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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

Variance Analysis: A solution to financial performance in a non governmental setting.

(A case of World Vision)

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This Dissertation was submitted in partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours Degree at Midlands State University

Gweru: Zimbabwe, 2016

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DEDICATION

This dissertation is a special dedication to my beloved late parents the late Colonel Charles Matema and the late Patricia Matema.

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ABSTRACT

This research was carried out with the aim of establishing the relationship that exists between variance analysis budget control technique and organisational performance. World Vision has experienced wide adverse budget variances due to ineffective variance analysis by the organisation resulting in the organisation repetitively over spending and under spending, losing donor confidence and trust and hence motivation to this study. A descriptive research design was used in gathering the research data. 24 questionnaires were administered and 3 one-on-one interviews were carried out. The major findings were that measures adopted by WVZ such as budget committees and Zero based budgeting have not been effective and this has had a negative impact on organisational performance. Besides variance analysis, factors such as responsibility accounting also improve organisational performance. There is a significant negative relationship between variance analysis and organisational performance. Recommendations are that, World Vision Zimbabwe should educate all the employees about the budgeting system to keep them well informed and reduce chances of deviations from the set budgets. The organisation should employ other measures into its variance analysis system such as responsibility accounting and top management should be more involved in reviewing the variance analysis system to stop the continuous wide budget variances that the organisation has been continuously experiencing over the years.

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CHAPTER 1

INTRODUCTION TO THE STUDY

1.0 Introduction

Previous research has been carried out on the use of budget variance analysis as a budget control technique. Suberu (2010), Palmer (2012), Njoki (2012), Cheng Li & Ling Cheng (2013), Mqat & Saada (2013) and Leitch & Yu Tian (2015), in their studies agree that variance analysis enables responsibility accounting, management by exception and influence decision making. On the other hand, (Segun (2012), Kipkemboi (2013), Kimani (2014) and Mohamed et al (2015)) argue that variance analysis does not affect organisational performance as performance can be influenced by factors such as employee motivation, corruption and poor database. However, Aruomoaghe & Agbo (2013) noted that variance analysis has its costs and benefits and caution need to be taken to enable correct decision making which impact on performance. From the gap created from the above arguments, this research will be conducted on the relationship of variance analysis and its impact on organisational performance in a non-governmental setting.

1.1 Background to study

The success of an organisation depends on how well the organisation plans and implements the plans set therefore budgeting being paramount in organisational performance (Njoki 2012). World Vision Board of Directors established The Global Grants Compliance Unit which aims to coordinate budgetary systems to be compliant with donor requirements and consistency (WVZ Project Finance Manual 2015).The WVZ Project Finance Manual (2015) indicates that World Vision has been using Zero based budgeting, Funding forecasts and Activity Based Budgeting approaches which have yielded continuous variances over the 10% benchmark which is allowed by the organisation policy. Between the years 2013 and 2015, WVZ Financial Statements (2013-2015) indicate failure by the organisation to analyse its

budget variances effectively resulting in no corrective action taken impacting on the overall performance of the organisation negatively. The following tables indicate a sample of the budget variances experienced by WVZ between 2013 and 2015:

Table 1.1 Budget variances incurred in 2013

Year	Project code	Project description	Budget	Actual	Budget variance	Variance
2013	Z194662	NYANGA HIV/AIDS	\$247,059	\$165,922	\$81,137	27.49%
2013	Z198756	Nkayi Greenfield Advocacy	\$19,872	\$12,201	\$7,671	37.48%
2013	Z199943	Zimbabwe CS WASH 2	\$20,954	\$16,369	\$4,585	21.88%
2013	Z181007	WFP SAVINGS	\$291,006	\$225,284	\$65,722	22.58%
2013	Z192739	NNN AGRICULTURE	\$240,275	\$169,936	\$70,339	25.51%
2013	Z200447	NYANYADZI ADP	\$100,000	\$86,693	\$13,307	13.31%

Source: *World Vision Zimbabwe A209 Reports 2013*

Table 1.1 indicate a sample of projects carried out at WVZ in 2013 which failed to comply with the 10% budget variance benchmark stipulated by the organisation. Projects Z194662, Z198756, Z199943, Z181007, Z192739 and Z200447 were all under spent by 27%, 37%, 22%, 23%, 26% and 13% respectively rising from activities budgeted for but not implemented, poor planning and activities costing less than what was budgeted for resulting in a deviation from the set targets.

Table 1.2 Budget variance incurred in 2014

Year	Project code	Project description	Budget	Actual	Budget variance	Variance
2014	Z194662	NYANGA HIV/AIDS	\$269,275	\$229,552	\$39,723	14.75%
2014	Z199943	Zimbabwe CS WASH 2	\$144,362	\$174,294	\$29,932	20.73%
2014	Z181007	WFP SAVINGS	\$149,215	\$167,957	\$18,742	12.56%
2014	Z200447	NYANYADZI ADP	\$100,000	\$86,693	\$13,307	13.31%

Source: *World Vision Zimbabwe A209 Reports 2014*

Again in 2014, projects Z194662 and Z200447 were under spent by 15% and 13% respectively while Z199943 and Z181007 were overspent by 21% and 13% respectively. The continuous variances experienced indicate failure by the organisation to take corrective action after analysing the 2013 variances leading to failure by the organisation to achieve the expected goals.

Table 1.3 Budget Variances incurred in 2015

Year	Project code	Project description	Budget (USD)	Actual (USD)	Budget variance (USD)	Variance (%)
2015	Z194662	NYANGA HIV/AIDS	152,140.00	174,656.92	(22,516.92)	15%
2015	Z194725	Makorokoro Health	18,000.00	24,649.11	(6,649.11)	37%
2015	Z198756	Nkayi Greenfield Advocacy	5,645.00	24,180.23	(18,535.23)	328%
2015	Z199943	Zimbabwe CS WASH 2	956,422.00	1,090,673.42	(134,251.42)	14%
2015	Z181007	WFP SAVINGS	78,787.40	98,378.51	(19,591.11)	25%
2015	Z192739	NNN AGRICULTURE	205,197.00	253,217.13	(48,020.13)	23%
2015	Z192741	NNN Health	126,806.00	142,627.58	(15,821.58)	12%
2015	Z200447	NYANYADZI ADP	106,112.04	122,087.33	(15,975.29)	15%

Source: *World Vision Zimbabwe A209 Reports 2015*

In 2015, the same projects were overspent by 15%, 37%, 37%, 328%, 14%, 25%, 23%, 12% and 15% respectively resulting in adverse variances experienced. The adverse variances resulted from some activities which costed more than what was budgeted for, projects not fully funded for and poor planning resulting in the organisation not meeting its set targets for the projects.

1.2 Statement of the problem

Over the period 2013 to 2015 WVZ has experienced wide budget variances indicating inadequate budget management by the organisation as failure to analyse the budget variances has led to no corrective action being taken. The WVZ Projects Finance Manual (2015) stipulated that inadequate budget management has had a negative impact on the organisational performance due to failure to effectively analyse budget variances experienced. Challenges have risen such as organisational activities not fully accomplished, losing donor confidence and trust, difficulties in getting funding, setting a bad precedent for the organisation and hence motivation to analyse on the effects ineffective budget variance analysis on performance of the organisation.

1.3 Main research question

Variance Analysis: A solution to financial performance in a nongovernmental setting. (A case of World Vision)

1.4 Objectives of the study

1. To analyse effectiveness of the measures put in place by WVZ in its variance analysis tool
2. To assess the extent to which ineffective budget variance analysis affect the NGO's performance
3. To determine budget control techniques that affect organisational performance other than variance analysis
4. To establish the best possible ways to achieve effective variance analysis
5. To establish the relationship between budget variance analysis and financial performance

1.5 Sub research questions

1. Is the budget variance analysis tool put in place by World Vision Zimbabwe effective?
2. To what extent does ineffective budget variance analysis affect organisational performance?
3. What budget control techniques affect organisational performance other than variance analysis?
4. What are the possible ways that can be implemented to achieve effective variance analysis?
5. Statement of Hypothesis:

(H₀): There is a significantly negative relationship between budget variance analysis and organisational performance.

1.6 Significance of the study

This study is significant as it will be an added value to the knowledge base on variance analysis budget control tool. The study will extend the literature on variance analysis budget control technique in Nongovernmental organisations and it will guide management of World Vision in future decision making to improve financial performance. Again, the study will serve as a guide to policy makers and other researches related to this study.

1.7 Research Limitations

Financial constraint: the student had limited funds to cover the transport, printing and communication costs. The student had to make use of Skype to reduce on communication costs and personal sacrifice to meet the costs.

Time constraint: the research was done within a period of one semester. The student had to work extra hard for long hours to meet the deadlines.

1.8 Delimitations of the study

The research was limited to World Vision Zimbabwe Southern Region Bulawayo office. It was based on the information gathered from the Finance Department and it covered the period from January 2013 to December 2015. The research only focused on the variance analysis budget control technique at World Vision.

1.9 Research Assumptions

A true view of the respondents will be reflected from the information that will be provided in this research.

During the period of the study the current regulations and organisational policies will be constant.

1.10 Definition of key terms and abbreviations

Variance analysis - Is an analytical quantitative investigation of the difference between actual and budgeted or targeted levels of performance aimed at identifying the reasons behind the deviations from the expected output to maintain control over a business.

Budget control techniques - Techniques that seek to establish objectives for each function of an organization by comparing actual performance with budget to ascertain the causes for deviations of actual from the budgeted performance and enabling corrective action to achieve desired objectives.

Organisational Performance – refers to the actual results or actual output of an organisation which will be measured against the intended organisational objectives and organisational goals.

Abbreviations:

WVZ - World Vision Zimbabwe

WVI - World Vision International

WV - World Vision

1.11 Chapter Summary

This chapter defines the specific addressed and evaluated areas issues under this research. Focus was directed on the study background, problem statement, objectives, sub research questions, limitations and delimitations of this study. A detailed analysis on the research will be covered in the next chapters which follow.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Over the years the relationship of variance analysis and its impact on organisational performance has been analysed by different researchers. This study seeks to analyse the effectiveness of the measures put in place by WVZ in its variance analysis tool, assess the extent to which ineffective budget variance analysis affect the NGO's performance, determine the budget control techniques that affect organisational performance other than variance analysis, analyse the relationship between variance analysis and organisational performance and establish the best ways to achieve effective variance analysis. This chapter seeks to give a critical analysis overview of the historical and current studies that were done by other academic authors and this will be used as the backbone of the current research.

2.1 Variance analysis measures put in place by World Vision Zimbabwe

Aruomoaghe and Agbo (2013) define analysis of variance as the analysis of the difference occurring between actual output and the budget set up. WV has adopted different measures to enable Analytical quantitative investigation of the difference between actual and budgeted or targeted levels of performance aimed at identification of the causes of the deviations to maintain control over the organisation which are as follows:

2.1.1 Budget committee

Budget committee, one of the techniques adopted by World Vision in its variance analysis tool, is defined by Rafique (2015) as a group of key management personnel responsible for the coordination of the preparation of the budget and all the matters concerning the set budgets. WVZ Project Finance Manual (2015) states that, the budget committee should comprise of the Finance officer, Departmental heads and the Program Manager. The budget

committee is responsible for reviewing the annual Area Development Area project budget and the financial results throughout the year.

Periasamy (2010) is of the view that a budget committee enables effective variance analysis as it allows the coordination of the preparation of budgets; it acts as a source in providing data for preparation of the budget enabling the organisation to investigate its budget variances. Basu (2015) supports this view as his research suggested that a positive relationship can exist between budget committee and variance analysis as budget committee deliberations tend to ensure participation of key personnel to suggest, criticize and make recommendations on projects thereby improving the analysis of variances in an organisation. Basu (2015) also states that a budget committee is useful in coordinating organisational plans, allowing its members to contribute valuable ideas on improving the plans and serves as a decision-making body in finance thereby enabling corrective action to be taken to solve budget variances being experienced by an organisation. Mukumba (2014) also agrees with the above mentioned authors and he states that a budget committee allows an organization to employ a democratic process in analysing budget variances which enables effective variance analysis as teamwork from the budget committee explores the root cause of the variances and ideas shared to take corrective action to solve the variances. This whole concept brings together multiple voices on the positive impact budget committees have on variance analysis as an effective budget committee enables effective variance analysis.

On the other hand, Burke (2011) argues that budget committees do not enable effective variance analysis as it encourage top management to evade decision making responsibilities as accountability is so diffused thereby triggering inefficient analysis of variances. Volkov (2010) also argues that by virtue of being a committee it cannot be possible to effectively analyse variances as decisions will represent the views of influential personalities and that group thinking tend to make people being influenced by their peers therefore the variance

analysis system will be biased. Sycara & Sukthankar (2013) criticizes budget committees as he states that a budget committee is a traditional tool that only assists in the development and approval of budgets but however there is limited evidence of its usefulness in the variance analysis system of an organisation these days.

However, the adoption of budget committees by World Vision has proved to be inefficient as a budget control technique as proven by the failure of the budget committees to take corrective action against the unfavourable variances that have been experienced in the organisation over the past years. Authors are still arguing about the effectiveness of budget committee as a budget control technique, therefore this research will investigate budget committee effects on variance analysis.

2.1.2 Zero based Budgeting

World Vision has also adopted Zero Based Budgeting (ZBB) which is defined by Sofianu (2010) as a budget planning technique which assumes that at the beginning of each budget cycle a basis of a zero base should be taken. Rehman et al. (2011) is of the view that ZBB is an effective tool to analyse budget variances as it provides reason for each and every incurred expense thereby provides corrective action to variances as each expense is justified thereby reducing chances of an organisation continuously experiencing budget variances. According to Ekanem (2014), ZBB is an effective variance analysis management tool as he revealed that the application of ZBB is effective, credible and rewarding as it has a positive impact on analysing variances. Meliano (2011) in support of this view concludes from his survey that ZBB can be useful in NGOs analysing their variances as it requires that the budget be justified in complete detail by each manager given that it is flexible, communicates corporate goals and cost efficient.

However, Hopkins (2015) argues that despite increasing popularity and interest, ZBB is not an effective variance analysis measure as it is costly and it removes the critical important details as organisation tend to compress information to a reasonable size to be cost effective and in doing so compromises the variance analysis due to the removal of the critical important details. Aruomoaghe & Agbo (2013) on the other hand agree that Zero-Based Budgeting is not an effective variance analysis tool because it is time-consuming and organisations tend to implement the measure after a long period of time thereby leading to inconsistent application of the measure. Segun (2012) also discounts the use of ZBB as a variance analysis tool as he observed from his research that ZBB is complicated and difficult to use and it requires personnel to be trained. Due to its complexity its application is not done properly thereby compromising the effectiveness of the system as poor ZBB has a negative effect on variance analysis.

On the other hand, Kavanagh (2011) remains neutral as he believes zero based budgeting has its impact on variance analysis but it depends on how the organisation implements the system as it can be both effective and ineffective. Kavanagh (2011) in support of other neutral authors concludes the existence of a moderate impact of ZBB on variance analysis as it has its costs and benefits.

From the above arguments since effective variance analysis has a positive effect on variance analysis and poor ZBB has a negative effect on variance analysis, a positive relation can exist between the two variables. World Vision has over the years implemented zero based budgeting but the technique has proved to be ineffective as the organisation can only carry out the full zero based budgeting process after 5years due to the massive amount of managerial time needed to carry out the exercise. From the gap created from the arguments made by the above authors, this study will seek to analyse the effects of ZBB on variance analysis.

2.2 Effects of ineffective variance analysis on organisational performance

Though variance analysis has its advantages in improving the performance of an organisation, it has negative impact organisational performance if it's not effectively implemented. The following are some of the effects of ineffective variance analysis on organisational performance:

2.2.1 Loss of donor confidence and donor trust

Lewis (2010) states that NGOs should effectively manage its variance analysis system to keep their donor trust and confidence thereby giving them a competitive advantage in their operational environment. Mqat and Saada (2013) states that failure to manage budget variances has a negative effect on donor trust and confidence as variance analysis is a critical part in maintaining donor confidence and trust. Kimani (2015) in support of this view, states that the challenge in donor trust and confidence loss can be attributed to poor variance analysis.

On the other hand, Dadkhah & Samari (2016) argue that donor trust is not attributed to variance analysis but to other factors such as an effective marketing communicating strategy. Baiti (2014) and Kipkemboi (2013) support Dadkhah & Samari (2016) as he states that donor confidence and trust cannot be attributed to variance analysis but to quality financial management as a whole.

However, Huang & Hopper (2011) and Aruomoaghe & Agbo (2013) are neutral as they are of the opinion that variance analysis has its effects on donor confidence and trust but it is less relevant in maintaining donor trust and confidence as donors are also attracted to an organisation's non-financial information such as the goal of the NGO. The WVZ Projects Finance Manual (2015) stated that ineffective variance analysis has had an impact on the organisation as donor confidence and trust had been lost resulting in difficulties in getting funding for projects.

2.2.2 Risk future funding opportunities

Williams (2012) in his survey sheds more light on the mind-set of today's donor and he asserts that donors are now tracking the proportion of the dollar donation that directly reaches the final beneficiary in the community and its impact or transformation that it causes to the life of the final beneficiary and unfavourable variances to them indicate failure to meet set goals. Lewis (2010) and Kimani (2015) support Williams (2012) as they agree that organisations tend to risk future funding opportunities as ineffective variance analysis leads to poor organisational performance which in turn results in loss of donor confidence and trust. A review of World Vision Zimbabwe financial reports over the past five years indicates that it has lost several lucrative projects with multilateral agencies and government agencies after investing a lot of resources in coming up with project proposals which failed to meet the stipulations set forth in the proposals requests (World Vision Zimbabwe Financial Statements, 2010-15).

However Baiti (2014), Kipkemboi (2013) and Dadkhah & Samari (2016) argue that ineffective variance analysis does not result in risking of future funding opportunities as that can be attributed to other factors such as ineffective marketing communication strategy and quality service delivery. Mukumba (2014) is neutral as he is of the view that ineffective variance analysis can be attributed to risk of future funding opportunities but to a lesser extent since other variables can lead to risking future funding such as policy inconsistency by government and lack of good stewardship.

The drop in donor funds due to budget cuts by donors at World Vision evidently show the effect ineffective variance analysis has had on future funding opportunities as the donors are willing to avail funding only when more of such funds are reaching the intended beneficiaries than consumed by organizational expenditure (World Vision Finance Manual 2015).

2.2.3 Exclusion of other important objectives of the organisation

Aruomoaghe & Agbo (2013) states that ineffective variance analysis tends to encourage exclusion of important objectives as it tends to focus on the extreme adverse budget variances incurred by an organisation as the organisation will be focusing on taking corrective action. Njoki (2012) agrees with Aruomoaghe & Agbo (2013) as he highlights that ineffective variance analysis tends to focus on standard goal attainment thereby compromising attainment of other objectives of the organisation which are important such as donor satisfaction, quality and timely delivery of services.

However Omeri (2014) and Osabiya (2015) discounts this factor as he argues that ineffective variance analysis cannot be blamed for exclusion of other important objectives of the organisation as they discovered from their research that managers can do this intentionally especially when they are afraid they might not be capable to meet such objectives. World Vision has suffered this effect as its other non financial objectives such as delivery of quality service has been compromised as the organisation focuses on meeting the set budget at the expense of the quality of the projects on ground.

2.2.4 Poor decision making

Budget information is based on assumption so by virtue of using budget information ineffective decisions can be made (Mukumba 2014). Kavanagh (2011) agrees with Mukumba (2014) as he points out that ineffective variance analysis focus attention of management on strategising budget preparation near the fiscal year end resulting in rigid decision making. Bragg (2010) also agrees that ineffective variance analysis results in poor decisions being made as he stipulates in his study that variance analysis only considers financial outcomes, which is the expected outcome of business objectives, at the expense of subjective issues such as quality of service delivered resulting in biased decision making.

However authors such as Gustafsson & Parsson (2010) discounts this factor as they believe poor decision making cannot be directly attributable to ineffective variance analysis but to other factors such as poor management system and bureaucracy. Latha & Prabhakar (2011) also argues that ineffective variance analysis is not the main cause of poor decision making as they stipulated that characteristics such as inadequacy of trained personnel and dedicated leadership result in poor decisions. WV Finance Manual (2015) stresses a point that ineffective variance analysis can result in the drop in organisational performance due to inaccurate decisions made from use of information drawn from biased variances.

2.3 Budget control techniques affecting organisational performance other than variance analysis

2.3.1 Responsibility accounting

Fowzia (2011) defines responsibility accounting as a design meant to outline and report the incurred expenses by individuals whereby every area of supervision is charged with expenses to which it has control and responsibility. He states that it is also a management control system that has a positive effect on organisational performance since it provides both the budgeted and actual output relating to specific centres based on principles of delegating and locating responsibility making it easier to pin point the specific individual responsible for a task as such making individuals dedicated to their work as they know they will be answerable to their outcome. Safa (2012) in support of this view states that responsibility accounting is a method different from piling up costs and it puts more emphasis on evaluating operations than costing production taking advantage of planning and controlling techniques which enables deviations between budgeted and actual amounts to be split into components to find the causes of deviation and improve performance. Okoye (2011) in her study concludes responsibility accounting has an impact on organisational performance as it can hinder the

effectiveness of the system thereby suggesting the existence of a significant relationship between the two variables.

However Anthony (2013) argues that responsibility accounting cannot be relied upon completely as a budget control technique as responsibility accounting only focus management to areas that need performance to be investigated further. Martin (2014) in support of this argument states that focus on individual performance and segments create an organisation whereby the flow of information in an organisation is restricted creating unhealthy competition as interdependence and team work to maximise organisational performance is compromised. Al-shomaly (2013) further argues that the efficiency of responsibility accounting is questionable as top management is reluctant to decentralise and yet decentralisation is very important for effective responsibility accounting. From the arguments brought forward by the other authors this study seeks to establish the effectiveness of responsibility accounting as a budget control technique in improving organisational performance.

2.3.2 Management by objectives (MBO)

Dakota (2010) defines MBO as result oriented technique in which managers and subordinates agree on specific goals which will yield measurable output. In his study he states that MBO motivates managers and subordinates to improve on performance and makes an assumption that if subordinates can meet set objectives, managers will also do the same and ultimately the organisational objectives will be achieved. Qureshi (2013) supports Dakota (2010) as he expresses that MBO improves organisational performance as it can be used in planning process as it enables the identification of the activities to be done to attain organisational goals and expectation from individuals will be clearly defined. Again, Ifedilichukwu (2012) agrees that MBO helps communication in the organisation leading to goal attainment as individuals become aware of what is expected of them and the more committed top

management becomes the more self-efficacy is created in workers making them more confident and perform effectively resulting in a positive effect on the performance of the organisation.

On the other hand Aruomoaghe and Agbo (2013) criticizes that MBO does not contribute positively to organisational performance as it is has the following disadvantages such as its basis on numerical quotas in place of the whole improvement, compromising teamwork and heavy administrative work. Krueger (2010) highlights that although MBO have produced some empirical evidence to improve performance the results from his study indicates that MBO has not produced any increases in performance that can be tied back to the program. Kyriakopoulos (2012) further criticizes the MBO approach as he states that since MBO cannot be clearly defined it generally leads to being detrimental to organisation operation. Lindberg (2011) remains neutral as he argues that the benefits of MBO are not yet materialized hence need to be explored more. From this room, this study will be conducted on the impact of management by objectives approach on organisational performance.

2.3.3 Key Performance Indicators (KPIs)

KPIs as defined by Stankovica et al (2011) are indicators which can be non-financial or financial used by an organisation to predict its success and intending to long lasting objectives previously established. In his study he states that besides the control function, KPIs have a positive effect on organisational performance as they also provide a foundation for the organisational strategy formulation and implementation pushing management to attain objectives and motivating stakeholders as well to meet the objectives. Duric & Maksimovic (2013) supports this notion that KPIs affect performance positively and adds that KPI help in maintaining information system and monitor organisational activities thereby keeping management up to date with where organisational performance will be and predicting the future. Bakken (2011) agrees that KPIs as a measure for variance analysis enables

management to measure current performance to enable improving attainment of set goals and creating an environment where employees strive to produce the best thereby organisational goals being met reducing chances of deviations from set budgets.

On the other hand according to Parmenenter (2010) discounts this budget control technique as he observed that KPIs do not affect organisational performance as KPIs comprise of different targets set and no leading KPIs. Elshakour et al. (2012) and Hegazy & Hegazy (2012) emphasize that KPI's cannot directly affect performance as the success of their use depends on how management react and they only focus control on concerned areas.

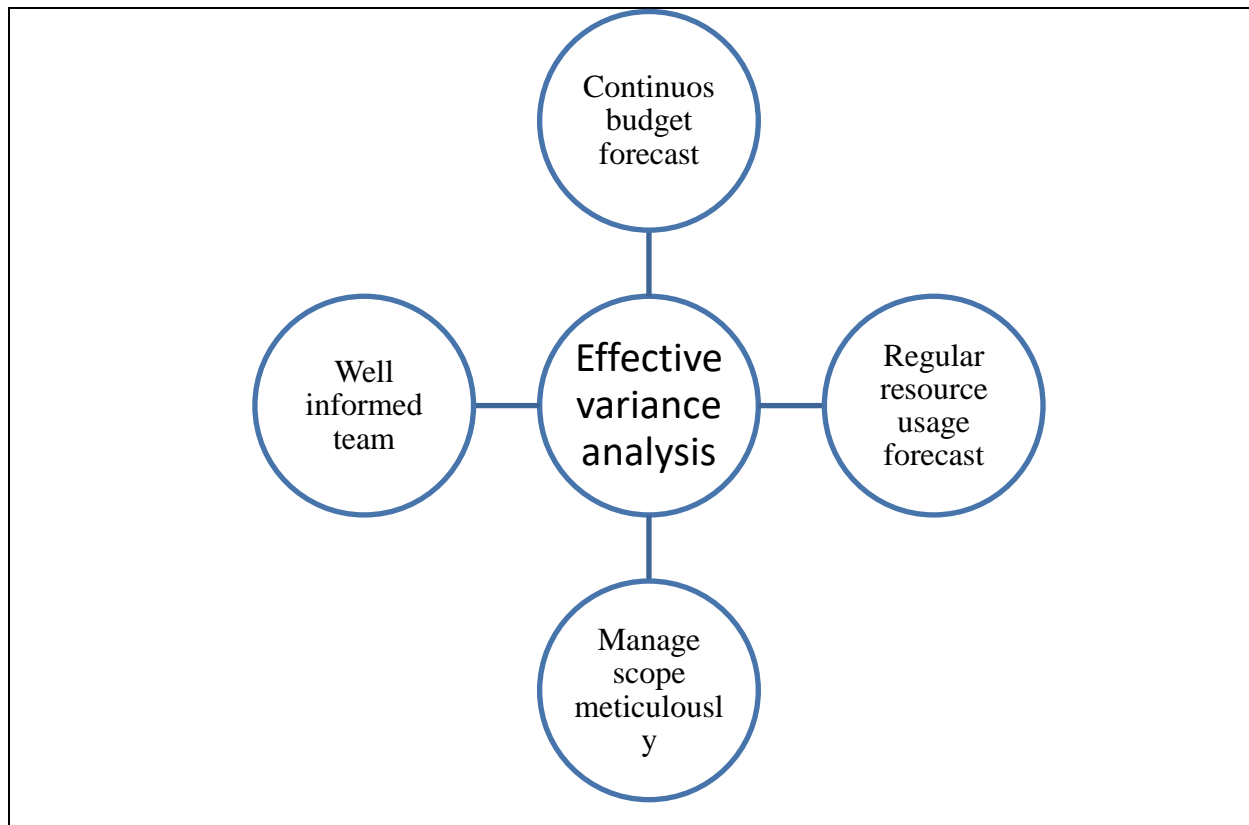
Baroudi (2014) remains neutral as he states that KPIs have their advantages and disadvantage and it depends on an organisation to be confident with its target setting as it has to be realistic and not vague to enable the success of the organisation. Karlsson (2011) in support of Baroudi (2014) states that negative facts cannot be attributed to use of KPIs as they have proven to be useful in budget plans and hence the effectiveness of the KPIs is dependent on how an organisation applies them.

There is still no consensus between authors pertaining to KPIs budget control technique affecting organisational performance and there is still room to add on the literature concerning the effect of KPI budget control technique on organisational performance.

2.4 The best ways to achieve effective variance analysis

Westland (2011) defines a four step model which enables organisations to effectively analyse their variances to improve on their decision making which in turn will improve on overall organisational performance. The four steps are outlined as follows:

Fig 2.1 Westland's four step variance analysis model



Source: *Westland 2011*

2.4.1 Continuous forecast of the budget

Periasamy (2010) views budget forecast as anticipated actions and events mainly concerned with the assessment of probable future events covering longer periods which are only a tentative estimate which results in planning. He states that the continuous forecasting of the budget enables management to take corrective action against adverse variances as soon as they are incurred making the variance analysis system effective. Terfassa (2015) and Westland (2011) agrees with this idea as they stipulated that budget forecasts provide management with frequent budget oversight and this prevent the organisation from incurring wide budget overruns.

However, Chand (2012) argues that forecasting the budget does not enable effective variance analysis and he stresses out that the goals set should be efficiently administered by responsible executives and coordinated properly to enable the effective variance analysis. Kavanagh (2011) agrees with Chand (2012), as he stresses out that there should be mutual understanding between management and other employees to enable the success of any budget control technique. It should be instilled in top management how important set goals are and thus objectives should be set by top management. Continuous review of the set objectives should be done to avoid deviation from set goals.

Having looked at this there is no agreement among authors on the impact of budget forecasts on effectiveness variance analysis hence there is still room to go an extra mile to add onto the current literature.

2.4.2 Well informed team

Westland (2011) is of the view that effective variance analysis involves an effective awareness system whereby all the organisational members are kept well informed of the budgets sets as every individual contributes to the improvement of the organisational performance. Mukumba (2014) in support of Westland (2011), states that managers and employees should be well informed to enhance performance, resources should always be linked to results and that participatory approach is a prerequisite for the success of an organisation. Terfassa (2015) agrees with the other authors as he stipulates that keeping the team well informed creates an environment where employees take complete ownership of activities thereby becoming more likely to watch for their projects' budgetary needs which in turn enhances effectiveness of variance analysis.

However, Mohamed et al (2015) criticize the above authors as they state that keeping the team informed does not necessarily enable effective variance analysis but variance analysis should be based on standards established scientifically for it to be a meaningful budget

control technique. Neves (2010) in support of Mohamed et al (2015) stipulates that variances should not be interpreted as separate from other variances since quite a number of other factors that the organisation cannot control can also be the reason behind unfavourable variances and therefore care must be taken on other organisational areas.

Kavanagh (2011) and Chand (2012) are neutral as they believe any budget control technique can be effective or ineffective depending on how an organisation implements the system. This leaves a gap on the appropriateness of keeping a well informed team as a strategy to implement effective variance analysis.

2.4.3 Regular resource usage forecast

Engaging the right resources for the right projects for the right amount of time is the key to effective variance analysis as stipulated by (Smith 2014). Westland (2011) in agreement with this stipulates that keeping track of resource usage ensures that an organisation is fully utilizing the resources available and within the set parameters of the budget thereby positively impacting on variance analysis. Terfassa (2015) supports the other authors as he states that regular resource usage forecast enables the organisational goals to be met as it detects an early warning to unfavourable variances thereby enabling corrective action to be taken before the organisation deviates from planned budgets. Resource usage forecast is therefore a preventive measure to unfavourable budget variances thereby improving effectiveness of variance analysis.

However, Chand (2012) argues that forecasting resource usage does not enable effective variance analysis as he stipulates that the flexibility of the set budgets is the key to enabling effective variance analysis. Palmer (2012) and Mohamed et al (2015) also argues on the extent to which regular resource usage forecast affect variance analysis as they stipulate that identifying the causes of the budget variances contributes significantly to the effectiveness of

variance analysis. From this argument the research will establish the impact of regularly forecasting resource usage on the effectiveness of variance analysis.

2.4.4 Manage scope meticulously

Westland (2011) also states that managing the scope meticulously has a positive impact on variance analysis as the scope is the major cause for budget overruns. Newton (2015) defines project scope as the work that needs to be accomplished to deliver a service with specified features and functions. Newton (2011) went on to point out that managing the scope enables management to check for inconsistency, provide warning for early variance detection and allows both corrective and preventive measures to be implemented and in turn makes analysing budget variances more effective.

Terfassa (2015) agrees that managing the project scope with extra care enables effective variance analysis as he pointed out that the scope defines what the organisation wishes to deliver and the plan on how to do that thereby enabling the organisation to take corrective action before a project goes out of control. Managing the project scope offers preventive measures to variance analysis and thereby positively affecting effectiveness of variance analysis budget control technique.

However, Kavanagh (2011) and Chand (2012) disagree that managing the scope enables effective variance analysis as they believe variance analysis can be effective if estimates and goals set are clearly defined and are flexible in such a way that corrective action might be taken if actual output differ from set goals and targets. It is evident from this argument that there is still room to add on the literature related to the impact of managing scope on variance analysis.

2.5 The relationship between variance analysis budget control technique and organisational performance

Previous research has been carried out on establishing the relationship between organisational performance and its determinants as related to variance analysis. This study will review the literature on the relationship established between organisational performance and the determinants responsibility accounting, key performance indicators and management by objectives.

2.5.1 Responsibility Accounting and organisational performance

Fowzia (2011) established the relationship that exists between responsibility accounting and organisational performance and he established that responsibility accounting has a positive effect on organisational performance since it puts more emphasis on evaluating operations taking advantage of planning and controlling techniques to find the causes of budget deviation and improve performance. Safa (2012) and Okoye (2011) in support of this view states that responsibility accounting has an impact on organisational performance as it can hinder the effectiveness of the system thereby suggesting the existence of a significant negative relationship between the two variables.

However, Al-shomaly (2013) argues that the efficiency of responsibility accounting is questionable as top management is reluctant to decentralise and yet decentralisation is very important for effective responsibility accounting thereby drawing an insignificant negative relationship between responsibility accounting and organisational performance. Martin (2014) also argues that responsibility accounting cannot be relied upon as it only focuses on areas that need performance to be investigated further thereby compromising the maximisation of organisational performance.

Anthony (2013) remains neutral as he states that a null relationship exists between variance analysis and organisational performance since the efficiency of responsibility accounting is

questionable as top management is reluctant to decentralise and yet decentralisation is very important for effective responsibility accounting.

2.5.2 Key Performance Indicators and organisational performance

Stankovica et al (2011), Duric & Maksimovic (2013) and Bakken (2011) in their studies tested the relationship that exists between KPIs and organisational performance. They stipulated that KPIs have a positive effect on organisational performance as they provide a foundation for the organisational strategy formulation and implementation pushing management to attain objectives and motivating stakeholders as well to meet the objectives. A conclusion was drawn that a significant negative relationship exists between the two variables as ineffective implementation of KPIs negatively affects organisational performance.

Parmenenter (2010), Elshakour et al. (2012) and Hegazy & Hegazy (2012) argue that there is a low negative relationship that exists between KPIs and organisational performance since KPI's cannot directly affect performance as the success of their use depends on how management react and they only focus control on concerned areas.

Baroudi (2014) and Karlsson (2011), however remain neutral as they state that KPIs have their advantages and disadvantage and it depends on an organisation to be confident with its target setting as it has to be realistic and not vague to enable the success of the organisation.

2.5.3 Management by objectives (MBO) and organisational performance

Again, previous research has been conducted to establish the relationship that exists between Management by objectives and organisational performance. Dakota (2010), Qureshi (2013) and Ifedilichukwu (2012) in their studies agreed that that MBO improves organisational performance as it can be used in planning process as it enables the identification of the activities to be done to attain organisational goals and expectation from individuals will be clearly defined. They drew a conclusion that a significant negative relationship exists

between the two variables as ineffective variance analysis tend to negatively affect organisational performance.

On the other hand, Aruomoaghe and Agbo (2013), Krueger (2010) and Kyriakopoulos (2012) argue that an insignificant negative relationship exists between MBO and organisational performance as they stipulated that although MBO have produced some empirical evidence to improve performance the results from their studies indicate that MBO has not produced any increases in performance that can be tied back to the program.

Lindberg (2011) remains neutral as he argues that the benefits of MBO are not yet materialized hence need to be explored more thereby he believes that a negative relationship can exist and at the same time there is a possibility that a positive relationship can exist between the two variables.

Having reviewed the above literature, an observation was drawn that a significant negative relationship exists between determinants of organisational performance (responsibility accounting, key performance indicators and management by objectives) and organisational performance. From this observation and observation made at World Vision this research is going to test the hypothesis that a significant negative relationship exists between variance analysis and organisational performance.

2.6 Chapter Summary

Reviewed in this chapter is the literature related to variance analysis budget control technique and its impact on organisational performance. The effectiveness of variance analysis tool implemented at World Vision, the effects it has had on the performance of the organisation and the other factors affecting organisational performance have been assessed with the supporting literature from other researchers. However, what lays a subject of debate is the relationship and impact of variance analysis on organisational performance. Guided by the

literature reviewed in this chapter, the next chapter outlines and explains the methodology followed in evaluating the effects of variance analysis budget control technique on organisational performance relating to World Vision.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

Chapter 3 is the outline of the research methodology that was applied to gather relevant information and how the analysis of the data from the research was done and the justification of the research methodology is also outlined. The full detail of the research approach, research design and population and sampling procedures is also given. The chapter defines the data sources used, reliability and validity of the data collection instruments.

3.1 Research Approach: Mixed Research Method

This research adopted the mixed research approach which was defined by Venkatesh et al. (2013) as the framework of carrying out a research, defining the collection, analysis and integration of both the qualitative and quantitative data in a single research. The benefit of this research approach is that a better understanding of the research is gained since both the quantitative and qualitative research data are combined. Panda & Gupta (2013) and Kowalczyk (2015) encourages the use of this approach as they state that a mixed research approach provides a more comprehensive understanding of the research problem and that the disadvantages of using either the qualitative approach or the quantitative approach are offset by the strengths of using the mixed approach. Since the study required the relationship between effective variance analysis and organisational performance to be analysed and at the same time, other objectives of the study such as measuring the effectiveness of the measures put in place by WV in its variance analysis tool had to be assessed, the mixed research approach was seen to be appropriate as it accommodates both the quantitative and qualitative research information.

3.2 Research Design

This refers to a comprehensive framework of how a research will be carried out. The research design includes how the research information would be collected, which instruments will be used, how they will be used and how the data would be analysed as defined by Bynner & Stribley (2010). Mooi (2011) also states that research design can be defined as a strategy in integrating components of a research in a logical manner. This study used a descriptive research method approach as it was seen fit to effectively address the research problem in question as supported by the authors below.

3.2.1 Descriptive Research

Johnson (2013) defines descriptive research as a scientific method which constitutes the observation and description of behaviour of a subject without any bias. This type of research can either be quantitative or qualitative making it suitable to analyse relationships between variables and also describe the existing problem. This characteristic of the research design makes it suitable for this study to meet the objective of analysing the relationship between variance analysis and organisational performance. Bynner & Stribley (2010) states that this research approach takes a “what is” approach which makes it appropriate for this study to enable World Vision to establish the best possible way to achieve effective variance analysis. Johnson (2013) also stipulates that descriptive research reveals problems so that remedial measures may be instituted as it reveals what is wanted, what is not wanted and how to acquire what is wanted. Also this design, provides a deeper understanding of the research question and hence very useful in understanding the variance analysis concept which is in question of this study. Therefore, this study will be conducted using a descriptive approach as a case study of World Vision Zimbabwe.

3.3 Population and sampling

3.3.1 Population

Wienclaw (2015) is of the view that population is the set of elements that possess common characteristics as established by the criteria of the researcher which in turn refers to the complete cases from which the sample is drawn. The population is grouped into target and accessible population.

Target Population

This is the complete group of respondents or objects to which a research will generalise the findings of the study as defined by Wienclaw (2015). This research targeted a population of 60 finance personnel from the three different sectors which constitute World Vision and these are the support programs, area development program and the humanitarian emergency affairs grants.

Accessible population

Wienclaw (2015) define accessible population as the subset of target population representing the population the researcher has reasonable access. Out of the 60, only 26 personnel were accessible since the researcher could only reach personnel in the Southern Region in Bulawayo.

3.3.2 Sampling

Because of the limiting factor to reach out to every individual working for World Vision this research was conducted on a sample basis instead of a census. Farooq (2013) discouraged the use of a census as a data collection instrument as he stated that a census is possible in limited circumstances such as population census, it is inconvenient since it is time consuming and labour consuming. As defined by Wienclaw (2015), sampling is simply the selection of a

group of behaviours, people, events or any other characteristics with which a study will be carried out. Sampling is a practical method in data collection which makes it easier to collect information at a faster speed at the same time providing detailed and comprehensive information as cited by Wuensch (2011). Because of the scarcity of time and resources available, the sampling method was the most suitable method to collect data from WV as it is economical, saves time and more reliable.

3.3.3 Sample size

This is the number of the observations used in a sample and in this research the sample used constituted of 26 personnel which was 52% of the target population.

3.3.4 Sampling method

Stratified Random sampling method

According to Andersen et al (2011), stratified random sampling involves the division of elements with the same characteristics into a group or stratum. Mohamed et al (2015) encourages the use of stratified random sampling as he states that by virtue of the population being divided into subgroups proper representation of the population is enabled and that it reduces selection bias. The WV organisational structure constitutes of the support offices, Area development programs and the humanitarian emergency affairs and therefore it was seen fit to use a stratified random sample to enable proper presentation of the organisation as a whole. The following table outlines the sample that was used in the study:

Table 3.1 Population identity

Stratum	Target Population	Accessible Population	Sample size
ADP	25	13	52%
Support programs	15	8	53%
HEA Grants	10	5	50%
Total	50	26	52%

Source: WVZ Annual Reports 2015

A fair representation of the organisation was taken as the sample size was 52% of the target population. Trochim (2010) supports this sample size as he states that any sample size which is 50% and above is reasonable to use as it reflects a true representation of the target population.

3.4 Data Source

Primary Data Source

A data source is simply the source of the data that is being collected for study and it can be a primary source or a secondary source. The research under study used the primary data source which is defined by Johnson (2013) as first-hand, uninterrupted and original material. Johnson (2013) also states that primary data sources are an author's original perspective, new materials or original conclusion which will be based on past researches which are more helpful and effective for a research. Primary data sources were used in this study as they allow an interpretation of data in place of depending on conclusions made by other researchers. And the advantage of this source of data is that it made it possible to tailor make questions which were specific to variance analysis which was the study in question.

3.5 Data collection instruments

This refers to the techniques which will be used to collect data during a research. This research made use of questionnaires and interviews to collect data from World Vision.

3.5.1 Questionnaires

Questionnaires are data collection instruments which enable collection of primary data and they have an added advantage as they can collect both qualitative and quantitative data. Bethlehem & Biffignandi (2011) stipulates that they can also be helpful in collecting large volumes of data from a large sample. McNabb (2013) supports the use of questionnaires as he outlined that questionnaire can be designed to regulate what the respondents know and define questions to be asked making it easier for data analysis. Since the aim of this research was to establish the relationship between ineffective variance analysis and organisational performance, questionnaires enabled quantitative data to be collected. At the same time objectives such as determining the effectiveness of the variance analysis tool at World Vision were met as qualitative information was also collected through the use of the questionnaires.

3.5.2 Closed Ended Questions

These are the kind of questions which provides the respondent with a choice of answers whereby the respondent is requested to choose between given responses as defined by McNabb (2013). This enables the researcher to examine critical areas by focusing on the evidence necessary for the research. Considering the time available for the research closed ended questions were used for the questionnaire since they give the researcher facts, easy to answer, response alterations are pre-specified by the researcher and to make effective use of the time that was available.

3.5.3 Likert scale

The Likert scale highlights the opinion of respondents and it provides statements that will be rated on a five opinion measure as defined by Sullivan & Artino (2013). It enables individuals to express how much they agree or disagree. This research will be measured as:

Table 3.2 Likert scale

Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
5	4	3	2	1

Source: *Sullivan & Artino 2013*

The Likert scale was used as it is easier to use in analysing data. Dillard (2013) states that the Likert scale's major advantage is its simplicity to analyse data though validity can be difficult to demonstrate.

3.5.4 Interviews

Face to face interview

McNabb (2013) defines interviews as a qualitative data source which seeks to elicit facts from the interviewee from a set of specific questions. Interviews have an advantage in that more information is gathered from a small number of people thereby useful in gathering an expert or knowledgeable opinion on a subject. Respondents can expand on areas of interest and allow interviewers to note stated and non stated actions of the respondents. The research was conducted using face to face interviews to enable a wide collection of information.

3.5.5 Pilot testing

Before conducting the research, a pilot test was carried out, which is defined by Schade (2015) as a small scale trial, where a few examinees take the test and comment on the mechanics of the test. Questionnaires were distributed to the researcher's few colleagues and

one of the Program Finance Officer at World Vision. The pilot testing on the questionnaires pointed out questions that were not clear and typographical errors were highlighted thereby making the research feasible.

3.6 Validity and Reliability

The level of consistence and reality of the facts of a research defines the reliability and validity of a study (Saunders 2010). A research needs to be viable by representing the population understudy reliably. In this research reliability was attained by applying research instruments consistently to enable the same data subject to produce the same results. Viability was questioned by comparing what, why and how the current problem under study related to the findings gathered. Primary data was collected thereby making the research relevant to the current research understudy as the information on ground was collected.

3.7 Data Presentation

Flow diagrams, tables and pie charts were used to illustrate the findings of this research. Both the qualitative and quantitative data was obtained from the interviews that were carried out and the questionnaires distributed.

3.8 Data Analysis

According to Bethlehem & Biffignandi (2011), data analysis is the process whereby data is evaluated through a logical and analytical examination of the different components of data provided. Data is inspected and modified to make information useful for decision making. This research grouped the data collected and analysed the data through the use of tables, pie charts and statistical measures such as the mode. The researcher made use of simple linear

regression analysis to analyse the relationship between variance analysis and organisational performance. The relationship was defined and measured as:

Independent variable (x) – Variance analysis

Dependant variable (y) – organisational performance

Simple linear regression equation: $y = a + bx$

Organisational performance – Direct Project Cost Efficiency ratio which is calculated as:

DPC Efficiency Ratio = Administration costs/Total budget x 100% whereby 20% will be the accepted as maximum administration costs incurred (WVZ Field Finance Manual 2015).

Variance Analysis – difference between actual expenditure less budgeted expenditure whereby +/-10% will be the acceptable variance (WVZ Field Finance Manual 2015).

3.9 Ethical Consideration

Driscoll & Brizee (2012) define ethical considerations as carrying out a research taking into account how participants may feel about the potential or possible outcome of the research. To accommodate this, permission was seek from the participants and their engagement was voluntary. The research was conducted under anonymity conditions as participants were asked not to disclose their names on the questionnaires. The research was entirely for academic purposes and the research findings were represented accurately without being biased as was observed.

3.10 Chapter Summary

Chapter 3 offered an in-depth account of the research methodology which was applied to collect the research data. The research instruments, population and design were clearly outlined. Following, will be the analysing and presenting of the data collected.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

Previously, research methodology and research design which was applied to gather relevant information for the research was outlined. Now, the aim of chapter 4 is to provide the presentation, discussion and analyse data that emanated from the research guided by the questionnaire format. Tables and corresponding narrative descriptions based on the questionnaires and interviews will be used to present the actual findings of the study.

4.1 Response rates on questionnaires

Questionnaires

The objective of this study was mainly to analyse the impact of variance analysis budget control technique on organisational performance. To achieve this objective, 26 questionnaires were distributed to a targeted population at World Vision. The response rate of the questionnaires is outlined below:

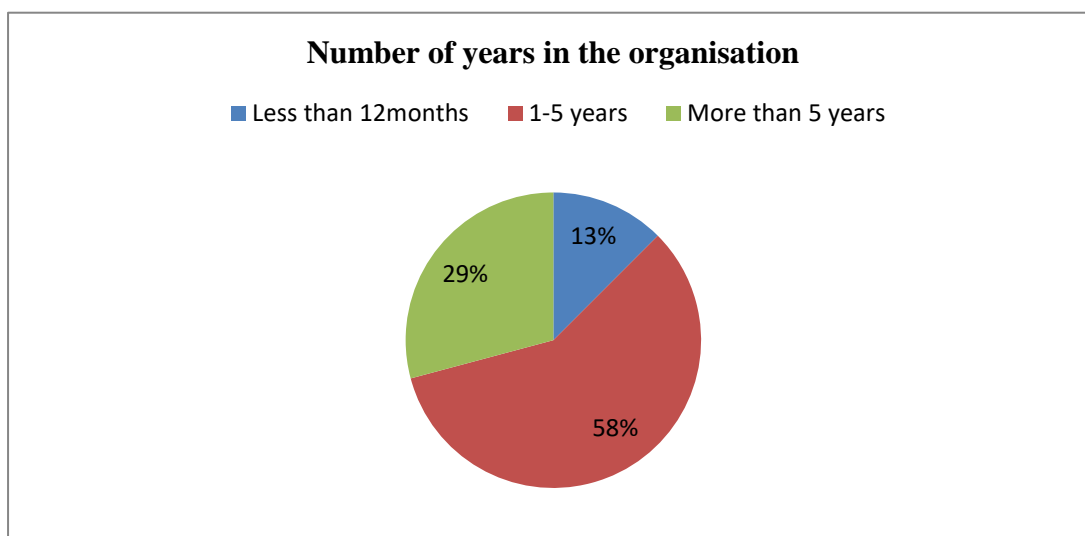
Table 4.1 Questionnaire response rate

Stratum	Target Population	Distributed Questionnaires	Answered Questionnaires	Rate of Response %
ADP	25	13	11	85
HEA Grants	15	8	8	100
Support Programs	10	5	5	100
Total	50	26	24	92

Source: *Primary Data*

The Table 4.1 above indicates that a total of 26 questionnaires were administered and 24 questionnaires were answered while 2 of the questionnaires were not. The overall response rate was 92% which was very high and assuring more accurate findings. Rindfuss et al (2015) stated that a response rate which is above 50% is preferable and has a higher probability of giving more accurate data on the phenomenon under investigation. The response rates from the targeted groups were also all above 50% which was overwhelming and impressive. However, 8% of the questionnaires were not answered and this was due to pressure from work by the other targeted employees.

Fig 4.1 Number of years in the organisation



Source: *Primary Data*

Fig 4.1 indicates the period the respondents have been involved in an organisation, 3 out of 24(13%) have been in the organisation for less than 1 year, 14 out of 24(58%) have been in the organisation for years less than 5 years and 7 out of 24(29%) have been in the organisation for more than 5 years. The majority of the respondents have spent more than 1 year in the organisation which makes the data collected from them have a higher chance of reliability as supported by Slentoe et al (2015) who stated that the more the period spent in an organisation

the more employees become familiar with the organisation and the more such employees become reliable sources of data.

4.2 Responses to questions

Question

4.2.1 Effectiveness of variance analysis measures put in place by World Vision:

Table 4.3 Budget committees have been effective in variance analysis:

Response	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	2	2	4	4	12
%	8%	8%	17%	17%	50%

Source: *Primary Data*

The table 4.3, illustrates that 2 out 24(8%) respondents strongly agree that budget committees have been effective in analysing variances, 2 out of 24 (8%) agree, 4 out of 24 (17%) are neutral, 4 out of 24 (17%) disagree and 12 out of 24 (50%) strongly disagree.

In aggregate 4 out of 24(16%) respondents agreed that budget committees have been effective in variance analysis at World Vision which means that budget committees enables effective variance analysis which was stated by Basu (2015) who stipulated that budget committee deliberations tend to ensure participation of key personnel to suggest and criticize projects thereby improving the analysis of variances in an organisation. 4 out of 24 (17%) respondents were neutral which stipulated that budget committees can either positively or negatively impact on variance analysis as stated by Kavanagh (2011) who outlined that by virtue of being a committee budget committees can be both advantageous or disadvantageous a wide range of ideas can be explored at the same time accountability might be so diffused

leading to inefficient variance analysis. 16 out of 24 (67%) of the respondents disagree that budget committees enable effective variance analysis which is the majority of the targeted population and this evidences that the budget committees at World Vision has failed to take corrective action against the unfavourable budget variances that have been experienced by the organisation and this was supported by Burke (2011) who stipulated that budget committees cannot effectively be used to analyse variances as they represent views of influential personalities making the analysis of variance system so biased.

The mode of the data is 1 which represents the majority of the respondents and these were 50% of the group who strongly disagreed that budget committees are effective in analysing variances and this means that budget committees are not effective in variance analysis and this was supported by Sycara & Sukthankar (2013) who stipulated that budget committees are only traditional tools that assist in development of budgets but there is limited evidence of its usefulness in analysing budget variances effectively.

Table 4.4 Zero based budgeting is effective in analysing budget variances:

Attitude	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Freq	1	3	3	12	5
Percentage	5%	13%	13%	50%	20%

Source: *Primary Data*

Table 4.4 shows that 1 out 24(4%) respondents strongly agree that zero based budgeting is an effective measure of variance analysis, 3 out of 24 (13%) agree, 3 out of 24 (13%) are neutral, 12 out of 24 (50%) disagree and 5 out of 24 (20%) strongly disagree.

In aggregate 4 out of 24(17%) respondents which was the minor, agreed that zero based budgeting has been effective in variance analysis at World Vision which stipulates that zero based budgeting to a lower extent contributes to the effectiveness of variance analysis as was supported by Rehman et al. (2011) who is of the view that ZBB is an effective tool to analyse budget variances as it focuses on provision of evidence for all the costs incurred by an organisation thereby provides corrective action to variances as each expense is justified thereby reducing chances of an organisation continuously experiencing budget variances. 3 out of 24 (13%) respondents were neutral meaning the impact of ZBB on variance analysis at WVZ is moderate as highlighted by Kavanagh (2011) who stated that zero based budgeting has its impact on variance analysis but it depends on how the organisation implements the system as it can be both effective and ineffective. 17 out of 24 (70%) of the respondents disagreed that zero based budgeting enables effective variance analysis which is the majority of the targeted population and this evidences that the application of ZBB has not been effective and this was outlined by Hopkins (2015) who argued that despite its increasing popularity and interest, ZBB is not an effective variance analysis measure as it is costly and it removes the critical important details as organisation tend to compress information to a reasonable size to be cost effective and in doing so compromises variance analysis due to the removal of the critical important details.

The mode of the data is 2 which represents the majority of the respondents and these were 50% of the group who disagreed that ZBB is effective in analysing variances and this concludes that ZBB has not been effective at analysing variance analysis at World Vision. This was supported by Segun (2012) also discounts the use of ZBB as a variance analysis tool as he observed from his research that ZBB is complicated and difficult to use and it requires personnel to be trained. Due to its complexity its application is not done properly thereby

compromising the effectiveness of the system as poor ZBB has a negative effect on variance analysis.

4.2.2 Effects of ineffective variance analysis on organisational performance

Table 4.5 Loss of donor confidence and trust

Response	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	8	12	2	2	0
Percentage	33%	50%	8%	8%	0%

Source: *Primary Data*

Table 4.5 indicates that 8 out of 24 (33%) respondents strongly agreed that ineffective variance analysis results in loss of donor confidence and trust, 12 out of 24 (50%) agree, 2 out of 24 (8%) were neutral, 2 out of the 24 (8%) disagreed while 0 out of the 24 were strongly disagreeing.

In total, 20 out of 24 (83%) participants agreed that ineffective variance analysis results in loss of donor confidence, this evidences the negative effects of ineffective variance analysis at WV as was stipulated by Lewis (2010) who highlighted that NGOs should effectively manage its variance analysis system to keep their donor trust and confidence thereby giving them a competitive advantage in their operational environment. 2 out of 24 (8%) were neutral which means loss of donor confidence and trust can be attributed to ineffective variance analysis to a certain extent as stipulated by Huang & Hopper (2011) who were of the opinion that variance analysis has its effects on donor confidence and trust but it is less relevant in maintaining donor trust and confidence as donors are also attracted to an organisation's non-financial information such as the goal of the NGO. 2 out of 24 (8%)

disagreed that donor confidence and trust can be lost due to ineffective variance analysis as supported by Dadkhah and Samari (2016) who argued that donor trust is not attributed to variance analysis but to other factors such as an effective marketing communicating strategy.

The mode of the data was 4 which represented 50% of the participants who agreed that ineffective variance analysis has led to loss of donor trust and confidence and this was supported by Mqat and Saada (2013) who stated that failure to manage budget variances has a negative effect on donor trust and confidence as variance analysis is a critical part in maintaining donor confidence and trust.

Table 4.6 Risk future funding opportunities

Response	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	13	8	0	3	0
Percentage	54%	33%	0%	13%	0%

Source: *Primary Data*

As illustrated in Table 4.6, 13 out of 24 (54%) respondents strongly agreed that ineffective variance analysis result in a rise in the risk of future funding opportunities, 8 out of 24 (33%) agreed, 0 out of 24 was neutral, 3 out of 24 (13%) disagreed and 0 out of 24 strongly disagreed.

Aggregately, 21 out of 24 (87%) respondents agreed meaning the organisation has experienced this challenge and this is backed up by Ridge (2011) who in his survey sheds more light on the mind-set of today's donor and he asserts that donors are now tracking the proportion of the dollar donation that directly reaches the final beneficiary in the community and unfavourable variances to them indicate failure to meet set goals. However 3 respondents

out of 24 (13%) disagreed leading to a gap on the effects of ineffective variance analysis on future funding opportunities and this was stipulated by Dadkhah and Samari (2016) who argued that ineffective variance analysis does not result in risking of future funding opportunities as that can be attributed to other factors such as ineffective marketing communication strategy.

The mode of the findings was 5, which represented 54% of the respondents who were agreeing that risk in the future funding opportunity for the organisation rises due to ineffective variance analysis. This was supported by Lewis (2010) and Kimani (2015) who agreed that organisations tend to risk future funding opportunities as ineffective variance analysis leads to poor organisational performance which in turn results in loss of donor confidence and trust.

Table 4.7 Exclusion of other important organisational objectives

Response	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	14	8	0	2	0
Percentage	58%	33%	0%	8%	0%

Source: *Primary Data*

14 out of 24(58%) respondents strongly agreed that ineffective variance analysis encourages exclusion of other important organisational objectives, 8 out of 24 (33) agreed, 1 out of 24 (4%) was neutral, 1 out of 24 (4%) disagreed and 0 out of 24 strongly disagreed.

Entirely, the majority which was 22 out of 24 (91%) agreed suggesting that the organisation's other objectives were being compromised by the tendency of variance analysis to focus on unfavourable variances and this was stipulated by Aruomoaghe & Agbo (2013) who pointed

out that ineffective variance analysis tends to encourage exclusion of important objectives as it tends to focus on the extreme adverse budget variances incurred by an organisation as the organisation will be focusing on taking corrective action. 1 out of 24(4%) was neutral However 2 out of 24 (8%) disagreed resulting in an argument to discount this factor indicating there might be other reasons behind such behaviour as was stipulated by Swanson (2010) who argued that ineffective variance analysis cannot be blamed for exclusion of other important objectives of the organisation as he discovered from his research that managers can do this intentionally especially when they are afraid they might not be capable to meet such objectives.

The mode of this data was 5, which was the majority of the population 58% agreeing that ineffective variance analysis can result in exclusion of other important objectives as pointed out by Njoki (2012) who highlighted that ineffective variance analysis tends to focus on goal standardisation at the expense of other objectives such as donor satisfaction, quality and timely delivery of services.

Table 4.8 Poor decision making

Response	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	4	13	2	3	2
Percentage	17%	54%	8%	13%	8%

Source: *Primary Data*

Table 4.8 illustrates that 4 out of 24(17%) respondents strongly agreed that ineffective variance analysis result in poor decision making, 13 out of 24 (54%) agreed, 2 out of 24 (8%) were neutral, 3 out of 24 (13%) disagreed and 2 out of 24 (8%) strongly disagreed.

In aggregate, the majority which was 17 out of 24 (71%) agreed suggesting that the organisation's decision making was being compromised by ineffective variance analysis as stipulated by Mukumba (2014) who suggested that by virtue of using budget information ineffective decisions can be made as a budget is based on a set of assumptions which could be biased. 2 out of 24(8%) were neutral leading to a dispute on whether ineffective variance analysis has a bearing on decision making. However 5 out of 24 (21%) disagreed leaving a room for chances that poor decision making cannot be entirely result of ineffective variance analysis as suggested by Gustafsson & Parsson (2010) who discounted this factor as they believe poor decision making cannot be directly attributable to ineffective variance analysis but to other factors such as poor management system and bureaucracy.

The mode of this data was 4, which was the majority of the population 54% agreeing that ineffective variance analysis can result in poor decision making as supported by Kavanagh (2011)) who pointed out that ineffective variance analysis results in rigid decision making as it makes management to focus on strategizing the budget at the end of a fiscal year.

4.2.3 Other budget control techniques that affect organisational performance other than variance analysis

Table 4.9 Responsibility Accounting

Response	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	14	8	0	2	0
Percentage	58%	33%	0%	8%	0%

Source: *Primary Data*

Table 4.9 illustrates that 14 out of 24(58%) respondents strongly agreed that responsibility accounting is one of the other technique that affect organisational performance, 8 out of 24 (33%) agreed, 0 out of 24 were neutral, 2 out of 24 (8%) disagreed and 0 out of 24 strongly disagreed.

In aggregate, majority which was 22 out of 24 (92%) agreed stipulating the other factors that could be affecting organisational performance other than variance analysis as was suggested by Fowzia (2011) when he stated that responsibility accounting has a positive effect on organisational performance as it provides plans and activities of responsibility centres based on the principles of delegating and locating responsibility making it easier to pin point the specific individual responsible for a task as such making individuals dedicated to their work as they know they will be answerable to their outcome. 2 out of 24(8%) disagreed creating a gap on the impact of responsibility accounting which was supported by Anthony (2013) argues that responsibility accounting cannot be relied upon completely as a budget control technique as responsibility accounting tend to focus management attention on areas that need more investigating.

Mode of this data was 5, representing the 58% majority of the respondents who strongly agreed that responsibility accounting has a bearing on organisational performance as was supported by Safa (2012) who is of the view states that responsibility accounting is a method different from piling up costs and it puts more emphasis on evaluating operations than costing production taking advantage of planning and controlling techniques which enables deviations between budgeted and actual amounts to be split into components thereby finding the reason behind the unfavourable deviations.

Table 4.10 Management by objectives (MBO)

Response	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	6	13	0	3	2
Percentage	25%	54%	0%	13%	8%

Source: *Primary Data*

Table 4.10 above shows that 6 out of 24(25%) respondents strongly agree that MBO affects organisational performance, 13 out of 24 (54%) agree, 0 out of 24 neutral, 3 out of 24 (13%) disagree and 2 out of 24 (8%) strongly disagree.

In aggregate 19 out of 24(79%) respondents agreed that MBO affect organisational performance as suggested by Dakota (2010) who stipulated that MBO motivates management to improve on performance and in turn assumes that if employees attain their objectives, management will also do the same and hence achievement of organisational objectives attained. . 5 out of 24 (21%) of the respondents disagreed that MBO affects organisational performance suggesting that there are other factors that affect organisational performance as supported by Aruomoaghe and Agbo (2013) who criticizes that MBO does not contribute positively to organisational performance as it compromises teamwork by its nature to focus on numerical quotas and it requires a lot of administration work.

The mode of this data was 4, representing the 58% majority of the respondents who agreed that Westland's Fours step variance analysis model is the best way to achieve effective variance analysis. This was in harmony with what Mukumba (2014) stipulated in his study when he pointed out that the best way pertaining to variance analysis is to make sure that variance analysis is regularly carried out so that the function of the budget is always on track. Mukumba (2014) also stated that managers and employees should be well informed to

enhance performance, resources should always be linked to results and that participatory approach is a prerequisite for the success of an organisation.

4.2.4 The best way to achieve effective variance analysis

Table 4.11 Westland's Four Step Variance Analysis Model:

Response	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Frequency	9	13	0	1	1
Percentage	38%	54%	0%	4%	4%

Source: Primary Source

Table 4.11 illustrates that 9 out of 24(38%) respondents strongly agreed that Westland's Fours step variance analysis model is the best way to achieve effective variance analysis, 13 out of 24 (54%) agreed, 0 out of 24 were neutral, 1 out of 24 (4%) disagreed and 1 out of 24 (4%) strongly disagreed.

In aggregate, the majority which was 22 out of 24 (92%) agreed that Westland's Fours step variance analysis model is the best way to achieve effective variance analysis which was supported by Neves (2010) who in support of these 4 steps further recommended that variances should not be interpreted in isolation of each other because an unfavourable variance may be caused by several factors outside the control of the organisation and therefore certain care must be taken to watch out for possible negative impacts in other areas of the organisation. 2 out of 24(8%) disagreed to the model as supported by Mohamed et al (2015) who criticized the model as he pointed out that variances must be based up by scientifically established standards. If the standard of performance is not meaningful, variance cannot be a meaningful budget control technique to enhance performance.

The mode of this data was 4, representing the 58% majority of the respondents who agreed that Westland's Fours step variance analysis model is the best way to achieve effective variance analysis. This was in harmony with what Mukumba (2014) stipulated in his study when he pointed out that the best way pertaining to variance analysis is to make sure that variance analysis is regularly carried out so that the function of the budget is always on track. Mukumba (2014) also stated that managers and employees should be well informed to enhance performance, resources should always be linked to results and that participatory approach is a prerequisite for the success of an organisation.

4.2.5 Relationship between variance analysis and organisational performance

Table 4.12 Simple linear regression analysis results from Stata Statistical Software

. reg organisationalperformance kpis budgetcommittee fundingforecasts zbb						
Source	SS	df	MS			
Model	5.2485074	4	1.31212685	Number of obs =	24	
Residual	.751492597	19	.039552242	F(4, 19) =	33.17	
Total	6	23	.260869565	Prob > F =	0.0000	
				R-squared =	0.8748	
				Adj R-squared =	0.8484	
				Root MSE =	.19888	
organisati~e	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
kpis	.0225828	.0447878	0.50	0.620	-.0711592	.1163249
budgetcomm~e	-.071973	.0352968	-2.04	0.056	-.1458501	.0019041
fundingfor~s	-.1775057	.0480791	-3.69	0.002	-.2781364	-.076875
zbb	-.1203103	.0440119	-2.73	0.013	-.2124283	-.0281922
_cons	1.356627	.0928668	14.61	0.000	1.162254	1.550999

Source: *Primary Data*

Table 4.12 outlines the measures that were used to analyse the relationship which exists between variance analysis and organisational performance. Key performance Indicators indicated a positive coefficient of 0.226, T statistic of 0.50 and a probability of 0.62. The budget committee measure had a negative coefficient of 0.072, a T statistic of -2.04 and a probability of 0.056. The Funding Forecasts measure also had a negative coefficient of 0.178,

a T statistic of -3.69 and a probability of 0.002. The ZBB measure had a negative coefficient of 0.12, a T statistic of -2.73 and a probability of 0.013.

In aggregate, 3 out of 4 measures indicated that there is a strong negative relationship between variance analysis and organisational performance since 3 out of 4 measures all had a negative coefficient which was stated by Deniz et al (2010) who stipulated that a negative coefficient reflects a negative relationship between variables. The T statistic was significant since it was greater than 2 as supported by Salomons (2013) who indicated that if the T statistic of a variable is greater than 2 it will be significant. The 3 measures also had a significant probability which was less than 0.05 and this is pointed out by Salomons (2013) who stipulates that for a probability of a variable to be considered significant it should be less than 5%. 1 out of 4 measures, KPIs showed a positive relationship since it has a positive coefficient but however this positive relationship was insignificant since the T statistic was less than 2 and the probability was insignificant since it was greater than 0.05.

The majority of the measures indicated a strong negative relationship between variance analysis and organisational performance suggesting that ineffective variance analysis has a negative impact on organisational performance which is in line with what Kipkemboi (2013) suggested as he stipulated that there is a strong negative relationship between the two variables as ineffective variance analysis negatively affect organisational performance.

4.3 Interviews

Face to face interviews were carried out to gather more information and 3 people were interviewed at the organisation and their responses were as follows:

Interviewee 1

The first respondent was of the view that the measures put in place by World Vision in its variance analysis tool are not effective. He highlighted the negative effects ineffective variance analysis has had on World Vision such as exclusion of other important organisational goals as he stipulated that variance analysis tend to focus on the unfavourable budget variances incurred by the organisation. He also pointed out that other measures that affect organisational performance include non financial factors such as employee motivation. About implementing an effective variance analysis tool, he suggested that all employees should participate in the budget process so that they are well informed as every employee contributes towards goal attainment. He concluded that ineffective variance analysis has a negative impact on organisational performance.

Interviewee 2

The second respondent agreed with the first respondent that the variance analysis system at WVZ has not been effective. He stressed out that this has led to the organisation facing a rise in the risk of future funding opportunities. In agreement with the first respondent, he also pointed out that other factors such as key performance indicators affect organisational performance other than variance analysis. He suggested that a continuous forecasting of the budgets should be done and all staff kept well informed about the set budgets to enable effective variance analysis. About the relationship between variance analysis and organisational performance he concluded that there could be a negative relationship between the two variables since ineffective variance analysis reduces organisational performance.

Interviewee 3

The third interviewee agreed with the other two respondents that the variance analysis system at WVZ has not been effective. He stressed out that the organisation has received budget cuts from donors who lost their confidence and trust in the organisation due to the budget variances that have been experienced by the organisation. He was of the view that organisational performance can be improved by responsibility accounting and that the organisation can implement effective variance analysis by properly coordinating the set budgets. However he concluded that there is a strong negative relationship between the two variables since ineffective variance analysis has a negative effect on organisational performance.

In aggregate, all the interviewees agreed that the measures put in place at WVZ has not been effective and this was in line with mode of data gathered from the questionnaires which was 1 representing 50% which was the majority of the respondents who strongly disagreed that the measures put in place at World Vision Zimbabwe have been effective as supported by Sycara & Sukthankar (2013) who stipulated that budget committees and zero based budgeting are only traditional tools that assist in development of budgets but there is limited evidence of their usefulness in analysing budget variances effectively.

The data reviewed that all the interviewees agreed that ineffective variance analysis has had a negative impact on the organisation which is in line with the mode of 4, (54%) of the respondents who answered the questionnaires who agreed that ineffective variance analysis has resulted in negative effects on WVZ as stipulated by Kavanagh (2011)) who pointed out that ineffective variance analysis focuses management's attention on strategising budget formulation at the end of a fiscal year resulting in rigid decision making, loss of donor

confidence and trust, risk in future funding opportunities and exclusion of other important organisational goals.

The three interviewees all stated that there are other factors which affect organisational performance other than variance analysis which is in line with the response from the data gathered from the questionnaires. The mode of the data was 4 (58%) which represented the respondents who agreed that other factors such as responsibility accounting, MBO and KPIs improve organisational performance. This was suggested by Stankovića et al (2011) and Fowzia (2011) who stipulated that KPIs are helpful in denoting the current position of performance and that locating responsibility pin points the specific individual responsible for a task making individuals dedicated to their work as they know they will be answerable to their outcome.

Again, the interview data suggested that effective variance analysis can be achieved by following the four step model which was outlined by Westland (2011) as the three interviews pointed out that effective variance analysis can be reached by properly coordinating the set budgets, continuously forecasting of the budgets should be done and all staff kept well informed about the set budgets. This was in line with the response from the questionnaire where the data mode was 5 (54%) representing the population who agreed to Westland's four step model to variance analysis.

The data gathered from the interviews indicated that a strong negative relationship exists between variance analysis and organisational performance since the 3 respondents agreed that Budget committees, ZBB, KPIs and funding forecasts affect organisational performance negatively if they are not implemented effectively. This was in line with the results gathered from the questionnaires as the Stata results indicated that the majority of the measures had negative coefficients suggesting a strong negative relationship which was stipulated

Kipkemboi (2013) suggested as he stipulated that there is a strong negative relationship between the organisational performance and analysis variances as ineffective variance analysis negatively affect organisational performance.

4.4 Chapter Summary

The analysis and presentation of the data collected from the interviews carried out and the questionnaires that were distributed was outlined. Following will be the conclusion of the major findings and the recommendations relating to the research problem.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

Chapter 5 is the final chapter of this project which aims to review the research under study. Its focus is on summary, conclusions and recommendations relating to the research findings.

5.1 Chapter Summaries

Chapter 1

Over the period 2013 to 2015 WVZ has experienced wide budget variances indicating inadequate budget management by the organisation. Ineffective variance analysis has had a negative impact on the organisational performance due to failure to effectively analyse budget variances experienced. Challenges have risen such as organisational activities not fully accomplished, losing donor confidence and trust, difficulties in getting funding, setting a bad precedent for the organisation and hence motivation to analyse on the effects ineffective budget variance analysis on performance of the organisation.

Chapter 2

This chapter gave an analytical overview on the effectiveness of the measures put in place by WVZ in its variance analysis tool, the extent to which ineffective budget variance analysis affect the organisational performance, budget control techniques that affect organisational performance other than variance analysis, relationship between variance analysis and organisational performance and the best ways to achieve effective variance analysis. Aruomoaghe & Agbo (2013) noted that variance analysis has its costs and benefits and caution need to be taken to enable correct decision making which impact on performance. Mqat and Saada (2013) were of the view that ineffective variance analysis has negative impact on organisational performance. Westland (2011) stipulated that effective variance analysis can be achieved if the organisation continuously forecast its set budgets, keeping the

team well informed and proper coordination of set budgets. From the literature review it was evidenced that there is still a gap on the relationship and impact of variance analysis on organisational performance and hence motivation to this study.

Chapter 3

In chapter 3, the research data was gathered using the descriptive research design, Questionnaires and interview were used as research instruments to collect both the quantitative and qualitative data. A target population of 50 was used and it constituted World Vision Zimbabwe key employees in the Southern Region. Stratified random sampling method was applied as a sample method and the sample size was 26.

Chapter 4

In Chapter 4 the data gathered was analysed and presented on tables using the Likert scale, mode of the data, Microsoft excel and regression analysis. A total of 24 questionnaires were answered while 3 personnel were interviewed.

5.3 Major Research Findings

Measures put in place by WVZ in its variance analysis tool are ineffective:

The majority of the respondents stipulated that the measures put in place by WVZ in its variance analysis tool are ineffective as evidenced by the continuous unfavourable budget variances that the organisation has been experiencing over the years.

Ineffective budget variance analysis affects the NGO's performance negatively:

The ineffective variance analysis system has resulted in the organisation facing challenges such as loss of donor confidence and trust and these challenges have had a negative impact on organisational performance.

There are other budget control techniques that affect organisational performance other than variance analysis:

Besides variance analysis the findings established that there are other factors that improve organisational performance such as key performance indicators and management by objectives.

The best possible ways to achieve effective variance analysis:

Most of the respondents agreed that variance analysis can be made effective if the set budgets are continuously forecasted, the team is kept well informed about the budgets sets and resource usage regularly forecasted.

A significant negative relationship exists between variance analysis budget control technique and organisational performance:

Ineffective variance analysis has a negative impact on organisational performance thereby drawing a significant negative relationship between the two variables.

5.4 Conclusions

The research was conducted successfully as all the research objectives were met. The study focused on the impact ineffective variance analysis has had on WVZ and it was drawn that the measures that had been adopted by WVZ such as budget committees and Zero based budgeting have not been effective. The ineffective variance analysis tool has resulted in the organisation losing donor confidence and trust, exclusion of other important organisational goals and poor decision making. Besides variance analysis, factors such as responsibility accounting also improve organisational performance. WVZ can achieve effective variance analysis if the organisation continuously forecast its budgets and resource usage and keeping all the employees well informed on the budgets set. There is a strong negative relationship

between variance analysis and organisational performance, whereby organisational performance is dependent on the effectiveness of variance analysis.

5.5 Recommendations

The following recommendations were made in reference to the findings of the study:

World Vision Zimbabwe should set up a platform to educate all the employees about the budgeting system to keep them well informed as every employee contributes to the attainment of organisational goals to reduce chances of deviations from the set budgets thereby preventing unfavourable budget variances.

The organisation should employ other measures into its variance analysis system such as responsibility accounting which has a positive effect on organisational performance as it pin points the specific individual responsible for a task as such making individuals dedicated to their work as they know they will be answerable to their outcome and depart from delegating all responsibility towards unfavourable variances to the finance department.

The top management should be more involved in supporting, participating and constantly reviewing the variance analysis system to stop the continuous wide budget variances that the organisation has been continuously experiencing over the years.

5.6 Suggested area for further research

This study focused on the effects of variance analysis budget control technique on organisational performance. There is still room for other researchers to study on other budget control techniques such as Zero based budgeting which has yielded continuous budget variances over the years which exceed the 10% benchmark which is allowed by the organisation policy.

5.7 Chapter Summary

A conclusion based on the results of the findings that were gathered and recommendations in relation to the current study were given. Areas for further study were suggested for other researchers interested in topics related to this study.

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APPENDICES

APPENDIX A

QUESTIONNAIRE: World Vision Zimbabwe

Dear Respondent

I am Clara P Matema, a final year student pursuing a Bachelor of Accounting Honours Degree at the Midlands State University. I am currently undertaking an academic research study entitled: **Variance analysis: A solution to financial performance in a nongovernmental setting**. Your responses will be treated with high level of confidentiality and will be solely used for academic purposes.

Instructions

1. Do not write your name on the questionnaire.
2. Show response by ticking the respective answer box where applicable.

General Information

1. Which department do you belong to?

ADP GRANTS SUPPORT PROGRAM

2. Indicate the number of years in the department.

LESS THAN 12 MONTHS 1-5 YEARS 5-10 YEARS

1. Effectiveness of variance analysis measures put in place by World Vision?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Budget committees have been effective in variance analysis.					
b) Zero based budgeting is effective in analysing variances.					

2. Effects of ineffective variance analysis on organisational performance

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Loss of donor confidence and trust.					
b) Rise in the risk of future funding opportunities.					
c) Exclusion of other important organisational objectives.					
d) Poor decision making					

3. Other budget control techniques that affect organisational performance other than variance analysis

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Responsibility accounting					
b) Management by objectives					
c) Key performance indicators					

4. The best way to achieve effective variance analysis

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Continuous forecast of the budget					
b) Keeping all the staff well informed about the set budgets					
c) Regular resource usage forecast					
d) Manage scope meticulously					

5. Relationship between variance analysis and organisational performance

The following measures affect organisational performance negatively if they are implemented ineffectively performance:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a) Budget committee					
b) Zero based budgeting					
c) Funding forecasts					
d) Key performance indicators					

Thank You.

APPENDIX B

INTERVIEW GUIDE

1. Is the budget variance analysis tool put in place by World Vision Zimbabwe effective?
2. What are the effects of ineffective budget variance analysis on organisational performance?
3. Other than variance analysis which other budget control techniques are affecting organisational performance?
4. How can the organisation implement an effective variance analysis tool?
5. From your observation what can you say about the relationship between variance analysis and organisational performance?