

**T.C.
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF GRADUATE STUDIES**



**PLANNING-PROGRAMMING-BUDGETING-SYSTEM AND THE
CHOICE OF POLICY ALTERNATIVE**

MASTER'S THESIS

Ovais Jamiulahmadi

**Department of Business
Business Administration Program**

FEBRUARY, 2021

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FEBRUARY, 2021

ONAY FORMU

DECLARATION

I hereby declare with the respect that the study Planning-Programming-Budgeting-system and the choice of policy alternative: the case of study Turkey-Istanbul”, which I submitted as a Master thesis, is written without any assistance in violation of scientific ethics and traditions in all the processes from the project phase to the conclusion of the thesis and that the works I have benefited are from those shown in the Bibliography.
(29/01/2021)

Ovais Jamiulahmadi

FOREWORD

A large number of people helped to make this research possible and it would be impossible to give proper credit to them all. In general, the efforts of all individuals who helped me to make this dissertation possible, appreciated by me.

My wishes to express my appreciation to Thesis advisor Prof. Dr. ESIN NESRIN CAN, and all social science professors for their valuable guidance and assistance in the preparation of this Dissertation.

We never would have made it through to the end without them. We dedicate the dissertation to them.

February, 2021

Ovais Jamiulahmadi

PLANNING-PROGRAMMING-BUDGETING-SYSTEM AND THE CHOICE OF POLICY ALTERNATIVE

ABSTRACT

One of the most important part of all companies planning is the Planning-Programming-Budgeting system (PPBS). Without a good PPBS like shooting in darkness. The PPBS indicates the plan's strengths and weaknesses.

This thesis (PPBS) is issued within the social science (MBA program) at the Istanbul Aydin University. One of the central rule playing for achieving the goals is PPBS. The overall goal of the thesis is to measure and recognize the effectiveness and implementation successfully of PPBS on private sectors in Istanbul. The quantitative method used for analyze of data. The questionnaire prepared in 5 parts and each part has 6 questions, distributed to the private sectors. According to the research, PPBS has a highlight rule in planning for the coming years.

The first part of this study describes the PPBS circumstances. PPBS circumstances are almost different in different countries. Sometimes it depends on the rules and the companies' needs.

The second part trying to portray PPBS decision-making in theory and practice, and the main goal being to relate PPBS policy alternatives, analyze and find the important parts of PPBS, and involvement parts PPBS.

Keywords: Alternatives, Decision, Program budget, Policy making.

PLANLAMA-PROGRAMLAMA-BÜTÇE-SİSTEMİ VE POLİTİKA ALTERNATİFİNİN SEÇİMİ

ÖZET

Tüm hükümetlerin ve şirketlerin en önemli kısmı Planlama-Programlama-Bütçeleme sistemidir (PPBS). Kararılıkta çekim yapmak gibi iyi bir PPBS olmadan. PPBS, planın güçlü ve zayıf yönlerini gösterir.

Bu arařtırmada Planlama-Programlama-Bütçeleme sistemi (PPBS) bařından günümüze kadar deęerlendirilmeye ve buna meydana gelen deęiřiklikler ve PPBS'nin genel řekli bulunmaya çalıřılmaktadır.

Bu çalıřmanın ilk bölümü PPBS kořullarını aıklamaktadır. PPBS kořulları, farklı ülkelerde neredeyse farklıdır. Bazen hükümet kurallarına ve řirketlerin ihtiyalarına baęlıdır.

Teoride ve pratikte PPBS karar verme sürecini tasvir etmeye çalıřan ikinci bölüm ve asıl ama, PPBS politika alternatiflerini iliřkilendirmek, PPBS'nin önemli kısımlarını analiz etmek ve bulmak ve PPBS'nin katılım kısımlarını bulma.

Anahtar Kelimeler: Alternatifler, Karar, Program bütçesi, Politika Yapma.

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ABBREVIATIONS

PPBS	: Planning Programming Budgeting System
IMF	: International Monetary Fund
PFMC	: Public Financial Management and Control
CGB Law	: Central Government Budget Law
SPO	: State Planning Organization
MoF	: Ministry of Finance
CGB	: Official Gazette of the Central Government Budget Law
TGNA	: Turkish Grand National Assembly
CGB	: Central Government Budget
DEPs	: Detailed expenditure programs
UNCDF	: United Nations Capital Development Fund
UNDP	: United Nations Development Program
PARPA	: Action Plan for the Reduction of Absolute Poverty
OECD	: Organization for Economic Cooperation and Development
OMB	: Management and Budget
DOD	: Department of Defense
OECD	: Organization for Economy Co-operation and Development

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I. INTRODUCTION

What is business process enhancement? It is a systematic method industrialized to support a business to make significant advances in the way its business processes operate. Business process improvement (BPI) is not a new concept. It has been around for as long as there have been businesses whose owners/managers have knowingly (or unconsciously) pursued changes to improve the way different activities in their business were handled. Also, when a system such as the budgeting system used in the world is not clearly understood but some idea claims that James Wilson had proposed the first budget of India on 18 February 1869. The father of the Indian budget is known as James Wilson. But it was the federal government in 1965 that introduced the Planning-Programming-Budgeting-System (Belfer and Casher..., 1968).

Although the quality in the management of the government sector and companies is indeed a worthwhile priority, it is becoming more urgent at a time when government and business spending is growing rapidly. The principal objective of PPBS is to improve the basis for major program decisions. The goals of the initiative are defined and possible approaches for achieving those objectives are subject to a rigorous cost-benefit review. Cost and expense data represent both the future and the present consequences of program decisions. The budget is the budgetary representation of the underlying service strategy which turns program actions into applications for appropriation (Joint Economic Committee, 1967).

The most important goal of PPBS is to improve the premise for important application decisions. Program goals are recognized and opportunity methods of assembly. The one's objectives are subjected to systematic evaluation expenses and advantages. The

budget is the financial expression of the underlying program plan and translates program decisions into appropriation requests.

As the popularity of modern analytics software programs and associated internet-primarily based technologies has grown because of the cease of the 1990s and into the millennium, there was a whole lot of speak about workflow. Too many organizations in recent mistakenly assume that such software program itself can take care of their necessary workflow modifications, hence they do now not put sufficient effort into revamping their internal organizational tactics earlier than imposing new technology (DonVito, 1969).

To facilitate a deeper understanding of its actual implementation and prospects, an initial review of forecasting programming budgeting (PPBS). Since budgeting lest in you to create a spending plan for your money, it ensures that you will usually have enough money for the stuff you need and the matters which are crucial to you. Following a budget or spending plan will even preserve you out of a debt of help you work way out of debt if you are recurrently in debt. It would appear affordable that the budget needs to be considered for utilization within the responsibility of funds.

The budget of a project must be focused solely on the strategy and financial priorities of the organization. The budget of the company, which can be represented by a variety of separate records, including pro forma or estimated sales and expenses, cash flow and balance sheets, represents these. The project budget that is focused on the strategic planning of the business has a much better chance of leading to the performance of the company.

Planning-Programming-Budgeting-System (PPBS) emphasizes the output of programs while traditional budgetary approaches tend more or less unavoidably to emphasize expenditure inputs. It evaluates as fully as possible the total costs and benefits, both current and future, of various alternatives. Its effort to determine rates of return for programs, as well as the rate of return that may have to be foregone when one program is preferred over another. PPBS is a modification of existing procedures rather than a completely new approach. Among its advantages is that of focusing attention on programs

rather than on agencies. Through evaluating program costs, PPBS can put both old and new programs to a test of their worth.

Concerning planning an operational budget for an assumed year; financial managers must first decide the company's financial and other aims and then decide how to make those decisions a reality through operations. Managers use information such as the financial ratios to make the decisions and then engage those ratios as they operate the company to see if they are producing the intended results.

Managers must look past the unique project and build an operating budget. They will have to decide what amount would be budgeted for the year to pay for activities. Operations and all other one-time tasks that could be considered will be included in these numbers (H. Rasmussen, J. Eichorn, S. Barak and Toby prince, 2003).

A. Significance of the topic

The significance of this study is to determine the effectiveness of PPBS implementation, in the corporation's system to make recommendations that could be used in developing guidelines for establishing a more effective PPBS and choose of policy alternatives.

This study will attempt to show a relationship between Planning, Programming, Budgeting System, and the choose alternatives with other systems and any other associated tools to attempt to clear up some of the misunderstood concepts.

Managerial accounting without the PPB system is like the shooter that shooting in the darkness. PPBS is crucial for prediction and resource allocation for government and organizations. PPBS is finding what are deficiencies and how come up with it. And to find what are the foremost purposes for the period.

B. Statement of the topic

This study's purpose is to investigate the development of the Planning-Programming-Budgeting-System and trace the evolution, purpose, procedure, techniques, and the PPBS templates, and to evaluate strengths and weaknesses as an instrument policy of alternatives. More specially, this study will concentrate on:

(1) PPBS is a kind of system that was abruptly conjured up by business-minded scholars, or is it a result of a reform movement anchored to half a century of tradition and evolution?

(2) Finding the foremost purposes of PPBS?

(3) What are its the deficit? What are the authenticated virtues of PPBS?

A. Planning-Programming-Budgeting-System - Is a budgetary process that has replaced traditional government budgeting in both Canada and the United States (at least theoretically). The traditional process did not: (1) contain precisely articulated statements of agencies' goals and objectives, (2) indicate program accomplishments, (3) put the previous year's budget on equal footing with the following year's budget, (4) have a long-time horizon, and (5) spell out a full range of relevant alternatives. PPBS, on the other hand, promises to convert the traditional budgetary process, by: (1) assuring a choice of valid, comparable alternatives for meeting specified objectives; (2) putting the previous year's budget on equal footing with the following year's budget in the allocation of scarce resources, (3) indicating program accomplishments, (4) introducing analytical techniques into policy definition and program review, (5) restructuring budgets so that they are output oriented and costs are associated with output, and (6) requiring a longer planning horizon of five years or even "as much as ten years (Gene Fisher, 1965).

C. Limitation and Scope of study

Scope of study

This study followed the development of PPBS of primary reform movement until the present and has, of need. This research aims only to discover the current status of Planning-Programming-Budgeting-System on a state basis. Also try to evolution of PPBS through initial reform changes; that run to the executive budget changes.

Limitation

PPBS is slightly different in different nations. So, it difficult to generalize this study frame for all kinds of nations. But some functions are common among all nations that

must take into consideration, such as time, costly job, and employees. The other important item in budgeting is estimating that is closely related to the country's situation cause of this it's difficult to apply the same for all kinds of nations. So, forcing the same frame for all kinds of nation's organization does not have a satisfying outcome.

D. Organization of the study

This study was divided into five Parts. The first part is introductory to determine the effectiveness of PPBS implementation and the purpose is to investigate the development of the Planning-Programming-Budgeting-System. The second one is the background of the study, implementation, and effectiveness. The third part includes activities based budgeting, global characteristic, budget formulation, and framework. Policy alternatives are discussed in part four. And the last part mainly focused on research and analysis.

II. LITERATURE REVIEW

The PPBS model is in fact, modernization in the range of financial budgeting in this era. The book program budgeting, edited by David Novick, says that: "In many respects, the history of the program budgeting may be said to have started with President Johnson's news conference of August 25, 1965, when he spoke as follows: 'I have just concluded a breakfast meeting with the Cabinet and the heads of federal agencies this morning and I urge both of them to urgently begin to implement a very new and very innovative method of planning and programming budgeting in the vast Federal Government so that the complete promise of a better life can be delivered to every Ame through the instruments of modern management.' "The president continued to outline the procedure for implementation of the unique program of budgeting (David Novick, 1975).

It was obvious, as investigators found the information, that it was Federal Government provided the motivation for a new system of budgeting program. As we found, it was the Federal Government that has cheered the local as well as the state-wide educational system to evaluate their existing budgetary actions and to check the planning programming budgeting system idea with a deep looking at the viability of implementing this program locally.

In the disseminations planning programming budgeting for the state, city, company, and country objectives, the problem "What is planning-programming-budgeting-system?": planning-programming-budgeting-system is a kind of system designed at assisting management to make superior decisions on the provision of resources among alternative ways to achieve the objectives. It should be noted that much of the literature persistently refers to the planning-programming-budgeting-system and government activities.

The control tendency object of expenditure vs. Functional Budgeting- during the years 1911 and 1926, a fundamentally new system of budgeting was developing and long-standing performs were abandoned since the gospel of budget reform was sweeping like wildfire across the United States. Before this change, traditional budgeting has formed a universal and easy discontent between liberal statesmen and scholars, from the time it provided leeway for political manipulation in its fragmented method of "legislative budgeting."

According to a contemporary scholar, Arthur Holcombe:

Each department of administration ordinarily reports directly to the legislature upon the expenditure of its appropriation and transmits, in the same manner, its estimates of the appropriations necessary and proper for the ensuing years The officer, if any, who collects the estimates and transmits them to the legislature, has no control over them. The department heads themselves have no constitutional right to defend their estimates and, in practice, the legislature may disregard them.... Under such circumstances, the departments with the most political influence are likely to receive the most favorable treatment at the hands of the legislature. It is not surprising that the strong hand of the executive is welcomed as a means of controlling such an unbusinesslike system (Arthur N. Holcombe, 1916).

Previous to the advent of budget improvement, the noticeable features of budgeting were that: 1) estimates were generally received by the legislature in piecemeal fashion; 2) there was no authorized with privileges to review departmental estimates and to make commendations to the legislature; 3) estimates had no standardization, since each department classified its account in its own unique way; 4) the estimates were categorized into broad lump sums, and lacked supporting information; 5) expenditure estimates weren't associated with estimates of over-all revenue; 6) each department bargained individually, and funds were taken over singly for every department; 7) there was neither a management of division outlay throughout budget execution, nor a central police work over the over-all performance of the departments.

By the year 1910, the idea of this politically-manipulable fragmented budgeting gave the impression to have begun to crumble. As Gulick's admirable study of the

evolution of budgeting in Massachusetts reveals, a succession of increasingly-centralized arrangements were used for the submission of expenditure estimates to the law-makers. - Fragmentation was, it ought to be noted, a product of nineteenth-century attitudes toward government: rigid separation of powers; limitation of govt authority; and, body centralization. With these beliefs of "good government" being challenged and bit by bit attenuated, the stage was ready for the acceptance of govt budget systems.

To change from legislative to government budgeting was a part of oblique trends in politics and administration. Frederick Cleveland says that:

"Legislative budget is an instrument of control in the hands of a representative body over a strong executive leadership . . . to make that leadership responsible to the people through their representatives." "It is," he adds, " A method of establishing and sustaining a representative democracy in accordance with the highest political values (Cleveland, 1915).

The government budget movement was a principal plank within the drive for political and body integration below the banner of executive leadership. During this case, it had been associated with the short ballot, useful consolidation, and therefore the extension of government power.

In its fast expanse from on point of the United States to the another point, the "budget idea", as Cleveland puts it, formed its own tempo, and so wide and standard was the clamor for reform for reform that he could caution, "anyone who wishes to obtain the approval of the American people at the present time gets up and announces himself as favoring a budget idea."(Ibid). The acceptance of the chief budget inflated throughout the 1920's and 1930's because the budget statutes were revised and the commitment to govt leadership embodied within the original budget plan were accepted. Understandably, the assembly resisted yielding a little of its power to the manager. This power was, within the views of the many, a trigonometric function qua none of independence from the manager. It was so, over this same issue that Associate in nursing arduous struggle was waged between parliament and therefore the Crown in European country and general assembly and governor in Colonial America. Accordingly, several legislatures adopted nonexecutive systems within

the initial spherical of budget reforms. It was not till the financial crisis of the 1930's that political and body power over budget execution, concomitant with the first ideas of government budgeting, was ceded to the manager.

The struggle between the manager and also the law-makers wasn't moving by itself alone. It absolutely was conjointly associated with the philosophy between the hunt for standards of economical administration and also the seek body and political centralization. The most object of the manager budget movement was, however, body and political centralization. As Cleveland said in 1915, it was only head of decision making who "could think in terms of the institution as a whole", and is, therefore, the sole one which will be created answerable for leadership. Under the system pictured by the supporters of government budgeting, the chief government might offer, through the combination of the legislative appropriations, a comprehensive direction of the many-sided activities of the govt. Although political centralization was truly considered a requirement for the chief budget in line with British practices, which were thought-about ideal by several, the most concern the reformers voiced was that fragmentation of the appropriations method and its independence would enable leeway to the defrayal agencies for multiple points of access to fund influence and evasion. Hence, from their own purpose of read, a dire would like for integration of legislative budgeting might be simply understood.

Administrative potency that was the second aim of reform, additionally diode to the chief budget plan. A system of comprehensive accounts of state expenditures was deemed the foremost acceptable method of building and maintaining such accounts since the chief alone has full responsibility for the activities of departments and agencies.

The cardinal theme of budgeting reform throughout this era was, so, control-oriented, the stress was on centralized political leadership and on improvement of expenditure accounts and managerial effectiveness. This control-oriented plan let alone the legislature's antagonism to government political power, however, motivated the reformers to hunt commonplace and correct accounts while not political issues. This is a manifestation of most reformers a similar manifestation seen in PPBS advocates of these

days. The reality is; however, budgeting cannot be single from politics and that we shall contend with this time intimately later.

The leading members of government budget movement, therefore authorization political issues to the background visualized a useful system which might target the task to be accomplished. Objects-of-expenditure knowledge was thought-about solely as a subsidiary within the budget document for informational functions. It is to be noted, however, that this preference for practical accounts derived from the stress on the budget as a way of designing and corporal punishment the activities of state, whereas the subordination of object information was consonant with the fashion of state of the day, namely, the stress on division between politics and administration. Reasonable, for example, transcribed in 1912 that the legislature:

"May properly extend its control of appropriations to the point of defining with a considerable degree of particularity the activities for which public money shall be expended, and the amounts of money which shall be expended for the particular activities defined” Also, Goodnow adds, "It is more than doubtful if it is ever justified . . . except where it is imposed as a limitation of the maximum expenditure which may be incurred (Goodnow, 1913)."

Cleveland, Willoughby and the Taft commission were also in complete agreement with Goodnow.

Although political and organizational centralization that the decision-making was seeking was removed from being accomplished, object classification was of significant price from the purpose of read of legislative and organizational potency. It did curb wasteful or improper expenditures and had enabled the law-makers to exercise tight management over division expenditures. Therefore, in variable degrees of organization, the budget system introduced the US throughout the time were supported object classification and also the statutes making the budget system either spelled come in detail the shape of the budget or specified that the estimates were to be itemized by objects of expenses. The emphasis on separation of powers was, of course, a good barrier to the event of useful accounts. From the data on the market, considering early

classifications systems, there's no indication of useful accounts being wide utilized in the US.

A. Development of Functional Budgeting

The New York Bureau of Municipal analysis, throughout the last decade following its beginning in 1906, had set an honest account that shows the conditions and tensions that cast the characters of budgetary conditions. The Bureau's expertise in New York town is particularly vital as a result of the gift a historic confrontation between various conceptions of budgeting. The difficulties that the Bureau two-faced in its hunt for up-to-date techniques culminated during a conflict between practical and object-of-expenditure budgeting, the emergence of conditions that driven the Bureau toward the article approach and also the rejection of practical classifications. While just about all different budget systems of the day started on associate object basis, the Bureau in search of recent techniques, got hold of organization of objects through trial and error. This it did by 1st experimenting with downside kind ways. Thus, this primary transition from useful to object-of expenditure accounts experimentally makes the Bureau single within the annals of American budgeting. As two reports delivered in 1907 show, the concept of contemporary budgeting in New York at first emphasized the effort and activities of agencies and departments. These reports suggested the installation of "functional accounts" within the Department of Health. First, by associate degree accountant's report dated Jan fifteen, 1907, criticism was directed against then existing monetary accounts within the departments and agencies as follows:

The prime question is what supplies are used for what purpose, and what were the results obtained thereby. To this end, a segregation leader should base its classifications and activities of the department, and entries should be made from requisitions or other sources of data as to supplies used which, in turn, might be related to the work performed by the department (Lahee, 1917).

Soon after, the Bureau of Municipal analysis issued its 1st major publication, creating a Municipal Budget, covering some a hundred twenty-five pages explaining the Bureau's conception of Budgeting and as well as sample diagrams and purposeful accounts. The directive stated in no indeterminate periods that budgetary

decisions. "Should be based on the cost of a function or activity within a given time and not on the amount expended for the purchase of stock." The accounts well-appointed information of several classes of activities or production (Bureau of Municipal Research, 1915).

The reports obviously specified that the terribly 1st steps in Bureau budgeting presaged the up to date want for program budgeting. The Bureau later mentioned:

"Beginning in 1909, the slogan of budget reform was 'segregation of items by functions'. This means . . . that the budget should show the amounts requested for each kind of work to be done or public service to be rendered."

However, the experimentation with useful accounts wasn't permanent. Between the years 1908 and 1913 there was an increasing pressure on object-of-expenditure classifications and, in 1914, the Bureau determined that big apple town appropriations be "de functionalized" which means a transparent move to strip them of useful accounts. As a strong critic of the Bureau's policies noted in 1918, "The trend is unmistakable. The functional classification primary in 1908 was gradually subordinated to the object classification" In 1913, each object categories and subdivisions (minor objects) were created superior to the practical groupings.

It may be properly asked why functionalization was enthusiastically accepted in 1907 and suddenly born simply some years later? As Charles Beard puts it, "budget reform bears the imprint of the age in which it originated." In associate era during which personnel and buying system were lacking or untrustworthy, the primary thought was clearly the way to stop managerial improprieties. Alternative objectives, like, political direction by the chief, comprehensive coming up with and purposeful accounting, were all relegated to the background. So, it absolutely was explained:

In the view of those responsible for creating the expenditure process, The creation of central controls such that oversight could be located and exercised by elected executives was the most critical service to be given Therefore the opinion was agreed that administration problems and niceties of adaptation must be left in suspension before central control has been adequately established and the

foundation for close review of departmental contracts and acquisitions as well as departmental work has been laid (Municipal Research, 1917).

It ought to be noted that the retreat from purposeful accounts wasn't a deliberate rejection of budgeting on the premise of labor. In fact, the Bureau found a replacement tool — in "work programs" — to interchange purposeful groupings. What occurred was that the Bureau was faced with the pressing would like for political and managerial centralization to confirm a budget that was correct and economical. The Bureau didn't notice within the starting that its stress on strategies of management would cause the termination of the useful approach as a result of, once it had been Janus-faced with the selection between an object-of-expenditure system of management and a functional pressure on activities and work, it showed its preference for an object-of-expenditure running. It was same that purposeful accounts had been planned to simplify rational allocative choices, to not deter wrongful conduct by officers. The classification by "functions" affords no protection; it just runs as a restriction on the utilization which can be made from the services. Furthermore:

In the city of New York, there were no . . . The essence of administrative accountability or the system of administrative management in the agencies responsible for spending to ensure the proper utilization of the funds, even though they were distributed under constraints enforced by functional segregation. In specific situations, this situation triggered the institution of external instruments for regulating managerial discretion (Henry, 1915).

It is a close object-of-expenditure cataloguing that's spoken as "further devices" here. Line listing of expenses was considered fascinating "because it provides for the use of all the machinery of management that has been provided, however it additionally limits to a way higher degree of perfection than it's nowadays earned. The vital issue here is that the system's skill to itemize the objects into elaborate categorizations. Through the sub classification of appropriations accounts by objects-of-expenditure, the management over payroll and payroll orders goes right down to the requirement established by the Board of Estimate and Appointment

(the quasi-legislative, similar administrative unit in the big Apple City) in its calibration of salaries and grades.

The Bureau's New York town budget, as an object of expenditure accounts, had a three-fold classification: (1) classification by organization; (2) functional classification; and (3) the new object-of-expenditure groupings. The Bureau's main purpose was to advance budgetary system which might offer equal attention to objects, furthermore on inputs and outputs, to the necessity for preparation expenditures furthermore as for the necessity for dominant expenditure accounts. The Bureau pointed toward the inclusion of a lot of varied and elaborate info within the budget in order that all functions would be served and also the public would have a lot of complete info on governmental finances. Therefore, the Bureau urged from the start a sorting of prices in as many various methods as there are stories to be told. Inappropriately, this hopefulness failed to have the anticipated finish as a result of the confusion and inflexibility generated -by the 1913 New York City Appropriations Act. The Act was such that:

There were 3,992 appropriation items from the District . . . Each was a separate appropriation, in addition to which there was a further listing of employee roles and salaries that compounded this amount several times, each of which served as limits on administrative discretion.

The itemized appropriations were despised by the Bureau as a result of there was a suspicion that it's going to rob "the director of discretion in directional the functions with that it's charged, and end in monumental waste." However, the Bureau found itself in a very confusion, since it wished to retain each the useful and therefore the object info. It undertook a radical assessment of its budgetary techniques and issued a report, Next Stepladders within the Development of a Budget Procedure for town of bigger New York (in 1914). It recognized that, as a result of reforms antecedently instituted in hiring and buying, some irregularities that had led to object controls had been removed. The protecting fences encompassing the assorted division chiefs had been responded . . . the self-employed catching and obtaining powers and also the patronage of local representatives had been brought in check and review. As a result, "the dominant interest of officers and employees members of the Bureau came to be one in every of

increasing procedures of administration, and of generating standards for measure units of charge." moreover, the Bureau conjointly recognized, "the inconsistency of the procedure of central board management with the occasion of a method of accounting that will furnish a truth origin for a budget, and it began to wage a modification of the procedure of political running from the central administration.

From the point of view of self-analysis, one would possibly surmise that the Bureau had determined to take out or subordinate classification by objects, he fact, however, the Bureau counseled retention of object accounts and also the total abandonment of practical budget. In short, challenged with an immediate substitute between the organization of objects and functional accounts, the Bureau showed its preference for organization of objects. The causes for this choice are of utmost significance for modern efforts at budget reform, since they touch on the persevering stress on objects in budget preparation. As soon as the system of object controls had been accepted, it straightaway gained a standing sign as an imperative curb on administrative misconduct. It was the vision of New York City as well as Bureau officers that an abandonment of object controls would have undoubtedly entailed a reappearance to the abuses of earlier years. A genuine improvement of the stranglehold obligatory by the multiple classifications was to be accomplished during a manner that the Bureau seriously believed would strengthen centralized method of functions and activities. The Bureau, in its "Next Steps" offers, suggested that appropriations retain "exactly a similar organization to date as specifications of positions and recompenses are involved.

On the other hand, it well-thought-out 'budgets' as instruments of coming up with and content and planned that each one budgets ought to hold "the details of the work plans and specifications of the price of labor.

In addition to the regular object and organization exhibitions, the budget was predictable to report the "total price incurred, classified by functions . . . for decisive enquiries of policy having to try and do with services rendered further on be rendered, and arranging a foundation for appraisal of results. A further recommendation was conjointly on condition that a piece program be additional to the budget processes. The work program was expected to deliver "a complete schedule or analysis of each

operate, activity or method inside every organization unit. This analysis would offer the entire value and therefore the cost where standards were established."

Arnold W. Lahee, who created the primary logical analysis of trends delineated on top of, has the following to say:

In the first place, the men most active and concerned in improvement of budgetary methods were accountants or auditors, whose training and habits of thought gave them an initial bias toward object classification rather than classification by function At a time when one of the chief criticisms of the budgetary system was its confusion, there was naturally a leaning toward that basis of classification which promised greater uniformity and order. This bias was further assisted by the fact that departmental accounts, such as they were, were kept under the object classification . . . merely to standardize the existing classification was easier than to change the entire basis of classification. Finally, Appropriations by functions would apparently fail to correct some of the most trying evils . . . Appropriations by class of object would apparently check the evil. There would be an immediate chance to make the audit of payrolls and vouchers an effective means to enforce the budget provisions (Lahee, 1929).

Though screening clear intent to retain objects within the appropriations ordinance, Bureau officers spoken the hope that, eventually, it would be achievable to get rid of the thing controls. Henry Bruere, one of the administrators of the Bureau, reflects such sentiment once he says that once directors "recognize the requirement for definite coming up with of labor, the institution of economical ways of operation and therefore the shut management of operative results, it'll be possible to issue them from the restraints of current budgetary restrictions. Notwithstanding this and similar opinions by others, the New York City budget system preserved the elaborated listing of objects for nearly partial a century. At this stage, the Bureau of Municipal Research's experimentation that had commenced in 1906 came to an in depth. As Lahee puts it, since 1913, there has been no vital development within the style of the budget. The form earned was thought of adequate for functions of centralization of management over receiving and contract relations.

B. Summary

Object-of-Expenditure budgeting is an outgrowth of the reform movements throughout the first 1900's. At the turn of the century, the requirement for correct and uniform expenditure accounts outweighed the origin of the budget as an instrument for complete planning by the manager and, consequently, a primary attention was given to items instead of to functions in budget forming.

Nevertheless, it'd not be conveyance of right image, as first reformers have done, to treat the emphasis on objects as merely a response to the executive deficiencies of that era. The movement was a part of the political developments foremost the strengthening of the chief decision-making. It ought to be recalled furthermore improvement of acquisition and personnel practices were, in fact, far from delivery associate degree finish to object budgeting. Tradition has persevered in spite of the huge changes that have taken place. Object budgeting plays, even today, what it did at its beginning that's, a lot of essential role in budgeting behavior.

Item and functional budgeting techniques were showed within the search of the New York Bureau of Municipal Investigation for improved budgeting techniques.

The case study collected from up-to-date and current literature shows that the Bureau's purposeful concepts didn't root once they were planned. However, even once budgeting developed into a settled routine, there have been sporadic makes an attempt to turn back to the current innovative proposal. But it had been not till the movement to the look orientation (which has currently culminated in PPBS) that the functional accounts and cost-data budgeting were ready to challenge the object-of-expenditure traditions, in use for many periods.

In the preceding section of this chapter, we incline to noted that the manager budget movement, that was trendy throughout the primary twenty years of this century, had a two-fold purpose: to strengthen executive management over the political and managerial machinery of the government; and, to supply objective standards of internal control. Neither the primary nor the second goal was completely gotten within the budget systems that were put in within the 1915 - 1925 era. In this sequence, the best of the executive branch was unconditional with the authority to review departmental guesses

and to submit recommendations to the legislative assembly. Through uniform and correct spending accounts, administrative efficacy was enhanced. But dependence on object-of-expenditure classification hindered the whole materialization of executive leadership. Lent D. Upson argued in an article written in 1924 that "budget procedure has stopped halfway in its development . . . the regular city official confronted with the budget discovers nothing in it that permits him to control in a very massive manner the worth of the activities that are rendered the general public or, in a very lesser method, the degree of effectiveness with that such activities are led.

Upson saying two determinations in executive classifications: (1) to measure the objectives of governmental activities; and (2) to measure the efficiency of such activities. The two aims agree closely to the classification between 'program' and 'performance' budgeting and reflected in six classifications of the budget recommended by Upson:

- 1 "The unit of appropriation should be made of the action rather than work."
- 2 "The budget should provide a complete description of what is supposed to actually be done by legislative means."
- 3 "In terms of work to be done as well as material items to be ordered, the budget should be expressed."
- 4 "An organizational audit, which tests the efficacy of investments as thoroughly as financial audits test the legality of expenditures, should complement the budget."
- 5 "Finally, the budget should be combined by updates on activities."

Ten years later, Wylie Kilpatrick similarly recommended the same opinion. He mentioned that "The failure to visualize the problem of expenditure as a whole, and to appreciate more than one category of classification is essential" also he added:

" . . . Functional and accountable charges for the services rendered by government are the one basic source of spending. .. Functional programs whose classification and interpretation are indispensable to the success of civic operations are the prime reason for every investment. "(Kilpatrick, 1936).

Therefore, writings of Upson, Kilpatrick and a few others kept alive the primary concepts of the Bureau of Municipal Research and were to be reflected in the movement

for the program budgeting, even though that they had only marginal effects on the article orientation, previously established in those early years.

C. Origin and History of Program Budgeting

Increases in the size and complexity of government and the expansion of government activities brought about an accompanying need for budgetary reform in the United States. The roots of PPBS are in the development of budget systems and changes in the budgetary process and orientation beginning early in the 20th century (David C, 1970).

According to Novick, can determine two backgrounds of this idea and method: one stems from the federal government and the second stems from industry.

D. Budgeting in organizations

A budget is an important part for organizations to meet the goals and objectives. Organizations using budgeting for better planning and controlling the system. Most negotiations of the budgetary process willing to focus on manufacturing organizations. And also budgeting for service firms that do not have inventories of products. For instance, the airline might charge the budget occupancy rate for seats and passengers, the hotel might charge the occupancy rate for rooms and the cost per space.

Warner described that "budget systems were developed first in municipal governments then in the federal government and finally in the governments of the states and organizations (David C, 1970)."

More focus must be paid to budgetary and management strategies. In the first place, planning and monitoring are serious functions for all companies. Businesses have recently become more competitive. This rivalry will have an effect on many aspects, such as economic growth and increased demand for various resources. Once rivalry rises, the PPBS will become more relevant.

Second, PPBS is potentially not as well established in service organizations such as the manufacturing organization. PPBS forcing to keep sales and production coordinated. But in service companies' business activity needs also human effort.

E. Object budgeting

The initial budgets system that were accepted by municipalities were classifications of expenditures based regularly upon objects or items purchased every year. Detailed statistical research was recorded on expenditures by departments and agencies for such objects as salaries, equipment, supplies, rents, utilities, etc.

According to Burkhead, while "the major purpose of an object classification is control of expenditures at the department or agency level" one problem with the items of expenditure budget classification is that it leads to over-attention to feature in any respect levels of budget evaluation, and neglects larger problems that ought to be considered. It was this sort of budgeting system-object of expenditure classification that was recognized within the federal government 1921 once the budgeting and Accounting Act passed, which (1) provided for an executive budget to be sent by the president to Congress annually and (2) provided for the establishment of the Bureau of the Budget that was to assist the president in budget preparation (David C, 1970). This primary period of public budgeting in the United States—object budgeting sited a highlighting on central control.

F. Functional classification budgeting

According to Warner, in 1946 the bureau of the budget proposed a functional classification of summary accounts. Functional classification of accounts is one within which expenditures are shown for broad classes of programs across agencies and even, Responsibility and appropriations are not exposed in a functional classification. A Functional classification is proposed to simplify policymaking and therefore the level of general management review. It is possible to make it shorter and published for the information of interested citizens.

G. Performance budgeting

Management was driven by the second stage of the growth of the budgeting. "It emerged from the government's wartime concern for the effective performance of work" (Michigan, Spring 1968). It was the prime Hoover Commission, appointed in 1947, that suggested a changing of the whole governmental budgetary concept. The commission recommended "The adoption of a budget based on functions, abilities, and projects; . . . it

called this performance budgeting" (David C, 1970). The Budgeting and Accounting Procedures Act that was approved in 1950 meant to increase performance budgeting throughout the total national. The second Hoover Commission admired the performance budgeting and recommended further developments.

According to Warner, there are three processes involved in performance budgeting:

1. Identification of significant outputs or end products:
2. Measurement of output volume and input costs (expenditures):
3. Productivity or cost accounting to relate the cost of inputs to specified outputs (David C, 1970).

Performance budgeting wants uniform measurement of the whole price of output. The entire of performance charges ought to equal total budgetary prices (costs of inputs).

At its best, the performance approach authorities the manager to work out whether or not prices have modified due to a modification in output or due to changes within the per-unit value of outputs (or inputs).

In 1946 the (World War II) Navy given its projected budget the fiscal year 1948 on each the standard objects basis and a program basis. It was not shocking to search out that a military department presented the primary budget on a program basis in 1946, since the War production Board had been "looking at the total of military requirements and the total of war essential civilian requirements in terms of a series of identifiable groupings" since 1942. As Novick explicit, "the controlled Materials Plan" that the War Production Board introduced in 1942 "was really the primary program budget used in the federal government. It usually isn't therefore known as a result of the budgeting was complete in terms of copper, steel, aluminum, and different material instead of dollars however the setup had the subsequent characteristics:

1. Major goals were identified.
2. Each main goal was established in the priorities of the programmer.
3. Program objectives were further defined into program elements.
4. The time horizon was extended.

5. Alternative were examined and systematic analysis was made of both supply and requirements.

H. The program budgeting system

The third step of budgeting centers on a planning orientation.

The programming-planning-budgeting method depends on the intent of the work, i.e., what are the objectives and goals of the initiative and what is supposed to be accomplished at a given level of funding. This method seeks a multipurpose budget concept that provides sufficient and appropriate attention to control and management processes (Michigan, 1968).

As one step in the continuing effort to improve our national policy processes, President Johnson decided in August 1965 that a Planning-Programming-Budgeting System (PPBS) should be introduced throughout the Executive Branch, along the lines of the system introduced into the Department of Defense in 1961.

Two key elements in PPBS are (1) the program budget and (2) system analysis. A program budget is "a budget which links the goals the policy-maker hopes to accomplish to the expenditures by which he proposes to meet these goals". System analysis is a means "To provide the policymaker with a thorough and orderly measure of the advantages and drawbacks of various ways of achieving that target, depending heavily on quantitative evidence"

I. Program budgeting

Program budgeting is additionally usually brought up as planning-program-budgeting systems (PPBS). PPBS emerged within the 1960 as a lot of bold approach to rising the performance of state operations. The principal goal of PPBS is to boost the premise for major program selections in government ministries and agencies similarly as within the government workplace of the President (Schick, 2013).

PPBS necessitate relating the 3 management processes constituting its name: planning, programming, and budgeting. Planning is linked to programs that are essential to the budget method. Programs and their price estimates replicate an extended timeframe, with stress given to program yields and objectives. In PBBS, the

budget is prearranged by programs or activities that share a similar aim, in spite of that agency or departments do those activities. To this end, there should be a clear declaration of program goals and objectives and therefore the documentation and systematic comparison of the choice ways of meeting those desired objectives. Thus, the budget information is prepared by programs, reflective current furthermore as future implications of selections.

The PPBS system reigned till the mid-1970s, and like its forerunner budgeting systems, it phased out as a result of many factors. PPBS were allegedly simply foreign from defense environments to civilian environments while not a lot of adaptation and preparation.

J. Planning in PPBS

A Planning-Programming-Budgeting System is a united system to deliver for administrators with more and enhanced information for planning program. It assists the administrators in making selections between the optional way's funds can be devoted to realize aims. It accommodates the decision-making technique by discovery new methods that through analysis and examination of plans to unravel the issues.

In the interior Planning-Programming-Budgeting System the processes of program development and budgeting are expressly combined. It's a system within the sense of centering on program analysis within the lightweight of outlined objectives. It then needs program plans that do these functions and for budgetary requests that facilitate implement the planned program. It additionally requires the identification of all goings-on that relate to the accomplishment of an outlined objective. The shared events that compose a style of PPBS are shown in Gott's flow chart of a coming up with, Programming, Budgeting System.

K. The need for program budgeting

The term "program budget" is taken from the basic fact that the preparation process is pre-arranged by the program instead of the fiscal input or output agency. There is actually no standard definition of program budgeting. Program budgeting is generally referred to as a planning-oriented method. Its key purpose is to streamline policy-making

by presenting (a) price and welfare data on other means of achieving the desired goals and (b) performance metrics to simplify the successful achievement of the chosen objectives.

Program budgeting has approved through numerous distinct evolutionary periods. The first step was the expansion period, which was issued out of the need for a national budget.

Having outlined the basic concepts of planning and control, it is normal to think about “where is the need for it?”

The main reason why companies need to plan program budgeting is because the future will, in some way, changing the current system, and management should prepare something for such a change. The rate of change has certainly increased over present years. Within 50 years after the war were characterized by high growth rate and declining costs. This picture has changed significantly in the 1970s, with the repaid growth.

The most significant variation in budgeting, which made smooth the way for program budgeting that occurred in 1907 under the control of Frederick A. Cleveland, when New York City’s bureau of Municipal Research adopted this method. Soon after, other cities followed New York’s management in budget reform; and in 1910, Chicago reconstructed tis budget and separated its appropriations according to specific groups.

1. Components of program budgeting

Business procedures are highly complex and require substantial effort to coordinate. Managers often cite coordination as one of the greatest leadership challenges. The comprehensive budget an important section of the coordinating effort. Like this budget include many individual budgeting blocks that are close together in logical agreement, and reflect the financial plan for the entire organization.

The preliminary point for the program budget is an assessment of anticipated sales via the sales budget. The predictable sales level drives both the production plans and the selling, general, and administrative budget. Growth is driven by the need for supplies and manpower. Factory overhead may be functional on the basis of labour, but it is essentially powered by total demand.

2. Sales budget

The budgeting process typically starting with a sales budget. The revenue budget represents the expected sales volume and is affected by historical sales trends, actual and estimated economic factors, the behavior of rivals, and so on. The revenue budget is complemented by an overview of the planned accumulation of currency. Sales are made every so often on account, hence, it may be delayed between the time of selling and the actual transfer of the purchase to currency. The timing and pattern of cash collections must also be provided to create a useful budget.

3. Production Budget

Sales controlling the producer level of production. Output is also a feature of the original inventory of finished goods and the desired completion of the inventory of finished goods. Budget items of production can be specified as the amount of items produced. In design manufacture, first must be careful with consideration to the productive capacity, obtainability of raw materials, and same considerations.

4. Direct Material Purchases Budget

Preparing raw material as much as it necessary according to the schedule and need of production process. Purchasing to the direct materials provides the necessary framework to plan cash payment for materials.

5. Direct Labor Budget

The direct labor budget establishes a basis for the preparation of job requirements and expenses.

6. Factory Overhead Budget

Companies overhead dependent on clear hours of service. The annual factory overhead was built on a widespread study. The annual factory overhead shall include a set sum and the amount per hour of direct labour.

7. Selling and Administrative Expense Budget

Companies can also account for selling, operating and financial expenses. These expenses also include flexible and fixed elements. The estimated quarterly sales are multiplied by variable costs per product. Full contingent costs are applied to the fixed products.

8. Cash Budget

Cash is a vital and important currency. Without a satisfactory supply of cash to satisfy the obligations when they emerge, the company would rapidly fail. Also the most prosperous company will be trapped by cash vital conditions due to gaps in the receipt of receivables, capital spending, and so on. Usually, these forms of cash emergencies can be avoided with a little planning. The cash budget is the critical mechanism for forecasting cash receipts and payments, along with expected borrowing and repayments.

9. Budget Income Statement and Balance Sheet

Almost every element in the planning budgeting income statement is drawn straight from another component of the principal budget.

10. External Use Documents

Projected financial statements are also sought by consumers of external financial statements. Lenders, prospective buyers, and others have a strong interest in this knowledge. This records are very significant, popular and severely indicted for internal planning purposes.

The accountant who is elaborate with external use reports has a responsibility to use appropriate care in arranging them; there must be a reasonable foundation for the fundamental assumptions.

11. Performance Appraisal

Actual consequences will be compared to budget consequences. These comparisons will assistance identify strengths and weaknesses, areas for developments, and potential staffing changes.

12. Program budgeting structure

Plan budgeting is a simpler method for tracking budget expenditure and expenditure. Requires additional economic redistribution of funds for the purpose of performing particular obligations, and allows decision-makers clearly to understand the affiliation between the approved funds and techniques, services and results.

In this technique, the budget becomes a lot of economical instrument for public finance management. Program budgeting improves the way during

which the financial plans of budget beneficiaries are made as well as the method in which those plans are analyzed. It additionally allows finding and analyzing of various program measures for finding the foremost economical manners, that's strategies for finding perceived issues and roles of various participants, i.e. defining competency and accountability for determination issue and/or achieving desired objectives. Most significantly, it permits for continuous performance of achieving planned leads to terms of each financial and non-financial coverage.

Shifting to the program budgeting means that appropriation becomes linked to a certain program, that is a project, and it will be performed through the budget in that method. In this respect, one in all the priorities is that the strengthening of the Treasury functions by providing truthful and reliable data on meeting planned objectives and outcomes of budget beneficiaries at intervals the program budgeting, i.e. building capacities for observance, evaluating and reporting on program budgeting potency. Providing an institutional framework for those activities at the Treasury is important since it permits for the economical and effective usage of financial sources, financial and human capacities, that is vital for forming conditions for approximating aims and performance of the program budgeting. In this method, continuous development of procedures for observation and estimating the potency of accomplishing objectives and outcomes through the program budgeting are going to be achieved so as to form connections between planned results and fund requirements for following year/years.

Program budgeting doesn't substitute the current model however improves it. In distinction to recent models, the program model demonstrations determinations that funds are spent, however such payment is connected to Government priorities, achieved results and the way the accomplished are often measured, shown in reports and published.

Project budgeting is not an alternative method of planning the budget, but a progressive, modern approach to handling public expenditures.

Plan budgeting around the globe is becoming more widespread in the administration and planning of public finances .Such planning separates many existing public finance structures in developed and transition countries, and also in many developing countries.

Actually, the number of countries that use some type of program model to develop and implement the budget is growing. Such admiration is based on both indirect and medium-term long-term welfare, which service budgeting provides in evaluation of most conventional budgeting formats.

L. Evolution of PPBS

The control Orientation Object of Expenditure vs Functional Budgeting- Throughout the years 1911 and 1926, radically new systems of budgeting were developing and long-standing performs were abandoned since the gospel of budget reform was sweeping like conflagration across the United States. Previous to this change, traditional budgeting had formed a universal and straightforward discontent among liberal statesmen and academics, since it provided flexibility for political manipulation in its fragmented technique of "legislative budgeting."

According to a contemporary scholar, Arthur Holcombe:

Each department of administration ordinarily reports directly to the legislature upon the expenditure of its appropriation and transmits, in the same manner, its estimates of the appropriation necessary and proper for the ensuing years The officer, if any, who collects the estimates and transmits them to the legislature, has no control over them. The department, heads themselves have no constitutional right to defend their estimates and, in practice the legislature may disregard them Under such circumstances, the department with the most political influence are likely to receive the most favorable treatment at the hands of the legislature. It is not surprising that the strong hand of the executive is welcomed as a means of controlling such an unbusinesslike system (Holcombe, 1916).

Prior to advent of budget improvement, the outstanding features of budgeting were that:

1. Approximations were normally received by the legislature in piecemeal fashion.
2. There was no official with prerogatives to review departmental estimates and to make recommendations to legislature.

3. Estimates had no uniformity, since each department classified its accounts in its own unique way.
4. The estimates were grouped into broad lump sums, and lacked supporting data.
5. Expenditure estimates were not related to estimates of over-all revenue.
6. Each department bargained individually, and funds were appropriated separately for each department.
7. There was neither supervision of departmental spending during budget execution nor central surveillance over the over-all performance of the departments.

By the year 1910, the idea of this politically-manipulable fragmented budgeting appeared to have begun to smash. As Gulick's admirable study of the development of budgeting in Massachusetts reveals, a succession of increasingly-centralized arrangements was used for the submission of expenditure estimates to the legislative assembly. Fragmentation was, it ought to be noted, a product of nineteenth-century attitudes to government: inflexible separation of powers; limitation of executive authority; and, administrative centralization. With these dogmas of "good government" being challenged and step by step attenuated, the stage was ready for the acceptance of executive budget systems. To change from legislative to executive budgeting was portion of convergent trends in politics and administration. Frederick Cleveland says that, "legislative budget is an instrument of control in the hands of a representative body over a strong executive leadership...to make a leadership responsible to the people through their representatives." And also, he added "a means of developing representative government and keeping it in harmony with the highest ideals of democracy (Cleveland, 1915)."

The executive budget movement was a principal board within the drive for political and administrative integration under the banner of executive control. In this case, it absolutely was associated with the short ballot, practical consolidation, and also the extension of executive power. In its speedy unfold from one part of the US to the opposite, the "budget idea", such as Cleveland puts it, shaped its own tempo, then widespread and well-liked was the demand for improvement that

he might caution, “anyone who wishes to obtain the approval of the American people at the present time gets up and announces himself as favoring a budget idea.” The acceptance of the executive budget accrued throughout the 1920’s and 1930’s because the budget statutes were studied and the promise to executive leadership embodied within the original budget plan were accepted. Understandably, the legislature resisted yielding a share of its authority to the executive. It was so, over this same issue that associate arduous struggle was waged between parliament and therefore the Crown in European country and general assembly and governor in Colonial America. According, several legislatures accepted nonexecutive system at the first step of budget improvements. It was not till the business enterprise crisis of the 1930's that political and administrative power over budget execution, simultaneous with the initial ideas of executive budgeting, was give up to the executive.

The struggle among the executive and also the legislature wasn't moving by itself alone. It had been conjointly associated with the dualism system between the quests for standards of economical administration and also seek administrative and political centralization. The main object of the executive budget movement was, however, administrative and political centralization. As Cleveland argued in 1915, it was only the executive head who “could think in terms of the institution as a whole”, and is thus the sole one that may be created to blame for leadership. Under the system visualized by the supporters of executive budgeting, the principal of executive may provide, through integration of the legislative appropriations, a complete path of the multifaceted activities of the government. Even though political centralization was really thought to be a requirement for executive budget in line with British applies that were thought of ideal by several, the most worry the reformers voiced was that fragmentation of the appropriations method and its individuality would permit leeway to the defrayment agencies for multiple points of access to budgetary effect and evasion. Hereafter, form their opinion, a dire need for integration of legislative budgeting could be simply understood.

Administrative potency that was the second aim of restructuring, conjointly diode to the executive budget plan. A system of comprehensive accounts of government expenditures was considered the foremost applicable approach of

establishing and preserving such accounts since the executive alone has full responsibility for the activities of departments and agencies.

The fundamental theme of budgetary reform throughout this era was so, control-oriented, the importance was on centralized political leadership and on development of expenditure accounts and administrative potency. This control-oriented plan as well as the legislature's antagonism to executive political power, however, motivated the improvers to hunt normal and correct accounts while not political issues. This is a display of most reformers the same display seen in PPBS advocates of today. The fact is; however, budgeting can't be single from politics and that we shall modify this time very well later.

The leading memberships of executive budget movement, therefore authorization political issues to the background, visualized a useful system which might target the task to be accomplished. Objects-of-expenditure information was thought-about just as a subsidiary within the budget document for informational functions. We can mention also, however, that this preference for practical accounts derived from the emphasis on the budget as a method of planning and executive the activities of government, whereas the subordination of object information was in agreement with the manner of government of the day, namely, the stress on separation among politics and administration. Goodnow, for example, wrote in 1912 that the legislature "may properly extend its control of appropriations to the point of defining with a considerable degree of particularity the activities for which public money shall be expended, and the amounts of money which shall be expended for the particular activities defined (Goodnow, 1913)." Also, he added "It is more than doubtful if it is ever justified . . . except where it is imposed as a limitation of the maximum expenditure which may be incurred (Ibid, 1913)." Cleveland, Willoughby and the Taft Commission were also in complete agreement with Goodnow.

Although political and administrative centralization that the executive was looking for was far away from being accomplished, object classification was of significant worth from the purpose of read of legislative and administrative potency. It did control or incorrect expenditures and had allowed the legislature to workout tight control over departmental expenditures. Accordingly, in varied degrees of organization,

the budget systems presented throughout the U.S. throughout the age were supported object classifications and also the statutes making the budget systems either define in detail the figure of the budget or nominative that the estimates were to be itemized by objects of expenditures. The emphasis on separation of powers was, of course, a good hindrance to the event of purposeful accounts. From the knowledge out there, considering early classifications systems, there's no indication of purposeful accounts being wide employed in the U.S.

M. Implementation and performance of the PPBS system

The period of the 1990's saw a revival of the budgeting development movement. The revitalization was noticed by the influence of the ideas proposed by the New Public Management, which emphasized the need for the public sector to incorporate some management strategies from its private complement to improve its effectiveness and efficiency.

Before, authors have mentioned that performance budgeting is a period for which there is a multiplicity of definition. Some of the foremost wide used definitions of performance budgeting are recommend in publications from international organizations. A publication by the planet Bank presents the subsequent definition: "Performance budgeting is a budgeting mechanism that lays out the intent and goals for which the funds are required and the results to be generated or the services to be delivered under each program. The main issue of performance budgeting is to achieve operating quality and to increase transparency for outcomes (Shen, 2007)." Also, a book published by the International Monetary Fund (IMF) describes implementation and performance budgeting as "Public sector funding frameworks and processes designed to improve the connection between funding and results (outputs and outcomes) through the systematic use of structured performance information with the goal of enhancing the allocative and technological quality of public spending (Robinson, 2007)."

Both definitions consult with performance budgeting as a system that introduces performance info within the budgeting cycle, and each give express objectives for performance budgeting. Those objectives embody allocative potency, operational or

technical potency, and responsibility for results. In addition, both definitions link these objectives to outputs and/or outcomes.

According to Drucker (1954) implementation, planning and responsibility are separate portion of the similar occupation, and there is no effort can effectively be performed if it contains fundamentals of both. Therefore, for have a good planning and implementation and to be effective, it out to be successfully implemented, that is turned into action.

1. Accountability for results

Exists when there is answerability and enforcement, “Responsibility relates to the duty of the Government, its departments and elected officials to provide reports on their policies and activities and to explain it to the public and others responsible for supervisory accountability. Regulation implies that the public or the agency responsible for accountability should discipline the offending party or remedy the actions of the offending party (Stapenhurst and O’Brien, 2008).”

2. Allocative efficiency

is delivery of the maximum of different forms of services that they are closely reflect social details priorities, it is depend on society’s valuations of output choices.

3. Efficacy/Effectiveness

Is the level to which the expansion interference’s objectives were attained, or are expected to be attained, taking into account their relative importance.

4. Operational Efficiency

Is producing an outcome with minimum cost with a perfect quality, given prevailing input prices.

5. Outcomes

Are changes led to by public interventions upon individuals, social structures, or the physical setting. Expressed otherwise, the impacts of state agencies.

6. Outputs

Are goods or services provided by an agency to or for an external party (Robinson, 2007).

The majority of authors recommend that the strategic plan is the starting point of the planning cycle. Most of these authors have in turn made relatively unsupported statement about how the annual planning system will subsequently turn the strategic plan into action plan. Also, Stonich and Zaragoza (1980) suggesting:

“Companies define their strategies early in the planning cycle and then develop detailed planning budgets just prior to the upcoming operating year”.

Obviously, also the best laid strategies do not implement themselves but necessitate positive management action. Kudla (1987), between other authors, has worried the dangers of day to day management confusing the longer-term plan. Certainly, there is a problem that a slight change in the prediction environment will make management think the plan is out-of-date. Likewise, strategies which are positioned by a removed body, both geographically and organizationally, give rise to accusation of academic planners who are unaware of the operating problems of management.

To find answer for these problems are merely beginning to emerge. Allen believes that the reason why so few companies implement the strategies is because most have not developed their planning capabilities to meet the need. Hobbs and Heany believe that the problem lies in the fact that operational and top management are not coupled together on a strategy. Likewise, Roush and Ball they believe that it was significant to have strategic control as well as operational control. Like this system provide “on-going answers” to the following kinds of questions:

- 1 Are the assumptions underlying our strategies still valid?
- 2 Is satisfactory progress being made towards objectives?
- 3 Are the medium-term success criteria/performance targets being achieved?

Suggestions alike to these should go some way to become sure that strategic implementation, through some strategic planning system, takes place. They would similarly ensure the strategies which have not been examined and agreed by the center are not implemented.

N. Tactical Planning and performance

As we mentioned before, one of the main responsibilities of the tactical plan is to implement the longer period strategy. This is done by converting the strategies and objectives into additional detailed annual plans designed for action and control. Therefore the aims are turned into actionable, quantifiable objects which attract responsibilities. The main goal of tactical planning then, is to interpret the slightly wider strategic objectives into exact, achievable aims which include the immediate difficulties within the immediate environment.

Actually a main communication document particularly in the big organization that the tactical plan frequently attracts other rules some of which maybe conflict. These directions will be different from organizational structure and management preference but may comprise development / project planning; targeted; costing internal co-ordination; budgeting basic operation planning; etc. also in a very giant organization, the tactical plan might act as outline of lower level of the planning. Central management doesn't want to be swamped with the intricacies of the every day running of the subunits so the tactical plans are repeatedly used as summarize of the key problems.

Subunits can unremarkably break down the plan into a budgetary control document that involves shorter time and significantly a lot of elaborated. This elaborated from planning of sometimes involves the budgetary aspect of tactical planning.

“Budgets are not planning they are numerical statements, usually in financial terms, which describe plan activities and goals (Jones, 1974).”

Like they typically deal with the aims of subunits, budgets deliver a basis from managerial control.

It's important to understand clearly of all concept of budgeting, and how it linked in the planning and programming system and specifically tactical plans. Maybe the most comprehensive definition has been given by Knight and Weinwurm:

“Translation and review of operational plans into accounting languages in relation to goals. Operational strategies can be known to arise in fields such as communications, engineering, development and staffing, which are non-financial

facets of management. They relate to such matters as markets, products processes and requirements. These plans are then converted into terms such as sales, expenses, assets and liabilities. These accounting terms are summarized in the form of financial statements, profit and loss statements and balance sheet. Within certain limitations, these statements in turn, are summarized and evaluate in terms of the indicated return on investment. In this sense a satisfactory sustainable return on investment may be regarded as the paramount financial criterion on the basis of which a proposed operating plan of set of operating results can be evaluated (Knight and Weinwurn, 1964).”

This definition sufficiently demonstrates the role of budgeting as the quantitative shadow of plans.

In order to achieve some appreciation of the strategies used for developing a budget, and so tactical designing generally, Bergstrand defined the chronological “building blocks” of budgeting, which he abstracted from the literature.

Chronological steps for budget performance

1. Introduction administrative activities
2. Clarify goals
3. Developing preliminary budget sections
4. Participation in the budget dialogue
5. Developing the budgetary forecast
6. Consolidating sections in the corporate budget
7. Suggesting changes in the preliminary budget sections
8. Reworking the corporation budget
9. Concluding administrative activities (Bergstrand, 1974).

O. Implementation and operation planning

From the divisional tactical/budgeting arrange a further more exact from of planning - operation planning and should emerge. This relates to day-after-day management of an operating system that is committed changing inputs into outputs. This way of coming up with is primarily involved with part encompassing production. Mize et al (1971) defined it as following:

“The allocation of available production resources to production requirements as determined by demand forecasting”.

However, different functions also are related to operation planning: inventory planning and control; operations programming dispatch and progress control; desegregation aspects to confirm different functions match in terms of timings and outputs; quality control so on.

Also, operations planning is necessary to the survival of the business, its act like framework that is supports the plan that is interesting to this research. Operations planning can only be relevant to the particular division, department or even manager that executes those plans. It is necessity to extremely detailed and accurate.

Effective planning

Choosing that which plan in in general, it is important and helpful to achieve some understanding into what factors are symptomatic of effective planning. Kudla gives a logically attractive, though somewhat made it general definition of effective planning, as being planning which:

“Result in capturing tomorrow's possibilities and eliminating tomorrow's challenges by making the right choices today (Kudle, 1976).”

Likewise, Heiser express his thinking on this issue

“the question arise as to what constitutes good planning, admitting that the most carefully laid plans can be upset by factors which in the nature of things cannot be accurately forecasted has two elements:

1. It calls for the availability of all forecast data generally available to the company concerning a specific market,
2. It calls for sound use of the data (Heiser, 1959).”

This definition, also generally acceptable, it has to sides. Its stress on forecasting, which, as already specified, it is the output factor in planning. The second side of the definition is not specific enough for practical purposes, it could for example specify the construction of measures to improve upon the momentum forecast.

P. Implementation and performance budgeting in Turkey

The efficiency budgeting strategy came into effect in Turkey in December 2003 with the introduction of the Public Financial Management and Control Act. The introduction of this act started in 2005. In terms of its elements, the efficiency budgeting framework was completed in July 2008. The performance-based budgeting cycle is enforced under the Public Financial Management and Control (PFMC) Act. Public administration has begun to schedule the program/project-based distribution of money and expenditures on the basis of its strategic strategy, goals and success measures.

Three wide categories of institutions are determined in the PFMC law: Budget for the federal government, budget for social welfare agencies and budget for municipal administration. The budget of the central government was also split into three sub-budget groups, namely the general budget, the special budget and the budget of the regulatory and supervisory agencies.

Q. Implementation budgeting tools

Implementation budgeting tools are strategic plans, performance program, budgets and accountability reports. Furthermore, there is complementary tools that they called analytical budget classification.

1. Strategic plans

The medium- and long-term goals are in strategic plans, main values and rules, goals and priorities, and performance indicators of public administrations also the strategic to obtain the resource distribution. The present and satisfied position of organizations define by strategic plans and also the way how to deal with two of them. Strategic plans in Turkey cover 5 years periods.

2. Performance programs

The following items are in the performance programs that written to the PFMC law:

- Performance targets and performance indicators of a public administration related to the program period.
- Activities to be executed, and the resources requirement so as to achieve the targets; and
- Information on the related administration.

3. Budgets

The yearly budget process used the multi-year budget framework. Budget horizon time is three years. Central Government budget Law (CGB Law) making the first-year appropriations. Expenditure budget prepare by the administrations and general public budget. Ministry of Finance is preparing the general revenue budget. The other administrations prepare both revenue and expenditure budgets.

4. Analytical budget classification

According to an analytical expenditure classification, budgets are planned. The spending budget grouping is based on four categories: institutional, functional, financing, and economical classification.

There are four steps of the institutional grouping. Ministries and administrative and supervisory bodies are listed at the first level. The second level covers sections that report to the first level directly. Units working below the second level are defined by the third level. For assistance, operations and some executive groups, the fourth level is.

The organizational classification is in accordance with the international classification of government functions (Kraan, Bergvall, and Hawkesworth, 2007). There are four steps of the practical classification. The first step is to define government spending in terms of ten programs: general public services; military services; public order and security services; economic actions and services; environmental conservation services; housing and human prosperity services; health services; leisure, cultural and religious services; school services; and societal services.

A one-digit and one-level code is the funding designation. This portion includes a means of financing that can contain one of the following: the federal budget, the private budget, social security agencies, municipal councils, private appropriations, international initiative grants, and donations and assistance.

There are four tiers of the economic classification, where the first level constitutes the major codes and the remainder displays the details. For the first level, there are nine choices. There are expenses on workers, state premiums on social security

agencies, expenditures on the procurement of goods and services, expenditures on debt, current payments, expenditures on capital, transfers of capital, grants, and appropriations for assistance. There are two digits for the first and fourth levels, and one digit each for the second and third levels (chatak and chklingir, 2010).

5. Accountability reports

Accountability reports present the activity results. The following items are included in this report (according to PFMC Law):

- The resources used, and the reasons for any deviation regarding the budgets and realizations;
- Financial information comprising information regarding the activities of associations, institutions and organizations aided through assets and liabilities;
- Information and activities and performance information preformed as per strategic plans and performance programs; and
- General information on the related administration.

R. The implementation budgeting process

Big performers are listed as administrative administrations and implementing administrations in performance budgeting. The under-secretaries of the State Planning Agency (SPO) and the Ministry of Finance (MoF) are the governing authorities.

SPO is responsible for long-term development plans, macroeconomic monitoring and forecasting, preparation, and execution of investment plans. Also, determining the regulation belong to the strategic planning that determined by the SPO. SPO prepared two kind of documents: The By-Law on the procedure and Bases for Strategic Planning, which used in May 2006.

The fiscal policy responsibility belongs to the Ministry of Finance. MoF is also become lawful to evaluate the issues that belong to performance programming and budgeting, and accountability reporting by the PFMC Law. Administration is in charge to implement the performance budgeting. All administrations working under law of PFMC including the SPO and MoF. The highlight point that they are in charge to do is development of strategic plans, performance programs and accountability reports also the

preparation of budgets. Administrations that working under the government control have their own parts, that called Strategy Development Department, which all of them responsible for coordination and guidance in the implementation and performance budgeting.

S. The implementation and performance budgeting process

The performance budgeting process can be illustrated from the perspective of both the regulatory and the implementing aspects.

The budgeting method starts with the release of the medium-term program and f The CGB Law "shows public administration income and expenditure estimates included in the central government and grants power and permission for their realization and execution" (PFMC Law).inishes with the publishing in the Official Gazette of the Central G overnment Budget Law (CGB).

The process's primary papers require some explanation. The medium-term program involves fundamental macro policies, values and financial numbers as objectives and indicators in line with the institutions ' development plans and strategic plans and overall financial conditions specifications.

The medium-term fiscal plan, consistent with the medium-term program, involves the targeted deficit and borrowing positions, complete income and expenditure projections for the next three years, and ceilings of government suggestions for appropriations except for regulatory and supervisory organizations. CGB law legalizes the appropriations on the basis of the first functional classification level and the second economic classification level. In addition, the CGB Law also specifies the appropriations based on the first stage of institutional classification. The CGB Law is endorsed by the President of the Turkish Republic after authorization by the Turkish Grand National Assembly (TGNA) and released in the Official Gazette before the start of the fiscal year.

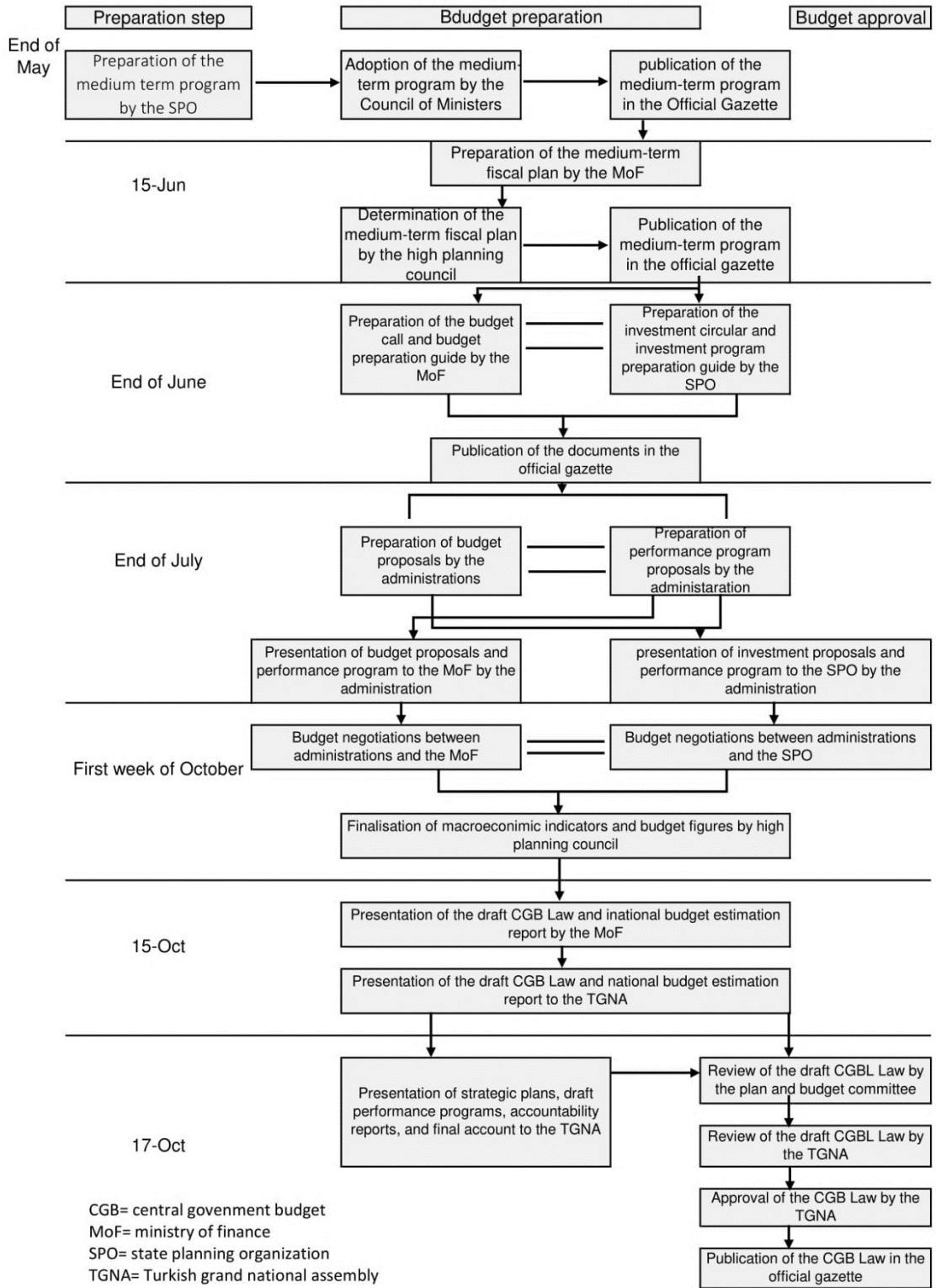
The performance budgeting process can be summarized in four steps from the view of implementing administrations within the overall budget: preparation of strategic plans, performance programs, budgets, and accountability reports.

The method of performance budgeting starts with the creation of the organization's strategic plan. The SPO, MoF, Court of Accounts, and Turkish Grand National Assembly will receive strategic administrative plans. The budget process is carried out and each year, depending on the strategic plans, a performance program is prepared.

Proposals for government performance programs are prepared under budgetary limitation in accordance with the strategic plan, which the budget limits are set in the medium-term fiscal plan. The performance programming process is therefore carried out hand-in hand with budget preparing. The primary characteristics of the method of performance programming are described and mentioned below in the Guide for Performance Program Preparation.

Public administrations review their performance programs accordingly in the event of a change in appropriations. Since budget modifications can occur twice, three variants of performance programs are available: proposal, draft and final, as in the budget. An administration's resource requirements specified in the performance program should be equal to the available resources in any version. Accountability reports are prepared and released annually by government heads and expenditure unit heads. A copy of the central government accountability reports will be sent to the MoF and the Court of Accounts.

Budgeting process in Turkey



T. Budget flexibilities

Appropriations are ready using the economic classification's fourth level, but they are legalized in the second level detail. Therefore, there is some flexibility in expenditure for government administrations and expenditure units.

In addition, central budget administrations are authorized to transfer from one budget item in the second economic classification level to another, provided that the total budget transferred to an item does not exceed 20 percent of that item's budget. Furthermore, appropriations can only be transmitted by law from one central government administration to another. Unused appropriations can not be transferred from one year to the next and will be cancelled at year-end.

1. Detailed expenditure programs

Following the approval of the CGB Law, the general budget administrations prepare their monthly detailed expenditure programs (DEPs). The DEPs are then approved for the second stage of economic classification on a quarterly basis by the MoF. The MoF releases the authorities' appropriations on a quarterly basis on the basis of the approved DEPs. It is feasible to revise quarterly determined appropriation in the event of inadequate appropriations. Public authorities are not permitted to spend more than their appropriations (PFMC, Law).

2. Internal control and external audit

Internal control, which is coordinated by the Department of Strategy Development, is a supplementary instrument for budgeting result. Internal audit is a significant component of internal control and is carried out in administrations through a distinct internal audit unit.

External audit, which is also a supplementary instrument, is an ex post audit conducted by the Turkish Court of Accounts as part of public responsibility.

III. ZERO BASED BUDGETING

Zero based budgeting (ZBB), has had a long history in the public sector and organizations, and the first time it used by the government in 1970s in U.S, and recently privet sectors become interest to the ZBB. Zero based budgeting (ZBB) is a kind of method that used for operational budgeting spending. It allows organizations to categorize their major costs, and determine the resources for allocate and strategic significances.

For new form of budgeting using and analyzing the previous periods. The ZBB, become widespread among organizations, is an approach to budgeting that organizations can start from zero. And they just focus on the future, and it's not important what happened in the past. Zero based budgeting is basically similar to the budgeting process every year from scratch.

This technique will therefore involve more time and extensive planning. To genera te a more precise budget, all income and expenditures are scrutinized more carefully. The primary advantage of zero-based budgeting is that each individual engaged in the process. Will incorporate all known and anticipated expenses from prior information or data without bias. It also forces staff to work together more tightly during the budget process as they need to understand how each feature impacts the organization's other responsibilities. It is also possible to discover fresh thoughts and company possibilities, as they will be given the same weight as the concepts of last year.

Zero-based budgeting efforts to achieve the following:

- Assess alternative processes and establish the best ways for the organization to meet these objectives.
- Associate a cost with each activity in the organization.
- Rank all activities in order of importance; and prioritize them so that resources can be allocated.

- Establish a basis for determining how well the organization meets its objectives (Rasmussen and Elchorn, 2003).

There are two main advantages to using zero-based budgeting:

1. Without deciding if they are effective, businesses prefer to use the same types, staff, and operations. Although they will remove forms, procedures and/or employees that are not successful over the year by using zero-based budgeting.
2. For simplicity, most firms, regardless of whether there are more effective alternatives, go with what works. Because zero-based budgeting does not use last year as a model for any following year it is possible to explore new innovations, strategies and materials that can make the business more successful (Rasmussen and Elchorn, 2003).

However, zero-based budgeting also has a few disadvantages. The most evident one is that it takes a lot of time because it is a totally bottom-up strategy that is redesigned every year. Employees will therefore need a lot more time to finish their annual budgets. Second, while budgeting depends on many hypotheses, typically businesses use the assumptions of the past year as a basis. In this strategy, it is necessary to determine each hypothesis without looking at the budget of the past year. If the assumptions are incorrect, the budget will not be precise and the organization will be of little assistance. In summary, if the organization has the time and expertise to make precise judgments, this method can be helpful.

A. Activity-based budgeting

Activity-based budgeting is an outgrowth of activity-based costing, characterizing the “real” price of delivering a product or service (internal to the business or external to the client) by acquiring and evaluating how employees spend time. Costing based on activity is often seen as a comprehensive strategy to allocating expenses that can be used to refine pricing models and enhance the assessment of profitability. In easy terms, activity-based budgeting focuses on the procedures that are relevant to the company’s achievement within the organization. Therefore, a manager will budget for the process of obtaining a fresh sale instead of budgeting for the sales department. Instead of determining the entire

department expenses, the manager will determine the expenses connected with the sale process.

This approach's success is based on execution efficiency. If well applied, the beneficial elements of this strategy are:

- You will end up with a detailed view of the expenditures of the organization.
- The organization would have enhanced leverage of its expenditures.
- There will be an increased view of the company's operations and how they are related to the expenses of those activities.
- The internal dialogue on all cost drives would increase, allowing all workers to appreciate the drives.

If not effectively applied, the detrimental components of activity-based budgeting are as follows:

- Results can be overlooked and assigned costs can be discussed, as it would be very difficult to evaluate the allocation procedures by using this process.
- It is difficult to incorporate the strategy which allows the enterprise to employ an activity-base costing system.
- Most workers record how they spend all their hours, a time-consuming effort, and one that can be avoided by staff.
- The scheme is all focused around how workers track their time; your business must also be wary of "garbage in, garbage out (Rasmussen and Elchorn, 2003)."

B. Global characteristics

1. Budget formulation

The budget formulation for any specified year formally begins when all line ministries receive budget ceilings from the Central Budget Office. This data, which is not made public, will be sent out five months before the beginning of the fiscal year. Line ministries may attempt to negotiate with Central Budget Office on these ceilings, but this does not usually occur. This fact was further verified by an officer at the ministry of finance who stated that line ministries need to be cautious when requesting adjustment to their budget ceilings, as these demands, if not substantiated, could lead to budget cuts.

The budgetary ceilings will receive a months later. Submitting their proposal and individually meet with Central Budget Office officials to discuss them is belong to the line ministries. The Central Budget Office officials leading these meeting, known as sectorialists, have a specific law turnover rate and specialize in specific line ministries they willing to change for many years. Those representatives are therefore generally very experienced and knowledgeable the line ministries budget history they are analyzing. Negotiations take place almost completely during the month of August and the outcoms are recorded in reports submitted to the Director of Budget (the head of Central Budget Office).

For the budget formulation, September is the last month. In this time discussions are in the higher level. First, the budget director presents his proposal to the Minister of Finance; then, the Minister of Finance does the same with the President. As this chain of debates progresses, the amount of information discussed is decreased; for instance, the President generally focuses only on specific programs being expanded. When they agreed on the final documents, the preparation final documentation for submit to Congress is relate to the Central Budget Office by the end of September.

Probably the most important of these characteristics is the centralization of budget ary power in the executive branch, which has exclusive authority to initiate legal reforms affecting government money and which has much greater technical ability to cope with the complexities of budgeting problems. In addition, the Central Budget Office is particularly powerful in handling procedures in the framework of a strong executive branch, leaving little room for feedback from line Ministries.

2. Budget approval

The budget approval stage is characterized by the fact that Congress is seriously restricted in what it can do with the executive's budget proposal. For instance, If Congress does not approve a budget, the executive suggestion automatically becomes law; and Congress has no power to raise expenditure or amend income projections.

Example of constitutional restrictions on the role of congress in Chile:

- Congress will limit spending only for services. It does not increase spending or reallocate spending between programs.

- The economic projections or the tax estimates used in the budget plan cannot be coordinated with Congress.
- If a budget is not approved by Congress by 30 November, the initial request by the government becomes law.
- Congress does not scrutinize military sales of weapons. This refers to the 10 percent of the government-owned copper mining company's gross income that must be allocated to the military.
- By granting priority status to bills he likes, the President sets the agenda of Congress and allows Congress a fixed number of days to consider them.

3. Budget execution and evaluation

Budget execution is conducted throughout the fiscal year, at the same time as the budget for the following year is formulated and approved, and the budget evaluation from the previous year. Line ministries receive monthly disbursement limits during budget execution and may see their approved budget changed by executive decrees that modify the budget law.

As mentioned, Central Budget Office carries out an inclusive evaluation of budgetary execution during the first half of the year. The Central Budget Office starts its internal process in January with the compilation of budget execution data from the previous year; going on with further analyses of that information between months of February and April; it will come to end in the month of June, when report came to Congress and establish initial projections for the upcoming year. The assessment method offers the data necessary to determine budget ceilings, which is the cornerstone of formulating the budget.

4. Typical organization

The need for public reorganization or organisational reform. Usually, restructuring is a two-stage method. First is the whole system's functional ' mapping. This is basically a stage of horizontal or diagnosis. Such diagnosis aims at recording organizational portfolios, identifying those components that are redundant or duplicating or vital, and thus agreeing on a more reasonable portfolio of functions. For example, this includes scrapping or amalgamating some ministries and creating others, all in the light of the new

environment for development. Through functional analysis, the government is dedicated to this two-stage organizational reform. A functional or mapping of its entire scheme is being finalized at the moment. The way for comprehensive organizational reorganization, personnel deployment and training suggestions to continue is evident with the diagnosis and resulting portfolios agreed. This is the organizational reform's vertical dimension. A fresh scheduling cycle, for instance, depends on the organizations responsible for implementing it. Ideally, therefore, not only the central ministry is restructured, but also the lesser public levels that implement the scheduling cycle.

From the view of decentralization, the ordinary entry point of United Nations Capital Development Fund (UNCDF) at local government level is being extended to regional/provincial level and ministry level. This is to guarantee the operational achievement of the planning cycle's decentralization parts; so often it depends on the assistance and reactions from these top public levels. With a multitude of donor assistance.

This involves financing from UNDP for the Ministry of State Administration organizational reform. Combined with the policy/legal framework, the new scheduling process has to operate in this reorganization stage.

5. Planning cycle

In terms of context and structures, the organizational technical preconditions for output-based planning and budgeting are in place. Three things have to be accomplished for the scheduling process itself:

- Relating the definition of poverty by government to their plan for Action Plan for the Reduction of Absolute Poverty (PARPA);
- Using a structured program (or indeed a performance) budget (SISTAFE) to match government public expenditure to PARPA;
- Transforming domestic poverty reduction issues (PARPA) into a locally responsible scheduling process for districts / municipalities and supporting provinces through targeted budgeting (SISTAFE).

6. Framework

In the Organization for International Cooperation and Development (OECD) countries, the degree to which constitutions and laws are used to combine budgetary

principles and define specifics of the budgetary scheme varies considerably. In OECD nations, the reported differences in law density are largely due to the legislative tradition, the executive authority of the legislature, and the combined effect of introducing budget adjustments by the implementation of fresh legislation or the amendment of existing legislation. In OECD countries, the generally different ways in which legal budgeting mechanisms are established are addressed before these issues are explored.

Most nations have a legal framework that includes a written constitution, one or several normal budget system laws, and several budget laws. Regulations are primarily issued by the Minister or Ministry of Finance, although regulations are also issued by legislatures. First, of the latter sort, there are laws that apply only to the legislature's chamber (e.g. the Standing Orders of the House of Commons in Canada and in the United Kingdom). Second, parliamentary "regulations" or "resolutions" are relevant in some nations to bodies outside the legislature, including those within the government. While such regulations are not official law, they may have comparable effects on the legislation, particularly the second type. Regulations supplement statute laws that govern the budget system.

7. Different purposes of the legal frameworks for budget systems

In OECD countries, the distinct manner in which budget related regulations are organized partially represents the distinct aims of budget schemes legal frameworks. It also represents different legal traditions, particularly the significance provided to a written constitution and the establishment or non-existence of bodies to guarantee that budget related regulations are constitutional.

One of the primary purposes of budget related law is to provide a clear set of guidelines for the different steps of budget procedure-preparing, adopting, executing, reporting and auditing the budget, as well as specifying the roles and duties of the different actors in those procedures. While there is agreement on the need for clear regulations, there are significant variations in the extent to which such rules are incorporated into a law. Among other things, these distinctions represent the existence of any constitutional limitations on the budget scheme:

1. To embody budget principles in a law rather than in less formal arrangements.
2. To establish “permanent” as opposed to temporary rules.
3. To use the law to constrain abuse of power by the political authorities of the legislature or of the executive (OECD Journal, 2004).

The budget reforms frequently introduced by the law. Also, the other goals cover by the legal framework of budget system, including the principle of supremacy in domestic economic matters by the legislature, improving macroeconomic stability, and enhancing budget transparency by making available to citizens the rules of the national budgeting system.

Table 1. Legal frameworks for budget system: 13 OECD counters

Constitution (year adopted)	Main laws (year when first adopted; substantial or minor amendments have occurred)	Regulations/decrees/ standing orders
Canada Federal government	<ul style="list-style-type: none"> • Constitution Act 1867 • Financial Administration Act 1985 • Auditor General Act 1977 • Federal-Provincial Fiscal Arrangements Act 1985 	<ul style="list-style-type: none"> Standing Orders of the House of Commons • Rules of the Senate • Regulations issued by the Treasury Board Secretariat and by the Department of Finance
Denmark Constitution 1953	<ul style="list-style-type: none"> • State Accounting Law 1984 • Auditor General’s Act 1976 • Local Government Act 1968 	<ul style="list-style-type: none"> • Budget guidelines issued by the Ministry of Finance • Parliamentary Standing Orders
Finland Constitution 1999	<ul style="list-style-type: none"> • State Budget Act 1988 • State Audit Office Act 2000 • Local Government Act and other local government statutes 	<ul style="list-style-type: none"> • State Budget Decree 1992 • Parliamentary Rules of Procedure
France Constitution 1958	<ul style="list-style-type: none"> • Organic Budget Law 2001 • Organic Law Relating to the Financing of Social Security 1996 • Law on Controlling Expenditure Commitments 1922 • Social Security Code • Financial Jurisdictions (External Audit) 	<ul style="list-style-type: none"> • Decree on Public Accounting 1962 • Regulations of the National Assembly • Regulations of the Senate • Decisions of the Constitutional Council

	Code	
	<ul style="list-style-type: none"> • Local Government Code 	
Germany		
Federal	<ul style="list-style-type: none"> • Law to Promote Economic Stability and Growth 1967 	<ul style="list-style-type: none"> • Regulations for Implementing the Federal Budget Codes
Government Constitution 1949	<ul style="list-style-type: none"> • Law on Budgetary Principles 1969; Federal Budget Code 1969; Federal Court of Audit Act 1985 	<ul style="list-style-type: none"> • Rules of the <i>Bundestag</i> • Rules of the <i>Bundesrat</i>
	<ul style="list-style-type: none"> • Laws on Intergovernmental Relationships • Laws establishing the Social Security Funds 	
Japan Constitution 1946	<ul style="list-style-type: none"> • Public Finance Act 1947 • Public Accounts Act 1947 • Diet (Parliament) Act 1947 • Board of Audit Act 1947 	<ul style="list-style-type: none"> • Budget Formulation Guidelines issued by the Ministry of Finance
Korea Constitution 1948	<ul style="list-style-type: none"> • Budget and Accounting Act 1961 • Framework Act on Fund Management 1991 • National Assembly Act 1948 • Public Enterprise Budget and Accounting Act 1961 • Board of Audit and Inspection Act 1963 • Public Bond Act 1949; Government Asset Management Act 1950; Treasury Fund Management Act 2002 • Acts on Local Government Finance • Basic Act on Managing Statutory Expenses 2002 	<ul style="list-style-type: none"> • Budget Formulation Guidelines issued by the Ministry of Planning and the Budget
Norway Constitution 1814	<ul style="list-style-type: none"> • Auditor General Office Act 2004 • Local Government Act 1992 	<ul style="list-style-type: none"> • Budget Regulations 1959 issued by Parliament¹ • Parliamentary Rules of Procedure • Government Financial Management Regulations 2002
New Zealand	<ul style="list-style-type: none"> • Constitution Act 1986 • Public Finance Act 19892 • Fiscal Responsibility Act 19942 • State Sector Act 1988 	<ul style="list-style-type: none"> • Standing Orders of the House of Representatives

Spain Constitution 1978	<ul style="list-style-type: none"> • Public Audit Act 2001 • General Budgetary Act 47/2003 • General Act on Budgetary Stability 18/2001 • Organic Act supplementary to the General Act on Budgetary Stability 5/2001 • Organic Act on the Court of Accounts 1982 • Court of Accounts (Functioning) Act 1988 	<ul style="list-style-type: none"> • Standing Orders of the Congress of Deputies • Standing Orders of the Senate
Sweden Constitution 1974 (four acts, including the Instrument of Government Act)	<ul style="list-style-type: none"> • State Budget Act 1996 • State Borrowing and Debt Management Act 1998 • Parliament (<i>Riksdag</i>) Act 1974 • Auditing of State Activities Act 2002 • National Audit Office Act 2002 • Local Government Act 1991 	<ul style="list-style-type: none"> • Executive Regulations pertaining to public financial management, issued by the Ministry of Finance
United Kingdom	<ul style="list-style-type: none"> • Exchequer and Audit Departments Acts 1866 and 1921 • Parliament Acts 1911 and 1949 • National Loans Act 1968 • National Audit Act 1983; Audit Commission Act 1998 • Local Government Acts • Devolution Acts 1998 (notably for Scotland and Wales) • Government Resources and Accounts Act 2000 	<ul style="list-style-type: none"> • Code for Fiscal Stability adopted by the House of Commons • Standing Orders of the House of Commons • Official documents of the government, e.g. economic and fiscal strategy reports • “Government Accounting” issued by H.M. Treasury
United States Federal government	<ul style="list-style-type: none"> • Anti-deficiency Act 1905 • Budget and Accounting Act 1921 • Congressional Budget and Impoundment Control Act 1974 • Balanced Budget and Emergency Deficit Control Act 1985 • Budget Enforcement Acts 1990 and 1997 • Government Performance and Results 	<ul style="list-style-type: none"> • Rules of the House of Representatives • Rules of the Senate • “Preparation, Submission and Execution of the Budget”, Circular A-11 of the Office of Management and Budget (OMB)

Act 1993

- Inspector General Act 1978; Federal

Manager's Financial Integrity Act 1982;
Chief

Financial Officers Act 1990

- Federal Credit Reform Act 1990

- GAO Human Capital Reform Act 2004

- Government Management Reform Act
1994

- Federal Financial Management
Improvement Act 1996

8. Purposes of budget system laws

- Provide all the involved parties with simple operating guidelines for the budget framework.
- Ensure that there is ample jurisdiction for budget laws.
- Integrate the values of the budget into the legal document.
- Elaborate on the budget system's legislative requirements.
- Either fundamentally or on a fragmentary basis, overhaul the budget structure.
- Specify the legislature and the executive's financial powers.
- Contribute to macroeconomic stability.
- Enhance the transparency of the budget system (OECD Journal, 2004).

9. Legal necessity

Although all democratic notions embody the principle of parliamentary supremacy in budgetary matters in law – in particular, there can be no taxation or expenditure except under the legislation. The degree to which other budgetary procedures are based on legislation differs across nation. The extent to which this is accomplished depend, in part on the comparative significance provided to the establishment of a legal basis for budgetary at various phases of budget approval.

The role of the written constitution and the need to translate values into law are provided prominence in mainland European nations and the two Asian OECD countries.

Written constitutions in some of these nations involve the development of constitutional principles in organic or ordinary law. A legal way of thinking is strongly integrated in such nations: beginning with general principles, incorporating them into law and then operating the budget system is deemed crucial. One of the first issues posed at the beginning of any budget reform is “how must the current law be altered in order to integrate the modifications into current values or implement fresh valued not earlier integrated into the law? The prevalent view in a legalistic cultural environment is that the state or even civil servants is impotent to behave unless the legislature’s power is acquired.

In some Nordic countries and Westminster nations, this contrasts sharply with the attitude towards law. The executive has already acquired significant powers in budget procedures in the Westminster nations. For instance, the kinds and structure of United Kingdom budget appropriations are defined without the legislature's immediate permission. The government may have obtained powerful delegated power in addition to hereditary power. The executive issues orders or other regulations related to the budget scheme accordingly. Because the executive controls the legislature, it can even trigger changes to the parliament’s own laws to improve its own powers. The starting point for budget reform in these nations is not “the law is necessary to integrate fresh budget principles.” Rather, a law may be enacted if it is deemed expedient. But there’s no need to do that. In such nations, the executive generally has nothing to lose by implementing a law, as it offers a chance for a weak parliament to rubber-stamp its budget proposals. For instance, the legislation passed in Westminster nations in the 1990s to provide higher transparency in government budgetary procedure was a no-risk way to bring the government’s proposals for future government fiscal policies. These nations all have parliamentary systems in which the Cabinet of Ministers (or a strong Cabinet-serving subcommittee) agrees on budget policy, sets budget aggregates, and allocates funds. The primary way for parliament to object would be through a vote of no confidence to overthrow the government. However, this instrument is rarely used, as discipline has traditionally been powerful within the ruling party.

The need to reach consensus without undue conflict in northern nations is extremely appreciated. Given the multiplicity of political parties involved in coalition governments, this is also a requirement. In some of these nations, agreement has been reached on

reforming the budget system without having to go through all the official law-making measures. There is no perceived need to alter legislation or introduce fresh legislation as such semi-legal arrangements works. There is no need for unnecessary formalism. Law revision would be seen as restricting flexibility in order to make further adjustments in a consensual manner. What counts in Denmark and Norway is that all actors agree and acknowledge important laws relating to budget procedures. In contrast to mainland European nations, there is no constitutional court in Nordic countries to protect the constitutional budgeting demands. Due to the long-standing emphasis on openness and the accessibility of data, the public is also well informed another valued value. Finally, government ministers are responsible to parliaments separately, which have powerful powers to obtain data and review minister's performance. In Denmark's case, the constitution enables parliament to impeach mismanagement ministers. This contrasts with some European nations where ministers are protected for budget mismanagement from prosecution and court proceedings.

There is a clear gap between those nations that perceive that "legislation is certainly necessary" to enforce modifications in the budget structure and those that operate on the grounds that "legislation is not necessary" or that law may be required, particularly if it enhances executive budgetary powers." Westminster and Nordic countries are not bound by an embedded, legalistic manner of thinking based on constitutionalism's significance. Law emerges as an afterthought, not as the prerequisite and guiding element needed to drive the process of budget reform.

10. Differences in the legal framework for the main actors in budget systems

Budget procedure are carried out primarily at the level of the legislature, executive and external audit departments, both at the main and subnational levels of government. When extra- budgetary funds provide income for some of the central or local government positions, governing boards or other decision-makers decide on the income and expenditure of such off-budget activity. Furthermore, at times, the judiciary may be asked to intervene or take choices on some aspect of budget procedures, or to guarantee the constitutionality of budget actor or budget process legislation. This is why it is also included in the "budget actors".

C. Chapter Review

PPBS is a method of anticipated decision making. It should be a precursor to action and aim to manipulate the company and where feasible, the environment toward a desired goal. In reaction to enhanced environmental complexity and decision-making, the need for planning has risen. Similarly, the degree of the organization's interest resulted in enhanced autonomy for divisional leadership, and the management principle was permitted to function by way of exception.

Planning is integrally connected to control, and this can lead to conflict, as both procedures have no synonymous objectives. For convenience, four areas of planning were examined: Corporate, Strategic, Tactical and Operational.

It was also observed that the strategic plans and their execution process have a methodological gap. Finally, some effort has been created to define efficient planning to enable us to see what our objectives are, and specifically to discuss the role of involvement in planning to make planning efficient.

Notes

1. Laws are stable until become amended. The ease to change law different in countries.
2. A kind of special court exists in France for ordonnateurs that the spending order comes from them. However, this court has been ineffective because of 1948 law setting it up excluded government ministers- the main ordannateurs.
3. On the behalf of the executive the ministry of planning and budget is response that prepare the budget.
4. Generally, the legal system of continental European countries' make difference between body of law that governs the state from governs non-state activities.
5. Budget and accounting in the 1921 needed OMB to prepare four-year projections; the budget that act in 1974 by congressional the CBO preare five-year projections.

6. Offsetting collections are collections that are credited directly to expenditure reports by law and are deducted from gross budgetary power and expenditure account outlays rather than added to receipts. They are the outcome of business type operations for which congress authorizes expenditure for particular reasons.
7. Most OECD countries have only one annual budget law, which consolidates both income and expenditure. Typically, however, the Westminster nations embrace a consolidate income fund act and an appropriation act. The U.S. congress annually passes 13 appropriation acts. More than 20 individual appropriation acts are passed by the Netherlands and Sweden parliaments.

D. PPBS and policy alternative decisions

Decision-making can be regarded as political as well as administrative phenomena as a process, it includes the deliberate identification of an alternative course of action among several perceivable opportunities for achieving the outcome envisaged by the government's political and administrative members.

In the process of budgetary decision making, too many questions are there. It was important to decide about the source of revenue, to spending for period of time, program output forecast to be achieved and a quantitative resource input, like manpower, material and services for fulfill the projected objective. Describing below.

Theoretically, the first level in PPBS policy analysis is the clarification of objectives before means are sought. In this case can say, that before a decision is considered, organizational goals must be translated into specific objectives. It should be observed that 'goals' imply wide trends or directions of activity in this sense, while objectives are quantified reflection of overall objectives. Consideration of objectives are important for the reason that they are necessary standards against which kind of effectiveness can be measured by program, or the cost of tradeoffs between goals are considered. Any assessment of program efficacy depends in some direction on evaluating change; however, change can only be evaluated quantitatively. It is therefore only when these goals are first translated into goals that numerical trade –offs can be determined between overall goals.

A very simple example of this kind of process is a theoretical problem according to the word of Department of Defense (DOD) systems analysis. For instance, the general defense policy of Canada's retaliation against any nation that unlawfully makes a clear move to attack it, that kind of strategy commonly understood would be to react against the attack nation. But in systems analysis, in such vague terms as retaliation against nation, the effectiveness of various retaliatory instruments cannot be evaluated. Although objective is within the framework of Canadian defense policy, it does not allow efficient retaliation to be assessed through different defense systems. In this situation, a particular goal is the only quantitative standard against which an analyst can assess change. Assuming that the specific objective is to end two significant sea ports in nation A, it is then easy to measure the efficiency of dissimilar retaliatory tools to achieve the goal. Can compare the policy analysts, for example, the effect of an attack by the Navy or the Air Force. Assuming the Navy and the Air Force's equal price and likelihood of achievement, the more efficient instrument would be the more destructive. If a Nation B also presents a danger and performs comparable action as Nation A, then it is possible to measure the trade-offs between the two enemy nations. One way to do this is to measure the effect of a 25% change back from Nation A to Nation B in striking force. In this situation, policymakers could readily decide whether the effect of the change is strategically worth the shift, say the destruction of one less seaport in Nation A to destroy two more seaports in Nation B.

PPBS policymaking concentrations not only on programs in terms of certain goals that are only partial goal reflections, but also on a single goal that is constituent of a whole. It should be experiential that no policy making is capable of taking into deliberation all the qualitative and quantitative variables that determine the program's final results. Resolution of such complexity is in detail beyond human dimensions, and it is with this information that both the U.S. adopt PPBS decision-making U.S. and the government of Canada.

Some other aspect that is important and should be explored in PPBS policy making is the determination of costs associated with projects. A cost accounting system is the accurate determination of this at the design stage of the project. Cost accounting is not just around determination foreseen overheads to meet a set of goals. As well as this is a

system of measuring the costs of inputs also it's act as a system of linking the costs of inputs to outputs.

Cost accounting records whole project accomplishment expenditures; it combines expenses with single output or service units. "Cost accounting ... provides management promptly with the cost of producing ... or of rendering a particular service" (Richard D. 1975). One should record both original (initial) or capital expenses and operation, maintenance and substitution or annual expense in PPBS cost determination. In applying is should categorize as a following:

a) Primary costs, which are the usual costs receded in a cost- accounting system.

These costs are:

1. Direct labor costs;
2. Direct costs of materials;
3. Indirect costs for equipment which can be based on an hourly of mileage basis;
4. Indirect costs for equipment and planning which can be based on an hourly basis;
5. And indirect, non-administrative costs such as telephone, building rent, etc. it is very difficult to charge this cost to specific projects. One alternative is the use of pre-determined indirect costs which are calculated on estimated direct labor costs (Neurer, 1960).

b) Previous costs that are the value of an installation or service that may be lost during building and growth.

c) induced expenditures, which are estimates of continuous damage that result from the structure or operation of a project, and opportunity costs, which may result from the use of property, say, considered for a project other than the project proposed. (For instance, if an area is suitable for range rehabilitation and a recreation project, then the benefit of the former is the cost of the latter that must be foregone or vice versa.)

Once purposes and costs are isolated, the further step in PPBS policy decision is to quantify the worth of the predictable output in terms of dollar benefits and see which

project from a number of recommended projects can effectively meet the desired objective with minimal cost. This will allow policymakers to calculate the amount of dollars to be spent on a program in exchange for the amount of dollars to be earned in advantages. Therefore, separate projects with distinct time horizon must be transformed into quantified comparative solutions by estimating the advantages and expenses of the project when alternative choices are made. In terms of their efficacy, this allows a system to rank order projects. It measures efficiency by indicating either the least cost option within a set budget to achieve a particular goal or the most productive options. Assuming an objective function is a particular level of achievement, such as creating 10,000,000\$ in advantages from federal fund investments, then the PPBS policy algorithm shows the least cost options for achieving the goal. The PPBS decision procedure designates the most productive initiatives when an objective function specifies optimizing advantages within a set budget. This technique of creating rational decisions between alternative means is now usually referred to as to as cost/benefit, cost/effectiveness or cost/effectiveness assessment.

From the description above, it is evident that PPBS policy making corresponds approximately to what Lindblom calls the Rational Comprehensive Method, it should understand to the traditional increment list Method. This technique should be known to be very sound theoretically. The approach's instruments are operations, cost/benefit, and cost/effectiveness. Research and analysis/systems. In principle, the scheme falls within the field of financial policy-making strategy; everything is quantified and every choice is considered in terms of resource allocation among competing options. However, in Dror's words:

Systems analysis can be of only limited utility better able to deal with quantitative and political phenomena. If systems analysis in its present form is applied to complex political issues, it cannot provide the hoped-for benefits; indeed, a boomerang effect may follow which will inhibit necessary innovations in the future.

To date, decision-making as a research focus for political and administrative processes has been pursued only by those mainly interested in building models, especially mathematical ones, and theorizing about the topic. This state of scholarly pursuit of

decision-making was acknowledged by a study that gave great emphasis to model builders due to the alleged novelty associated with their strategy.

The research represents the overall thinking of many social scientists, including political scientist James G. March, who argues that making decisions is “one of the key focal points for empirical social science” empirical enquires are involved in the study of decision-making processes and the choice of alternative policies. Some, it should be admitted, have also studied their implications, their sources in an organization, and associated issues, but the surveys created to date for PPBS decision making leave many questions unanswered and raise some doubts about the validity of their findings because, except for countless unrelated case studies, little research has been correctly undertaken.

Here’s the big issue of studying the policy-making of PPBS empirically. Such study involves few scientists. Most of PPBS severs criticism is based on theory rather than empirical information. This may be so, because it’s a time-consuming arduous job. It can be recognized that this can sometimes be helpful through thought provocation and study topic proposal, but the real value of such models, theories and observations can usually be challenged because in most instances there is little if any, empirical content. Until an empirically based PPBS policy alternative choice theory, descriptive of fact (and this can assume too much) is accessible to guide policymakers, it will be laborious to choose policy options, and the finding may well continue to be disjointed.

IV. RESEARCH METHODOLOGY

A. Introduction

In the previous section indicated the empirical and theoretical effectiveness of PPBS. The literature review part is helpful for choose the methodology. This section of thesis elaborates the two previous sections. Thus, in this section, it statements research purposes and test the study hypotheses. Required and effective data collection methods and frameworks implemented to ensure accurate results.

B. Hypotheses

- 1 In practice, Planning-Programming-Budgeting-System policy-making technique does not fall into the group of the Rationalistic Model, as is frequently supported by its supporters; nor does it fall into the group of the Incrementalism Model. Rather, it is a hybrid of the two.
- 2 There is no significant difference in the perceptions of importance between the several functions of management as viewed by all management groups combined.
- 3 There is no significant difference in the estimates of involvement between the several functions of management as viewed by all management groups combined.

C. Research Design

In order to deal with the aforementioned questions, this study designed both quantitative and qualitative to address the research questions. Quantitative methods refer to the budget practice surreys and descriptive and bivariate statistical analyses. Qualitative method include the open ended questions.

Given the nature of this study all methods used to design this study give the flexibility to the researcher to understand better the budget phenomenon. As Creswell

(2003) suggests, mixed methods allow for: pre-determined and emerging methods, open and closed-ended questions, multiple forms of data drawing and statistical analysis.

Patton (2002 states: “multiple method and a variety of data types can contribute to methodological rigor” also states: “social science researcher may need to call on a large array of methods such as analysis of quantitative data, interviewing, secondary data, and questionnaires.”

Quantitative methods the best one for this study and this type of data and information. Therefore in this study used mixed methods to approach the findings.

1 Participants

The goal of this study is corporations that working in Istanbul and under Turkish government rules. The questionnaire had sent to the 70 different companies, of the 50 responded 47 were male and 3 female. The rest did not respond to it. Ages of the participants were 25 to 40 years.

2 Research Methods

The quantitative method used for this study, and the data collection on this survey is complete through questionnaire to achieve the objective of this research.

3 Survey Design

In this analyze use cross-sectional survey, because time by time it changes according to needs. This survey is self-administrated questionnaires (open-ended). In this survey most covered the important objects and alternatives of PPBS.

4 Survey Instrument

In reconstruction cases and how to analyze the PPBS system questionnaire was used. Before that we go through the questionnaire several empirical approaches were pondered.

The questionnaire lists administrative duty according to the five functions of management. Every duty has a connection to the function under which it is listed in the questionnaire.

5 Five functions

First, planning: Planning and budgeting are essential for internal control. Effective designing and budgeting need observing the organization as a system and understanding the link among its elements.

Planning consists of developing the objectives, timetables, and performance standards needed to implement the organization's strategy and assigning individual accountability for results.

Budgeting include identifying, prioritizing, acquiring, and allocating the resources that important to carry out the plan. The result of planning are objectives, budgets, schedules, performance, and baseline to measure and evaluate performance.

Second, organizing: one of the important parts of budgeting is organizing. It's includes the structure of organizational, business goals, expenses, kind of activities, individual activities, the budget review. Also, in this part organizing the individual's task and making clear for them to achieve the goals.

Third, staffing: the difference between success and failure is related to the skilled workforce. The competitive prospect in the businesses operate demands that workers keep pace speed with technology and best practices.

In this case must consider staff budget requirement, recruit professional personnel budget, determine job requirements for new personnel, and...

Forth, directing: best decision making is rarely done by intuition. The good decision comes from diligent accumulation and evaluation of information. For the best directing must connect to the managerial accounting. Managerial accounting provides the information needed to run business processes: planning, directing, and controlling. In directing part must take in consecration the highlights like direct professional personnel, direct technical staff, direct special propose groups, direct the programs of own units, direct ancillary projects.

Fifth, controlling: in fact, budgeting itself is a part of planning and controlling the processes and the most of managers using this to control the carious activities and every level of the organization.

The importance of controlling is clear planning, raising yield, proper communication, motivation, and maximization of profit, forecasting credit needs, and uniform policy.

After data collected, we use the chi-square data analyzing. Because chi-square technique is the best way to analyze thin king of data. There are six questions in each part (at the end you can see the questionnaire). And the following tables are the analyzing result.

6 Data Collection and Procedure

This part of this study will indicate the process and procedures during the data collection. After searching the different methods that can use for a research, this study applied a questionnaire survey to collect the data form participants. Questionnaire distributed to the different corporations in Istanbul, and collected the data's.

1. Relationship between research hypotheses and data

The budgeting process contain many cases for planning. For different corporations it's different. In this study looking for the important functions that PPBS can contain and involvement functions. In the coming analyzing data founded that which functions are important and which are involvement.

D. Data analysis and interpretation

In revive cases and analyzing PPB system of policy analysis, questionnaire was used. The empirical inquiries, were engaged in this process of decision-making.

In reconstruction cases and how to analyze the PPBS system questionnaire was used. Before that go through the questionnaire several empirical approaches were pondered.

The questionnaire lists administrative duty according to the five functions of management. Every duty has a connection to the function under which it is listed in the questionnaire.

Determining plans, policies, programs, and procedures for achieving objectives

Determine long-range plans

Determine long-range objectives
Determine the resources required to attain objectives.
Determine unit programs to achieve objectives.
Determine planning for change.
Determine the budget for own unit.

Table 2. The participant responded for planning

	not at all	Somewhat	Moderately	Extremely	Total
1	1 (2%)	2 (4%)	14 (28%)	33 (66%)	50
2	0	2 (4%)	21 (42%)	27 (54%)	50
3	2 (4%)	5 (10%)	22 (44%)	21 (42%)	50
4	1 (2%)	7 (14%)	14 (28%)	28 (56%)	50
5	5 (10%)	13 (26%)	17 (34%)	15 (30%)	50
6	4 (8%)	10 (20%)	23 (46%)	13 (26%)	50

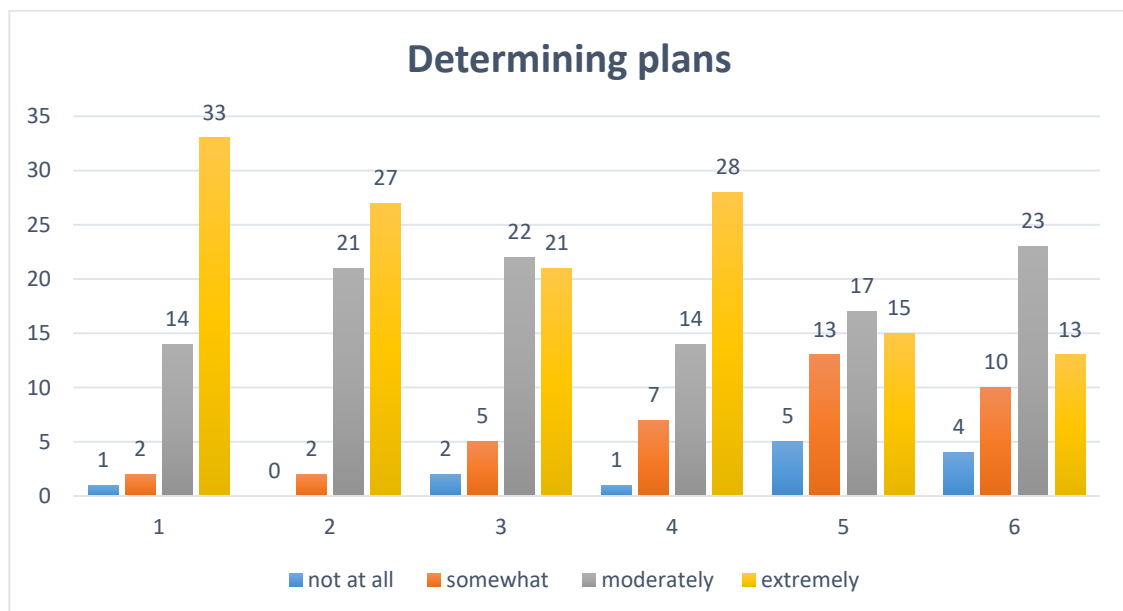


Table (4, 1) presents the responded for determining plan, policies, programs, and procedures for achieving objectives. According to survey 50% responders agreed that all part in first section are extremely important, 33.87% responders agreed that all part in first section are moderately important, 10.75% responders agreed that all part in first section

are somewhat important a few others (5.3%) agreed on not at all. according to the table and percentages, long range plan and long range objectives are the highlighted parts.

Determining activities to achieve objectives and their assignment to responsible individuals

Determine organizational structure
Combine activities to meet objectives
Organize own unit for change
Assign activities to individuals
Maintain professional contacts off campus
Maintain records

Table 3 the participant responded for organizing

	not at all	somewhat	moderately	extremely	Total
	0	2 (4%)	13 (26%)	35 (70%)	50
	1 (2%)	8 (16%)	13 (26%)	28 (56%)	50
	1 (2%)	8 (16%)	29 (58%)	12 (24%)	50
	3 (6%)	9 (18%)	16 (32%)	22 (44%)	50
	2 (4%)	14 (28%)	19 (38%)	15 (30%)	50
	2 (4%)	12 (24%)	21 (42%)	15 (30%)	50

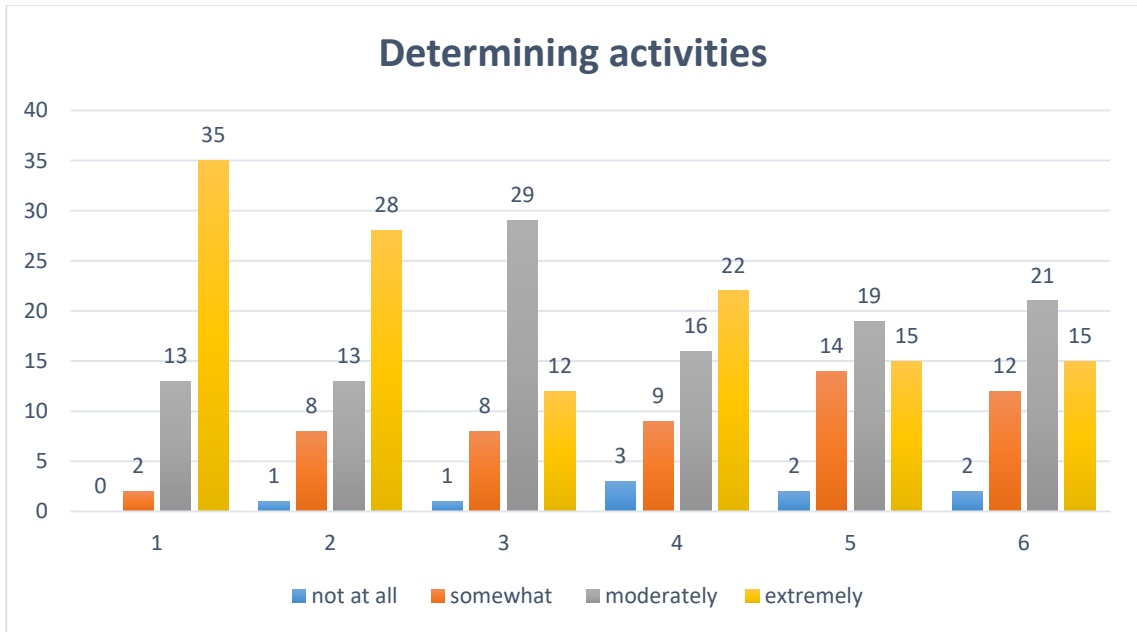


Table (4, 2) presents the responded for determining organizing, activities to achieve objectives and their assignment to responsible individuals. According to survey 39.78% responders agreed that all part in second section are moderately important, 45.69% responders agreed that all part in second section are extremely important, 10.21% responders agreed that all part in second section are somewhat important and a few others (4.3%) agreed on not at all. according to the table and percentages, organizational structure and activities to meet objectives are the highlighted parts.

Staffing concern manning positions and training personnel

Determine staff budget requirements
Recruit professional personnel
Determine job requirements for new personnel
Provide education for personnel in new profits
Evaluate performance of professional personnel
Recommend; retention, tenure and promotion

Table 4 the participant responded for staffing

not at all	somewhat	moderately	extremely	Total
2 (4%)	2 (4%)	21 (42%)	25 (50%)	50
2 (4%)	7 (14%)	21 (42%)	20 (40%)	50
0	11 (22%)	24 (48%)	15 (30%)	50
0	12 (24%)	23 (46%)	15 (30%)	50
5 (10%)	9 (18%)	15 (30%)	21 (42%)	50
0	11 (22%)	25 (50%)	14 (28%)	50



Table (4, 3) presents the responded for determining staffing, concern manning positions and training personnel. According to survey 45.69% responders agreed that all part in third section are moderately important, 43.01% responders agreed that all part in third section are extremely important, 7.52% responders agreed that all part in third section are somewhat important and a few others (3.7%) agreed on not at all. according to the table and percentages, staff budget requirements and professional personnel are the highlighted parts.

Directing concerns guiding and supervising subordinates

Direct professional personnel
Direct clerical/technical staff
Direct activities of special purpose groups

Direct the programs of own unit
Direct ancillary projects
Direct in service educational programs

Table 5 the participant responded for directing

not at all	somewhat	moderately	extremely	Total
0	1 (2%)	26 (52%)	23 (46%)	50
1 (2%)	2 (4%)	31 (62%)	16 (32%)	50
0	7 (14%)	25 (50%)	18 (36%)	50
1 (2%)	8 (16%)	26 (52%)	15 (30%)	50
3 (6%)	9 (18%)	21 (42%)	17 (34%)	50
4 (8%)	10 (20%)	18 (36%)	18 (36%)	50

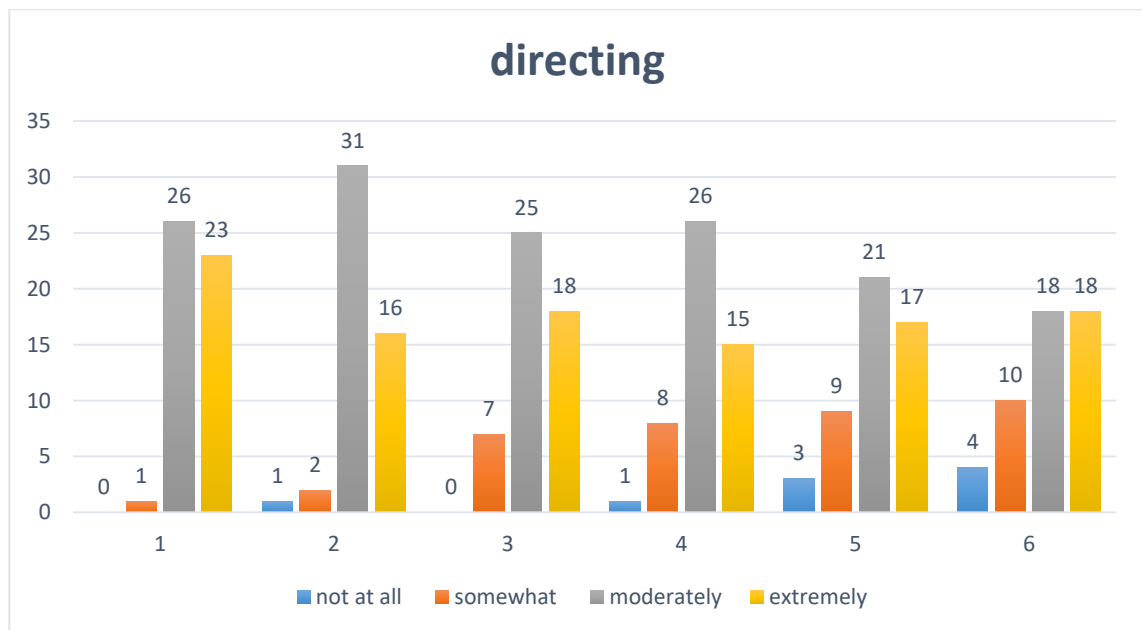


Table (4, 4) presents the responded for determining directing, concerns guiding and supervising subordinates. According to survey 53.76% responders agreed that all part in forth section are moderately important, 38.17% responders agreed that all part in forth section are extremely important, 4.3% responders agreed that all part in forth section are somewhat important and a few others (3.7%) agreed on not at all. according to the table and percentages, professional personnel and direct clerical/technical staff are the highlighted parts.

Controlling measures performance and corrects deviations from plans and assures their accomplishment

Maintain standards
Evaluate effectiveness of current unit programs
Analyze consequences of alternative programs
Account for expenditures of allocated funds
Correct deviations from unit procedures
Account for unit personnel meeting their obligations

Table 6 the participant responded for controlling

not at all	somewhat	moderately	extremely	Total
1 (2%)	0	21 (42%)	28 (56%)	50
0	4 (8%)	13 (26%)	33 (66%)	50
0	3 (6%)	28 (56%)	19 (38%)	50
1 (2%)	9 (18%)	28 (56%)	12 (24%)	50
0	7 (14%)	24 (48%)	19 (38%)	50
0	8 (16%)	21 (42%)	21 (42%)	50

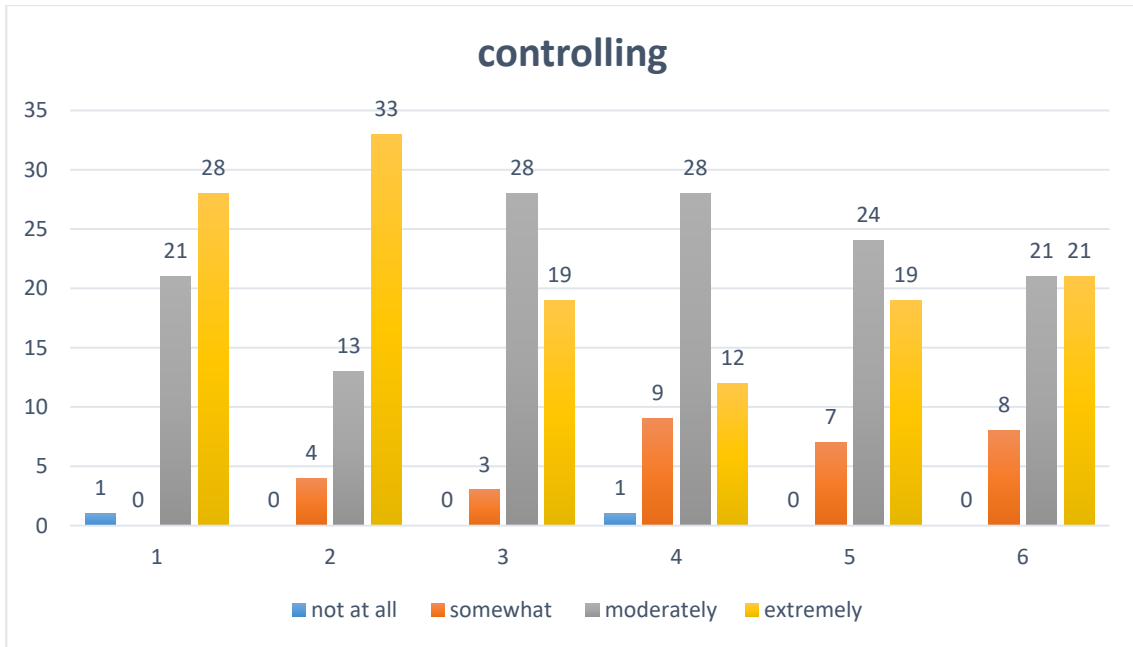


Table (4, 5) presents the responded for determining controlling, measures performance and corrects deviations from plans and assures their accomplishment. According to survey 49.46% responders agreed that all part in fifth section are moderately important, 44.08% responders agreed that all part in fifth section are extremely important, 5.37% responders agreed that all part in fifth section are somewhat important and a few others (1.07%) agreed on not at all. according to the table and percentages, standards and evaluate effectiveness of current unit programs are the highlighted parts.

The next part of analyzing the data with a chi-square test {table (4, 6), (4, 7), (4, 8), (4, 9), (4, 10)} is the expectation level. This step makes clear the degrees of freedom (independent).

The degrees of freedom: the degrees of freedom are equal to the number of rows minus one time to number of columns minus one.

$$\text{For this table } DF = (4-1)(6-1) = 15$$

The number of freedoms on the chi-square table according to DF is 24,996. For accepting the result, it must be smaller than the chi-square value.

Because all tables have the same number of rows and columns the degree of freedom is same for all of them.

Table 7 the expectation of determining plans, policies, programs, and procedures for achieving objectives

	extremely	moderately	somewhat	not at all
Determine long-range plans.	12.0438	6.3064	2.5643	3.8462
Determine long-range objectives.	9.8540	9.4595	2.5642	0
Determine the resources required to attain objectives.	7.6643	9.9099	6.4103	7.6924
Determine unit programs to achieve objectives.	10.2189	6.3064	8.9744	3.8462
Determine planning for change.	5.4745	7.6577	16.6666	19.2308
Determine the budget for own unit.	4.74453	10.3604	12.8205	15.3846

Table 8 the expectation of organizing activities to achieve objectives and their assignment to responsible individuals

	extremely	moderately	somewhat	not at all
Determine organizational structure	13.7795	5.8559	1.8868	0

combine activities to meet objectives	11.0237	5.8559	7.5472	5.5555
organize own unit for change	4.7244	13.0630	7.5472	5.555
assign activities to individuals	8.6615	7.2072	8.4906	16.6666
maintain professional contacts off campus	5.9055	8.5586	13.2076	11.1111
maintain records	5.9055	9.4595	11.3208	11.1111

Table 9 the expectation of staffing concern manning positions and training personnel

	extremely	moderately	somewhat	not at all
determine staff budget requirements	11.3636	8.1396	1.9230	11.1111
recruit professional personnel	9.0909	8.1395	6.7308	11.1111
determine job requirements for new personnel	6.8181	9.3023	10.5769	0
provide education for personnel in new programs	6.8182	8.914	11.5385	0
evaluate performance of professional personnel	9.5455	5.8139	8.6538	27.7778
recommend; retention, tenure and promotion	6.3636	9.6899	10.5769	0

Table 10 the expectation of directing, concerns guiding and supervising subordinates

	extremely	moderately	somewhat	not at all
direct professional personnel	10.7477	8.8435	1.3514	0
direct clerical/technical staff	7.4766	10.5442	2.7027	5.5556
direct activities of special purpose groups	8.4112	8.5034	9.4595	0
direct the programs of own unit	7.0094	8.8435	10.8108	5.5556
direct ancillary projects	7.9439	7.1429	12.1621	16.666
direct in-service educational programs	8.4112	6.1225	13.5135	22.2223

Table 11 the expectation of controlling, measures performance and corrects deviations from plans and assures their accomplishment.

	extremely	moderately	somewhat	not at all
maintain standards	10.6060	7.7778	0	25
evaluate effectiveness of current unit programs	12.5	4.8148	6.4516	0
analyze consequences of alternative programs	7.1969	10.3704	4.8388	0

account for expenditures of allocated funds	4.5455	10.3704	14.5161	25
correct deviations from unit procedures	7.1969	8.8889	11.2903	0
account for unit personnel meeting their obligations	7.9546	7.7778	12.9032	0

Next step or the last one is the chi-square value {table (4, 11), (4, 12), (4, 13), (4, 14), (4, 15)}. The chi-square value must be less than the degree of freedom (calculated before), and also must be in the left side of the chi-square curve. As shown below:

The chi-square formula ($x^2 = \sum \frac{(O-E)^2}{E}$)

Table 12 the table shows the chi-square value for determining plans

	extremely	moderately	somewhat	not at all
chi-square value 1	36.4638	9.3863	0.1241	2.1062
chi-square value 2	29.8340	14.0795	0.1241	0
chi-square value 3	23.2042	14.7499	0.3103	4.2123
chi-square value 4	30.9389	9.3863	0.4344	2.1062
chi-square value 5	16.5745	11.3977	0.8067	10.5308
chi-square value 6	14.3645	15.4204	0.6205	10.5308

As a result, according to analyzing the chi-square value for each part of determining plans is acceptable, because it position in the left side of the critical value (DF).

Table 13 the table shows the chi-square value for organizing

	extremely	moderately	somewhat	not at all
chi-square value 1	32.6795	8.71586	0.0068	0
chi-square value 2	26.1436	8.71586	0.02717	3.7356
chi-square value 3	11.2044	19.4430	0.0272	3.7356
chi-square value 4	20.5414	10.7272	0.0306	11.2067
chi-square value 5	14.0055	12.7386	0.0476	7.4711
chi-square value 6	14.0055	14.0795	0.0408	7.4711

The Organizing parts after analyzing the chi-square test, the result for each part is less than the DF, which the result is true.

Table 14 the table shows the chi-square value for staffing

	extremely	moderately	somewhat	not at all
chi-square value 1	16.3636	20.3195	0.0031	7.4711
chi-square value 2	13.0909	20.3195	0.0108	7.4711
chi-square value 3	9.8182	23.2223	0.0169	0
chi-square value 4	9.8182	22.2547	0.0185	0

chi-square value 5	13.7455	14.5139	0.0139	18.6778
chi-square value 6	9.1636	24.1899	0.0169	18.6778

According to the table the staffing parts after analyzing the chi-square test, the result for each part is less than the DF, which the result is true.

Table 15 the table shows the chi-square value for directing

	extremely	moderately	somewhat	not at all
chi-square value 1	13.9677	33.2835	0	0
chi-square value 2	9.7166	36.6842	0.1827	0
chi-square value 3	10.9312	32.0034	0.6395	0
chi-square value 4	9.1094	33.2836	0.7308	3.7356
chi-square value 5	10.3239	26.8829	0.8222	11.2067
chi-square value 6	10.931	23.0425	0	11.2067

According to the table the directing parts after analyzing the chi-square test, the result for each part is less than the DF, which the result is true.

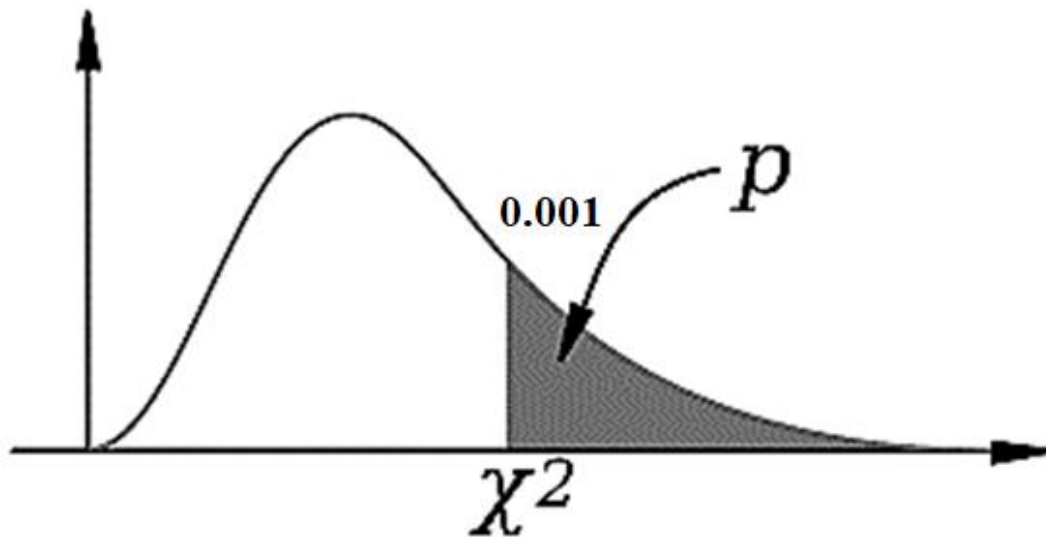
Table 16 the table shows the chi-square value for controlling

	extremely	moderately	somewhat	not at all
chi-square value 1	28.5260	22.4778	0	23.04
chi-square value 2	33.62	13.9148	0.9316	0
chi-square value 3	19.3569	29.9704	0	0

chi-square value 4	12.2255	29.9704	2.0961	23.04
chi-square value 5	19.3569	25.6889	1.6303	0
chi-square value 6	21.3946	22.4778	0	0

The controlling parts after analyzing the chi-square test, the result for each part is less than the DF, which the result is true.

Table 17 the chi-square curve, and critical point



If the calculation was smaller than the critical value means the data did fit the model. In our model, the critical point is 0.001. Because this point the one of the standard points the user in the chi-square are using.

As can be seen, the analyze of all parts (chi-square value) are less than the critical point, it says the data analysis is accurate and the hypotheses are accordingly.

Table 18 the chi-square table

chi-square test table

d	0.05	0.01	0.001
1	3.841	6.635	10.828
2	5.991	9.21	13.816
3	7.815	11.345	16.266
4	9.488	13.277	18.467
5	11.07	15.08	20.515
6	12.592	16.812	22.458
7	14.067	18.475	24.322
8	15.507	20.09	26.125
9	16.919	21.666	27.877
10	18.307	23.209	29.588
11	19.675	24.725	31.264
12	21.026	26.217	32.91
13	22.362	27.688	34.528
14	23.685	29.141	36.123
15	24.996	30.578	37.697
16	26.296	32	39.252
17	27.587	33.409	40.79
18	28.869	34.805	42.312

19	30.144	36.191	43.82
20	31.41	37.566	45.315

E. Interpretation and Data Results

As a result of the qualitative data assessment that presented, shows the hypotheses that used for determining the importance of planning, organizing, staffing, directing, and controlling is did fit. For the successful PPBS must take into consideration all these points presented in the survey of data collection. As all companies and governments do. The most managers are agreed that for accurate allocation of resources is the best to go with all of them. In a data analyze the result for all steps is under the critical point which means it statistically satisfying and fitting.

F. Prospects

Nevertheless, we do not describe the PPBS as a failure. With all its disputes, PPBS still ranks at this period as one of the 20th century's greatest organizational reforms. Actually, there are several meaningful changes in the PPBS into the democratic budgetary process cannot be contested. In the forthcoming, the growth in government and the increase of governmental activities will force greater consideration to the long-range planning of goals and activities and decrease the persistent complete categorization of objects.

It's normal that some may disagree with PPBS that was a radical development in budgetary procedures, in fact it had its impact felt. However, the PPBS frame in the 1970's and after rather resemble the hybrid rather than the pure object-of-expenditure of the rational.

In the rouse of PPBS's inability to stand itself alone, suggested that too much emphasis had been placed on from and technique. Nevertheless, it is encouraging to see that as of now, it seems changes happing in the reform, in politics and administration.

Hybrid or no hybrid, as found, the advancement of technology injects modernization into information, and the growing use of benefit analysis in the public sector, will stay in the memory of PPBS afresh for a long time to come.

V. CONCLUSION AND RECOMMENDATION

A. Introduction

The last chapter aims to bring the thesis to a concluding. This conclusion includes study outcome and the important, effectiveness and efficiencies of PPBS. And the final part of the research is the conclusion and suggested some recommendations.

B. Conclusion

In contrast to PPBS and traditional budgeting as they exist side by side today, we can usually sum up the antithesis between allocating scarce funds as a “rational” or as a “political” process.

Reformers advocated unbending rationality while maintaining the state where through the pluralistic order’s political tradition. PPBS advocates see the budgeting world as a harmonized and integrated allocation system. On the other hand, the prevailing budget system adapts as it is to the world. The result is PPBS vain goal of changing the status where and the failure of the reform creates a rational budget mechanism that is obviously succumbing to the heavy weight of pluralist policy.

In pluralism, the partisans use strategies that give them free rein. Departments subjectively use information to justify their requests, while central authorities avoid over engagement with PPBS because it makes conflict resolution and containment even more difficult.

However, the PPBS do not describe as a failure by me.. With all its disputes, PPBS still ranked as one of the biggest administrative reforms of the 20th century at this moment. It cannot be disputed that PPBS has implemented several significant modifications to the democratic budgetary system. In the future, government growth and the proliferation of governmental activities will force greater attention to goal and activity long range planning and reduce the strenuous detailed object itemization. While some disagree that

PPBS has been a radical breakthrough in budgetary processes, it has undoubtedly made its effect felt. The form of budgeting in the 1970s and beyond, however, will more resemble the hybrid than the more object of expenditure or the rational.

Organization for Economy Co-operation and Development (OECD) is an organization that guiding how to promote policies that will develop the economic and social well-being of people all over the world. Turkey has got a membership on 2 August 1961. In some OECD countries, the budget committee is in charge for complete fiscal policy but sectoral committee is responsible for detailed consideration of line items. Moving in way make ease the burden of the budget committee.

Provided information in the budget bill does not show the difference between the upcoming budget year and the present estimates, but it estimates of the previous year for that same year. It does not explain either to what extent the present estimate is resolute by present law or current policy and possible approximation updates or to what extent it is strong-minded by new policy initiatives that have been taken since then. Lack of this info makes it very difficult for parliamentarians to measure the proposals. The estimates and interpretation for future years are provided from outcomes of the previous years at a different level and different parts of budget system documentation. Currently Turkish parliament take it into consideration to improve the functioning process. This includes:

1. The permanent sub-committees of the budget committee that responsible for the budget process and assessment final account.
2. A larger participation of sectorial committees.
3. Civil society participation in the budget process.

Also, in Turkey central government budget involves of (Budgeting in Turkey, 2007).

- General budget agencies
- Special budget agencies
- Regulatory and supervisory agencies

C. Recommendations

In term of action specified to take in consideration to be given by numerous individuals and groups those who wish to assume roles in the cooperation process to make more effective Planning, Programming, and Budgeting System. The following recommendations are according to this study and conclusions:

1. Organizations should be encouraged to experiment with PPBS as a part of an activity that enhances the effectiveness and analysis of the program.
2. Organizations must have a group to develop the organization PPBS for the better effective ongoing involvement of staff.
3. The budget functions must take into consideration the strength of an organization.
4. For more accurate and better PPBS, should follow the line-item budget.
5. The organization's PPBS must be flexible for unexpected and unpredictable issues.
6. The PPBS of investigation should extend according to the organization abilities, resources, and achievements.

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- Proficient in Microsoft Office
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- Marketer
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Arabic
Elementary proficiency

Pashto
Full Professional Proficiency