Feasibility of performance budgeting implementation based on two variables, the ability and authority
Case Study: Rasht Municipality

Mojgan Abdollahifar
Masters student, Department of business management, financial trends, Rasht Branch, Islamic Azad University, Rasht, Iran

Maryam Ooshaksaraie*
Assistant Professor, Department of Industrial Management, Rasht Branch, Islamic Azad University, Rasht, Iran
*Corresponding Author: ooshaksaraie@iaurasht.ac.ir

Abstract

Budget is considered the most important planning tool to manage any organization, and budgeting as status form description for and forecasting revenues and expenses for a course helps manager in organization control and its financial health. This research has investigated the feasibility of performance budgeting implementation in Rasht municipality in the form of 4 hypotheses based on (ability, authority and acceptance), with regard to economizing as the dependent variable and ability, authority and acceptance as an independent variable.
Method of data collection is field, and data collection tool is a questionnaire. Statistical population had included 220 staff (all managers and experts associated with performance budgeting in 5 regions and 14 organizations) of Rasht municipality; and sampling method is also census report. Inferential statistics including one sample t test and Kolmogorov-Smirnov test with SPSS19 software have been used for data analysis.
The results indicate that Rasht municipality has had the necessary ability, authority and acceptance to implement performance budgeting, and cause also economizing. Therefore, it is suggested an effective step to be taken in order to reinforce the implementation of performance budgeting in Rasht municipality in all dimensions (ability, authority and acceptance).

Keywords: budget, performance budgeting, ability, authority, economizing, Rasht municipality.
Introduction
Performance budgeting has long been among the revised recommendations in developed and developing countries. Performance budgeting is a kind of planning system, budgeting and evaluation that is cost on budget relationship and emphasizes on the expected results. Various administrative departments within the framework of performance budgeting are accountable based on certain standards as performance indicators, and managers have greater performance authority in determining the best way of achieving the results.

Performance budgeting system as a management system to improve the efficiency and effectiveness of organizational resources has been greatly attended by governments in national and local levels. In this system budgeting credits based on organizational units' performance are assigned for the aim of products' production or short-term goals and achieving long-term goals. Thus the organization is led towards transparency increase in the manner of using resources to carry out activities, products' production, goals achievement and strategies as well as more accountability.

Ye Lu et al (2011), in a study titled "Performance Budgeting in the United States, what has been committed by law to implement it" have investigated the content of the performance budgeting law and its relationship with executive quality of performance budgeting system. The research results show that performance budgeting law that contains detailed instructions about development, reporting and using performance data leads to stronger use of performance budgeting systems in the States.

In performance budgeting attends to the activities and its expenditures instead of supplies and equipment for implementing activities. Performance Budgeting can be investigated by three criteria: ability, authority and acceptance (Poorzamani and Naderi, 2012: 4).

The purpose of ability is the ability to implement performance budgeting, which includes three components: Performance evaluation ability for the purposes of performance budgeting, necessary ability to implement performance budgeting in terms of manpower, and the necessary ability to implement performance budgeting technically.

The purpose of the authority is the appropriate authority to implement performance budgeting, which includes three components: the necessary legal authority, authority in procedures, and the appropriate organizational authority to implement performance budgeting.

The purpose of acceptance is an appropriate acceptance to implement performance budgeting, which includes three components: political, motivational and managerial acceptance.

Anderius (2004), in a study titled "ability, authority, acceptance in the adoption of Performance Budgeting" three effective factors, has investigated on the manner of implementation of performance budgeting in America states and has explored the factors affecting the implementation of the mentioned system.

Budget is one of the most important tools in municipalities' financial management and its importance is to the extent that according to Article 16 of the Financial Regulations of municipalities, the mayor is responsible for it. The mayor is directly responsible for municipalities' financial issues and is responsible for its financial management.

Budget in municipalities is a tool to control and progress of works and projects, and ensure from its implementation based on anticipated schedule, and that is why the mayor can apply proper and appropriate control on the works progress and performed costs despite a correct method of
preparing and adjusting budget, and extract the appropriate budget reports, and, if necessary, provides a clear picture of performance status of municipalities.

Andrews (2004), "the manner of implementation of Performance Budgeting" has shown that there is the possibility of implementing performance budgeting in states where the professional and expertise ability are more for such changes, and officials have more authority to make such changes, and the amount of change acceptance is more.

Budgeting is known the process for allocation of limited resources to unlimited needs. Total attempts which are being used to develop a budget and allocating resources are for the maximum use of the resources that are usually not adequate, and in economic terms are rare.

Therefore, it is necessary to reach the desired goals to use each of the limited resources in such a way that in conversion of total resources to money; be able to say with minimum cost, maximum use has been carried out. Budget has turn goals and strategies in terms of financial credits, and determines the way of program implementation and progress control of them.

The most important factors that cause tend to planning in budgeting can be known development of economic micro and macro analysis, and its role in shaping financial and budgeting policy, as well as in development of new information technology and decision-making, and its performance in policy (Mahdavi, 2010)

The idea of making performance budget has been posed in recent years in Iran for the first time in clause "B" Note "23" Budget Law 2002 of throughout the country, according to this clause: " Country Management and Planning Organization (was supposed) to act in order to reform budgeting system towards making performance budget, revision of estimating incomes and expenditures system for 2003 for all executive agencies, companies, and organizations that being included of public laws and regulations on them requires mention of name, and distributes credits related to the costs based on the needs of the organizations and activities that performed. " This issue was exactly repeated in the clause "R" Note "1" of 2003 budget law and clause "Z" Note "1" of 2003 budget law.

The feasibility of establishment of performance budgeting in Rasht municipality was investigated in this study. Undoubtedly, targeted allocation of credit to the organization's activities can clarify the distribution of resources as well as provide the possibility of performance monitoring and expectation for access to the results' costs. In this area, the use of performance budgeting would be an effective step in increasing the efficiency and effectiveness of credits.

The main aim of this study is to clarify the position, and how to act to establish and implement a suitable and efficient performance budgeting system, and to examine the necessary infrastructures to implement performance budgeting in Rasht Metropolitan Municipality, including ability, authority and finally to examine the creation of economizing by implementing performance budgeting. Thus, the present study has designed and analyzed the feasibility of implementing performance budgeting based to establish and implement performance budgeting in Rasht municipality.

Research Methodology
This study, has explained the possibility of implementing performance budgeting in the Rasht municipality. Statistical population of this study, 220 people, includes all managers and experts are related to performance budgeting in the Rasht municipality. Their viewpoint has been used to
respond to the questionnaire. Note that: because the statistical population was a limited and available statistical population, so the questionnaire was distributed among all members of population (census method). In this research, collecting information and data method and data collection method is field and questionnaire evaluating the feasibility of implementing performance budgeting based on the model of "Shah" and the whole five-item Likert has been used to collect data.

In order to analyze the data and inferential statistics (including t-tests one sample and Kolmogorov-Smirnov test by SPSS19 software) to answer questions and hypotheses of research, was used for analysis. In this study economically dependent variable and independent variables

**Considering the above hypotheses of this study is that:**

Research hypotheses include the main hypothesis and secondary hypotheses are as follows:

**Main hypothesis 1:** In the Rasht municipality there is ability to implementing performance budgeting.

- **Secondary hypothesis 1-1:** There is evaluation power of performance for the purposes of performance budgeting in the Rasht municipality
- **Secondary hypothesis 1-2:** Rasht municipality has ability needed to implementing performance budgeting in terms of human resources.
- **Secondary hypothesis 1-3:** Rasht municipality has ability needed to implementing performance budgeting technically.

**Main hypothesis 2:** there is appropriate authority for implementing performance budgeting in the Rasht municipality.

- **Secondary hypothesis 2-1:** legal authority to implementing performance budgeting has been granted to the Rasht municipality.
- **Secondary hypothesis 2-2:** authority in procedures to implementing performance budgeting has been granted the Rasht municipality.
- **Secondary hypothesis 2-3:** there is an appropriate organizational authority to implementing performance budgeting and has been granted to the departments.

**Main hypothesis 4:** implementing performance budgeting lead to cost savings in the Rasht municipality.

**Analysis of the results**

**Analysis of the Research hypotheses**

**Main hypothesis 1:** there is ability to implementing performance budgeting in the Rasht municipality.

According to Table 1 is observed achieved average is higher than 3, and also achieved significant level equal to 0.000 that this is less than 1, So research hypothesis is accepted at the level of 99%, ie there is ability to implementing performance budgeting in the Rasht municipality.
Table 1: t-test of variable for ability to implementing performance budgeting

<table>
<thead>
<tr>
<th></th>
<th>number</th>
<th>mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>ability to implementing</td>
<td>220</td>
<td>3.4365</td>
<td>0.56555</td>
<td>11.449</td>
<td>219</td>
<td>0.000</td>
</tr>
<tr>
<td>performance budgeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Secondary hypothesis 1-1: There is evaluation power of performance for the purposes of performance budgeting in the Rasht municipality. According to Table 2 is observed achieved average is higher than 3, and also achieved significant level equal to 0.000 that this is less than 1, So research hypothesis is accepted at the level of 99%, ie there is ability to performance evaluation for the purposes of performance budgeting in the Rasht municipality.

Table 2: variable t-test ability to performance evaluation and performance budgeting

<table>
<thead>
<tr>
<th></th>
<th>number</th>
<th>Mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to performance</td>
<td>220</td>
<td>3.6091</td>
<td>0.62834</td>
<td>14.378</td>
<td>219</td>
<td>0.000</td>
</tr>
<tr>
<td>evaluation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Secondary hypothesis 1-2: Rasht municipality has ability needed to implementing performance budgeting in terms of human resources. According to Table 3 is observed achieved average is higher than 3, and also achieved significant level equal to 0.000 that this is less than 1, So research hypothesis is accepted at the level of 99%, ie Rasht municipality has ability needed to implementing performance budgeting in terms of human resources.

Table 3: t-test of variable for ability to human resources and performance budgeting

<table>
<thead>
<tr>
<th></th>
<th>number</th>
<th>mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability of Human resources</td>
<td>220</td>
<td>3.3869</td>
<td>0.59807</td>
<td>9.595</td>
<td>219</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Secondary hypothesis 1-3: Rasht municipality has ability needed to implementing performance budgeting technically.
According to Table 4 is observed achieved average is higher than 3, and also achieved significant level equal to 0.000 that this is less than 1, So research hypothesis is accepted at the level of 99%, ie Rasht municipality has ability needed to implementing performance budgeting technically.

<table>
<thead>
<tr>
<th>number</th>
<th>mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical ability</td>
<td>220</td>
<td>3.3136</td>
<td>0.62190</td>
<td>7.480</td>
<td>219</td>
</tr>
</tbody>
</table>

Main hypothesis 2: there is appropriate authority for implementing performance budgeting in the Rasht municipality.
According to Table 5 is observed achieved average is higher than 3, and also achieved significant level equal to 0.000 that this is less than 1, So research hypothesis is accepted at the level of 99%, ie there is appropriate authority for implementing performance budgeting in the Rasht municipality.

Table 5: t-test of variable appropriate authority for implementing performance budgeting

<table>
<thead>
<tr>
<th>number</th>
<th>mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority</td>
<td>220</td>
<td>3.2298</td>
<td>0.79248</td>
<td>4.301</td>
<td>219</td>
</tr>
</tbody>
</table>

Secondary hypothesis 2-1: legal authority to implementing performance budgeting has been granted to the Rasht municipality.
According to Table 6 is observed achieved average is higher than 3, and also achieved significant level equal to 0.854 that this is more than 1, So research hypothesis is not accepted, ie there is no appropriate legal authority to implementing performance budgeting in the Rasht municipality.

Table 6: t-test of variable for legal authority and performance budgeting

<table>
<thead>
<tr>
<th>number</th>
<th>mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>legal authority</td>
<td>220</td>
<td>2.9894</td>
<td>0.85171</td>
<td>-0.185</td>
<td>219</td>
</tr>
</tbody>
</table>

Secondary hypothesis 2-2: there is authority in procedures to implementing performance budgeting in the Rasht municipality.
According to Table 7 is observed achieved average is higher than 3, and also achieved significant level equal to 0.000 that this is less than 1, So research hypothesis is accepted at the level of 99%, ie there is authority in procedures to implementing performance budgeting in the Rasht municipality.
Table 7: t-test variable for procedure authority and performance budgeting

<table>
<thead>
<tr>
<th>number</th>
<th>mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>authority in procedures</td>
<td>220</td>
<td>3.4136</td>
<td>0.83272</td>
<td>7.368</td>
<td>219</td>
</tr>
</tbody>
</table>

Secondary hypothesis 2-3: there is an appropriate organizational authority to implementing performance budgeting and has been granted to the departments. According to Table 8 is observed achieved average is higher than 3, and also achieved significant level equal to 0.000 that this is less than 1, So research hypothesis is accepted at the level of 99%, ie there is an appropriate organizational authority to implementing performance budgeting and has been granted to the departments.

Table 8: t-test of variable for organizational authority and performance budgeting

<table>
<thead>
<tr>
<th>number</th>
<th>mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>organizational authority</td>
<td>220</td>
<td>3.2864</td>
<td>0.91152</td>
<td>4.660</td>
<td>219</td>
</tr>
</tbody>
</table>

Main hypothesis 4: implementing performance budgeting lead to cost savings in the Rasht municipality. According to Table 9 is observed achieved average is higher than 3, and also achieved significant level equal to 0.000 that this is less than 1, So research hypothesis is accepted at the level of 99%, ie implementing performance budgeting lead to cost savings in the Rasht municipality.

Table 9: t-test of variable for cost savings and performance budgeting

<table>
<thead>
<tr>
<th>number</th>
<th>mean</th>
<th>SD</th>
<th>T-statistic</th>
<th>Degrees of freedom</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>cost savings</td>
<td>220</td>
<td>3.4038</td>
<td>0.59890</td>
<td>12.833</td>
<td>219</td>
</tr>
</tbody>
</table>

According to Table 10 it was revealed that:
- In the variable ability, 3.6091 is the highest score that is related to the ability variable the performance of performance evaluation and the lowest score is 3.3116 which is related to the variable of technical ability.
- In the variable of authority, 3.4136 are the highest score that is related to procedure authority variable and the lowest score is 2.9894 which are related to the variable of legal authority.
Table 10. Description of variables

<table>
<thead>
<tr>
<th>Average</th>
<th>Components</th>
<th>index</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6091</td>
<td>Ability to evaluate performance</td>
<td>Ability</td>
</tr>
<tr>
<td>3.3869</td>
<td>Human potential</td>
<td></td>
</tr>
<tr>
<td>3.3116</td>
<td>Technical ability</td>
<td></td>
</tr>
<tr>
<td>2.9894</td>
<td>Legal authority</td>
<td>Authority</td>
</tr>
<tr>
<td>3.4136</td>
<td>The procedural</td>
<td></td>
</tr>
<tr>
<td>3.2864</td>
<td>The organization</td>
<td></td>
</tr>
</tbody>
</table>

**Discussion and conclusion**

**Main hypothesis 1:** In the Rasht municipality there is ability to implementing performance budgeting.

In the present study, the t-test was used to examine the dimensions of ability (performance evaluation, manpower, technical) related to the implementation of the performance budgeting. According to Table 1 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.000, that this value is less than 1, so the research hypothesis is accepted in level of 99%, it means there is the ability to implement performance budgeting in Rasht municipality.

According to Table 2 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.000, that this value is less than 1, so the research hypothesis is accepted in level of 99%, it means there is the performance evaluation ability in the purpose of the aims of implementation of performance budgeting in Rasht municipality.

According to Table 3 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.000, that this value is less than 1, so the research hypothesis is accepted in level of 99%, it means there is the ability to implement performance budgeting in terms of manpower in Rasht municipality.

According to Table 4 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.000, that this value is less than 1, so the research hypothesis is accepted in level of 99%, it means there is technically the ability to implement performance in Rasht municipality.

**Main hypothesis 2:** there is appropriate authority for implementing performance budgeting in the Rasht municipality.

In the present study, the t-test was used to examine the dimensions of authority (Legal, procedural, organizational) related to the implementation of the performance budgeting. According to Table 5 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.000, that this value is less than 1, so the research hypothesis is accepted in level of 99%, it means there is appropriate authority to implement performance budgeting in Rasht municipality.

According to Table 6 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.854, that this value is more than 1, so the research
hypothesis is not accepted, it means there is not an appropriate legal authority to implement performance budgeting in Rasht municipality.

According to Table 7 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.000, that this value is less than 1, so the research hypothesis is accepted in level of 99%, it means there is authority in procedures to implement performance budgeting in Rasht municipality.

According to Table 8 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.000, that this value is less than 1, so the research hypothesis is accepted in level of 99%, it means there is an organizational authority to implement performance budgeting in Rasht municipality, and it has been given to the departments.

**Main hypothesis 4:** implementing performance budgeting lead to cost savings in the Rasht municipality.

In the present study, the t-test was used to examine economizing related to the implementation of the performance budgeting. According to Table 13 it can be seen that the obtained average is higher than 3, as well as the obtained significance level is equal to 0.000, that this value is less than 1, so the research hypothesis is accepted in level of 99%, it means implementation of performance budgeting causes economizing in Rasht municipality.

The results of this research are consistent with Moradi et al. (2012) titled "Feasibility of implementation of performance budgeting based on Shah Model" in the dimensions of procedural authority, organizational authority, political acceptability and political acceptance, and managerial acceptance, and creation of economizing. And it is consistent with article of Taherpour Kalantari and colleagues (2011), entitled "Identification of factors affecting the establishment of performance budgeting law in governmental organizations" in the dimension of ability and acceptance.

And it is consistent with the paper of Andrews (2004), in a study titled "ability, authority, acceptance in the adoption of Performance Budgeting" in three dimensions: ability, authority, and acceptance. And it is inconsistent with article by Yi Lu et al (2011), in a study titled "Performance Budgeting in the United States, whatever committed by law to implement it" in the dimension of legal authority.
References
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