YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

EFFECTIVENESS OF GOVERNMENT BUDGETING

IN YANGON REGION

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(EMBF - 6th BATCH)

DECEMBER, 2019

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A thesis submitted as a partial fulfillment towards the requirements for the degree of Master of Banking and Finance (MBF)

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ABSTRACT

This study attempts to identify the government budgeting practices and to analyze the effectiveness in government budgets in Yangon Region. The main objective of the study is to analyze the relationship between government budgeting practices (public participation, staff competency, information technology and government regulations) and effective management of government budget. To achieve the main objective of the study, the primary data are collected by using structured questionnaires through interviews with 108 budget officers of government departments. Secondary data is gained from citizen budget books, research paper, journal, articles and records of the budget department. The survey is conducted in November,2019. Data has been analyzed using descriptive and analytical methods. Budgeting practices are provided by government. Multiple regression analysis on effectiveness management of the budget demonstrates government regulations and staff competency has significant relationship with the effective management of budgets. There is strongly correlation between effective management of budgets and government regulations. From the results, individual coefficient indicates that public participation has little impact and insignificant relationship on effectiveness management of the budget. And then, information technology has a negative and insignificant relationship on effectiveness management of the budget. According to multiple regression analysis, government budgeting practices have significant relationship with effective management of government budget.

ACKNOWLEDGEMENTS

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CHAPTER I

INTRODUCTION

A budget is an itemized summary of estimated expenditure for a given period along with proposals for financing them (Mitchill, 2005). It is the master financial plan of the government and brings together estimates of anticipated revenue and proposed expenditure for the budgeted years (Taylor). Budget is also an important activity of the public sector, representing a clear agreement between public and the government. Budget is a central policy document of government. It is a primary instrument of fiscal policy, and thus influences the functioning and management of the economy. The budget demonstrates how the government will prioritize and resource its annual and multiyear objectives.

Budgeting refers to the process of preparation, implementation and operation of budgets decisions into specific projected financial plan (Abdullah, 2008). Budgeting is a mean of policy implementation. The budget process is defined as the process through which government expenditure are determined or allocated. Normally a budget process is composed of four main stages: formulation, adoption, execution, and control. The effective management of budget is the ability of an organization to formulate, adopt, and execute a budget and also put in place control measures to ensure achievement of both long term and short term goals and obligations of the organization (Hashem, 2014).

In Myanmar, government budget is an important component in government planning and decision making. The government budget is an important tool for implementation of policy to achieve social, economic and political objectives. The other purpose of a government budget is to provide guidance on economic growth and increase job opportunities and redistribution of income in the economy. Therefore, government budget need to be effective. Effective management of the budget is one of the critical aspects in determining the success of a government, a government unit, an organization and even County Government. The qualities of an effective budget are; it should be realistic, consistent with organizational objectives, cost effective and flexible. In practice, budgets are rarely effectively managed. This can be for

legitimate reasons such as adjustments in policies in response to changes in economic conditions, or for negative reasons, including mismanagement, poor budgetary process, unauthorized expenditures, inefficiency, or fraud. (Nebrasla, 2015)

1.1 Rationale of the Study

Budget decisions significantly affect the life of citizens, and citizens, as a corollary, have a right to be informed about the budget choices that the government makes on their behalf. According to Graham (2011) the government is responsible for bringing together large amounts of resources to achieve public goods and these are monitored through mechanisms such as budgeting. Thus it is important to investigate if there are any challenges in order to determine how they affect management ability to make effective decisions and to optimally utilize the resources of the department.

Ghias (2014) states that, one major objective highlighted in the literature is operational efficiency, which means the budget allocated to line functions and departments should be completely used to provide the goods and services needed by the state. Unspent funds or funds not appropriated at the end of the fiscal year cannot be rolled over to the next fiscal year. This is because, budget management enforces fiscal discipline, foster macroeconomic stability, improves the portfolio programs by rewarding effective is efficient programs as well as builds a culture of performance and accountability within the government and its spending units.

All government departments are responsible to implement the government's policies for achieving social, economic and political objectives. Therefore, budgeting process is very important in all government departments. However, in some department, budget officers do not comprehend the importance of the budgeting process as a strategic operational plan. To implement the government budget effectively, they are not clear about budgeting. There is a need for more studies to be done to establish the effective and efficiency of budget implementation. This paper will be based on the factors affecting the effective management of government budgets at the selected department in Yangon region. This will enable the departments to understand the possible cause of the variance occurring between estimated budget and actual costs every year.

1.2 Objectives of the Study

The objectives of the study are;

(1) To identify the government budgeting practices, and

(2) To analyze the effectiveness in government budget in Yangon Region.

1.3 The Scope and Method of the Study

This study is conducted in Yangon Region. A question survey method is used to analyze effectiveness of government budgeting in Yangon region. This study employs quantitative research method using SPSS. The primary data are collected from the selected respondents who are budget officers working at governments departments. The sample consist of 108 staffs working in government departments who are 18 budget officers from Budget Department, 27 auditors from The Auditor General,9 administrative officers from General Administration Department, 9 accounting officers from Yangon Electricity Supply Corporation (YESC), 9 staff officers from Planning Department, 9 accounting officers from Department of Urban & Housing Development, 9 accounting officers from Yangon Region Hluttaw, 9 accounting officers from Central Statistical Organization and 9 accounting officers from Highway Department.

1.4 Organization of the Study

This study is organized into five chapters. Chapter I is the introduction, the rationale of the study, method of the study and organization of the study. Chapter II is literature reviews about factors affecting the effective management of budget. Chapter III is overview of budgeting process and practices. Chapter IV includes research methodology and research design, data analysis and interpretation. The last chapter (Chapter V) includes findings and discussions, conclusion and recommendation, and needs for further studies.

CHAPTER II

LITERATURE REVIEW

This chapter presents the literature review of the study and explains what has already been done and found by other researchers in the similar field. There is a very little literature in business management books and journals covering this aspect of the study; finding out the impact of budgeting on the effectiveness of managers in an organization.

2.1 Operational Definition

(a) Effective Budget Management

Effective budget management is the ability of an organization to formulate, adopt and execute a budget and also put in place control measures to ensure achievement of both long term and short term goals and obligations of the organization. (Hashem, 2014)

(b) Public Participation

Budgetary participation is the level of involvement and influence of individuals in the preparation of the budget. (Muammar et al 2015)

(c) The Budgetary Process

The budget process is defined as the process through which government expenditures are determined or allocated. Normally a budget process is composed of four main stages: formulation, adoption, execution, and control.(Hashem, 2014)

(d) Budget Implementation

Budget implementation is the actual functioning, performance and execution of a specific revenue and expenditure estimation. Budget implementation has been very low in most less developed countries including Nigeria.(Oketa, 2013)

(d) Devolution

Devolution is the statutory delegation of powers from the Central Government of a sovereign state to govern at a subnational level, such as a regional or local level.

It is a form of administrative decentralization. Devolved territories have the power to make legislation relevant to the area. (Wikimedia Foundation, 2016)

(e) Budget

A budget refers to a comprehensive plan in writing, stated in monetary terms that outline the expected financial consequences of management's plans and strategies for accomplishing the organization's mission for the coming period. (Abdullah., 2008)

(f) Budgeting

Budgeting refers to the process of preparation, implementation and operation of budgets decisions into specific projected financial plans. (Abdullah., 2008)

(g) Budgetary Control

It refers to any management approach that involves setting some kind of targets, regularly measuring variances between the original targets and actual outcomes, and motivating people to reduce those variances. (Abdullah., 2008)

2.2 Theoretical Review

Public budgeting, as a field of study, has grown tremendously in recent years both in form and substance. With such growth comes a need to have a coherent theory or body of theories that allows one to understand the field, its essential core that guides its development, and its cope for dealing with real world problems (Forrester, 2002).

2.2.1 Agency Theory

An agency relationship is a contract under which one or more persons; the principal(s) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. (Michael C. Jensen, 1976)

The objective in agency theory is to structure the contractual relationship between these groups so that agents take actions to maximize the welfare of principals. At the heart of public budgeting are relationships among those who

provide agency services and those who allocate resources to service providers. Schick (1988) as cited by (Forrester, 2002) has referred to these individuals as claimants and conservers, respectively. Others have entitled them more generally as agents and principals, respectively (Demski, 1998; Baiman, 1982; Holstrom, 1979) as cited by (Forrester, 2002). In other words, those who make claims on governmental resources are agents and those who allocate and ration the resources are principals. In this relationship, the principals contract with agents to provide services to the public, and the main focus for all those involved is the contract (i.e., the budget) itself. Two key questions for both participants are; "What can be done to draw up the most effective contract possible?" and "How can the contract be upheld?" (Forrester, 2002)

The budgeting process is conducted or steered by public servants who undertake that function on behalf of the citizens of a country or a county. Both the agent and the principals have divergent interests and hence the agents do not necessarily act in the best interest of the principals. Agency theory therefore describes the conflict arising between self-interested managers (agents) and the owners (principals). The principals must try to reduce the agent's actions in advancing their interest through establishment of appropriate incentives for the agent and by incurring monitoring costs designed to limit their self-benefiting activities (Michael C. Jensen, 1976). It was also important to point out that currently, the information asymmetry between the principals and agents in counties are being addressed by increased recognition of the role of county assemblies, civic budget groups and the general public in the budget formulation process. (Mutuma, 2016)

Financial accountability asserted that the implementation of public budgets was based on the interests of the people, as who provide the mandate to the government to plan and implement the budget. Budget in favor of the people is the budget not only in terms of expenditure, which meets the allocation of public services as expected, but also from the revenue side. The office of controller of budget (COB) in liaison with national treasury exercise financial control in all counties and is required to serve the public interest. County governments can be seen as agents of the people (the principal) because they are required to produce a certain level of public output including the quality of county government expenditure returns in exchange for taxes paid by the people. The objective of COB is to oversee the county

government in implementing public expenditure programs and projects. (Mutuma, 2016)

In view of the above explanation of the agency relationship, failure of the agent to act in the best interest of the principal could be one of the reasons of not attaining effective management of the budget. Public participation and strict adherence to government regulations should be applied to ensure that the agents act in the best interest of the principals who are the citizens. This will ensure an effective management of the budget. The staff should also be capacity built to a high competence level of understanding the law in regard to budgetary provisions.

2.2.2 Stewardship Theory

Agency theory argues that shareholder interests require protection by separation of incumbency of roles of board chair and CEO. Stewardship theory argues shareholder interests are maximized by shared incumbency of these roles. Results of an empirical test fail to support agency theory and provide some support for stewardship theory. (Donaldson, 1991)

These theoretical considerations argue a view of managerial motivation alternative to agency theory and which may be termed stewardship theory (Donaldson 1990a, 1990b; Barney 1990). The executive manager, under this theory, far from being an opportunistic shirker, essentially wants to do a good job, to be a good steward of the corporate assets. Thus, stewardship theory holds that there is no inherent, general problem of executive motivation. Given the absence of an inner motivational problem among executives, there is the question of how far executives can achieve the good corporate performance to which they aspire. Thus, stewardship theory holds that performance variations arise from whether the structural situation in which the executive is located facilitates effective action by the executive. (Donaldson, 1991)

The issue becomes whether or not the organization structure helps the executive to formulate and implement plans for high corporate performance (Donaldson 1985). Structures will be facilitative of this goal to the extent that they provide clear, consistent role expectations and authorize and empower senior management. Specifically, as regards the role of the CEO, structures will assist those

to attain superior performance by their corporations to the extent that the CEO exercises complete authority over the corporation and that their role is unambiguous and unchallenged. This situation is attained more readily where the CEO is also chair of the board. Power and authority are concentrated in one person. There is no room for doubt as to who has authority or responsibility over a particular matter. Similarly, the expectations about corporate leadership will be clearer and more consistent both for subordinate managers and for other members of the corporate board. (Donaldson, 1991) The organization will enjoy the classic benefits of unity of direction and of strong command and control. Thus, stewardship theory focuses not on motivation of the CEO but rather facilitative, empowering structures, and holds that fusion of the incumbency of the roles of chair and CEO will enhance effectiveness and produce, as a result, superior returns to shareholders than separation of the roles of chair and CEO (Donaldson, 1991)

In the context of the study, the CEO manages the organization on behalf of the other stakeholders. For the county governments, they manage resources on behalf of the national government and for the interest of the citizens. The governor been the CEO of the county should execute the interests of the citizens through a budget. To ensure effective management of the budget, public participation should be done according to the Constitution of Kenya 2010 sect.35 (1) in the Bill of Rights and PFM Act 2012 about financial legislations to ensure there is accountability and transparency. Public participation and strict adherence to government regulations should be applied to ensure that the agents act in the best interest of the principals who are the citizens. The staff should also be capacity built to a high competence level of understanding the law in regard to budgetary provisions.

2.2.3 Public Interest Theory

Public interest theory is an economic theory that holds that regulation is supplied in response to the demand of the public for the correction of inefficient or inequitable market practices (Christensen, 2010). It is believed that the regulations are prepared in the public interest when they are demanded by the public for correcting inefficient practices. Regulations are understood to do good to the whole society rather than any individual's interest. Regulation is one of the state's core functions. It is also one of its classical functions. In a historical perspective the state engaged in

regulation long before government also took upon it to provide welfare services to its citizens. Regulation defines the border between state and society, government and market. Therefore, regulation represents government's attempt to set limits to the scope of private activities. (Christensen, 2010)

Public interest theory in this study reflect what is enshrined in the Constitution of Kenya 2010 sect.35 (1) in the Bill of Rights and PFM Act 2012 about financial legislations to ensure there is accountability and transparency which will add value to environment protection and public participation. In relation to the study, the employees in the county governments should be in a position to understand the law and government regulations which clearly outline the functions of government that will eventually determine what should be in the budget. This demonstrates that application of public interest theory would lead to effective management of the budget. Application of the public interest theory also would ensure that the budget would be implemented according to the laid down regulations.

2.3 Empirical Literature Review on Previous Studies

This section reviews the work done by other researchers, which relate to this topic. This studies are conducted in respect of effectiveness of budgets in governments are reviewed. The purpose is to relate the theoretical literature review with the finding of other researchers.

2.3.1 Public Participation and Effective Management of Budgets

Citizen participation in local government is usually considered to be an important mechanism for achieving development gains, strengthening local accountability, and empowering citizens (Kelly, 2007). Nearly two-thirds of projects are unsuccessful due to difficulties experienced in trying to control project deliverables, schedules and budget and therefore the need to manage and control scope is vital to give the project manager a chance of meeting the approved objectives and achieving successful projects. Studies have shown that there are various influences of stakeholder participation on the public budgeting process. Some of these include the efficiency of the process, the effectiveness of the process and equity in the allocation of funds. (Kelly, 2007)

A study was conducted in the United Kingdom by Muammar et al (2015) on the effect of budget participation and budget adequacy on individual performance with job satisfaction as an intervening variable. The study applied the following methodology; the study used purposive sampling technique, so that the sampling would be done by a logical representation. The sample in the study were the officers involved in the preparation of the budget comprising of 16 heads of agencies, 48 heads of sub-divisions and 46 head of divisions involved in the budgeting process at the government institution of Aceh Utara district. Research data required is the primary data. Muammar et al (2015) came up with the following findings. "The results of the study indicated that budgetary participation significantly affected individuals' performance. Budgetary participation affects job satisfaction. Budget adequacy significantly affects budget satisfaction; budget adequacy significantly affects individual performance.

He finally came up with the following conclusion "Budgetary participation and budget adequacy significantly effected on performance through job satisfaction" the findings in this study do not address the topic at hand but address similar issues that are also important to the County Governments' budgetary process" The researcher was of the view hat purposive sampling technique that was applied in identifying the sample was not the appropriate method; the census method though expensive could have produced a sample that would have been a better true representative of the population.

Pandeya (2015) also conducted a study which sought to answer the following question. Does citizen participation in local government decision-making contribute to strengthening local planning and accountability systems? "An empirical assessment of the stakeholders' perceptions in Nepal".

The study used exploratory interviews with 35 people who have had at least five years of experience and expertise in the field of local governance and citizen participation. The interviewees, selected through purposive and snowball sampling, were 17 mid-level and high-ranking LG officers (local development officers, joint secretaries and under-secretaries), eight practitioners working in participatory projects, five participation experts, and five activists working for non-governmental organizations (NGOs). (Pandeya, 2015)

Pandeya (2015) came up with the following finding. "The lack of elected representatives, a condition that existed for more than a decade, appeared to be a major stumbling block toward promoting effective participation in Nepal. Many respondents felt that a long-term political vacuum, which is, in fact, a major obstacle to building local democracy and governance, was one of the major detrimental factors that discouraged many citizens from participation. This vacuum also limited the scope of effective communication between citizens and LG officials. These findings were not relevant in the Kenyan context because elections were mandatory as stipulated in the Kenyan constitution.

Pandeya (2015) came up with the following conclusion. The results drawn from an examination of factors associated with citizen participation in LG decision-making show that institutional and policy frameworks and participation mechanisms are favorable, or at least pose no hindrance, to the promotion of effective participation in Nepal. The researcher was of the view that exploratory interviews technique that was applied in identifying the sample was not the appropriate method; purposive sampling method could have produced a sample that would have been a better true representative of the population.

Since the early 1980s, many scholars have increasingly focused on citizen participation in administrative decision-making. For example, in the beginning of participatory government, Kweit and Kweit (1981) argued that "participation in government improved public service delivery and increased the trust of citizens in government. However, the outcomes of citizen participation depended on: the characteristics of participation mechanisms; the characteristics of the target organization, especially its capacity, structure, and commitment to the process; and environmental characteristics, such as the size of the community, and the forms of government involved. This argument may be valid for certain contexts but it may not apply to all contexts" as cited by (Pandeya, 2015).

Consistent with the findings of Kweit and Kweit (1981), King, Feltey, and Susel (1998) argued in a study based on interviews and focus group discussions (FGDs) conducted in Ohio State that there are three major sets of factors relevant to effective participation: participation policies and mechanisms; types of administrative systems and practices; and the nature of contemporary society, such as the

characteristics of the citizens and community organizations involved, and the prevailing political culture. However, because this research was done in a developed country, the findings may not be applicable to other contexts as cited by (Pandeya, 2015). From the literature reviewed, the researcher was able to conclude that there was a positive relationship between public participation and effective management of the budget.

2.3.2 Staff Competency and Effective Management of Budgets

Boyatzis (2008), as cited by (Apiyo and Mburu,2014) define competency as "a capability, ability or an underlying characteristic of an individual which is casually related to effective or superior performance. It is a set of related but a different set of behavior organized around an underlying construct, which we call the "intent". The behaviors are alternate manifestations of the intent, as appropriate in various situations or times". Competence is a cluster of related abilities, commitments, knowledge, and skills that enable a person (or an organization) to act efficiently in a job or situation. Competencies indicate sufficiency of knowledge and skills that enable someone to act in a wide variety of situations (Aketch and Karanja, 2013) as cited in (Apiyo and Mburu,2014).

The budget process is a technical process that requires people with expertise and experience to execute. It would first involve setting realistic goals, planning on how to execute the goals and also conducting budgetary review. This process requires a lot of accuracy in estimations and serious accountability at execution. These states of affairs clearly demonstrate that highly trained personnel are required to execute the budget. (Aketch and Karanja, 2013) as cited in (Apiyo and Mburu,2014)

Moolchand Raghunandan et al (2012) conducted a study where they examined the Behavioral Aspects of Budgeting with particular emphasis on Public Sector/Service Budgets. The study applied simple random sampling technique to come up with the data for analysis. This was done by administering questionnaires to government employees in various departments.

The researcher came up with the following findings; Management accountants must recognize that accounting techniques and human relations bound with each other. The behavior aspects of budgeting are significant and the

management accountant has a responsibility to minimize the behavioral problems within the accounting systems for control. It follows that management accountants should work more closely with behavioral scientists to gain an understanding of the essential role that human behavior plays in successful budget use. The researcher came to the conclusion that Budgeting is a complex process, and the best results can only be achieved when a mix of factors is taken into account. The personalities of the participants, the type of budget being set (revenue or expense), the approach to performance reporting and the degree of uncertainty present are all important factors that cannot be overlooked.

The researcher was of the view that simple random sampling technique that was applied in identifying the sample was not the appropriate method; purposive sampling method could have produced a sample that would have been a better true representative of the population.

A study was conducted by Apiyo and Mburu (2014) to explore the factors that affect procurement planning in County Governments in Kenya. This study concluded that there was a positive relationship between staff competence and the procurement planning. The study adopted a descriptive case study design; which enabled the researcher to keep track of the research activities and helped to ensure that the ultimate research objectives are achieved. This method is preferred because it allowed for in-depth study of the case.

From the findings, a unit increase in staff competence led to a 0.252 increase in the procurement planning. It also concluded that, there was a positive relationship between management support and the procurement planning. From the findings, a unit increase in management support led to a 0.786 increase in the procurement planning. From the literature reviewed; the researcher was able to conclude that there was a positive relationship between public participation and effective management of the budget.

2.3.3 Information Technology and Effective Management of Budgets

In terms of terminology, a FMIS usually refers to computerization of public expenditure management processes including budget formulation, budget execution, and accounting with the help of a fully integrated system for financial management of

the line ministries and other spending agencies. The full system should also secure integration and communication with other relevant information systems. Because of the integration requirement, the FMIS is commonly characterized as an integrated financial management information system (IFMIS). (Diamond and Khemani, 2006)

The consequent lack of reliable and timely revenue and expenditure data for budget planning, monitoring, expenditure control, and reporting has negatively impacted budget management. The results have been a poorly controlled commitment of government resources, often resulting in a large buildup of arrears; excessive borrowing, pushing up interest rates and crowding out private sector investment; and misallocation of resources, undermining the effectiveness and efficiency of service delivery. Further, governments have found it difficult to provide an accurate, complete, and transparent account of their financial position to Parliament or to other interested parties, including donors and the general public. (Diamond and Khemani, 2006)

The lack of information hindered transparency and the enforcement of accountability in government, and only contributed to the perceived governance problems in many of the countries. In light of these adverse developments, it was perhaps not surprising that many developing countries pressed for, or have been pressed into, adopting financial management information system (FMIS) projects to strengthen their PEM systems. (Diamond and Khemani, 2006). The establishment of a FMIS has consequently become an important benchmark for the country's budget reform agenda, often regarded as a precondition for achieving effective management of the budgetary resources. Although it is not a panacea, the benefits of an FMIS could be argued to be profound. (Diamond and Khemani, 2006)

In the study conducted by Diamond and Khemani (2006); on Introducing Financial Management and Information Systems in developing countries. They conducted the study after realizing that financial information systems in developing countries continued to fail. This article investigates the reason for almost universal failure to implement and sustain FMISs in developing countries. The study used the following methodology; it started with a review of the "received wisdom" in implementing these projects, and then analyzed problems in its application in the developing country context to identify key factors to explain why FMIS projects have

been so problematic. Based on the identified negative factors, suggestions for addressing them were offered in the hope of improving success rates.

The study came up with the following findings; first, the improved recording and processing of government financial transactions also allowed prompt and efficient access to reliable financial data. This supported enhanced transparency and accountability of the executive to Parliament, the general public, and other external agencies. Second, an FMIS strengthened financial controls, facilitating a full and updated picture of commitments and expenditure on a continuous basis. Once a commitment was made, the system was able to trace all the stages of the transaction processing from budget releases, commitment, purchase, payment request, reconciliation of bank statements, and accounting of expenditure. This allows a comprehensive picture of budget execution. Third, it provided the information to ensure improved efficiency and effectiveness of government financial management. Generally, increased availability of comprehensive control, accounting, and audit and reporting. Financial information on current and past performance assists budgetary control and improved economic forecasting, planning, and budgeting. (Diamond and Khemani, 2006)

After the study they came up with the following conclusion; The FMIS should include functionality for preparation of annual budgets. This module should be able to exchange data with separate applications for macroeconomic analysis and projections, and facilitate the topdown and bottom-up approach for the formulation of budget estimates. (Diamond and Khemani, 2006). This finding demonstrates that there is a positive relationship between information technology and effectiveness of the budget.

Hence, a separate budget preparation system with an interface to the FMIS should assist in the evaluation of the budget proposals. This system should be able to access and generate data from the previous years. While time series and compatibility of codes and classifications are vital features, the budget planning system should also be supplemented with tools for assessing the actual performance of ongoing projects, evaluations, and costbenefit analysis for new proposals. (Diamond and Khemani, 2006)

Another study was conducted by Mutuma (2016) on challenges of budget implementation in the public sector: a case of Meru County in Kenya. IFMIS and

public sector performance have drawn much attention among scholars and researchers. Gallagher (2007) in his study on building fiscal infrastructure in post-conflict societies found that lack of high level commitment, ineffective project coordination; loose project design and planning were the hindrances. Jack and Khemani (2005) argued that over ten years of implementation, this system has still not been able to fully provide the expected benefits of integrated financial planning, implementation and control of public expenditure due to staff resistance, management commitment, System complexity and capacity and skills of users. The capacity and technical knowhow was found to be low due to lack of training and the hurried implementation of the system.

The controller of budget in her review report for county budget implementation for half year 2013/14 cites slow operationalization of the IFMIS and in FY 2014/2015 Meru County made little progress in embracing the use of IFMIS to process financial transactions and especially in end to end procurement process (Mutuma, 2016). The study adopted a descriptive design and was limited to the public sector with the main emphasis being government employees in Meru County. According to Meru County Government database 2016, there were 80 members of staff who were in management positions in the thirteen (13) departments of Meru County and within the executive arm. A sample was drawn from these targeted 80 employees in the county. Data was collected using self-administered structured questionnaires. In this study, ten (10) County Executive committee members (CECM) ten (10) Chief Officers (CO) and twenty (20) Directors of all the Meru County departments were used to respond to the research instrument thus comprising a sample size of 40. The data was analyzed using multiple regressions and presented using charts, bar graphs, frequency tables. (Mutuma, 2016)

The findings were, the variables for the study were institutional constraints, performance in revenue collection, use of IFMIS and effective oversight and audit function. The output of the multiple regressions indicated the significance of each of the predictor variables.

The conclusion of the study was that institutional constraints, use of IFMIS and effective oversight and audit function had significant influence on budget implementation (Mutuma, 2016). The researcher was of the view that a bigger sample

selected by the application of stratified random sampling could have produced a more representative result.

2.3.4 Government Regulations/Laws and Effective Management of the Budgets

The drafters of the constitution ensured that an adequate legal framework governing budgets and the budgetary process in the devolved units was put in place. This was put in place to ensure an effective management of the budgetary process. But with the adequate legal framework stipulated in the constitution, Kenyan counties have been unable to effectively manage the budget.

Constitution of Kenya 2010, County Governments Act, No. 17 of 2012, Public Finance Management Act, No. 18 of 2012, Intergovernmental Relations Act, and No. 2 of 2012.(National Council for Law Reporting, 2016) Chapter 11 of the constitution section 190 (1) stipulates that parliament shall by legislation ensure that County Governments have adequate support to enable them to perform their functions. (2) County Governments shall operate financial management systems that comply with any requirements prescribed by national legislations.(Uraia Trust, 2012)

Chapter 12 of the constitution section 201 sub-section (a) stipulates that there shall be openness and accountability, including public participation in financial matters. Section 220 (1) stipulates that budgets of the National and County Governments shall contain (a) estimates of revenue and expenditure, differentiating between recurrent and development expenditure. (Uraia Trust, 2012)

The public finance and management Act 2012 section 104 (1) stipulates that subject to the constitution, a county treasury shall monitor, evaluate and oversee the management of public finances and economic affairs of the county government including – (a) Developing and implementing financial and economic policies in the county; (b) Preparing the annual budget for the county and co-coordinating the preparation of estimates of revenue and expenditure of the county government (c) Co-coordinating the implementation of the budget of the county government. (Uraia Trust, 2012)

Kenya's 2010 Constitution and subsequent legislation, such as the County Governments Act and the Public Finance Management Act, require public participation in matters of public finance. While there are numerous references to

public participation in these laws, most are vague and contain no further guidance. There is one major exception to this, however, which is the very specific requirement that every county set up a County Budget and Economic Forum (CBEF). The CBEF is mandated by the Public Finance Management (PFM) Act. The Act states that counties shall create these forums in order to "provide a means for consultation by the county government on: preparation of county plans, the County Fiscal Strategy Paper, and the Budget Review and Outlook Paper for the county; and matters relating to budgeting, the economy and financial management at the county level." (International budget Patnerships, 2016)

2.4 Conceptual Framework

Based on previous literature review, the conceptual framework for this study is developed. Figure (2.1) is conceptual framework for this study. The independent variables include public participation, competency of staff, information technology and government regulations while dependent variable is the effective management of government budgets.

Figure (2.1) Conceptual Framework of the Study

Public Participation	→
Competency of Staff	→
Information Technology	→	→ **Effective Management of Government Budgets**
Government Regulations	→

(Independent variables)   (Dependent variable)
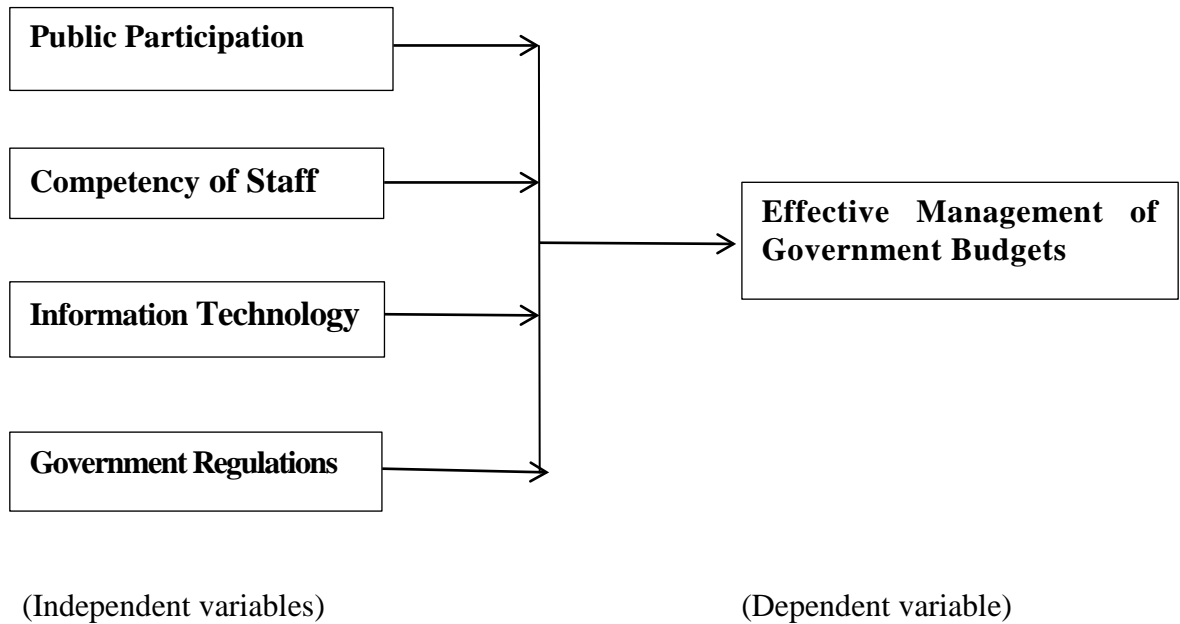
Source: Conceptual Framework based on Michael Munage Musyoka, (2017)

The results show that budgeting is an effective management tool that should be utilized as a guiding tool towards executing organizational plans and strategies. If budgeting is implemented and monitored properly and therefore taking all the factors effecting proper management of budget into consideration, the organization should be able to utilize its resources optimally so as to reach its goals and objectives. This study could effect on how managers use budgets as an effective management tool.

CHAPTER III

OVERVIEW OF BUDGETING PROCESS AND PRACTICE

In Myanmar, the Ministry of Planning and Finance (MOPF) is responsible for overall administration of the nation's fiscal and monetary matters. The MOPF has been implementing tasks for Monetary Services, Bank Services, Public Services, Public Finance Management, Revenue System and drawing plans for Economy, Investment, Human Resource Development, Coordination and Communication with local and foreign organizations in accordance with state's policies to develop socio-economic of country rapidly. Under the guidance of MOPF, the Budget Department is responsible for the fiscal policies of the State Law and Order activities, constructing the infrastructures such as roads, bridges and dams for the economic development of the State, all around economic development works based on the Agriculture sector, health, education and cultural works for the development of human resources and for allocating the resources effectively for the State.

The Budget Department formulates and implements Annual State Budget within a macroeconomics framework under the guidance of the MOPF for a given period. Although Budgets are for specific financial years, in practice Budgetary is continuous and is so undertaken in the spending agencies and in the MOPF to fulfill the three main function; budget allocation, stabilization and evaluation. It focuses on effective allocation of resources with greater attention on measurement of social and economic cost and on evolving budget structures that would better reflect the development activities. It lays down Budgetary Policy and Budgetary Management System as instruments of national economic management, communicating the resources constraints to spending Agencies, reducing gaps between planned and actual expenditures and achieving better control of transfers. It manages borrowing as an instrument of the Fiscal Policy, along with the other two instruments. Spending used as balancing factors in the development of the economy. It lays down financial rules and regulations as well as services rules and regulations for systematic management of spending and administrating. Even though main function is formulation, implementation, supervision and evaluation of the annual budget mentioned above, analyzing, scrutinizing and negotiation of the budget for the whole government organization and preparing State budget to be submitted to the Cabinet.

3.1 Fiscal Year

Traditionally, the fiscal year of Governments have evolved over the years and have been influenced by crop cycles, political factors and convenience purposes. Myanmar fiscal years had been starting in October and end in September until 1974. Since then, Myanmar has been changed its fiscal year starting on April 1and ending on March 31. Nowadays, start from 2018-2019 Financial Year (FY), the fiscal year in Myanmar begins on October 1 and ends on September 30.

3.2 Composition of the Government Budget

The general format of the Government Budget comprise of the Provisional Actual (PA) budget of the past year, the Budget Estimates (BE) and the Revised Estimate (RE) of the current year and the Budget Estimate (BE) of the coming year. The budget is prepared in three segments: the current budget, the capital budget and the financial budget. All of these budgets are divided into receipts and expenditures. The Budget Department is responsible for formulating the other segments and consolidating and presenting the budget as a whole. The planning department is responsible for the capital budget and for the formulation of the annual plan which present it at the same time as the budget.

3.2.1 The Current Budget in Myanmar

The current budget is prepared on an incremental basic. Current expenditures are salaries, wages, travelling allowance, maintenance fees, interest payments, entertainment, government subsidies, etc. Departments and spending agencies are asked to prepare estimates showing their requirements. These are then processed through various stage in the ministries, the MOPF, and finally cabinet. As increase on previous year spending is allowed.

3.2.2 The Capital Budget in Myanmar

The capital budget is significantly prepared and reviewed by two committees; the Construction Committee, headed by Ministry of Construction, and the Equipment Control Committee (ECC), headed by the Ministry of Industry with the Budget Department and the Planning Department. Capital expenditures include three parts;

building, purchasing of machinery and equipment, and other related capital expenditure. New projects are approved directly by the Cabinet.

3.2.3 The Financial Budget

Departments and spending agencies are asked to prepare estimates showing their requirements such as contribution to the state, receive from aids, disbursement/recovery of loans, repayment/drawl of loans, and investment in organizations/receipts from investment in organizations. Financial expenditures are repayments of principle for external debt and domestic debt.

3.3 The Budgeting Process in Myanmar

The budget process in Myanmar is divided into four stages as following; the budget planning and preparation stage; the budget formulation and approval stage; the budget implementation and execution stage; and the budget evaluation, reporting and auditing stage. The budget formulation process starts on March for next fiscal year. Before March, the budget department prepares for fiscal consolidation. Myanmar introduced macroeconomic forecasts and fiscal policy targets that are updated to prepare the Union budget framework, followed by the Medium-term Fiscal Framework (MTFF) process.

The union budget is drawn on the basis of the State Administrative Organizations (SAO) and Ministries and Departments (M&D), the State Economic Enterprises (SEEs) and the Cantonment Municipalities (CMs).

The SAO and M&D operate their financial matters on an administrative basis whereas the SEEs operate on a commercial basis. The CMs subsist on their own funds and carry out their functions in accordance with their budget programs. The government may permit them to obtain expenditure required for carrying out their functions or for the investments from loans and grants. However, city and town development committees are operating on the basis of self – financing and financial viability in line with the City and Town Development Laws.

Before State Administrative Organizations (SAO) and Ministries and Departments (M&D) submit their budget requests to the Ministry of Planning and Finance (MOPF), the cabinet approves the guidelines for budget requests which set

out of ceiling by MTFF. The budget department is responsible for collating the recurrent budget and the foreign exchange budget. The planning department is responsible for collating the capital budget and reviewing all investment proposals prior to entry into the budget. Then the budget proposals are submitted the Vice-President.

Under the Constitution of Myanmar, the budget of the union ministries and union level organizations are to be vetted by a vice-president assigned by the president and the estimated budget of the union level organizations including the union ministries are to be submitted to the Financial Commission. The Financial Commission shall submit to the Pyidaungsu Hluttaw with recommendation for the union budget which includes the expenditure of the union territory, supplementary financing as suitable to the regions or states from the union fund, giving grants as a special matter and permitting loans. After being approved by the Pyidaungsu Hluttaw, the union budget bill shall be signed by the president and promulgate it as Union Budget Law.

3.3.1 The Budgeting Process in Regions and States

Before 2011, Myanmar Budget System is only state budget. According to the constitution 2008, state budget is divided into two parts, union budget and regional budget. The structure of the regional government is made up of seven regions and seven states. Regional budget departments have been opened in 2010-2011 fiscal year and fourteen regional budget laws were prescribed start from 2012-2013 fiscal year. Chief Minister of seven regions and seven states are responsible for their respective regional budget.

Their budgeting process is firstly, the Ministry of Planning and Finance (MOPF) issues guidelines and instructions (ceiling by MTFF for grants by Union Government) to the Budget Department of the Yangon Region. The Budget Department of Yangon Region issues the guidelines to concerning regional level departments and sending agencies for the preparation of the budget estimates. Under these guidelines, regional level departments and agencies draw up their budget and then submit to their concerning Ministers for approval. After getting the approval of the concerning Ministers, all departments and agencies submit to the Budget Department of Yangon Region for scrutinizing and analyzing.

The Budget Department of Yangon Region scrutinizes the current budget and financial budget. The Budget Department of Yangon Region also the capital budget together with the Planning Department of Yangon Region according to their regional plan target set. They have to examine whether these capital budgets are consistent with the plan target set. Regional Budget Department consolidates current, capital and financial budget. And then submit to approve to the Regional Finance Minister. After Minister examines, these budget submit to the Regional Government and then submit to the Regional Hluttaw (Regional Parliament). After discussions and approved by the Regional Hluttaw, the regional budgets are submitted to the Vice-president. When Vice-President determined regional budget, submitted to the Financial Commission.

After approval of the financial commission, union budget together with region and state budget submit to the Union Hluttaw (Union Parliament) to provide grants for regional by Union Budget. The share of available grant for states and regions is approved finally by the Union Hluttaw (Union Parliament). After Union Hluttaw approval, regional budgets are resubmitted to the respective State or Regional Hluttaw for final approval and region or state budget law is signed by respective Chief Minister.

3.4 The Budgeting Practices in Myanmar

The practices put forward by the Government take a major step forward in promoting the linkage of the budget process with other activities of the government. Practices encourage the development of organization goals, establishment of policies and plans to achieve these goals and allocation of resources through the budget process that are consistent with goals policies and plans.

A budget practice is a procedure that assists in accomplishing a principle and element of the budget process. It is appropriate for all governments and in all circumstances and situations. There are numerous issues affecting the successful implementation of budget practices. The issues need to be taken into account in the tools and technique that support budgetary practices; managing the budget process and changes to budget practices, dealing with different between governments including size and legislative processes, adjusting for organizational structure and issues, addressing the organizational culture with regard to the budget process, election campaign issues, desire to have change or to prevent change, level of

resources available for programs, available level of technical system and support, and dealing with high or low expectation. (NACSLB)

The four government budgeting practices (public participation, competency staff, information technology, government regulations) are tested for this study.

Public Participation

Participation of citizens in the budgeting process has been encouraged by the top management to strengthen and empower citizens in the county. Citizen participation has been adequately supported through funding by the county government to strengthen local planning in the country. Citizen participation in government has led to improved public service delivery and increased trust of citizens in government.

Staff Competency

The budget staffs working with the government have the requisite qualifications and experience to perform their roles in management of the budget. The government has invested heavily on staff training to enhance budget skills to ensure effective management of the budget. The government has put in place a policy that all staff should be capacity built through trainings to enhance their budget skills.

Information Technology

The government has put in place a policy that all staff should be capacity built through trainings to enhance their budget skills. The government has put in place a policy that all staff should be capacity built through training to enhance their IT skills.

Government Regulations

The government manages the budget according to the constitution and the supporting regulation. The top management in the government supports and understands the importance of effective management of the budget and in accordance to the law. Budget officers perform in budgeting and accounting process according to financial regulations, rules and laws.

3.4.1 Departments & Organizations

In 2019-2020 Fiscal Year (FY), there are five Administrative Organizations, twenty Ministries and Departments and two Development Committees in Yangon Region. The spending agencies under control of Yangon Region Government are as the following:

(1)   Yangon Region Government Office

(2)   Yangon Region Hluttaw (Parliament)

(3)   The Supreme Court

(4)   The Attorney General

(5)   The Auditor General

(6)   General Administration Department

(7)   Bureau of Special Investigation Department

(8)   Fire Station

(9)   Department of Agriculture

(10)   Cooperative Department

(11)   Small Scale Industries Department

(12)   Department of Fisheries

(13)   Livestock Breeding & Veterinary Department

(14)   Department of Forestry

(15)   Environmental Conservation Department

(16)   Department of Mines

(17)   Department of Sport and Physical Education

(18)   Planning Department

(19)   Central Statistical Organization

(20)   Directorate of Investment and Company Administration

(21)   Budget Department

(22)   Department of Urban & Housing Development

(23)   Department of Highways

(24)   Myanmar Motion Picture Development Department

(25)   Central Inland Freight

(26)   Development Committee

(27)   Yangon City Development Committee

CHAPTER IV

RESEARCH DESIGN, DATA ANALYSIS AND INTERPRETATION

This chapter demonstrates an analysis of the results obtained from the field. The first section states the profile of the respondents of budget officers. It is followed by analysis on Effectiveness of Government Budgeting in Yangon Region.

4.1 Research Design

Research design refers to the method used to carry out a research. The study used descriptive research design method. It is a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subjects in the study (Olive M. Mugenda & Abel G.Mugenda, 2003). Olive M. Mugenda & Abel G.Mugenda (2003) points out that descriptive research methods are only restricted to fact finding but may often result in the formulation of important principles of knowledge and solutions of significant problems.

The researcher preferred this method because it allowed for in-depth study of the case that would lead to establishing a solution to the problem at hand. It is a technique that utilizes quantitative techniques to establish relationship between independent and dependent variables. It is also the best method to analyze cross sectional data. The study includes108 respondents working in government departments who are 18 budget officers from Budget Department, 27 auditors from The Auditor General,9 administrative officers from General Administration Department, 9 accounting officers from Yangon Electricity Supply Corporation (YESC), 9 staff officers from Planning Department, 9 accounting officers from Department of Urban & Housing Development, 9 accounting officers from Yangon Region Hluttaw, 9 accounting officers from Central Statistical Organization and 9 accounting officers from Highway Department.

4.2 Profile of Respondents

In this study, the respondents' background information was presented by five factors. They are gender, age, position, service years and education level of the respondents. The study involved 108 respondents. This can be seen in the following.

4.2.1 Gender of Respondents

The results are shown in Table (4.1).

Table (4.1) Gender of Respondents

Sr No	Particular	No of Respondents	Percentage (%)
1	**Gender**		
	Male	11	10.19
	Female	97	89.81
	Total	**108**	**100**

Source: Survey Data, 2019

According to Table (4.1), 10.19% of the respondents are male while 89.81% are female which means that most of budget officers in government departments are female.

4.2.2 Age of Respondents

Age of respondents can be divided into four groups; between 18 and 25 years, between 26 and 30 years, between 31 and 40 years, and 41 years and above. The results are shown in Table (4.2).

Table (4.2) Gender of Respondents

Sr No	Particular	No of Respondents	Percentage (%)
1	**Age**		
	18-25	6	5.55
	26-30	28	25.93
	31-40	44	40.74
	41and above	30	27.78
	Total	**108**	**100**

Source: Survey Data, 2019

According to Table (4.2), 6 respondents (5.55%) are between 18 and 25 years, 28 respondents (25.93%) are between 26 and 30 years, 44 respondents (40.74%) are between 31 and 40 years, and 30 respondents (27.78%) are 41 years and above. It is

found that the majority of budget officers are in the age group between 31 and 40 years.

4.2.3 Position of Respondents

Position of respondents are classified into five groups; deputy staff officer, staff officer, assistant director, deputy director and director. The results are shown in Table (4.3).

Table (4.3) Position of Respondents

Sr No	Particular	No of Respondents	Percentage (%)
1	**Position**		
	Deputy Staff Officer	63	58.33
	Staff Officer	29	26.85
	Assistant Director	12	11.11
	Deputy Director	3	2.78
	Director	1	0.93
	Total	**108**	**100**

Source: Survey Data, 2019

According to Table (4.3), 63 respondents (58.33%) are deputy staff officers, 29 respondents (26.85%) are staff officers, 12 respondents (11.11%) are assistant directors, 3 respondents (2.78%) are deputy directors and 1 respondent (0.93%) is director. Therefore, the most numbers of respondents are deputy staff officers in budgeting section of government departments.

4.2.4 Services Years of Respondents

Service years of respondents are divided into four groups; between 0 and 5 years, between 6 and 10 years, between 11 and 15 years and 16 years and above. The results are shown in Table (4.4).

Table (4.4) Services Years of Respondents

Sr No	Particular	No of Respondents	Percentage (%)
1	**Service Years**		
	0-5	18	16.67
	6-10	36	33.33
	11-15	24	22.22
	16-above	30	27.78
	Total	**108**	**100**

Source: Survey Data, 2019

According to Table (4.4), 18 respondents (16.67%) are between 0 and 5years, 36 respondents (33.33%) are between 6 and 10 years, 24 respondents (22.22%) are between 11 and 15 years and 30 respondents (27.78%) are 16 years and above. It is found that the most respondents of service years are between 6 and 10 years. Therefore, the most respondents have many service experiences.

4.2.5 Education Level of Respondents

Education level of respondents are classified into five groups; diploma, graduate, master, doctorate and other. The results are shown in Table (4.5).

Table (4.5) Education Level of Respondents

Sr No	Particular	No of Respondents	Percentage (%)
1	**Education Level**		
	Diploma	-	-
	Graduate	99	91.67
	Master	9	8.33
	Doctorate	-	-
	Other	-	-
	Total	**108**	**100**

Source: Survey Data, 2019

As shown in Table (4.5), it is found that 99 respondents (91.67%) are graduate level and 9 respondents (8.33%) are master level. It can be deducted that all respondents are graduate level.

4.3 Reliability Test of the Variables

Before analysis the effective management of the budget and its effect, reliability test is conducted initially. Reliability refers to the extent to which a scale produces consistent results, if the measurements are repeated a number of times. Reliability analysis is determined by obtaining the proportion of systematic variation in a scale, which can be done by determining the association between the scores obtained from different administrations of the scale. Thus, if the association in reliability analysis is high, the scale yields consistent results and is therefore reliable. Cronbach's alpha is one way of measuring the strength of the scale yields consistent results. This method has been recognized as an effective and widely-used approach to determine the internal consistency of study instruments (Cortina, 1993). According to the Zikmund and Bahin (2010), they consider very good reliability when the Cronbach's alpha value is between 0.80 and 0.95, the alpha value between 0.70 and 0.80 shows as good reliability, it is tended to think of the alpha value between 0.60 and 0.70 as fair reliability and an alpha value less than 0.6 is consider to be poor reliability.

In this study, the Cronbach alpha for each of the variables – public participation, competency of staff, information technology, government regulations and effective management of the budget are described in Table (4.6).

Table (4.6) Reliability Values of the Variables

Sr. No	Variables	No of items	Alpha
1.	Public Participation	5	0.748
2.	Competency of Staff	5	0.634
3.	Information Technology	5	0.763
4.	Government Regulations	5	0.867
5.	Effective Management of the Budget	5	0.801
	Overall	**5**	**0.709**

Source: Survey Data, 2019

In above Table (4.6) was presented that the alpha values for all of variable – each of the independent variables (public participation, competency of staff, information technology, government regulations) and dependent variable (effective management of the budget) are demonstrated a high level of reliability. According to the results, the alpha value of public participation is 0.748 that it is considered as good reliability. The alpha value on competency of staff has 0.634 which is also considered as fair reliability. The alpha value for information technology is 0.763 that shows good reliability. In addition, the alpha value of information technology is 0.867 that can be assumed as good reliable and also highest value among these five variables. Furthermore, the dependent variable of the effective management of the budget has 0.801 that can be assumed good reliability. The overall variables (dependent and independent) of alpha values are 0.709 that demonstrates as good reliability.

4.4 Analysis on Effective Management of the Budget

Four variables are considered as the government budgeting practices in this study: public participation, staff competency, information technology and government regulations. To know the respondents perception on government budgeting practices, mean value and standard deviation are calculated.

The mean values of variables measured with five-point Likert scale are explained according to Best (1977). The scores are interpreted as follows:

The score among 1.00 – 1.80 means strongly disagree.

The score among 1.81 – 2.60 means disagree.

The score among 2.61 – 3.40 means neither agree nor disagree.

The score among 3.41 – 4.20 means agree.

The score among 4.21 – 5.00 means strongly agree.

Standard deviation is the most frequently used as a measure of spread or dispersion of scores in a distribution (Best, 1977). If the value of standard deviation is high, it indicates the wide range of data from the mean.

This section presents the analysis on effective management of the budget. In this research paper, the independent variables are public participation, competency of staff, information technology and government regulations while dependent variable is the effective management of budget according to the conceptual framework of the study. This study prepared structured questionnaire and asked to budget officers who are working in government departments. The questions are based on the five-point

Likert Scale where 1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

4.4.1 Public Participation

The impact of public participation on effective management of the budget is measured with five statements. The results are shown in Table (4.7).

Table (4.7) Respondents Perception on Public Participation

Sr. No	Particular	Mean Value	SD
1.	Public participation enhances local accountability systems in regional government.	3.68	0.667
2.	Members of the public are informed about project deliverables in public participation meetings.	3.94	0.639
3.	Participation of citizens in the budgeting process has been encouraged by the top management to strengthen and empower citizens in the county.	3.75	0.738
4.	Citizens participation has been adequately supported through funding by the government to strengthen local planning in the country.	4.17	0.538
5.	Citizen participation in government has led to improved public service delivery and increased trust of citizens in government.	4.01	0.634
	Overall Means	**3.91**	**0.456**

Source: Survey Data, 2019

According to the results Table (4.7), overall mean value of respondents perception towards public participation is 3.91 and shows the agree level of respondents. It demonstrates that the mean score for the five statements set to measure the impact of public participation on the effective management of the budget ranged between 3.68 and 4.17. The statement "Citizens participation has been adequately supported through funding by the government to strengthen local planning in the country" has the maximum mean value of 4.17. It can be concluded that Yangon

Region Government must support public participation activities to implement effectively local planning in the region. The statement "Public participation enhances local accountability systems in regional government" has the minimum mean value of 3.68. Therefore, it shows the agree level. The results indicate that for effective management of the budget to be achieved, the government must encourage citizens to participate in government budgeting because it has a positive and significant impact on effective management of the budget.

4.4.2 Staff Competency

The impact of staff competency on effective management of the budget is measured with five statements. The results are shown in Table (4.8).

Table (4.8) Respondents Perception on Staff Competency

Sr. No	Particular	Mean Value	SD
1.	The budget staffs working with the government have the requisite qualifications and experience to perform their roles in management of the budget.	3.85	0.708
2.	The budget process is a technical process that requires people with expertise and experience to execute effectively.	4.31	0.719
3.	The government has invested heavily on staff training to enhance budget skills to ensure effective management of the budget.	3.93	0.637
4.	The government has put in place a policy that all staff should be capacity built through trainings to enhance their budget skills.	3.96	0.655
5.	The government has an effective system of staff recruitment and selection in place to ensure only the best applicants are selected for the job.	4.13	0.698
	Overall Means	**4.04**	**0.436**

Source: Survey Data, 2019

According to Table (4.8), overall mean value of respondents perception towards staff competency is 4.04 and shows the agree level of respondents. The results shows that the mean score for the five statements set to measure the impact of staff competency on effective management of the budget ranged between 4.31 and 3.85. The statement "The budget process is a technical process that requires people with expertise and experience to execute effectively" has the maximum mean value of 4.31. This indicates that for effective management of the budget to be achieved, staff competency should be put into consideration to recruit staffs whose have technical expertise and experience to execute budgets effectively. The statement "The budget staffs working with the government have the requisite qualifications and experience to perform their roles in management of the budget" has the minimum mean value of 3.85.The results clearly show that highly trained personnel are required to execute the budget.

4.4.3 Information Technology

The impact of information technology on effective management of the budget is measured with five statements. The results are shown in Table (4.9).

Table (4.9) Respondents Perception on Information Technology

1.	The government has invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting.	3.64	0.755
2.	The department has used computerized systems when connecting between departments and others.	3.48	0.96
3.	The government has put in place a policy that all staff should be capacity built through training to enhance their IT skills.	3.78	0.801
4.	Departments have enhanced budgetary support in training staff on the application of financial management and information systems.	3.42	0.81
5.	The staff's technical expertise is enough to satisfy IT requirements.	2.84	0.775
	Overall Means	**3.43**	**0.590**

Source: Survey Data, 2019

According to Table (4.9), overall mean value of respondents perception towards information technology is 3.43 and shows the agree level of respondents. The results from Table (4.5) demonstrate that the mean score for the five statements set to measure the impact of information technology on effective management of the budget ranged between 3.78 and 2.84. The statement "The government has put in place a policy that all staff should be capacity built through training to enhance their IT skills" has the maximum mean value of 3.78. The statement "The staff's technical expertise is enough to satisfy IT requirements" has the minimum mean value of 2.84. It is found that the capacity and technical skills are low due to lack of training and the hurried implementation of IT system. For effectiveness management of the budget to be achieved, the staff's technical expertise is not enough to satisfy IT requirements. Therefore, the government needs to arrange IT courses to improve the staff's technical expertise.

4.4.4 Government Regulations

The impact of government regulations on effective management of the budget is measured with five statements. The results are shown in Table (4.10).

Table (4.10) Respondents Perception on Government Regulations

Sr. No	Particular	Mean Value	SD
1.	The government manages the budget according to the constitution and the supporting regulation.	4.10	0.611
2.	The top management in the government supports and understands the importance of effective management of the budget and in accordance to the law.	3.83	0.717
3.	Budget officers understand about financial regulations, methods, and instructions.	3.92	0.699
4.	Budget officers perform in budgeting and accounting process according to financial regulations, rules and laws.	3.98	0.723
5.	Financial law and regulations are clear how to manage budgets.	4.14	0.603
	Overall Means	**3.99**	**0.543**

Source: Survey Data, 2019

According to Table (4.10), overall mean value of respondents perception towards government regulations is 3.99 and shows the agree level of respondents. The results indicate that the mean score for the five statements set to measure the impact of governments regulations on effective management of the budget ranged between 4.14 and 3.83. The statement "Financial law and regulations are clear how to manage budgets" has the maximum mean value of 4.14. The statement "The top management in the government supports and understands the importance of effective management of the budget and in accordance to the law" has the minimum mean score of 3.83. This indicates that for effective management of the budget to be achieved, the top management in the government needs to support and understand the importance of effective management of the budget and in accordance to the law.

4.4.5 Effective Management of the Budget

The effective management of the budget is measured with five statements. The results are shown in Table (4.11).

Table (4.11) Respondents Perception on Effective Management of the Budget

Sr. No	Particular	Mean Value	SD
1.	The government has been attaining the highest budget absorption rate.	3.27	0.849
2.	The government attains completion of all projects planned in each financial year within the stipulated time frame.	3.15	0.915
3.	The government makes a follow up on the incomplete projects at the end of the financial year.	3.57	0.776
4.	The top management in the government fully supports the adoption of an effective budget management policy.	3.46	0.742
5.	Effective budget management has been fully achieved and has led to improve development in the country	4.38	0.733
	Overall Means	**3.57**	**0.601**

Source: Survey Data, 2019

According to Table (4.11), overall mean value of respondents perception towards effective management of the budget is 3.57 and shows the agree level of respondents. The results indicate that the mean score for the five statements set to measure the effective management of the budget ranged between 4.38 and 3.15. The statement "Effective budget management has been fully achieved and has led to improve development in the country" has the maximum mean value of 4.38. The statement "The government attains completion of all projects planned in each financial year within the stipulated time frame" has the minimum mean value of 3.15. This concludes that effective management of the budget has been fairly achieved.

Table (4.12) Summary of Variables

Sr. No	Particular	Mean Value	SD
1.	Public Participation	3.91	0.456
2.	Staff Competency	4.04	0.436
3.	Information Technology	3.43	0.590
4.	Government Regulations	3.99	0.543
5.	Effective management of the Budget	3.57	0.601

Source: Survey Data, 2019

The outputs in Table (4.12) demonstrate that the combined means and standard deviations for each variable. Staff competency shows the highest mean of 4.04 while information technology shows the lowest mean of 3.43. The interpretation is that most of the respondents feel that staff competency has a higher impact on effective management of the budget followed by government regulations and public participation respectively.

4.5 Multiple Regression Analysis of Effective Management of the Budget

The second objective of this study is to analyze the relationship between government budgeting practices and effective management of government budget. To test this analysis, multiple regression analysis is performed. The results are presented in Table (4.13).

Table (4.13) Relationship between Government Budgeting Practices and Effective Management of Government Budgets

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	.250	.552		.453	.652
	Public Participation	.037	.107	.028	.347	.729
	Staff Competency	.383**	.144	.278	2.667	.009
	IT	-.086	.093	-.085	-.927	.356
	Government Regulation	.481***	.105	.435	4.603	.000
Dependent Variable: Effective Management of Budget						

Source: Survey data (November, 2019)

Note; *** and ** are statistically significant at 1% and 5% level.

According to Table (4.13), the results provide that staff competency and government regulations show significant and positive relationship with effective management of government budget (b = 0.383, t = 2.667, p<0.01), (b = 0.481, t = 4.603, p<0.01). But there is no significant relationship between public participation, information technology with effective management of government budget . The study estimates the following model:

$y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4$

Where:

y = Effective Management of Budget

a = Constant (intersection)

b = Coefficient (the slope of the regression)

x_1 = Public Participation

x_2 = Staff Competency

x_3 = Information Technology

x_4 = Government Regulation

Effective Management of Budget = 0.250 + 0.37Public Participation + 0.383Staff Competency-0.086Information Technology+ 0.481 Government Regulations

The results of regression analysis indicate that the amount of effective management of budget is 0.250 when the government has not set the practices. Practice of one additional unit of staff competency can increase 0.383 times in effective management of budget. Increase in 0.481 times in effective management of budget can occur in one additional unit of government regulation. Government regulation is more influencing practice on effective management of budget than staff competency. The findings from the result indicate that government regulations are the highest impact on effective management of the budget. The government can support successfully financial regulations accordance to the laws. Financial regulations are the most important budgeting practices.

The results can be concluded that a unit increase in government regulations lead to 48% improvement in effective management of the budget and a unit increase in staff competency lead to 38% improvement in effective management of the budget respectively.

This study analyzes the relationship between government budgeting practices (public participation, staff competency, information technology and government regulations) and effective management of government budget. According to the results, it can be seen that two government budgeting practices (staff competency and government regulations) are essential for effective management of government budget. Therefore, government regulations and staff competency are very important budgeting practices.

CHAPTER V

CONCLUSION

This chapter is the conclusion which is discussed based on the results of the statistical analysis. It consists of findings and discussions, conclusion, recommendations and recommendations for further research.

5.1 Findings and Discussions

The findings of the study supported the importance of government budgeting practices in enhancing the effective management of the budget. The main objective of the study is to analyze the relationship between government budgeting practices and effective management of government budget.

According to the survey data, in gender group, female respondents are more than male respondents. The major age group of age respondents is between 31 and 40 years. The most services years of respondents are between 6 and 10 years. All respondents are working at government departments in budget sections. All respondents are graduated. The study establishes that there is a significant positive relationship between the factors identified (independent variables) that are public participation, staff competency, government regulations and the dependent variable.

According to the analysis, it is found that the mean score for the five statements set to measure the impact of public participation on the effective management of the budget ranged between 3.68 and 4.17. It shows that the respondents perception towards is agree level. However, public participation has no significant relationship with effective management of the budget. The results shows that the mean score for the five statements set to measure the impact of staff competency on effective management of the budget ranged between 4.31 and 3.85. It is concluded that staff competency is positively and significantly impact on effective management of budget.

The results demonstrate that the mean score for the five statements set to measure the impact of information technology on effective management of the budget ranged between 3.78 and 2.84. Information technology is not significant relationship with effective management of the budget. The results demonstrate that the mean score

for the five statements set to measure the impact of government regulations on effective management of the budget ranged between 4.14 and 3.83.Government regulations have a positive and significant relationship on effective management of the budget.

Based on the findings above, the researcher concluded that two exist a positive and significant relationship between two of the independent variables, staff competency and government regulations on effective management of the budget in Yangon Region. The government regulations are the highest percentage, followed by staff competency. Information technology demonstrates a fairly low negative and insignificant relationship which does not affect the study. Further, the study demonstrates that the overall model is statistically significant in the prediction of the dependent variable and therefore the researcher recommends to governments to give the two factors priority when developing there operational policies.

Effective management of the budget in a country is a key component in realizing economic growth that would eventually transform the lives of people. Many developing countries have challenges in achieving effectiveness in the management of budget due to lack of accountability, transparency and lack of qualified personnel in the public sector. Based on this study, it is concluded that government regulations and staff competency would ensure success in Yangon Region only it's fully adopted. According to the findings in this study, the variables considered have a moderate positive impact on effective management of the budget. However to achieve success in effective management of budget in Yangon Region; management should be advised to enhance the application of the variables under this study**.**

5.2 Suggestions and Recommendations

The study recommends that the government should practice public participation policy to promote the participation of citizens in the budgeting process. The study also recommends that there is need for the government to follow up on the enforcement of the regulations of citizen participation in the county budgeting process since this will ensure better management of regional funds and successful implementation of various projects. This is because the study has demonstrated a significant positive relationship between application of government regulations and effective management of the budget.

The study also recommends that citizen should make it their responsibility to participate in the budgeting process since it is their democratic right provided for by the constitution. The government should adopt a policy of recruiting competent staff. This is because the study demonstrated a significant positive relationship between staff competency and effective management of the budget.

5.3 Needs for Further Research

This study only focuses on Yangon region. To get a generalization of findings, further studies should focus on a wider geographical scope to cover the whole country. The other variables should also be considered to effective management of government budgets.

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APPENDIX

Dear Respondent,

I am a master student of banking and finance in Yangon University of Economics. I wish to request your kind response to this questionnaire which is specially designed for the purpose of obtaining information on "Effectiveness of Government Budgeting in Yangon Region". The research is meant for academic purposes only; therefore you are kindly requested to participate in the study by providing all appropriate information in the spaces provided honestly and precisely. Responses to these questions will be treated as confidential.

Yours Sincerely

Part I

Profile of Respondent

1. Gender

(1) Male [   ]   (2) Female [   ]

2. Age (Years)

(1) 18-25 years [   ]   (2) 26-30 years [   ]

(3) 31-40 years [   ]   (4) 41-above [   ]

3. Position

(1) Deputy Staff Officer [   ]   (2) Staff Officer [   ]

(3) Assistant Director [   ]   (4) Deputy Director [   ]

(5) Director [   ]

4. Department/organization

Please specify your department or organization

………………………………………………..

5. Service Years

(1) 0-5 years [   ]   (2) 6-10 years [   ]

(3) 11-15 years [   ]   (4) 16-more years [   ]

6. Education Level

(1) Diploma [   ]   (2) Graduate [   ]   (3) Master [   ]

(4) Doctorate [   ]   (5) Other [   ]

Part II

Please tick your answer in the following statement by using the scales 1 to 5.

Note: 1= strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5=strongly agree

1. Public Participation

No	Statement	1	2	3	4	5
1.	Public participation enhances local accountability systems in regional government.					
2.	Members of the public are informed about project deliverables in public participation meetings.					
3.	Participation of citizens in the budgeting process has been encouraged by the top management to strengthen and empower citizens in the county.					
4.	Citizen participation has been adequately supported through funding by the county government to strengthen local planning in the country.					
5.	Citizen participation in government has led to improved public service delivery and increased trust of citizens in government.					

Please tick your answer in the following statement by using the scales 1 to 5.
Note: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5= strongly agree

2. Staff Competency

No	Statement	1	2	3	4	5
1.	The budget staffs working with the government have the requisite qualifications and experience to perform their roles in management of the budget.					
2.	The budget process is a technical process that requires people with expertise and experience to execute effectively.					
3.	The government has invested heavily on staff training to enhance budget skills to ensure effective management of the budget.					
4.	The government has put in place a policy that all staff should be capacity built through trainings to enhance their budget skills.					
5.	The government has an effective system of staff recruitment and selection in place to ensure only the best applicants are selected for the job.					

Please tick your answer in the following statement by using the scales 1 to 5. Note: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5= strongly agree

3. Information Technology

No	Statement	1	2	3	4	5
1.	The government has invested in computerization to be able to adopt financial management and information systems in budget formulation, execution and accounting.					
2.	The department has used computerized systems when connecting between departments and others.					
3.	The government has put in place a policy that all staff should be capacity built through training to enhance their IT skills.					
4.	Departments have enhanced budgetary support in training staff on the application of financial management and information systems.					
5.	The staff's technical expertise is enough to satisfy IT requirements.					

Please tick your answer in the following statement by using the scales 1 to 5. Note:1= strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5= strongly agree

4. Government Regulations

No	Statement	1	2	3	4	5
1.	The government manages the budget according to the constitution and the supporting regulation.					
2.	The top management in the government supports and understands the importance of effective management of the budget and in accordance to the law.					
3.	Budget officers understand about financial regulations, methods, and instructions.					
4.	Budget officers perform in budgeting and accounting process according to financial regulations, rules and laws.					
5.	Financial law and regulations are clear how to manage budgets.					

Please tick your answer in the following statement by using the scales 1 to 5.

Note: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5= strongly agree

5. Effective Management of the budget

No	Statement	1	2	3	4	5
1.	The government has been attaining the highest budget absorption rate.					
2.	The government attains completion of all projects planned in each financial year within the stipulated time frame.					
3.	The government makes a follow up on the incomplete projects at the end of the financial year.					
4.	The top management in the government fully supports the adoption of an effective budget management policy.					
5.	Effective budget management has been fully achieved and has led to improve development in the country.					

APPENDIX

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PP	108	2.00	4.80	3.9093	.45622
Cs	108	2.80	5.00	4.0370	.43591
IT	108	1.40	4.60	3.4315	.59037
GR	108	2.20	5.00	3.9944	.54307
MOB	108	2.00	5.00	3.5667	.60124
Valid N (listwise)	108				

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.605[a]	.366	.342	.48788	.366	14.875	4	103	.000

a. Predictors: (Constant), GR, PP, IT, Cs

b. Dependent Variable: MOB

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.163	4	3.541	14.875	.000[b]
	Residual	24.517	103	.238		
	Total	38.680	107			

a. Dependent Variable: MOB

b. Predictors: (Constant), GR, PP, IT, Cs

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.250	.552		.453	.652
	PP	.037	.107	.028	.347	.729
	Cs	.383	.144	.278	2.667	.009
	IT	-.086	.093	-.085	-.927	.356
	GR	.481	.105	.435	4.603	.000

a. Dependent Variable: MOB