



**T.C.
BİNGÖL ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
İŞLETME ANABİLİM DALI**

**THE EFFECT OF THE BUDGETARY CONTROL ON THE ACCOUNTING
PROVISION AND ORGANIZATION IN IRAQ**

HAZIRLAYAN

ALAN BAKIR HAMAD

YÜKSEK LİSANS TEZİ

DANIŞMAN

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BİLİMSEL ETİK BİLDİRİMİ

Yüksek Lisans tezi olarak hazırladığım “**The Effect Of The Budgetary Control On The Accounting Provisison And Organization In Iraq**”adlı çalışmanın öneri aşamasından sonuçlanmasına kadar geçen süreçte bilimsel etiğe ve akademik kurallar aözenle uyduğumu, teziçindeki tüm bilgileri bilimsel ahlak ve gelenek çerçevesinde elde ettiğimi, tez yazım kurallarına uygun olarak hazırladığım bu çalışmamda doğrudan veya dolaylı olarak yaptığım her alıntıya kaynak gösterdiğimi ve yararlandığım eserlerin kaynakçada gösterilenlerden oluştuğunu beyan ederim.

02 / 09 / 2020

Alan Bakr HAMAD

BİNGÖL ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜNE

Alan Bakr HAMAD tarafından hazırlanan “**The Effect Of The Budgetary Control On The Accounting Provision And Organization In Iraq**” başlıklı bu çalışma, 02.09.2020 tarihinde yapılan tez savunma sınavı sonucunda başarılı bulunarak jürimiz tarafından **İşletme** Anabilim Dalı’nda Yüksek Lisans tezi olarak Kabul edilmiştir.

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ÖNSÖZ

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ÖZET

Bingöl Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tez Özeti

Tezin Başlığı: Müşteriler Satın Alma Davranışlarına Hizmet Kalitesinin Etkileri
Tezin Yazarı: Alan Bakr HAMAD
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Sayfa Sayısı: 15 (Ön Kısım)+ 96(Tez)
<p>Bu çalışmanın amacı, bütçe kontrolünün Irak'ta muhasebenin etkinliği ve hesap verebilirliği üzerindeki etkisini belirlemektir. Bu çalışma, niteliği ve yöntemine göre amaç ve betimsel anket türü açısından uygulamalı bir araştırmadır. Bu çalışmanın istatistiksel evreni, Irak'taki 68 STK'daki tüm CEO'ları ve finans yöneticilerini içermektedir. 136 kişilik toplam popülasyona dayalı olarak, gerekli örneklem büyüklüğü Cochran'ın formül tablosu kullanılarak 100 kişi olarak belirlendi. Örnekler basit rastgele örnekleme yöntemi ile seçilmiştir. Veri toplama aracı, geçerliliği ve güvenilirliği de doğrulanan bir ankettir. Anket yoluyla elde edilen veriler, SPSS yazılım versiyonu 24 ve regresyon ve korelasyon analizi yöntemleri kullanılarak analiz edilmiştir. Bu çalışmanın sonuçları, kuruluşların planlama bölümünde (2,598) daha yüksek bir puana sahip olduğunu ve en düşük puanın bütçe izleme bölümü (2,410) ile ilgili olduğunu göstermiştir. Çoklu regresyon analizinin sonuçları, planlama, izleme ve bütçeleme değerlendirme değişkenlerinin etkinlik ve muhasebe stok parametreleri üzerindeki olumlu etkisini göstermektedir. Standart katsayılar dayalı olarak, izleme, organizasyondaki muhasebe etkinliği ve muhasebe stokunun en güçlü öngörücüsüdür.</p>
Anahtar Kelimeler: Bütçe kontrolü, etkinlik, muhasebe öngörü

ABSTRACT

Bingol University Institute of Social Sciences Abstract of Master's Thesis

Title of the Thesis: The Effect Of The Budgetary Control On The Accounting Provision And Organization In Iraq
Author: Alan Bakr HAMAD
Supervisor: Assoc Prof. Prof. Dr. Sait PATIR
Department: Business and Management
Sub-field: Ancient Business
Date: 02.09.2020
Paper of Number: 15 (ÖnKısım)+ 96(Tez)
<p>The purpose of this study was to identify the impact of budgetary control on the effectiveness and accountability of accounting in Iraq. The present study is an applied research in terms of purpose and descriptive-survey type according to its nature and method. The statistical population of this study includes all CEOs and financial managers in 68 NGOs in Iraq. Based on the total population of 136 individuals, the required sample size was determined using Cochran's formula table as 100 individuals. The samples were selected by simple random sampling method. The data collection tool was a questionnaire, the validity and reliability of which was also confirmed. The data obtained through the questionnaire were analyzed using SPSS software version 24, and through regression and correlation analysis methods. The results of this study showed that organizations have a higher score in the planning section (2,598) and the lowest score is related to the budget monitoring section (2,410). The results of multiple regression analysis indicate a positive impact of planning, monitoring, and budgeting evaluation variables on the effectiveness and accounting stock parameters. Based on standard coefficients, monitoring is the strongest predictor of accounting effectiveness and accounting stock in the organization.</p> <p>Anahtar Kelimeler: Bütçe kontrolü, etkinlik, muhasebe öngörü</p>

KISALTMALAR

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S.	Sayı
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BİRİNCİ BÖLÜM

GİRİŞ

1.1 .Background of the Study

In the business world today, organizations have developed a variety of processes and techniques designed to contribute to the planning and control functions. One of the most important and widely used of these processes is budgeting. Budgeting involves the establishment of predetermined goals, the reporting of actual performance results and evaluation of performance in terms of the predetermined goals. Budgetary control systems are universal and have been considered an essential tool for financial planning. The purpose of budgetary control is to provide a forecast of revenues and expenditures this is achieved through constructing a model of how our business might perform financially speaking if certain strategies, events and plans are carried out (Churchill, 2001).

Most firms use budgetary control as the primary means of corporate internal controls, it provides a comprehensive management platform for efficient and effective allocation of resources. Budgetary controls enable the management team to make plans for the future through implementing those plans and monitoring activities to see whether they conform to the plan, effective implementation of budgetary control is an important guarantee for the effective implementation of budget in the organization (Carr and Joseph, 2000).

Most organizations have adopted broad budgetary control that ensures that the entire budget system is a control system, which it is the formation of a prior, during and 2 after the whole process of control system through the budget preparation, budget evaluation, reward and punishment by monitoring of budget execution. With a narrow budgetary control, an organization can prepare a good budget as a basis for performance management and standards on a regular basis in order to compare actual performance with the budget to analyze differences in the results and take corrective measures, which mainly involves the process of budget implementation, evaluation and control (Hokal and Shaw, 2002).

1.2. Statement of the Problem

In today's competitive environment, organizations are eager to use the budgeting system as a root to their financial management, considering the fact that budgeting reduces overall costs, saves energy, and increases efficiency in the organization (Hassan et al., 2015). However, no planning system can be successful without an efficient and effective control system that monitors it. Budgeting is closely related to “control” and “budgetary control” systems which facilitate the achievement of organizational effectiveness goals (Nkemakolam, 2020). Undoubtedly, budgeting is essential for a careful and prudent management of scarce financial resources, and at the same time as a tool for controlling and evaluating overall costs. Organizations consider budgeting and budgetary control systems as important elements in their policy making (Miraji, 2017).

Provisions, meanwhile, represent the funds allocated by a company to cover projected losses in the future. In other words, provisions have an unknown time and value attributed to them. Provisions are registered in the balance sheet of the company in the “debts” section (Liberito, 2019). Having an appropriate control system will also increase the effectiveness of accounting for the provisions in the organization.

Many researchers have shown the positive effects of budgetary control on organizational performance, and they believe that the failure of numerous organizations today takes place due to the fact that budget and budgetary control -which are the main foundations of a successful organization-, are either weak, neglected, or both. Most organizations face financial, administrative, production, and managerial constraints. Poor database for planning and budgeting, poor control over budgeting, and consequent embezzlement and misuse of funds lead to excessive costs and irresponsibility in budgetary control.

The classical budgetary control process consists of planning, monitoring and evaluation phases. Many businesses feel the need to have a well-developed and comprehensive budgetary control system in order to minimize deviations, costs, and maximize efficiency gains. Budgetary control is as important as cash, and any theft, waste,

or overuse can lead to poor business performance. NGOs in Iraq are no exception, and this represents the reason for the present study, which was conducted to increase the effectiveness of budgetary control in such organizations and ultimately improve organizations' performances.

1.3. Significance of the Study

Since “budgeting” is a broad concept, it is necessary that the budgeting system is consistent with the organization's strategies to increase its effectiveness. It is also important to make sure that any budgeting method employed is appropriate for the organization's performance management processes, and includes the process of continuous planning, evaluation, and monitoring. Despite the importance of budgetary control over the performance and effectiveness of NGOs, there is currently no research that has examined this issue in Iraq, and research conducted abroad can't be accurately generalized due to differences in the structure and characteristics of organizations. Therefore, there is a research gap in this regard. In order to bridge the existing research gap, this study will focus on assessing the impact of budgetary control on effectiveness in non-governmental organizations, the results of which will be useful for many institutions for a variety of reasons, as this research provides evidence-based information that will help such organizations formulate appropriate policies regarding budgeting. Research will also be useful to identify weaknesses in the budgeting system in NGOs in Iraq, and these results will help NGOs to avoid problems such as deficits.

1.4. Objective of the Study

The objective of this study was to determine the effect of budgetary control on effectiveness of Non-Governmental Organizations in Iraq.

The specific objectives were:

1. To determine the status of budgetary control of Non-Governmental Organizations in Iraq.
2. To establish the effect of planning, monitoring and evaluation on effectiveness of Non-Governmental Organizations in Iraq.
3. To establish the effect of planning, monitoring and evaluation on accounting provisions of Non-Governmental Organizations in Iraq.

1.5. Research questions

1. What is the level of budgetary control in Non-Governmental Organizations in Iraq?
2. What is the effect of planning, monitoring and evaluation on effectiveness of Non-Governmental Organizations in Iraq?
3. What is the effect of planning, monitoring and evaluation on accounting provisions of Non-Governmental Organizations in Iraq?

1.6. Value of the Study

Other firms can benefit from the findings of this study by adopting proper measures of budgetary control to ensure efficient and effective utilization of available budget. The study, having examined the principle of budgeting; preparation, implementation and control, the other firms was in a better positioned in dealing with budgets and budgetary control matters. The findings of this study will provide more insights to the government and other policy makers in setting policies that encourage other firms to use budgets as a performance evaluation tool.

Researchers and academicians interested in this area or other related topics can use the findings of this study to serve as a good source for further research. In addition, an examination of the various prerequisites of the budgeting system will enable the reader to better appreciate the use of budget in evaluating performance in relation to predetermined set goals of the organization.

Furthermore, an exploration of the dangers and problems associated with budget will also enhance the reader s knowledge in the use of budget as a performance standard.

1.7. Definition of terms

Budgetary control: According to Drake and Fabozzi (2010), “budgetary control” is the creation of a budget according to a specific policy and the constant comparison of actual results with budget results, in order to provide policy goals or a basis for revision.

Planning: In order to perform budgetary control, it is necessary to develop a detailed plan that is fully coordinated financially and quantitatively for the next period.

Evaluation: includes the evaluation of the budget plan based on the priorities, resources, time and necessary skills of the organization (Simiyu, 2002).

Monitoring: Reviewing the budget plan to ensure that the budget balance is effective over a period of time (Otley and Van der Stede, 2003).

Effectiveness: Robbins (1990) defines organizational effectiveness as the extent to which short-term and long-term goals are achieved according to the expectations of stakeholders

and evaluators. Accounting provisions: Represents the funds allocated by a company to cover projected losses in the future (Bragg, 2018).

İKİNCİ BÖLÜM

Literature review and theoretical background

Introduction

This chapter is dedicated to examining the theoretical foundations of research, and the concepts related to the topic are examined under two parts. In the first part, the theoretical literature related to budgetary control and its effectiveness will be examined, and in the second part, a comprehensive and documented review of the research background on the research literature will be provided.

Part I - Theoretical foundations of research

2.1.1. Budget

According to Brook and Palmer (1984), budgeting is a financial control system for organizations. Budgeting is about planning for the future, implementing those plans, and monitoring activities to see if they are in line with the plan. A budget is a formal management of events that are to be held in an organization over a specified period of time.

Lucey (1996) defines budget as money, which is prepared and approved before budgeting, and that may include revenue, expenditure, and the capital used.

According to Andrews & Hill (2003), budgeting is about allocating resources, coordinating operations, and providing tools that help measure efficiency. Budget management can include both financial and non-financial programs and serve as a tool to track the institution's future performance. Thus, the budget is an estimate of an organization's operating performance for a future period of time.

Drury (2006) describes budget as a program that is quantitative, usually monetary, and that is set for a specific period of time –often a single year. In other words, the budget is a regular program for the use of manpower and material resources.

Other researchers claim that budgeting is a conscious effort to achieve superior goals over time with available and expected resources. Such goals are influenced by past experiences and expectations of the future (Douglas, 2004).

Budgeting is very important because it forces the organization to carefully consider the expected demand for the products, services and resources it needs. It also identifies the organization's higher priorities for resource allocation, as resource allocation will be difficult without a budget plan in case of scarcity of resources. Budgeting provides the basis on which real results can be compared, and serves as a basis for measuring performance in organizations. It also helps guide the organization's activities. Budgeting can aid the management take corrective action by identifying deviations between the plan and actual performance. Clark and Tal (1999) also believe that budgeting is a necessity for today's business environment (Miraji, 2017).

2.1.2. Budgeting theory

The budget of an organization is a key element to consider when trying to establish efficient control processes, and therefore it is also an important part of the concept of effective budgetary control (Kimani, 2014). Budgets measure and shape future financial performances, which in turn make it possible to assess the financial capabilities of a chosen strategy. In most organizations, this process is formalized by preparing annual budgets and monitoring the performance against this budget. Thus, the budget can be considered a set of plans and forecasts (Silva and Jayamaha, 2012). Budgets specify the financial implications of business plans, and the amount, quantity, and timing of resources required to execute these plans. Task management and control criteria are presented by comparing actual results with budget plans and taking corrective action if necessary (Sharma, 2012).

Budgets can influence employee behavior and decisions by transforming the business goals. Hancock (2009) considered this type of operational planning as the backbone of management. Budgeting allows a goal –or a performance standard- to be created by comparing actual results with the set standards. This requires those involved to look forward instead of looking back (Scott, 2005). Thus, budgeting includes articulating goals, learning coding, facilitating control, and concluding contracts with external parties (Selznick, 2008).

2.1.3. Budgetary steps

Miraji (2017) believes that the budgeting process can be described as follows:

Step 1: Identification of key goals for the coming year and any major changes outside the organization that may affect the organization -and how they relate to the budget-, so that important factors can be foreseen when preparing the budget. These are mainly measured by the long-term plan of companies.

Step 2: Determine the main factors or limiting factors. Every organization has factors that ultimately limit its performance and growth. In most cases, the limit is the demand for the sales / services provided by the company. An error in determining the main budget will trickle down and harm all sub-budgets.

Step 3: Consider sales in budget constraints. Unfortunately, this is the most difficult stage of budgeting due to the large influences of external factors that are potentially undetermined during the budgeting process.

Step 4: Start the sub-budget stage. This stage usually includes the production budget, direct labor budget, production overhead budget, sales and distribution budget, government budget, capital expenditure budget, and cash budget.

Step 6: The fifth step requires reviewing and coordinating the sub-budget by the budget or budget committee. Any inconsistencies or discrepancies between budgets are searched for at this stage.

Step 7: The budget is registered into budget forms and balance sheets.

Step 8: In this step, the work is submitted to the board for approval. Although the budget is "finalized" after the approval of the manager, the budgeting process never ends. In addition, any changes in this matter should be reviewed in the budget.

2.1.4. Budget as a tool for control

Budget has traditionally been considered an important tool for control purposes. Budgets are set in a general organizational planning and control framework. Management

control is the process by which management ensures that the organization implements its strategies. Budgets are used to quantify strategies and express them in monetary value, which serve as a reference for management performance. Managers monitor the performance of their subordinates from an early stage. If there is a difference in what is in the budget and what was aimed for, an immediate corrective action is taken to ensure that the performance stays in line with the budget (Balogun et al, 2015). Hirst (1987) explained that effective budgetary control solves an organization's need to plan, and its need to consider how to deal with potential future risks and opportunities. The budgetary control systems achieves this by establishing an effective monitoring, acting as a detector of variance between organizational goals and performance (Kimani , 2014).

According to Lucey (1996), the benefits of budgeting as a tool for control are as follows:

- (i) Provides clear guidance to managers and supervisors, and the main way to turn organizational goals into specific tasks and goals for individual managers
- (ii) Acts as an important method of communication and coordination both vertically and horizontally
- (iii) Makes capital management easier
- (iv) Provides regular control of operations through regular reporting of activities.
- (v.) Encourages coordination and increases motivation provided that the workforce participates willingly.

2.1.5. Budgetary control

According to Drake and Fabozzi (2010), budgetary control is the creation of a budget according to a specific policy, followed by the constant comparison of actual results with the budget results, in order to provide policy objectives or a basis for revision.

According to Harrison and Horngren (2008), budgets represent accounting techniques that are created to control costs through individuals. These accounting techniques have a huge impact on the behavior of most people within an organization because failing to achieve a specific goal in the budget often leads to penalties. Achieving budget goals, on the other hand, leads to great rewards for employees (Ngugi, 2015).

A comparison of the views of Harrison and Horngren (2008) with recent literature was performed by Drake and Fabozzi (2010), who have emphasized the importance of budgets as "the most successful management techniques" for controlling managers and aligning them with organizational goals. If the budgeting process is well understood, it can have a very beneficial effect. However, whatever during the process of defining, creating, or implementing an organizational policy, budgeting can have a direct impact on employee behavior (Ngugi, 2015).

Budgetary control is defined by the Charter of Management Accountants (CIMA) (2007) as the "creation of a mechanism that regulates the accountability of managers to the requirements of a policy, which also constantly compares actual results with budget results".

Hofstede (1998) defines programmed budgetary control as a monetary system in which the budget is first a "program" and then "a control device" for measurement.

According to Anohene (2011) budgetary control provides monitoring of the progress of the organization as a whole and its components in achieving the goals set in the budget. Budgetary control compares programs or standards of production and estimated revenue with actual results and takes necessary corrective action.

Other researchers claim that budgetary control is the process of preparing a cost plan and periodically comparing it to actual costs to determine whether cost patterns match actual costs. This process is necessary to control costs and achieve various financial goals. Organizations rely heavily on budgetary control to manage their spending activities, and this technique is used by both the government and the private sector, as well as individuals for personal use (Dunk, 2009).

According to Andrews and Hill (2003), budgetary control is a budget-based cost control system that involves comparing actual performance with budget according to whether the planned outcomes match actual performance. In the event of a deviation, the reasons for the discrepancy will be identified and it will be advisable to take steps to match the actual performance with the plans. Budget provides a detailed action plan for an organization over a period of time. With budget planning, problems can be anticipated and solutions can be devised beforehand. This helps reduce costs and achieve goals. By budgeting, managers coordinate their efforts in such a way that the goals of the organization are aligned with the goals of their department (Nkemakolam, 2020).

Budgetary control is a management control system in which actual revenue and expenditure are compared with planned revenue and expenditure, so that the firm can make decisions for the plans it pursues if they need to do so to ensure profitable operation. Budgetary control is one of the best control, management and finance techniques in which the budget of each department is prepared with estimated data. Then, the study management compares the estimated data with the actual data, and if the variance is favorable, the current program is continued. Organizations can use budgetary control in forecasting techniques to create plans and budgets for the future (Kimani, 2014).

2.1.6. Budgetary control goals

The purpose of budgetary control is to forecast revenues and expenditures that are achieved by creating a model of how to do finance based on specific strategies, events and programs (Anohene, 2011). Most firms use budgetary control as the main tool of internal control of companies, budgetary control provides a comprehensive management platform for efficient and effective allocation of resources. Budgetary controls enable the management team to create plans for the future and to check compliance with future plans. Effective implementation of budgetary controls is an important guarantee for effective budget execution in the organization (Kimani, 2014).

Organizations manage budgets to prevent losses from theft, fraud, and technology failure as well. These guidelines also help management ensure that costs remain within budget. The importance of budgetary control is that it can be implemented by three

departments in an organization to enhance effectiveness. These departments are the accounting, statistics, and management departments. The accounting department provides old data. The statistics department provides prediction tools and techniques such as probability and time series of other sampling methods. Finally, management uses these information to estimate the costs and revenue of businesses under normal business conditions (Suberu, 2010).

Budgetary control typically requires the use of funds as control documents. This means that budgetary control is performed to ensure that the actual performance of budget activities matches the predetermined plans. In other words, budgetary control deals with regulating business activity to follow a pattern previously planned in the budget (Harelimana, 2017).

According to Appiah-Mensah (1993), if actual performance is not controlled, then it will be different from the planned performance and the organization will not achieve its goals. Budgetary control is the mainstay of integrated control for most businesses. And the organization's work plan can be funded by the budget. So the budget can be used as a monitor and a control method for complex business plan issues. Lucy argues that no planning system can succeed without an efficient control system. Budgeting is, in this fashion, closely related to the aspects of control. Exercising control in the organization with the help of budget is known as budgetary control. The budgetary control process includes the following:

- (i) Preparation of various budgets
- (ii) Continuous comparison of actual performance with budget performance
- (iii) Revision of budgets as amended.

2.1.7. Types of budgetary control

Hofstede (1998) argues that budgetary controls in an organization require the following factors:

- (i.) Clear goals

(ii) Measurable outputs

(iii.) Knowing the effects of interventions

(IV) Repetition of activities

Hofstede (1998) then identifies six types of controls that are appropriate for different situations:

(i.) Classical control methods can be used in all four of the above conditions

(ii) Performance control, if activities are not repeated.

(iii.) “Trial and error”, when the effect of the intervention is not known but all other conditions are met.

(IV) Intuitive control, if the activity is not repetitive and the effect of the interventions is not clear.

(v.) Judicial control, when goals are clear but outputs are not easily measurable

(vi.) Political control, in the absence of any of Hofstede's conditions for budgetary control. This can be seen in public sector organizations such as ministries and agencies (Ministry of Foreign Affairs) where different ministries all pursue different goals, but resources are limited and bureaucracy is high.

2.1.8. Effective budgetary control

Budgetary control systems are highly dependent on internal and external factors that affect the organization, and a change in these factors affect the budget. External, political, social, and economic changes tend to have a slow but certain impact on organizations because such changes are often unpredictable and organizations tend to take a reactive stance against these, rather than a proactive stance. In the public sector, for example, a change in the government's outlook from 2025 to 2030 will have an impact on their budgets. Economic changes such as inflation also affect the forecast value of the

budget. If these changes occur frequently, organizations will increasingly need to use techniques such as flexible budgeting and sensitivity analysis to influence these changes. Although there seems to be general agreement on behavior, planning and control, or budgetary control objectives, its implementation can be problematic (Miraji, 2017).

According to Robinson and Last (2009), the budgeting system is a tool used by firms as a framework for their spending and revenue allocation. To ensure that the company's resources are not wasted, the organization must be able to operate with an effective budgeting system. This is important because it ensures that the output generated and the services provided are in line with the goals of the organization. According to this theory, a good budgeting system should be able to ensure the efficiency and effectiveness of the organization. The appropriate budget is determined by the revenue level of the organization (Kimani, 2014).

The organization must make appropriate controls to ensure that the budget is properly maintained and allocated. An enterprise that is able to execute high-efficiency budget plans is able to allocate more revenue to the organization (Otieno, 2019). This is achieved by reducing the costs and increasing the quality of goods and services provided by the company. That being said, if an organization has less income than needed for this type of approach, it may have to find a way to finance itself through loans and tax restructuring. For this reason, the budget can also be considered a “cost control”. In total, the amount of annual expenses of the organization should not exceed the budget allocation (Kimani, 2014).

2.1.9. Budgetary control models

This section introduces a variety of budgetary control approaches:

2.1.9.1. Incremental and mobile budgeting

An incremental budgeting system can be used when there is a very good budget for a base year and feedback for that particular year could be received numerous times. The final condition is that there is no suitable time and facilities for setting the budget for the

next period. In this case, the base year budget plus a certain percentage increase is set in future expenses and revenues. This style of budgeting, which assumes a fixed operating volume of the device and compares and estimates the increase or decrease of costs over a fixed operating volume, is common to maintain the level of operation. The work is based on previous year's credits, to which the following year, changes in inflation, price adjustment of goods and services, estimation and development of quantitative and qualitative operations are added (Chandra et al, 2007).

2.1.9.2. Traditional or conventional budgeting system

Traditional budgeting is a method in which goals and targets are based solely on financial instruments and accounting for public sector receipts and payments, and the distribution of funds leads only to the expenditure system. The system also recognizes what the government does and what money is spent in order to obtain the desired results (Sellers. E. F and., A Gordan, 2002)

2.1.9.3. Program-based budgeting system

The program-based budgeting system was introduced in 1949 in the United States to reform the management of government agencies. In this style of budgeting, the organization's operations are organized in the form of a work plan, and are considered for each credit program. At the same time, this budgeting model is mostly used in the public sector and non-profit organizations, which avoiding additional costs and at the same time try to ensure that the sources are spent only on the programs that are more profitable. Since traditional budgeting is purely input-oriented, it is more suitable for both the public and private sectors, whose main emphasis is on detailed financial controls while focusing on existing organizational units, including departments and divisions. Program-based budgeting, by contrast, is a system based on a plan or set of activities with a common goal and is therefore called goal-oriented, since it focuses on the end result. In this type of budgeting, the end product is usually the organization's services and less attention is paid to system input. Its main advantage is the perfectly rational allocation of funds to the goals of the organization (Sellers. E. F and., A Gordan, 2002).

2.1.9.4. Performance based budgeting system

The performance-based budgeting system has been introduced in the United States since 1970 as an invention and innovation to evolve the budgeting system. In 1994, the US Congress defined performance-based budgeting as “operating budgeting using terms such as task, goal, and purpose to explain why and where the money is spent. It is a way of allocating resources to achieve specific goals based on the goals of the program and from which the results are calculated”(Young, 2003). Therefore, it can be said that performance-based budgeting is simply the annual program with the annual budget, which builds a relationship between the funds allocated to each program and the results obtained from that program. That is, a certain set of goals must be met with a certain amount of spending for each of the programs (Mulen, 2000).

2.1.9.5. Zero based budgeting system

According to the UK Association of Chartered Management Accountants, zero-budgeting is a way in which individual cost items must be justified as if the actions related to it seem to be done for the first time. If there is no resolution, the budget will start at zero (Scarlett, 2005). It seems that the application of this approach in public sector organizations is quite appropriate. In these organizations, funds were allocated from tax revenues and government payments, typically in small amounts. The goal of the fundraiser should also be to provide the best possible service within the budget. The main feature of this type of budget is that it emphasizes the product of the cycle for which budgeting is to be done. That is, it starts with the budgeted product and goes back to reach the required resources, and this is the opposite of what is done in the traditional budget. That is, all activities must be justified and prioritized in order to allocate resources to them (Williams, 1981).

2.1.9.6. Activity-based budgeting system

This system, which is one of the components of activity-based techniques, is based on the logic that cost management and control should be established on its output instead of cycle input. That is, like a zero-based budgeting system, it starts with the budgeted

product and goes back to the required activities and resources. This technique is mostly used in service organizations, public sectors, non-profit organizations and indirect costs of production environments. This method provides an understandable framework of the relationship between the amount of cost and the level of activity. Of course, these models are not comparable to the traditional model. That being said, the two models can be used in parallel or in interconnected way. In this type of system, in the first stage, the basic and desired goals of the organization are prioritized and determined, and then, by analyzing the necessary analyzes in order to achieve these goals, the activities to achieve the desired goals are identified. In the next stage, the necessary expenses for the implementation of the above activities are estimated, and finally, and in the last stage, the revenues for the organization expenses are predicted (King and Sastry, 2005).

Table 2-1 compares the most important features of different types of budgeting techniques.

Property	Traditional or conventional budgeting system	Incremental budgeting system	Program budgeting system	Operational budgeting system	Zero-based budgeting system	Activity-based budgeting system
Content	Expenses based on incoming items each year	Costs based on each input item	Costs for a set of activities for a specific purpose	Provide a result-oriented chain to achieve a specific goal	Costs against the goals intended to achieve them	Output-oriented and costs in line with activities
Shape	Retrospective and in line with the goals mentioned in the previous year	Purchased capital and operating inputs	Costs for applications	Data on inputs, outputs, impacts and achievement of each goal	Foresight, assuming the source achieves 100% of the goals	Expenditures based on activities to achieve the goals
Orientat ion	Retrospectively and controlling	Input control	Exercise control over inputs	Focus on results	Focus on goals	Activity-oriented in order to achieve goals

	inputs according to the base year					
Required accounting basis	Cash	Cash or adjusted cash	Adjusted commitment	An obligation based on the flow of economic resources	An obligation based on the flow of economic resources	An obligation based on the flow of economic resources
Auditing system required	Auditing and financial compliance	Auditing and financial compliance	Auditing and financial compliance	Performance audit	Performance audit	Performance audit

(King and Sasteri, 2005)

2.1.10. Accounting theory in budgetary control

According to Kaplan and Norton (1996), accounting theory involves the development of a coherent set of rational principles that provide a comprehensive framework for evaluating and developing sound accounting practices and policies. Otley and Polanen (2000) state that the purpose of creating the accounting theory was to create a standard for judging the acceptance of accounting methods. Horvath (2009) argues that accounting practices that fail to meet the standards should be rejected.

Accounting theory helps explain and guide management actions in identifying and finding the information needed to fund. The concept of measuring money in accounting has helped to provide criteria for quantification, and in conversion of various inputs in relation to the materials and machines required in budgeting (Horvath and Seiter, 2009).

Accounting theory helps to choose the principles and roles that should be used in specific situations. Accounting theory in budgetary control has provided various models of analysis (ex: cost-benefit analysis, standard cost analysis) which are presented as a standard in budgeting. Accounting theory plays an important normative role in evaluating budgets and control procedures and helps predict the possible outcome of the budget in a set of circumstances, or in case of changes in circumstances. Horngren (2002) argues that

company accounting should be considered a separate entity whose activities are distinct from those of its owners (Kimani, 2014).

2.1.11. Accounting Provisions

In the business world, losses such as the resale of an asset, defective products, or customer complaints are inevitable. To face meet these risks, companies must ensure that they have enough money to cover these losses (Liberito, 2019).

Accounting provisions represents the funds allocated by a company to cover projected losses in the future. In other words, provisions have an unknown time and value attributed to them. Provisions are listed in the balance sheet of the company in the debt section. Accounting provisions are very important because they determine the specific costs of the company and make their payments in the same year. This helps make the company's financial statements more accurate (Bragg, 2018)

Provisions are balance sheet items that show the funds allocated by a company as an asset to pay for future potential losses. Provisions are not a type of savings, since the cost is "probable", the amount set aside is “expected” to be spent. Provisions are part of the business profits that have been set aside to improve the company's financial condition through growth or expansion (Abdo et al, 2018).

Provisions usually correspond to an amount that is deducted from the company's profits, usually to cover expected debt or to reduce the value of an asset, even if a certain amount similar to it is unknown. Provisions should not be understood as a form of savings, as provisions just try to determine any future debt which an organization puts into its accounts to secure from (Ross, 2019).

The purpose of provisions is to make the balance sheet more accurate for the fiscal year, as there may be expenses that may be incurred during it. These costs, which specifically belong to a particular year, can be misleading if calculated in the future (Abdo et al, 2018).

The term Provisions is usually used in the following cases:

A- For asset accounts where such accounts represent a recognized decrease in the cost of some asset items and cause those assets to be reflected in net recoverable amount, such as: doubtful provisions, inventory provisions and investment provisions. Although accumulated depreciation is also a type of asset account, due to the difference in the type of decrease in tangible fixed assets (depreciation is not considered a decrease in the value of fixed assets), the term provisions is not used in this regard.

B- For debts whose settlement time or determination of their amount has significant ambiguity, such as: end-of-service benefits provisions, income tax provisions, commodity guarantee provisions, etc.

However, companies cannot determine accounting provisions whenever they see fit, and instead have to follow certain criteria. According to International Accounting Standards (IAS), an entity can only create provisions if the following apply (Liberito, 2019):

- The current event is the result of a past commitment
- There is a possibility of payment.
- Reliable value can be estimated.

2.1.12. Effective budgetary control

According to Kimani (2014) and Miraji (2017), effective budgetary control requires several components. In this study, effective budgetary control requires planning processes, monitoring, evaluation and availability of sufficient resources:

2.1.12.1. Planning

In order to carry out budgetary control, it is necessary to develop a fully coordinated and quantitatively detailed plan for the next period. The duration of such a plan is usually one year. This plan should be in line with the organization's long-term development strategy, although in the short term some conditions can moderate this goal as well. For example, a recession can lead to a temporary exit from long-term plans. Therefore, before formulating budgets, the policy to be pursued during the future trading period needs to be formulated (Dunk et al., 2001). Because budgets are set in an organization, it is important to provide feedback to managers, which is often done using monthly budget reports. These

reports contain comparisons between the budget and actual situation, and any disagreements between the two, usually referred to as deviations. Budget plans must be properly coordinated to eliminate bottlenecks. Individual budgets should be coordinated with each other to ensure that the implementation process is carried out effectively in order to save time and money (Kimani, 2014).

2.1.12.2. Evaluation

Evaluation is a key determinant of budget effectiveness, and as such, evaluation should have the ample amounts of priorities, resources, time, and skills required to perform the evaluation healthily. To enhance effectiveness and transparency, the management team should be actively involved in monitoring and evaluating budgetary control processes and procedures. This helps to achieve effective budgetary control (Simiyu, 2002).

2.1.12.3. Monitoring

Monitoring in the budget process is a determinant of effectiveness. Once the implementation of the budget is complete, it should be monitored and controlled to ensure the effectiveness of the budget balance over a period of time. A professional and transparent approach to budget planning helps organizations to make financial resources available, if they properly monitor and control the budget process. By monitoring the budgeting process, it is ensured that the estimated budget does not deviate from the actual result, and any necessary measures can be taken efficiently and in time (Otley and Van der Stede, 2003).

2.1.13. Effectiveness

Organizational effectiveness is not a single concept, but is a very complex issue that involves different preferences and expectations (Katsikea et al., 2011). Organizational effectiveness is the way organizations evaluate how their missions are successfully accomplished through organizational strategies. In simpler terms, organizational

effectiveness is usually in the form of the degree to which an organization achieves its goals (Kim et al., 2011).

The study of organizational effectiveness became more widespread in the 1960s and 1970s. Experts in these two decades sought to provide more appropriate definitions of organizational effectiveness with more comprehensiveness and accuracy. Experimental research has not yet reached a general theory of effectiveness. However, the construction of effectiveness is deeply rooted in the organizational literature. At the theoretical level, many researchers argue that effectiveness is a central issue in all organizational analysis, and it is difficult to imagine an organization theory that does not involve the construction of effectiveness. In defining the effectiveness of the organization, Richard Daft says: "The effectiveness of the organization is the degree to which the organization achieves its goals" (Poursadegh et al., 2015).

Organizational efficiency is the ability of an organization to achieve its goals. In contrast to the organizational effectiveness, organizational efficiency is measured using quantitative factors such as revenue and non-quantitative factors such as organizational social awareness, and is too abstract and extensive. Organizational efficiency is an important factor for the organizational effectiveness of a business, but it is by no means the only important factor. Organizational effectiveness is a measure of the success of organizations in achieving their missions and advancing their perspectives through their core strategies. Organizational effectiveness requires that human resources and organizational development efforts be directly related to the desired business outcomes (Cameron, 2015).

Organizational effectiveness includes the concept of how effective an organization is in achieving the results that the organization intends to produce. Organizational effectiveness groups in organizations include: talent management, leadership development, organization and structure design, measurement and scorecard design, implementation of change and transformation, deployment of intelligent processes and intelligent technologies to manage human capital of enterprises, and development of human resource programs (Henri, 2004).

The concept of effectiveness is very important for understanding organizational behavior. However, organizational effectiveness is a term that is complex, controversial, and difficult to conceptualize. Various models and theoretical approaches have been developed to evaluate it. There are as many models of effectiveness as there are models of organizations. Different models with their own criteria represent different values and preferences of schools of thought about effectiveness (Wanusmawatie, 2015).

Organizational effectiveness has been defined in many different ways, but no single definition is universally accepted. This is because organizational effectiveness is inherently related to the definition of an organization. When an organization changes, the definition of efficiency also changes, as the criteria set for measuring effectiveness and the framework theories and used to explain and predict it change (Cameron, 2015).

Barnard (1938) defines effectiveness as accomplishing organizational goals. Etzioni (1964) believes that the actual effectiveness of a particular organization is determined by the degree to which the organization achieves its goals. Yutchman & Seashore (1967) define organizational effectiveness as the ability to utilize the environment to acquire scarce and valuable resources to sustain function.

There are simpler definitions, such as provided by Drucker (1974) who states that effectiveness is actually doing the right thing. Pfeffer and Salancik (1978) similarly use simple terms and define effectiveness as the degree to which organizations meet needs or meet the criteria for evaluating people outside the organization.

Quinn and Rohrbaugh (1983) define organizational effectiveness in the form of human relations models, open system, rational goal, and internal process. From the perspective of human relations model -with dimensions of flexibility and internal focus- the organization pursues the goal of human resource growth with the tools of cohesion and morale. In the open system model -with the dimensions of flexibility and focus of external attention- the organization pursues the goals of growth and resource acquisition with the tools of flexibility and readiness. In the rational model -with external control and focus dimensions- the organization pursues productivity and efficiency goals with planning and goal setting tools. In the internal process model -with the dimensions of control and internal

focus- the organization pursues the goals of stability and control with the tools of information and communication management.

Robbins (1990) defines organizational effectiveness as the extent to which short-term and long-term goals are achieved according to the expectations of stakeholders, evaluators, and the stage of organizational life. Hoy and Miskel (1994) take a similar approach and define effectiveness as the ability of managers to have a privileged position in negotiations with their environment to obtain scarce and valuable resources. In this definition, to be effective, the definition refers to competing for valuable resources and negotiating with the environment.

Daft (1998) claims that organizational effectiveness is the degree to which an organization achieves its goals. Effectiveness has a general meaning and implicitly includes a number of variables. When determining the effectiveness of an organization, the extent to which multiple goals have been met is measured and judged.

Lejeune and Vas (2009) consider effectiveness as “the degree to which an organization's ultimate goals are achieved under certain constraints”, and state that effectiveness plays an important role in organizational development.

2.1.14. Effectiveness approaches

Organizational effectiveness cannot be separated from the theory of organization. Effectiveness is a fundamental theory in the administrative sciences, including general management. Organizations do a lot of work and their success depends on their proper performance. The definition of effectiveness should reflect this complexity. It also means that organizations may be effective in some of the things they do but not in others (Robbins and Barnwell, 2002).

Also, organizational effectiveness cannot be separated from the performance of organizations, because the achievement of goals depends on their performance. Robbins and Barnwell (2002) acknowledged: "Defining organizational effectiveness has been difficult, in some cases even impossible." Even efficiency is difficult to define, but through

organizational effectiveness approaches, it can be defined as the extent to which an organization achieves its short-term and long-term goals, the choice of which reflects the strategic areas and personal interests. These approaches are to achieve the goal, systems, and areas of strategic choice. All of these approaches focus on the problems, and measures with which they are countered (Wanusmawatie, 2015).

The first approach is the “goal achievement” approach, which states that the effectiveness of an organization should be evaluated in terms of achieving goals. In general, the goal model (achieving the goal) defines effectiveness as the full -or at least part- of the goals of the organization. Practical goals are among the important goals that are considered in this method. If formal goals are used, much better results will be achieved. Formal goals are usually abstract and difficult to measure. Practical goals represent the activities that the organization actually performs. In business organizations, methods based on goal achievement are used to measure the effectiveness of the organization because it easy to quantify a company's production goals. Organizations typically measure their performance in terms of profitability, growth, market share, and return on investment (Henri, 2004). The assumption of this approach is that organizations are conscious, rational, and purposeful beings. The goal-based approach implies other assumptions as well, which are:

First, the organization must have ultimate goals. Second, these goals must be very clear. Third, these goals must be sufficiently manageable. Fourth, there must be consensus or general agreement on these goals. Finally, progress towards these goals must be measurable (Robins and Barnwell, 2002).

Another approach is the systems based approach. In this approach, the organization obtains inputs, processes them, distributes outputs, and maintains stability and balance. This means that the organization can sustain itself through a repetitive cycle of activities. In the systems approach, the end goals are not ignored, but they are just an element in a more complex set of criteria. System models emphasize criteria that increase the organization's long-term survival, such as the organization's ability to access resources, maintain itself as a social organization, and successfully interact with its external environment. Therefore, the systems approach does not focus on specific goals but on the tools needed to achieve those goals. The success of this approach depends on factors such

as relationships with the environment to ensure the input of inputs and the optimal acceptance of outputs, flexibility in responding to environmental changes, and the clarity of internal communications (Robbins and Barnwell, 2002).

The system-based model, while not ignoring the importance of goals, focuses on the tools needed to achieve specific goals, resources, and processes. In this model, the concept of organization is rooted in the open system perspective. In this approach, inputs are converted into processes (inputs to outputs) and outputs are viewed as part of a whole, not as independent variables. The systemic approach to effectiveness states that organizations are made up of interconnected subdivisions. If one subdivision works poorly, the effect of its poor performance affects the performance of the whole system. Like in other approaches, effectiveness with the system-based approach requires awareness and effective interactions with environmental factors. Management cannot have bad relations with customers, suppliers of raw materials, government agencies, unions, as this could potentially disrupt the organization's stable operations (Henri, 2004).

Third approach is the strategic stakeholder approach. This approach is similar to the systems perspective but has a different emphasis. Both consider interdependence as an important element, but the views of strategic stakeholder approach do not relate to the entire organizational environment. Strategic stakeholders are defined as a group of people who have an interest in the organization. In particular, strategic factors can be considered by people who work legally for the organization (employees, consultants, representatives, board members, etc.) and people who are completely outside the organization, and work for themselves (Matrez, 2008). This model expands the scope of the previous two models by adding the expectations of different strong stakeholders who are affected by the actions and performance of the organization. Thus, the organization is seen as a set of internal and external factors that negotiate and agree on a complex set of barriers and goals. In this model, owners, employees, customers, suppliers, creditors, society and government are the stakeholders who must be satisfied in order to ensure the effectiveness and survival of the organization. The strategic stakeholder approach assumes that managers pursue a set of goals that include the demands of all stakeholders who control the resources needed to sustain the organization. None of the goals that managers choose are devoid of value.

Whether these goals are set precisely or implicitly, they will focus more on the interests of some stakeholders than others. Managers should try to meet their needs by identifying key and effective stakeholders in the survival of the organization and the relative strength of each, as well as according to the expectations of each of them from the organization (Henri, 2004).

The last approach is the balanced scorecard approach. This approach tries to integrate all the previous approaches. The Balanced Scorecard tries to monitor performance in several areas simultaneously and determine not only the result but also how to achieve the results. This approach seeks to incorporate organizational complexities and environmental demands by promoting a framework that includes the key goals of the organization and identifying the actions required to achieve them (Robbins and Barnwell, 2002: 87). The comparison of these approaches can be seen in the table below:

Table 2-2- Comparison between different approaches to organizational effectiveness

Approach	Definition: An Organisation is effective to the extent that	When Useful: The approach is preferred when	Focus	Problem	How the way to solve the approach problems
Goal attainment	It accomplishes its stated goals.	Goals are clear, time bound and measurable.	Goal oriented	Difficult to state the goals	Making consensus of the stated of the goals
Systems	It acquires needed resources.	A clear connection exists between inputs and outputs.	Means (Process) oriented	Some process variables easy to measures but other aren't. How to measures this	focusing on means rather than the ends as concern of organisational effectiveness as a system
Strategic constituencies	All strategic constituencies are at least minimally satisfied.	Constituencies have a powerful influence on the organisation and the organisation must respond to demands	The Interest of constituencies/Stakeholders	The satisfied of constituencies are different depend on their interest; separating the constituencies from larger environment	Amalgamation and merger

				is difficult to carry out.	
Balanced scorecard	The identification and measurement of areas critical to the business	The organisation is complex and is operating in a demanding environment	Choosing the important thing as the goals	The important things for organization and to develop measures for these	Depends on the attitudes of senior managers to involve the reasonable of stakeholders and manager in the process of nominating the important goals.

Source: (Wanusmawatie, 2015).

2.1.15. Budgetary control and effectiveness of NGOs

Most NGOs rely on estimated budgets to achieve budget effectiveness. NGOs resources must be managed effectively and efficiently to achieve the goal. This means that the organization must be able to achieve its goals at the lowest cost. Therefore, management requires coordination and control of the organization's efforts to achieve the organization's goals. The management process is facilitated when management sets its future goals for specific goals, makes decisions in a professional manner, and uses individual and group efforts in a rational manner (Drury, 2006).

Budgeting is a systematic way to achieve effective performance. With the developed budget, the management of NGOs can effectively plan, coordinate, control and evaluate their activities. It is important to note that managerial activities are the main motivator of any organization and of course are inevitable, so it must be adjusted to achieve the predetermined goals of the organization as a whole. This must be done effectively to ensure successful budget execution (Donald, 2008).

To be effective in budgeting, the organization's management team must ensure that the budget is executed at the specified time and cost. The main goals of budgetary control are planning, coordination, and control. It is difficult to discuss one without mentioning the

other. Implemented correctly, budgeting provides a detailed operational plan for an organization over a specified period of time (Kimani, 2014).

By implementing proper budgetary control planning, the organization is able to reduce costs and improve the quality of its services based on its budget allocation. This helps to reduce costs and achieve goals and thus increase organizational effectiveness (Mattis, 1989). By budgeting, managers coordinate their efforts in a way that aligns the goals of the organization with the goals of its units. Budgetary control ensures that the goals set in the budgets are achieved (Churchill, 2001).

Part II – literature review

Nkemakolam (2020) examined the impact of budgetary control as a tool for management decision making. The study collected information through the use of primary and secondary sources. Interviews and personal observations were used, including interviews with high-ranking officers. Chi-square (χ^2) method was used to analyze the data. The results show that budgetary control can be used as a tool for management decisions and affects the organizational efficiency.

Mazikana (2019) examined how budgeting is performed in Zimbabwe and the impact of budgetary control and the effectiveness of the control systems in relation to the performance of the organizations. This study outlines the challenges faced when trying to employ effective budgeting in Zimbabwe. Data from this study were collected through 65 questionnaires. Systematic random sampling method was used to select the respondents for quantitative research, while the purposeful method was used to select the respondents for qualitative research. In quantitative data analysis, SPSS software version 21.0 was used. The results show that budgetary control has great impact on the performance of organizations in Zimbabwe.

Otieno (2019) examined the impact of the use of budgetary control on the financial performance of public universities in Kenya. This research evaluates theories such as the

“equilibrium theory”, and includes budgeting, budgeting theory, budgetary control theory, and accounting theory. A census was conducted at all five major public universities in Nairobi. The sample size consisted of 40 finance officers, deputy finance ministers, accountants and assistant accountants. Secondary data required to calculate financial performance measures were obtained from the audited financial statements of public universities for the three financial periods between 2014 and 2017. Descriptive and correlation methods have been used to analyze the data. Regression analysis was used, and the existence of a significant relationship between independent and dependent variables were revealed at an alpha value of 0.05 (95% confidence level). The results indicate a significant relationship between budget planning, budget coordination, budgetary control, and financial performance of public universities in Kenya, and their confidence levels are 0.000, 0.25 and 0.006, respectively. The findings of this study guide policymakers in emphasizing the value of using budgetary control over the financial performance of public universities and other organizations. Based on the results obtained in the future, similar studies should be conducted for public and private entities in Kenya because budgetary control seems like an important tool of financial control for all organizations.

Harelimana (2017) examined the impact of budgetary control on the financial performance of hotels in Rwanda over the period of 2010-2015. An organized survey was conducted among a sample group of 25 representatives from a total population of 52 people. Based on the data, this study showed that there is a positive relationship between budgetary control systems and monetary execution, with correlation coefficient, $r = 0.752$ and $p = 0.01$. Since $r > 0.1$, budgetary control methods were shown to have an impact on ROA. Based on the results, budgetary control is seen as an essential tool in regulating and controlling assets to improve performance in many organizations.

MIRAJI (2017) investigated the impact of budgetary control on the organizational performance of governmental institutions in Tanzania. A randomized research design using a questionnaire and interviews were used as a method to collect data. The sample size included 50 law enforcement officers and accountants. Through data analysis using SPSS software version 16.0, the main findings of the research show that there is a significant correlation between budget deficit and dysfunction ($P = 0.003$) and also the effect of

inflation on dysfunction ($p = 0.002$). Also, using linear regression, the results showed that budgetary control systems predict the performance of the organization with 93% of variance. However, regression analysis showed that the budgetary control systems and the performance of the organization were poorly correlated with budget performance ($p = 0.4499$), while poor cost management ($p = 0.034$) and government bureaucracy ($P = 0.029$) had significant effects. The results showed that staff unpreparedness in the field of budget management has a significant relationship with the budgetary control system and the performance of the organization in public institutions ($p = 0.555$).

Ngugi (2015) examined the relationship between budgetary control and the performance of a constituency development fund in Macau County, Nairobi. This research is based on control theory and probability theory. A semi-structured questionnaire was used to collect initial data. Descriptive statistics were used to summarize the data. This study showed that proper budget planning can help organizations achieve their goals and also reduce role ambiguity. This study also showed that increased value on budget planning can improve project performance, proper budget monitoring, and control. This in turn helps to turn strategic plans into action, implement budget monitoring and control, and helps to improve resource allocation. The study has also shown that collaborative planning improves the flow of information, while budget sharing allows top management to obtain relevant information from subordinates.

Balogun et al (201) examined the effect of budgetary control on the performance of organizations, evaluating the inhibitory factors for an effective budgetary control in the organization. Data used for research were obtained through a structured questionnaire using simple random sampling of respondents. Data analysis was performed using frequency percentage and chi-square tests. The findings of this study showed that budget and budgetary control are factors that can affect the performance of an organization, because these two are highly interrelated. Budget and budgetary control provide structural support to each organization to maximize its goals through resource allocation and budgetary control. The study then provided recommendations that all organizations should prepare budgets and exercise budgetary control, as this has shown to have a great impact on the performance of the organization. Budgetary control was also suggested as a

mechanism for resources and control, and should always be related to the strategies and goals of the company.

Mohammad et al. (2015) examined the impact of budgeting on organizational performance. In their study, budgeting theory, budgetary control theory and accounting theory were reviewed by the researchers. The study uses descriptive and retrospective designs and primary and secondary data sets. Primary data were collected using a questionnaire, while secondary data were collected from published materials. The researcher conducted a survey on 70 Dara-Salam Bank employees in Somalia. Data were analyzed using SPSS in the form of tables and frequency charts. Findings on the effectiveness of budgetary control techniques showed that reliable accounting and budgetary control systems improve efficiency and productivity. In addition, it was found that cost analysis of variance alone may not affect the performance of an organization, but it does affect decisions which, in turn, affect the performance of the organization. This study recommends that organizational employees should be trained in existing budgetary control techniques to improve job decisions and improve efficiency and productivity. This study also recommends further research on budget planning and organizational performance, as well as investigating the relationship between budget execution and organizational performance.

Hassan et al. (2015) provided a framework for budgetary control at the University of Karbala in Iraq. The University of Karbala needs to implement a budgetary control system, because since 2002, the University is considered to be one of the best universities in Iraq, as well as in the Arab region, with about 12,000 students studying in 16 different faculties. The budgetary control system is designed to approve the budget from the ministry and allocate the budget by the university's finance department. Therefore, this study seeks to identify the relationship between budget and budgetary control by studying several budgetary control frameworks, and finally a new adaptive budgetary control framework was proposed for the budgetary control system at the University of Karbala. This system has been evaluated by distributing a questionnaire among the staff of Karbala University.

Kimani (2014) examines budgetary control in non-governmental organizations and its impact on their performance. The statistical population of the study included 7127 non-

governmental organizations. Thirty non-governmental organizations were selected using judgmental sampling technique including local and international organizations in Nairobi). Descriptive-survey method (questionnaire) was used for data collection, while SPSS version 17.0 was used for data analysis. The relationship between budgetary control and NGO performance was analyzed using correlation and regression methods. The findings show that budgetary control has a weak positive effect on the performance of NGOs in Kenya, measured by R^2 at 14.3%, which suggests that staff should focus on budgetary control. The study also suggests that other factors affecting performance apart from budgetary control should be considered by organizations. It is also suggested that more research be done in this area but a larger sample be used.

Silva, LMD, & Jayamaha, A. (2012) evaluated the budgetary control trend of the garment industry in Sri Lanka and examined whether the budget trend has a significant impact on the performance of such an industry. Variables such as planning, coordination, control, communication, and evaluation were assessed. The performance of the garment industry in Sri Lanka was assessed using the return on assets. Based on the data obtained from the financial statements of the garment industry, correlation coefficient and regression analysis were performed. The analysis showed that the budget process is significantly correlated with the organizational performance of the Sri Lankan apparel industry, confirming that efficient apparel companies maintain a healthy budget process that contributes to higher levels of organizational performance.

Yilmaz and Özer (2011) examined the relationship between environmental uncertainty, the effectiveness of budgetary control, and the tendency to create budget shortages in government agencies. For this purpose, data were collected from 460 managers of government agencies through a questionnaire. It shows that there is a negative and statistically significant relationship between environmental uncertainty and the effectiveness of budgetary control and the effectiveness of budgetary control and the tendency to create budget deficits. That being said, environmental uncertainty has a statistically significant positive effect on the tendency to adjust the budget as well. It is also found that budgetary control has a partial mediating effect on the relationship between environmental uncertainty and the tendency to create budget shortages.

Callahan et al (2008) used a large sample of US cities in the period 2003-2004 to examine whether budgetary control is related to performance. These cities exhibit tight budgetary control at the organizational level. The results showed that the effective level of budgetary control is significantly and positively related to the ranking of securities, therefore, strict budgetary control is presented as the most effective level of budgetary control. These results indicate that managers who are interested in maintaining or improving the ranking of securities are good at managing debt expenses, as they seem to pay more attention to the effective level of budgetary control.

Summary of research background

A review of the research background shows that budget is considered as the main element of the control process and therefore an important part of the concept of performance measurement. Research results support that budgetary control has a significant impact on the performance and effectiveness of organizations, although the extent of this impact varies from organization to organization. Research has shown that there is no one-size-fits-all approach to budgeting for all businesses. In this regard, it is argued that the appropriateness of a particular approach depends on the characteristics of a business, including size, strategy, structure, as well as management's understanding of the environmental uncertainty in which the business is located.

Planning, evaluation, monitoring and control by researchers are considered as budgetary control processes. Research suggests that employees should be sensitive to budgetary control and its impact on organizational performance. A review of the literature reveals that little research has been done on budgetary control and the effectiveness of NGOs, and that most research has been performed outside of Iraq. Due to differences in the structure and specific characteristics of communities, the results of these studies cannot accurately be extended to Iraq. Therefore, considering the existing research gap, this research seeks to determine whether there is a relationship between budgetary control and the effectiveness of non-governmental organizations.

2.3. Research model

According to the literature review and research background, the conceptual model of research in order to investigate the impact of budgetary control on effectiveness is presented as follows. In the following model, budgetary control is considered as an independent variable and includes components of planning, evaluation and monitoring. Accounting provision includes two components of cost reduction and financial effectiveness. Organizational effectiveness includes two components of operational effectiveness and managerial effectiveness.

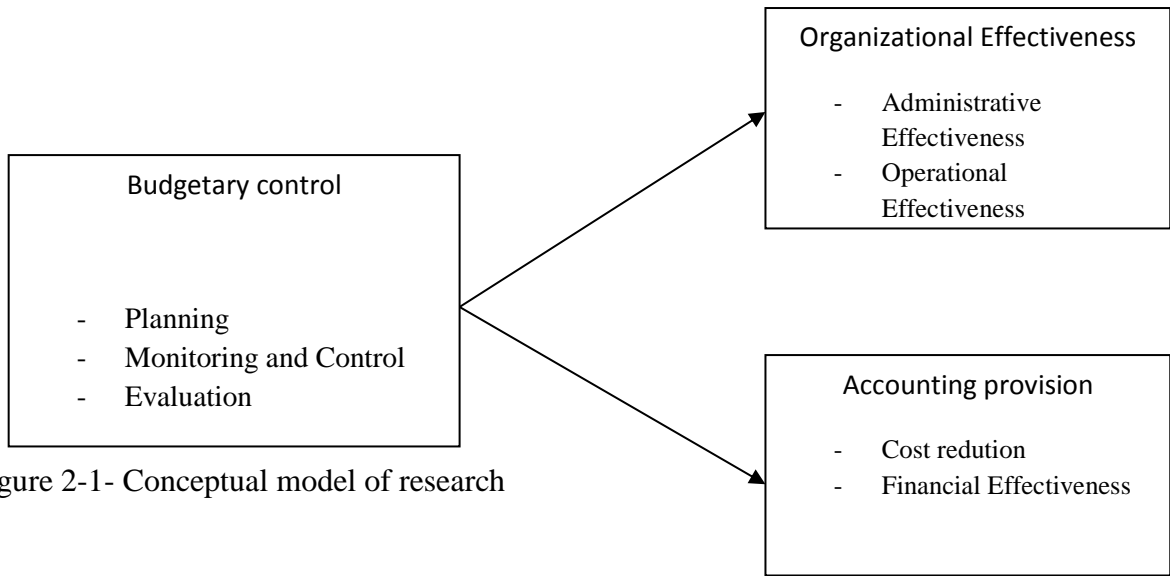


Figure 2-1- Conceptual model of research

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Methodology

Introduction

Techniques and steps of data collection and analysis are very important to find meaningful research and conclusions about any research work. Methodology defines the theoretical basis for understanding which method, set of methods, or best practices can be applied to a particular case (Kotari, 2004). Therefore, in this chapter, first the research design, statistical population, sample size and sampling method and data collection methods and tools are examined, and then in the continuation of the chapter on validity and reliability of data collection tools and analysis methods. Statistically, it has been studied and discussed.

3.1. Research design

Research design includes a framework of research methods and techniques selected by a researcher. This scheme allows researchers to select research methods that are appropriate to the topic and adjust their studies accordingly. A research plan is a framework created to find answers to research questions. (Creswell, 2014) In this section, before introducing the details of research methodology, the research process is briefly presented. According to Kotari (2004), the research process includes a set of measures or steps required to conduct efficient research and the desired sequence of these steps. The general research process in Figure 3-1. Provided:

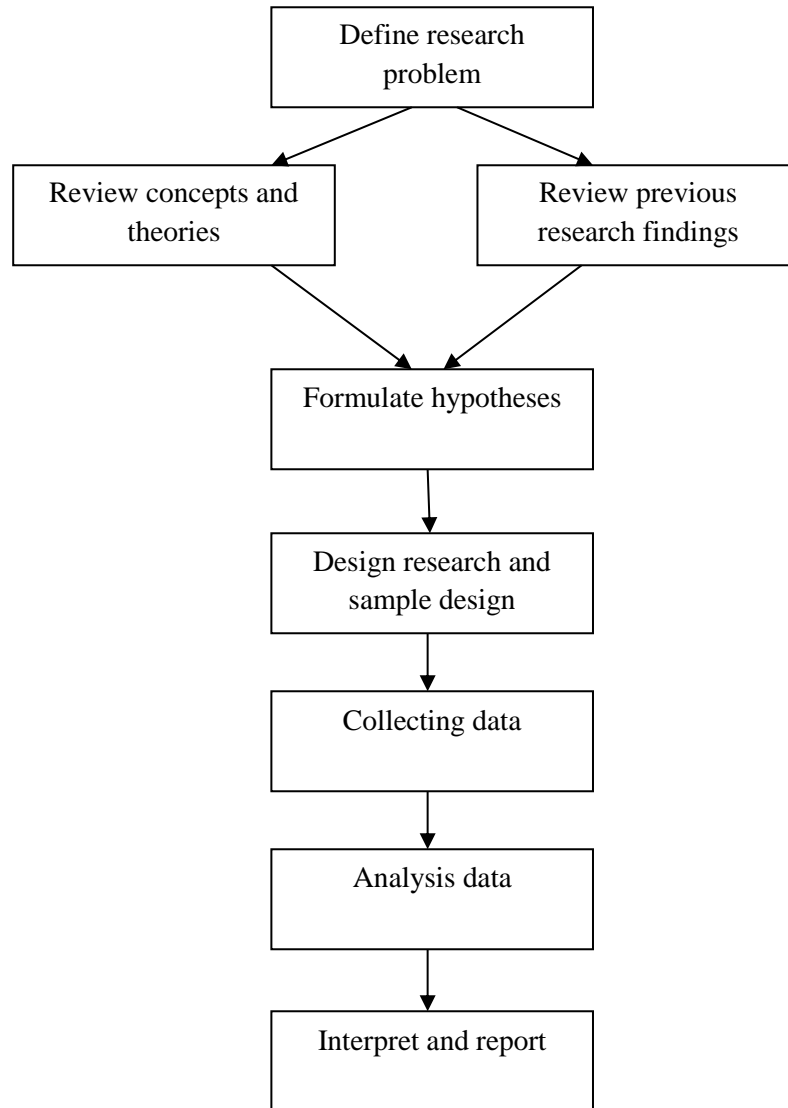


Chart 3-1. Research process in flow chart

3.1.1. Research method based on purpose

In terms of purpose, research can be divided into two categories: basic and applied (Kothari, 2004); the present research is applied in terms of purpose because its results can be used directly in organizations.

3.1.2. Research method based on approach

There are two basic approaches to research, the quantitative approach and the qualitative approach; The present study is of a quantitative type because it includes a systematic study of phenomena by collecting measurable data and performing statistical, mathematical or computational methods (Creswell, 2013).

3.1.3. Research method based on data collection method

Research is divided into two categories based on how data is collected: descriptive research and experimental research (Kotari, 2004). The present study is a descriptive research. Descriptive research includes surveys and citations of facts about the characteristics of society. The main purpose of descriptive research is to describe the current situation.

The research methods used in descriptive research include three methods of observation, case study and survey (Jackson, 2009). Survey research is the most basic tool for all research methods and quantitative studies. Surveys that are conducted to answer questions to a sample of respondents, use different types such as online surveys, paper questionnaires, online surveys, etc. (Kotari, 2004). Since the present study uses a questionnaire to collect data in the statistical community, the present study can be considered as a survey research. Also, considering that this research is done in a certain period of time, it is considered as a cross-sectional research.

3.2. Statistical community

A statistical population is a set of people or objects or events that are examined in a given situation (Sanders, Lewis, & Thorne Hill, 2011). The statistical population of this study includes all NGOs in Iraq, which according to the latest report of the website of the NGO Co-ordinating Committee for Iraq (2020). Respondents in each organization include two CEOs and a financial manager. So the total population is 136 people.

3.3. Sampling Design

Cooper and Schindler (2003) explain that the main idea of sampling is to select some elements in a population, so that similar conclusions can be drawn about the whole population. This reduces costs and results are more accurate. Cochran's formula was used to determine the sample size, the relationship of its various factors is as follows (Cochran, 1977):

$$n = \frac{N \times Z^2 \times PQ}{(N-1) \times d^2 + Z^2 \times PQ}$$

In this equation

N= population size,

P= is the estimated proportion of an attribute that is present in the population,

q=1-p,

d= is the desired level of precision,

Z= is the selected critical value of desired confidence level,

n= sample size,

According to Cochran's formula, the sample size includes 100 people:

$$n = \frac{(136) \times (1.96)^2 \times (0.5) \times (0.5)}{(136 - 1) \times (0.05)^2 + (1.96)^2 \times (0.5) \times (0.5)} = 100$$

For this purpose, 50 NGOs should be selected.

Random sampling method was used to select 50 NGOs. In each NGO, a questionnaire was answered by two people, including the CEO and the financial manager of the organization, and thus 100 questionnaires were collected.

3.4. Data Collection

In order to collect research data, a self-governing questionnaire was used. The distributed questionnaires were provided to the CEO and financial managers of selected firms. The questionnaire enables the researcher to obtain sufficient and correct information from the target population of the research. The reason for choosing the questionnaires is that it is inexpensive, convenient and free of prejudice. The first part of the questionnaire includes demographic variables (gender, age, education and work experience) and the second part is questions related to research variables, which is based on the Likert scale. The table below shows the relationship between variables and metrics in the questionnaire questions.

Table 3-1- Details of the research questionnaire

Variables	Dimensions	Number of questions	Sources
Budgetary control	budgetary planning	5	Otieno (2019), Koech (2015), Kimani (2014)
	budgetary monitoring	9	
	budgetary evaluation	5	
Effectiveness	Administrative Effectiveness	2	Kimani (2014), Koech (2015),
	Operational Effectiveness	2	Kimani (2014)
accounting provisions	Cost reduction	1	Kimani (2014)
	Financial Effectiveness	2	Kimani (2014) Otieno (2019),

3.5. Scale and range of measurement

In this study, the Likert spectrum was used to answer the questions of the questionnaire and for 5 questionnaire options which include; Strongly Agree, Agree, Medium, Disagree and Strongly Disagree, numerical values 5, 4, 3, 2, 1, respectively. The Likert scale for the questions of this questionnaire is equal to the table below.

Table 3-2- Likert scale

General form	Strongly agree	Agree	Medium	Disagree	Strongly disagree
Scoring	1	2	3	4	5

3.6. Validity and reliability of the tool

Criteria used to test the validity of research tools are validity and reliability. The assessment tool must have the necessary validity and reliability so that the researcher can collect relevant data and through this data and their analysis, test the desired mortgages and answer research questions (Kothari, 2004).

3.6.1. Validity of research tools

Validity means that the measuring instrument can actually measure the desired trait, not another attribute (Kotari, 2004). In this study, it will be used to measure face validity (available by supervisors, consultants and other experts), and after the corrections, the face validity of the tool was confirmed in terms of eloquence of translation and expressiveness of tool items. .

3.6.2. Tool reliability

The reliability of a measure shows the stability and consistency of the concept being measured and helps to evaluate the correctness and goodness (fit) of a measure (Kothari, 2004). In this study, Cronbach's alpha method and combined reliability will be used to determine the reliability of the questionnaire.

In Cronbach's alpha method, 20 questionnaires are distributed in the statistical population and its reliability will be calculated by Cronbach's alpha test using SPSS software. The results are shown in Table 3-3).

Table 3-3- Cronbach's alpha Research questionnaires

Structure	Cronbach's alpha
Budgetary control	0.812
Organizational Effectiveness	0.863
Accounting provision	0.871
The whole questionnaire.	0.869

If the reliability of the questionnaire is more than 0.70, the questionnaire will have acceptable reliability; Of course, the closer this value is to one, the better.

3.7. Data analysis method

The analysis of the collected data includes two parts: descriptive and inferential statistics. In the descriptive statistics section, the frequency, mean and standard deviation of the variables are expressed. The data will then be edited and encoded for accuracy, uniformity and completeness. For the analysis of inferential statistics, regression and correlation analysis methods are used, which are the main statistical methods. The reasons for using regression methods are: First, almost all variables of the present study were measured using a distance scale, and second, regression is a powerful method for testing the correlation between two or more variables compared to other statistical methods. The relationship between the dependent variable (accounting effectiveness and reserve) and the independent variable (planning, monitoring and budgeting evaluation) is expressed in the following equation:

Equation (1)

To establish the effect of planning, monitoring and evaluation on effectiveness of Non-Governmental Organizations in Iraq:

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Y_1 = effectiveness as measured by Administrative Effectiveness and Operational Effectiveness

X_1 = Planning

X_2 = Monitoring

X_3 = evaluation

β_0 = Intercept,

β = Coefficient of independent variables,

ϵ = error term

Equation (2)

To establish the effect of planning, monitoring and evaluation on accounting provisions of Non-Governmental Organizations in Iraq:

$$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Y_2 = accounting provisions as measured by Cost reduction and financial Effectiveness

X_1 = Planning

X_2 = Monitoring

X_3 = evaluation

β_0 = Intercept,

β = Coefficient of independent variables,

ϵ = error term

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

Independent variables X_1 , X_2 and X_3 dependent variables y_1 and y_2 are the dependent variables used in this study, which were measured using the various questions presented in the questionnaire. SPSS 20.0 software was used for data analysis.

DÖRDÜNCÜ BÖLÜM

Results and Discussion

4.1. Introduction

The researcher uses various methods of analysis to answer the formulated question or to decide whether to reject or confirm the hypothesis or hypotheses that have been considered for the research. The results of these analyses are then interpreted.

The necessary data for the present study were collected from a questionnaire whose validity was also tested. This information was analyzed in SPSS software environment version 24 and by applying appropriate statistical tests according to the research hypotheses. In this chapter, the results were collected and the data were analyzed based on inferential statistics and appropriate statistical techniques.

In this section, in order to describe the characteristics of the sample, the collected data are first summarized and classified using descriptive statistics indicators, and then the hypotheses are confirmed or rejected using inferential statistics indicators.

4.2. Study of demographic variables

4.2.1. The status of the respondents according to their title

Table 4-1. Title

position	Frequency	Percent	Cumulative Percent
financial manager	57	57	28.3
Executive manager	43	43	100.0
Total	100	100.0	

According to the table above, 43% of respondents are financial managers and 57% are CEOs



Figure 4-1- Gender status review

4.2.2. Assessing the status of respondents based on work experience

Table 2-2. Job experience

Job experience	Frequency	Percent
0 - 5 Years	27	27
6-10 Years	10	10
11 - 20 Years	45	45
More than 20 years	18	18
Total	100	100.0

According to the table above, 27% have a job experience under 5 years, 10% have between 6-10 years, 45% have between 11-20 years, and 18% have over 20 years.

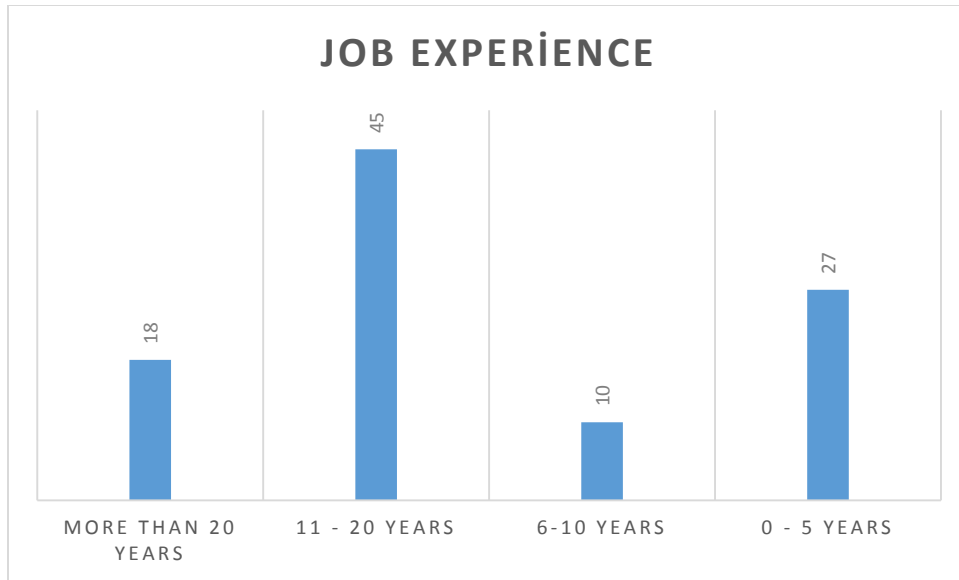


Figure 4-2- Review of work experience status

4.2.3. Assessing the status of respondents in terms of education

Table 4-3. Education

education	Frequenc y	Percent
Institute/Diploma	2	2
Postgraduate	6	6
Undergraduate/Bachelor	53	53
Master	25	25
Ph.D	14	14
Total	100	100.0

According to the table above, 2% of the participants had a diploma, 6% an associate degree, 53% a bachelor's degree, 25% a master's degree, and 14% a doctorate degree.

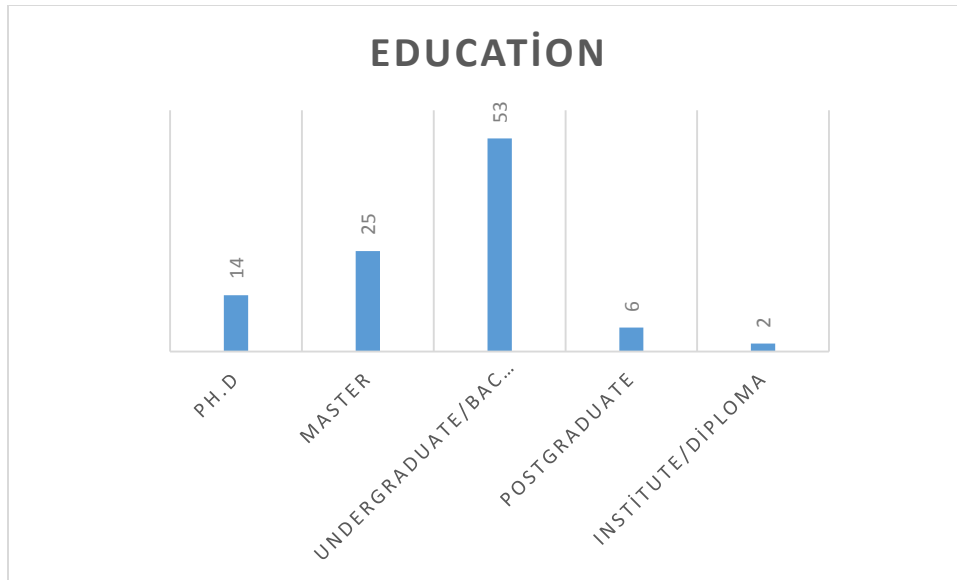


Figure 3-4 - Review of education status

4.2.4. Assessing the status of respondents in terms of approximate annual budget revenue

Table 4-4. Annual Budget Revenue

Annual Budget Revenue	Frequency	Percent
\$12,000 and less	18	18
\$ 12,000-\$58,000	17	17
\$58,000-\$116,000	51	51
\$116,000 and above	24	24
Total	100	100.0

According to the table above, 18% of the respondents had incomes below \$ 12,000, 17% between \$ 12,000-58,000, 51% between \$ 58,000-116,000, and 24% above \$ 116,000.

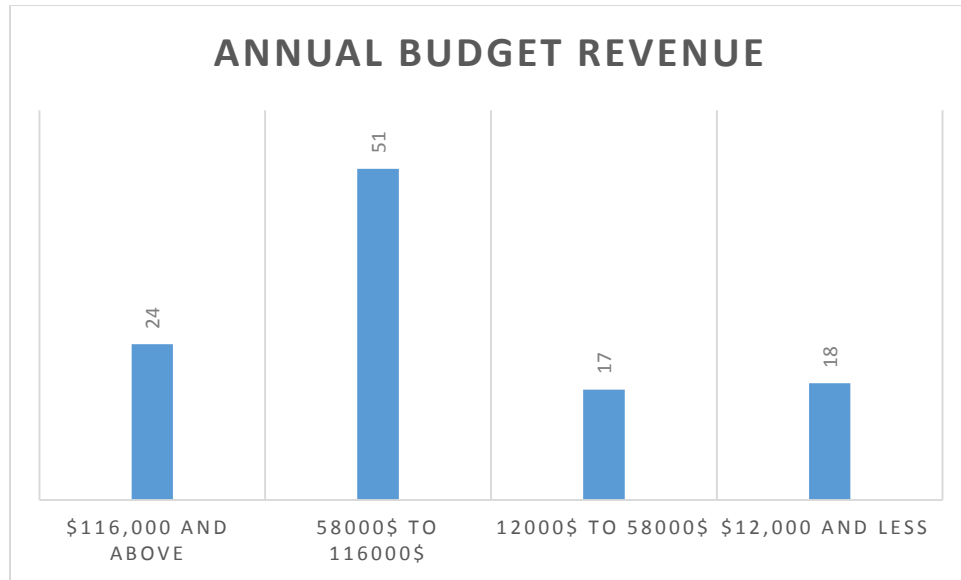


Figure 4-4- Review of the approximate revenue status of the annual budget

4.2.5. Assessing the status of respondents according to Budget Review Frequency

Table 4-5. Budget Review Frequency

Budget Review Frequency	Frequency	Percent
Monthly	11	18
Quarterly	38	17
Annually	41	51
None	9	24
Total	100	100.0

According to the table above, 11% of the participants had monthly budget reviews, 38% had quarterly, 41% had annually, and 9% had no budget reviews.

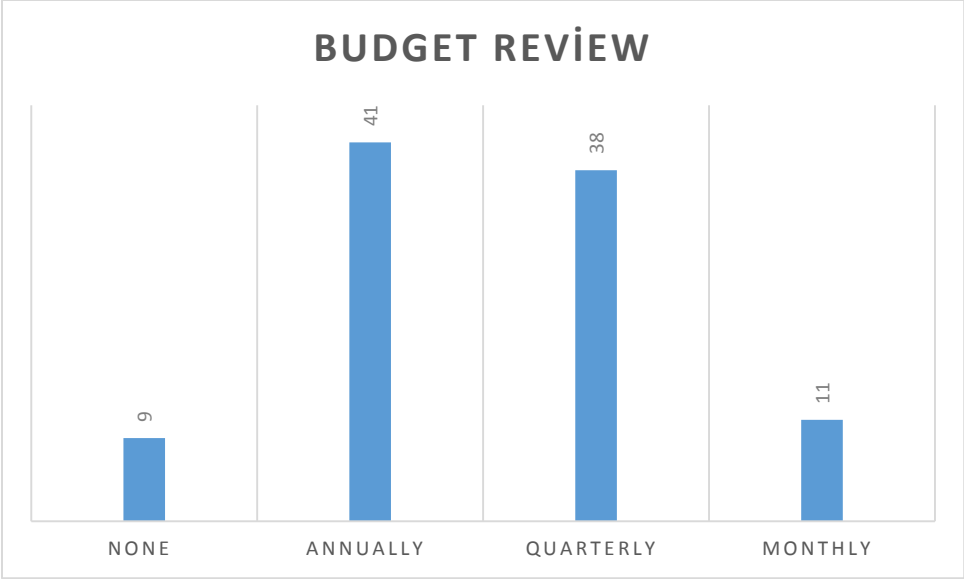


Figure 4-5- Budget Review Frequency

4.3. Frequency of respondents' answers to the questionnaire questions

The table below shows the frequency and percentage of participants' answers to each of the question options, ranging between "I strongly agree" and "I strongly disagree".

Table 4-6. Frequency of answers

Variable	Item	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Budgetary planning	Our organization has long-term and short-term budget plans	26%	32%	10%	26%	6%
	Our budget has clear goals	24%	30%	15%	21%	10%
	Our budget links all aspects of the organization's mission to goals and plans when budgeting.	19%	36%	14%	23%	8%
	All units prepare budget plans before the budget year.	22%	32%	18%	19%	9%
	We set next year's priorities at the Budget / Committees conference.	21%	36%	17%	18%	8%
budgetary monitoring	Managers hold regular budget meetings to review performance.	25%	26%	22%	17%	10%
	Comparisons are made between programs and actual performance, and differences are reported regularly.	30%	21%	20%	24%	5%

	We have budget policies to look at costs.	31%	34%	18%	15%	2%
	Budget activities are controlled by the head of department.	13%	42%	16%	26%	3%
	Activity costs are always reviewed by the executive committee.	16%	39%	14%	29%	2%
	Budget performance evaluation reports are prepared regularly.	26%	38%	14%	14%	8%
	Deviations from the budget are regularly reported to the budget committee / executors.	36%	29%	13%	15%	7%
	When negative deviations are reported, managers take corrective action.	36%	32%	17%	13%	2%
	Regular follow-up of budget programs is done by the budget committee / heads of departments.	35%	31%	8%	21%	5%
budgetary evaluation	The management of the organization continuously evaluates the budget reports.	16%	35%	27%	19%	3%
	The management of the organization evaluates the budget allocation process.	22%	30%	24%	17%	7%
	The shareholder organization participates in budget decisions.	22%	37%	24%	11%	6%
	The organization conducts regular audits between estimated and actual budgets.	23%	38%	3%	18%	8%

	The management team of the organization continuously evaluates the implementation of budgetary control indicators in the organization.	30%	37%	6%	16%	11%
Administrative Effectiveness	The degree of realization of managerial efforts in achieving the goals of the organization.	7%	40%	29%	17%	7%
	The success rate of management in budgetary control.	14%	37%	27%	17%	5%
Operational Effectiveness	Reduce waste of resources in carrying out the activities of the organization.	13%	40%	21%	23%	3%
	Operational effectiveness as a percentage of operating costs divided by last year's total costs.	17%	32%	21%	26%	4%
Cost reduction and	The rate of reduction in organizational costs in the last year.	18%	31%	32%	13%	6%
financial Effectiveness	Success in allocating financial resources to the main activities of the organization.	24%	31%	26%	16%	3%
	Success in forecasting required reserves.	28%	30%	15%	25%	2%

4.4. Review of descriptive statistics of research questions

Table 4-7. Descriptive Statistics						
Variable	Mean	Item	Minimum	Maximum	Mean	Std. Deviation
Budgetary planning	2.598	Our organization has long-term and short-term budget plans	1.00	5.00	2.5400	1.29037
		Our budget has clear goals	1.00	5.00	2.6300	1.32310
		Our budget links all aspects of the organization's mission to goals and plans when budgeting.	1.00	5.00	2.6500	1.25025
		All units prepare budget plans before the budget year.	1.00	5.00	2.6100	1.27045
		We set next year's priorities at the Budget / Committees conference.	1.00	5.00	2.5600	1.23354
		budgetary monitoring	2.410	Managers hold regular budget meetings to review performance.	1.00	5.00
Comparisons are made between programs and actual performance, and differences are reported regularly.	1.00	5.00		2.5300	1.28279	
We have budget policies to look at costs.	1.00	5.00		2.2300	1.14111	

		Budget activities are controlled by the head of department.	1.00	5.00	2.6400	1.09655
		Activity costs are always reviewed by the executive committee.	1.00	5.00	2.6200	1.12618
		Budget performance evaluation reports are prepared regularly.	1.00	5.00	2.400	1.15470
		Deviations from the budget are regularly reported to the budget committee / executors.	1.00	5.00	2.280	1.22664
		When negative deviations are reported, managers take corrective action.	1.00	5.00	2.130	1.16563
		Regular follow-up of budget programs is done by the budget committee / heads of departments.	1.00	5.00	2.300	1.21854
budgetary evaluation	2.436	The management of the organization continuously evaluates the budget reports.	1.00	5.00	2.5800	1.06534
		The management of the organization evaluates the budget allocation process.	1.00	5.00	2.5700	1.20818
		The shareholder organization participates in budget decisions.	1.00	5.00	2.4200	1.12976

		The organization conducts regular audits between estimated and actual budgets.	1.00	5.00	2.2000	1.15032
		The management team of the organization continuously evaluates the implementation of budgetary control indicators in the organization.	1.00	5.00	2.4100	1.16076
Administrative Effectiveness	2.695	The degree of realization of managerial efforts in achieving the goals of the organization.	1.00	5.00	2.7700	1.04306
		The success rate of management in budgetary control.	1.00	5.00	2.6200	1.08040
Operational Effectiveness	2.705	Reduce waste of resources in carrying out the activities of the organization.	1.00	5.00	2.6300	1.06983
		Operational effectiveness as a percentage of operating costs divided by last year's total costs.	1.00	5.00	2.7800	1.15365
Cost reduction and	2.580	The rate of reduction in organizational costs in the last year.	1.00	5.00	2.5800	1.11174
	2.48	Success in allocating financial resources to	1.00	5.00	2.4300	1.11242

financial Effectiveness		the main activities of the organization.				
		Success in forecasting required reserves.	1.00	5.00	2.5300	1.19979

The results of the table above show that the average score for budget planning is 2,598, the average score for budget monitoring is 2.410 and the average score for budget evaluation is 2.436. These results show that organizations have relatively higher scores in the planning sector, while lowest score was related to the budget monitoring section.

The average score of managerial effectiveness is equal to 2.695 and the average score of operational effectiveness is equal to 2.705. Based on this, the average score of operational effectiveness was found to be higher than that of the managerial effectiveness.

The average score for cost reduction was calculated to be 2,580 and the average score for financial effectiveness was calculated to be 2,480. These results indicate that the average cost reduction was higher in organizations compared to financial effectiveness.

4.5. Checking the normality of data distribution

In order to use parametric statistical techniques, the distribution of data related to variables has to be normal. This normality can be tested by Kolmogorov-Smirnov and Shapiro-Wilk tests.

Assumption Zero: The variable has a normal distribution.

Opposite assumption: The variable does not have a normal distribution.

Table 4-8. Tests of Normality								
	Kolmogorov-Smirnov ^a			Shapiro-Wilk			Skewness	Kurtosis
	Statistic	df	Sig.	Statistic	df	Sig.		
Budgetary control	.116	100	.054	.962	100	.058	.455	-1.563
Organizational Effectiveness	.119	100	.051	.959	100	.053	.349	-1.061

Accounting provision	.106	100	.063	.979	100	.065	.250	-1.319
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Given that the curvature and elongation of the variables are in the range (2 and 2-), and the significant level of Kolmogorov-Smirnov and Shapiro-Wilk test is above 0.05, all research variables were found to have a normal distribution and therefore could be analyzed at all stages of the data analysis using parametric tests.

1. What is the effect of planning, monitoring and evaluation on effectiveness of Non-Governmental Organizations in Iraq?

First, the correlation between the independent variables and the dependent variable is presented through Pearson correlation:

Table 4-9. Correlation Matrix

	planning	monitoring	Evaluation	effectiveness
planning	1.000	.896	.855	.812
monitoring	.896	1.000	.866	.850
Evaluation	.855	.866	1.000	.828
effectiveness	.812	.850	.828	1.000

The table above shows that there is a strong correlation between all the independent variables of the research with the dependent variable, well within the research structures.

In order to predict the effect of independent variables on the dependent variable, regression test is used:

Table 4-10. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.872 ^a	.760	.752	1.93209

In the above table, the correlation between the three components of planning, evaluation and monitoring of budgeting was found to have an effectiveness of 0.872, which shows a strong correlation between the variables. Furthermore, the adjusted coefficient of determination was calculated to be 0.760, which shows that 76% of the changes of the dependent variable (effectiveness) are determined by the independent variables of this research (namely the planning, evaluation, and monitoring of budgeting).

Table 4-11. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1132.633	3	377.544	101.137	.000 ^b
	Residual	358.367	96	3.733		
	Total	1491.000	99			

Considering that the calculated significance level is less than 5% (0.000), we conclude that there is a linear model between the above variables. The table below shows the regression coefficients of this model.

Table 4-12. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.981	.555		3.571	.001
	planning	.118	.079	.193	2.082	.029
	monitoring	.188	.052	.455	3.642	.000
	Evaluation	.256	.083	.329	3.078	.003

In the table above, since the significance level obtained for budgeting components was found to be less than 5%, it can be concluded that "planning, monitoring, and evaluation of budgeting has a significant effect on the effectiveness of the budgetary plans." Also, the calculated T-statistic for budgeting components including planning, monitoring and evaluation were found to be 2.082, 3.642, and 3.078, respectively. Since these are higher than the limit factor of 1.96, the direct impact of planning, monitoring and budgeting evaluation on effectiveness has been shown. The beta coefficient calculated for these

components are equal to 0.193, 0.455, 0.329, respectively, which shows the positive impact of planning, monitoring and budgeting on the effectiveness variable.

The following equation was used to establish the effect of planning, monitoring and evaluation on effectiveness of Non-Governmental Organizations in Iraq:

$$Y_1 = 1.981 + 0.0118X_1 + 0.188X_2 + 0.256X_3$$

Y_1 = effectiveness

X_1 = Planning

X_2 = Monitoring

X_3 = evaluation

2. What is the effect of planning, monitoring and evaluation on accounting provisions of Non-Governmental Organizations in Iraq?

First, the correlation between the independent variables and the dependent variable is presented through Pearson correlation:

Table 4-13. Correlation Matrix

	planning	monitoring	Evaluation	provisions
planning	1.000	.896	.855	.764
monitoring	.896	1.000	.866	.868
Evaluation	.855	.866	1.000	.798
accounting provisions	.764	.868	.798	1.000

The table above shows that there is a strong correlation between all independent variables of the research and the dependent variable. Based on the above table, the correlation between planning with accounting provisions is equal to 0.764, while the correlation between monitoring with accounting provisions is equal to 0.868, and the correlation between evaluation and accounting provisions is equal to 0.798. These results show a strong correlation between research structures.

In order to predict the effect of independent variables on the dependent variable, the regression test is used:

Table 4-14. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876 ^a	.767	.760	1.50669

In the above table, the correlation between the three components of budgeting planning, evaluation and monitoring with accounting provisions is equal to 0.876, which shows a strong relationship. Also, the adjusted coefficient of determination has been calculated as 0.767, which shows that 76.7% of the changes of the dependent variable (accounting provisions) are determined by the independent variable of this research (which are the three components of planning, evaluation, and budget monitoring).

Table 4-15. ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	718.709	3	239.570	105.532	.000 ^b
	Residual	217.931	96	2.270		
	Total	936.640	99			

Considering that the calculated significance level is less than 5% (0.000), we conclude that there is a linear model between the above two variables. The table below shows the regression coefficients of this model.

Table 4-16. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.531	.433		1.228	.222
	planning	.105	.061	.163	1.980	.041
	monitoring	.266	.040	.810	6.589	.000
	Evaluation	.146	.065	.237	2.248	.027

In the table above, since the level of significance obtained for budgeting components is less than 5%, it can safely be concluded that "planning, monitoring, and budgeting evaluation have a significant effect on accounting provisions." Also, the calculated t-statistic for budgeting components of planning, monitoring and evaluation are determined as 1.980, 6.589, and 2.248, respectively. All of these results are higher than 1.96, which shows that planning, monitoring, and budgeting assessment variables have a direct impact on accounting provisions. The beta coefficient calculated for these components are 0.163, 0.810, and 0.237, respectively, which shows the positive effect these variables have on accounting provisions.

The following equation was used to establish the effect of planning, monitoring and evaluation on accounting provisions of Non-Governmental Organizations in Iraq:

$$Y_1 = 0.105X_1 + 0.266X_2 + 0.146X_3$$

Y_1 = accounting provisions

X_1 = Planning

X_2 = Monitoring

X_3 = evaluation

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Conclusion and Suggestions

5.1. Introduction

The aim of this study was to identify the impact of budgetary control on the effectiveness and reserves of accounting activities in Iraq. A total of 100 questionnaires were distributed to NGOs in Iraq and the research data were analyzed by SPSS software. The objectives of the study were to investigate the effect of budgetary control components (consisting of planning, monitoring, and evaluation) on the two dependent variables of the study, namely the effectiveness and accounting reserve. Multiple regression test was used to achieve this analysis. In the present chapter, conclusions, discussions, comparisons, and suggestions for management applications will be provided, supported by the relevant thematic literature and test results. Following this, suggestions for future researchers who are trying to conduct research related to the research title will be provided.

5.2. Research Findings

According to descriptive statistics, 43% of respondents are financial managers and 57% are CEOs. Accordingly, most of the answers come from the financial managers of NGO companies in Iraq. Among the respondents, 27% had under 5 years of job experience, 10% had between 6-10 years, 45% had between 11-20 years, and 18% had over 20 years. Therefore, 63% of the respondents have more than 10 years of work experience, so they are considered to be experienced in terms of work. 2% of the respondents had a diploma,

6% an associate degree, 53% a bachelor's degree, 25% a master's degree, and 14% a doctorate. Accordingly, more than 90% of respondents have a bachelor's degree or higher, indicating they are well educated about their subjects. 18% of the participants had incomes below \$ 12,000, 17% between \$ 12,000-58,000, 51% between \$ 58,000-116,000 and 24% above \$ 116,000. Accordingly, the highest frequency of companies in the income group is between 58,000 to 116,000 dollars. Regarding budget review, 11% had no monthly review, 38% quarterly, 41% annual and 9% had no budget review. Accordingly, most companies have an annual budget review and the lowest frequency is related to the monthly budget review, with the exception of the 9% which did not have any budget reviews.

1. What is the level of budgetary control in Non-Governmental Organizations in Iraq?

The results show that the average score of budget planning is 2,598, the average score of budget monitoring is 2.410, and the average score of budget evaluation is 2.436. These results show that organizations have a relatively higher score in the planning sector, while the lowest score is achieved by the budget monitoring section.

Budget planning is the process of preparing a budget and then using it to control the performance of an organization. The purpose of budget planning is to reduce the risk that the organization's financial results will be worse than expected. According to Layne (1984), budget planning is important because, firstly, it tries to record and, secondly, coordinate all the heterogeneous activities - both human and physical - in a homogeneous program. The management accountant plays an important role in that process. From a planning point of view, the budget is like glue that brings the different parts of the organization together. This strategy aligns the company with the organizational structure, management and personnel, and the work that needs to be done to implement the strategy. When the planning is done well, the organization's strategic plans and executive plans become periodic operational activities. Based on the results, it seems that companies are doing well in the planning department, while an overall weakness was observed for the organizations in the evaluation and monitoring areas, particularly in the latter.

Budget monitoring is important to ensure the implementation of financial, operational and capital programs that have been developed and approved as part of the budget process. Budget monitoring is very important for an organization to be able to take responsibility for costs. In addition, regular and comprehensive budget monitoring allows the organization to assess the level of service, to ensure that any new action has made the expected progress towards the goals / expectations, to learn more about trends and other deviations that may affect future operations, and ultimately to provide information transparency.

Budget evaluation refers to the final stage of the budget cycle, which assesses whether public resources have been used appropriately and effectively. This requires that the organization conducts regular audits between the estimated and actual budgets, and that the organization's management team continuously evaluate how the budgetary control indicators are being implemented in the organization.

Based on the results of this section, it seems that organizations need to place more emphasis on monitoring processes in budgetary control.

2. What is the effect of planning, monitoring and evaluation on effectiveness of Non-Governmental Organizations in Iraq?

Based on the results obtained from multiple regression analysis, the calculated t-statistics for budgeting components of planning, monitoring and evaluation are 2.082, 3.642, and 3.078, respectively. Since all of these are higher than 1.96 the direct impact of planning, monitoring, and evaluation of budgeting has on effectiveness has been shown. The beta coefficient calculated for these components are equal to 0.193, 0.455, and 0.329, respectively, indicating the positive effect of these variables on the effectiveness. Based on standard coefficients, monitoring is the strongest predictor of effectiveness in the organization, followed by evaluation and finally planning. It seems that for companies that have higher monitoring in budgetary control, the effectiveness of the organization in the management and operational sectors is higher. According to the results, if there is budgetary control in the organization, managerial efforts towards the goals of the

organization will be more successful and the waste of resources connected to the activities of the organization will be at a lower level.

3. What is the effect of planning, monitoring and evaluation on accounting provisions of Non-Governmental Organizations in Iraq?

Based on the results of multiple regression analysis, the calculated t-statistics for budgeting components of planning, monitoring and evaluation are set at 1.980, 6.589 and 2.248, respectively. All of these are higher than 1.96, showing the direct impact of planning, monitoring, and evaluation of budgeting on the accounting reserve. The beta coefficient calculated for these components are equal to 0.163, 0.810, and 0.237, respectively, which shows the positive effect of these variables on the accounting reserve. According to standard coefficients, monitoring is the strongest predictor of accounting reserves in the organization, followed by evaluation and finally planning. It seems that for companies with more monitoring in budgetary control, accounting reserves are more effective. According to the results, if there is budgetary control in the organization, the organization's costs per year will decrease, allocation of financial resources to the main activities of the organization will be more successful, and the organization will have improved forecasting for the required reserves.

5.3. Discussion and conclusion

Based on the results, budgetary control has been accepted as an important tool for the organization to control costs and maximize profits. These results are mostly in line with the research literature as well. Nkemakolam (2020), for example, also has shown the budgetary control as a tool used for management of decision making, and the reports of the study regarding its effects on performance are consistent with the results of the present study. Mazikana (2019), Miraji (2017), Balgon et al. (2015), Hassan et al. (2015) and Callahan et al. (2008) also reflect the impact of budgetary control on the performance of organizations in Zimbabwe. The results of Otino (2019) and Harelimana (2017) also show a significant relationship between budget planning, budget coordination, budgetary control and financial performance of public universities in Kenya. A Ngugi (2015), Kimani (2014)

and Silva and Jayamaha (2012) also confirmed the relationship between planning, monitoring and evaluating budgetary control over practice.

In general, it can be said that the literature supports the research results. According to the research findings, any budgetary control has a significant impact on the effectiveness and accounting of NGOs in Iraq. That being said, further analysis of the results indicate that the impact of monitoring on the effectiveness and accounting of accounting is stronger compared to the other variables. These results show that, although planning for budgetary control is necessary, what leads most to budgetary control is the monitoring and subsequent evaluation of the budget. Therefore, officials and managers should be aware that planning alone is not enough for budgetary control, and monitoring and evaluation departments should also be considered in the budgetary control process. Organizations should further their attempts by allocating special units and holding continuous meetings to monitor and evaluate budgetary control in organizations.

5.4. Management suggestions

Given the results and the impact of budgetary control on the effectiveness and reserve of accounting, it is essential for NGO's to pay attention to budgetary control within the organization. They should also ensure an effective budgetary control is implemented, as the budget must be effectively controlled and managed. The general approach to this control and management consists of determining the actual position, the actual comparison with the budget, calculating the variance, explaining the reasons for the variance, and taking action to maintain control.

Large companies with formal systems use budgetary control first to coordinate dispersed business units and then to evaluate unit performance. Managers of small companies need to use the budget in this way as well because they control their business informally and personally. That being said, small companies also need routine planning because they have to react to events. They are prone to miss opportunities by having less control over their environment than large companies. Therefore, companies need to place more emphasis on budget planning and at the same time review and evaluate it on a monthly, quarterly, or semi-annual basis.

Regarding the results obtained and the impact of monitoring on the budgetary control process, budget monitoring should include a review of a wide range of functions to fully determine what action should be taken if significant deviations are found. Comparing the budget with the facts is the starting point for monitoring the budget. To ensure this, organizations must clearly state the elements and indicators of monitoring and specify who will analyze it, as well as how to use this analysis. Monitoring can lead to corrective actions or operational progress if done consistently, thoroughly, and effectively. In this regard, it is necessary to check the accuracy of the reported real income and expenses. To maintain control of budget, real income should be scaled against budget, variances should be calculated, trends should be identified, and any changes in the budget should be determined immediately.

To improve evaluation of budgetary control, and in order for this step to actually support good governance while ensuring the effective and efficient use of public resources, evaluations of budget execution and its impact should include evaluations by bodies that are independent of the organization. Such bodies should have sufficient capacity and resources to perform their duties.

Regarding budget planning, it can be said that proper organization is essential for the successful preparation, maintenance, and execution of budgets. The Budget Committee, which consists of the heads of the various departments, is responsible for ensuring the proper implementation of the budgets. The success of budgetary control depends on the support of senior management. If there is no support for senior management, it will fail.

In general, in order to better implement budgetary control in the organization, the following measures are recommended:

- Coordination of budget preparation, including the publication of the manual.
- Preparation of a timetable for budgeting.
- Providing information to help budgeting.
- Comparing actual results with budget and checking for variance.
- As many individuals participating in budgeting as possible.
- The budget plan should be comprehensive and should cover the entire organization.

- The budget plan should be adjusted according to the set performance standards.
- Budgetary control should have flexibility based on changing circumstances.
- Constant monitoring of budgetary control should be implemented.

5.5. Research limitations

In the course of conducting any research, problems and limitations can be realized, and the most important of such encountered as part of this research are mentioned below:

- Difficulty in accessing the statistical sample to complete the questionnaire, some people did not answer the questionnaire and others were late in answering the questionnaires.
- Face-to-face communication was difficult because most respondents preferred to use email.
- Some respondents refused to provide complete information when providing information for reasons such as privacy and confidential information in the workplace.
- The limitation of the statistical community to NGOs in Iraq may limit the generalization of results to other communities.
- Limitation of research time and short sampling period. This research included the distribution of questionnaires in different organizations that needed to spend enough time to respond. The short duration of the research also led to many pressures on time management.

5.6. Suggestions for future researchers

1. There are always control variables that can affect the research results. Control variables such as the size of the organization, the type of activity of the organization, etc. should be examined in future research.
2. The budgetary control process, despite its many benefits, has limitations such as ambiguity in the future, difficulty in budget planning in high inflation, lack of support from

senior management, and so on. Therefore, it is necessary to examine the barriers and limitations of budgetary control in the organization.

3. Small sample size may not be able to provide an overview of NGOs in Iraq, so further research should focus on increasing sample size. Therefore, it is necessary to conduct this research in larger samples as well as other public and private organizations.

4. This research should be done in an intercultural way and its results should be compared with the results of the present research.

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APPENDIX

Questionnaire

Yours sincerely, In order to conduct research on "**THE EFFECT OF THE BUDGETARY CONTROL ON THE ACCOUNTING PROVISION AND ORGANIZATION IN IRAQ**", Your Excellency is requested to answer the following questions by ticking the box below. It should be noted that the results of the present study will be used only scientifically. We sincerely thank you for your cooperation and care.

Thanks

Please check the box that shows your best answer:

General questions

1. Education: Diploma and lower Associate Bachelor Master Doctor
2. Work experience: under 5 years 6-10 years 11-20 years over 20 years
3. Position: Managing Director Financial Manager
4. What is the approximate income of your annual budget?
 - (a) \$12,000 and less ()
 - (b) \$ 12,000-\$58,000 ()
 - (c) \$58,000-\$116,000 ()
 - (d) \$116,000 and above ()
5. How often is it reviewed?
 - (a) Monthly ()
 - (b) Quarterly ()

(c) Annually ()

(d) None ()

No	Questions	Strongly agree	Agree	Medium	Disagree	Strongly disagree
Budgetary planning						
1	Our organization has long-term and short-term budget plans					
2	Our budget has clear goals					
3	Our budget links all aspects of the organization's mission to goals and plans when budgeting.					
4	All units prepare budget plans before the budget year.					
5	We set next year's priorities at the Budget / Committees conference.					
budgetary monitoring						
6	Managers hold regular budget meetings to review performance.					
7	Comparisons are made between programs and actual performance, and differences are reported regularly.					
8	We have budget policies to look at costs.					

9	Budget activities are controlled by the head of department.					
10	Activity costs are always reviewed by the executive committee.					
11	Budget performance evaluation reports are prepared regularly.					
12	Deviations from the budget are regularly reported to the budget committee / executors.					
13	When negative deviations are reported, managers take corrective action.					
14	Regular follow-up of budget programs is done by the budget committee / heads of departments.					
budgetary Evaluation						
15	The management of the organization continuously evaluates the budget reports.					
16	The management of the organization evaluates the budget allocation process.					
17	The shareholder organization participates in budget decisions.					

18	The organization conducts regular audits between estimated and actual budgets.					
19	The management team of the organization continuously evaluates the implementation of budget control indicators in the organization.					
Managerial effectiveness						
20	The degree of realization of managerial efforts in achieving the goals of the organization.					
21	The success rate of management in budget control.					
Operational effectiveness						
22	Reduce waste of resources in carrying out the activities of the organization.					
23	Operational effectiveness as a percentage of operating costs divided by last year's total costs.	Very high over 30%	High between 20-30%	Medium between 10-15%	Low between 5-10%	Very low under 5%
Reduce costs						
24	The rate of reduction in organizational costs in the last year.	Very high	High	Medium	Low	Very low
Financial effectiveness						

25	Success in allocating financial resources to the main activities of the organization.					
26	Success in forecasting required reserves.					

KİŞİSEL BİLGİLER

Adı Soyadı	ALAN BAKR HAMAD
Doğum Yeri	ERBİL- IRAK
Doğum Tarihi	15.10.1989

Üniversite	SELAHDDİN ÜNİVERSİTESİ
Fakülte	ZİRAAT FAKÜLTESİ
Bölüm	HORTİCULTURE

YABANCI DİL BİLGİSİ

Dil	İngilizce
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İŞ DENEYİMİ

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