

# **KOFORIDUA TECHNICAL UNIVERSITY**

**FACULTY OF BUSINESS AND MANAGEMENT STUDIES**

**DEPARTMENT OF ACCOUNTANCY**



**THE ROLE OF BUDGETING AND BUDGETARY CONTROL ON  
PERFORMANCE. A CASE OF HOLY FAMILY HOSPITAL, NKAWKAW**

**BY**

**GABRIEL OPPONG**

**AND**

**DORA BRAKOA**

**THIS DISSERTATION IS SUBMITTED TO THE DEPARTMENT OF  
ACCOUNTANCY, KOFORIDUA TECHNICAL UNIVERSITY IN PARTIAL  
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF  
BACHELOR OF TECHNOLOGY IN ACCOUNTING**

**OCTOBER, 2023**

**KOFORIDUA TECHNICAL UNIVERSITY**  
**FACULTY OF BUSINESS AND MANAGEMENT STUDIES**  
**DEPARTMENT OF ACCOUNTANCY**



**THE ROLE OF BUDGETING AND BUDGETARY CONTROL ON  
PERFORMANCE. A CASE OF HOLY FAMILY HOSPITAL, NKAWKAW**

**GABRIEL OPPONG**

**(B101210030)**

**AND**

**DORA BRAKOA**

**(B101210044)**

**OCTOBER, 2023**

### STUDENTS DECLARATION

We hereby declare that this project work is the result of our own original research work undertaken under the supervision of the undersigned and that all works consulted have been acknowledged and it has not been submitted to any institution for the purpose of assessment, publication or for any other purposes.

**GABRIEL OPPONG**


**B101210030**

Signature:.....

Date: 21/10/2023.....

**DORA BRAKOA**

**B101210044**

Signature:.....

Date: 21/10/2023.....

## SUPERVISOR'S CERTIFICATION

I hereby certify that, **Gabriel Oppong** and **Dora Brakoa** carried out this project work under my supervision, in accordance with the laid down procedures of Koforidua Technical University. I therefore recommend for its acceptance and assessment.

.....  
**DR. FRANK NANA OTOO**

**(Supervisor)**

21/11/2023  
.....  
**DATE**

## **DEDICATION**

This work is dedicated to our able supervisor Dr. Frank Nana Otu, our parents and the staffs of Holy Family Hospital, Nkawkaw for their assistance and support. We pray that they live long to enjoy the fruit of their labour.

## **ACKNOWLEDGEMENT**

“Trust in the Lord with all thine heart; and lean not unto thine own understanding, in all thy ways acknowledge him and he shall direct your paths” (Proverbs 3:5-6 KJV)

Firstly, we give thanks to God Almighty for the strength to work on this research. This work could not have materialized without the assistance of certain people whose contribution was immense to its success.

We would like to express our sincere gratitude to our supervisor Dr. Frank Nana Otu for his help and guidance throughout this research. We would also like to thank the staff of Holy Family Hospital, Nkawkaw for their support and time; this research would not have been possible without them.

## **ABSTRACT**

Budgeting and budgetary controls are tools of financial management, designed for achievement of goals and objectives of organizations of which hospitals are part of. It is in this vein that this work explored on the possible impact of budget and budgetary control on the hospital performance. The focus was on the Holy Family Hospital, Nkawkaw.

In the course of this research work 21 workers at the said hospital was taken as sample population. The research found out among other things that hospital prepares budgets and controls. It also revealed that those who involve budget gain better performance over those who do not. However, poor budget formulation and implementation and low revenue generation base make it difficult for the hospital to live up to its responsibility as health care institution.

It is recommended that subordinates are always involved in budgeting; it is also recommended that the hospital keep involving the practice of budget so as to improve on performance. This would ensure that the hospitals achieve its target.

## TABLE OF CONTENTS

STUDENTS DECLARATION .....	i
SUPERVISOR’S CERTIFICATION .....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT .....	iv
ABSTRACT .....	v
LIST OF TABLES.....	ix
LIST OF FIGURES .....	<b>Error! Bookmark not defined.</b>
CHAPTER ONE.....	1
INTRODUCTION .....	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem.....	2
1.3 Research Objectives .....	3
<b>1.3.1 Specific Objectives.....</b>	<b>3</b>
1.4 Research questions .....	3
1.5 Significance of the Study .....	4
1.6 Scope Limitation of the Study .....	4
1.7 Organization of the Study .....	5
CHAPTER TWO .....	6
LITERATURE REVIEW .....	6
2.0 Introduction.....	6
2.1 Empirical Review.....	6
2.2 Theoretical Review .....	7
<b>2.2.1 Agency Theory .....</b>	<b>7</b>
<b>2.2.2 Goal Setting Theory .....</b>	<b>8</b>
2.3 Avenues of Budgeting and Budgetary Control.....	9
<b>2.3.1 Budget.....</b>	<b>9</b>
<b>2.3.2 Budgeting .....</b>	<b>9</b>
<b>2.3.3 Budgetary Control.....</b>	<b>10</b>
2.4 Process of Budgeting within Hospitals .....	11
2.5 Types of Budgets within Hospitals .....	13
<b>2.5.1 Line Activity Budget .....</b>	<b>13</b>
<b>2.5.2 Responsibility Center Budget (Departmental Budget).....</b>	<b>14</b>
<b>2.5.3 Program Budget .....</b>	<b>15</b>



<b>2.5.4 Operating Budget</b> .....	15
<b>2.5.5 Capital Budget</b> .....	16
<b>2.5.6 Cash Budget</b> .....	17
2.6 Impact of Budgeting and Budgetary Control on Hospitals.....	17
<b>2.6.1 Resource Allocation</b> .....	17
<b>2.6.2 Clear Definition of Responsibilities</b> .....	18
<b>2.6.3 Guide for Monitoring Performance</b> .....	18
<b>2.6.4 Guide for promoting Coordination and Communication</b> .....	19
2.7 Challenges Hospitals Encounter in Preparing and Controlling Budget .....	19
<b>2.7.1 Uncertain Revenue Streams</b> .....	19
<b>2.7.2 Behaviour Bias</b> .....	20
<b>2.7.3 Operational Variability</b> .....	21
<b>2.7.4 Variance</b> .....	21
CHAPTER THREE .....	22
METHODOLOGY .....	22
3.1 Introduction.....	22
3.2 Research Design.....	22
3.3 Population .....	22
3.4 Sample Size.....	23
Sample from various departments.....	24
3.5 Source of Data.....	24
<b>3.5.1 Data Sources</b> .....	24
3.6 Data Analysis Plan.....	25
3.7 Analytical Model.....	26
CHAPTER FOUR .....	28
DATA PRESENTATION, ANALYSIS AND DISCUSSION .....	28
4.0 Introduction.....	28
4.1 Section A: Background Information .....	28
4.2 Section B: Impact of Budget and Budgetary Control on Performance.....	30
4.4 Involvement of Subordinates in Budget Decisions.....	36
CHAPTER FIVE .....	38
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	38
5.0 Introduction.....	38
5.1 Summary of findings.....	38

5.2 Conclusion .....	39
5.2 Recommendations .....	40
References.....	42
APPENDIX.....	44

## LIST OF TABLES

<b>TABLE</b>	<b>PAGE</b>
<b>Table 4.1.1: Age.....</b>	<b>29</b>
<b>Table 4.1.2: Educational Background.....</b>	<b>30</b>
<b>Table 4.1.3: Job Title.....</b>	<b>30</b>
<b>Table 4.2: Involvement of Budget into Hospital Activity.....</b>	<b>31</b>
<b>Table 4.3: Assessment of Performance Reviews.....</b>	<b>33</b>
<b>Table 4.4: Budget helps to Impact employees in Achieving Target.....</b>	<b>34</b>
<b>Table 4.5: Existence of Budget Monitoring Unit.....</b>	<b>35</b>
<b>Table 4.6: Influence of Government Directives on Budget.....</b>	<b>35</b>
<b>Table 4.7: Misapplication of Resources affect Budget.....</b>	<b>36</b>
<b>Table 4.8: Involvement of Subordinates in Budget Decisions.....</b>	<b>37</b>

# CHAPTER ONE

## INTRODUCTION

### **1.1 Background of the Study**

This study is about budgeting and budgetary control on performance of public hospitals in the Kwahu West District. It focuses on Nkawkaw Holy Family Hospital as a case study. Budgeting and budgetary controls serve as a guide in planning operation; establishes limits for departmental excesses; helps administrative officials in hospital to make careful analysis of all existing operations, thereby justifying, expanding, eliminating or restricting present practice, thus enhancing improved performance in all hospital due to efficient budget and budgetary control.

Health institutions need budgets because they offer information that may be used to control performance in the future (Maduekwe, C. C., & Kamala, 2016).

This would require a weighty volume of management commitment and discipline in relations of resource management. Hospitals are no dissimilar. This is owed to the fact that both private and public hospitals are expected to encounter their areas by providing health care services to the communities they serve. As a performance management tool, budgeting develops performance plans and budget proposals on a regular basis that include performance goals and outcomes for various operations. This is viable if management would be able to discipline resources efficiently and effectively.

This can partly be executed by instituting policies in place. One of such policies is budget and budgetary control. Budgeting is very important for the day-to-day activities of any institution. It is a mechanism for ensuring the accomplishment, within a given period, of programs dealing with business goals and priorities through the use of various available resources (Atuilik, 2019). The budget details the resources available and the possible

resources needed. The budget structure requires public hospitals tasks that are important to the well-being of the organization (Hanif, R., & Musvoto, 2022).

Budget planning, budget coordination and budgetary control provide a regular means of comparing actual performance against the budget and, if possible, implementing control measures (Kamau & Anyango, 2017). Poor management of funds, including absence of budget for preparation and control, frequently leads to poor performance results and subsequent institutions failure (Mukah, 2018). Non-Profit making bodies such as public hospitals consider budgets and fiscal controls to be core elements of their policy-making Modupe (2017).

However, hospitals, both private and public do not pay any relevant attention to the budgetary and budgetary control systems and therefore impede their performance and development. Most enterprises fail to understand the effect of budgets and budgetary control over performance results (Namazi, 2018). The effect of budgeting on the performance of health institutions has been studied in various countries around the world, (Nylinder, 2018), which noted that budgetary activities have a major positive relationship with the performance of hospitals surveyed.

## **1.2 Statement of the Problem**

Public hospitals in developing countries face frequent monetary challenges, and Ghana is no exception. In Ghana, public hospitals are primarily reinforced by three major sources: The Government of Ghana Subvention (GOG), Internally Generated Funds (IGF), and Donor Pooled Funds (DPF) (Akortsu, 2019). The internally generated fund is the most reliable of these sources, while donor pooled funds are the least reliable. Several challenges are identified in relation to the various financing sources. These include getting government subsidies, refunding services provided to health insurance scheme

subscribers, the government's influence in defining user fees, and the criteria under which donor funds are applied.

Again, in light of power crises, the Ghana Health Service is proposing hospitals to charge patients additional fees to cover utility tariffs due to funding challenges and numerous commitments.

### **1.3 Research Objectives**

The main objective of the study was to examine the role of budgeting and budgetary performance of public hospitals, focusing on a case of Nkawkaw Holy Family Hospital. Specific objectives for the study are:

#### **1.3.1 Specific Objectives**

- i. To ascertain the types of the hospital's budgeting.
- ii. To examine the extent to which budgeting and budgetary control has ensured proper resource allocation to enhance performance.
- iii. To assess the effect of budgets and budgetary oversight of performance.

### **1.4 Research questions**

- i. What budgeting techniques does the hospital employ?
- ii. To what extent does budgeting and budgetary control ensure proper resource allocation to enhance performance?
- iii. To what relevant does budgets and budgetary control impact performance?

### **1.5 Significance of the Study**

The study on "The impact of budgeting and budgetary control on the performance of public hospitals" is a crucial investigation into the financial management practices of public healthcare institutions.

Budgeting and budgetary control are crucial for resource allocation and financial planning in public hospitals, enhancing healthcare delivery efficiency, resulting in better patient care and more accessible services. This study will examine the role of budgeting practices in promoting financial accountability in public hospitals, which are funded by taxpayers.

The study will reveal whether budgeting and budgetary control contribute to the optimal allocation of resources, such as medical equipment, personnel, and infrastructure, to meet the healthcare needs of the community.

Also, Efficient budgeting and control mechanisms will have a direct impact on the quality of care provided in public hospitals. By assessing this impact, the study will help identify ways to enhance the quality of healthcare services.

In conclusion, this study on the impact of budgeting and budgetary control on hospitals performance holds significant importance in the realms of healthcare management, public finance, and governance. Its findings can guide improvements in resource allocation, accountability, and overall healthcare quality within the public healthcare sector, ultimately benefiting both patients and the general public.

### **1.6 Scope Limitation of the Study**

The study will emphasis on Nkawkaw Holy Family Hospital, with administration, accounting staff, senior and junior personnel serving as key sources of information. The research had some limitations that need to be considered. Firstly, the study relies on primary data obtained from Nkawkaw Holy Family Hospital. Therefore, the accuracy and reliability of the data obtained may be affected by bias, errors and incomplete information.

Additionally, the researcher would like to get a certain number of questionnaires so as to give a fairer representation of the entire population. However, as a result of time constraint and delay by some respondents in answering and returning the questionnaires, we may not be able to gather adequate information to complete the work.

### **I.7 Organization of the Study**

The study will be organized into five chapters. Chapter one will cover the introduction to the study and consists of the background to the study, statement of the problem, research questions, research objectives, significance of the study, limitations of the study and finally organization of the study.

Chapter two reviews relate literature and mainly consists of theoretical, conceptual and empirical literature.

Chapter three will deal with the methodology adopted in the execution of this research work. It includes the study design, population, sample and sampling technique, instruments, data collection procedure and data analysis.

The fourth chapter will be the discussion of the results or findings from the study.

The final chapter of this study will focus on the summary of findings, conclusions and recommendations for future research.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews the various works done by other researchers. The focus would be on the process of budgeting within the public hospitals, the type of budget they use, the benefits they derive from preparing the budget, how well they integrate budget into their systems and operations. Finally, researchers will look at some challenges they encounter when preparing the budget.

#### **2.1 Empirical Review**

According to an Article published in the European Journal of Economics. Ishola Rufus Akintoye (2011) “Budget and Budgetary Control for Improved Performance: A Consideration for Selected Food and Beverages Companies in Nigeria”; Budget and Budgeting are concepts traceable to the bible days, precisely the days of Joseph in Egypt. It was reported that nothing was given out of the treasure without a written order.

History has it that Joseph budgeted and stored grains which lasted the Egyptians throughout the seven years of famine. Budgets were first introduced in the 1920s as a tool to manage costs and cash-flows in large industrial organizations. Johnson (2017), states that it was the 1960s that companies began to use budgets to dictate what people needed to do. In the 1970s performance improvement was based on meeting financial targets rather than effectiveness, companies then faced problems in the 1980s when they were not willing to spend money on innovations in order to stay with the rigid budgets, they were no longer concerned about how customers were being treated, only meeting sales targets became essential.

Budgeting in business organization is formally associated with the advent of industrial capitalism for the industrial revolution of the eighteenth century, which presented a

challenge for industrial management. Glautier and Under (2018) state that the emergence of scientific management philosophy with its emphasis on detailed information as a basis for taking decision provided a tremendous motivation for the development of management accounting and indeed budgeting techniques. However, budgeting at the early stage of its development was concerned with preparing and presenting credible information to legitimize accountability and to permit correct performance evaluation and consequently, rewards. Over the years, the function and focus of budgeting has shifted considerably and business organization become more complex and their environment becomes dynamic coupled with the emergence trend.

## **2.2 Theoretical Review**

The study used five theories to explain the effects of financial control as the independent variable on the performance of public institutions as the dependent

### **2.2.1 Agency Theory**

Agency theory was developed in 1976 by Jensen and Meckling. This theory is an agency relationship which is a contract under which one (the principal) engage another person (the agent) to perform some services on their behalf which involves delegating some decision-making authority to the agent. Agency theory analyses the relationship between two parties: investors and managers. The agent (manager) undertakes to perform certain duties for the principal (investors) and the principal undertakes to reward the agent. According to the agency theory, a firm consists of a nexus of contracts between the owners of economic resources (the principals) and managers (the agents) who are charged with using and controlling those resources. The theory posits that agents have more information than principals and that this information irregularity badly affects the principals' ability to monitor whether or not their interests are being properly served by agents.

The theory suggests that firms are essential for maintaining contracts and controlling agents, minimizing opportunistic behavior. A comprehensive contract addresses both interests, with expert monitoring and control systems. Incomplete information about an agent's relationship, concerns, or job performance can be a moral hazard. Moral hazard and adverse selection impact agent production, leading to failure in understanding and executing tasks. The agency theory suggests rational directors and agents maximize wealth through contracting. Internal control reduces agency costs, affecting efficiency and principal advantages.

### **2.2.2 Goal Setting Theory**

According to Locke and Latham (1990), Goal-setting theory is a widely recognized motivational framework that emphasizes the importance of setting specific and challenging goals to enhance performance and motivation in various domains. Edwin Locke and Gary Latham are the primary proponents of this theory, and their work has significantly contributed to our understanding of goal-setting in both personal and organizational contexts. Locke and Latham's research has shown that individuals who set specific, challenging goals and are committed to achieving them tend to perform better and are more motivated. This theory has found application in various fields, including business management, education, sports, and personal development, where goal setting is used to enhance performance, productivity, and overall motivation.

In summary, goal-setting theory emphasizes that well-defined, challenging goals, commitment, feedback, and clarity are essential elements for enhancing motivation and performance. It has practical applications in various aspects of life and is a valuable tool for personal and professional development.

## **2.3 Avenues of Budgeting and Budgetary Control**

### **2.3.1 Budget**

A budget is a financial statement, prepared and approved prior to a defined period, which should be pursued during that period with the aim of achieving certain objectives. It is a predetermined statement of managerial policy during the given period which provides a standard for comparison with the results actually achieved (Moretti, Downes and Nicol, 2017). The Institute of Cost and Management Accountants (2005) put the concept of budget in perspective when they defined a budget as, a plan quantified in monetary terms prepared and approval prior to a defined period of time, usually planned income to be generated and expenditure to be incurred during that period and the capital to be employed to attain a given objective. For the context of this research, researchers defined a budget as a numerical statement for a specific time period that may include anticipated revenues, expenses, assets, liabilities, and cash flows.

A budget serves as a basis for an organization because it helps with activity coordination, resource allocation, activity direction, and control. A budget is a statement that outlines the financial, numerical, and non-quantitative parts of an organization's intentions for the upcoming week, month, or year, it can be concluded. Three key components are clear, first, the planning aspect of budget. The plan is regarded as the statement of intent or goal of the organization. The second aspect is the measurability. This makes it possible to measure the plan. The third component is time. It gives the possibility to say if the plan is achieved.

### **2.3.2 Budgeting**

According to Horngren, Datar, and Rajan (2018), "Budgeting is the process of planning future activities, usually expressed in monetary terms. It involves identifying the goals and objectives of the organization and determining the actions and resources required to

achieve those goals. Budgeting is a tool for both planning and control. As a planning tool, budgets communicate the organization's objectives and help coordinate activities. As a control tool, budgets provide a basis for evaluating actual performance and taking corrective actions." Budgeting is being defined by many writers of which most of them agree that it is an estimate of costs, revenues and resources over a specified period, reflecting a reading of future financial conditions and goals. Budgeting therefore involves the setting of targets and monitoring of actual performance against the anticipated performance. It is a technique, which is essential and critical to most organizations and it requires the involvement of all levels of management and all functions of the organization. Once again, it is the process of creating a thorough explanation of the financial results that are anticipated for a specific future time period.

From the statement, we can infer two words. "Expected," which simply means "likely to happen," is the first term. "Future" serves as the second keyword and stands for the future. In light of this, it may be said that creating a budget entail creating a thorough summary of the financial outcomes that are anticipated for the future.

### **2.3.3 Budgetary Control**

According to the Chartered Institute of Management Accountants (CIMA, 2008) budgetary control is the establishment of budgets relating the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results, either to secure by individual actions the objective of that policy, or to provide a basis for its revision. It is the system of management control and accounting in which all the operations are forecasted and planned in advance to the extent possible and the actual results compared with the forecasted and planned ones. It is described as a methodical control of an organization's activities by the setting of standards and targets for income and expenditure, as well as a continual monitoring and adjusting of

performance against them, in the business dictionary. Budgetary control is a system in which income and spending are compared with a company's budget to ensure that the plans are being followed, according to the research for this work, which supports the descriptions given above. Every company has a budget, and at times, that budget needs to be revised to account for spending and an increase or decrease in income. In essence, budgetary control compares actual results with budgets. If discrepancies are found, key players within a company have two choices. They can either control the spending of the organization or revise the original budgets. Budgetary control helps to coordinate and organize an organization financial activity.

#### **2.4 Process of Budgeting within Hospitals**

The budget process is the procedure an organization uses to develop its budget. It is a procedure by which a company or individual creates and manages a financial strategy.

Health officials can comprehend the procedures for allocating funding to the health sector through the budget process. By actively participating, you may direct resources to meet both the present and future demands of the health sector and the budget process. However, the institutional structures in the health sector by their very nature present a variety of budgeting challenges. Within a larger business, the budget process is typically performed by managers who often obtain projected spending requirements and suggestions from their staff. A good budgeting process engages those who are responsible for adhering to the budget and implementing the organizations objectives in creating the budget.

In preparing the line-activity budget, the hospitals go through this process. First, the budget committee is appointed. (Don Griffin 2011). After they have been appointed, they hold meetings where they; reviews historical financial data to determine where money was spent in the past; reviews current expenses to identify any areas where costs can be reduced or eliminated, identifies fixed costs, such as rent and utilities, which remain the

same regardless of changes in patient volume or activity levels and also the hospital identifies variable costs such as medical supplies or staff overtime, which vary based on changes in patients volume or activity levels; develops revenue projections based on estimates of patient volume and client mix; develops a line-item budget that includes all expected expenses by category, such as salaries, medical supplies, equipment maintenance and insurance. Once the line-item budget has been developed, the hospital allocates costs to specific departments or cost centers that are responsible for the expenses; and communicates the budget to key stakeholders, such as department managers or the board of directors, to ensure that everyone is aware of the hospital's financial plan. Overall, the line-item budget provides a detailed blueprint for how the hospital plans to use its resources. While it may be less flexible than other types of budgets, it provides a clear understanding of where money is being spent and allows for precise control over expenses.

According to Maitland (2001), "the process of establishing and deciding on a budget is a technique of converting the general objectives of the organization into precise, viable plan of action." Hospitals primary budget is the operating budget. He explained that the operating budget must go through the following process. First, unit of service is projected, afterwards, resources are being allocated. Moreover, rates are set and finally, performance is being monitored. (Donald Snook 1992). Researchers of this work are in support of the processes explained by Donald Snook and Don Griffin's from 1992 regarding the operating budget process in hospitals are supportive of the outlined processes. They recognize the significance of budgeting in hospitals, as it directly impacts the hospital's ability to deliver medical services effectively. Without a well-prepared budget, hospitals may face difficulties in managing expenses and generating revenue. The researchers emphasize that the budgeting process in hospitals is complex, involving various expenses and revenue sources that need careful consideration. They also highlight the importance

of expertise in successfully navigating this process. Budgeting in healthcare requires a deep understanding of healthcare operations, financial management, and regulatory factors specific to the industry. By acknowledging the importance of budgeting and advocating for expert involvement, the researchers align with the notion that a well-prepared and effectively managed operating budget is crucial for hospitals to fulfill their core objective of providing medical services.

## **2.5 Types of Budgets within Hospitals**

Budgets of many kinds can be created. The line-item budget, responsibility center budget (departmental budget), and program budget are the three that hospitals utilize most frequently. Don Griffin (2011)

### **2.5.1 Line Activity Budget**

This is a budgeting approach that involves breaking down the budget into individual line items, each representing a specific expenditure or revenue category. It provides a detailed breakdown of the anticipated expenses and revenues for a given period, such as a fiscal year. In a line-item budget, each line item represents a distinct item or category of expenditure or revenue. Common line items in a hospital's budget may include personnel salaries, medical supplies, equipment costs, utilities, insurance, and revenue sources like patient services, grants, or donations. The line-item budget provides a clear and detailed view of how financial resources are allocated across different areas or cost centers within the hospital. It allows for detailed tracking and control of costs, making it easier to identify and manage expenses in a systematic manner. According to academics, a line activity budget is a planning and asset management tool since it requires the identification of all available funds, each expenditure needed for overhead costs, as well as associated activities and tasks.



### **2.5.2 Responsibility Center Budget (Departmental Budget)**

Responsibility Centre Budget, also known as the Departmental Budget, is an essential budgeting approach used in hospitals. This budgeting method focuses on allocating resources to individual departments or responsibility centers within the hospital, allowing for effective management and accountability at the departmental level. The responsibility center budgeting approach recognizes that each department within a hospital operates as a distinct unit with specific responsibilities and objectives. By assigning budgets to these responsibility centers, it empowers department managers to have control over their allocated resources and make decisions aligned with their department's goals.

In a responsibility center budget, department managers are typically involved in the budgeting process, providing input and insights regarding their department's needs and financial requirements. The budget includes detailed revenue and expense projections specific to each department, reflecting the unique activities and services offered by that department. This type of budgeting has several advantages:

Firstly, it allows for better cost control and resource management at the departmental level. By having a devoted budget, department managers can track their expenditures and make informed decisions to enhance resource allocation.

Also, responsibility center budgeting promotes accountability. Department managers are responsible for managing their allocated budgets and achieving financial targets within their areas of responsibility. This accountability fosters a sense of ownership and encourages efficient financial management practices.

Additionally, the responsibility center budgeting approach enhances decision-making within the hospital. By allocating budgets to specific departments, the organization can evaluate the financial performance of each department individually, identify areas of improvement, and allocate resources strategically.

Overall, the responsibility center budgeting approach provides a framework for effective financial management and control within hospitals. It enables departments to have a more active role in budgeting, supports accountability, and facilitates informed decision-making.

### **2.5.3 Program Budget**

According to Jennifer Van Baren (2017), “A program budget is a budgeting approach that focuses on allocating financial resources based on specific programs or services offered by an organization, such as a hospital. It aims to assess the cost-effectiveness, financial viability, and impact of different programs or services.” A program budget is a budgeting approach that focuses on allocating financial resources based on specific programs or initiatives within an organization.

It is commonly used by institutions, including hospitals, to allocate funds to different programs or services based on their objectives, priorities, and expected outcomes. In the context of hospitals, a program budget considers the various healthcare programs and services provided, such as emergency care, surgical services, outpatient clinics, or specialized departments like cardiology or oncology. Each program is evaluated individually in terms of its objectives, anticipated outcomes, associated costs, and revenue generation potential. According to Janice L. Buerger (1991) “many types of budgets can be used, but three which are important to any hospital are the operating budget, capital budget and the cash budget”.

### **2.5.4 Operating Budget**

According to Finkler Smith and Calabrese (2019), an operating budget is a financial plan for the day-to-day activities of an organization over a specified period (e.g., a fiscal year). It projects the anticipated revenues, usually based on the level of expected activity or volume of services to be provided, and the resources required to produce these revenues,

including labor, supplies, equipment, and other expenses. The operating budget typically covers a period of one year, aligning with the company's fiscal year to facilitate comparisons between budgeted and actual results. The purpose of an operating budget is to provide a framework for managing the company's resources efficiently and effectively on a day-to-day basis. It helps in forecasting and allocating resources, setting targets, and monitoring performance against those targets.

The operating budget allows organizations to plan and allocate resources based on anticipated sales and operational requirements. It also serves as a benchmark for evaluating the company's financial health, as actual results can be compared to the budgeted figures to identify any variances or deviations. Overall, the operating budget plays a vital role in guiding day-to-day operations, resource allocation, and financial control within a company. It provides a roadmap for the efficient utilization of resources, ensuring that the company can meet its financial goals and objectives

### **2.5.5 Capital Budget**

Capital budgeting involves the process of planning and managing a firm's long-term investments in fixed assets. These investments usually represent a significant portion of the firm's total assets and are critical to its long-run success." (Gitman & Zutter, 2019).

Capital budgeting in hospitals focuses on making strategic decisions regarding the acquisition, replacement, or upgrading of major capital assets. It takes into account the anticipated benefits, costs, and long-term impact on the hospital's operations, patient care, and financial sustainability.

### **2.5.6 Cash Budget**

According to Janice L Buerger, without cash a hospital cannot survive. This is the primary reason for a cash budget. A cash budget is a detailed plan showing how cash resources will be acquired and used over a specific time period. It represents an estimate of cash receipts and cash payments during the period. (Weygandt, Kimmel, & Kieso, 2018). A cash budget outlines the expected cash inflows and outflows of an organization over a specific period, usually a month, quarter, or year. It focuses on tracking and managing the cash position of the organization to ensure sufficient liquidity for meeting financial obligations and managing cash flow effectively.

## **2.6 Impact of Budgeting and Budgetary Control on Hospitals**

The impact of budgeting and budgetary control on hospitals refers to the influence and effects that effective budgeting and control processes have on the financial performance, operational efficiency, and decision-making within healthcare organizations. It involves the ability to plan, allocate resources, monitor expenditures, and evaluate performance against the established budgetary targets. Hospitals which are owned and controlled by the government are often operated not for the purpose of making profit. But through the preparation of budgets, they derive various benefits some of which are explained below.

### **2.6.1 Resource Allocation**

The allocation of resources is a crucial aspect of budgeting in hospitals. A budget serves as a tool to guide the allocation of scarce resources within an organization. In the case of government hospitals, resources typically come from three main sources: Internally Generated Funds (IGF), Government Subventions, and Donor Pooled Funds (DPF). Efficiency is achieved by ensuring that resources are utilized optimally, minimizing waste and unnecessary expenditures. Effectiveness is achieved by allocating resources to areas

where they can have the most impact and provide the highest value in terms of patient care, infrastructure development, equipment acquisition, and other critical areas. By using budgeting as a tool for resource allocation, hospitals can make informed decisions about where to allocate their limited resources. This process helps prioritize needs, plan for investments, and ensure that resources are allocated fairly and transparently. It ultimately contributes to the overall efficiency and effectiveness of the hospital's operations and supports the delivery of quality healthcare services to patients.

### **2.6.2 Clear Definition of Responsibilities**

By assigning budgetary targets to managers, the budget explains their responsibilities and areas of control. Managers become accountable for managing resources, controlling costs, and achieving performance objectives within their allocated budgets. This clear definition of responsibilities promotes a sense of ownership and empowers managers to make decisions that align with the budgetary goals. The budget serves as a performance management tool by providing a basis for evaluating and appraising individual and departmental performance. Managers' performance can be assessed based on their ability to meet budget targets, effectively manage resources, and contribute to overall organizational financial objectives. Rewards, such as bonuses or incentives, can be tied to the achievement of budgetary goals, fostering a culture of performance and accountability.

### **2.6.3 Guide for Monitoring Performance**

The budget plays a crucial role as a guide for monitoring performance within hospitals. By setting targets for department leaders and managers, the budget becomes a fundamental yardstick against which actual performance is measured and assessed. This monitoring process helps improve the performance of various leaders and managers throughout the

organization. In summary, the budget serves as a guide for monitoring performance by providing targets, benchmarks, and feedback mechanisms. It enables leaders and managers to evaluate their performance, identify variances, and take necessary actions to improve performance. Through this monitoring process, the budget supports a culture of continuous improvement and drives accountability within the organization.

#### **2.6.4 Guide for promoting Coordination and Communication**

Budgeting plays a crucial role in promoting coordination and communication within the operational system of an organization, including hospitals. Overall, the budgeting process facilitates communication and coordination by fostering interactions among departments, integrating plans, supporting planning and decision-making discussions, and providing a framework for monitoring and reporting. By promoting collaboration and alignment, budgeting enhances the overall effectiveness and efficiency of hospital operations.

### **2.7 Challenges Hospitals Encounter in Preparing and Controlling Budget**

Hospitals face several challenges in preparing and controlling budgets due to the complex nature of healthcare operations and the unique financial considerations involved. The following are some common challenges encountered:

#### **2.7.1 Uncertain Revenue Streams**

Uncertain revenue streams refer to the challenges hospitals face in accurately forecasting and projecting their income due to various factors that introduce randomness. These uncertainties can significantly impact the financial planning and budgeting processes. One of the key contributors to uncertain revenue streams is changes in healthcare policies. Revisions in government regulations, reimbursement models, or insurance coverage can directly influence the amount and timing of revenue hospitals receive.

Additionally, fluctuations in patient volumes and mix can add to the uncertainty. Factors such as demographic changes, shifts in patient preferences, or competition can lead to variations in the number and types of patients seeking healthcare services. Hospitals must account for these fluctuations when estimating revenue, as patient volumes directly impact the income generated. Furthermore, external factors such as seasonal variations and economic conditions can also contribute to uncertain revenue streams. Seasonal fluctuations, such as increased demand during flu seasons or decreased elective procedures during holiday periods, can affect revenue projections. Economic downturns or changes in employment rates may influence patients' ability to seek and pay for healthcare services, leading to revenue uncertainties.

### **2.7.2 Behaviour Bias**

Behavior bias among employees can present a significant challenge within hospitals and healthcare organizations. These biases, which are rooted in individuals' cognitive and social processes, can impact decision-making, communication, teamwork, and overall organizational performance. Recognizing and addressing behavior biases is crucial for creating a culture of fairness, objectivity, and collaboration within the healthcare setting. One behavior bias is the halo effect, where employees form an overall positive or negative impression of individuals based on a single trait or characteristic. In hospitals, the halo effect can manifest in biased evaluations, favoritism, or unfair treatment. Employees may overlook or exaggerate certain qualities, leading to inaccurate performance assessments, biased hiring decisions, and unequal distribution of opportunities within the organization. By addressing behavior biases, hospitals can foster a more inclusive, fair, and effective work environment. This, in turn, enhances decision-making, collaboration, and overall organizational performance, ultimately leading to improved patient care and outcomes.

### **2.7.3 Operational Variability**

Operational variability poses a significant challenge for hospitals when it comes to budgeting and resource allocation. Healthcare operations are subject to fluctuations in patient volumes, acuity levels, and service demand, making it difficult to accurately forecast and plan for resource needs. Patient volumes can vary significantly due to factors such as seasonal illnesses, epidemics, or changes in population demographics. Additionally, patient acuity levels can fluctuate, requiring adjustments in staffing, equipment, and supplies. Moreover, shifts in service demand and emerging medical technologies can impact the types of services needed by patients.

### **2.7.4 Variance**

Variance, or the difference between budgeted and actual results, is indeed a common challenge in hospital budgeting. The dynamic nature of the healthcare industry, coupled with uncertainties and unforeseen circumstances, can lead to variances between the budgeted figures and the actual outcomes. Poor forecasting, inadequate data analysis, and limited visibility into future conditions can contribute to variances. Changes in patient volumes, acuteness levels, reimbursement rates, and healthcare policies can impact revenue streams and expenditure patterns, making it challenging to accurately predict and budget for these fluctuations. In addition to variance, hospitals also encounter challenges related to the timing of budget preparation. The availability of accurate and up-to-date information is crucial for budgeting, but delays in receiving directives or inconsistent timelines from governing bodies, such as the Ministry of Health, can create time constraints and hinder the budgeting process. As a result, hospitals may have to rely on projections from previous budgets, which may not accurately reflect current needs and realities.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter highlights the research design, sources of data (both primary and secondary), population and sampling techniques, sample size and data collection tools (questionnaire and interview). It further highlights validity and reliability as well as data analysis of this research work.

#### **3.2 Research Design**

A research design is a logical framework that connects the questions at the outset of a study with the data to be gathered and the conclusions to be reached. As a result, it may be regarded as the fundamental strategy for carrying out the phase of data gathering and analysis. The descriptive analytical research design or statistical research design and quantitative analysis was employed for this research project. Descriptive research deals with the relationship among non-manipulated variables. Descriptive research design also describes data and characteristics about the population being studied. In descriptive research design, the events or conditions either exist or have occurred and the researcher merely selects the relevant variables for analysis of their relationship (Kothari, 2007).

#### **3.3 Population**

The term "population" refers to the total collection of individuals, occasions, or interesting objects that the researcher wants to study. On the other hand, Saunders & Lewis (2012) define population as the entire set of cases from which a sample is drawn. The population that matters depends on the goals and parameters of the study; there is no single designated population. If the population is manageable in size, some research can collect data from the entire population (Saunders & Lewis, 2012).

The administration and employees of Holy Family Hospital, Nkawkaw's accounting and finance departments make up the target population. The persons who hold accounting and finance positions inside the hospital, as well as the management staff in charge of budgeting and financial decision-making, make up the population of interest for our research. The selection of this hospital as the sample was probably influenced by elements including accessibility, participant willingness, and the need to obtain a representative sample from the hospital's overall population.

### **3.4 Sample Size**

A study's or research's sample size is the number of items or events which will be studied. As per Saunders & Lewis (2012), certain studies may be able to gather data from the entire population if it is a reasonable size. This does not, however, ensure a more valuable outcome than gathering data from a sample that, as a result, represents the full population. It will be extremely challenging to carry out such study without sampling due to the size of the population, which consists of people who hold accounting and finance responsibilities inside the hospital as well as the management staff responsible for budgeting and financial decision-making.

Punch (1998) argues that one cannot study everyone, everywhere, doing everything, and that sampling selections must be made concerning not only which persons to interview or which events to watch, but also regarding settings and procedures. Purposive sampling was adopted by the researcher to choose the hospital. Purposive sampling is a non-probability sampling strategy in which researchers selects particular people, things, or happenings that have the traits or features the study is interested in. Due to access issues, it was not possible to address the entire target group, hence an effort was made to sample a sizeable portion of the population that represented the research. An estimation of 21

Accounting and finance, Administration and Budget Committee employees made up the sample size of respondents.

### **Sample from various departments**

<b>Department</b>	<b>Sample</b>
Accounting and Finance	5
Administration	7
Budget	9
<b>Total</b>	<b>21</b>

### **3.5 Source of Data**

For the purpose of this work, two sources would be utilized to collate the information with regards to this project: Primary source and Secondary source.

#### **3.5.1 Data Sources**

The study was based on primary data. According to Salkind (2010), primary data is a data that have been used to inform the study. Salkind (2010) defined primary data as the first source of information, which is collected by the researcher directly for specific projects or goals. Initial relevant information the case or research problem is known as primary data (Beins and McCarthy, 2011). Salkind (2010) also emphasizes that primary information can be extracted in a variety of ways, including via interviews, field observations, experiments, and self-administered surveys.

On the other hand, secondary data is described as previously obtained information that has undergone rigorous statistical processing and analysis by another party (Kothari, 2004). The researcher was able to get first-hand information from the respondents thanks to the

primary data. Primary data costs a lot more and takes a lot longer than secondary data (Salkind, 2010). Questionnaires were the primary technique this study utilized to gather data). Overall, the use of interviews, questionnaires, situational observations, and interactions ensured a multi-faceted approach to data collection, promoting a thorough exploration of the research topic while maintaining transparency and clarity in the research process. The structured design of questionnaires makes it a very flexible and responsive tool that makes the administration geographically to a big and widespread population less costly and fast (Williaman, 2011).

### **3.6 Data Analysis Plan**

Marshall and Rossman (1999) defined data analysis as the technique used to arrange, interpret, and make sense of the bulk of collected data. To make the information easier to grasp, the coding and analyses for this study will adhere to the practices and processes often used by researchers. A series of methods defined as budgetary management is used to make sure that an organization's actual revenues and costs closely match its financial plan. Setting defined goals for budget-based administrators as well as a number of rewards that will be activated when the objectives are met are often part of the process. Additionally, everybody in charge of a line item in the financial statements receives regular estimates versus real reports; any unfavorable deviations are then expected to be corrected. With setoff questions on budgeting and budget reviews, the survey assesses budgetary control.

Statistical Package for Social Sciences software has been used to statistically analyze the collected data (SPSS). To ensure simple and quick interpretation, representations like tables and graphs were used. The consistency of the data from the completed surveys was assessed. Based on the responses gathered from the respondents, the open-ended items were grouped. The Statistical Package for Social Science was used to code the items

(SPSS). The results are shown in tabular form using descriptive statistics that include frequencies and percentages. This is meant to help explain the research's findings in more depth.

### **3.7 Analytical Model**

The effectiveness of set budget constraints will be assessed by asking senior administrators how they affect their day-to-day activities and how important they believe fulfilling budget objectives is to how their top supervisors evaluate their performance. To interpret the classification level, the variables will be measured using a five-point Likert scale. In order to give consistency with other investigations for comparison, questions used to measure characteristics including proper planning, human resource capacity, staff and stakeholder participation, and adequate resources were adopted from other study resources. Additionally, it will save you time and be more effective than creating your own questions.

The conceptual model shall be as below:

$$Y = F(X)$$

Y = Performance measured by Relative Operational Efficiency (ROE)

X = Budgetary control variables measured by the five-point Likert scale questionnaires.

This will be represented with the dependent variable as (Performance) and independent variable (proper Planning, Human resource Capacity, Staff and Stakeholder Participation) in the below equation.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where: - Y = Performance as measured by Relative Operational Efficiency

X1 = Proper Planning measured by Likert scale by choosing the Mean value of the respondents

X2 = Human resource Capacity measured by Likert scale by choosing the Mean value of the respondents

X3 = Staff and Stakeholder Participation measured by Likert scale by choosing the Mean value of the respondents

$\beta_0$  = Intercept

$\beta$  = Coefficient of independent variables

e = error term

The study will use secondary data to quantify the performance the key type of measure was efficiency measure. The independent variables X1 to X3 are variables of Budget control used for this study which was dignified using the several queries asked the respondents in the questionnaire.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### 4.0 Introduction

This chapter presents data which are gathered from the field through questionnaires administered, interviews conducted and other conversations with respondents regarding to budget preparation and budgetary controls which is to ensure prudent cash flow. Based on this, frequency distribution tables, percentages and charts are used to give true definition of the research findings.

The questionnaires were based on try categories on which the analysis was made. The first part of the questions dealt with; Impact of Budget and Budgetary control on performance and finally the Problems associated with budgeting and budgetary control.

#### 4.1 Section A: Background Information

**Table 4.2.1: Age**

<b>Range</b>	<b>Frequency</b>	<b>Percentage %</b>
18-25	3	13
26-35	5	24
36-45	9	43
46-55	2	10
56 and above	2	10
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

The data in table 1 above, depicts that the age group between 26 to 35 and 36 to 45 form the highest group among the respondents' representing 24 percent, and 43 percent respectively. The age group 46 to 55 and 56 and above formed the least respondent

representing 10 percent respectively. These age distributions suggest that the core of the workers is young and energetic group.

**Table 4.2.2: Educational Background**

<b>Qualifications</b>	<b>Frequency</b>	<b>Percentage %</b>
H.N.D	4	19
First Degree	7	33
Master's Degree	10	48
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

From the above, the respondent with Master's Degree formed the highest among the sample group consisting of 48 percent of the total respondents. Those with Bsc. and BA. Degree constituted 33 percentages and Higher National Diploma constituting 19 percent.

**Table 4.2.3: Job Title**

<b>Department</b>	<b>Frequency</b>	<b>Percentage %</b>
Account and Finance	5	24
Administration	7	33
Budget	9	43
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

Out of the total number of respondents, 43 percent represented Account and Finance, Administration staff forming 33 percent and Budget Committee also forming 43 percent.



#### 4.2 Section B: Impact of Budget and Budgetary Control on Performance

Respondent were asked to indicate on a 5-point scale, varying from 1 (strongly agree) to 5 (strongly disagree) on their perception on how budget and budgetary control have impacted performance.

In the study, the researchers analyzed the responds that were collected on the scale 1 and 2 (strongly agree and agree) to mean that respondent agree with the fact that the variable is present. On the hand, the scale 4 and 5 (Disagree and strongly disagree) mean that respondent disagree to the fact that the variable is present. Scale 3 means that respondent is neutral to the question.

**Table 4.2: Involvement of Budget into Hospital Activity**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	17	80
Agree	2	10
Neutral	0	0
Disagree	2	10
Strongly Disagree	0	0
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

From the data obtained and presented in table 4.2 above shows that about 81 percent strongly agreed to the assertion of Involvement of Budgets into Hospital Activity. Also, 10 percent agrees with the assertion and 10 percent too stayed neutral just like the strongly disagree respondents.

It is evident from the data gathered that the Hospital involve Budget in their Activity. This is a big advantage to the hospital as it will help improve performance.

**Table 4.3: The use of Controlling Measures helps to Access Performance**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	13	60
Agree	3	15
Neutral	1	5
Disagree	1	5
Strongly Disagree	3	15
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Filed data 2023.**

From the data collected and presented in table 4.3 above, it could be seen that 5 percent stayed neutral as they don't know that the use of Controlling Measures helps to Access Performance. While on the other hand, about 15 percent agree to this assertion and 5 percent disagree to this. It is clear that 60 percent strongly agrees to this assertion.

These suggest that the employees have much knowledge that the use of Controlling Measures helps to Access Performance, which makes it very convenient for the smooth operation of the hospital.

**Table 4.3: Assessment of Performance Reviews**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	12	57
Agree	5	24
Neutral	4	19
Disagree	0	0
Strongly Disagree	0	0
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

From the data obtained and presented in table 4.3 above shows that 57 percent strongly agree to the statement that Assessment of Performance Reviews. Also, 24 percent agrees with the assertion and 19 percent too stayed neutral.

It is evident from the data gathered that the Assessment of Performance Reviews helps to improve performance. The statistics below indicate that the hospitals take keen interest in holding seminars on regular bases to review previous performances.

**Table 4.4 The Hospital Practice Budget Review**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	16	75
Agree	3	15
Neutral	1	5
Disagree	1	5
Strongly Disagree	0	0
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023**

From the table above, a combination of 75 percent was in agreement of the statement that The Hospital Practice Budget Review. This is appropriately done at Holy Family Hospital, Nkawkaw. A combination of 10 percent disagrees and neutral.

This is a good measure as the review of budget ensures that corrective measures are taken to meet changes in direction.

**Table 4.4: Budget helps to Impact employees in Achieving Target**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	12	57
Agree	6	24
Neutral	2	19
Disagree	1	0
Strongly Disagree	0	0
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023**

In respect to finding out if Budget helps to Impact employees in Achieving Targets, a combination of 81 percent of the respondent agrees to this statement. This is very good to the staff to the fact that budget and its controls may be used as a means of ensuring that employees work towards the attainment of goals.

**Table 4.5: Existence of Budget Monitoring Unit**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	12	57
Agree	1	8
Neutral	5	23
Disagree	3	12
Strongly Disagree	0	0
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

From the data collected, it is evidently clear that, 57 percent and 8 percent strongly agrees and agrees respectively that Holy Family Hospital, Nkawkaw have a Budget Motoring Unit who monitors their budgets if is in line with that they anticipated.

**Table 4.6: Influence of Government Directives on Budget**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	10	48
Agree	6	28
Neutral	3	14
Disagree	2	10
Strongly Disagree	0	0
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

From the data given, 48 percent and 28 percent represent strongly agree and agree respectively whereas 14 percent and 10 percent also representing neutral and disagree respectively. The data collected depicts how government directives have impact on hospitals budget

**Table 4.7: Misapplication of Resources affect Budget**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	13	61
Agree	6	29
Neutral	2	10
Disagree	0	0
Strongly Disagree	0	0
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

From the data obtained and presented in table 4.7 above shows that 61 percent strongly agree to the statement that Misapplication of Resources affect Budget. Again, 29 percent agrees with the assertion and 10 percent too stayed neutral.

It is evident from the data gathered that Misapplication of Resources affect Budget.

#### **4.4 Involvement of Subordinates in Budget Decisions**

Involvement among workers in bringing the budget is very keen and important as specific targets are spelt out to various groups and individuals. For that matter, researchers asked questions in relation to how effective the involvement of subordinates was and from the data gathered, 76.19% of the respondents think subordinates are not involved in bringing up the budget whiles 23.81% of the respondents think otherwise.

**Table 4.8: Involvement of Subordinates in Budget Decisions**

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Strongly Agree	14	66
Agree	2	10
Neutral	0	0
Disagree	3	14
Strongly Disagree	2	10
<b>TOTAL</b>	<b>21</b>	<b>100</b>

**Source: Field data 2023.**

From the data obtained and presented in table 4.8 above shows that 66 percent strongly agreed to the declaration of Involvement of Subordinates in Budget Decisions. Also, 10 percent agrees with the assertion, 14 percent disagree and 10 percent also strongly

disagree. Involvement among workers in bringing the budget is very keen and important as specific targets are spelt out to various groups and individuals.

The above tables and figures are in relation to the impact of budgeting on the performance of the public hospitals specifically Holy Family Hospital, Nkawkaw in the Kwahu West District. Based on the responds gathered from respondents, a valid conclusion can be made with regards to budget and its impact on public hospitals.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

The aim of the study is to examine The Impact of Budgeting and Budgeting Control on Performance. This questionnaire survey was conducted among nineteen (21) staff Holy Family Hospital, Nkawkaw. The respondents were the Accounts and Finance, Administration and the Budget department. This chapter presents the conclusions and recommendations made to Holy Family Hospital on The Impact of Budgeting and Budgetary Control on Performance.

#### **5.1 Summary of findings**

The summary of the findings is presented on the objectives addressed in the study. These objectives are to establish the perception of the various heads of Accounting and Finance, Administration and Budget Department in the use of budget. It also establishes their views regarding participation on budget building and review, their understanding to budget procedures and how effective budget can be used as a control measure for performance improvement.

The gender proportion in hospital indicated that majority of the workers are male and for that matter, their views may be predominant over the females in the course of this research work. On the controlling measures the hospitals use in assessing performance, it was realized that there are measures put in place in controlling the budgets.

From the findings, it was so clear that, the hospital resort to the preparation of budget. Though the hospital is able to keep up with what they budget for. This therefore revealed that those who prepare and keep up with it are able to outperform those who do not keep up with the budget given the resource available to them.

Again, there are seminars held regularly by management of the hospital to review their performance. This helps management to know whether various departments of the hospitals are in line with their budgets prepared. The study indicated that, the budgets of the hospital is reviewed on timely basis to ensure that corrective measures are taken to meet changes in direction. The research further revealed that, budgets and budgetary control help motivate employees in achieving targets of the hospital.

Also, government directives have adverse impacts on the budget of the various hospitals which affects in preparing a proper budget. It was revealed in the findings that; misapplication of resources has a negative impact on the budgets of the hospital. The research further indicated that, the inability of management to involve subordinates in budget decisions affects the overall performance of the hospital, since specific target are not likely to be spelt out to various groups and individuals when budgets are prepared. Budgets are very useful as they help organizations to determine its financial priorities and assess its performance.

## **5.2 Conclusion**

A budget can be extremely important and effective tool for management in directing the affairs of an organization. However, to prepare a meaningful budget, the hospital must know where it is heading and its goals and objectives. Priorities changes, and this means that many people should be involved in the budget preparation and approval process to ensure that resulting budget is fully supported. Once prepared, the budget must be compared to actual result on a timely basis throughout the year to ensure that management knows where deviations are accruing for corrective actions to be taken when necessary. Involvement among workers in bringing up the budget is very important as specific targets are spelt out to various groups and individuals. There is an inactive participation of the

entire department in the budget preparation. The inability of management to involve subordinates in budget decisions affects the overall performance of the hospital, since specific targets are not likely to be spelt out to various departments when budgets are prepared. Budgeting is one of the fundamental decision-making process at the hospital as it serves numerous purposes. It aids planning, co-ordination, communication, control and performance evaluation. Budgetary controls enhance financial management in the hospital as they;

- eliminate or reduce corruption
- share responsibilities
- ensure judicious use of resources.

A good budget can do very little by itself, good management and effective budget can do much together. Therefore, effective budget and budgetary control is indispensable in the public hospitals.

## **5.2 Recommendations**

Based on the findings, it is recommended that for the budget to be effective, it must be a joint effort of all the stakeholders. It must also be working documents, which forms the basis for action. Subordinates should be involved in budget planning and decision. The activities of the various parts of the organization should be planned and coordinated very, which will ensure effective budget.

In addition, orientation, seminars and workshops on budgeting should be adequately emphasized to those involved in the budget preparation. Budget committee should function very well to make sure that the proper budget is applied in an effective way. Since budget and budgetary control is an accounting tool and also a useful benchmark with which actual result can be compared, the researchers therefore, recommend that

government should encourage it so that it will be applied effectively. Government should make sure that the resolutions are made available to government bodies to allow them to perform the activities approved in the budget. Before a budgetary control system should result in a number of advantages to the business concerned, it must be a fully comprehensive budget.

Again, adequate information should be gathered and critically examined using all possible parameters before arriving at budget decision, this will require severe appraisal technique and skills and in order to achieve this, the hospital should use the services of consultants to assist them plan and prepare good budget. Ghana government should also collaborate with other non-governmental organizations to sponsor and award scholarships to students to carry out more research and in-depth studies into budget and budgetary control practices and other relevant financial issues that will benefit the public hospitals in Ghana.

## References

- Atuilik, W. A., Peregrino-Brimah, R. A., Salia, H., & Adafula, B. (2019). Budgeting and budgetary control in the Ghana health service.
- Arthur, F. E. (2016). Budgeting in Budget Management Centres (BMCs) in Sekondi/Takoradi Metro Health Directorate. *Journal of Social Science for Policy Implications*, 4(1), 63-90.
- Dunk, A. S. (2011). Product innovation, budgetary control, and the financial performance of firms. *The British Accounting Review*, 43(2), 102-111.
- Foster, T. A. (2017). *Budget planning, budget control, business age, and financial performance in health institution* (Doctoral dissertation, Walden University).
- Gathecha, A. M. (2017). *The Effects of Budget Control on Operational Performance of Public Hospitals in Kiambu County* (Doctoral dissertation, University of Nairobi).
- Hanif, R., & Musvoto, W. S. (2022). Analysing Budget Management in the Public Healthcare Services Delivery Sector: A Case of District Hospitals in Malawi. *Administration Publican*, 30(4), 165-185.
- Kamau, J. K., Rotich, G., & Anyango, W. (2017). Effect of budgeting process on budget performance of state corporations in Kenya: A case of Kenyatta National Hospital. *International Academic Journal of Human Resource and Business Administration*, 2(3), 255-281.
- Khoirina, S. (2022). The influence of accountability and transparency on budget management: study at public health center bandar lampung. *Peradaban Journal of Economic and Business*, 1(1), 52-61.
- Mathobo, N., Maserumule, M. H., & Moeti, K. B. (2023). Assessing the Effectiveness of Budget Control in Public Hospitals in the Limpopo Province, South Africa. *African Journal of Development Studies (formerly AFFRIKA Journal of Politics, Economics and Society)*, 13(2), 101-114.

- Maduekwe, C. C., & Kamala, P. (2016). The use of budgets by small and medium enterprises in Cape Metropolis, South Africa. *Problems and perspectives in management*, (14, Iss. 1 (contin)), 183-191.
- Mukah, S. T. (2018). Budgetary control and performance: The case of councils in Mezam and Momo divisions of Cameroon. *Journal of Business and Management Research*, 7(3), 36-49.
- Namazi, N. R., Rezaee, G. R., & Kheibargir, S. M. (2020). Investigating the effects of budgetary control system on budgetary performance considering the mediating role of budgetary perception in public hospitals (Case Study: Hospitals in Fars province). *Journal of healthcare management*, 11(no36), 95-109.
- Nylinder, P. (2009). Tight budgetary control: a study of clinical department managers' perceptions in Swedish hospitals. *Journal of health services research & policy*, 14(2), 70-76.
- Thankappen, D. (2006). *A comparative study on budget and budgetary control process in two multispecialty hospital* (Doctoral dissertation, Rajiv Gandhi University of Health Sciences (India)).

## APPENDIX

We are BTEC final year students of Koforidua Technical University obtaining information about the impact of budget and budgetary controls on the performance of business organizations', taking a case study on hospitals at Holy Family Hospital, Nkawkaw.

Your corporation and indulgence are warmly requested to accomplish this study. You are promised of the confidentiality and anonymity of the information being requested of you.

### **Part 1: Demographic Data**

1. Gender: male [ ] female [ ]
2. Age: below 30 years [ ] 30-45 year [ ] above 45 years [ ]
3. Year of working at the hospital? below 5 years [ ] 5-10 years [ ] above 10 years [ ]
4. Department. ....

### **Part 2: Impact of Budget and Budgetary control on performance**

1. Does the hospital have and use controlling measures in accessing performance?

Yes [ ] No [ ].

2. If yes, please identify the measures by stating them below

.....  
.....

Please answer the following questions and rate if YES by ticking 1, 2, 3, 4 or 5. Ratings may differ based on the type of question. 1= Not effective (NE), strongly disagree (SD), Not frequent (NE) or Not regular (NR). 2= somehow effective (SE), disagree (D), somehow frequent (SF) or somehow regular (SR). 3= not sure or neutral (N). 4= very effective (VE), agree (A), frequent (F) or regular (R). 5= excessively effective (EE), strongly agree (SA), very frequent (VF), or very regular (VR).

The questions below seek to know how regular or frequent the respondent think the question is.

Activities	NR	SR	N	R	VR
1. Are seminars held regularly by management in reviewing the performance of the hospital?					
2. Are budgets prepared based on specific standards set by management of the hospital?					
3. Is the budget used as a constant factor for monitoring performance?					
4. Does management see to the implementation of the budget?					
5. Is the budget reviewed on a timely base?					

The questions below tend to find out how effective the respondent think the question is.

Activities	Yes	No	NE	SE	N	VE	EE
1. Does the hospital have budget policies to check on spending?							
2. Are measures put in place to control cost?							
3. Does management embark on budget performance report?							
4. Does management assess the performance of employees and staffs with regards to the budget?							



The following questions seek to know to what extent a respondent **Agree** or **Disagree** to a question.

Activities	SD	D	N	A	SA
1. Do you think budget and its controls help motivate employees in achieving targets of the hospital?					
2. Can the budget be varied to meet changes in ambitions and targets of the hospital?					
3. Does the budget help in achieving targets?					
4. Does the budget serve a purpose of coordinating among staff and workers?					

**Part 3: Processes for budgeting at the hospital**

Activities	Yes/ No		SD	D	N	A	SA
1. Does the institution budgets for its financial programs?							
2. Are you familiar with the processes involved in taking financial budgeting in the firm?							
3. Does the hospital have a budget monitoring unit?							

**Part 4: Integrating budget and budgetary control to the work system**

1. How often does the firm resort to financial budgeting?

Always [ ] not too often [ ] not at all

2. If not too often, what activities pushes the institution to budget financially?

Medium term projects [ ] long term projects [ ] short term projects [ ] any project [ ]

3. Does the budget falls in line with the corporate objective? yes [ ] No [ ]

**Part 5: Problems associated with budgeting and budgetary control**

The following are possible challenges associated with budgeting in general. In your opinion, respond to the following hypothesis as presented on public institutions. Tick as many options as possible.

Possible challenges of budgeting & its control	SD	D	N	A	SA
1. Is the hospital able to collect enough revenue to compliment government subvention?					
2. Do government directives impact budgeted amounts adversely?					
3. Are government subventions received promptly by the hospital?					
4. Does the hospital have a reliable staff to budget appropriately?					
5. Do economic instabilities affect the hospital's budgeting exercise?					
6. Has misapplication of resources affected budgeting of the hospital?					
7. Does time frame impact on budget decisions?					

**Part 6: Type (s) of Budget used by the hospital**

1. Does the institution resort to a particular budget type? Yes [ ] No [ ]

2. What form of budget is commonly used by the institution?

Master budget [ ] operational budget [ ] cash flow budget [ ] financial budget [ ] Static budgets [ ] other (specify).....

3. How many years have you been using this (these) approaches of budgeting?

Below 5 years [ ] 5-10 years [ ] above 10 years [ ]

4. Do budgetary controls contribute positively to the performance of Public Hospitals in Kumasi? Yes [ ] No [ ]

5. Do you agree that budgetary control assist management to assess performance?

Yes [ ] No [ ]

6. If you agree, to what extend?

Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree

**Thank You.**



## Digital Receipt

This receipt acknowledges that Turnitin received your paper. Below you will find the receipt information regarding your submission.

The first page of your submissions is displayed below.

Submission author: Rosemary Adu-Sarkodee  
Assignment title: KTU STUDENT ASSIGNMENT5  
Submission title: Gabriel\_Oppong\_Submission for Plagiarism Check  
File name: Gabriel\_Oppong.docx  
File size: 83.2K  
Page count: 44  
Word count: 9,056  
Character count: 52,265  
Submission date: 25-Oct-2023 10:06AM (UTC+0000)  
Submission ID: 2204596012

**CHAPTER ONE**  
**INTRODUCTION**

**1.1 Background of the Study**

This study delves into the impact of budgeting and budgetary control on the performance of hospitals in the Kwahu West District, with a specific focus on the Nkawkaw Holy Family Hospital as a case study. Budgeting and budgetary control are essential tools that play a crucial role in guiding and managing the operations of public hospitals. They provide a structured framework for planning, set limits on departmental expenditures, and aid hospital administrators in making informed decisions. Budgeting and budgetary control enable healthcare institutions to carefully analyze their existing operations, assess their financial performance, and determine whether adjustments, expansions, eliminations, or restrictions are necessary. This, in turn, contributes to improved performance across the hospital as it facilitates efficient resource allocation and financial management.

Health institutions, such as the Nkawkaw Holy Family Hospital, rely on budgets to provide valuable information that can be used to monitor and enhance their performance in the future (Chidinma & Peter, 2016). In an era of increasing demand for quality healthcare services and constrained resources, effective budgeting and budgetary control play a pivotal role in ensuring that public hospitals can continue to serve their communities effectively. This study aims to explore the specific ways in which these financial management practices influence the performance of the Nkawkaw Holy Family Hospital and, by extension, other public hospitals in the Kwahu West District.

This would necessitate a significant amount of management commitment and discipline in terms of resource management. Hospitals are no exception. This is due to the fact that both private and

# Gabriel\_Oppong\_Submission for Plagiarism Check

## ORIGINALITY REPORT

22%

SIMILARITY INDEX

18%

INTERNET SOURCES

3%

PUBLICATIONS

13%

STUDENT PAPERS

## PRIMARY SOURCES

1	<a href="http://ir.csuc.edu.gh:8080">ir.csuc.edu.gh:8080</a> Internet Source	7%
2	Submitted to Ghana Telecom University College Student Paper	2%
3	Submitted to University for Development Studies Student Paper	2%
4	<a href="http://erepository.uonbi.ac.ke:8080">erepository.uonbi.ac.ke:8080</a> Internet Source	1%
5	<a href="http://salemuniversity.edu.ng">salemuniversity.edu.ng</a> Internet Source	1%
6	Submitted to Zambia Centre for Accountancy Studies Student Paper	1%
7	<a href="http://saudijournals.com">saudijournals.com</a> Internet Source	1%
8	Submitted to Tanzania Institute of Financial Management Student Paper	<1%

9	<a href="http://www.theinterscholar.org">www.theinterscholar.org</a> Internet Source	<1 %
10	<a href="http://ir.uew.edu.gh:8080">ir.uew.edu.gh:8080</a> Internet Source	<1 %
11	<a href="http://pub.nkumbauniversity.ac.ug">pub.nkumbauniversity.ac.ug</a> Internet Source	<1 %
12	Submitted to Midlands State University Student Paper	<1 %
13	Submitted to University of Ulster Student Paper	<1 %
14	Submitted to International University of Malaya-Wales Student Paper	<1 %
15	Submitted to Oraco Technology Solutions Limited Student Paper	<1 %
16	<a href="http://www.grin.com">www.grin.com</a> Internet Source	<1 %
17	Submitted to Manipal University Student Paper	<1 %
18	Submitted to Pathfinder Enterprises Student Paper	<1 %
19	<a href="http://erepository.mkuit.ac.rw">erepository.mkuit.ac.rw</a> Internet Source	<1 %

20	<a href="http://noexperiencenecessarybook.com">noexperiencenecessarybook.com</a> Internet Source	<1 %
21	Submitted to University of Sri Jayewardenepura Nugegoda Sri Lanka Student Paper	<1 %
22	Submitted to University of Central England in Birmingham Student Paper	<1 %
23	Submitted to University of Wales Institute, Cardiff Student Paper	<1 %
24	<a href="http://easyprojectmaterials.com">easyprojectmaterials.com</a> Internet Source	<1 %
25	<a href="http://uir.unisa.ac.za">uir.unisa.ac.za</a> Internet Source	<1 %
26	Submitted to EThames Graduate School Student Paper	<1 %
27	<a href="http://naceonline.com">naceonline.com</a> Internet Source	<1 %
28	Submitted to University of Namibia Student Paper	<1 %
29	<a href="http://ir.kiu.ac.ug">ir.kiu.ac.ug</a> Internet Source	<1 %
30	<a href="http://ww-w.iproject.com.ng">ww-w.iproject.com.ng</a> Internet Source	<1 %

31	Submitted to Glasgow Caledonian University Student Paper	<1 %
32	Richard F. Larkin, Marie DiTommaso. "Wiley Not-for-Profit GAAP 2019", Wiley, 2019 Publication	<1 %
33	Submitted to University of Strathclyde Student Paper	<1 %
34	hdl.handle.net Internet Source	<1 %
35	Submitted to University of Glamorgan Student Paper	<1 %
36	www.iiste.org Internet Source	<1 %
37	repository.iaa.ac.tz:8080 Internet Source	<1 %
38	dspace.knust.edu.gh Internet Source	<1 %
39	Submitted to University of Mindanao Student Paper	<1 %
40	King, Daniel, Lawley, Scott. "Organizational Behaviour", Organizational Behaviour, 2022 Publication	<1 %
41	cees.mak.ac.ug Internet Source	<1 %



42	<a href="http://eprints.ugd.edu.mk">eprints.ugd.edu.mk</a> Internet Source	<1 %
43	<a href="http://ocio.osu.edu">ocio.osu.edu</a> Internet Source	<1 %
44	<a href="http://silo.pub">silo.pub</a> Internet Source	<1 %
45	<a href="http://www.casestudiesjournal.com">www.casestudiesjournal.com</a> Internet Source	<1 %
46	<a href="http://erepository.uonbi.ac.ke">erepository.uonbi.ac.ke</a> Internet Source	<1 %
47	<a href="http://ir.knust.edu.gh">ir.knust.edu.gh</a> Internet Source	<1 %
48	<a href="http://repository.smuc.edu.et">repository.smuc.edu.et</a> Internet Source	<1 %
49	<a href="http://ugspace.ug.edu.gh">ugspace.ug.edu.gh</a> Internet Source	<1 %
50	<a href="http://www.medrxiv.org">www.medrxiv.org</a> Internet Source	<1 %
51	Submitted to Unicaf University Student Paper	<1 %

Exclude quotes  On

Exclude matches  Off

Exclude bibliography  On