

Investigating The Effective Factors on the Implementation of Operational Budgeting in Afghanistan

Mir Mohammad Farooq "Haidari"*

PHD Student of Abu Abdullah Roudaki University – Kolab

*Corresponding Author Email: mir.m.farooqhaidari@gmail.com

Abstract: In order to achieve effectiveness and efficiency to create transparency and accountability of government administration and effective use of resources, today operational budgeting is used as one of the ways to achieve these goals. One of the recent reforms in the budgeting system of countries is the move towards operational budgeting which emphasizes measuring the performance of governments. Reforming budgeting systems helps the country's economy, because one of the main problems of the budgeting system is non-operational and non-transparent budget and it has imposed a lot of costs on countries, including the annual government budget deficit. The results of the present study showed that environmental factors (formulation or amendment of financial laws and regulations), organizational factors (creating a comprehensive financial system through accrual accounting by applying and implementing accounting standards) and control factors (having specialized and capable manpower in operational budgeting) are an obstacle to the implementation of operational budgeting in Afghanistan.

Keywords: Operating budget, implementation, Afghanistan and resources

Introduction

In order to achieve effectiveness and efficiency to create transparency and accountability of government administration and effective use of resources, today operational budgeting is used as one of the ways to achieve these goals. Budget is the most powerful tool that managers of institutions can use to ensure the proper implementation of office plans and provide rewards for activities that are done to achieve the goals of the organization (Jordan & Hackbart, 2005). In fact, budgeting is one of the tools that with its proper use, positive incentives can be used and provide the ground for creativity (Amirkhani, 2010).

The budget is the vital and most important document prepared by the responsible institution. The importance of the budget in public universities that receive their funds (money) from the government, was very high due to the very important role that universities play in the scientific and cultural direction of the young generation in

society; It is obvious that incorrect budgeting will allocate resources in this important area and will cause serious damage to the country at the national level (Askandri. et. 2004).

In the traditional budgeting system, the budget is prepared in detail, which makes the budget more accurate, but many of the assumptions of this system are currently questionable, given the complexity of the industry. Accordingly, one of the main weaknesses of the traditional budgeting approach is the inadequacy of the level of activity and the budget allocated to each unit of product or service (Kim & Park, 2007). Perhaps it can be said that the most important expectation from the budget is to increase productivity. The government strives to increase efficiency and effectiveness in its executive body by providing an appropriate budgeting model. In addition, the main tool for maintaining power in government is to focus on budgeting (Kord Bachern, 2005).

The evolution of the budget

The budget has gone through three evolutionary stages so far. These steps include:

1: Political tools: At this stage, government oversight is under control. Until the 1940s, it was one of those years when the budget was seen as a political tool.

2: Economic-financial instruments: At this stage, the guidance of economic systems is discussed. In fact, the budget is the most important lever on the basis of which I predict and adjust the government's economic programs. Until the 1970s, the budget was seen as an economic-financial tool.

3: Management tools: At this stage, budget tasks are added without reducing the previous tasks. At the same time, the complexity of budget systems, methods and techniques used in them has naturally increased (Bakhshani, 2014: 2).

Principles and bases of operational budgeting

Operational budgeting was first used in the context of post-World War II budget reform in industrialized countries. These reforms had two main features:

1. Emphasis on output and product instead of data in the public sector; and 2. Restructuring of government operations based on programs and activities that produce product (Blumetritt, 2006).

Operating budget features

Operational budgeting, compared to other budgeting methods, has unique features, including the following:

- Managers, and in most cases employees or citizens, participate in budget decisions by announcing strategic plans, identifying cost priorities, and evaluating performance.
- It has a long-term perspective and looks more at the long-term horizons by identifying the relationship between strategic planning and resource allocation (Darai & Reza, 2014)

Requirements for implementing operational budgeting

The implementation of operational budgeting requires special conditions, so that in the absence of these conditions, the implementation of operational budgeting will face serious obstacles. In this section, part of the above conditions is described.

○ Environmental requirements: In order for operational budgeting to lead to beneficial results, it must be implemented in a supportive environment. The environment can be considered as influenced by the political and legal situation, in which the existence of necessary laws and regulations is one of the most important conditions. The interests, commitments, cooperation and pressure of legislators are among the prerequisites for using operational budgeting and measuring performance.

○ Leadership: The influential leader is obliged to provide the necessary platform for the participation of the people in the administration, in all stages of the implementation and planning of this system.

○ Organizational culture: By accepting the operating budget, not only the form and content of the budget, but also the budgeting culture changes.

○ Management style: In the process of implementing operational budgeting in the United States, it has been argued that organizations should be free from many of the rules, regulations, and policies that naturally limit managers. Applying operational budgeting requires changing the organizational structure and reforming the structure in order to give managers more freedom of action and, on the contrary, demand accountability from them.

○ Experienced and trained manpower with the aim of improving performance: to implement the operational budget, most of the creation and maintenance is done by the staff of the department, Therefore, managers and employees who do not have sufficient training will not be able to understand and implement result-oriented attitudes, including operational budgeting. In addition to specialized training, the culture of performance

improvement should be strengthened among the employees of the organization, so that this issue is the personal and organizational goal of each employee.

○ Appropriate accounting system: The accounting system must have the capacity to be able to provide the information needed to calculate the cost of products and services at the activity level. The lack of a proper accounting system leads to the failure of the operational budgeting system. The most important feature of an accounting system is the accounting basis on which the system is based. The basis of accounting is when to identify revenues and expenses and record them in accounting books. Since all variable and avoidable costs must be considered when deciding on cost priorities, accrual accounting can provide more appropriate priorities for programs, because it can be ensured that the costs related to the program are not eliminated and, on the contrary, unrelated costs are not included (Jerdan, 1999).

Benefits of operational budgeting:

Theoretically, operational budgeting, in addition to dynamics in the spending system, increases the quality of services and programs. In this method of budgeting, in addition to their activities, departments should also pay attention to the results of these activities. The operational budgeting process is behind answering these questions: Where is our current position? Where do we want to be? How should we achieve this goal? How should we measure our progress?

In general, the benefits of operating budgeting can be summarized as follows:

- Increase efficiency;
- Improving public management;
- Improve program evaluation and increase accountability;
- Identifying opportunities for cooperation between departments;
- Improving the relationship between departments and stakeholders.

Operational budgeting requirements

Operational budgeting, in addition to its features and benefits, faces complexities and problems in the implementation process. Therefore, its accurate implementation requires the provision of requirements and are important in terms of priority and latency. These requirements are as follows:

1. Attracting the agreement and commitment of the actors;
2. Setting a schedule to run;
3. Necessary training for employees;
4. Develop a strategic plan;
5. Establishment of information system and cost accounting;
6. Performance evaluation and results report;
7. Providing management fields (Laverne, 2005).

Conclusion

The results showed that environmental factors (development or amendment of financial and accounting rules and regulations), Inadequate organizational factors (formulation of a strategic plan at the national level, creation of a comprehensive financial system by accrual accounting method by applying and implementing accounting standards and elimination of cash accounting to achieve the cost of service) And control factors (having specialized and capable manpower in operational budgeting, continuous empowerment of manpower tailored to the needs of each department, reforming employee payroll systems, attracting and employing revenue and expert resources in budgeting and finance, as well as change How to attract people in the organization for the purposes of the case) are the obstacles is the implementation of the operational budget in Afghanistan.

Reference

- Amirkhani, T. (2010). A Model for Implementing Performance-Based Budgeting in Iran, PhD Thesis, Allameh Tabatabai University, Tehran.
- Asgandri, K., & Pourmoshney, M. (2004). Challenges and solutions for the use of performance indicators in higher education systems operating budget, Sixth International Conference of performance based budgeting.
- Bakhshani, S. (2014). Investigating the effective factors on the lack of operational budgeting, the second national conference on accounting, management and economics, Islamic Azad University.
- Blumentritt, T. (2006), Integrating Strategic Management and Budgeting, *Journal of Business Strategy*, 27(6).

- Daraei, M.R., Taqimashaei, M. (2014). Identifying the factors of operational budgeting, Social, Economic, Scientific and Cultural Magazin of Labor and Society, 175: Tehran.
- Jordan, M., & Hackbart, M. (1999). The Goals and PPLEMENTATION Success Budgeting. Journal of Public Budgeting, Accounting & Financial Management.
- Jordan, M., & Hackbart, M. (2005). The Goals and Implementation Success of state Performance Based Budgeting, Public Budgeting, Accounting and Financial Management, 17(4).
- Kim, J. M., & Park, N. (2007). Performance Budgeting in Korea, OECD Journal on Buddgeting, 7(4).
- Kordbacheh, M. (2005). Budgeting and Results-Based Management, Bi-Quarterly Program and Budget, 105.
- Laverne, M. (2005). An Examination and Analysis of the Application of Performance Based Budgeting Systems in California Urban Transit Agencies, OCED.