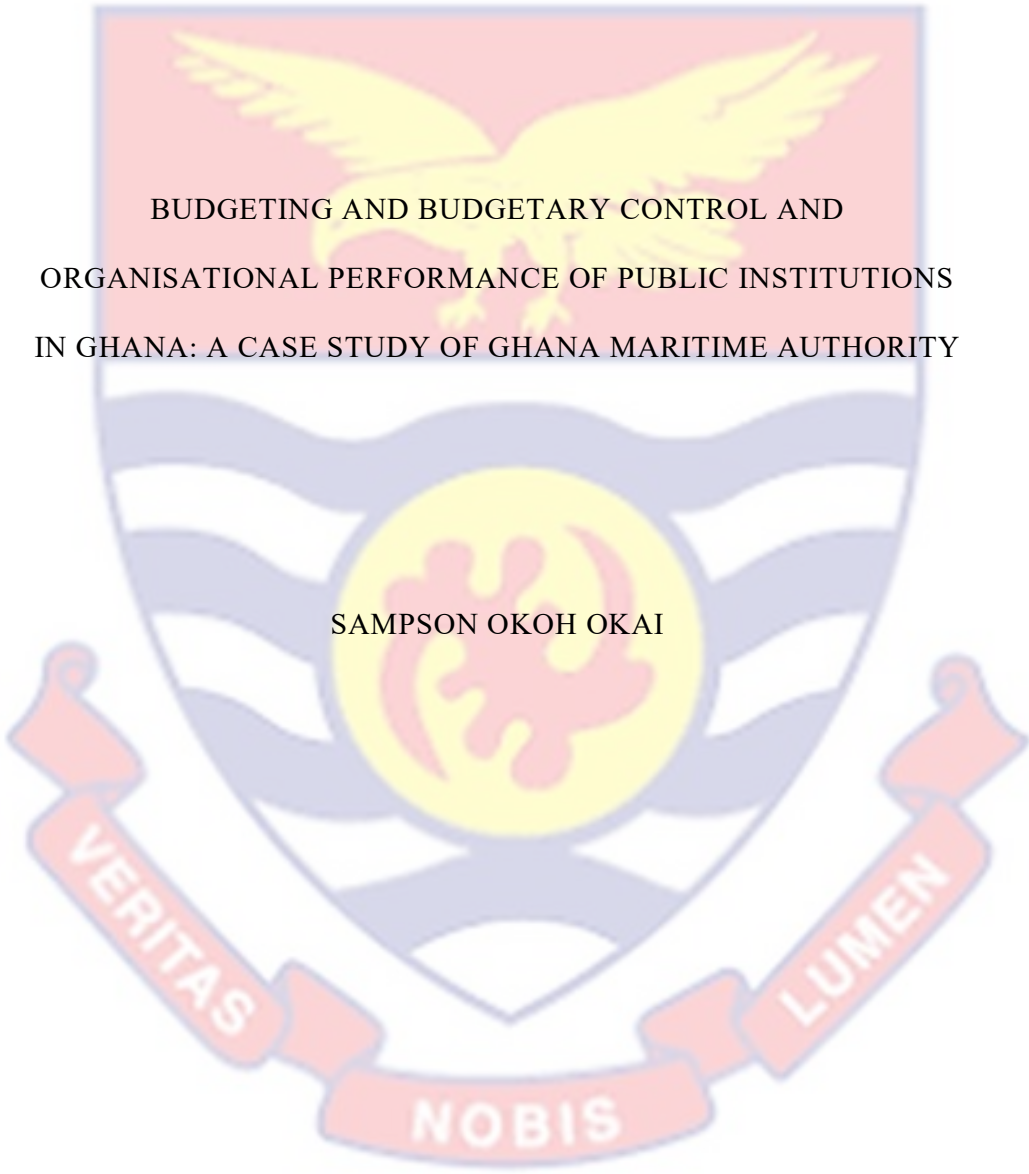


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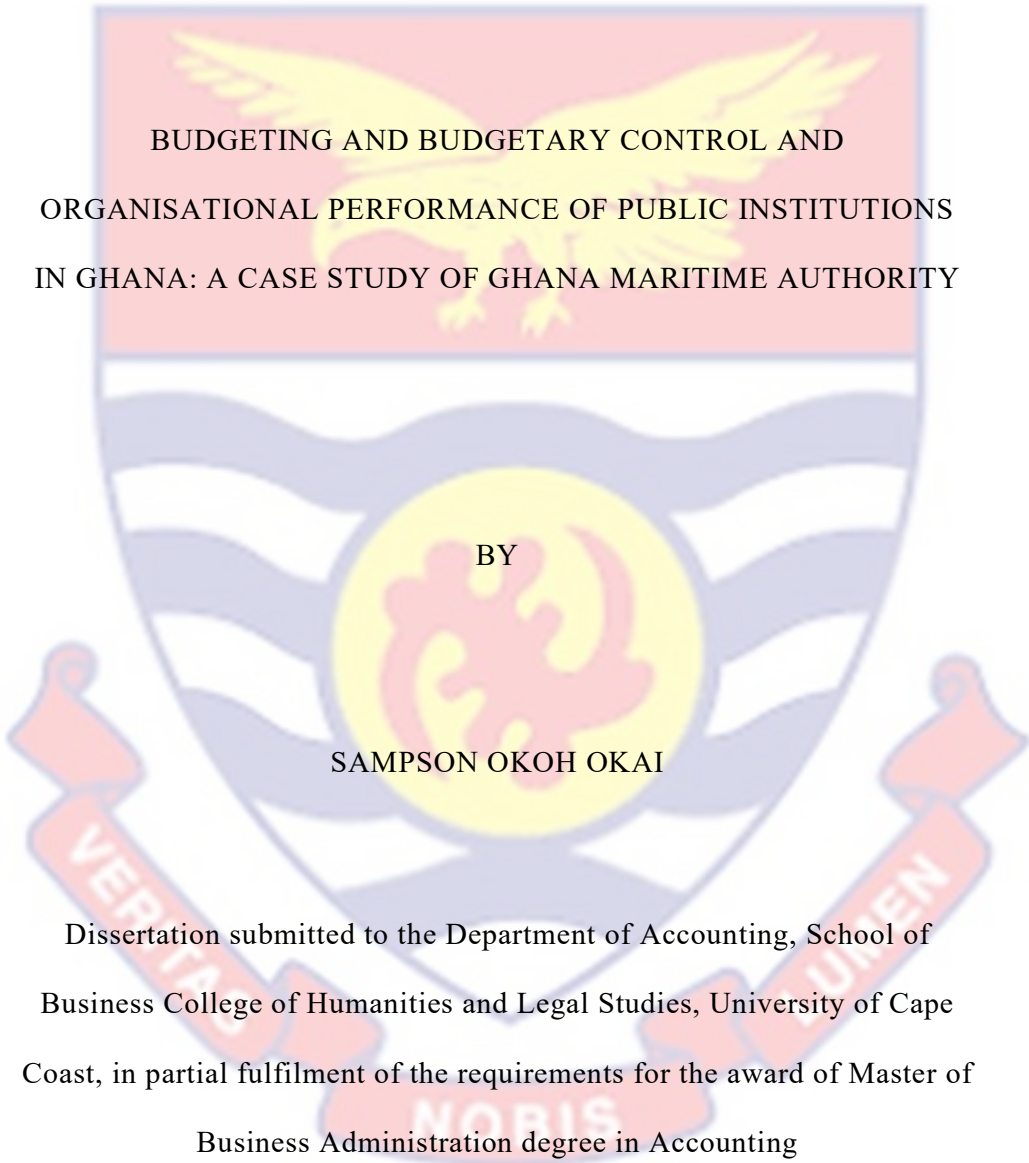


BUDGETING AND BUDGETARY CONTROL AND  
ORGANISATIONAL PERFORMANCE OF PUBLIC INSTITUTIONS  
IN GHANA: A CASE STUDY OF GHANA MARITIME AUTHORITY

SAMPSON OKOH OKAI

2021

UNIVERSITY OF CAPE COAST



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IN GHANA: A CASE STUDY OF GHANA MARITIME AUTHORITY

BY

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Dissertation submitted to the Department of Accounting, School of  
Business College of Humanities and Legal Studies, University of Cape  
Coast, in partial fulfilment of the requirements for the award of Master of  
Business Administration degree in Accounting

FEBRUARY 2021

## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature..... Date.....

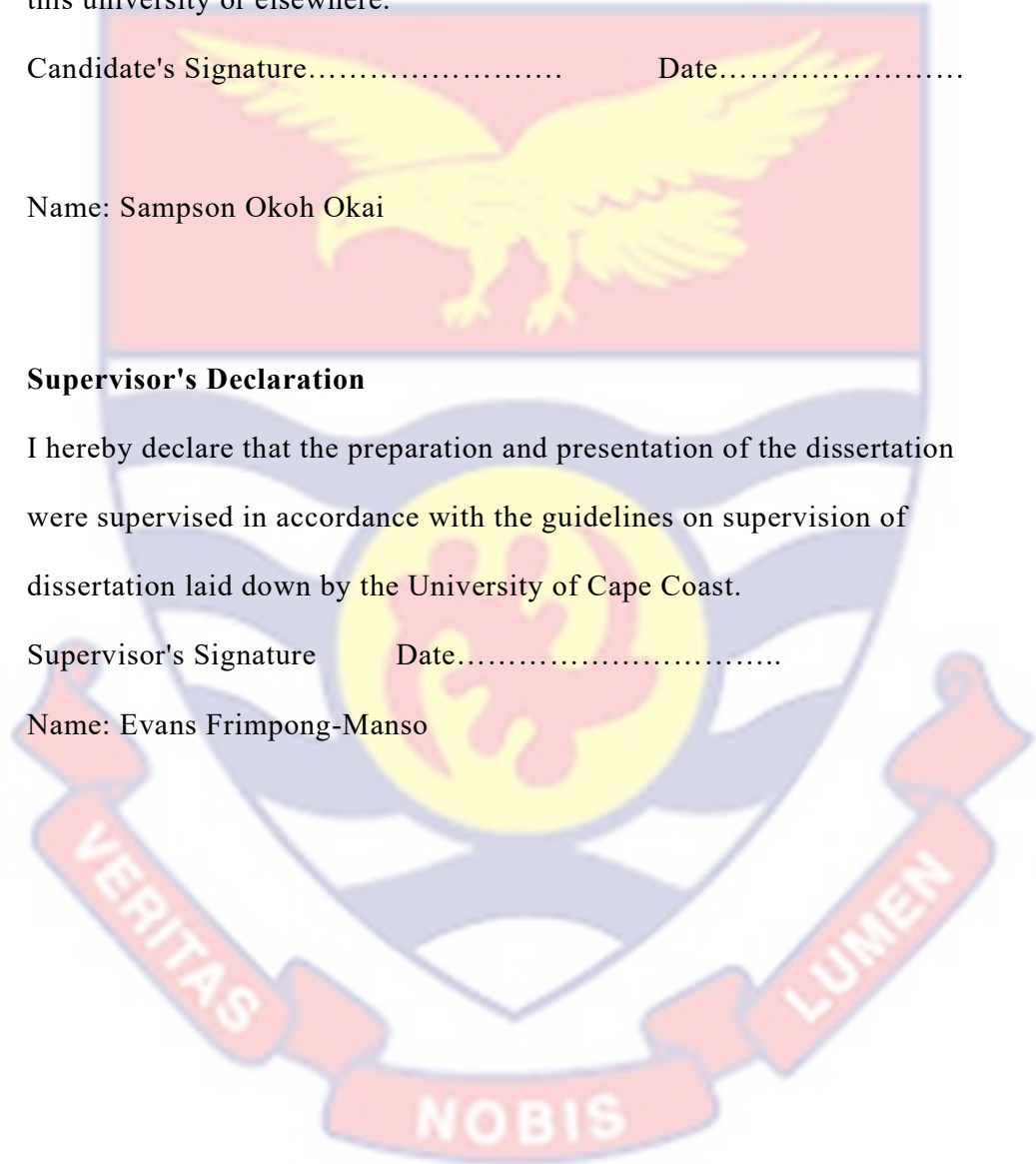
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### Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature Date.....

Name: Evans Frimpong-Manso



## ABSTRACT

The research examined budgeting and budgetary control as a tool for institutional control in public institutions, using Ghana Maritime Authority (GMA) as a case study. The purpose of the research was to determine if there is a connection between budgetary control and administrative control. A descriptive survey design was used for the study. A sample of 100 respondents from the GMA workers' population of one hundred and thirty (130) was chosen using a stratified random sampling technique. Questionnaires were used to gather primary data from respondents. The data was analysed using Statistical Packages for Social Sciences (SPSS) by adopting descriptive and inferential statistics. The study showed that there was a positive relationship between budgetary control and administrative control. The budgetary control and the challenges in the control systems which have a significant impact on administrative control are among the factors examined. Budgetary control also influenced organisational performance but was not as pronounced as the variables in the control process and the problems in the budgetary control systems. It was also observed that the organisation's budgetary control is well regulated, making it impossible to adjust to changes in periods of fluctuating conditions. The study recommends that the management of the Ghana Maritime Authority should continue to review its budget and budgetary control systems to assess its efficacy. The budgetary control system of the GMA should be made flexible, which would help to solve the challenge of complexity in adapting to changes in periods of fluctuating conditions.

## ACKNOWLEDGEMENTS

I acknowledge the help and sacrifices of my supervisor, Mr Evans  
Frimpong Manso for his untiring support.



## DEDICATION

To my Wife and Children



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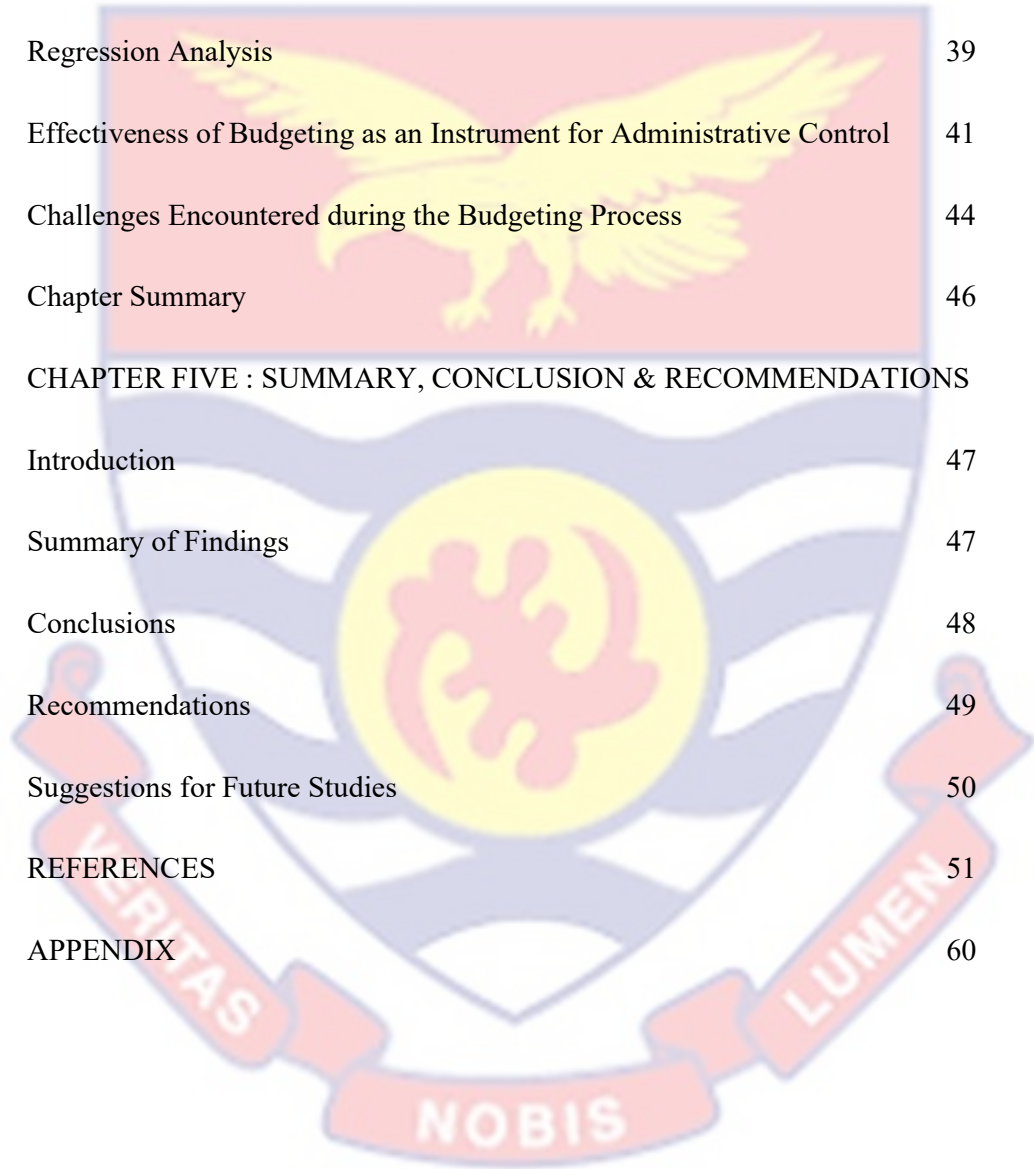


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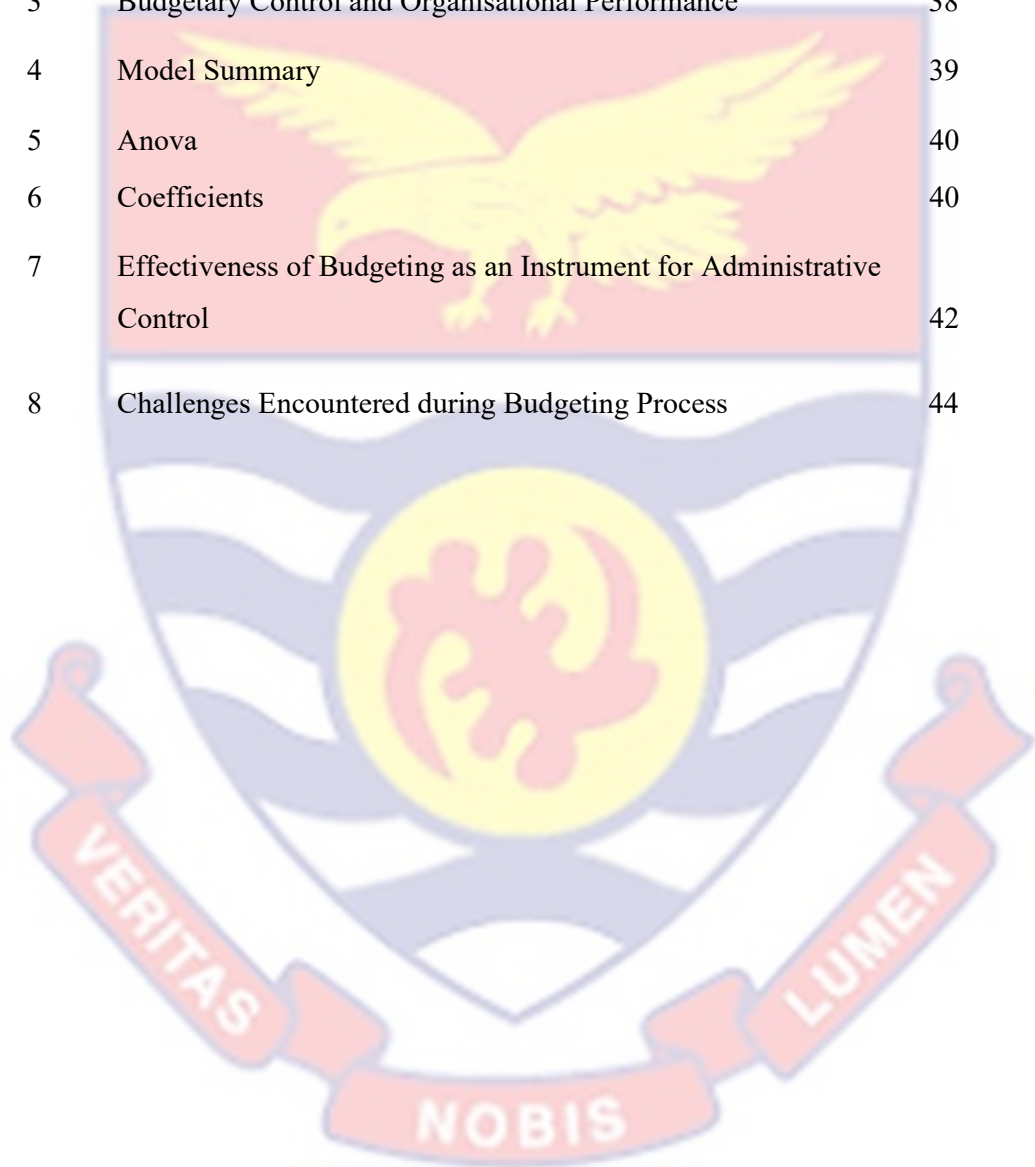
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## CHAPTER ONE

### INTRODUCTION

Budgetary practices in any organisation are an integral part of its success because it serves as guide to deliver the laid down periodic objectives of the organisation. Budgeting and budgetary controls of an organisation have proven to serve as a key ingredient to its success. Yet, although some level of empirical evidence points to a relationship between budgeting and organisational performance, same cannot be said for all types of institutions. It is in this vein that this study in focusing on the budgeting and budgetary control of public institutions, pays particular attention on the Ghana Maritime Authority (GMA).

#### **Background to the Study**

Managing the performance of the organisation in a complex and rapidly changing business and economic environment is vital to the short- and long-term success of any organisation (Adams & Lamont, 2003). There is an increasing demand for organisations to give prospective insights into institutions and performance drivers to maintain the better provision of services to the public. For many organisations, financial planning, a key component of organisational management and management performance remains of limited value (Adams & Lamont, 2003). Budgeting and budgetary control are an essential part of the different techniques used in carrying out these functions. A budget is a functional statement that has been drawn up before a predetermined policy to achieve the targets (Rivenbark, 2008). Budgetary and budget systems are major forces in every organisation, helping to design and

promote an efficient management control system (Egbunike & Unamma, 2017).

Atuilik, Peregrino-Brimah, Salia and Adafula (2019) expressed their view that a budget is a key tool for the management of an organisation's finances. It estimates your organisation's revenue and expenses for a given period. Budget is an estimated monetary plan for a given institution or company and the way it is spent over a period of time. For any organisation, the budget is the most important document because it helps management fulfil its obligations and goals (Atuilik et al., 2019). Many organisations do not understand how important and useful budgets are. It is usually only done if a potential fundraiser asks for one. Every financial system is based on the budget. It allows the institution to fulfil its obligation to sound financial management. It is the critical element of internal controls, and the organisation must do what it wants (Arnold & Artz, 2019).

Different factors such as taxation policy, interest rates, inflation, market situations or the economic situation normally influence the budget system (Adafin, Rotimi, & Wilkinson, 2020). Inflation has a very significant impact on economic indicators as economies are organised both within and outside the country based on the value of the currency. Therefore, all financial interactions are negotiated in a foreign currency based on the value of Ghana Cedi, which includes all budgets either from private institutions or from any public organisation (Adafin et al., 2020). In developing countries like Ghana, inflation usually has a negative impact as the majority of African currencies do not stable compared with the west. This has a significant impact on the budgeting system (Trang, Tho,

& Hong, 2017). A low rate of investment in new capital is damaging to long-term economic growth and productivity. Inflation usually leads to cost-push (Trang et al., 2017).

Moreover, economic and current market conditions may affect the budgetary, financial forecast in several ways. Inflation and stock market change directly affect the net value of the institution and the ability of the institution to generate funds or loans (Nwaorgu & Alozie, 2017). In the operation of government activities, taxation is one of the oldest government roles. Therefore, taxation is at all levels of the government, the primary source of income. Thus, taxes are inevitable under all standards because of their inherent advantages over additional revenue sources (Aaskoven, 2018). In performing this function of increasing wages, government regulations are devised, taxation laws are passed, and the policies and legislation are transposed into the necessary system of revenue. Therefore, for the accomplishment of this function, inflation rate and financial commitments to the budget deficit are adjusted or lifted (Aaskoven, 2018).

### **Statement of the Problem**

Public institutions must allocate financial resources to support the central government development plan as central government's development partners. Budgets are necessary for carefully managing scarce financial resources, whilst also serving as an authorisation, control and assessment basis for expenditure. Public institutions consider budgets and budgetary controls important elements in their policymaking. In large part, their

organisations' success depends on good budget preparation and efficient budgetary controls (Burtless & Hausman, 2008).

Public institutions produce budgets in Ghana, but the degree and scope of the preparation and formulation of budgets into performance budgets vary. Their nature and purposes may vary, even if formal budgets are developed. The financial, administrative, production and managerial constraints of these organisations arise from a poor planning and budgeting database, poor budgetary controls leading to malpractice, misappropriations and misuse of funds that result in over-expenditure and an insufficient budgetary control (Hanina & VyasDoorgapersad, 2016).

Budgets should be prepared based on the availability of resources. This means that certain activities covered by the budget cannot be undertaken or partially implemented (Surianti & Dalimunthe, 2015). This study, therefore, assesses the use of the budgeting and budgetary control by the Ghana Maritime Authority as an instrument for administrative control as no study was carried out in the Ghana Maritime Authority (GMA) on budgetary control and performance in an organisation. The current study also sought to fill the research gap by ascertaining the effect of budgetary control on organisational performance; to examine the effectiveness of budgeting as an instrument for administrative control and to explore the problems encountered during the budgeting process in GMA.

### **Purpose of the Study**

The purpose of the study was to assess budgeting and budgetary control as a tool for administrative control in the GMA.

### **Research Objectives**

Specifically, the study sought to:

- i. Ascertain the effects of budgetary control on GMA's organisational performance;
- ii. Examine budgeting effectiveness as an instrument for administrative control at GMA;
- iii. Explore the challenges encountered during the budgeting process at GMA.

### **Research Questions**

The following research questions have been formulated to guide the study and achieve the stated objectives;

- i. What is the effect of the budgetary control system of GMA on organisational performance?
- ii. How effective is budgeting as an administrative control instrument?
- iii. What are the challenges encountered by the GMA during the budgeting process?

### **Significance of the Study**

The budget must be aligned with the strategies that are suitable for organisational performance management processes because the budgeting is a broad concept. Processes that are valued, consecutive and continuous must be involved. The study will focus on assessing the GMA budgeting system, which for various reasons, will be of assistance to many institutions. This will provide evidence-based information to assist in developing new policies and in improving budgeting for the GMA. It will also serve as an instrument to detect the budgetary weakness; this will help

develop an excellent strategy to prevent budget overriding. This will help avoid problems.

### **Delimitation**

The study was undertaken at the Ghana Maritime Authority (GMA) headquarters, located in the national capital of Accra. It was undertaken the members of management and staff of the GMA in August, 2020.

### **Limitations**

Some limitations of the study were the inability of certain respondents to provide confidential information. However, these limitations do not have any negative influence on the findings of the research as the researcher took the necessary steps to surmount all the limitations during the research period.

### **Organisation of the Study**

Five (5) chapters are presented in the study. Chapter One provides a brief introduction to the study and discusses the problem statement. The objectives and questions to be asked during the study are taken into account. Chapter one addresses the significance, scope and limitations of the study. Concepts for the study, such as budgeting and budgetary control, are presented in Chapter Two. Chapter Three covers research methods comprising analysis methods used to test and interpret the different data in the analysis. Chapter Four outlines the results and discussions focused on data obtained using the research instrument. Finally, Chapter Five summarises the interpretation of the study details and provides findings, including guidelines and proposals for an investigation into the future.



## CHAPTER TWO

### LITERATURE REVIEW

#### **Introduction**

This chapter reviews the literature on the subject per the objectives of the research. The chapter covers theoretical review, conceptual review and empirical literature review. The theoretical review explores ideas advocated by budgeting and budgetary control researchers. The conceptual review focuses on budgeting, budgetary control and budgeting as an administrative control tool, and the empirical review focuses on work undertaken by other scholars which have a link to the current study.

#### **Theoretical Review**

This portion of the literature review and explores the theories behind the research and explain them. These theories are reviewed to ensure a robust theoretical framework is developed for the research. Decades earlier, a variety of theories were conceptualised on budgeting and budgetary control. These are the punctuated equilibrium theory of budgeting and the budget theory.

#### **Punctuated Equilibrium Theory of Budgeting**

Jones, Baumgartner, and True (1998) developed the punctual equilibrium theory in budgeting. They also introduced their concept of "punctuated equilibria" which resolve both incremental and substantial budgetary changes. The theory asserts that there is a state of balance followed by a minor shift followed by a balance. The balance is in silent moments of social reform (Jones et al., 1998). Punctuations are breaks from

the equilibrium norm. The theory of punctuated equilibrium requires symmetry conditions and transfers to instability environments (Jordan, 2002). To maintain equilibrium with spending adjustments, budgetary and budgetary control measures taken by an agency play a crucial role in maintaining environmental steadiness in the overall corporate performance framework.

The authors explain how problems locked up in political monopolies are held in a structurally-induced balance over time, with a few powers outside the government attempting to mess with the situation (Mortensen, 2005). Exogenous shocks that contribute to the proliferation of numerous other venues within Congress and other locations disrupt this balance. The broad pool of actors is redefining the dilemma, which until now has been confined to the cosy iron triangle. Consequently, the democratic policy is punctuated, i.e. because of challenges, broad stretches of equilibrium are interwoven with the drastic transition (Mortensen, 2005).

The theory assumes that there will largely be slight changes in distribution policy distribution (in the present dissertation calculated in terms of budgets) in the central part of the distribution and several major timing changes in distribution thresholds (Jordan, 2002). The importance of this Punctuated equilibrium theory of budgeting is the participatory viewpoint as an organisation sets a target. However, if the employ mark of the fund earmarked for the organisation's activities cannot be enough to complete projects; an increase in the budget estimates would be needed to boost organisation performance.

### **Budget Theory**

This work was based on the budget theory of Adams (1985), which investigates government budget social motivations. The words "Budget" and "Budgeting" have been written in Egypt since the days of Joseph in the bible. In the 1920s, budgets were first used in major manufacturing corporations to manage costs and cash flow (Bartle, 2001). The introduction of quantitative management philosophy, however, focuses on comprehensive information for decision-making that leads to substantial improvement in accounting structures and budgeting policies (Bartle & Shields, 2008). The early development, scheduling and dissemination of consistent facts is committed to legitimising accountability and adequately reviewing the achievements (Bartle & Shields, 2008).

Bartle and Shields (2008) recommended the use of an organisation's existing budgets, encouraging coordination of activities and advocating legislation. Budgeting considers the future and the administration and operations stage and decides what is required. Check if plans are followed and if there is divergence or failure if discipline is taken (Bartle, 2001). Moreover, Bartle (2001) emphasised that an entity may not have the capacity to battle such forces with internal and external forces without proper testing, thereby disturbing its competitiveness and ignoring it. Where a budget and control system are used, budgets are created, which set management obligations financially in line with the criteria of the overall business strategy. The actual and projected results that lead to the strict involvement of the management are the priorities and are constant policy contrasts or also a justification for policy analysis (Khan & Hildreth, 2002).

The budget was excellent for the drafting of the design of the budget. It stressed the evolution of the budget concept from an operational mechanism to multifaceted administration instruments that administrators use to concentrate on organisations, set targets and measure results (Khan & Hildreth, 2002). The researcher analysed expenditure audits as a method to affect organisational efficiencies in this context. This theory is pertinent in the interpretation of budget and budgetary control in the public sector, as it helps to explain the role of budgetary and budgetary control in GMA.

### **Conceptual Review**

This conceptual review section outlines what you hope to understand in the research. It describes the associated variables and describes how they can contribute to each other in the study. In this section, the concept of budget and budgeting, budgetary control, budgeting as a tool for administrative control, and organisational performance are discussed, among others.

### **Concept of Budget and Budgeting**

Budgeting consists of a strategy to be tried in the context of this period to achieve several goals, organised and accepted by a characterised length of time (Lee Jr, Johnson, & Joyce, 2020). From, Marginson, and Ogden (2010) have claimed that a budget allows for an implementation plan over a timeframe to sustain the business company's activities. Therefore, a budget is a plan of the results of the activity of the company in the year referred to as the fiscal year. Siyanbola and Remo (2013) opined that their possibility that the budget will be a financial plan that

outlines the previous financial projections and lays out the current plan for a given period.

Therefore, a financial plan becomes an overarching concept of a monetary organisation, and the various financial mechanisms are related by the tool of an investment plan. In this way, a financial plan is seen to be a monetary report with report and plans that are irregularly put out for consent and acceptance by the management of organisations. It is a study on the whole organisation's financial operations which provides a considered plan of action and decisions in future for organisations (Siyanbola & Remo, 2013). The budget has been the best-known language or preferred medium of the operation, or managers and employees in both public and private organisations, in real life. The budget has been used by management at many levels within companies as a justification when presented with or faced with many options (Bernatska, 2018).

A plan that is quantifiable and auspicious is the characterisation of the Rankin, Schwartz, and Young (2008). Also, Surianti and Dalimunthe (2015) point to the expenditure scheme as a monetary framework that provides the rationale for cooperation and monitoring of performance between citizens and areas. Swar, Moon, Oh and Rhee (2012) have argued that financial planning is a combination of data streams and regulatory and technological structures, which are generally an integral part of an entity's medium-term process of organisation and its control. Drury (1992) shared the opinion that the financial plan as a numerical proposal, usually monetary, that takes up a certain period, much of the

time a budget is a disruption arrangement of the usage of labour and material capital one year at the end of the day. Budgets are used as an assessment of potential expenses and benefits for business organisations.

Akeem (2017) postulated that budget as an arrangement represented in cash values. It is set-up and approved before the financial support and can comprise salaries, expenses, and cash flow to be used. It may be drawn up to reflect cumulative results of previously anticipated or existing estimates, or assembled by zero-based financial planning. Doost, Blocher, Chen, and Lin (2001) argued that financial schemes would help the deployment of revenue, works and guarantee of results.

#### **Concept of Budgetary Control**

The aim is to ensure that procedures are modified, and plans are implemented. This requires all the processes that check that the corporation's operations are geared towards the default targets. Siyanbola and Remo (2013) explained that control is regulating the work operations in compliance with previous agreements, for instance, to ensure that the targets of the organisation are accomplished. From Siyanbola and Remo (2013) once a financial plan has been developed, it can be used as a regulatory instrument through collaboration between actual and expected implementation continuously. The breath of power is likely to be enormous as all exercises of the corporation will move through in the budgetary system.

The expenditure restrictions are also a part of a general course of action of binding bookkeeping within an entity, and by enabling money-related appreciation, usage and sales are measured according to the areas of

clear budgetary responsibility of the proprietors. Budgetary regulations concern the expenses for the staff responsible for the different overheads at the various expenditure emphasis such that any administrated is deemed to be responsible for the cost under his/her authority (Harelimana, 2017). Also, CIMA (2006) set out budgetary control as the establishment of a management body on the policy requirement and an ongoing comparison between actual and budgetary results, to secure the objectives or to provide a basis for a reassessment of the policy by individual measures. It is worth noting that the financial plan operates independently; its supervision is essential when contrasting the real outcomes with the expected results.

Silavwe (2019) claimed that budgetary control compares actual results with the projected results and provides information about the variants referred to as transition. As mentioned by him, this establishes the regulatory framework that promotes distribution in confining points of understanding, individualities for accommodating practices are noticed from the outset. It may be important to the audit purpose on a few occasions, but should not be standard but only in new contexts (Silavwe, 2019).

Budgetary control encompasses departments, sectors and the association and accepts a duplicate of a financial plan related to its exercises (Voznyak, Yehorycheva, Grzebyk, & Pelekhatty, 2019). A duplicate of the financial plan statement showing the areas of over-or under-spend to be acquired each month from the expected stipend. This allows taking up the vital move. This is in line with the need for departmental or sectional statistics to cope with inequalities, and each one

must justify the mistake in countering potential events with unequal fluctuations (Voznyak et al., 2019).

The actual budgetary control objectives, as indicated by Siyanbola and Remo (2013), are as follows:

- a. Mixing of proposals in the financial plan preparation through the administrative stages;
- b. The synchronisation of numerous business enterprises;
- c. Disclosing wherever an organisation has to cure a situation;
- d. Managing and managing all salaries and costs to the association the biggest advantage; and
- e. Establish a measurement bolt, against which the predetermined outcome may be closely examined;
- f. Best financially competent channelling of capital costs.

Moreover, the criteria for an efficient method of budget management have been set by Siyanbola and Remo (2013) as follows:

- a. To be part of the upper management support;
- b. Data of long-distance market priorities within which the planning process works;
- c. A viable partnership agreement with specifically defined commitments;
- d. Full cooperation between the leaders throughout the budgetary system;
- e. Establish appropriate bookkeeping and data structures that consist of the record of commitment-defined expenditure and performance;
- f. A customised and exact reporting framework that is genuine about



the budget;

- g. Ability to offer more up-to-date information or a call for interest;
- h. Critical were consistent budget and target surveys;
- i. It needs to be finished in an adaptable way.

Fluctuating circumstances can cause changes in arrangements. The whole plan framework will be implemented with a rigorous devotion to financial plans which are wrong under existing circumstances lose respectability and viability.

### **Budget as an Instrument for Organizational Control**

The budget's role as a control tool is currently raising many problems, given that budgets are more and more retrospective and outdated before the beginning of the year (Panday & Chowdhury, 2020). Budgets are traditionally considered to be a vital control tool. Budgets are set under an overall organisational framework for planning and control. Strategic planning, management control and operational or task control are a common element of the more comprehensive planning and control framework in organisations (Panday & Chowdhury, 2020).

Valchev and Davies (2009) have argued that control of management is a process through which management ensures its strategies are executed. It is longer-term, more rhythmic and more routinely focuses on middle managers. Budgets are used for quantification and monetary value of such strategies, which is an indicator of the performance of the manager. For control purposes, managers are responsible for the monitoring of the performance of their dependents

right from the early phases of implementation, if they are different from what the budget says (Valchev & Davies, 2009).

Budgeting as a tool to control the implementation of the plan ensures that the organisation's actual activities are less different from the planned activities. The budgets are used to describe the organisation's activities (Malmi & Brown, 2008). They are useful when distributing resources so that the processes which should yield the highest returns are preferentially distributed. Budgets are also analytical tools to enable the company to respond more fully to environmental changes (Malmi & Brown, 2008). They should be developed so that the strategic criteria of each role are taken into consideration. The budget training comprises the implementation of a range of activities: the establishment of a budget department or the recruitment of a budget controller, the development of the budget guidance, the implementation in the agency/business unit of the proposed budget (Shuaib & Olanrewaju, 2020). The development of the budget for the organisation as a whole the calculation of the budget *cycle* and main budgetary considerations, the benchmarking of the budget and the revision of the budget (Shuaib & Olanrewaju, 2020).

The budgeting process usually uses a mix of both the top-down approach and bottom-up approach, where the top management agrees on the budget. It goes to a lower level of management and the bottom-up strategy in which a lower level of management sets the budget and introduces it to the top management that discusses it and recommends the appropriate changes before the implementation (Husain, 2017). The budgeting of participants tends to enhance contacts between the

management and personnel. Ordinary budgets usually apply at the beginning of the budget year and were updated until the end of the year when the required information is out of date. On the other hand, "rolling budgets" or "rolling predictions" are established every three months, and the results can be estimated in a given period, say the next 12 to 18 months (Dauda, 2019).

Rolling budgets allow companies to handle inaccuracies in their forecasts and essentially minimise the discrepancies between standards and existing ones. Budgets impact employees' behaviour (Husain, 2017). For example, the achievement of financial goals explicitly impacts the actions of all workers that are required to meet these goals. Adequate dedication on the part of the staff and administrators to progress could not contribute to readily reachable budget goals. In the other hand, if the financial expectations are overly ambitious, workers and supervisors may have access to unscrupulous methods of meeting the goals. Budgets can be complicated but viable (Egbunike & Unamma, 2017).

### **Organisational Performance**

Anohene (2011) indicated that findings classify implications subjective and quantitative to shape the organisational opportunity. Ter Bogt (2004) showed that estimates associate with the authoritative practices, creation, or success and that, in the overall society section, a performance evaluation recognises core operations and outcomes from open strategies. Performance measurements are stressed by the famous saying: What you calculate is what you get (Kaplan & Norton, 1992).

Thompson (1995) noted that strategists and critical management in financial planning have a mutual responsibility to boost structural efficiency, as each is used to transform institutions correctly to accomplish them and to assist their representatives in deciding and doing business. Olaniyan and Efuntade (2020) consider the budget as the structure and procedure that unites all the working arrangements to convey a corporation's fiscal results and its protection and that the final financial success is an aggregate monetary question that emerges in each work arrangement. Drury (1992) stated that the government would continue to see how budgets are used as points on why such targets were accomplished and whether the deviations occurred.

The financial plan of the division is usually a responsibility of the Division Administrator. So, the supervisor's performance is reviewed if the financial plan is not fulfilled and it will interfere in the general performance of the company. The degree to which the money-related emphasis, for which single managers are at risk, is routinely checked for administrative efficiency. The measurement of corporate performance can be rendered dependent on financial performance and budgetary control.

### **Organisational Performance and Budgetary Control**

The purpose of budgetary control is to organise and promote centralised control of dispersed operations, to clarify the objectives of the organisation with employees, to empower managers with incentives by motivating them to establish priorities, to assess management performance in the execution of the budget and to serve as a means of authorising

expenditure (Otieno, 2019). The budgetary control system ensures maximisation of revenues as it ensures careful preparation and coordination of the various activity of the organisation, proper control of income and capital expenditure and proper allocation of resources (Otieno, 2019).

The statements above indicate that budgets and the budgeting process have become the mainstay, provided that a sound budget has both financial and organisational benefits (Jamu, 2018). However, the mechanism does not run out of a multitude of problems that can stifle the full advantages of budgeting and budgetary control unless properly tackled (Mazikana, 2019). Besides, Goddard (2017) claims that there are new business realities and continuously evolving markets and complexities that enable management to implement adaptive and adaptable financial planning and control systems. If management is not aware of this, it will find itself in a position where the budget becomes outmoded within the budget year before it starts to apply. Control and the approval of the budget by workers may also be a problem. It is not easy to have any worker wholly engaged. Employees who are not involved do not work hard enough to meet financial goals and objectives (Goddard, 2017).

Budgetary control policy would be useful if it has the full approval and encouragement of individuals holding key management positions. When lower workers note that upper management is not concerned about budgetary controls, they have a nonchalant approach towards the scheme (Adongo & Jagongo, 2013). Furthermore, Maelah and Yadzid (2018)

explore the impact of budgetary control on financial performance and argued that there is a clear positive connection between budgetary control methods and financial performance reflected by positive return on investment. Their studies have shown, among other things, that budgetary management has a close association with organisational performance, as the budget itself forms the basis for decision-making, performance measurement and distribution of resources. They also claim that budgetary control provides institutional support for organisational performance.

### **Challenges Encountered during the Budgeting Process**

Existing literature has shown that budgetary management has a host of obstacles that can also impede overall budgetary control advantages. Ramoutar (2019) carried a range of increasingly troublesome entities with whom they strive to negotiate with their fiscal regulation activities guiding the budgetary attention at the door to provide an acceptable budget framework. In an environment of constant transition and instability, Ramoutar (2019) notes that the budget can be meaningless during or before the budget year begins. The foreign market climate helps the organisation to respond to emerging practises. In the current market environments, management must incorporate a diverse and adaptable financial planning and control system that can respond rapidly to changes and uncertainties in the economy (Ramoutar, 2019).

An adequate budget preparation and control mechanism requires, before the execution of the budgeted operations, not just an analysis of resource allocation applications, but also an analysis of all capital used to

create information, for example market research. Weaknesses in budgetary controls have been studied by (Neely, Bourne, & Adams, 2003). The research was mainly focused on an observational study analysis of related research literature. Weaknesses of budgetary control systems that are a problem in usage by Neely et al. (2003) indicated twelve weaknesses which included: curbing reaction and serving as obstacles to progress, budgeting is not always strategic but often inconsistent, adding little added benefit particularly given the time taken to plan them, concentrating on cost savings rather than adding value, strengthening vertical influence, and do not reflect evolving network systems in companies, promote gambling and perverse behaviour, perpetuate departmental boundaries rather than encourage information exchange, and make people feel undervalued.

West and Prendergast (2009) concluded that there are a variety of challenges in budgeting for preparation and management. First, there is significant importance on the budgeting process, and market risks can present difficulty in providing credible and precise estimates and can have a meaningful impact on an organisation. Curristine (2006) has performed a study on issues in emerging countries around budgetary management mechanisms, demonstrating that budgets are struggling due to such factors as the budgets used as burdens, the central decision-making mechanism, work safety shortcomings, and lack of preparation for managers. Adongo and Jagongo (2013) indicated that the issues associated with productivity in financial transfers from districts to facilities concern public institutions in Kenya, which have a negative

effect on the delivery of the budgetary objectives. However, the ultimate effects on the financial results of the interfered budget process were not suggested by Adongo and Jagongo (2013).

Gathige (2009) describes these as expenditure challenges; variances mostly related to shifting conditions and weak management forecasting. Present hierarchical systems that may not be ideal for the current situations are built around the budgets. Well recorded plans will lead to resistance and lack of ability to respond to change. Poorly run budget processes can cause antagonism and can lower values, with an excessive burden or a lack of understanding of comporment variables. Drury (1992) suggests that the budget could be viewed as an imposed pressure mechanism by management that contributes to bad labour relations and inadequate record keeping. Departmental fights for the allocation of resources and accuses each other of failure to accomplish their targets.

According to Neely et al. (2003), budgets are intentionally focused from time to time and as much as possible has brings about the some of the following benefits;

- a. They focus on reducing costs and not on building value;
- b. They are an end to preparation and adaptability and are primarily a barrier to change;
- c. They include little quality, but swing in a way that is rigid and inventive;
- d. They are time-consuming and lavish in sorting.
- e. They are improved and revised too sporadically: usually every year.
- f. It takes into consideration questionable presumptions and estimates;



thus, stimulating gaming and unfair or disturbing conduct;

- g. They also reinforce the vertical load;
- h. They do not represent the new structures of the system encountered by the organisations.
- i. Instead of promoting data sharing, they support departmental obstructions j To make them feel unacknowledged.
- j. Neely et al. (2003) emphasised that budgeting strategies used in organisations do not yield the desired results. It is too time-consuming to combat budgetary preparedness, to promote political and gambling behaviours within the business and to be over-egotistical with the fortune-built tradition of reaching a budgetary number.

### **Empirical Review**

The emphasis is on current literature related to the effect of budgetary and budgetary control as a tool for administration control in GMA is captured in this section of the literature review. The review deals with studies in other parts of the world and eventually narrowed to studies in Africa and Ghana.

The study on budgetary and operational regulation in government parastatals in Europe was carried out by Marcormick and Hardcastle (2011). To establish relationships between budgetary and corporate performance, a survey of 40 state parastatals was used, secondary data was used, and ten years period studied. For data analysis, a regression model has been used. Study findings have shown that a positive

correlation exists between budget management and government parastatals' organisational efficiency.

Research carried out by Hemsing and Baker (2013) on the implications of tight fiscal regulation in the Swedish public sector and a group of 62 administrators from various municipalities and universities around Sweden obtained an online questionnaire. The study found that the majority of local public sector administrators in Sweden have a near financial influence.

In a similar study, Geletaw (2017) has investigated the determinants of budgetary regulation employing descriptive research design in the regional government organisations of Benishangul Gumzu, Ethiopia. The study showed that the joint action of data and communication, reduction of costs, assistance to external financial office administrations, financial monitoring and calculation, organisational dedication and budget preparation procedures of the system represented a difference among budget management procedures at public sector offices.

A study was conducted by Mwakibasa (2013) to explore the role played by budgetary control in improving financial performance in the KMC in Tanzania. The study interviewed 50 respondents, chosen deliberately, and the MS Excel computer software was used to analyse the data collected. It was shown that the characteristics of budgeting, budgetary sharing, budgetary engagement, organisational commitment, the uncertainty of position and work success in KMC are not

successfully applied and that budgetary regulation concepts had no influence on financial management at KMC.

Researching in Uganda, Onyango-Delewa (2016) analysed the national budgeting structure and supply of downtown urban programmes in Uganda to study the relationship of the budgeting scheme and the distribution of effectively uptown facilities during decentralisation in Uganda. Methodologies were used for after-fact experiments and interviews. His experiments have demonstrated that revenue sources and action taking are statistically relevant factors in service delivery. This research also showed that financial budgets and fiscal restrictions were insignificantly adding to the quality of programmes, because of a variety of reasons such as inadequate expenditure distribution, insufficient supervision structures and other administrative and structural deficits.

Also, Mapingure (2014) is researching the effectiveness of budgeting control strategies in the meteorology department of Zimbabwe as a decision-making instrument. Interviews were used to obtain primary data from respondents assessed using tables, bar charts and pie charts. The analysis showed that the weather service did not use the outcome-based budget, and that budget controls were not carried out in this sample; primary data were collected. In comparison, whether fund law governs the Weather Fund Act, which does not adhere to The Weather Fund Act does not apply. The analysis found that departmental budgeting was not participatory; there was only a handful of management present; no consultation was made between the heads of sections on the obtained revenues.

Anohene (2011) has performed a study on how budgeting and management can be used to strengthen cash-related administration as part of the near-dominant Afigya Kwabre district assembly. Interviews collected the data. Qualitative analyses were undertaken. The research indicates that a change in the involvement of the significant number of budget planning divisions has arisen when each division integrates its opinions into the annual budget strategy and demands the divisional heads of the budget consultation groups to help their recommendations. The budget reviews also strengthened MMDA's cash such that the faulty funds would be diminished or lowered, efficient assemblies would be endorsed, money orders traded, and incentives certainly made it possible to be used.

A review of the way businesses uses their operation in the budgeting and budgetary control in the management process, to produce the required outcomes, was conducted in Ghana by Frimpong, Ameyaw and Osei-Bonsu (2017). To select the respondents, a convenient form of sampling was used. The key information was obtained through questionnaires and a formal interview. The secondary details for 2011-2015 are the company's expenditure analyses and budget guide. The study shows that the most important considerations are to ensure an adequate and sufficient budgetary and budgetary control mechanism that recognises and mitigates budget constraint factors.

In Ghana, Adjei and Overfi (2019) used descriptive design for the analysis to identify whether there is a connection between the financial management and management results at AngloGold Ashanti Obuasi Mine. The relation between budget control and management efficiency was

studied in a regression analysis model. The research found the positive correlation between budgetary control and management performance with the budgetary control mechanism and obstacles that affect the management performance most effectively among the variables analysed in control systems. Budgetary control characteristics and human factors affected management success in budget control. However, the variables in the control mechanism and problems in the budgetary control schemes have not been as pronounced.

### **Chapter Summary**

The literature review covered similar works on the theme of this research. To ensure that the research is adequately grounded in theory, budget theory and a punctuated budgetary equilibrium theory were reviewed. Also, the related concepts have been discussed. The budget, financial management, managerial control and organisational performance are covered. The problems faced during the budgeting process were also discussed. Finally, the empirical literature on budgeting and budgetary control as an instrument for administrative control and its impact on organisational performance was examined.

## CHAPTER THREE

### RESEARCH METHODS

#### Introduction

This chapter describes how the data were gathered and how the study analysis was performed. It includes the research approach and design, area of study, population, sampling procedure and data collection instruments, data collection procedure, reliability and tests for validity and methods and procedures for analysis of data. This research aims to assess the implications of budgeting and budgetary control as an administrative (organisational) monitoring tool.

#### Research Approach

The approach of the study is quantitative. The quantitative approach includes the compilation and translation of data into a numerical form to make statistical estimates and draw conclusions (Traunmueller, 2017). Therefore, it highlights quantitative measurements and the methodological, mathematical and numerical analysis of data obtained through questionnaires or surveys or by means of econometric methods to control pre-existing statistical data. This approach is appropriate as it requires thorough, in-depth examination of the budgeting and budgetary control as a tool for administrative control in the GMA.

### **Research Design**

The research uses a descriptive survey design. Descriptive survey design is the description of the features of the observed phenomena. It discusses budgeting and budgetary management as an instrument for administrative control in the GMA. The descriptive nature offers a description of some of the essential characteristics of the population and permits inferences of cause and effect (Mutai, 2015). This design is chosen because the number of variables used is unique to descriptive research.

Descriptive research, like other tests, which involve different measurement variables, but technology requires only one variable (Bennett, Lubben, & Hogarth, 2007). The descriptive design also involves information collection documenting events, and then arrangement, tabulation, display and description of information collection. This concept uses a data collection and interpretation system that focuses on core tendencies, differences and measures of associations. This style is the most appropriate for the study due to the combination of its distinctive description and correlation statistics and its emphasis on basic study questions.

### **Study Organisation**

The Ghana Maritime Authority (GMA) is a governmental institution operating under the Ministry of Transport. The Ghana Maritime Authority was established by an Act of Parliament i.e. Ghana Maritime Authority Act, 2002, (Act 630). The vision of the GMA is to ensure that Seas and Inland waters of Ghana are safe, clean and secure and to facilitate the

contribution of these assets to national, economic and social development. The GMA has the following functional areas: Directorate (Management Team), Technical services division and the General Maritime services division.

### **Population**

Polk (2014) considered that population to be a total of or an aggregate of all Items, subjects or participants in compliance with a variety of requirements. Consequently, the community is the aggregate of a wide number of people who have distinguished qualities and are involved in the observation and investigation. The population is defined as the whole population group or information about which is gathered (Velo, Cunha, & Garrafa, 2016). Populations are no longer just individuals. Individuals, animals, corporations, houses, motor cars, farms, artefacts or activities which be inhabited but not limited.

It is necessary to define the population being analysed or referred to before looking at the data so that you can grasp who or what is incorporated into the data. The study population contains all the Authority's employees. Staffs, all department heads in the respective departments and officers in the separate departments in the organisation constitutes the population of the study. As of year-end 2020, the overall GMA workforce strength stood at 130 employees.

### **Sampling Procedure**

Sampling refers to the process in which part of the population is chosen, contributing to an understanding of the population as a whole. A sampling frame is a list of elements that have been chosen for a



probability sample (Smith, 2016). All staff members of the GMA were included in the sampling frame for this research. As a first step in the sampling process, the research sampled 105 workers out of 130 employees using a stratified sampling method. Mugenda (2013) suggested the sample size of 10-50% of the population is appropriate for a study. The population distribution and the sample size are chosen proportionately are displayed in Table 1.

**Table 1: Population and Sample Size**

Respondents	Population	Sample Size	No. of Questionnaires to be Administered
Management Team	8	6	6
General Maritime Service Division	22	18	18
Technical Services Division	100	81	81
<b>Total</b>	<b>130</b>	<b>105</b>	<b>105</b>

Source: Ghana Maritime Authority (2020)

Stratified random sampling means sorting the population into smaller subgroups called strata. In random stratified sampling or stratification, the strata are formed based on common attributes, such as income or schooling (Zhao, Liang, & Dang, 2019). Stratified random sampling technique is also called proportional random sampling technique or random quota sampling technique. At the first stage of the sampling process, this sampling approach

was utilised to ensure a fair and equitable distribution of the participants in the sample.

Also, the individuals were picked using a simple random sampling technique from each stratum. The basic random strategy was used to pick the respondents to take part in the study using the lottery system. Simple random sampling is a probabilistic method which requires every member of the population to be selected equally. Easy random sampling is a method used to collect a smaller sample of a broader population and to determine and generalise the larger group (Etikan & Bala, 2017). This is one of the quantitative approaches to the selection of a sample from a large population by researchers. The quick to use and reliable representation of the wider population is a basic random sample for this study.

#### **Data Collection Instruments**

The primary data was a source of data for this study. The primary data source is data obtained from a self-administered questionnaire. Cooper and Schindler (2014) found that a data-collection technique or instrument is decided by the type of information required, the kinds of questions asked and the unit of measurement required.

The questionnaire was divided into four parts. The first section of the questionnaire dealt with demographic data from interviewees such as ages, genders and the agency. The second section dealt with budgetary control and organisational performance. The third part covered budgeting as an instrument for administrative control. The fourth section dealt with questions on the challenges encountered during the budgeting process. Responds rated on a 5-

point Likert scale; strongly disagree, disagree, neutral, agree and strongly agree.

### **Reliability and Validity Test**

The management of the Authority was officially asked to conduct the study. In collaboration with respondents, the research instrument for this study was developed based on its confidential existence. An organised and more precisely self-administered survey was the type of data collection used. A pre-test survey for chosen workers was performed for sample size reliability checking of the questionnaire.

### **Data Collection Procedures**

To ensure a high return rate, the instruments were administered personally by the researcher to the management and employees of GMA. A discussion was held with the Management staff of the GMA to agree on a convenient time to administer the instrument.

### **Data Processing and Analysis**

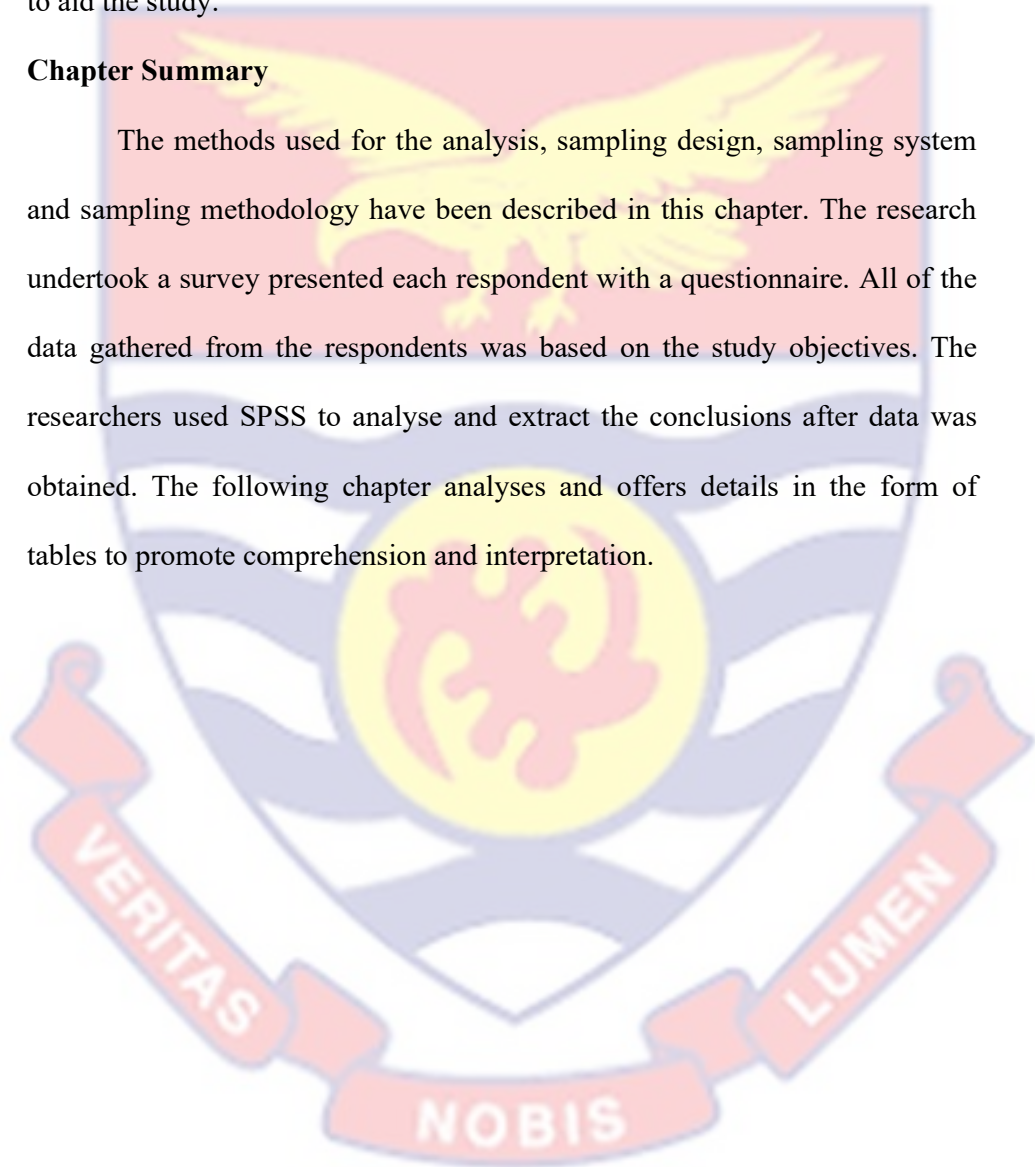
Data analysis was designed to reduce the accumulated information to a manageable size, to create summaries, to find designs and to apply statistical techniques (Cooper & Schindler, 2014). Coded and captured data were made imputed on the computer for analysis using version 24 of the Statistical Package for Social Sciences (SPSS). The data was then presented in a convenient and informative manner to make analysis and visualisation simpler using frequency Tables, graphs and maps. The proportions and frequency for variables are calculated using descriptive analysis.

### **Ethical Considerations**

To ensure an ethical study was undertaken, the identity of the respondents was not taken on the data collection instruments. Additionally, the respondents were assured of high-level confidentiality in the responses given to aid the study.

### **Chapter Summary**

The methods used for the analysis, sampling design, sampling system and sampling methodology have been described in this chapter. The research undertook a survey presented each respondent with a questionnaire. All of the data gathered from the respondents was based on the study objectives. The researchers used SPSS to analyse and extract the conclusions after data was obtained. The following chapter analyses and offers details in the form of tables to promote comprehension and interpretation.



## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### **Introduction**

Chapter four of the study presents results and discussions focusing on budgeting and budgetary control as a mechanism for organizational control of public institutions in Ghana are discussed in this chapter. This chapter contained analyses and discussions of the data obtained from the GMA respondents. The first emphasis was on the preliminary study, which analysed the respondents' demographic results. Again, the material was evaluated on the performance of the budgeting of the GMA as an administrative management tool and the difficulties faced in budgeting. Data were evaluated using descriptive and inferential statistics.

#### **Response Rate**

Of the 100 GMA employee questionnaires, 100 were retrieved constituting a response rate of 95.2%. This response rate was suitable to assess budgeting and budgetary control as a tool for administrative control. Mugenda (2013) opined that a statistically significant response rate should be at least 50%. Therefore, the response rate is adequate and acceptable for the study.

#### **Demographic Information**

This part of the data analysis covers information on the demographics of respondents as summarised in Table 2.

**Table 2: Demographic information**

		Frequency	Percentage
Gender	Male	59	59.0
	Female	41	41.0
Age Group	18-30 years	19	19.0
	31-40 years	46	46.0
	41-50 years	19	19.0
	51 and above years	16	16.0
Educational Qualification	Senior High	2	2.0
	Diploma	17	17.0
	Bachelor's Degree	39	39.0
	Master's Degree	29	29.0
	PhD	5	5.0
Working Experience	5 or less years	18	18.0
	6-10 years	63	63.0
	11-15 years	7	7.0
	16-20 years	12	12.0

**N=100**

Source: Field data (2020)

Data on the gender of respondents were collected, as shown in Table 2.

The result indicates that 59 males representing 59% of respondents took part

in the study, while the rest 41, representing 41% were females. Looking at the population of the GMA, female employees were fairly represented at the commission. It suggests that female employees were fairly represented as far as this study was concerned. Concerning the age group of employees, 19 of them fell within 18-30 range representing three percent (19%), 46 of them were in the range 31-40 representing 46%, 19 of them were in the range 41-51 representing 19% and 16 were in the 51 and above range representing 16% of the respondents. Majority of the respondents were between the ages of 31 to 40. This clearly shows that GMA has the most youthful employees.

The result on educational background and qualifications of the respondents used for the study revealed that two percent of the respondents had Senior high education and 17% of employees had Diploma and 39% respondents had First Degree. Also, 29% of the respondents had a master's degree, while five percent of the respondents had PhD qualifications. This gives a clear indication that the majority of departmental heads of GMA have higher educational qualifications which makes them much knowledgeable and competent in their various fields of study and departments.

The outcome of the study showed that the majority of the employees at GMA worked with the organisation between 6-10 years. This is followed by those who worked for 5 or less years (18%) and 16-20 years (12%) respectively. Only 7% of the employees worked between 11-15 years. The result signifies that the respondents are in a position to provide information on the questionnaires administered to them since most of them have been with the organisation for an appreciable number of years.

### Budgetary Control and Organisational Performance

This part of the analysis ascertains the effect of budgeting and budgetary control on the organisational performance of GMA.

**Table 3: Budgetary Control and Organisational Performance**

Variable	Mean	Std. Dev.	Prob.
Our company has improved its effectiveness through management dedication to budget controls	6.45	0.528	0.000
Absolute acceptance by management of budget controls has brought benefits	6.27	0.627	0.000
The use of budget management to meet corporate targets has contributed to greater profitability	6.21	0.664	0.000
Management also increases earnings in budget control values of workers in budgetary controls	6.35	0.553	0.000
The degree of top management concern with technical aspects of the budget impact profitability in our organisation	6.49	0.501	0.014

Source: Field data (2020)

To ascertain the effect of budgetary control on organisational performance, five (5) variables were tested. All the variables were significant at 5% confidence level signifying that the association between budgetary control and organisational performance of GMA as measured in the five (5) Likert scale is significant. The results depict that the performance of the organisation has improved through management dedication to budget controls



(mean = 6.45). Besides, absolute acceptance by management of budget controls has brought benefit (mean = 6.27).

The research further found that management also increases earnings in budget control values of workers in budgetary controls (mean = 6.35) and the degree of top management concern with technical aspects of the budget impact profitability in the organisation (mean = 6.49). The results signify that management readiness to implement and practice proper budgetary control led to favourable organisational performance.

**Regression Analysis**

This section presents the regression analysis for the first objective that sought to establish the effect of effective budgetary controls on the organisational performance of Ghana Maritime Authority (GMA). The model summary, analysis of variance (ANOVA) and coefficients of the variables are presented in Table 4, 5 and 6.

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.023 <sup>a</sup>	.012	.010	.28077

a. Predictors: (Constant), EFFECBUD

Source: Field data (2020)

**Table 5: ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.004	1	.004	.051	.001 <sup>b</sup>
Residual	7.726	98	.079		
Total	7.730	99			

a. Dependent Variable: ORGPERF

b. Predictors: (Constant), EFFECBUD

Source: Field data (2020)

**Table 6: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	1.142	.114		
1 EFFECBU	.022	.097	-.023	-.226	.001

a. Dependent Variable: ORGPERF

Source: Field data (2020)

The multiple correlation coefficient, R is 0.023. This parameter indicates that the correlation among the independent and dependent variable is positive. The coefficient of determination, R-square, is 0.01. This means that close to 1% of the variation in the dependent variable is explained by the independent variable. The adjusted R-square, a measure of explanatory power, is 0.10. This statistic is not generally interpreted because it is neither a

percentage (like the R-square), nor a test of significance (such as the F-statistic).

The analysis of variance table is shown in Table 5. The analysis of variance information provides the breakdown of the total variation of the dependent variable in this case organisational performance to the explained and unexplained portions. The significance level of 0.01 indicates there is a statistically significant relationship between organisational performance and effectiveness of budgetary control of Ghana Maritime Authority (GMA).

Table 6 illustrates the results on the coefficient or p-value results of the effect of effective budgetary controls on organisational performance at GMA. From the table 6, it can be seen that the p-value is 0.001, and the coefficient is 0.022. This means that the effectiveness of budgetary control has an effect on organisational performance at GMA such that the more effective the budgetary control levels, the more GMA will attain a higher organisational performance.

The results of the current study are in line with the earlier results of Marcormick and Harcastle (2011), Geletaw (2017), Mwakibasa (2013). The researchers found that a cumulative measure of information and coordination, cost savings, funding for internal audit personnel, budget monitoring and evaluation, organisational commitment and budget preparation processes, and positive interaction between budgetary management and the organisational performance of government parastatals.

#### **Effectiveness of Budgeting as an Instrument for Administrative Control**

This part of the study assesses budgeting as an instrument for administrative control. The descriptive statistics are presented using minimum, maximum, mean and standard deviations.

**Table 7: Effectiveness of Budgeting as an Instrument for Administrative Control**

Variable	Mean	Std. Dev.	Ranking
The management contribution to budgetary discipline has improved the administrative control of our organisation	6.08	0.533	4 <sup>th</sup>
Total adoption by the management of financial restrictions has contributed to managerial regulation	6.23	0.631	1 <sup>st</sup>
Usage of budgetary power to put pressure on staff has contributed to the management of the funds	6.11	0.541	3 <sup>rd</sup>
Meaningful participation of workers has guaranteed improved efficiency	6.00	0.674	5 <sup>th</sup>
The use of budget to accomplish corporate targets has contributed to greater managerial power	6.19	0.516	2 <sup>nd</sup>
Management principles of the budget monitoring worker thus improved administrative control	5.95	0.750	6 <sup>th</sup>
Administrative discipline in our organisation is influenced by the extent of top management interest regarding the technical aspects of the budget.	5.76	1.242	7 <sup>th</sup>

Source: Field data (2020)

In assessing the effectiveness of budgeting as an instrument of administrative control, seven (7) variables were tested. The result showed that the management contribution to budgetary discipline had improved the administrative control of our organisation (mean = 6.08). Also, the result showed that complete acceptance of budget controls by management has led to administrative control (mean = 6.23). The findings showed that management of GMA understand the role of budgetary control and are committed to its implementation, thereby leading to favourable organisational performance and administrative control.

The study also revealed that the usage of budgetary power to put pressure on staff has contributed to the management of the funds (mean = 6.11), meaningful participation of workers has guaranteed improved efficiency (mean = 6.00) and the use of the budget to accomplish corporate targets has contributed to greater managerial power (mean = 6.19). The analysis further revealed that management of GMA values employee in budgetary control thus increased administrative control (mean = 5.95) and administrative discipline in our organisation is influenced by the extent of top management interest regarding the technical aspect of the budget (mean = 5.76).

The findings showed that effective implementation and management of budgetary control result to proper administrative control. Based on the responses given by the respondents on the assessment of the factors of budgetary control as administrative control as discussed above, they were examined to give their general rating of the questions posed to them. The outcome indicates that all the factors influence the administrative control of the organisation. The result of this research confirms the research done by

Anohene (2011). Research has demonstrated that budgetary controls improve the cash flow of organisations when they tend to eradicate or mitigate defilement, support viable compensation assembly, exchange orders, and certainly make viable use of the advantage.

**Challenges Encountered during the Budgeting Process**

The challenges encountered during the budgeting process are discussed in this section of the data analysis.

**Table 8: Challenges Encountered during Budgeting Process**

Variable	Mean	Std. Dev.	Ranking
We are interested in the process of creating the budget	6.35	0.553	3 <sup>rd</sup>
Top management is active and assisted in the budgeting and budgetary monitoring process	6.49	0.501	1 <sup>st</sup>
Leadership and guidance are presented to all divisions in the budget by the finance team	6.43	0.554	2 <sup>nd</sup>
There are a practical accounting and information framework that can offer more accurate information or guidance on request	2.40	0.528	5 <sup>th</sup>
Our budgetary control mechanism is handled flexibly	2.53	0.545	4 <sup>th</sup>

Source: Field data (2020)

The result showed that employees were involved in the budget setting process (mean = 6.35). It may also be argued that the heads of departments are often interested in budget-setting procedures and therefore boost their

efficiency. It was also decided that there were sufficient participation and support from the top management in the budgeting and budgetary monitoring mechanism to offer consistent direction and to explain the priorities set by all stakeholders (Mean = 6.49). It may also be inferred that top management is active and assisted in the budget and control process, which leads to management performance.

The respondents were also in agreement that the finance team of Ghana Maritime Authority provides them with the needed leadership and support throughout the budget cycle. This is done by way of providing comprehensive budget templates and taking them through as to how to accurately complete and submit their budget inputs and also helping to review their estimates in line with the budget guidelines provided by management. It ensures that supervision and support are offered to all departments in the budget by the finance team to ensure that management performance is well improved.

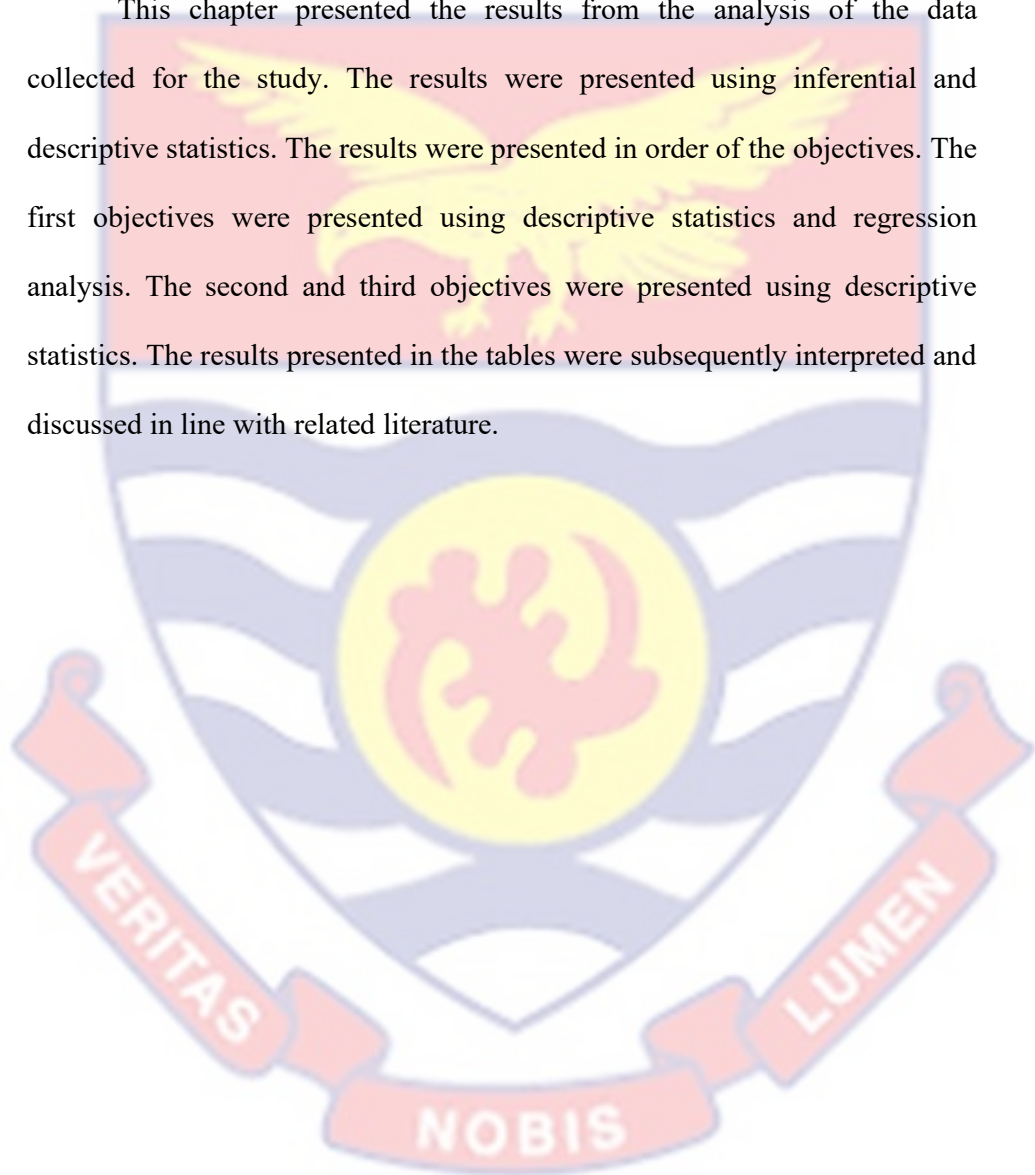
The respondent disagrees that the Ghana Maritime Authority has an appropriate accounting and information system which can make available more accurate and reliable facts or recommendation on demand about the budget. This means that there is no appropriate accounting and information system which can make available more thorough facts and recommendation on demand about the budget.

The respondents also disagree to the budgetary control system of the Ghana Maritime Authority was that the control system was highly regulated that it was difficult to allow a change in times of fluctuating conditions. Thus, it lacked flexibility. This affects management performance gravely as the

system does not easily allow for a change in performance targets even when the fundamentals of the budget changes during implementation. The findings are in line with the suppositions of Neely et al. (2003).

### Chapter Summary

This chapter presented the results from the analysis of the data collected for the study. The results were presented using inferential and descriptive statistics. The results were presented in order of the objectives. The first objectives were presented using descriptive statistics and regression analysis. The second and third objectives were presented using descriptive statistics. The results presented in the tables were subsequently interpreted and discussed in line with related literature.





## CHAPTER FIVE

### SUMMARY, CONCLUSION & RECOMMENDATIONS

#### Introduction

In this portion of the study, the researcher provides a summary of the results of the study, the conclusion of the study, the study recommendation and suggestions for further studies.

#### Summary of Findings

This study aimed to determine the effect of budgetary and budgetary controls as an institutional/organisational control tool for the Ghana Maritime Authority. Specifically, the analysis aimed to evaluate the effects of budgetary management on the organisational performance of GMA; to analyse the efficacy of budgeting as an institutional control mechanism at GMA, and to discuss the challenges encountered during the budgeting process at GMA.

All variables were significant at 5% confidence level, showing the relationship between budgetary control and the organisational performance of the GMA. The findings show that the management commitment to budgetary controls has improved the profitability of our organisation. Also, full adoption by the management of budgetary controls has led to revenues, and the use of budgetary control to meet operational targets has led to improved profitability. It has been observed that management values workers in budgetary controls. At the same time, growing revenue and profitability in the organisation, are influenced by the degree of top management associated with the technological aspects of the budget. The findings signify that management readiness to implement and practice proper budgetary control led to favourable organisational performance.

The outcome has shown that management dedication to budgetary control has improved administrative control of our enterprise. Besides, the complete acceptance of budgetary controls by management has led to the administrative control and management of GMA's understanding of the role of budgetary control and is committed to its implementation, leading to favourable organisational performance and administrative control. The use of budgetary control to pressure employees has led to management of funds, meaningful involvement of employees has ensured increased in productivity, and use of budgetary to achieve organisational goals has led to increased administrative control. The analysis further revealed that management of GMA values employee in budgetary control thus increased administrative control and administrative control in our organisation is affected by the degree of top management preoccupation by the technical aspect of the budget.

On the challenges encountered during the budgeting process, an appropriate accounting and information system which can make available more accurate and reliable facts or recommendation on demand about the budget is lacking at GMA signifying that no appropriate accounting and information system which can make available more thorough facts and recommendation on demand about the budget is missing. The budgetary control of the company is highly regulated, which makes it difficult to adjust to change in times of fluctuating conditions. Thus, the system lacked flexibility.

### **Conclusions**

Based on the results of the study, the researcher concludes that there is a positive significant effect of effective budgeting and budgetary control and

organisational performance. It is also necessary to use it as a tool to assess administrative control at the Ghana Maritime Authority.

It is concluded that the Ghana Maritime Authority has an efficient and effective expenditure and budgetary control mechanism that provides the requisite help for management to become even more efficient and effective in their different activities at the workplace. Thus, by the appropriate financial and budgetary control systems present in the organisation, management performance is well improved to a greater extent.

The study also concludes that an appropriate accounting and information system which can make available more accurate and reliable facts or recommendation on demand about the budget is lacking at GMA and the budgetary control of the company is highly regulated which makes it difficult to adjust to change in times of fluctuating conditions.

### **Recommendations**

Based on the results of the study, the following recommendations were made:

1. Firstly, the management of the Ghana Maritime Authority must continuously monitor its budgeting and budgetary control mechanisms to determine its efficacy regularly. By doing that, the organisations financial and budgetary control mechanisms will be well modified to meet the organisational objectives better.
2. Secondly, to maintain optimal organisational performance by budgeting and budgetary controls, management must be involved in preparation programmes that seek to equip their expertise and abilities

for the efficient use of budgeting and budgetary control mechanisms to enhance overall organisational performance.

3. Thirdly, it is also recommended that an appropriate accounting and information system which can make available more accurate and reliable facts on demand about the budget should be instituted and adequately implemented to help inject more efficiency in the budgeting and budgetary control process at GMA.
4. Finally, the budgetary control of the GMA should be made flexible, which will help solve the challenge of difficulty in adjusting to change in times of fluctuating conditions.

#### **Suggestions for Future Studies**

The study assesses the position of the Ghana Maritime Authority's budgeting and budgetary controls. In this respect, potential scholars should reproduce these studies in other fields such as engineering, banking and wellness, among others. Further research in the same direction but with a scope and dimension is also suggested.

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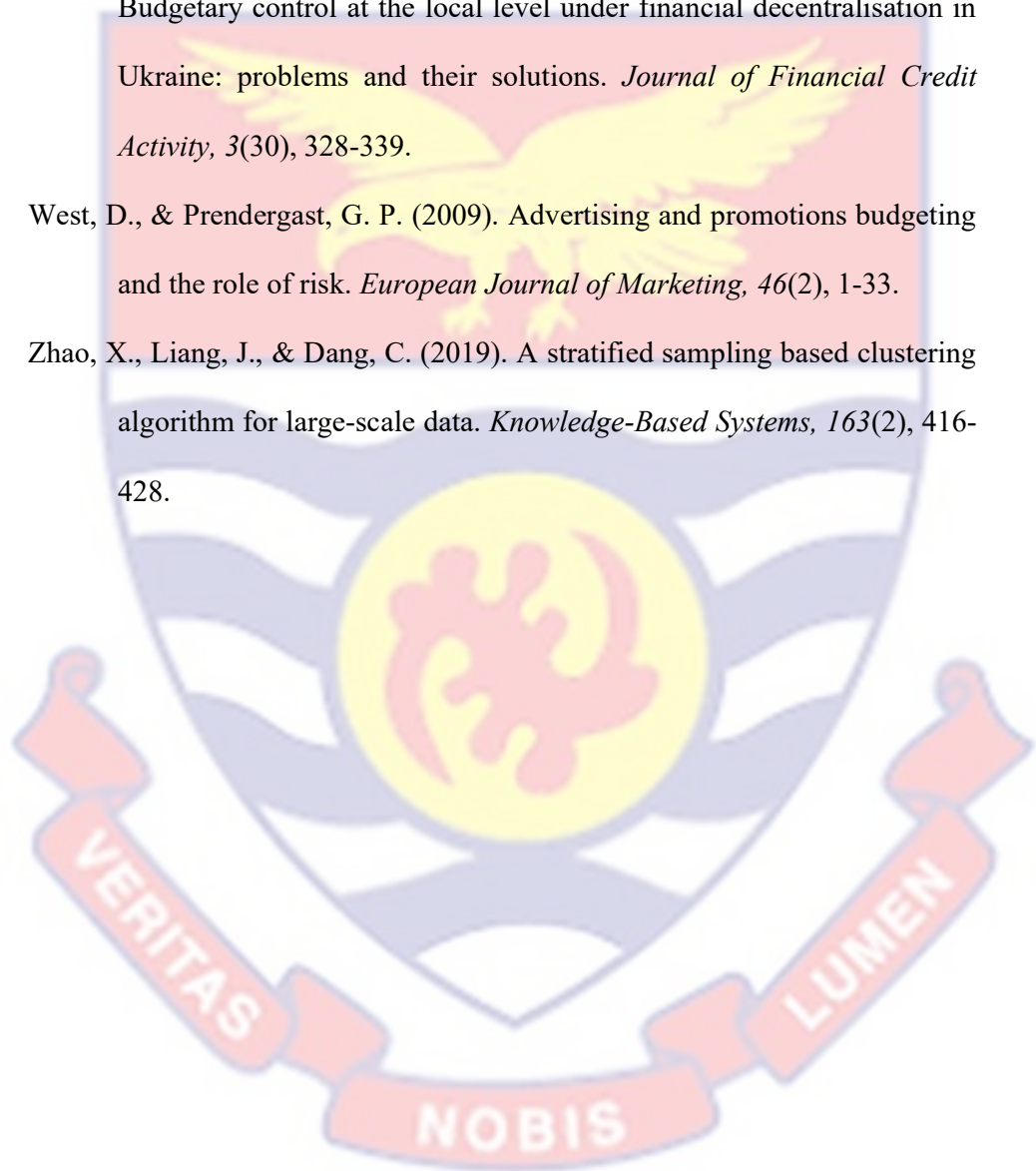
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**APPENDIX**  
**UNIVERSITY OF CAPE COAST**  
**COLLEGE OF HUMANITIES AND LEGAL STUDIES**  
**SCHOOL OF BUSINESS**  
**DEPARTMENT OF ACCOUNTING**

**QUESTIONNAIRE**  
**QUESTIONNAIRE ON BUDGETING AND BUDGETARY CONTROL**  
**AS A**  
**TOOL FOR ORGANISATIONAL CONTROL OF PUBLIC INSTITUTIONS**  
**IN GHANA: A CASE STUDY OF GHANA MARITIME AUTHORITY**  
**(GMA)**

The purpose of this questionnaire is to collect data for an academic exercise in partial fulfilment of the requirements for the award of degree in MBA (Accounting). The objective of the study is to assess how budgeting and budgetary control as a tool for Organisational control of public institutions in Ghana. Your candid opinions and views on the subject would be essential and useful for this study. However, you are assured that your information gathered would be treated with the utmost confidentiality.

**SECTION A: Demographic Data**

Please tick ( ) one where multiple answer have been provided.

1. Gender

[a] Male [b]Female

2. Age

[a]18-30 [b]31-40 [c]41-50 [d] 51 and above

3. Academic Level

[a] Senior High [b] Diploma [c] Bachelor [d] Masters [e]

PhD

4. How long have you worked with your institution?

[a] 5 or less years [b] 6-10 years [c] 11 -15 years [d] 16 — 20 years [e] 21years or more

**SECTION B: Relationship between budgeting and organizational control of the Ghana Maritime Authority.**

Tick the boxes *C4)* as appropriate. Only one box may be ticked for each question.

Please, tick in the appropriate box against the statements as defined below; 1= Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly Disagree

	Questions	SA	A	N	D	SD
5	Our company has improved its effectiveness through management dedication to budget controls					
6	Absolute acceptance by management of budget controls has brought benefit					
7	The use of budget management to meet corporate targets has contributed to					
8	Management also increases earnings in Budget control values of workers in budgetary controls					
9	The degree of top management concern with					

10	Our company has improved its effectiveness through management dedication to budget controls					
11	Absolute acceptance by management of budget controls has brought benefit					

**SECTION C; The effectiveness of budgeting as an instrument for organizational control.**

	Questions	SA	A	N	D	SD
7.	The management contribution to budgetary discipline has improved the administrative control of our organization					
S.	Total adoption of budgetary controls by the management of financial restrictions has contributed to managerial regulation					
11.	Usage of budgetary power to put pressure on staff has contributed to the management of the funds					
12.	Meaningful participation of workers has guaranteed improved efficiency					
13.	The use of the budget to accomplish corporate targets has contributed to greater					
14.	Management principles of the budget monitoring process thus improved					



**SECTION D: Problems encountered during budgeting exercise at Ghana**

**Maritime Authority**

	<b>Questions</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
22	We are interested in the process of creating the					
23	Top management is active and assists in the fiscal and budgetary monitoring process.					
24	Leadership and guidance are presented to employee in all divisions in the budget by the					
25	There are practical accounting and information framework that can offer more accurate					
26	Our budgetary control mechanism is handled flexibly.					

