

THE 'BEYOND BUDGETING DEBATE': EVIDENCE FROM SELECTED HIGH SCHOOLS IN CHIMANIMANI, ZIMBABWE

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Abstract

This study examines traditional budgeting systems in sampled high schools in Chimanimani, Zimbabwe and the concept of Beyond Budgeting. We determine whether dissatisfaction with budgets is highly pronounced among employees (agents) and representatives of the owner (principals). Secondly we determine whether there are significant differences in the level of satisfaction with the budget setting process between the agents and the principals, and thirdly we investigate if there are any significant differences in the perception of both principals and agents on the role of the budget and its value. The research was descriptive and data was collected using a structured questionnaire. The target population was 216 while the sample population was 64. Quantitative data was analysed using STATA and applied a non-parametric test the Kruskal-Wallis one-way analysis of variance. The findings are that (1) overall there is dissatisfaction with current budgets setting process, (2) at 5% level of significance, there is a

significant difference in the level of satisfaction between agents and principals. (3) there are also no significant differences on perceptions on value and role of budgets between agents and principals. The paper recommends prioritising budget reform, increasing institutional work on beyond budgeting in Africa.

Key words: Beyond Budgeting; Public Sector; Dissatisfaction; Budgets Criticisms

INTRODUCTION

The study set out to examine the factors influencing the diffusion of the beyond budgeting model in eight High Schools in Zimbabwe's Chimanimani District. The economy of Zimbabwe has been consistently turbulent over the past few decades. Inconsistent socioeconomic policies impacted business negatively making planning considerably difficult. The education sector has become highly competitive with schools competing for high quality students to enable them to obtain higher performance ranking. Against this highly unstable economic environment, the use of traditional management accounting systems becomes an issue of concern. In this regard new innovative tools, and models become the epitome of hope as the schools respond to the needs of the competitive environment. Beyond Budgeting is one such a model that has been proposed. It is a leadership philosophy (Pflaeging, 2006) conceptualised by (Hope & Fraser, 2003) who formed the Beyond Budgeting Round Table (BBRT) together with CAM-I a US-based research and development organisation in 1998 (Becker, Messner, & Schaffer, 2010). The model was intended to address the dysfunctional consequences of traditional budgeting systems that were noted many years ago and are still echoed by several practitioners today. Beyond Budgeting is based on twelve principles that involve the design of the organisation and the delegation of power and responsibility to people who are closer to the customer.

The "Budget" debate has attracted massive research over the years especially since the emergence of the beyond budgeting movement (Libby & Lindsay, 2010; Dugdale & Lyne, 2004; Segun & Olamide, 2011). The debate has literally divided researchers into two major camps: Those who believe the budget is here to stay but maybe in improved versions (Segun & Olamide, 2011; Dugdale & Lyne, 2004) and those who are advocating for the abandonment of the budget in its entirety (Fraser, 2005; Hope & Fraser, 2003; Bogsnes, 2012). (Segun & Olamide, 2011) Studied companies in Nigeria to establish the extent to which they operate a budget and found out that most of them prepared budgets annually. The same survey (Segun & Olamide, 2011) established that budgeting is considered a useful tool in planning, control, decision making, coordinating and communicating. The findings also revealed that managers

still appreciate budgets and they are not dissatisfied with it. The findings by (Segun & Olamide, 2011) are also echoed by (Dugdale & Lyne, 2004) through their findings in a survey of non-financial managers in 40 UK companies. Other important contributions came from (Libby & Lindsay, 2010) who studied samples of Canadian and US firms. Interestingly the reasons cited by 46% of Canadian respondents who said that they wanted to change or adapt their budgeting systems are consistent with budget criticisms raised by several researchers (Sandalgaard & Bukh, 2013; Hope & Fraser, 2003; Daum, 2001; Otley & Van der Stede, 2003).

Improving the current budgeting system is what some companies are doing. But this is what BB movement is saying it will not work. According to (Hope & Fraser, 2003) the budget is the greatest single obstacle to change and attempts to implement a culture of enterprise and learning often fail because management behaviour is often snapped back into its old shape by the invisible power of the budgeting system. Others (Kaplan & Norton, 2001; Hope & Fraser, 2003) have claimed that the value of budgeting has diminished and continues to add less value than expected. These observations are echoed by (Parmenter, 2007; Ekholm & Wallin, 2000; Fraser, 2005) who reported widespread dissatisfaction with budgets. In a 1998 survey of CFOs in Europe, 88% of respondents said that they were dissatisfied with their budget process while 60% alluded to the fact that there was often no link between the budget and strategy (Banham, 1999). The beyond budgeting movement make a case by reporting companies from various industries and various parts of the world that have successfully or are in the process of implementing the model. These companies include Svenska Handelsbanken (Banking, Sweden), Leyland Trucks (Truck Manufacturing, UK), Borealis (Petrochemicals), Telecom Malaysia (Tele Communication, Malaysia), Unilever (Consumer Products), Aldi (Germany, Retail), Google, South-West Airlines, and Toyota (Manufacturing) (Hope & Fraser, 2003; Fraser 2005 Bogsnes, 2012). Another shared success story is that of Statoil a large multinational Norwegian Oil and Gas company with turnover and market cap estimated at USD70 billion and an employee base of 31000 in 40 countries around the world. It is argued that Statoil is the world's largest offshore operator, Europe's second largest Gas supplier and the world's third largest crude oil seller (Bogsnes, 2012). According to (Bogsnes, 2012) Statoil has enjoyed a consistent growth rate since 2001 averaging 4%.

Statement of the Problem

Given all the professed dissatisfaction among users and criticisms from practitioners on the use of traditional budgets we would expect that Beyond Budgeting becomes an immediate solution to address the "budget problem" hence should diffuse in similar pattern to previous innovations such as Balanced Scorecard and Activity Based Costing and become a successful

management accounting innovation. Its proponents have promised huge benefits. Although the model has attracted attention among practitioners and is referred to in most contemporary textbooks, there is no evidence that the the sampled high schools have embedded some or all the principles of the model. This is consistent with (Bjornenak & Christian, 2007)'s finding that the model has not had an important impact in practice because it is too complex, not compatible with existing norms, culture and current practices, has low relative advantage and is less observable. This paper investigates whether there is indeed dissatisfaction with budgets among various interest groups in the high schools sampled. In addition we also investigated whether dissatisfaction levels vary among various interest groups we classified by position held (ph) and whether one is agent or principal. To answer these we set the following hypotheses:

Hypothesis 1

- H_0 : There is no significant difference in the satisfaction level with the budget setting process among people holding different positions.
- H_1 : There is a significant difference in the satisfaction level with the budget setting process among people holding different positions.

Hypothesis 2

- H_0 : There is no significant difference in the satisfaction level with the budget setting process between agents and principals.
- H_1 : There is a significant difference in the satisfaction level with the budget setting process between agents and principals.

Hypothesis 3

- H_0 : There is no significant relationship on level of satisfaction with current budget setting process whether one is an agent or principal.
- H_1 : There is a significant relationship on level of satisfaction with current budget setting process whether one is an agent or principal.

Hypothesis 4

- H_0 : There is no significant difference on the perceptions on the importance, role and value of budget among people holding different positions.
- H_1 : There is a significant difference on the perceptions on the importance, role and value of budget among people holding different positions.

Hypothesis 5

- H_0 : There is no significant difference on the perceptions on the importance, role and value of budget between agents and principals.
- H_1 : There is a significant difference on the perceptions on the importance, role and value of budget between agents and principals.

Hypothesis 6

H_0 : There is no significant relationship on the perception that the budget is not the single most important controlling instrument at the organisation between the agents and the principals.

H_1 : There is a significant relationship on the perception that the budget is not the single most important controlling instrument at the organisation between the agents and the principals.

We also make inferences on whether the dissatisfaction level is a justification for total abandonment of the budget process. The paper also investigates the perception of both agents and principals on the value and role of budgets and deduce whether those perceptions play an important role in the diffusion of beyond budgeting.

LITERATURE REVIEW

The Conceptual Framework

Traditional Budgeting Systems (TBS)

The use of budgets emerged in the earliest of times but went through formalisation between 1895 and 1920 with the support of industrial engineers and cost accountants (King, 2010; Daum, 2001; Ralph, 2015). In the late 1800's management in the United States (US) used the budget as a tool to control the municipal income and expenses and later in 1921 the first (US) National Budget was created and transmitted to congress (Ralph, 2015). The private sector immediately adopted budgeting to help Financial Managers manage costs and cash flows in such large organisations as DuPont, General Motors, ICI and Siemens which pioneered the traditional "multidivisional M-form model"(i.e. the industrial age) which is still dominant in most businesses today (Becker, Messner, & Schaffer, 2010). (Daum, 2001), argues that the main thrust of the traditional budgeting model was control. As organisations expanded to become transnational and multinational management needed control systems that would ensure that the agent (lower level management), is acting in accordance to the principal (top management)'s interest and to decrease the risk of moral hazard (Ostergren & Stensaker, 2010). Budgets were adopted quickly that any large sized corporations that did not have formal annual budgets were classified as poorly managed as from the 1950s onwards (Camillus & Grant, 1980).

The Budget Defined

The budget is referred to by (Campbell, 1985) as, "a quantitative analysis prior to a defined period of time, of a policy to be pursued for that period to attain a given objective. Others

(Hogren, Foster, & Datar, 2000) define the budget as “a quantitative expression of a proposed plan of action by management for a future time period and is an aid to the co-ordination and implementation of the plan”. (Shim & Siegel, 2009), view the budget as, “[...] a tool providing targets and direction [...] a financial plan to control future operations and results” which when used effectively is a technique that results in systematic, productive management.

Public Sector Budgeting (PSB)

Public sector budgets have evolved over the years in response to the shortcomings of the budget process and challenging economic conditions of the 1970s that made the budget process reform a political priority in light of the sustained pressure. Performance Budgeting was developed in the 1970s in the US, Resource Accounting and Budgeting incorporating accruals accounting in 1995-UK (McCarthy & Lane, 2009) in an attempt to improve efficiency and effectiveness. Other alternative concepts to traditional budgeting include most notable Beyond, Better and Advanced Budgeting. According to (Rickards, 2006) the key differences among these alternatives pertains to how radically they propose to change a firm’s planning and controlling systems. Traditionally the incremental approach to budgeting has been used in the public sector where the previous year’s budget with its amendments is used as the base with relatively small adjustments to this base (McCarthy & Lane, 2009). Performance Budgeting led to the introduction of New Public Management. This model attempted to shift the focus from process accountability to accountability for results and placed greater emphasis on improved financial reporting, monitoring and accountability. Some of the concepts that made up New Public Management were Planned Programming Budgeting Systems, Management by Objectives and Zero Based Budgeting. Following was the introduction of Accruals Accounting with researcher Paulson cited in (McCarthy & Lane, 2009) suggesting that accruals output based accounting (AOBA) was the next logical step.

The Purpose of a Budget

The purpose for budgets in both the Private and Public sectors is generally the same (Raghunandan-Muhammed, Ramgulam, & Raghunandan, 2012; McCarthy & Lane, 2009). Budgets help to plan, control, organise, communicate and motivate. However the main difference is that a public sector budget is an instrument of government control and is not designed with a focus on profitability (Raghunandan-Muhammed, Ramgulam, & Raghunandan, 2012). Moreover the public sector budget has traditionally played an even more important role of helping reinforcing accountability issues to the electorate for the stewardship of public funds for those holding public office. According to Wildavsky cited in (McCarthy & Lane, 2009) a public

sector budget essentially records the outcome of the struggle between politicians as to whose views will ultimately prevail in the determination of policy. This suggestion is echoed by (Raghunandan-Muhammed, Ramgulam, & Raghunandan, 2012). They suggested that a public sector budget is a political tool that is used to motivate support for governmental objectives. Further they state that a major factor in its design is to mobilise public support for the existing political regime which raises questions on its validity as an instrument of control, planning and decision making.

Criticisms of TBS

TBS have been found wanting in many aspects that shape the successful modern firm and have faced growing criticism from researchers (Neely, Bourne, & Adams, 2003; Goode & Malik, 2011; Hope & Fraser, 2003). Dissatisfaction with budgets has been noted in both the public and private sector (Parmenter, 2007; Rickards, 2006). The most comprehensive list of criticism conceptualised by Neely et al as cited in (Otley & Van der Stede, 2003) are as follows:

1. Budgets are time consuming to put together;
2. Budgets constrain responsiveness and are often a barrier to change;
3. Budgets are rarely strategically focused and often contradictory;
4. Budgets add little value, especially given the time required to prepare them;
5. Budgets concentrate on cost reduction and not value creation;
6. Budgets strengthen vertical command-and-control;
7. Budgets do not reflect the emerging network structures that organisations are adopting;
8. Budgets encourage gaming and perverse behaviour;
9. Budgets are developed and developed too infrequently, usually annually;
10. Budgets are based on unsupported assumptions and guess work;
11. Budgets reinforce departmental barriers rather than encourage knowledge sharing; and
12. Budgets make people feel undervalued.

Beyond Budgeting-The Ideal Alternative

Beyond budgeting is defined by (Pflaeging, 2006) as a leadership philosophy that is based on a series of alternative processes. The beyond budgeting model is made up of 12 principles (Bogsnes, 2012; Becker, Messner, & Schaffer, 2010; Daum, 2001). Organisations must implement all the 12 principles in order to be regarded as a successful beyond budgeting organisation and anything short of the twelve is not a beyond budgeting Fraser & Pflaeging as cited in (Becker, Messner, & Schaffer, 2010). The set of the first 6 principles are primarily concerned with the performance management at an organisation. They involve the design of the

organisation and the delegation of power and responsibility to people who are closer to the customer. The other 6 principles (principles 7-12) are concerned with the process of performance management.

The Principles of BB

Figure 1. Beyond Budgeting Principles

Change in Leadership	Change in Process
1. Values- Govern through a few clear values, goals and boundaries, not detailed rules and budgets	7. Goals-Set relative goals for continuous improvement, Don't negotiate fixed performance contracts
2. Performance- Create a high performance climate based on relative success, not on meeting fixed targets	8. Rewards- Reward shared success based on relative performance, not meeting fixed targets
3. Transparency- Promote open information for self management, don't restrict it hierarchically	9. Planning- Make planning a continuous and inclusive process, not a top-down annual even
4. Organisation- Organise as a network of lean, accountable teams, not around centralised functions	10. Coordination-coordinate interactions dynamically, not through annual planning cycles
5. Autonomy- Give teams the freedom and capability to act, don't micro manage them	11. Resources- Make resources available as needed, not through annual budget allocations
6. Customers-Focus everyone on improving customer outcomes, not on hierarchical relationships	12. Controls- Base controls on relative indicators and trends, not on variances against plan

Benefits of BB

Beyond Budgeting transforms company hierarchies into networks of units with high degree of local autonomy. On the other hand the model gives way to more adaptive management processes that prioritise serving customers better and overrides issues of hierarchy and internal power politics, and rigid management processes that create fixed performance contracts (such as Budgets).

The model promises huge benefits as suggested by (Player, 2003), those benefits include:

- Millions of dollars saved from not having to go through the budgeting process;
- Eradication of much of the “gaming” that occurs in companies that budge (there is little point in gaming if there is no fixed target to meet);
- Faster response time that results from using more adaptive processes;
- Better strategic alignment between goals, plans, measures, and behaviour and
- More value adding work from the finance team.

Theoretical Framework

This paper presents the Agency Theory and the Theory 'X' and Theory Y and investigates whether these theories help to explain the "budget problem".

Agency Theory

The agency theory assumes that there exists a contractual relationship between members of a firm. It recognises the existence of two groups of people; principals or superiors and agents or subordinates. The principals will delegate decision making authority to the agents and expect them to perform certain functions in return for a reward. Both the principals and agents are assumed to be rational economic persons motivated solely by self-interest but may differ with respect to preferences, beliefs and information (Jensen & Meckling, 1976). Agents' pursuit of their interest instead of those of the principal is what is called the agency problem (Jensen & Meckling, 1976). To counter this behaviour, the principal may monitor the agents' performance through an accounting information system. The owner can also limit such aberrant behaviour, by incurring auditing, accounting and monitoring costs and by establishing also at cost an appropriate incentive scheme (Jensen & Meckling, 1976). According to (Baiman, 1990) the efficiency loss from the agency problems creates the demand for management accounting procedures and processes within the firm. It therefore can be concluded that procedures and processes such as monitoring systems, variance investigation systems, budgetary systems, cost allocation systems and transfer pricing systems were designed to solve the agency problem.

Theory X and Theory Y (Douglas McGregor)

Douglas McGregor (Raghunandan-Muhammed, Ramgulam, & Raghunandan, 2012) characterised management styles and attitudes into two extremes; Theory X and Theory Y. Theory X saw the worker as being motivated mainly by money and unable to contribute meaningfully to the decision process of the organisation and conversely, a worker motivated by the possibility of promotion or job security is classed as Theory Y. (Bogsnes, 2012) conceptualise the views of Theory X enthusiasts and suggest that their view on people is that: They prefer to be directed, they do not want and have little or no ambition; have an inherent dislike for work and will avoid it whenever possible; they must be coerced, controlled, directed, or threatened with punishment in order to get them to achieve the organisational objectives and that they seek security always. On the other hand Theory Y suggests that: work is as natural as play; people will exercise self-direction if they are committed to the objectives because they are not lazy; creativity, ingenuity, and imagination are widely distributed among the population;

People are capable of using these abilities to solve an organisational problem; People learn to accept and seek responsibility and that people have potential. Further (Bogsnes, 2012) concludes under Theory X one expects to see rigid, detailed and annualised plans, a centralised command and control structure, rules based micromanagement and an environment full of secrecy, stick and carrots. Conversely under Theory Y one would expect values based management, autonomy, transparency and motivation.

RESEARCH METHODOLOGY

Research Design and Strategy

This research is descriptive and explanatory and is guided by both the deductive and inductive perspective. The study used a survey and secondary data. Secondary data were obtained from publications on beyond budgeting such as books, research papers, articles in particular journals, published case studies, websites, white papers and many others. In addition the author reviewed some other literature not on beyond budgeting per se but necessary to understand the concept itself, its dynamics and evolution. Several researchers (Becker, Messner, & Schaffer, 2010) have used secondary data before arguing that its benefits when triangulated with other techniques will aid data validity and reliability. Furthermore secondary data sources also helped the design of this research and provided the baseline in which primary data was compared.

Target Population

The target population was 216 people from all the secondary schools in Chimanimani District, Manicaland Province, Zimbabwe. The study targeted school headmasters and their deputies, bursar and clerks (the agents), and responsible authority, chairpersons, vice chairpersons and treasurers of the school development committees (The Principals). There are twenty seven secondary schools in the District of chimanimani. Out of the twenty seven, six are boarding schools while the rest are day schools. The schools have different levels of enrollment and in addition they also have different levels of fees income. Boarding schools have relatively higher spending capacity due to their expected higher income levels and corresponding higher activities.

Sampling Design

The researcher adopted purposive sampling which is a non-probabilistic sampling method. The strategy used was homogeneous sampling (Saunders, Lewis, & Thornhill, 2009) which means the selection focused on one particular subgroup in which all sample members were similar thus giving the researcher the opportunity to study the group in depth. The schools are generally

similar in structure and control and are therefore considered representative of schools in their category in Zimbabwe. Other researchers (McCarthy & Lane, 2009) have also adopted a similar approach when they surveyed Irish Local Authorities. The sample size of this study was sixty four (Table 1).

Table 1. Sample Size

Name of School	Boarding (B)/Day (D)	Number of Targeted Participants								
		H	D/H	SDC	SDT	R/A	Bur	Clk	SDV	T
Mutambara High School	B	1	1	1	1	1	1	1	1	8
Lydia Chimonyo Girls High School	B	1	1	1	1	1	1	1	1	8
St Patrick's High School	B	1	1	1	1	1	1	1	1	8
St Charles Ruwanga	B	1	1	1	1	1	1	1	1	8
Nhedziwa High School	D	1	1	1	1	1	1	1	1	8
Biriri High School	B	1	1	1	1	1	1	1	1	8
Nyanyadzi High School	D	1	1	1	1	1	1	1	1	8
Rusitu Mission	B	1	1	1	1	1	1	1	1	8
Totals		8	8	8	8	8	8	8	8	64

H=School Head; D/H=School Deputy H; SDC=Chairperson of School Development Committees (SDC);

R/A=Responsible Authority; Bur=Bursar; Clk=Accounts Clerk and SDV=Vice Chairperson (SDC).

Research Instruments and Data Collection

This particular research applied the questionnaire (Appendix 1) as the only research instrument. The choice of this instruments was based on the fact that the research was descriptive nature though it was generally exploratory (Saunders, Lewis, & Thornhill, 2009). Questionnaires were delivered and collected on the same date as suggested by (Saunders, Lewis, & Thornhill, 2009) to cut the cost of following up.

Data Analysis Approach

Quantitative data collected was then edited, coded and categorised. Analysis of data was done using STATA V13.

ANALYSIS AND DISCUSSION OF FINDINGS

The questionnaire was successfully administered to 50 out of 64 targeted respondents resulting in a success rate of 78.13%. The researcher considered this response rate to be sufficient. The results show that 78% of the respondents were above the age of 35 years confirming that the majority of respondents were mature in terms of age. It was also observed that 80% of the respondents were male while 20% were female. These results reflect the gender imbalance among the respondents. However the results of the study are not influenced by Gender

imbalance because it is known culturally that the working field in Zimbabwe is dominated by males. The results also show that 82% of respondents were qualified with at least an undergraduate degree. On average respondents had 6.89 years of relevant experience, which means that the respondents were information rich. It was also shown from the statistics that the majority of respondents (35) were taken from schools with more than 750 students. This means that the schools from which the sample was taken from had higher levels of activity which facilitate the need for more robust accounting systems. Statistics also revealed that 54% of the surveyed respondents were selected from schools with annual fees income between US\$300 000 and US\$600 000 while 46% came from schools with average annual fees incomes between \$150 000 – \$300 000. When this level of income is combined with the higher levels of enrollment discussed above it shows that these schools were of substance and warranted an investigation.

Section A: Satisfaction or Dissatisfaction with Budget Setting Process?

Satisfaction with Budgets

In this aspect the research sought to establish the level of dissatisfaction with the budget setting process in the selected schools. The results show that 24% of the respondents were very satisfied with their current budget setting process while 20% were satisfied. On the contrary 42% expressed dissatisfaction while a further 8% were very dissatisfied. Cumulatively, 50% of the respondent expressed dissatisfaction with their current budget process while 44% expressed satisfaction. The remaining 6% of the respondents were non-aligned. The aspect of this study seems to confirm that respondents are dissatisfied with the current budget setting process. This is contrary to the findings by (Segun & Olamide, 2011; Dugdale & Lyne, 2004) who argue that managers still appreciate budgets and that they are satisfied with them but agrees with findings by (McCarthy & Lane, 2009) who reported widespread dissatisfaction with budgets in Irish Local Authorities.

To further understand the underlying issues and be able to make some inferences about the data, we observed differences in the level of satisfaction when position held (ph) was considered and sort to establish whether these differences were significant. The following hypothesis was set:

Hypothesis 1

- H_0 : There is no significant difference in the satisfaction level with the budget setting process among people holding different positions.
- H_1 : There is a significant difference in the satisfaction level with the budget setting process among people holding different positions.

We applied the Kruskal Wallis one way analysis of variance test to test hypotheses 1 because after applying Shapiro Wilk test for normality (table 2a) V being 2.705 is outside the range of 1.2 to 2.4 and also after applying shapiro-francia test for normality (table 2b) V being 1.927 is also out of range of 2 and 2.8 therefore we rejected the hypotheses that satisfaction with current budget process (scbp) data is normally distributed. In addition we dealt with data on ordinal scale which was collected from samples taken from independent populations.

Table 2a. Swilk scbp

<i>Shapiro-Wilk W test for normal data</i>					
Variable	Obs	W	V	z	Prob>z
scbp	50	0.94249	2.705	2.122	0.01692

Table 2b. Sfrancia scbp

<i>Shapiro-Francia W" test for normal data</i>					
Variable	Obs	W"	V"	z	Prob>z
scbp	50	0.96302	1.927	1.24	0.10757

Considering chi-squared at 5% level of significance with 7 degrees of freedom the rejection criteria was set as: Reject the null hypotheses if chi-square is greater than 14.0671. The computed chi-square (table 3) was 18.207 which is greater than our critical value therefore we rejected the null hypothesis and concluded that there is a significant difference in the satisfaction level with the budget setting process among people holding different offices.

Table 3. Chi-square Computation

Kruskal-Wallis equality-of-populations rank test	
ph Obs	Rank Sum
1 9	319.50
2 8	205.00
3 7	100.50
4 3	66.50
5 5	84.00
6 8	252.50
7 4	156.50
8 6	90.50
Chi-squared = 18.206 with 7 d.f.	
Probability = 0.0111	
Chi-squared with ties = 20.145 with 7 d.f.	
Probability = 0.0053	

Using the Kruskal Wallis one way analysis of variance we further investigated if the significant differences obtained in hypothesis 1 could be attributed to classification of respondents into agents or principals. The following hypothesis was set:

Hypothesis 2

H_0 : There is no significant difference in the satisfaction level with the budget setting process between agents and principals.

H_1 : There is a significant difference in the satisfaction level with the budget setting process between agents and principals.

Considering chi-squared at 5% level of significance with 7 degrees of freedom the rejection criteria was set at: Reject the null hypotheses if chi-square is greater than 3.8415.

Table 4. Chi-square Computation

kwallis scbp, by (x1)		
Kruskal-Wallis equality-of-populations rank test		
x1	Obs	Rank Sum
0	21	341.5
1	29	933.5

Chi-squared = 14.541 with 1 d.f.
 Probability = 0.0001
 Chi- squared with ties = 16.090 with 1 d.f.
 probability = 0.0001

The computed chi-square was 14.541 (table 4) and is greater than our critical value of 3.8415 therefore we reject the null hypothesis and conclude that there is a significant difference in the satisfaction level with the budget setting process between agents and principals.

We further investigated the nature of the difference by applying a robust regression technique since the Shapiro Wilk and Shapiro Francia tests showed that our data did not follow a normal distribution.

Hypothesis 3

H_0 : There is no significant relationship on level of satisfaction with current budget setting process whether one is an agent or principal.

H_1 : There is a significant relationship on level of satisfaction with current budget setting process whether one is an agent or principal.

There regression of Scbp yields the following equation: $scbp = 2 + 2x_1$ (table 5.) therefore the overall dissatisfaction is being driven by agents with an scbp of 4 while principals show an scbp of 2. Given a t value of 7.36 and p value of 0.000 at 5% confidence level we reject the null hypothesis and conclude that there is a significant relationship on the level of satisfaction with current budget setting process with whether one is an agent or a principal.

Table 5. Regression output

qreg scbp x1					
Iteration 1: WLS sum of weighted deviations = 36.986133					
Iteration 1: sum of abs. weighted deviations = 35					
Iteration 2: sum of abs. weighted deviations = 35					
Iteration 3: sum of abs. weighted deviations = 35					
Median regression		Number of obs = 50			
raw sum of deviations		63 (about 3)			
Min sum of deviations		35 Pseudo R2 = 0.4444			
scbp	Coef.	Std. Err.	t	p> t	[95% Conf. Interval]
x1	2	0.2716255	7.36	0.000	1.45386 2.54614
_cons	2	0.2068638	9.67	0.000	1.584072 2.415928

The differences in satisfaction level with budget setting process could potentially be explained by the Agency Theory and Theory 'X' and 'Y' explained earlier. The Agency Theory suggest that in-order to counter the 'Agency problem' principals monitor agents using accounting information system. In addition(Baiman, 1990) suggests that agency problems creates the demand for management accounting procedures and processes within the firm. Therefore procedures and processes such as monitoring systems, variance investigation systems, budgetary systems, cost allocation systems and transfer pricing systems were designed to solve the agency problem. Further (Bogsnes, 2012) concludes under Theory X one expects to see rigid, detailed and annualised plans, a centralised command and control structure, rules based micromanagement and an environment full of secrecy, stick and carrots.

Section B: Respondents Perception on Budgets

Value of Budgets

The research pursued the views of respondents on the value of budgets to their organisations (fig 2). The results show that 42% strongly agreed that budgets were valuable to their organisations while a further 34% agreed while only 12% disagreed that the budget is valuable to their organisation. The cumulative percentage of respondents who agreed that the budget was valuable to their organisation stood at 76%. The remaining 12% of the respondents were not sure about the value of budgets in their organisations. This aspect of the study seemed to confirm that the current budget setting process is valuable to schools contrary to (Otley & Van der Stede, 2003; Bogsnes, 2012; Hope & Fraser, 2003) that budgets add little value to organisations.

Flexibility of Budgets

The results obtained (fig 2) showed that 8% of the respondents strongly agreed that the budget was flexible to respond to changing circumstances. Those who disagreed and strongly disagreed were 56% and 26% respectively. The cumulative percentages show that a total of a massive 82% suggested that budgets were inflexible to changing circumstances. These findings are in agreement with the assertion by (Bogsnes, 2012; Hope & Fraser, 2003) that the budget is inflexible to respond to changing circumstances. .

Time to Complete the Budget

The average time taken to complete was computed to be an average of 2.3 weeks. While there is no data directly linked to high schools, we consider the findings by (Libby & Lindsay, 2010) who found out that time spent on budgeting in the average sampled North-American Firm is considerably less than what critics suggest and does not appear excessive. Our findings are in contrary to suggestions by (Otley & Van der Stede, 2003; Hope & Fraser, 2003; Bogsnes, 2012) that the budgeting process is time consuming. Generally the aspect of this research seems to confirm that the budget setting process does not take too long to complete.

Unsupported Assumptions and Guess Work

The research tested the assertions by (Otley & Van der Stede, 2003) that the budget was based on unsupported assumptions and guess work, a view also shared by (Hope & Fraser, 2003). The results (fig 2) show that 36% strongly agreed to that assertion while another 42% agreed. There were 8% who disagreed and a further 14% who were not sure. Aggregating the results shows that 78% believe that budgets are surely based on unsupported assumptions and guess

work. These findings are consistent with the findings by (Otley & Van der Stede, 2003) that budgets are based on unsupported assumptions and guess work.

Budget is Not The Most Important Controlling Instrument

The results (fig 2) on this aspect of the research showed that 36% respondents strongly agreed that the budget was not the most important controlling instrument at their organisations while 46% agreed. There were 10% who remained neutral while the remaining 8% disagreed. Combining the percentages shows that a total of 82% assert that indeed the budget is not the most important controlling instrument.

Public Sector Reform

Respondents were asked to respond to question on whether public sector budget reform was a political priority in light of the worsening economic conditions and growing public deficits in Zimbabwe. An astonishing 44% agreed and 42% strongly agreed that reforming the public sector budget was indeed a political priority (fig 2). Only 10% of the respondents disagreed. This confirms the suggestions by (McCarthy & Lane, 2009) that public sector reform became a political priority during the time of the worsening economic conditions and growing public deficits the conditions currently prevalent in Zimbabwe.

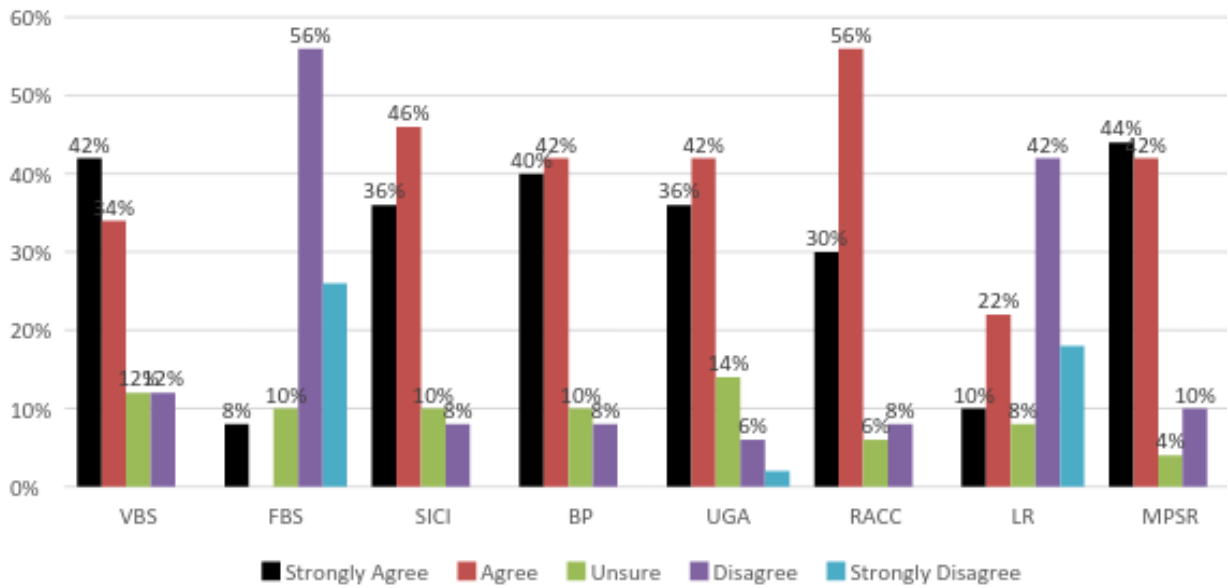
Reinforcing Accountability

The research findings on this aspect (fig 2) show that 30% strongly agreed and 56% agreed that the budget help in reinforcing accountability. Only 8% disagreed while a further 6% were not sure. The combined results show that 86% support the view that a public sector budget helps reinforce accountability. These findings are similar to the suggestion by (Raghunandan-Muhammed, Ramgulam, & Raghunandan, 2012)who argues that the public sector budget has traditionally played an even more important role of helping reinforcing accountability issues to the electorate for the stewardship of public funds for those holding public office.

The Budget is Just a Legal Requirement

Respondents' answers (fig 4.1.), show that 10% strongly agreed that the budget is just a legal requirement. A further 22% agreed. On the other hand 42% disagreed while a further 18% strongly disagreed. Effectively a combined 60% rejected the assertion that the budget is just a legal requirement.

Figure 2. Perceptions of Budgets Considered



We further computed the Kruskal Wallis one way analysis of variance to establish if there are any significant differences in perceptions on the value, role and importance of budgeting when position held is considered using hypothesis 4.

Hypothesis 4

H_0 : There is no significant difference on the perceptions on the importance, role and value of budget among people holding different positions.

H_1 : There is a significant difference on the perceptions on the importance, role and value of budget among people holding different positions.

The Kruskal Wallis one way analysis of variance was applied. We considered a 5% level of significance. At 7 degrees of freedom the critical value is 14.0671 (Table 6).

Table 6. Kwallis Analysis of Variance on dependent variables against ph

Variable	Chi-Square	df	p	Chi-Square W/Ties	df	p	Critical value
vbs	2.775	7	0.905	0.905	7	0.8716	14.0671
fbc	10.093	7	0.1834	0.1834	7	0.845	14.0671
sici	11.109	7	0.1339	0.1339	7	0.0722	14.0671
bp	3.897	7	0.7916	0.7916	7	0.7174	14.0671
uga	9.54	7	0.2162	0.2162	7	0.1438	14.0671
racc	1.618	7	0.9779	0.9779	7	0.9581	14.0671
mspr	5.609	7	0.586	0.586	7	0.4632	14.0671
lr	7.238	7	0.4045	0.4045	7	0.3353	14.0671

The computed chi-square values for all the eight factors are less than the critical value of 14.0671. Therefore there is no sufficient evidence to reject H_0 hence we conclude that there is no significant difference on the perceptions on the importance, role, and value of budgets.

A further investigation was carried out to test whether there were significant differences in perception on the value, importance and role of the budget between agents and principals. We set hypothesis 5 to address this question.

Hypothesis 5

H_0 : There is no significant difference on the perceptions on the importance, role and value of budget between agents and principals.

H_1 : There is a significant difference on the perceptions on the importance, role and value of budget between agents and principals.

The Kruskal Wallis one way analysis of variance was applied. We considered a 5% level of significance. At 1 degree of freedom the critical value is 3.8415 (Table 7).

Table 7. Kwallis Analysis of Variance on dependent variables against x1

Variable	Chi-Square	df	p	Chi-Square W/Ties	df	p	Critical value
vbs	0.065	1	0.7983	0.074	1	0.7857	3.8415
fbc	0.007	1	0.7681	0.108	1	0.7425	3.8415
sici	6.134	1	0.0133	7.175	1	0.0074	3.8415
bp	0	1	0.992	0	1	0.9914	3.8415
uga	1.277	1	0.2584	1.457	1	0.2274	3.8415
racc	0.487	1	0.4853	0.611	1	0.4344	3.8415
mspr	2.694	1	1.1007	3.207	1	0.0733	3.8415
lr	2.173	1	0.1404	2.393	1	0.1219	3.8415

The computed chi-square values for seven of the eight factors are less than the critical value of 3.8415. Therefore there is no sufficient evidence to reject H_0 except for sici with a computed value of 6.134 hence we conclude that there is no significant difference on the perceptions on the importance, role, and value of budgets between agents and principals on all other factors except for sici.

Hypothesis 6 was set to test if there was a relationship driven by whether one is an agent or a principal on the question perception on whether the budget is not the single most important controlling instrument.

Hypothesis 6

H_0 : There is no significant relationship on the perception that the budget is not the single most important controlling instrument at the organisation between the agents and the principals.

H_1 : There is a significant relationship on the perception that the budget is not the single most important controlling instrument at the organisation between the agents and the principals.

The regression of single most important controlling instrument (sici) yields the following equation: $sici = 2 - 1x_1$ where x_1 is a dummy (1 for agents, 0 for principal) therefore the overall agents do not think the budget is the single most important controlling instrument with an sici of 0 while principals show an sici of 2. Given a t value of -3.68 and p value of 0.001 at 5% confidence level we reject the null hypothesis and conclude that there is a significant relationship on the perception that the budget is not the single most important controlling instrument at the organisation between the agents and the principals.

Table 8. Regression output

qreg sici x1
Iteration 1: WLS sum of weighted deviations = 31.412243

Iteration 1: sum of abs. weighted deviations = 31
Iteration 2: sum of abs. weighted deviations = 31
Iteration 3: sum of abs. weighted deviations = 30
Median regression Number of obs = 50
raw sum of deviations 31 (about 2)
Min sum of deviations 30 Pseudo R2 = 0.0323

sici	Coef.	Std. Err.	t	p> t	[95% Conf. Interval]
x1	-1	0.2716255	-3.68	0.001	-1.54614 -0.4538604
_cons	2	0.2068638	9.67	0.000	1.584072 2.415928

CONCLUSIONS

This study examined traditional budgeting systems in the public sector and the concept of Beyond Budgeting which has been suggested by its proponents to be the solution to budget related problems. We examined whether dissatisfaction with budget setting process is much pronounced in the selected high schools and suggest that the results have a bearing the diffusion of beyond budgeting. We further examine perceptions of respondents on the value role, and importance of budgets and argue that respondents perception set a platform for

adoption of new ideas, improvement of the existing or staying with existing ones. We set out hypothesis 1-6 from which we make inferences about our data. The study was prompted by the lack of empirical evidence from Zimbabwe on Budgeting particularly the public sector. The following conclusions were deduced from the research findings:

- There is a general dissatisfaction with current budget setting process among respondents. However using the Kruskal Wallis one-way analysis of variance model, at 5% level of significance, there is evidence of significant differences on the level of dissatisfaction among respondents when position held is considered. In addition evidence of significant differences in dissatisfaction levels were also proved when considering whether one is an agent or a principal. We also observed a significant relationship on satisfaction level whether one is an agent or a principal.
- We considered respondents perception on the current budget setting process and noted that generally the responses were in support of budgets (fig 4.1.). We further applied the Kruskal Wallis test to check for any significant differences at 5% level of significance and concluded that there are no significant differences on perceptions about the importance, role and value of budgets when position held is considered. However when we consider whether one is an agent or principal there was some evidence of significant differences on single most important instrument (sici). We also observed a significant relationship on whether one is an agent or a principal.
- Significantly we observed that while there are significant differences on the level of dissatisfaction with the current budgeting process, the level of dissatisfaction with budgets does not seem to justify abandoning them altogether. This can be confirmed by the positive perception expressed by both agents and principals on budgets.

RECOMMENDATIONS

Based on empirical findings, following recommendations are made:

To the Beyond Budgeting Movement

- Management accounting innovations are not discrete, static objects as such the Beyond Budgeting Movement is encouraged to revisit the way they have defined the model to allow potential adopters to make their own interpretations though without losing its identity.
- Institutional Work on Beyond Budgeting should be increased in Africa particularly in Zimbabwe.

To the Policy Makers

- Budget reform should be a government priority in light of the economic challenges facing the country.
- Government should consider amending laws to allow for radical decentralisation and ensure an adaptive environment.

For Further Studies

- This study used non-probability sampling techniques which do not allow for generalisations as such this creates an opportunity to carry-out a research that can be generalised to all the secondary schools in Zimbabwe.
- We recommend further research into how theories of diffusion can help explain the diffusion of management accounting ideas.

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APPENDIX I: Questionnaire

The Beyond Budgeting Debate: Evidence from selected high schools in Chimanimani, Zimbabwe.

Section A

1. Are you:
 - Male
 - Female

2. What is your age?
 - 18-24

- 35-44
- 55-64
- 25-34
- 45-54
- 65 or over

3. What is the highest level of formal education you have completed? (Please check only one.)

- Attended High School
- Attended College
- Post-Graduate Study Without Degree
- Graduated High School
- Graduated College
- Post-Graduate Degree

4. What position do you hold within your organisation?

- School Head
- Responsible Authority
- Deputy Head
- SCD Chairperson
- SDC Treasurer
- SDC Vice Chairperson
- Bursar
- Accounts Assistant

5. How many of relevant experience in this industry do you have? _____

6. How many year of experience do you have in budget preparation? _____

SECTION B

7. What type of responsible authority does your school fall under?

- Church
- Central Government
- Local Authority

8. In which Category does your school fall with respect to level of enrollment?

- 250-500
- 501-750
- 751-1000
- Above 1000

9. What is the average annual fees income of your school (US\$)

- 150 000- 300 000
- 300 001-450 000
- 450 001-600 000
- Above 600 000

10. What is the average time you spend preparing a budget (in Weeks)? _____

SECTION C

Please tick the appropriate box that reflect your feeling towards the current budget process at your organisation.

11. I am satisfied with the current budget setting process at our organisation.

- Very Satisfied
- Satisfied
- Unsure
- Dissatisfied
- Very Dissatisfied

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
12. The budget is valuable to our organisation					
13. The budget we prepare is flexible to changing circumstances.					
14. The budget is not the single most important controlling instrument at our organisation.					
15. Budget reform should be a priority of government business.					
16. The budget is based on unsupported guesswork and assumptions.					
17. The budget helps to reinforce accountability to those holding public finances.					
18. The budget is used to mobilise support for existing political regimes.					
19. The budget is just a legal instrument.					