  | 90,831,830      |
| Total   | 45,372,649,517  |
| Percentage share of budget subsidized from Federal government | <b>33.5%</b>    |

Source:-MoF website (www.mofed.gov.et)

In Oromia region Budget proclaimed by the “**Chafe Oromia**” to be used for a given fiscal year, The proclamation for a given fiscal year contains, total budget that is used at Bureau and Woreda level of Oromia region, recurrent and capital budget proclamation at Bureau level, Source of Finance the Budget is covered from and total amount of revenue that is expected to be collected for that given fiscal year. The above table shows the region receive subsidy (budget support) around 33.5 % of share compare to other region this implies that the region has high amount of population and high amount of total economic share. So the problems that found in Oromia have high amount of impact on federal level budget performance.

### Objectives of the Study

The main objective of the study was to establish the factors affecting effective management of the budget in Ethiopia in the case of Oromia Regional Government (ORG) and specific objectives were to reflect on how the application of information technology impacts on the effective management of budgets in Oromia Regional Government, to determine the impact of citizen participation on the effective management of budgets, to establish the impact of employee competency in region on the effective management of budgets, to assess on how public finance regulations and laws impact on the effective management of budgets.

### Research Design and Methodology

#### Research Design

The study used descriptive research design method. The researchers preferred it because it allows for in-depth study of the case that would lead to establishing a solution to the problem at hand. It is a technique that utilizes quantitative techniques to establish relationship between independent and dependent variables.

#### Target Population

The population comprised of Oromia Regional Government five sectors. The target population was all employees working budget departments for selected woredas.

#### Sample and Sampling Procedure

The sample consisted of one hundred ten (110) employees working in the departments of budget control of Oromia Regional Bureaus, regional sector bureau and Woredas Finance and Economic Cooperation office. The study applied stratified random sampling technique to select the sample. The researchers considered the sample size to be adequate because it was selected from budget departments of the selected regional Bureau and Selected WoFEC budget department.

#### Data Collection Procedure

The study used primary data through questionnaires. The questionnaires were used to collect quantitative data that provided statistical descriptions, relationships and analysis. The questionnaires were then administered to the respondents through the respective regional Budget and Disbursement Process and Woredas finance and Disbursement Department heads and collected after approximately five working days which the researchers deemed to be adequate period for filling.



**Data Processing and Analysis**

The analyses were carried out with the aid of Statistical Packages for Social Sciences (SPSS) version 24. A mediation regression analysis was used to observe extent to which participation mediates the relationship between organizational culture and budgetary slack, for background information, descriptive statistical analysis used and analyzed to provide a profile of respondents. Quantitative analysis done based on Pearson correlation coefficient (r) to determine the level of significance. A correlation is significant if the probability value is below 0.05 (P 0.05). The study used multiple regression analysis to determine the impact of the independent variables on effective management of the budget in Ethiopia specifically in Oromia Regional Government.

**Data Analysis, and Results**

The results covered the general information of the respondents and the four research objectives. After the field work data was edited and coded, tested and thereafter analyzed using SPSS Version 24 software. Descriptive statistics were calculated for the data collected and also regression analysis was applied to test the relationship between variables to ascertain the predictive power of the independent variables on the dependent variable.

**Response Rate**

One hundred twenty five (125) questionnaires were distributed to the respondents (Regional Sector Bureaus Finance Department, Oromia Bureau of Finance and Economic Cooperation (OBoFEC), and Woreda Finance and Economic Cooperation (WoFEC) budget Process Experts) and the filled questionnaires were collected after a period of one week. The response rate was presented in table 2 below:

**Table 2 - Response Rate**

| Response          | Respondent | Percentage |
|-------------------|------------|------------|
| Returned          | 110        | 88%        |
| Not returned      | 15         | 12%        |
| Total distributed | 125        | 100%       |

Source: Questionnaire 2019

The Results in the above table 2 explains eighty eight percent (88%) responded from the total questionnaires distributed.

**Variables**

The results obtained for every variable involved in the study (citizen participation, employee competency, Public finance regulations and information technology). The results were based on the five point likert scale where 1 = strongly disagree, 2 = disagree, 3= neither agree nor disagree, 4 = agree and 5 = strongly agree.

**Citizens’ Participation on Budget Management**

The study establishing the impact of citizens’ participation on effective budget management in Ethiopia in the case of Oromia Regional Government (ORG), Five statements were presented to the respondents and their views sampled based on five point in likert scale. The results obtained were summarized and presented below.



**Table 3- Citizen Participation Response Analysis**

| S.N               | Statement  | N   | Likert Measurement Scale |     |     |     |     | Frequency |           |
|-------------------|--|-----|--------------------------|-----|-----|-----|-----|-----------|-----------|
|                   |  |     | 1                        | 2   | 3   | 4   | 5   | Mean      | SD. Devi. |
| 1                 | Citizens' participation enhances accountability systems in the Regional or Woreda Finance & Economic cooperation (WoFEC) budget management   | 110 | 22                       | 12  | 4   | 40  | 32  | 3.45      | 1.506     |
| 2                 | Citizens are informed about project deliverables in public participation meetings.   | 110 | 17                       | 21  | 8   | 48  | 16  | 3.09      | 1.342     |
| 3                 | Participation of citizens in the budgeting process has been encouraged by the regional or Woreda administrative to strengthens and empower citizens.                                     | 110 | 10                       | 7   | 21  | 48  | 25  | 3.35      | .874      |
| 4                 | Citizen participation has been adequately supported through funding by the region/woreda to strengthen regional /woreda level planning.  | 110 | 0                        | 8   | 33  | 35  | 34  | 3.98      | .813      |
| 5                 | Citizen participation in Regional level or Woreda Finance & Economic cooperation (WoFEC) level has led to improved public service delivery and increased trust of citizens in government | 110 | 1                        | 27  | 36  | 37  | 9   | 3.14      | .923      |
| Mean of statement |  |     | 9%                       | 13% | 18% | 37% | 23% |           |           |
| Percentage        |  |     |                          |     |     |     |     | 3.40      |           |

Source: Questionnaire 2019.

The above table 3 shows a summary of the five statements that were administered to measure the impact of citizen participation on effective budget management in ORG and their responses were tabulated. The result indicated that 37% and 23% of the respondents agreed and highly agreed respectively that public participation had an impact on effective management of the budget in ORG. This shows 60% of all the respondents who participated in the study which was a strong indicator that citizen participation has an impact on effective management of the budget in ORG, and also an examination of statements of the variable Citizen participation in the region based on the mean and standard deviation are demonstrated that the mean score for the five statements set to measure the impact of public participation on the effective management of the budget ranged between 3.09 and 3.98 with the statement 'Citizen participation has been adequately supported through funding by the region/woreda to strengthen regional /woreda level planning.' contributing the highest mean of (mean score =3.98, SD=0.813) while 'Citizens are informed about project deliverables in public participation meetings' posting the lowest score (mean score =3.09, SD= 1.398).

This implied that public participation had been fairly explains the results but the strategies should be put in place to improve on its application because it was demonstrated that it had a positive and significant impact on effective management of the budget. Finally the average mean of the statement is 3.40. It shows that the citizen participation is one of the factors that affect the public budget management of the region.



### Competency

The study establishes the impacts of competency on effective management of the budget in ORG. Five statements were presented to the respondents and their views sampled based on five point likert scale. The results obtained were summarized and presented in the table below.

**Table 4 - Staff Competency Response Analysis**

| S.N               | Statement  | N   | Likert measurement scale |     |     |     |     | Frequency |           |
|-------------------|--|-----|--------------------------|-----|-----|-----|-----|-----------|-----------|
|                   |  |     | 1                        | 2   | 3   | 4   | 5   | Mean      | SD. Devi. |
| 1                 | The budget staffs working with the Region/Woredas have the Required qualifications and experience to perform their roles in management of the budget   | 110 | 21                       | 11  | 9   | 33  | 36  | 3.40      | 1.540     |
| 2                 | The budget process is a technical process that requires people with expertise and experience to execute effectively.   | 110 | 16                       | 26  | 7   | 38  | 23  | 3.05      | 1.404     |
| 3                 | Regional level or Woreda Finance & Economic cooperation (WoFEC) has invested closely on staff training to enhance budget skills to ensure effective management of the budget.                    | 110 | 0                        | 35  | 23  | 40  | 12  | 3.37      | 0.917     |
| 4                 | Regional level or Woreda Finance & Economic Cooperation (WoFEC) has put in place a strategy that all staff should be capacity built through trainings to enhance their budget management skills. | 110 | 10                       | 7   | 33  | 48  | 12  | 3.95      | 0.806     |
| 5                 | Regional level or Woreda Finance & Economic Cooperation (WoFEC) has an effective system of staff recruitment and selection in place to ensure only the best applicants are selected for the job. | 110 | 4                        | 1   | 32  | 39  | 34  | 3.09      | 0.982     |
| Mean of statement |  |     | 9%                       | 14% | 18% | 36% | 23% |           |           |
| Percentage        |  |     |                          |     |     |     |     | 3.37      |           |

Source: Questionnaire 2019

From table 4 above, a summary of the five statements that were administered to measure the impact of employee competency on effective management of budget in region and their responses were tabulated. The findings indicated that 36% and 23% of the respondents agreed and highly agreed respectively that the competency had an impact on effective management of the budget in ORG. This summery result shows 59% of all the respondents who participated in the study which was the competency has an impact on effective management of the budget in the region. also an examination of statements of the variable on the employee competency in the region based on the mean and standard deviation demonstrated that the mean score for the five statements set to measure the impact the competency on effective management of the budget ranged between 3.05 and 3.95 with the statement 'Regions (BoFEC & Sector Bureaus) or Woreda Finance & Economic cooperation (WoFEC) has put in place a strategy that all staff should be capacity built through trainings to enhance their budget management skills' contributing the highest mean (mean score = 3.95,SD= 0.806) while 'The budget process is a technical process that requires people with expertise and experience to execute effectively.' posting the lowest score (mean score =



3.05 SD = 1.404). This implied that for effective management of the budget to be achieved, employee competency should be put in to consideration while hiring staff because a positive and significant relationship was explained. At the end the average mean of the statement is 3.37 it shows that the citizen participation is one of the factors that affect the public budget management of the region.

### Information Technology

The study establishes the impact of information technology on effective management of the budget in region. Five statements were presented to the respondents and their views sampled based on five point likert scale. The results obtained were summarized and presented in the table below.

**Table 5 - Information Technology Response Analysis**

| S.N               | Statement   | N   | Likert measurement scale |     |     |     |     | Frequency |           |
|-------------------|---|-----|--------------------------|-----|-----|-----|-----|-----------|-----------|
|                   |   |     | 1                        | 2   | 3   | 4   | 5   | Mean      | SD. Devi. |
| 1                 | Regional level or woreda Finance & Economic cooperation (WoFEC) has invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting            | 110 | 7                        | 7   | 22  | 42  | 45  | 3.56      | 1.431     |
| 2                 | Regional Budget directorate or woreda Finance & Economic cooperation (WoFEC) Budget process Department has improved budgetary support in training staff on the application of financial management and information systems. | 110 | 7                        | 19  | 11  | 51  | 22  | 3.15      | 1.328     |
| 3                 | Regions or woreda Finance & Economic cooperation (WoFEC) has put in place a strategy that all staff should be capacity built through trainings to improve their information technology capacity.                            | 110 | 9                        | 10  | 21  | 45  | 25  | 3.49      | 1.147     |
| 4                 | Regions or woreda Finance & Economic cooperation (WoFEC), IT department, willing to Upgrade IBEX-2 to IFMIS that enable effective use of IFMIS system in the region   | 110 | 11                       | 15  | 11  | 39  | 34  | 3.31      | 1.360     |
| 5                 | Regions or woreda Finance & Economic cooperation (WoFEC), prepares and executes the budget by utilizing the IT system   | 110 | 0                        | 15  | 36  | 43  | 16  | 3.23      | 1.081     |
| Mean of statement |   |     | 8%                       | 12% | 18% | 40% | 22% |           |           |
| Percentage        |   |     |                          |     |     |     |     | 3.35      |           |

Source: Questionnaire 2019

The above table 5 summarizes of the five statements that were administered to measure the impact of information technology on effective management of budget in county governments and their responses were tabulated. The findings indicated that 40% and 22% of the respondents agreed and strongly agreed respectively that information technology had an impact on effective management of the budget in region. These comprised of 62% of all the respondents who participated in the study which was a strong indicator that information technology has an impact on effective management of the budget in region. An examination of statements of the variable information technology in the selected counties based on the mean and standard deviation were summarized in table 7 above demonstrated that the mean score for the five statements set to measure the impact of information technology on effective management of budget ranged between 3.15 and 3.56 with the statement 'Regions (BoFEC & Sector



Bureaus) or woreda Finance & Economic cooperation (WoFEC) has invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting’ recording the highest mean and standard deviation of (mean = 3.56, SD= 1.431) while ‘Regional Budget directorate (BoFEC & Sector Bureaus) or woreda Finance & Economic cooperation (WoFEC) Budget process Department has improved budgetary support in training staff on the application of financial management and information systems, having the lowest score (mean score = 3.15 ,SD= 1.328). This implied that county governments have embraced information technology in most of their functions including budgeting.

### Public Finance Regulations

The study required establishing the impact of government regulations/laws on effective management of the budget in selected five in ORG. Five statements were presented to the respondents and their views sampled based on five point likert scale. The results obtained were summarized and presented in the table below.

**Table 6 - Government Regulations/Laws Response Analysis**

| S.N               | Statement  | N   | Likert measurement scale |     |     |     |     | Frequency |           |
|-------------------|--|-----|--------------------------|-----|-----|-----|-----|-----------|-----------|
|                   |  |     | 1                        | 2   | 3   | 4   | 5   | Mean      | SD. Devi. |
| 1                 | Regional Budget or woreda Finance & Economic cooperation budget execution, allocation, & implementation was according to the federal constitution and the supporting regulations   | 110 | 12                       | 7   | 17  | 32  | 42  | 3.62      | 1.320     |
| 2                 | Regional Budget Directorate or woreda Finance & Economic cooperation budget process department makes a provision in the budget for training staff on the application of the law in the budget making process                 | 110 | 4                        | 23  | 32  | 40  | 11  | 3.00      | 1.355     |
| 3                 | Regional Budget Directorate WoFEC budget process department ensures that each officer engaged in the budgeting process participates in trainings on effective management of the budget and in accordance to the existed law. | 110 | 15                       | 12  | 6   | 37  | 40  | 3.42      | 1.237     |
| 4                 | Regional Budget Directorate or woreda Finance & Economic cooperation budget process department staffs understand the Public finance Management (PFM)Regulations  | 110 | 5                        | 11  | 25  | 34  | 35  | 3.61      | 1.117     |
| 5                 | Regional Budget Directorate or woreda Finance & Economic cooperation budget process department supports and understands the importance of effective management of the budget and in accordance with law                      | 110 | 4                        | 23  | 32  | 41  | 10  | 3.20      | .999      |
| Mean of statement |  |     | 7%                       | 13% | 20% | 33% | 27% |           |           |
| Percentage        |  |     |                          |     |     |     |     | 3.37      |           |

Source: Questionnaire 2019

The table 6 above summarizes the statements that were administered to measure the impact of public finance regulations on effective management of budget in region and their responses were tabulated. The findings indicated that 33% and 27% of the respondents agreed and highly agreed respectively that public regulations had an impact on effective management of the budget in region. These comprised of 60% of all the respondents who participated in the study which was a strong indicator that public finance regulations have an impact on effective



management of the budget in region. and an assessment of statements of the variable public finance regulations in the region based on the mean and standard deviation were explained that the mean score for the five statements set to measure the impact of public finance regulations on effective management of the budget ranged between 3.00 and 3.62 with fourth statement ‘Regional Budget Directorate (BoFEC & Sector Bureaus) or Woreda Finance & Economic cooperation (WoFEC) budget process department staffs understand the Public finance (PF) Regulations.’ contributing the highest mean (mean score =3.62, SD=1.320) while ‘Regional Budget Directorate (BoFEC & Sector Bureaus) or Woreda Finance & Economic cooperation (WoFEC) budget process department makes a provision in the budget for training staff on the application of the law in the budget making process’ recording the lowest score (mean score =3.00, SD = 1.355). At the end the average mean of the statement is 3.37 Implies that majority of the staff are familiar and hold on to public finance regulations with regard to budgeting and the budgeting process and also other financial management matters of the region

### Effective Management of the Budget

Five statements were presented to the respondents based five point likert scale and results obtained were presented in the table below.

**Table 7 - Effective Management Response Analysis**

| S. N | Statement   | N   | Scale of measurement |     |     |     |     | Frequency |           |
|------|---|-----|----------------------|-----|-----|-----|-----|-----------|-----------|
|      |   |     | 1                    | 2   | 3   | 4   | 5   | Mean      | SD. Devi. |
| 1    | Regional bureaus or woreda offices has been achieving the highest budget absorption rate  | 110 | 14                   | 9   | 7   | 39  | 41  | 3.50      | 1.464     |
| 2    | Regional bureaus or woreda offices manage completion of all projects planned in each budget year within the predetermined time frame. | 110 | 18                   | 21  | 7   | 42  | 22  | 3.20      | 1.353     |
| 3    | Regional bureaus or woreda offices makes a follow up on the incomplete projects at the end of the budget year                         | 110 | 5                    | 5   | 39  | 52  | 9   | 3.42      | 0.828     |
| 4    | The regional budget Directors or Woredas Budget Process owner fully supports the approval of effective budget management strategies.  | 110 | 0                    | 0   | 33  | 41  | 36  | 3.96      | 0.801     |
| 5    | Effective budget management has been fully achieved and has led to improved economic development in region.                           | 110 | 0                    | 33  | 27  | 39  | 11  | 3.25      | 0.966     |
|      | Mean of statement   |     | 6%                   | 12% | 20% | 37% | 25% |           |           |
|      | Percentage  |     |                      |     |     |     |     | 3.45      |           |

Source: Questionnaire 2019.

From table 7 above, a summary of the statements that shows to measure effective management of budget in region and their responses were tabulated. The findings indicated that 37% and 25% of the respondents agreed and highly agreed respectively that effective management of the budget in region was achieved to a reasonable level. This result shows 62% of all the respondents participated in the study which was a good indicator that effective management of the budget in the region was required by the independent variables as explained the above result. And an assessment of statements of the variable effective management of budget in the region based on the mean and standard deviation were demonstrated that the mean score for the five statements set to measure effective management of the budget ranged between 3.26 and 4.03 with the statement ‘The regional budget Directors or





Woredas Budget Process owner fully supported the approval of effective budget management strategies contributing the highest mean (mean score = 3.96, SD= .801) while Effective budget management has been achieved and has led to be improved economic development in region, recording the lowest score (mean score =3.17, SD= 0.966). This implied that effective management of the budget had been fairly achieved.

### Descriptive Statistics

These tests include the generation of number of observations, means, standard deviations, the lowest and the highest figures in each variable. The use of this output is primarily to find out if the data need any transformation to reduce variance and if the data has any outliers or mistakes. This is conducted by running the data on SPSS.

**Table 8 – Descriptive Statistics**

| Descriptive Statistics |     |        |                |         |         |
|------------------------|-----|--------|----------------|---------|---------|
|                        | N   | Mean   | Std. Deviation | Minimum | Maximum |
| Budget Management      | 110 | 3.4509 | .74363         | 1.80    | 4.60    |
| Citizen participation  | 110 | 3.4036 | .76625         | 1.80    | 4.60    |
| Competency             | 110 | 3.3727 | .80251         | 1.80    | 4.60    |
| Information Technology | 110 | 3.3491 | .86372         | 1.00    | 5.00    |
| PF Regulation          | 110 | 3.3673 | .83128         | 1.00    | 5.00    |

Source: Questionnaire 2019

The output in table 8 above demonstrated the combined means and standard deviations for each variable. Budget Management shows the highest mean of 3.45 while information technology shows the lowest mean of 3.34. The interpretation was that most of the respondents felt that citizens' participation had a higher impact on effective management of the budget followed by public finance regulations and staff competency.

### Summary of Findings

From the general objective of the study, the study aimed at establishing the factors affecting effective management of the budget in Ethiopia in the case of Oromia Regional Government. The study established that there was a significant positive relationship between the factors identified (independent variables) that were Citizen Participation, competency, application of information technology, public finance regulations and the dependent variable.

Based on the regression output, the change in effective management of budget was explained by the four independent variables Citizen Participation, competency, application of information technology, public finance regulations. Findings on each of the four objectives forming the independent variables are briefly addressed below.

### Impact of Public Participation on Effective Management of Budget

From the analysis, it was demonstrated that the mean score for the five statements set to measure the impact of public participation on the effective management of the budget ranged between 3.09 and 3.98. This was an indication that citizen participation had an impact on effective management of budget in Ethiopia specifically in Oromia Regional Government with the third statement 'Citizen participation has been adequately supported through funding by the region/woredas to strengthen regional /woredas level planning, contributing the highest mean while Citizens are informed about project deliverables in public participation meetings' posting the lowest mean score.

### Impact of Employee Competency on Effective Management of Budget

This study required to establish the impact of employee competency on effective management of budget in Ethiopia in the case of Oromia Regional Government. The analysis demonstrated that the mean score for the five statements set to measure the impact of employee competency on the effective management ranged between 3.05 and 3.95. This was an indication that staff competency had an impact on effective management of budget in



region. with the third statement 'Regions (BoFEC & Sector Bureaus) or Woreda Finance & Economic cooperation (WoFEC) has put in place a strategy that all staff should be capacity built through trainings to enhance their budget management skills' contributing the highest mean while the budget process is a technical process that requires people with expertise and experience to execute effectively.

#### **Impact of Information Technology on Effective Management of Budget**

This study requires establishing the impact of the application of information technology on the effective management of budget in Oromia Regional Government. From the analysis, it was demonstrated that the mean score for the five statements set to measure the impact of the application of information technology on the effective management ranged between 3.15 and 3.56. This was an indication that the application of information technology had an impact on effective management of budget in ORG with the third statement 'Regions (BoFEC & Sector Bureaus) or Woreda Finance & Economic cooperation (WoFEC) has invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting' contributing the highest mean; while 'Regional Budget directorate (BoFEC & Sector Bureaus) or Woreda Finance & Economic cooperation (WoFEC) Budget process Department has improved budgetary support in training staff on the application of financial management and information systems' posting the lowest mean score.

#### **Impact of Government Regulations on Effective Management of Budget**

This study requires establishing the impact of public finance regulations on effective management of budget in region. From the analysis, it was demonstrated that the mean scores for the five statements that were set to measure the impact of public finance regulations on the effective management of the budget was on the higher side. This was an indication that government regulations had an impact on effective management of budget in ORG with the statement 'The Regional Budget Directorate (BoFEC & Sector Bureaus) or Woreda Finance & Economic cooperation (WoFEC) budget process department staffs understand the Public finance (PF) Regulations.' contributing the highest mean; while 'Regional Budget Directorate (BoFEC & Sector Bureaus) or Woreda Finance & Economic cooperation (WoFEC) budget process department makes a provision in the budget for training staff on the application of the law in the budget making process' posting the lowest mean score.

#### **Recommendations**

1. The study recommends that the regional government should carry out the way of increasing community participation to promote the participation of citizens in the region budgeting process. This is because the study has demonstrated a significant positive relationship between community participation and effective management of the budget.
2. The study also recommends that there is need for the region to follow up on the enforcement of the regulations of stakeholder participation in region budgeting process since this ensures better management of budget and successful implementation of various projects. This is because the study has demonstrated a significant positive relationship between application of public finance /government/ regulations and effective management of the budget.
3. The study also recommends that stakeholders should make it their responsibility to participate in the regional budgeting process since it is their democratic right provided for by the constitution.
4. The study also recommends that regional governments should adopt a policy of hiring competent employee. This is because the study demonstrated a significant positive relationship between employee competency and effective management of the budget

#### **Recommendations for Future Researcher**

This study recommends that there is need to carry out further studies using regression analysis in order to establish other variables that could have an impact on effective management of the budget in Oromia Regional Government.

The study also recommended that this study should be replicated on a wider geographical scope to cover the 32 woredas, from 336 woredas, 8 regional sectors Bureau from 43 sectors and 10 urban from 20 urban administrative as this will help understand the issues affecting in the regional level.



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