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Factors Affecting Effective Utilization of Public Budget: A Case of Selected Public Organizations in Hawassa Town Administration, Sidama Regional State

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Abstract

This study aimed to examine the determinants of the efficient utilization of public budgets at some public institutions of Hawassa City Administration. With a descriptive and explanatory research design, the study targeted employees working in six public institutions, i.e., in the Plan Preparation Directorate, Finance Administration, and Internal Audit Directorate. A purposive sampling approach was employed for selecting 138 respondents, and census sampling technique was followed. Primary data were collected through a five-point Likert scale questionnaire, and responses were 132 valid ones. Data were analyzed with binary logistic regression (BLR). Spearman correlation analysis revealed that the five independent variables were significant and positively related to effective utilization of the budget at the 99% confidence level, and binary logistic regression confirmed their significance to the utilization of the budget in the sampled organizations. The research concludes that the effectiveness and efficiency of public budget implementation in Hawassa City Administration can be improved by staff competency increment, stakeholder participation, information technology application, finance law and regulation compliance, and audit and monitoring process. The research suggests that public institutions develop enhanced staff training programs while increasing stakeholder engagement in budgets and implement modern information technology solutions while implementing strict finance rule compliance and improved audit and monitoring systems to achieve higher public budget use efficiency.

Key words: Public Budget, Public Organizations, Sidama Regional State, Hawassa City Administration

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Introduction

Budgeting is a critical tool for planning, coordinating, as well as controlling organizational resources. It transforms data into actionable decisions, serving both as a benchmark for performance evaluation and a control mechanism (Horngren et al., 2004; Abogun & Fagbemi, 2012; Schick, 2007; Silva & Jayamaha, 2012). In the public sector, a government budget represents a comprehensive plan of anticipated income and expenditure over a defined period and is one of the most powerful instruments of economic policy. In Ethiopia, national revenue and borrowing constitute the primary sources of public funds, which are mobilized to promote economic growth and development (Rotich & Ngahu, 2015). A well-functioning and thoughtful budget system is crucial for long-term fiscal planning, accountability, and responsive governance (Anwar, 2007).

Public budgets are expected to integrate strategic management, citizen engagement, performance-based outcomes, and transparency. They include both financial and non-financial components and provide guidance for future organizational decisions (Gachithi, 2015). A credible budget relies on realistic estimates, long-term expenditure goals, and effective legislative oversight (Conteh, 2016). However, criticisms often arise regarding budget performance evaluation, inefficiency, and mismanagement (Sivabalan et al., 2009). Ethiopia's government budget system has evolved since the reign of Haile Selassie I, gradually becoming more structured to support efficient financial administration (Miju & Girma, 2014). Currently, the public sector operates on a fiscal year from July 1st to June 30th, following a intermediate expenditure framework. Despite these structures, reports indicate that many public offices in Hawassa Town fail to manage their budgets effectively due to internal and external factors, including lack of skilled personnel, weak auditing and monitoring, inadequate stakeholder participation, and limited use of information technology (Hawassa Town Administration Finance and Economy Office, 2014 E.C; MOFEC, 2018).

Improving public financial management is a global priority, with effective budgeting crucial for economic stability and development (ACCA, 2013; Gideon, 2015). Poor budget practices, including mismanagement, inefficiency, and corruption, hinder the achievement of intended objectives and value for money, particularly in developing countries like Ethiopia. Prior studies indicate that factors such as staff competency, stakeholder involvement, information technology, finance rules and regulations, and auditing and monitoring significantly influence budget utilization (Ketema, 2015; Ashebir, 2017; Geletaw, 2017; Mulugeta, 2017). Most earlier studies are descriptive, highlighting the need for research that combines descriptive and explanatory approaches to identify key determinants affecting budget utilization in public organizations.

This research aims to analyze the elements that influence proper public budget usage within specific public institutions under Hawassa Town Administration. Specifically, the study examines the influence of staff competency, stakeholder involvement, information technology, finance rules and regulations, and

auditing and monitoring on budget utilization. The study tests the following hypotheses: staff competency, stakeholder involvement, information technology, finance rules and regulations, and auditing and monitoring each have a statistically significant positive effect on effective budget utilization.

This research is significant as it provides valuable insights for policymakers, government agencies, and institutions to develop effective strategies for budget preparation and utilization. Furthermore, the findings contribute to academic knowledge, supporting future research and improving public sector financial management practices. This study aims to improve efficiency, accountability, and transparency in public financial administration by identifying the factors that affect budget application.

The next sections of this research follow this structure: Section 2 examines fundamental theories together with related empirical studies; Section 3 explains the research methodology which includes study design and population details along with sampling methods and data collection and analysis approaches; The fourth section depicts the study results together with their analysis; and Section 5 concludes the study while providing recommendations based on the findings.

Theoretical and Empirical Literature Review

A number of theories underpin public budget utilization. They include: Stakeholder theory, accounting theory of budget, and resource-based theory.

Stakeholder Theory: Stakeholder theory emphasizes organizational governance and business ethics, recognizing that organizations are accountable to multiple stakeholders whose interests are critical to organizational survival and success (Freeman, 2002). Primary stakeholders include customers, employees, communities, suppliers, distributors, and shareholders, while secondary stakeholders may include founders, competitors, trade unions, creditors, government agencies, and policymakers (Freeman & Miles, 2006). Beer and Eisenstat (2000) argue that managerial involvement of employees at all levels fosters commitment and ownership of organizational strategies, enhancing successful implementation. In the context of this study, stakeholder theory informs the examination of how stakeholder involvement affects effective budget management in selected public organizations in Hawassa Town.

Accounting Theory of Budget: The accounting theory of budget provides a coherent framework of principles guiding policy formulation, budgeting practices, and organizational financial management (Kaplan & Norton, 1996, cited in Kerosi, 2018; Horvath & Seiter, 2009). This theory emphasizes the importance of identifying and quantifying relevant information for budget preparation. Techniques such as monetary measurement facilitate the translation of organizational resources—including materials and equipment—into budgetary terms, enabling management to monitor alignment between planned and actual expenditures. Accounting theory further supports establishing financial standards that guide organizations

toward achieving financial goals. In this study, the theory is applied to assess how auditing and monitoring influence effective budget management.

Resource-Based Theory: Resource-Based Theory (RBV) focuses on the relationship between organizational resources, capabilities, and performance, suggesting that competitive advantage arises from the effective deployment of internal resources (Henry, 2008). Tangible resources include physical, financial, and human assets, while organizational capabilities reflect shared skills and competencies in planning, organizing, leading, and controlling activities. Dynamic capabilities—defined as the ability to integrate, build, and reconfigure internal and external resources—are critical for adapting to changing environments and achieving superior performance (Teece, 2007; Pavlou & Sawy, 2010). RBV also highlights the strategic role of information technology and staff competencies in implementing effective management practices, forming the basis for examining their impact on public budget management in this study.

Empirical Literature Review

Several studies have explored factors influencing budget effectiveness in both Ethiopian and international contexts. Samuel (2022) examined government expenditure management in Ethiopia's Ministry of Finance, finding significant positive relationships between budget laws and regulations, staff competency, integrated financial management information systems, and effective budget management. The study recommended training for budget specialists and legislative bodies to strengthen public financial management.

Kassahun and Ram (2021) assessed budgeting and budgetary control at Hawassa University, revealing that while budget guidelines provide benchmarks, effectiveness depends on the commitment and accountability of budget holders. Geleta, Mohd, and Shagufta (2020) studied the budget practices of Assosa Zone finance offices and have found that budgeting process employee motivation accounting reporting and monitoring activities and information and communication interacted to improve budget effectiveness.
Tsige (2019) highlighted integration gaps in budget preparation, utilization, and control within Ethiopia's Ministry of Finance, emphasizing the importance of internal auditing and monitoring for effective budget execution. Mwai and Shavulimo (2017) identified constraints such as limited staff capacity, poor participation, inadequate investment in systems, and weak governance as major impediments to effective budget management.

International studies corroborate these findings. Egbunike and Unamma (2017) demonstrated a strong relationship between budgeting, budgetary control, and performance in Nigerian hospitality firms, while Andrew, Albert, and Ngoze (2016) showed that budgetary control significantly affects financial performance in Kenyan higher education institutions. Kathangu (2016) and Charles (2015) highlighted the

influence of budget utilization, tax compliance, and inflation on financial performance at county government levels in Kenya.

Further, Dereje (2016) noted structural factors, including lack of effective monitoring, unclear hierarchy, and poor communication, as barriers to effective public budget utilization in Ethiopia. Ashebir (2016) observed that inadequate resource utilization in developing nations impedes service delivery and organizational objectives. Nyaguthii and Oyugi (2013) demonstrated that community involvement enhances successful project implementation, reinforcing the relevance of stakeholder engagement in public financial management.

Literature Gap

A review of previous research indicates that most studies focus on budget preparation, transparency, accountability, and implementation, but few specifically examine factors affecting effective budget management in Ethiopia, particularly in Hawassa Town. Key variables such as staff competency and information technology have often been overlooked. Moreover, no study has comprehensively evaluated the combined effect of multiple organizational factors including auditing, monitoring, stakeholder involvement, and finance rules on effective public budget utilization in selected public organizations in Hawassa Town. This study tries to fix this by looking at how important these driving factors are, using the method of explanatory research. Figure 1 shows the idea behind this study, including how the variables relate to each other.

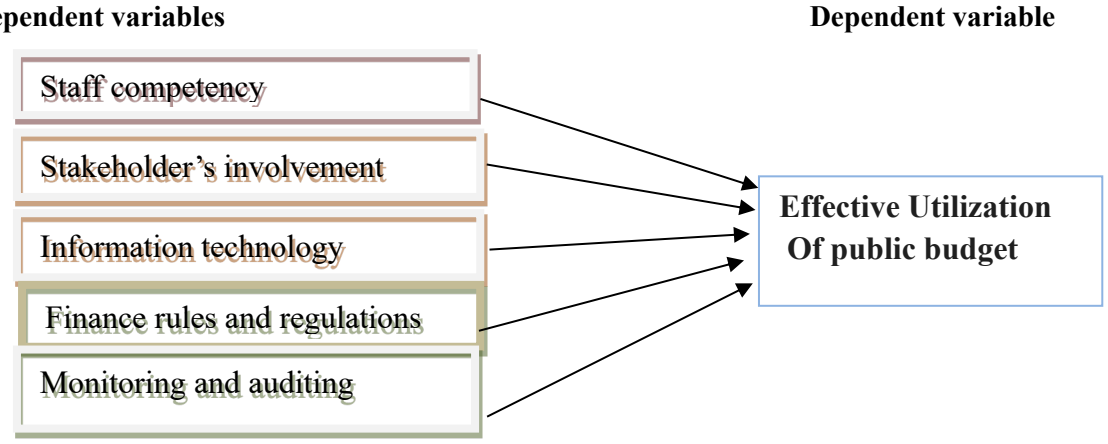

Figure 1: Conceptual Framework

Methodology

Research Design and Approach

A research design is just a plan for how to collect, review, and understand data to answer your questions, according to Creswell (2014). For this study, I used what's called an explanatory research design. This means I looked at how different things might cause changes in how a budget is used. To make sure my findings were solid, I used a mixed-methods approach, combining number-based data with observations and interviews (Gibson, 2017).

Population, Sampling, and Sample Size

The target population comprised permanent employees in budget and plan preparation, finance administration, and internal audit directorates of six selected public offices under Hawassa Town Administration: Plan and Development Office, Finance Office, Revenue Collection Office, Agriculture Offices, Education Office, and Health Office. These offices were purposively selected due to their significant budget management roles. The population included **138 employees**, with all included in a **census survey** to maximize accuracy. Additionally, six office leaders were selected for **semi-structured interviews**. Table 1 shows how the samples were selected.

Table 1. The number of respondents in each of the selected organizations of selected departments

S/No	Name of the sector	Ni	Number of participants
1	Plan And Development Office	22	22
2	Finance Office	25	25
3	Revenue Collection Office	23	23
4	Agriculture Offices	21	21
5	Education Office	24	24
6	Health Office	23	23
	Total	**138**	**138**

Data Sources and Instruments

Structured questionnaires served as the primary methods for data collection. The questionnaire collected five independent variable perceptions from respondents through five-point Likert scale questions which ranged from Strongly Disagree to Strongly Agree. Table 2 reveals information regarding variables definition, measurement and their expected sign.

Validity and Reliability of Instruments

Validity and reliability are significant in ensuring research tools' integrity. Validity refers to how much a tool is measuring what it should measure. To enhance validity, the questionnaire was thoroughly screened for the identification and rewording of unclear or poorly phrased items, and feedback was sought from the researcher's advisor to validate and ensure clarity as well as relevance. Reliability refers to consistent measurement (Adams et al., 2007). As one can see from Table 3, internal consistency was assessed using Cronbach's alpha, where 0.70 is an adequate cut-off. Pilot testing on 14 staff gave Cronbach's alpha coefficients of 0.820 for staff competence, 0.883 for stakeholder engagement, 0.813 for information technology, 0.896 for finance rules and regulations, and 0.843 for auditing and monitoring, all of which were in good reliability for all variables.

Table 2. Variable definitions and measurements

S.No	**Variable name**	**Source**	**Measurement**	Exp Sign.
Y	Effective Budget utilization	Leech et al., (2005)	Dummy variable: it will be measured 0;for not effectively utilize 1 for effectively utilize	
X1	Staff competency	Dharmanegara et al (2016); Wairima and Nasieku (2019); Samuel (2022)	5-poimt Likert scale	+
X2	Stakeholders' involvement	(Muammar et al 2015)	5-poimt Likert scale	+
X3	Information technology	(Diamond and Khemani, 2006);Mesfin (2019); Samuel (2022)	5-poimt Likert scale	+
X4	Finance rules and regulations	Dinkinesh (2019); Mesfin (2019); Samuel (2022)	5-poimt Likert scale	+
X5	Auditing and monitoring	Wairima and Nasieku (2019); Dinkinesh (2019)	5-poimt Likert scale	+

Study Variables	No of items	Cronbach's Alpha value
Staff competency	5	0.820

Stakeholder's involvement	5	0.883
Information technology	5	0.813
Finance rules & regulations	5	0.896
Auditing & monitoring	5	0.843
Overall reliability	25	0.860

The binary logistic regression model served as the main tool to analyze the key elements which affect public budget utilization purposes. The model was selected because it presents clear interpretation together with odds ratios that cannot be derived from probit and other models. The method of logistic regression works well with binary dependent variables and allows various types of independent variables (Leech et al., 2005). The study uses YYY to measure budget utilization effectiveness whereby 1 indicates proper budget usage and 0 indicates improper usage. Budget utilization effectiveness depends on variables (XXX) that determine the probability of using budgets effectively. The mathematical expression of the relationship is as follows:

$Y_i = 1$ if they effectively utilize $\quad Y_i = 0$ otherwise or not effectively utilize

Therefore, estimating the probability of effective budget utilization (Pi) employing logistic regression models for is specified as.

$$\Pr(Y_i = 1) = P_i = \frac{1}{1 + eZ_i}$$

Similarly, probability of not effectively use

$$\Pr(Y = 0) = 1 - P_i = \frac{1}{1 + eZ_i}$$

When dividing equation one by equation two, it gives odd ratio:

$$\frac{P}{1 + P_i} = eZ_i$$

Logit model is the logarithm transformation of odd ratio

$$L_i = n1\left(\frac{P_i}{1 - P_i}\right) = \alpha + \beta_1 X_1 + \beta_2 X_2 + \cdots + \beta_k X_k + \varepsilon_i$$

where L_i=is the log of the odds ratio; e is the base of natural logarithms; α is a constant; $X_1, X_2, X_3, \ldots X_k$ are explanatory variables; $\beta_1, \beta_2, \beta_3, \ldots \beta_k$ are estimated parameters corresponding to each explanatory variable; k is the number of explanatory variables, and ε_i is the random error.

Before estimating the econometric model researchers checked all proposed explanatory variables for multicollinearity presence. When independent variables exhibit strong linear relationships multicollinearity occurs, which produces multiple estimation problems. The regression coefficients obtain wrong signs while several variables have lower t-statistics and the R2R^2R2 value becomes inflated. The presence of multicollinearity creates larger variances and standard errors for coefficients which extends confidence intervals and makes it tough to determine each explanatory variable effect with precision (Gujarati, 2003).

Analysis and Discussion

Correlation Analysis

Since the data was categorical, I used Spearman correlation analysis, and you can see the results in Table 4. I judged the strength of the correlations based on Joe et al.'s (2011) guide. Basically, if the correlation coefficient (r) is between 0.01 and 0.09, it's basically nothing; between 0.10 and 0.29, it's low; between 0.30 and 0.49, it's moderate; between 0.50 and 0.69, it's pretty high, and 0.70 or higher, it's super strong.

As shown in Table 4.9, the Spearman correlation analysis indicates that staff competency is positively associated with budget utilization (r=0.549r = 0.549r=0.549), reflecting a substantial or significant relationship at the 1% significance level. Similarly, finance rules and regulations exhibit a positive correlation with budget utilization (r=0.543r = 0.543r=0.543), indicating a substantial association. Additionally, auditing and monitoring are positively related to budget utilization (r=0.535r = 0.535r=0.535), also representing a substantial or significant relationship within the study area.

Furthermore, the study revealed that stakeholder involvement and information technology are positively related to budget utilization with (r=.484 and r=.444 respectively). The correlation values show that the relationship between stakeholders' involvement and information technology with budget utilization is moderate association.

The Spearman correlation results show that how well the Hawassa City Administration uses its budget is positively tied to five things. This link is pretty strong.

Table 4. Spearman's rho correlations analysis result

	Variables	SC	SI	IT	FR	AM	UT
SC	Pearson Correlation (PC)	1.000					
	Sign. (2-tai)	.					
SI	PC	.446**	1.000				
	Sign. (2-tai)	.000	.				
IT	PC	.396**	.247**	1.000			
	Sign. (2-tail)	.000	.004	.			
FR	PC	.418**	.492**	.326**	1.000		
	Sign. (2-tail)	.000	.000	.000	.		
AM	PC	.432**	.379**	.349**	.467**	1.000	
	Sign. (2-tail)	.000	.000	.000	.000	.	
UT	PC	.549**	**.484****	**.444****	.543**	.535**	1.000
	Sign. (2-tail)	.000	.000	.000	.000	.000	.

SC: Staff competency; IT: Information technology; SI: Stakeholder's involvement; FR: Finance rules & regulations; AM: Auditing & monitoring; UT Utilization

** significant at 1% level

Binary Logistic Regression(BLR) Analysis

To get the best results from this study, we need to do a statistical analysis that looks at several variables all at once. We're using BLR, a type of regression analysis, to figure out how each chosen variable affects how well the public budget is spent.

Testing and Examining the Goodness of Fit of the Model

The multicollinearity test shows if two or more independent variables are related to each other. The extent of the relationship can be zero, and it can be disregarded, or it may be high and affect the parameter estimation in a significant way. Gujarati (2003) says that in perfect multicollinearity, the coefficients and standard errors of the independent variables are undefined. Although the regression coefficients are determinate, they carry enormous standard errors when multicollinearity is not perfect. This implies that the coefficients cannot be estimated with great accuracy or precision.

Furthermore, the author contends that when the correlation is 0.8 and more, multicollinearity is a serious problem. Since none of the explanatory variables exceed the conventional 0.80, it is safe to conclude that there is no serious multicollinearity. Multicollinearity among the explanatory variables is less than 0.50 (see correlation matrix table 5). The extent of multi-co-linearity among independent variables for continuous variables was also analyzed with the variance inflation factor (VIF) and tolerance.

As indicated in Table 5, all the tested variables had VIF less than 10 and tolerance value more than 0.1, indicating that there was no issue of multicollinearity. Because, in general, a VIF of more than 10 and a tolerance value of below 0.1 are suggestive of problems.

Table 5. Multicollinearity test and Omnibus Tests of Model Coefficients

Study variables		Tolerance		VIF
SC		.696		1.438
SI		.733		1.365
IT		.787		1.270
FR		.650		1.538
AM		.684		1.462
Omnibus Tests of Model Coefficie				
		χ^2	df	Sign
	Step	84.17	5	.000
Step 1	Block	84.17	5	.000

Model	84.17	5	.000

Where SC: Staff competency; IT: Information technology; SI: Stakeholder's involvement; FR: Finance rules & regulations; AM: Auditing & monitoring

Taking all five predictor variables together, Table 5 above shows that they collectively predict the effective use of budget significantly at $\chi 2 = 84.17$, df = 5, N = 132, $p < .05$. The residual chi-square statistic is 84.166, which is significant at p (.000) <0.05, according to the table labeled variables not in the equation (it indicates this statistic overall statics). That is, the predictive ability of the model will be greatly affected by the inclusion of one or more of these factors. Adding the whole variable that had been forcibly omitted from the model would not have contributed significantly to its predictive value if the probability for the residual chi-square was above 0.05.

According to Table 6's Hosmer-Lemeshow test, data were well fitted to the model in statistics $\chi 2$, 11.023, and p =.200, or p >.05, which indicates that the data were well fitted to the model. We establish that the model is a good fit since smaller variation between observed and predicted categorization indicates better model fit.

Table 6. Test of Significance of Hosmer-Lemeshow Goodness of Fit Statistics

Step	χ^2	Df	Sig.
1	11.023	8	.200

Pseudo-R^2: The traditional R^2 measure of goodness-of-fit is not particularly meaningful in binary logistic regression; however, alternative measures known as pseudo-R^2 are commonly used (Gujarati, 2004). A higher pseudo-R^2 value indicates a better model fit. As presented in Table 7, the pseudo-R^2 for budget utilization effectiveness is 0.473, suggesting that the model demonstrates a reasonably good fit to the data.

Factors Affecting Effective utilization of Public Budget

The binary logit model was used to estimate factors affecting effective utilization of public budget in the study area. Among five explanatory variables, all of them (five) variables were found to be significant in determining probability of effective utilization of public budget. Table 7 presented the binary logit regression output and are discussed as follows

Table 7: Results of binary logistic regression model

Variables	Coef.	Std. Err.	Z	P>z	Odd ratio	Marginal effect
SC	.9612	.3827	2.54	0.011	2.615	0.2077

Stakeholder's involvement (SI)	.8498	.4046	2.09	0.037	2.339	.1837
Information technology (IT)	.8358	.3561	2.36	0.018	2.307	.1806
Finance rules & regulations (FR)	.7655	.3257	2.36	0.018	2.150	.1654
Auditing & monitoring (AM)	.8094	.3477	2.31	0.021	2.247	.1749
Constant	-11.746	2.0973	-5.60	0.000	.000	

Number of obs=132 LR chi2(5)=84.17 Prob > chi2=0.0000

Log likelihood =-46.834985 Pseudo R^2 = 0.4733

Where SC: Staff competency; IT: Information technology; SI: Stakeholder's involvement; FR: Finance rules & regulations; AM: Auditing & monitoring

The logistic coefficients from the table above represent β values which function like linear regression beta values to build predictive equations. The complete predicted model results from applying all coefficients within the logistic regression model as follows.

Logit model is the logarithm transformation of odd ratio;

$$L_i = n1\left(\frac{P_i}{1-P_i}\right) = \alpha + \beta_1 X_1 + \beta_2 X_2 + \cdots + \beta_k X_k + \varepsilon_i$$

where L_i=is the log of the odds ratio probability of effective utilization of public budget; α is a constant ; $X_1, X_2, X_3, \ldots X_k$ are explanatory variables; $\beta_1, \beta_2, \beta_3, \ldots \beta_k$ are estimated parameters corresponding to each explanatory variable; k is the number of explanatory variables, and ε_i is the random error

$$L_i = \beta_0 + \beta_1 SC +$$

Li= β0+ β1SC + β2SI + β3IT + β4FR +β5AM + e

= -11.746+ 0.961SC + 0. 850SI +0.836IT +0.766FR +0.809 AM

Staff competency (SC): table 4.13 shows a statistical significance of positive relationship between staff competency and effective utilization of public budget at 5% significance level. The marginal effect of the variable staff competency is 0.2077, which shows the probability of effective utilization of public budget I increases by 20.77 percent for those public organizations which had an adequate competent staff as compared to those public organizations that did not have an adequate competent staff, all other factors kept constant. This indicates the availability of staff competency positively affects effective utilization of public budget. The stated hypothesis (Ha1) which states Staff competency has statistically significant positive effect on effective utilization of public budget is accepted. This result is found to be similar to the findings

of Geletaw (2017) revealed competent internal audit staff has significant contribution on efficient budget control.

Stakeholder's involvement (SI): there is statistical significance of positive relationship between Stakeholder's involvement and effective utilization of public budget at 5% significance level. The marginal effect of (0.1837) shows the probability of effective utilization of public budget increases by 18.37 percent for those public organizations which involve stakeholder's during budgeting process than that did not participate stakeholder's, all other factors kept constant. The alternative hypothesis (Ha2) is accepted and consistent with the finding of Mwai, and Shavulimo (2017) found effective budget management was affected by poor participation, of stakeholders.

Information technology (IT): there is statistical significance of positive relationship between information technology and effective utilization of public budget at 5% significance level. The use of information technology can help public organizations to improve their budget utilization effectiveness. The marginal effect of (0.1806) shows the probability of effective utilization of public budget increases by 18.06 percent for those public organizations which have access to usage of information technology than that did not have access to use information technology, all other factors kept constant. Effective utilization of public budgets can be improved through the application of modern information technology and help them to be competitive in terms of quality and prices against their rivals in the study area in particular. The alternative hypothesis (Ha3) which was stated as positive and significant relationship exists between information technology and effective utilization of public budget is accepted**.** This is in line with a study conducted by Mohd (2020) which found that well-functioning IBEX has a positive effect on implementing budgeting practices effectiveness. Similarly, Khawan, (2019) revealed information technology has become a key element that contributes to the efficiency of the performance of any organization, whether on the level of manpower, services and production

Finance rules & regulations (FR): It is found to be positively and significantly affecting effective utilization of public budget at 5% significance level. The marginal effect (.1654) indicates that the probability of effective utilization of public budget of public organizations increases by 16.54 percent for those public organizations which properly apply finance rules & regulations related to budgeting than for those organizations did not properly apply finance rules & regulations, all other factors kept constant. The alternative hypothesis (Ha4) which was stated as positive and significant relationship exists between finance rules & regulations and effective utilization of public budget is accepted. This is in line with a study conducted by Samuel (2022) found that finance laws and regulations have significant contribution on budget utilization.

Auditing & monitoring (AM): Table 4.13 shows a statistical significance of positive relationship between auditing & monitoring and effective utilization of public budget at 5% significance level. The marginal effect of (0.1749) shows the probability of effective utilization of public budget of public organizations increases by 17.49 percent for those public organizations which properly audit & monitor their budget than for those organizations did not properly audit & monitor their budget, all other factors kept constant. The stated hypothesis of positive relationship exists between auditing & monitoring and effective utilization of public budgetis accepted. This result is found to be similar to the findings of Tsige (2019) controlling the budget through encouraging the internal controls and auditing has significant effect on budget preparation and utilization in Ministry of Finance. Also, Geleta, Mohd and Shagufta (2020) revealed accounting reporting and monitoring activities had significant effect on budget utilization.

Conclusion and Recommendations

Conclusions

This study examined the determinants of effective use of public resources among a sample of public institutions in the Hawassa City Administration. Descriptive analysis revealed that participation of stakeholders, competency of staff, information technology, rules and regulations in finance, auditing and monitoring were present at moderate levels, reflecting dissatisfaction with current practice and indicating scope for improvement. Spearman correlation test confirmed all the five variables were significantly and positively correlated with efficient use of budget at 1% significance level. The findings of binary logistic regression also confirmed that all of these variables exerted statistically significant positive impact on budget utilization. Specifically, the availability of skilled personnel, efficient stakeholder engagement, application of information technology, adherence to finance laws and regulations, and efficient auditing and monitoring systems significantly improved the possibility of effective implementation of the budget in the research organizations. All of these results affirm that strengthening organizational capacity, governance mechanisms, and monitoring instruments are vital while responding to public budget efficiency in Hawassa City Administration.

Recommendations

Based on the findings of the study, a few recommendations are given to implement effectively the budget in public organizations. First of all, capacity building must be accomplished by frequent training on budget procedures, appointing qualified employees, and developing employees' skills to effective budget planning and implementation. The active participation of stakeholders should also be targeted, through which

departments, public representatives, and line managers should be engaged in the budget process to introduce transparency and inclusiveness. Organizations need to further employ sophisticated information technology in their budget systems to increase efficiency and decision-making. At the policy level, the Ministry of Finance and Economic Cooperation (MoFEC) is required to review and reengineer budget transfer rules in a way that they will be more flexible and aligned with national consumption budget policies. Leadership is also involved where the leadership is supposed to sanction adequate resources, institute regular checks, and adopt a culture of responsibility. Finally, organizations must establish efficient monitoring and evaluation frameworks to continually audit budgeting procedures, act on audit reports, and implement corrective measures properly to improve the efficiency of financial management.

Direction for suture research

This study was restricted to only sample public organizations within Hawassa City Administration, thereby limiting the generalizability of the findings. Future studies can span other industries, sectors, or geographic regions to allow for comparative results. Furthermore, while this study employed a descriptive and explanatory research design, future studies might find it insightful to use longitudinal research designs to determine dynamic trends over time. Moreover, whereas five critical variables—staff competence, stakeholder engagement, information technology, finances policies and regulations, and monitoring and auditing—were determined to have a great influence on the utilization of budget, future research needs to examine other variables, such as political, organizational, or environmental external variables, to give.

Data Availability

The data that support the findings of this study are [available from the corresponding author upon reasonable request.

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Conflict of Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Ethical Approval and Consent to Participate

Ethical approval was granted by the Department of Accounting and Finance, Hawassa University (Approval No. HU-AcFn-011-2022). Participants were informed of the study's purpose and gave voluntary, informed consent.

Consent for Publication

Participants consented to the publication of findings, with no personal identifiers disclosed.

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