THE RESTORATION OF YESTER YEAR'S GLORY IN STATE-OWNED ENTERPRISES IN ZIMBABWE: IS BEYOND BUDGETING THE ANSWER? A CASE OF XYZ LIMITED

Titshabona Ncube ✉

Lupane State University, Faculty of Commerce

Department of Accounting and Finance, Zimbabwe

tincube@lsu.ac.zw; titshabona@gmail.com

Gracious Mandisi Mlilo

Lupane State University, Faculty of Commerce

Department of Accounting and Finance

graciousmlilo@gmail.com

Abstract

Parastatals or state owned enterprises in Zimbabwe have become a serious drain on the government financial coffers. Various attempts at resuscitating and improving both operational and financial performance of the entities have proved to be a challenge to the government as a major shareholder. Attempts at privatization and commercialization of the entities have hit a brick hall. The objective of this study is to examine the applicability of Beyond Budgeting as a performance management tool in parastatals. The study was carried out through a qualitative case study and the selected case company was XYZ Limited, a parastatals that has been renamed in this study, and the findings from the study is that traditional budgeting methods are still in use in the parastatals, and this has resulted in loss of productive time and the budgeting methods are outdated. The results indicate that in Zimbabwe most parastatals are using a strong command and control management model and decision making is centralized. The study also revealed that the parastatal is not yet ready to undertake a complex change project, in this case the adoption of an empowered and adaptive management model.

Keywords: Budgeting, Beyond Budgeting, State-Owned Enterprises, Parastatal, Applicability

INTRODUCTION

According to Richards (2006) budgets can be defined as a future plan that is quantitative in nature created to assist the managers in the implementation of the annual plan. The main purpose of the budgets is to help the management implement the firm's strategy not just controlling and planning (Rickards, 2006). A budget has been made a process integral both to planning and control of organizational activities. A successful budget requires maximum quality time from the management in its preparation, implementation and evaluation (Player, 2003). Budgets have been overly emphasized as being highly important such that nearly all the participants in an economy prepare budgets to assist them in the allocation of resources in a given time horizon (Horngren, et al ,2002). Budgets were designed to enable both householders and organizations to quantify the allocation of both financial and non-financial resources to different functions (Hansen, 2001). Managers can then focus on exploiting opportunities instead of fighting fires as one observer said 'few businesses plan to fail, but many of those that flop fail to plan'' (Horngren, et al, 2002). According to Hope and Fraser (2003), budgets stifle the product and strategy innovation in that the focus on targets discourages managers from taking risks hence becoming rigid to the changes in the environment and so true are these claims proving to be.

The introduction of the use of multicurrency in the Zimbabwean economy resulted in economic activity decline such that organizations needed to redesign their products and services to ensure survival (Mashakada, 2010). To solve the budget-related problems, different kind of alternatives for process improvements have been proposed; activity based, rolling budgets and zero-based budgets all have received a great deal of attention in the academia (Hansen, et al., 2003). These models though have not been able to provide complete solutions to the problems of budgeting (Neely, et al, 2003). One of the new, and rather radical, management accounting and control techniques that has attracted academic interest in recent years is the Beyond Budgeting concept (Milova, 2011). The main message of Beyond Budgeting is that the criticisms of budgets are too severe and therefore need to be completely exterminated from use (Hammer, 2010). In this study, the weaknesses in the budgetary systems were evaluated to assess whether the failure of budgets at XYZ Limited is beyond rectification such that there is need to adopt Beyond Budgeting or whether an improvement of the current budgetary system can get XYZ back at its feet again and resuscitate other parastatals at large, in turn thereby improving the performance of the entire economy.

At the very inception of this organization budgets were an inherent part of the organization, with the aim of assisting in the achievement of its mission. XYZ operates within a traditional multi- divisional model where the senior management team creates strategy, makes

the key decisions, and allocates resources. The middle management communicates management's directives to the front line who then implement them. For planning, coordination and management of capital, budgets are largely employed (Railroader, 2014).

Statement of the Problem

XYZ is the largest state owned enterprise in Zimbabwe, and its poor performance has negatively affected other sectors of the economy. The Government of Zimbabwe has tried several strategies to improve performance in parastatals, including privatization and commercialization, but all these have not yielded the desired results, including for XYZ. Since the introduction of the multicurrency XYZ has not been able to adhere to the annual budget. Most of the funding of XYZ comes from the Zimbabwean government and the Zimbabwean Fiscal Budgets of the years 2009 to 2012 reveal that XYZ was allocated approximately US$45 million although it only managed to get half of the amount. The organization however failed to budget this funding well and to manage cost and cash flows such that in 2014 losses accumulated to an average of up to US$17million per month. Managers spend 6months budgeting at XYZ, that is from June until it is finalized and approved in December by the Ministry. This implies that only 50% of the management's time is devoted to the management of the company affairs and the other 50% is spent on budgeting. Moreover, budgeting consumes much of the scarce resources of the company both during and after budgeting. All the meetings that are held during budget preparation are funded and when the budget is finalized it is printed in large volumes for each department and clerk to be entitled to a copy. Budgets enforce rigidity and slow responses to emergencies at XYZ, a department which necessarily consumes its budget before year end will have to await the approval of the board before additional funds can be channeled to it and therefore synergies from running efficient processes and accountability are fully missed. Therefore, it is necessary to better understand the traditional budgetary problems and the actions that can be taken to mitigate the risk of these problems.

Objectives of the Study

1. To determine whether the criticisms of the traditional budgetary systems at XYZ are too severe such that there is need to totally exterminate them.
2. To evaluate the possibility of totally eradicating the traditional budgetary system at XYZ without impairing the smooth progress of the operations in the business.
3. To assess the readiness of XYZ to undertake a complex change project.

4. To find out whether XYZ is really capable of meeting the ideals suggested in the literature if it explicitly adopt Beyond Budgeting, and simultaneously to analyze the reasons behind the possible differences.

Significance of the Study

Beyond Budgeting originated in the UK and expanded into other countries and regions creating a sisterhood of organizations, there are regional BBRTs for North America, Australia, Asia, German speaking countries, Middle East and South America (Daum &Hope, 2005). Further work shows that most of the studies carried out on Beyond Budgeting have been done mainly in European countries for an example: Svenska Handelsbanken; in Sweden and Accomplishing Radical Decentralization through Beyond Budgeting (Libby, & Lindsay, 2006), a case study of Marsh & McLennan a company in New York (Holtkamp, 2014), and Life Beyond Budgets? An Implementation Story - Beyond Budgeting at Unilever, Netherlands (Morlidge, 2005). This study is more significant in that there are few published articles on Beyond Budgeting from an African perspective, for an example, Beyond Budgeting and the Indigenous Ghanaian culture (Larry, 2009), and it comes to highlight more on Beyond Budgeting from an African perspective.

Moreover, XYZ has been experiencing immense challenges such that the Zimbabwean government attempted to privatize and commercialize it several times but has been falling since the early 1990s. According to Phillips (2001), the privatization of XYZ began around 1996 with the support of the World Bank but because of the political situation the World Bank withdrew its support in December 1999 and the privatization failed because the World Bank was going to be the major funder for the redundant staff which they intended to retrench upon privatization and there was no other organization to take up the concession. XYZ was also among the top 10 parastatals for privatization in 2009 when the government of national unity was formed but the efforts to privatize failed as well (Mtombe, 2013). This study comes in at the right time to enhance the plans that are already in place for the resuscitation of XYZ's operations and the Zimbabwean economy at large.

Scope of the Study

This study is mainly concerned with adding value to the parastatals in Zimbabwe with XYZ being used as a case company. The selection of XYZ as a case company was not without reason. The resuscitation of XYZ will entail downstream opportunities which Zimbabweans could exploit. XYZ is a very important parastatal of national strategic interest, its networks links Zimbabwe's major cities and it is a key mode of transport for the citizens as well as commodities especially for bulk transportation. XYZ is also central to so many trans-region traffic flows; its

rapid deteriorating service has a major impact on interregional trade which of necessity must pass through Zimbabwe (Phillips, 2001). The scope of the study has therefore been limited to XYZ because it is the engine of nearly all the economic transport operations on both national and international level.

LITERATURE REVIEW

Budgeting incorporates the creation of a quantitative expression of future action plans that coordinate the various activities within an organization for a specified period of time (Horngren et al, 2012). The failure to budget invokes a great danger of the management each making decisions they believe to be in the best interest of the organization when in actual fact would produce disastrous results (Drury, 2008). Managers employ budgets in the controlling of costs and managing cash flows (CIMA, 2007) and concurrently implementing the firm's strategy when all the departmental goals have thus been pooled (Rickards, 2006).

Okoye and Odum (2003) tie planning, performance evaluation, activity coordination, implementation of plans, communication, employee motivation and authorization of plans to budgeting. Budgets coordinate the organization's financial activities; communicate financial expectations and motivate managers to act in the company's interest (Horvath and Sauter, 2004). Properly used, budgets provide a benchmark which will alert the management to the first indication that their goal will not be met (Buyers and Holmes, 1984). A striking attraction of budgets is the ability to work as a control tool measure in which the actual state of affairs in an organization is compared with that planned for and appropriate action taken in regards to any deviations (Buyers and Holmes, 1984).

While traditional budgets are central to corporate management systems, they are quickly losing relevance and are outdated in reality (Daum, 2002). The business environment has become turbulent due to social, economic, technological, and political changes thus initiating business complexity (Player, 2003). Despite the turbulent business environment, hard decisions about the protection of the company's future profits must be made (Player, 2003) but the budgeting culture restricts the firm's ability to reshape into a modern business because the budgets rein and contain management behaviors into old paradigms (Hope and Fraser, 1999). Several studies have criticized the budget for being unable to meet the demands of the competitive environment information age, with eye-catching titles relating to this theme such as; 'The budget-an unnecessary evil' (Wallander, 1999), 'Bye bye budget….. The annual budget is dead' (Gurton, 1999), 'out with old, in with new' (Newing, 1994) and 'Is it time to replace traditional budgeting?' (Schmidit, 1992). Daum (2002) argues that traditional budgeting has had its day; companies need new tools.

The Criticisms of Traditional Budgeting

Time and Expense

Bartram (2006) carried out a research on the budgeting process and found that the leanest and the most efficient companies take 79 days to organize their budgets, whilst the worst practicing companies spend about 210 days. Neely et, al. (2003) also did a similar study and concluded that the creation of budgets consumes 20% or even 30% of senior executives and financial managers' time while Hackett (1998) conducted a study and concluded that on average a financial plan takes 4½ months to completion. Further research by Fan (2000) resulted in a conclusion that budgets do not only consume time but increase costs for the organization as well. According to Hackett (1998), the average company invests more than 25,000 person days per billion dollars of revenue in the planning and performance measurement process. This study also utilised techniques from previous studies by Bartram (2006), Neely et, al. (2003), Hackett (1998) and Fan (2000) to evaluate the amount of time XYZ consumes to complete its budgeting and all the related costs.

Dysfunctional Behaviors

The employment of budgets as a strategic tool has a tendency of causing employees to engage in dysfunctional behavior (Hansen et al., 2003; Neely et al., 2003). Managers are often under pressure to achieve a certain set of objectives which invoke them to resort to manipulation of figures to produce a favorable report (Libby and Lindsay, 2010). Budget gaming implies that budgets are misleading and cannot be trusted for best, reliable knowledge; there was therefore a need to unravel the mysteries of budget gaming in the context XYZ.

Libby and Lindsay (2010) in their research concluded that in almost all organizations managers defer expenditures to future periods and delay declaring revenue if targets are already met to use that revenue to meet future objectives. Some managers spend money before approval and shift the money between different accounts to avoid budget overruns (Simons, 1995). With such behaviors the integrity of the whole organization is compromised (Jensen, 2003).

Strategic and People Related Issues

According to Hope and Fraser (2004) budgets are counterproductive to strategic management in that strategic issues are outlays of a longer period perspective but budgets focus only on the upcoming year (Neely et al., 2003) ,hence they are unaligned with strategic goals more often than not. The primary focus on the annual budgeting creates a mismatch between the operational and strategic decisions which focus on non-financial goals and cut across the

annual planning cycle leading to budget games involving skilful timing of revenues, expenditures and investments (Merchant, 1985). Holtkamp (2014) substantiates that budgets lack strategic focus as managers become obsessed about the achievement of short term related goals and neglect to generate goals on competitiveness and customer satisfaction.

Budgetary controls impose a vertical command control structure, centralize decision making, stifle innovation and focus on cost reductions rather than value creation thus impeding the pursuit of strategic goals (Hansen et al., 2003). Holtkamp (2014) argues that budgets are often a mandate by the management and mandatory activities often discourage innovative thinking rather than stimulating them to work with elevated morale. The centralization resulting from budgeting make the operational employees feel undervalued, being seen as a means of production rather than intellectual property thus restricting their innovation capabilities (Holtkamp, 2014).

Furthermore, budgeting encourage departmental individualism as compared to knowledge and sharing in that departments strive to achieve their own budgets and targets aloof from all other departments hence they will hoard useful information if they deem crucial to the achievement of their goals (Holtkamp, 2014). This study also highlights whether the departments at XYZ are functioning collectively or individually.

Neely et al. (2001) summaries the weaknesses of budgeting to be; time consuming, too costly, rarely strategically focused, contradictory to strategic goals, adding little value, concentrating on cost reduction as compared to value creation, developed and updated infrequently, are based on unsupported assumptions and guesswork, strengthen vertical command and control management, reinforcing departmental barriers rather than encouraging information sharing and makes people feel undervalued.

Alternative Budgeting

Given such a long list of problems, organizations have been greatly trying to improve their budgets to eliminate the related problems, and these propositions include Rolling Budgets, Activity Based Budgeting, and Zero Based Budgeting, were introduced (Hansen et al., 2003). Some firms, such as Ford, Electrolux, and Sprint, have made strenuous efforts to harness the power of their information databases so that the budgeting process can be performed with more relevant "real-time" data (Player, 2003). Others, including BP-Amoco and Asia Brown Boveri have directed their efforts at integrating budgeting with strategy (Player, 2003). Rolling forecast is produced periodically during the year to reflect the existing market realities. The more accurate numbers increase managers' trust on the budgets to be used in operational planning, but on the other hand, problems related to the performance evaluation and goal congruence

increase as the constantly changing performance targets are difficult to understand (Sivabalan et al., 2009). Most of these "improvements" have been aimed at reducing the costs and increasing the relevance of budgeting, but few have attempted to break free from the fixed-performance contract and the annual trap it creates [Player, 2003]. These models have not been able to give complete solutions to the problems of budgeting [Neely et al, 2003].

The above models have not been able to provide solutions to organizations to rectify the problems associated with budgets (Neely et al., 2003) thus Hope and Fraser (2003) suggests that organizations should abandon budgets altogether and adopt a concept known as Beyond Budgeting.

Beyond Budgeting

Beyond Budgeting originated from a research collaboration between European Consortium for Advanced Manufacturing- International (CAM-I) and the Beyond Budgeting Round Table (BBRT) and proposes beyond control-and-command toward a management model that is more empowered and adaptive (Lohan, 2012). Hope and Fraser (2014) define Beyond Budgeting as being the process of rethinking how organizations can be managed in a post-industrial world where innovative management models represent only sustainable competitive advantage by releasing people from burdens of stifling bureaucracy and suffocating control systems, trusting the employees with information and giving them time to think, reflect, share, learn and improve performance hence satisfying the customers profitably and consistently beating the competition. Budgetary systems impose a vertical command-and-control structure, centralize decisions, stifle initiative and focus on cost reductions rather than value creation thus impeding of strategic goals (Hansen et al., 2003). In contrast, Beyond Budgeting introduces a more adaptive way of managing an organization, instead of a fixed annual plans and budgets that tie managers to predetermined actions, targets that are reviewed regularly, and based on stretch goal linked performance against world class benchmarks, peers, competitors and prior periods (Hope, 2004). In place of a traditional hierarchy and centralized leadership; Beyond Budgeting decentralizes authority and decision making and performance accountability are devolved to line managers thus creating a self managed working environment and a culture of personal responsibility hence leading to motivation, higher productivity and better customer service (Hope, 2004).

Beyond Budgeting does what is best for the organization in light of the current circumstances, it concentrates on promoting team-work the recommendation being that; rewards are offered based on subjective performance with an emphasis on a group rather than an individual (Hansen et al., 2003). Subjective performance evaluation encourage employees to

engage in strategic initiatives by rewarding efforts that identify and exploit unforeseen opportunities with potentially long term products that are not fully captured by externally benchmarked performance targets (Hansen et al., 2003).

The abandonment of traditional budgets calls for a replacement with twelve key principles fostering adaptive processes and radical decentralization (Player, 2003). Hope and Fraser (2001) summarize the 12 principles into a two-step process of which six are related to performance and the other six to leadership as highlighted below:

Performance Principles

1. Goals - Set inspirational goals aimed at continuous improvement not fixed annual budget.
2. Rewards - Reward are to be shared based on relative performance, not on meeting fixed annual targets.
3. Planning - Make planning a continuous and inclusive process not an annual event.
4. Controls - Base controls on relative key performance indicators (KIPs) and performance trends, not variances against a plan.
5. Resources - Make resources available as needed, not through annual budget allocations.
6. Co-ordination - organize cross company interactions dynamically, not through annual planning cycle.

Leadership Principles

1. Customer - Focus everyone on improving customer outcomes, not on meeting internal targets.
2. Accountability - Create a network of teams accountable for results, not centralized hierarchies.
3. Performance - Champion success as winning in the marketplace, not on meeting internal targets.
4. Freedom to act - Give teams the freedom and capability act, don't merely require adherence to plan.
5. Governance - Base governance on clear values and boundaries, not detailed rules and budgets.
6. Information - Promote open and shared information; don't restrict it to those who need to know.

Beyond Budgeting is fast gaining ground in the market, organizations are now gradually adopting a radical decentralization which provide a distinctive competitive advantage and enjoy the benefit as highlighted by Player (2003) below:

Figure 1: The Two Opportunities of Beyond Budgeting
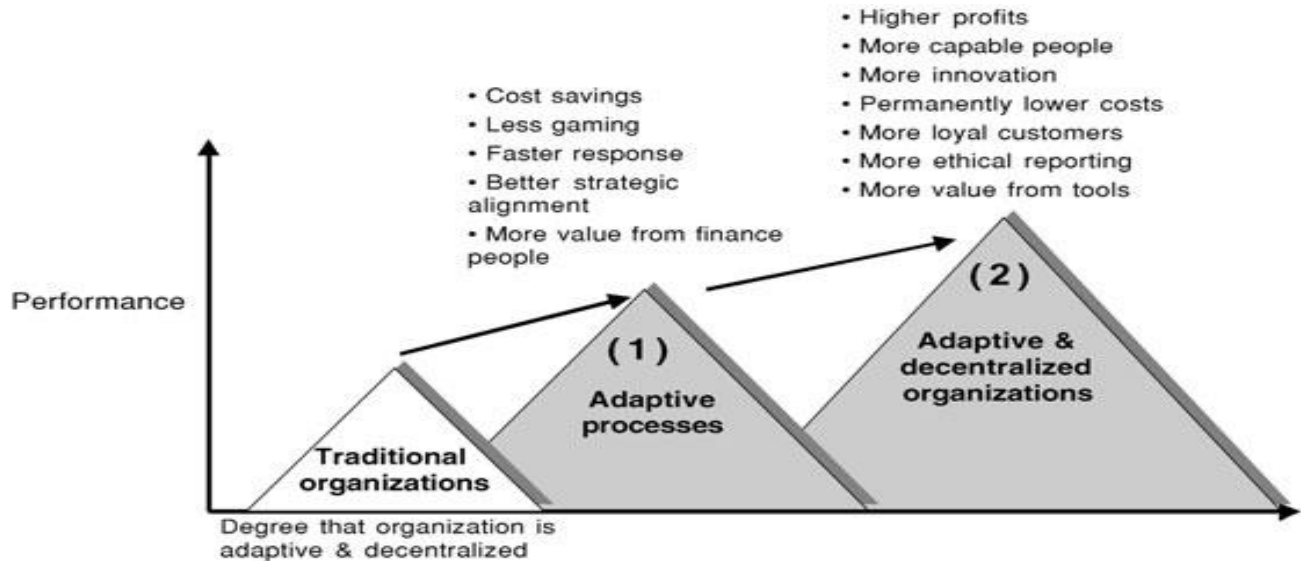
Source: 2003 Wiley Periodicals, Inc.

While other organizations are receptive towards the concept of Beyond Budgeting Becker et al. (2009) conducted a research in which research they found out that the concept of Beyond Budgeting is too flawed. This research found that when that consultants conducted a market test to potential clients the results were full of disenchantments, the organizations were resistant to the concept because of the inconsistencies and the flaws therein which showed that Beyond Budgeting cannot be applied just like that to any other firm (Becker et al., 2009). Beyond Budgeting is about changing the organizational culture (Horvath and partners, 2004) hence this study was an initiative to determine if XYZ's organizational culture can be changed and whether the concept is applicable to the parastatals and can it be applied to other parastatals in the country.

Glen and Klein (2009) argue that abandoning budgeting is too simple a solution while Reigh and Oehler (2009) argue that the concepts of Beyond Budgeting contain unrealistic assumptions, a dogmatic claim and internal contradictions. International Controller Verein (2009) criticized the radical suggestion implied in the Beyond Budgeting concept going to the extent of publishing a statement entitled "Beyond Budgeting No thanks!"

Beyond Budgeting in Practice

Svenska Handelsbaken the Swedish Bank is the birth place of Beyond Budgeting and has been successfully operating without budgets since the 1970s (Rickards, 2006). Handelsbanken invested branch managers with authority to take proper actions to the best advantage of the company; managers have access and power to adjust operational resources to tailor solutions to customer needs at their variation (Player, 2003). Information disbursement is fair, everyone see the same information at the same time hence strengthening controls throughout the bank (Player, 2003). The bank has outperformed its competitors in every measure including total shareholder return, Earnings per Share, customer satisfaction, Return on Equity (Player, 2003). In a study by Werner (2015), Handelsbanken is currently the 3rd largest oligopoly, controlling 70% of the deposits in Sweden; it has the best knowledge of the customer, and operates at a very low cost.

Beyond Budgeting has also found its way through the doors of PriBa. Becker et al. (2009) carried a research on PriBa, a large bank with approximately 50,000 employees. The research (Becker et al., 2009) reflected that company abandoned budget in 2002 as a consequence of great dissatisfaction and frustration resulting from budgeting and the following changes were effected:

- Finance department re-organization which resulted in a change of about 30 to 40% change in job positions of former staff.
- Increase in intensive training strategies.
- Strong communication efforts.

Beyond Budgeting at PriBa led to a temporary good performance until 2007 when the global crisis hit the organization to the extent that the CEO of the Bank resigned (Becker et al. 2009). The new management thoroughly scrutinized the non-budgetary control system which they deemed not viable enough hence budgeting was re-introduced and the company became efficient again, costs dropped and structures were trimmed (Becker et al. 2009).

Becker et al. (2009) also conducted another study on SpeChem, an Austria-based petrochemicals company of about 5000 employees. SpeChem also experienced an intense dissatisfaction with traditional budgets which led to the abandonment of the budgets. In the research, Becker et al. (2009) found that the non budgetary approach was followed for several years but unfortunately it also experienced challenges over time. These challenges are stated by Becker et al. as follows;

- There was a change of ownership and the new owner demanded re-introduction of budgets in order to integrate it into its own business.

- The finance personnel became suspicious of the approach which it had taken for investment management since they observed a sub-optimization which led to the organization coming to close to breaking its covenants.

- There was a change of management and the new management had little or no experience on managing without budgets

- The organization was operating a consolidating industry and installing control systems based on decentralized empowerment was a hard issue for them.

In the research carried out by Becker et al. (2009) both instances show that the introduction of Beyond Budgeting was helpful only but for a moment after which companies experienced several challenges though from a new angle. Becker et al. (2009) in conducting their studies used two companies that abandoned budgets and were consequently certified by the BBRT as success stories of Beyond Budgeting. Both companies took the initiative to move away from Traditional Budgeting, and did so without initially knowing about the concept of Beyond Budgeting, they both had temporary success and finally reverted back to Traditional Budgeting (Becker et, al., 2009). This study also adopted some particular aspects of the studies by Becker et al. (2009) for an example; this study employed a case study although one case company was used instead of two. Becker et al. through using two case a companies were seeking a point of comparison in their study about why Beyond Budgeting failed which was not the case with this study for in this case the objective was to assess if Beyond Budgeting could be applied successfully at XYZ.

In considering the companies used, there two main differences with the choice of the company used in this study. Firstly, the companies studied by Becker et al. (2009) were profit making organization but the organization under study in this study was a non-profit making organization. The second difference is that while Becker et al. (2009) used PriBa and SpeChem with a previous experience on the adoption of Beyond Budgeting as their case companies so as to examine why Beyond Budgeting failed, this study used XYZ which has never adopted Beyond Budgeting in order to assess if Beyond Budgeting can be used by XYZ.

Becker et al. (2009) in conducting their research used interviews, secondary data sources and public observation. This study adopted the first two approaches to collect data and purposely left public observation for the reason that it consist of attending Beyond Budgeting seminars in different counties, conferences, annual general meetings, BBRT summit for an example Becker et al. (2008) attended a seminar in Switzerland on May 2008, practitioner conferences, AGM of ICV on April 2008 and BBRT summit on June 2005. It is also realized that

Beyond budgeting has never been practiced in a parastatal hence the study assess the viability of the Beyond Budgeting aspect in such.

METHODOLOGY

Research Design

Degu and Yigzaw (2006) define research design as the logical model that guides researchers on how to collect, analyze and interpret observations, while Uma (1984) defines it as a basic tool that the researcher uses in order to conduct research. This study was carried out through a qualitative single case study design. Qualitative case approach involves the collection of information that consists of words and observation, not numbers (Powell & Renner, 2003) and the definition of a case study usually incorporates the words "organization" or "process" to which the research entails (Yin, 2003).

Population and Sampling Techniques

Grinnell (1993) defines a sample population as the selection of some participants to represent the entire population from which participants were taken. According to the Zimbabwean Government (GoZ, 2015) there are 67 parastatals from 14 industrial sectors which are; Agriculture, Transport, Telecommunications, Health, Environment, Information, Commerce, Mining, Sports and Arts, Industry and Trade, Financial services, Energy and Power, Education and Tourism. For the purpose of this study the transport sector has been elected as the population study because it is at the heart of efficiency of economic activity and on the basis that it is the second largest sector from the financial services. The Zimbabwean government (GoZ, 2015) reveals that there are seven parastatals in the transport industry and the scope of the research further narrowed down to one out seven parastatals in the transport sector resulting in XYZ left as a case company. The selection of sample was not without reason; it was partly to keep the study within manageable limits and also according to Zhangazha (2011), "the resuscitation of XYZ will entail downstream opportunities which Zimbabweans could exploit. XYZ is a very important parastatal of strategic interest, its networks links Zimbabwe's major cities and it is a key mode of transport for the citizens as well as commodities especially for bulk transportation". The selection of XYZ from the whole population was based on the above reasons.

Source of Data and Research Instruments

Primary data is the core data which is collected for the first time and has direct link with the problem (Catherine, 2002). Primary data was acquired from the management of XYZ who are

responsible for the preparation of the budgets as well as from the operational level employees who are the first hand users of the budgets. The collection of primary data was facilitated through interviews and questionnaires, as in studies by Becker et, al (2009) and Holtkamp (2014).

Where there is unclear previous knowledge of the specific organizational practices for complex and context-specific topics, the data collection of the case organization can be best carried out through in-depth interviews (Nick, 2013). In this study, interviews have been used because as a parastatal XYZ is not obliged to publish its financial information especially with matters concerning budgets hence its practices are vaguely understood by the general public. In-depth interviews are face-to-face meetings which can be described as a certain form of interactive conversations, where the predetermined structure of the interviewer is combined with greater flexibility (Ritchie & Lewis, 2003). According to Ranjit (2005), the unstructured interview method is a face to face conversation which allows the interviewer probe respondents and guide the interview according to the answers of the respondents and hence more appropriate for the lower level employees as it is generally assumed that they are unable to answer knowledgeably because they can hardly remember or never give a thought to what they do and why. Unstructured interviews have also been used in attaining information from lower level employee most especially because Beyond Budgeting is an unpopular and rather complex topic.

The management on the contrary may want to answer in order to look smart or well informed (Ranjit, 2005) hence semi-structured in-depth interviews are more proper for them (Nick, 2013). Semi-structured in-depth interviews are face-to-face meetings where pre-formulated questions are being used without strict adherence to them, allowing new questions to emerge during the conversation (Myers, 2009). In this study as well information has been gathered from the management through the use of structured in-depth interviews. Moreover, interviews have been used because they are targeted and insightful, focus directly on the case study topic and provide perceived causal inferences hence very crucial for providing updated data (Holtkamp, 2014). This study also employed interviews as part of the data collection technique.

According to Catherine (2002) a questionnaire consists of a set of questions presented to a respondent to read the questions, interpret what is expected and then write down the answers themselves. Questionnaires enable the collection of data to be administered in an efficient and effective way when the researcher knows exactly what is required and how to measure the variables of interest and the can be administered personally or mailed to the respondents (Masuku, 1999). In this study questionnaires were administered personally in both headquarters of the organization, that is, Area Headquarters and the New Headquarters in

Bulawayo. David (2000) magnifies the importance of questionnaires stating that it is a modest way of data collection where the researcher obtain complete honest responses from anonymous respondents within a short period of time. In addition to that Marimba and Moyo (1995) further emphasized that questionnaires enable the researcher to clarify any doubts that the respondents might have regarding any question on the spot. It Is in light of these advantages that the researcher opted to use questionnaires to collect data. As aforementioned, Beyond Budgeting is at an advancing stage of growth and therefore has a designed questionnaire to help researchers in formulating ideal questions to be included when formulating a questionnaire. This study has also adopted the self assessment leadership questionnaire designed by Beyond Budgeting Round Table to evaluate whether the current management model of XYZ can cope with today's complex conditions and enable superior sustained success.

Secondary data is the data which have already been collected and analyzed by someone else that is intended to magnify the subject being researched (Catherine, 2002). This is the kind of data that is normally be collected from the available publications, that is, books, previous research studies, reports, journals, case studies, and relevant websites. The use of documentation also helped to establish construct validity and reliability in that it is stable, unobtrusive, retrievable, exact, and gives broad coverage (Yin, 2003). In this study secondary data were collected from journals, previous researches, and documented interviews and they were used to give substance, content and direction to the research, as in the study carried by Becker et, al. (2009).

Data Analysis Approach

Charles, Eliot and Louise (1991) defined data analysis as a way of summarizing the completed observations in such a manner that they yield answers to the research questions. LeCompte and Schensal (1999) state that when analyzing data, large amounts of collected data are reduced and sense is deduced out of them. Parton (1987) indicates that three things occur during the analysis of qualitative data; data are organized, data are reduced through summarization and categorization, and themes and patterns in the data are linked. Merriam (1998) argues that the analysis of questionnaires is a complex action of moving back and forth between data and concepts, between descriptions and interpretation, using both inductive and deductive reasoning. According to Livescience (2015) the process of deduction begins with some general statements, called 'premises', which are assumed to be true, then examines which possibilities to reach a logical conclusion while the process of induction begins with some data, and then determine what general conclusion(s) can logically be derived from those data.

Therefore in qualitative data analysis there is need for determination of which theory or theories could explain the data.

In this study, data analysis was carried through the use of Statistical Package for Social Sciences (SPSS). The above recommendations were adopted in the analysis of the data to be gathered. The analysis was complemented by the report analysis from the BBRT organization which after granting permission to use the BBRT leadership self assessment questionnaire requires responses so as to help in the analysis of data. To magnify the authenticity of the report findings from BBRT, the responses will be further analyzed by SPSS so to reach an unbiased conclusive decision.

ANALYSIS AND RESULTS

Response Analysis for Participants

Table 1: Questionnaire Analysis

Administered Questionnaire	Responded Questionnaire	Percentage response
30	20	66.67%

Table 1 show that 30 questionnaires were administered and the favorable response was received from 66.67% of the respondents. The other 33.3% of the respondents failed to respond to the questionnaires because they were administered during the preparation of the organization's yearend financial statements and most of them were very busy.

Of the questionnaires that were responded to as shown in Table 2 below, 55% of the respondents are at the clerical level, 30% at operational level, 10% at tactical level, and only 5% were respondents from the strategic level department. The larger response being from the clerical level help in the production of unbiased responses to the question as such do not have much to protect, either their posts or the way the management operates.

Table 2: Position at XYZ

What is your position at XYZ?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strategic Level	1	5.0	5.0	5.0
	Tactical Level	2	10.0	10.0	15.0
	Operational Level	6	30.0	30.0	45.0
	Clerical Level	11	55.0	55.0	100.0
	Total	20	100.0	100.0	

Analysis of Planning Procedures at XYZ, TODAY

Figure 2: Traditional Budgeting
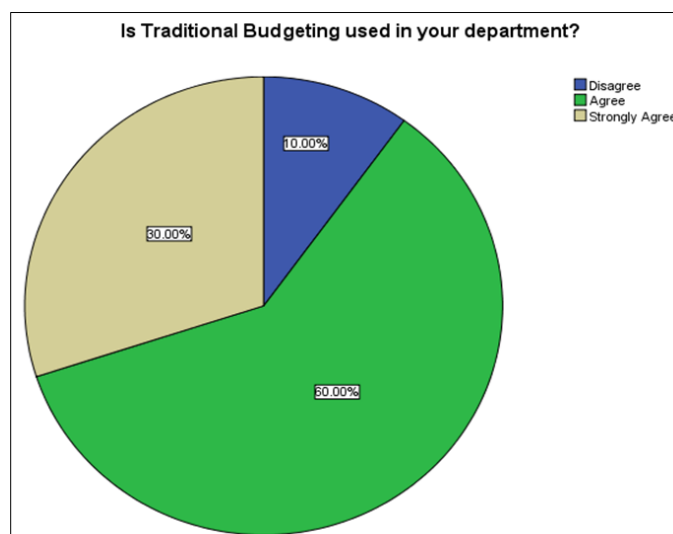
According to the results obtained in this study, most respondents acknowledge the use of traditional budgets in their respective departments, 60% strongly agree, 30% agree and only 10% disagree. This suggest that traditional budgeting is a strong component of XYZ in that about 90% of the respondents somewhat agree to the use of the traditional budgets in their departments. The acknowledgement of the use of traditional budgets by the respondents gives a strong basis of investigating further on the success and functionality of the budgets in the organization. The findings are discussed in the following paragraphs.

Table 3: The Budgeting Process

Our planning and budgeting process takes too long, costs too much and provides little value				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	35.0	35.0	35.0
	Agree	8	40.0	40.0	75.0
	Strongly Agree	4	20.0	20.0	95.0
	Don't Know	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Most of the respondents somewhat agree that the budgeting process take too long, cost too much, and provides little value; 40% of the respondents agree, 20% strongly agree, 5% don't know and 35% disagree as shown in Table 3 above. In an interview with the Accountant of Control and Budgets Department at XYZ, the budgeting process takes approximately five to six

months to completion, finalization, and authorization by the Ministry of Transport and Infrastructural Development. In this interview, the costs of the whole budgeting process were however undisclosed. These findings confirm the criticism outlined in the study by Neely et, al. (2003) and Hackett (1998) that budgets consumes much of the management's time. From another angle however these findings differ from the findings of the same aforementioned researchers in that while Neely et, al. (2003), found that budgeting consumes 20% - 30% of senior management's time and Hackett (1998) discovered that on average financial planning take about 4 ½ months, this study however reveals that on average the budgeting system consumes up to 50% of management's time. This is an indication that the managers do not have sufficient time to focus on strategic issues that are extremely important or being able to quickly predict to recurring customer issues.

Moreover, Table 4 below shows that 65% of the respondents agree that the budgets are quickly out of date, decision making take too long and predations are often constrained in circumstances where fast response is needed while 15% strongly agree, 15% disagree and 5% don't know. In an interview with one of the accounts clerk at XYZ, the utilization of funds is controlled by the Ministry Of Transport and Infrastructural Development and that makes it very hard for the organization to undertake an emergency project that has not been budgeted for during the budgeting period. These findings converge again with the findings of Neely et al (2003) who suggest that budgets are add little value and may be barriers to operational performance. This shows that the budget is a motionless instrument that is not updated during the year yet it is used to determine next year's performance which reflects current market conditions. The changes that occur after the budget has been made and that can potentially impact the next year's budget are not taken up hence rendering the upcoming year's budget ineffective even before commencement.

Table 4: Budget Efficiency

Our budgets are quickly out of date; decision making takes too long; and we are constrained in circumstance where we need fast response?				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	15.0	15.0	15.0
	Agree	13	65.0	65.0	80.0
	Strongly Agree	3	15.0	15.0	95.0
	Don't Know	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

Furthermore, the findings in this study show that XYZ is experiencing the fate of other companies as outlined by Hansen et, al. (2003) that budgeting imposes a vertical command and control structure where there is great autonomy and the entire decision making is centralized. The pie chart in Figure 3 confirms that XYZ uses a "command and control" model, 40% strongly agree to this, 40% agree, 10% disagree and the other 10% don't know. When aggregated 80% of the respondents somewhat agree to the model being a command and control model which confirms the suggestions of Hansen et, al. (2003) that budgetary controls impose a vertical command control structure and centralize decision making.

Figure 3: 'Command and Control' Structure
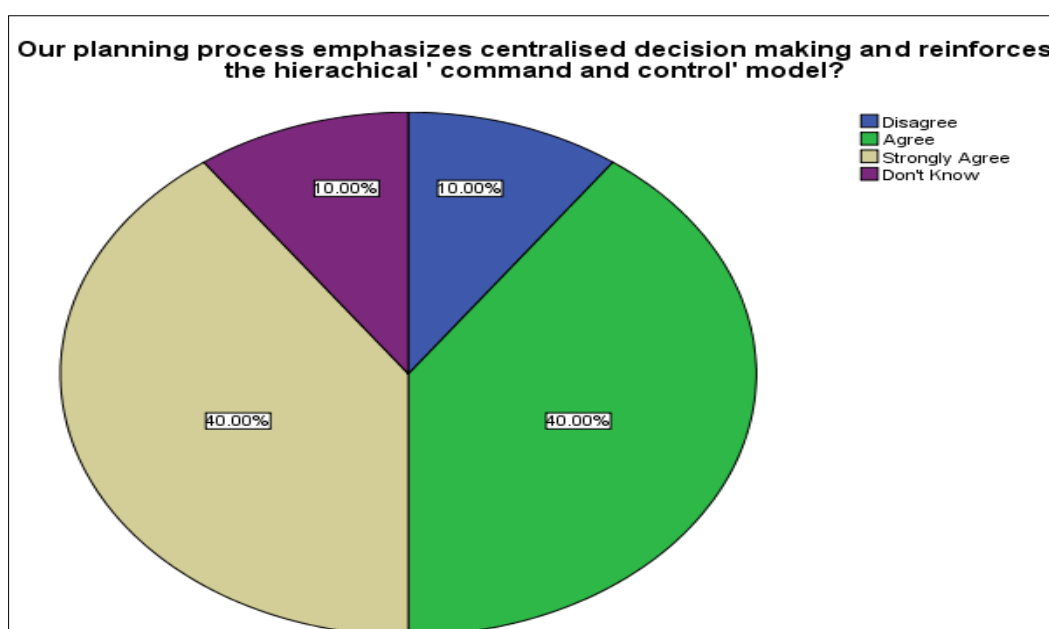
A striking difference is seen however in that according to the results of the study carried out by Holtkamp (2014) the 'vertical command and control' structure at Marsh Holdings is a bottom-up and top-down approach to which senior management let subordinates run their part of the business and use budgets to evaluate the organization while subordinates take initiatives to act to their personal best to add value to the organization but at XYZ the experience is different. The bar graphs in Figure 4 substantiates on the inability of the employees to function on their own or rather function with minimum discretion of their own. 45% of the people disagree that teams have a high degree of freedom and capability to act, while 25% strongly disagree, 20% agree and 10% strongly agree. The inflexibility of the teams is also a bottleneck to the achievement of plans at XYZ for it injures the morale and motivation to excel on the employees. This is a sign that the vertical command and control structure may have either a negative or

positive impact on the organization depending on the attitude of the management concerning the empowerment of teams to work on their own.

Figure 4: Freedom and Capability to Act
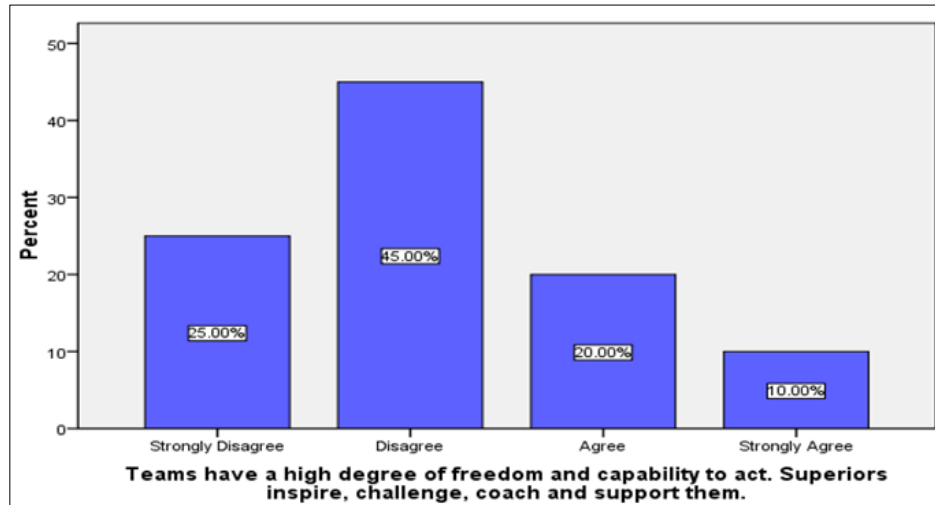
Dysfunctional behavior also known as budget gaming is one of the most discussed argument against budgeting by such scholars as Hansen et al (2003), Neely et al (2003), Hope and Fraser (2001), and Simmons (1995). The findings in this research are however, a contrast of the existing empirical evidence, because although researchers like Hansen et al (2003), Neely et al (2003), Hope and Fraser (2001), and Simmons (1995) found that traditional budgeting promotes dysfunctional behavior the findings of this study concludes otherwise. 40% of the respondents disagree that there is dysfunctional behavior due to budgeting at XYZ while 5% strongly disagree, 30% agree, 10% strongly agree and 10% have no idea. It makes sense that most responses are in disagreement due to the fact that XYZ obtains authorization on the use of the funds from the Ministry of Transport and Infrastructural Development thus chances to temper with the funds a reduced and the fact that 55% of the respondents were at clerical level and chances are that their detection of such behavior is very limited with reference to access to information, skill, and experience.

Figure 5: Budgeting Games
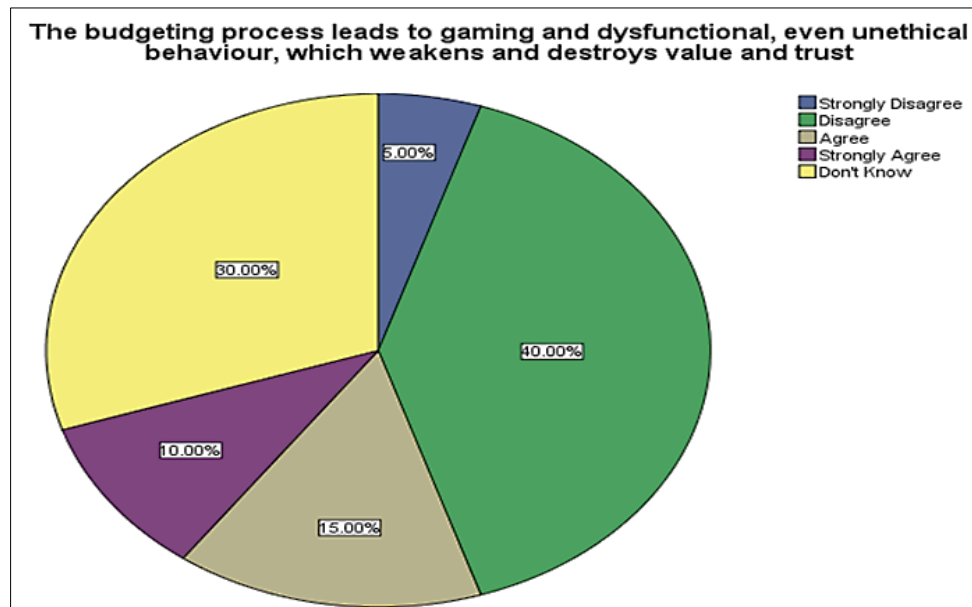
Analysis of the Leadership approach used in XYZ, TODAY

The bar charts in Figure 6 and 7 below are an analysis of the current leadership approaches available at XYZ. In an errand to evaluate whether the leaders create and widely communicate a framework of clear goals, values and boundaries to which everyone subscribes, 45% of the respondents agree and 10% strongly agree while 35% disagree and 5% strongly disagree and the other 5% don't know. This shows that everyone works to achieve a particular goal under certain predefined rules. In relation to whether leaders create a framework of tightly defined rules, detailed plans and internal control agreed in advance, 40% agree and 35% strongly agree, while 15% strongly disagree and 10% disagree. In this kind of leadership there is a restriction on the innovation capabilities of the employees, the findings of this research show that the employees are under a bureaucratic leadership and they cannot move an inch. The leadership approach available at XYZ according to the findings is similar to the findings established by the Holtkamp (2014) who suggest that the budgeting process communicates a clearly laid down plan to be followed by operational level employees which plans undervalue employees and restrict their innovation capabilities.

Figure 6: Framework of Clear Goals

leaders create and widely communicate a framework of clear goals, values and boundaries to which everyone subscribes.
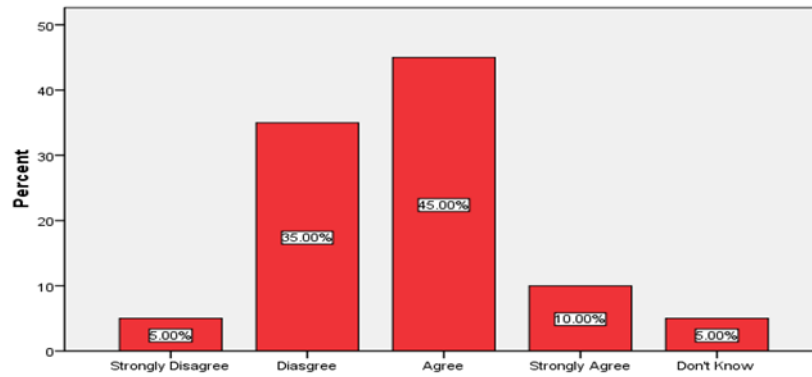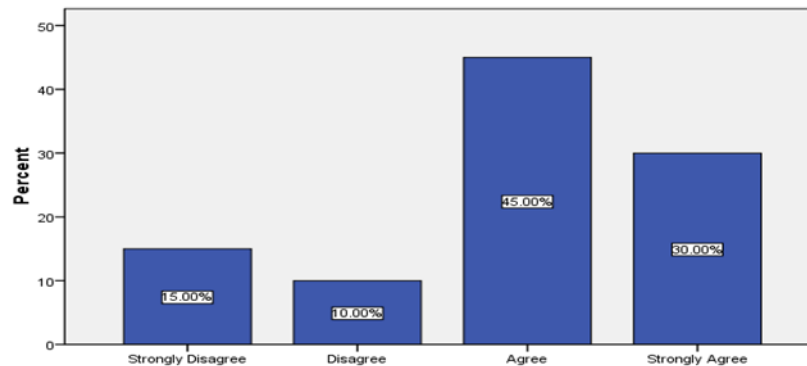

Figure 7: Framework of Tight Rules

Leaders create a framework of tightly defined rules, detailed plans agreed in advance and internal controls.

In addition, Figure 8 shows that XYZ is organized predominantly into functional departments and managed through a centralized hierarchy. The majority of the respondents in response to this are in agreement; 55% agree, 30% strongly agree and 10% strongly disagree and this gives an expression of XYZ as a highly autonomous organization. To enforce this centralized hierarchy, the management agrees to the plans in advance, communicate the responsibilities expected from the operational employees and expect everyone to conform. According to an interview with the Accountant in the Control and Budgets Department, the management uses this technique in order to manage the resources effectively and efficiently. This however presents the organization with a challenge of departmental individualism. The interview revealed that knowledge sharing across departments is constrained especially at the budget creation level. He says that when consolidating the budgets it has been discovered that these

departments present their budgets aloof from the consultation of the other departments, for an example, the marketing department when making their annual budgets fail to consult with the revenue section so as to have an in depth knowledge about their current revenue standpoint and the result is that a budget that is too high is proposed. The process of cutting down a proposed budget is the most expensive, painstaking and time consuming process for the Control and Budgets Department when consolidating the budgets. These findings converge with the findings of Holtkamp (2014) that budgeting encourages departmental individualism and hinders information sharing.
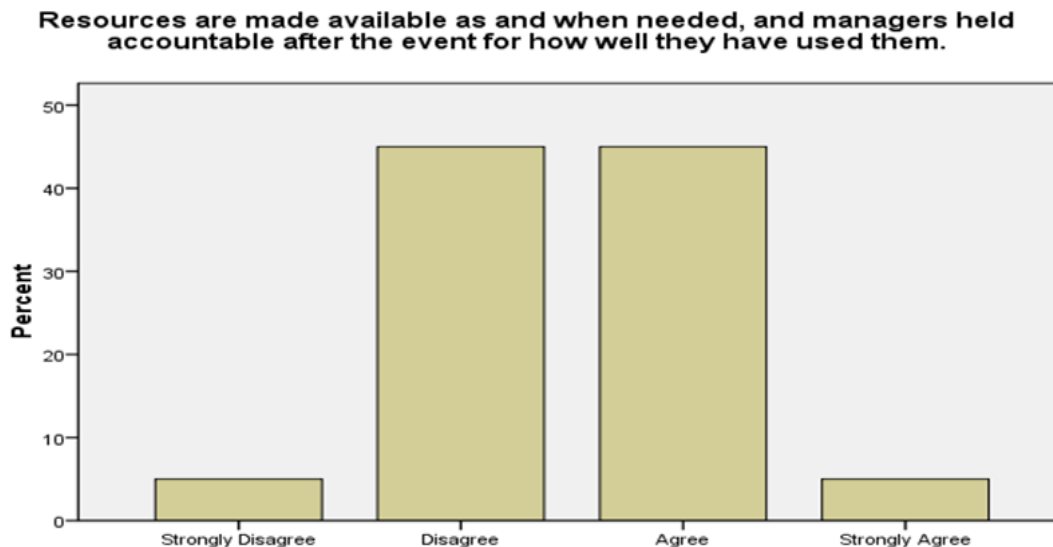
Figure 8: Functional Departments
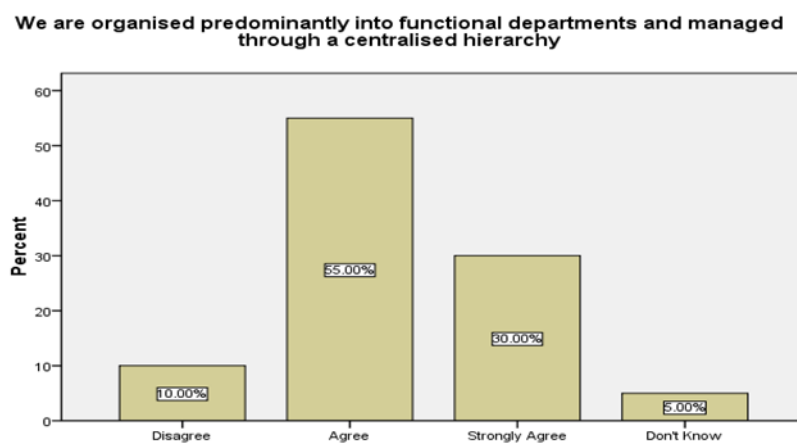
In addition, Figure 9 show that 50% of the respondents agree that all the units are accountable for meeting the needs of those they serve, while 15% strongly agree and 20% of the respondent somewhat agree, this shows that XYZ though experiencing challenges with traditional budgeting it does not concentrate much upon driving sales rather it is concerned about meeting the needs of the customer. This diverges with the suggestions of Hope and Fraser (2003) that organizations that budget are often sales driven rather than being concerned with the provision of a quality service. Though diverging with Hope and Fraser that believe that budgeting encourages focus on sales rather than customer satisfaction, it converges with ICV (2007) that support the retention of budgets and suggest the taking away of budgeting's old habits and giving people more freedom to be customer oriented to use planning more strategically. This point of contrast can also be explained by the fact that as a state owned company, XYZ is not after sales but it is in existent for the sake of meeting the nationwide needs hence driving sales is not much sought after.

Figure 9: Accountability

**All units are accountable for meeting the needs of those they serve.**
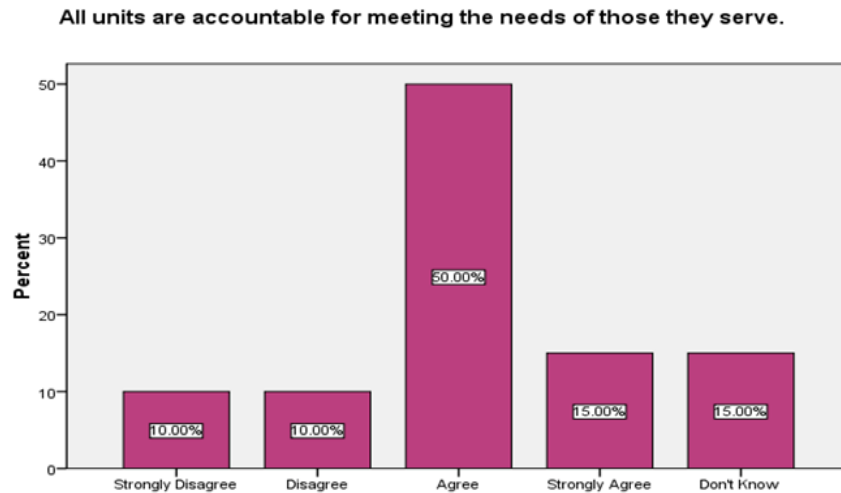
Moreover, to evaluate the performance management processes at XYZ this study investigated if resources are made available as and when needed at XYZ. In response to this Figure 10 below, shows that, 45% of the people disagree and 5% strongly disagree while the other 45% agree and the other 5% strongly disagree. According to the interviewee's response, the process does not end with allocation of resources but managers are held accountable after the event for how well they have used them. This means that the resources are allocated in advance through the annual planning process, and managers are held accountable for variances against budget this allocation of resources in advance enables control over the resources. In an interview with one of the accounts clerk, the resources are a scarce commodity at XYZ, the reason being that; there is usually an award for the departmental leader that saves resources and that being the case the leaders cause a bottleneck in the requests for resources hence there is a shortage of working material such as stationery, printers, and computers just to name a few. This shows that target setting has a negative impact on the organization for the management would implement strategies that favor self interests at the expense of the organizational interest. This confirms the claims by Hope and Fraser that budgets have a tendency of tempting the management to pursue self interest thus impairing their integrity.

Figure 10: Resources

Resources are made available as and when needed, and managers held accountable after the event for how well they have used them.

Furthermore in this study, the results show that there is no fair sharing of the rewards at XYZ as depicted by Figure 11 below. 40% of the people disagree that rewards are shared fairly among the groups based on relative performance evaluated after the event, while 25% strongly disagree, 15% agree, 5% strongly agree and 15% don't know. Given such statistics, it implies that there is individual remuneration that is heavily based on the evaluation of performance against fixed targets agreed in advance. According to Libby and Lindsay (2010) managers that are pressurized to achieve a certain set of goals often resort to manipulation of figures to produce a favorable report and XYZ reflects symptoms of such actions from amongst the managers. They may be pushed to the edge such that to earn their rewards they obtain their share of rewards and this has already be seen in the previous explanation that the management hoard the resources so as to be able to earn awards for the so called efficiency.

Figure 11: Rewards
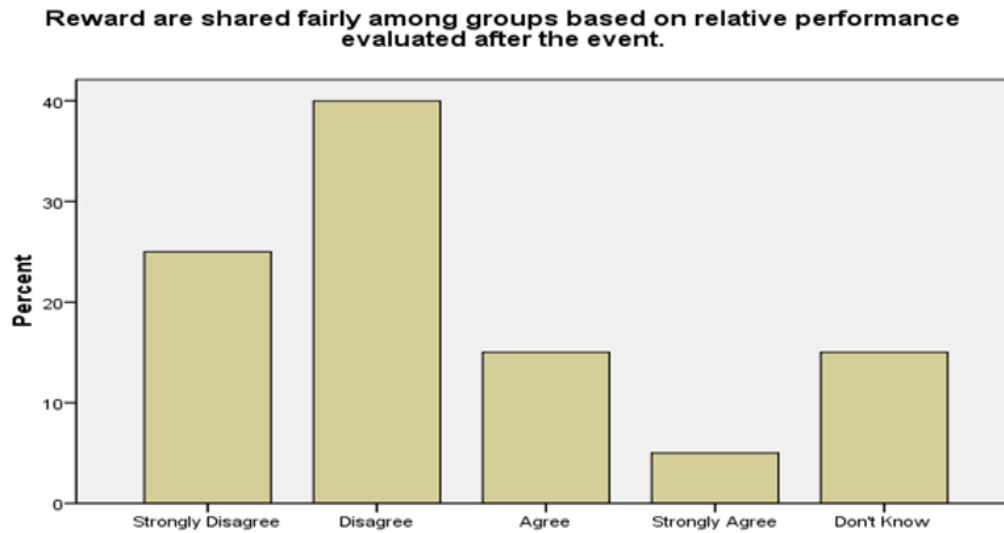
An Analysis of how Information Systems and Tools are used at XYZ, TODAY

The intention of this section is to evaluate how much the information systems are supportive to the practices in the organization and how they enable achieve the desired goals outlined in the budgets taking into consideration Player (2003) who suggested that the business world has become turbulent due to technological changes, which changes the budgeting culture is unable to reshape into according to Hope and Fraser (1999) thus causing a bottleneck in the achievement of the budgets.

The data gathered show that XYZ has a multiple systems with many different data sets and definitions across the business. As depicted by Table 5, 40% of the respondents agree that there are multiple systems, and 10% strongly agree while 30% disagree and 20% of the respondents don't have an idea on that. From the evidence gathered from the interviews XYZ has a multiple systems which the organization is in the process of replacing by adopting unified information systems. The multiple information systems cause a conflict in the integration of all the information across the organization and the problem inflicted are discussed on the following paragraphs. Having one unified information system that uses common data and definitions for multiple purposes will help the organization to meet the customer needs today.

Table 5: Multiple Systems

We have multiple systems and spreadsheets with many disparate data sets and definition across the business.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	30.0	30.0	30.0
	Agree	8	40.0	40.0	70.0
	Strongly Agree	2	10.0	10.0	80.0
	Don't Know	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

As a result of the multiple systems, it is realized that XYZ faces a huge challenge in closing the books on time and making the information to the management on time as shown by Table 6. 45% of the respondents agree that the books are closed too late, and take too long to make information available to the managers, while 15% strongly agree, 20% disagree and the other 20% of the respondents have no knowledge of that. The failure to provide the management with adequate information has a negative impact on the decision made by the management. These findings converge again with the previously discussed findings that the budget is a motionless instrument that is not updated during the year yet it is used to determine next year's performance which reflects current market conditions. The changes that occur after the budget has been made and that can potentially impact the next year's budget are not taken up hence rendering the upcoming year's budget ineffective even before commencement. Indirectly this also converges with Neely et, al. (2003) who suggests that budgets are add little value and may be barriers to operational performance. It then becomes obvious that this may be a bottleneck to the success of the plans later on the budgets and hence there is a strong case for change.

Table 6: Closing of Books

We close our books too late, and take too long to make the information available to our managers.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	20.0	20.0	20.0
	Agree	9	45.0	45.0	65.0
	Strongly Agree	3	15.0	15.0	80.0
	Don't Know	4	20.0	20.0	100.0
	Total	20	100.0	100.0	

Furthermore, this section evaluates how who operates the systems affect the organization. In responding to the question relating to whether the systems are operated largely by IT and Finance professionals, rather than the users, 60% of the respondents agree, 10% strongly

agree, 20% disagree, 5% strongly disagree and the other 5% have no knowledge at all. In relation to that finding, it is noticeable that 60% of the respondents disagree that frontline people are allowed not just to input data but to use the system themselves for managing their own operations, while 5% strongly agree, 15% agree and the other 5% don't know. This situation is a terrible ordeal in that XYZ the ability to meet the needs of the customers is extremely limited with a workforce that has so many restrictions on the systems, which systems make the delivery of a good quality service efficiently achievable.

Table 7: Use of Information Systems

Our Systems are used and operated largely by IT and Finance professionals rather than users

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	1	5.0	5.0	5.0
	Disagree	4	20.0	20.0	25.0
	Agree	12	60.0	60.0	85.0
	Strongly Agree	2	10.0	10.0	10.0
	Don't Know	1	5.0	5.0	100.0
	Total	20	100.0	100.0	

We allow our frontline people not just to input data but to use the systems themselves for managing their own operations.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree		5.0	5.0	5.0
	Disagree	4	60.0	60.0	65.0
	Agree	9	20.0	20.0	85.0
	Don't Know	4	15.0	15.0	100.0
	Total	20	100.0	100.0	

In summary, the current information systems' practice at XYZ is poor. XYZ is experiencing its own fair share problems inherent in the budgets but the situation is made even worse by the unsupportive information systems prevailing in the organization which makes it hard to gather all the timely needful information by the management so as to be able to make budgets that capture all the current experiences of the year in the upcoming year's budgets. This tends to create a recurring situation of the mistakes of the previous year, and failure to foresee upcoming opportunities.

An Analysis of the Changes that should be made at XYZ

XYZ according to the preceding discussion, XYZ is a strong case for change. If any change is to be made proper factors that need change must be addressed. In this section, a discussion is made of the factors that must be addressed as according to the findings of the research.

Firstly, in light of Table 7, there is a strong case for change. All the respondents somewhat agree that the management model must be aligned with all the relevant factors that are critical to the success of the organization and that there must be a creation of the conditions under which the employees will enjoy their work, direct themselves, be creative and self management. 100% approval for need of change shows that the autonomy is an extreme case that should be revised so as to realize the full potential of the teams and encourage a high responsibility culture. The reason why all the respondents would need change is simply because there is a need to do so. A high degree of autonomy hinders the employees from realizing their full potential and hence there is less enjoyment of the work they perform which further adversely impacts the performance of the organization as a whole.

Table 8: Management Model and Working Conditions

Our management model must be aligned with all relevant factors that are critical to success					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	12	60.0	60.0	60.0
	Strongly Agree	8	40.0	40.0	100.0
	Total	20	100.0	100.0	

We must create the conditions under which our people will enjoy their work, direct themselves, take responsibility and be creative and self motivated.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	8	40.0	40.0	40.0
	Strongly Agree	12	60.0	60.0	100.0
	Total	20	100.0	100.0	

Secondly, in light of Table 9, 35% of the respondents agree while 60% of the respondents strongly agree that XYZ must be customer focused and devolve the leadership to as many people and with as much autonomy as possible. There is also 50% agreement and 45% strong agreement that the management processes should be adaptive for an example, continuous planning, and outcome based control, and allocation of resources as they are needed. This further confirms that leadership structure must be devolved to the other employees to as to counter all the negative effects brought about by the command and control structure.

Table 9: Devolve Leadership and Adaptive Management Process

XYZ must be customer focused, and flexible. Leadership must be devolved to as many people and with as much autonomy as possible.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	5.0	5.0	5.0
	Agree	7	35.0	35.0	40.0
	Strongly Agree	12	60.0	60.0	100.0
	Total	20	100.0	100.0	

Our management process must be adaptive (e.g. relative goal continuous planning, outcome based control, resources availed as need)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	5.0	5.0	5.0
	Agree	10	50.0	50.0	55.0
	Strongly Agree	9	45.0	45.0	100.0
	Total	20	100.0	100.0	

Furthermore, 100% of the respondents agree that there is also a strong need for change in the information systems as graphically presented by the pie chart that hereby follows. The information systems must be supportive so as to be able to meet the objectives of the organizations and make the work environment goods for the total workforce of XYZ. In overall, there is a strong need to change at XYZ.

Figure 12: Information Systems must be Supportive

Our information systems and tools must be 'support'.
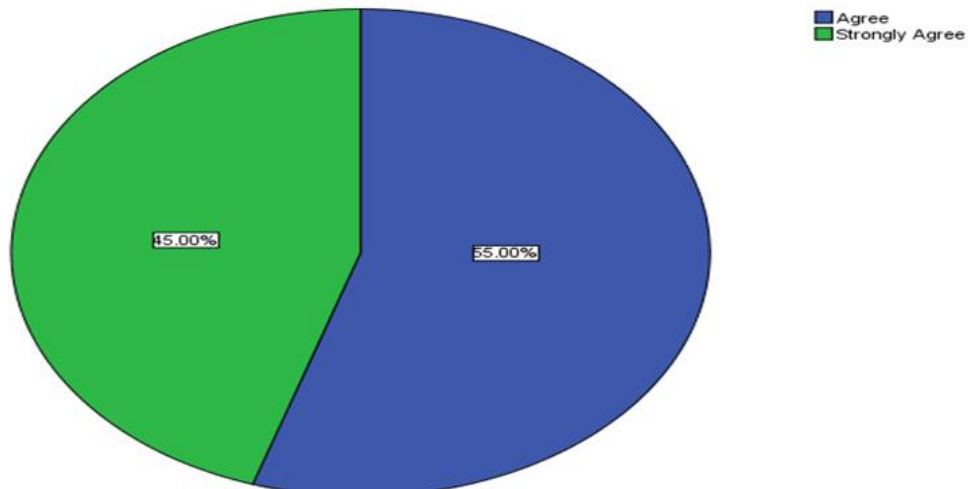
An Analysis of the Readiness to Change

Though the need to change is there at XYZ, it is also crucial that there is a strong analysis of the readiness of the organization to implement those changes.

In light Table 10, when relating to whether the leaders are dissatisfied with the current management model and want to change it urgently 30% of the respondents have no idea, 40% are in disagreement while 30% respondents are in agreement with that. It is only reasonable that that point be not clear for matters that concern the management are sensitive hence 30% of the respondents do not know. The majority are in disagreement that the management are dissatisfied with current management model and want to change it. Change is indeed a need for the other employees who are subjects of autonomy than those at the top level. The conclusion that the management is satisfied with the current management model infers that the organization is unready to undertake such a huge project as Beyond Budgeting for nothing succeeds without the support of the management. In relation to the question; "our leaders do NOT want to change our command and control model as it supports the organizations strategy, and the interests of the managers and the organization is successful", 60% of the respondents somewhat disagree, 25% somewhat agree and the other 15% do not know. The key aspect of this question is the reason why the management do not want to change the model; from the weight of evidence gathered already, the model does not support the organization's strategy and the organization is not successful hence this cannot be the reason why they would not want to change it.

It can be reasonably argued however that the management may not want to change the model for it protects the management's interests or because of some other unstated factors such as the idea that it is a state owned organization so for it to implement drastic changes authorization must be granted. The management may not want to go through the hustle of obtaining the authorization from the authorizing board, that is, the Ministry of Transport and Infrastructural Development.

Table 10: Leader's Readiness to Change

Our Leaders are dissatisfied with our current management model and want to change it urgently					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	40.0	40.0	40.0
	Agree	2	10.0	10.0	50.0
	Strongly Agree	4	20.0	20.0	70.0
	Don't Know	6	30.0	30.0	100.0
	Total	20	100.0	100.0	

Our Leaders do not want to change our command and control model as it supports our strategy and the interests of the managers and we are successful.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	10.0	10.0	10.0
	Disagree	10	50.0	50.0	60.0
	Agree	3	15.0	15.0	75.0
	Strongly Agree	2	10.0	10.0	85.0
	Don't Know	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

In addition, in relation to whether the XYZ are capable of enrolling the organization around an inspiring vision for change, an aggregate of 45% of the respondents agree, 45% disagree and 10% do not know. From this point onwards the readiness of XYZ to change becomes objective because there is a balance in those who believe in the management's capability to implement such a project with those who deny as shown in Table 11. The next question helps in the construction of an argument. In light of the question relating to whether the organization has the skills and experience to manage a complex change project successfully, the majority of the respondents, 80% agree that the XYZ can do that, while 20% agree that the organization does not have the skill and expertise to manage a complex project successfully as illustrated by Table 11.

Table 11: Skills and Expertise

Our Leaders are NOT capable of enrolling the organization around an inspiring vision for change					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	5.0	5.0	5.0
	Disagree	8	40.0	40.0	45.0
	Agree	7	35.0	35.0	80.0
	Strongly Agree	2	10.0	10.0	90.0
	Don't Know	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

The organization does not have the skills and expertise to manage a complex change project successfully					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	15.0	15.0	15.0
	Disagree	13	65.0	65.0	80.0
	Agree	2	10.0	10.0	90.0
	Strongly Agree	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

When shifting the shaft deeper to Table 12, the findings concerning whether the time is right to commit resources to a major project to transform the management model at XYZ, 50% of the respondents somewhat agree that it is the right time to undertake a major complex change project while 40% of the respondents somewhat disagree and other 10% does not know. This is suggestive of the readiness to commit to a project of change. Lastly, on this section is an analysis of whether the middle managers will strongly resist giving power to lower levels in the organization where 50% of the respondents somewhat agree to that and 35% will disagree to that while 15% of the respondents have no idea. This shows that when devolving the management power this could be a point of hindrance. XYZ can not undertake any change project without the support from the management's side and hence it can be concluded with safety the XYZ currently is not ready to commit to any huge change.

Table 12: Resources and Management's Resistance

The time is not right to commit resources to a major change project to transform our management model

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	5.0	5.0	5.0
	Disagree	9	45.0	45.0	50.0
	Agree	6	30.0	30.0	80.0
	Strongly Agree	2	10.0	10.0	90.0
	Don't Know	2	10.0	10.0	100.0
	Total	20	100.0	100.0	

Our middle managers will strongly resist giving the power to lower levels in the organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	5.0	5.0	5.0
	Disagree	6	30.0	30.0	35.0
	Agree	7	35.0	35.0	70.0
	Strongly Agree	3	15.0	15.0	85.0
	Don't Know	3	15.0	15.0	100.0
	Total	20	100.0	100.0	

Therefore, in consideration of whether XYZ is ready for change it is crucial to take into account the urgency, capability, commitment, project management, capacity and resistance from the management. From the weight of evidence gathered XYZ is not ready for change, for in the

questions asked, three questions out of five have most respondents suggesting that XYZ is incapable of implementing a complex change project at the present moment.

CONCLUSION

Since the introduction of the multicurrency, XYZ has not been able to adhere to the annual budgets. The organization has been experiencing a lot of challenges such as the failure to manage the funds well, a commitment of up to 50% of the management's time in budgeting, failure to respond to this fast changing environment, delayed responses to urgent operational needs, vertical command and control structure, departmental individualism just to name a few.

The objective of this research was to assess the applicability of Beyond Budgeting on parastatals or state-owned enterprises. The study therefore significantly examined the flaws in the budgets at XYZ, evaluated the possibility of totally eradicating the traditional budget without disturbing the progress of the operations, to assess the readiness of XYZ to manage a complex change project at the present moment.

The budgeting process takes too long, cost too much and provide little value. The budgeting process at XYZ takes five to six months before it can be authorized by the Ministry of Transport and Infrastructural Development. Though the cost of the whole budgeting process was not revealed, it can be reasonably judged that if it takes that long to create a budget that cannot come at zero cost. The organization is also facing a challenge that budgets are quickly outdated and that the organization is inflexible in the use of funds, and never can it undertake a huge project without the approval of the of the Ministry hence the organization can never take advantage of the opportunity cost. Furthermore; this research also found there is departmental individualism existent at XYZ, at both information sharing and at the budgeting planning stage.

The management model at XYZ is a strong command and control model and decision making is centralized. Leaders create and widely communicate a framework of clear goals, values and boundaries to which everyone subscribe. This clearly defined framework comes with a package of defined rules and all internal controls governing the employee. XYZ is predominantly organized into functional departments which work as teams and are managed through a centralized hierarchy. The degree of freedom is highly restricted, they follow established guidelines and when there need to alter, the permission to do so have to be sought and when the permission is granted, the deviation is under close supervision. Information is made available only to those who are accountable for results. The current management practice is very poor, performance is reported hierarchically as variances against plans agreed in advance and corrective action initiated as necessary.

In this study, the data collected also show that there is no fair sharing of the rewards; instead there is individual remuneration that is heavily based on the evaluation of performance against fixed targets agreed in advance. A striking contrast however is seen however that though the evaluation is based on performance against fixed target the weight of evidence gathered show that the dysfunctional behavior at XYZ is a rare component in the organization since the accountability is to the Ministry of Transport and Infrastructural Development.

The data gathered also show XYZ uses multiple information systems which causes a bottleneck in the achievement of the budgeting objectives. The multiple systems and spreadsheets used in the organization makes it complicated to consolidate all the information timely to keep proper books of accounts hence the books are closed late and it takes too long to make the information available to the managers. What causes even greater bottleneck is the fact that the frontline people are allowed just to input the data but are restricted in using the systems themselves for managing their own operation. The systems are operated largely by IT and Finance professional rather than users.

The data shows that the management is satisfied with the current management model and is in a strong position to resist the idea of having to devolve their powers to the lower level is the organization. If the management is not in support of a particular project, it is close to impossible for it to be implemented successfully. Concerning the project management, the management of XYZ is capable of enrolling the organization around an inspiring vision for change because the organization is in possession of both skill and experience needed to manage a complex change project successfully. Furthermore, results from the data that were gathered show that the organization has the capacity and time to commit resources to a major change project to transform the management model.

The points that were highlighted as being the benchmark for assessing the readiness of XYZ to undertake a complex change project present contradicting suggestions but from the weight of evidence gathered, XYZ is unready to undertake a complex change project.

The conclusion that XYZ is unready to undertake, manage and successfully complete a complex change project at the present moment is indicative that an attempt to undertake such a project would undoubtedly impair the smooth progress of the business operations. Beyond Budgeting is a huge project that would de-construct the current organizational culture as a whole and seek to reconstruct a new one. That being the case, if any organization is to undertake such a project it should with certainty be meeting all these points, that is, capability, good project management skills, capacity, and full support from the management.

Furthermore, for XYZ to undertake such a complex change project it should have unified information that uses common data and definitions for multiple purposes. An attempt by XYZ to

try and implement a complex change project without having a unified information system would disrupt the smooth progress of the operations of the business. Therefore, at the present moment it is impossible that XYZ can undertake a complex change project without interrupting business operations.

RECOMMENDATIONS

In light of the conclusions drawn by the study, XYZ should not attempt to eliminate budgeting from the planning system of the organization but borrow some of the principles of Beyond Budgeting that eliminate some of the problems that are currently haunting the organizations. The following strategies can be implemented by XYZ to be able to counter the current problem inherent in the organization.

Establish urgency, vision, strategy and case for change – the organization should strive to move toward a devolved leadership model. The executive management should Endeavour obtain a holistic approach to own the change so as to be able to present a well articulated new model for change and generate urgency for the need of change to the adopters.

Since XYZ is currently budgeting based on historical cost, it should choose a new model from the alternative budgetary systems, for an example Zero-Based Budgeting or Activity based Budgeting could be selected as the new budgeting model to be implemented. The chosen budgeting model must fit the organization's chosen strategy and specific circumstances, therefore due diligence and care should be taken in the choice of an alternative budgetary scheme.

Communicating and empowering people – the introduction of a change in the organizational culture is a course the needs extensive communication and participation. Therefore, the organization may start off with a unified information system, which system should be in possession of each and every employee. All should be trained and allowed to access, own and manage such an information system so as to be able to communicate well. From that stage onwards, the vision of the new model should be widely and repeatedly communicated at every level of the organization to enroll people into the change process, empower them for broad based action, and remove all barriers to change.

The implementation should be a process not a once off activity – the implementation of a new model is not a standard package, it follows particular principles and XYZ should ensure that all those principles are followed. It is difficult and maybe impossible to get it right the first time when moving from one model to the other therefore, during the implementation process there should be continual improvements than attempting delayed perfection.

Keep deepening the model- building the new capabilities in people and creating lasting change in culture takes a long time and requires consistent leadership. The process of evolving and deepening the model should continue, not just for a few months or even years but endlessly. By making daily improvements, competitive advantage will increase as people build their capabilities, and assume greater responsibility.

POSSIBILITIES FOR FURTHER STUDY

This study agrees with other researchers who found that there is an increasing dissatisfaction with Traditional Budgeting in this dynamic business age. The possibilities for further research in the direction of Beyond Budgeting would be to analyze the organizations' receptiveness to management accounting innovations like Beyond Budgeting or to study Beyond Budgeting versus culture so as to know the supportive and non-supporting cultural conditions for Beyond Budgeting.

While the central argument of this study is that there is need for change in the management and structure of the organizations necessitated by a paradigm shift in the business world, and in depth study may be made to fully explore and understand various alternative Budgeting methods that can eliminate weaknesses in the budgets like Rolling Forecasts, Activity Based Budgeting and many others.

REFERENCES

Becker, S., Messner, M., Schäffer, U. (2010). The Evolution of a Management Accounting Idea: The Case of Beyond Budgeting.

Bogsnes, Bjarte. (2009). Implementing Beyond Budgeting: Unlocking the Performance Potential, 1st edition, New Jersey: John Wiley & Sons Inc.

CIMA, (2007). Beyond Budgeting Topic Gateway Series No. 35.

Dawson, C. (2002). Practical Research Methods, New Delhi, UBS Publishers' Distributors.

Drury, C., (2008). Management and Cost Accounting, 7th Edition. Andover: Cengage Learning.

Garry, L. (2012). Extending Agile Systems Development: An Application of the Beyond Budgeting Model

Hansen, S., Otley, D. and Van Der Stede, W. (2003). 'Practice Developments in Budgeting: An Overview and Research Perspective', Journal of Management Accounting Research, 15, 95-116.

Hansen, Stephen C., (2001). "A Theoretical Analysis of the Impact of Adopting Rolling Budgets, Activity-Based Budgeting and Beyond Budgeting". European Accounting Review, 20(2), 289-319.

Hope, J. and Fraser, R., (1999). 'Beyond budgeting white paper, beyond budgeting round table'. (Fraser Hope Associates, CAM-I Consortium for Advanced Manufacturing, International,).

Hope, J., and Fraser, R., (1997). Beyond budgeting...breaking through the barrier to 'the third wave'. Management Accounting, 75(11), 20-23.

Hope, J., and Fraser, R., (2001). Beyond Budgeting Questions & Answers. CAM-I.

Hope, J., and Fraser, R., (2003). Beyond Budgeting – How Managers Can Break Free from the Annual Performance Trap, Boston: Harvard Business School Press.

Hope, J., and Fraser, R., (2003). New ways of setting rewards: the Beyond Budgeting model. Californian Management Review, 45(4), 104-119.

Hope, J., and Fraser, R., (2003). Who needs budgets? Harvard Business Review. 81(5), 125-126.

Horngren, C.T., Foster, G., Datar, S., M., (2000). Cost Accounting. 10th Edition, Prentice Hall Upper Saddle River.

Jargen H., Daum, (2002). Beyond Budgeting: A Model Performance Management and Controlling in the 21st Century?

Libby, Theresa, Lindsay, R. Murray, (2010). "Beyond budgeting or budgeting reconsidered? A survey of North-American budgeting practice". Management Accounting Research. 21(1), 56-75.

Merchant, Kenneth A., (1985). "Budgeting and the propensity to create budgetary slack". Accounting, Organizations and Society, 10(2), 201-210.

Michael C. Jensen (2003) Professional Forum Paying People to lie: the truth about the Budgeting Process.

Myers, Michael D., (2009) Qualitative Research in Business & Management, 1st edition, London: SAGE Publications Ltd.

Neely, Andy, Bourne, Mike, Adams, Chris (2003) "Better budgeting or beyond budgeting?" Measuring Business Excellence, (7)3, 22-28.

Railroader, (2014) National Railways of Zimbabwe Newspaper.

Ralph Holtkamp (2014) Should we go beyond budgeting? A research into optimizing the budgetary process

Rickards, R.C., (2006) 'Beyond budgeting: boon or boondoggle?', Investment Management and Financial Innovations, 3(2), 62-76.

Rickards, R.C., (2008) An endless debate: the sense and nonsense of budgeting; International Journal of Productivity and Performance Management, 57(7); pp. 569-592.

Robert, Simons, (1995) "Control in an Age of Empowerment," Harvard Business Review.

Sivabalan, Probe, Boothe, Peter, Malmi, Teemu, Brown, David A., (2009) "An exploratory study of operational reasons to budget". Accounting and Finance, 49(4), pp. 849-871.

Steve, Player (2003) Why Some Organizations Go "Beyond Budgeting".

Wallander, J., (1999) Budgeting – an unnecessary evil; Scandinavian Journal of Management, 15, 405-421.

Yin, R.K., (2003); Case Study Research: Design and Methods, 3rd Edition.Applied Social Research Methods Series, vol. 5; Sage Publications.