

A Feasibility Study of Implementing Performance Budgeting in Ministry of Cooperatives, Labor, and Social Welfare

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Abstract

Performance Budgeting shows the relationship between the amounts of funds allocated to each program with the results of running the program. This method will be added effectiveness and economy factors to the traditional domains to increase accountability, improve resource allocation, increase the efficiency and quality of service, and reduce the deficit and ensuring the program is realized. This study was conducted to study the feasibility of implementing performance budgeting in ministry of cooperatives, labor and social welfare (the dependent variable) and was performed to identify the constraints and barriers and prioritize the identified factors. Independent variables based on the diamond model are planning, cost analysis, performance management and empowerment (change management, accountability system and incentive system). In this descriptive-survey, data were collected through questionnaires distributed among seventy people of financial and budgetary management and experts with census methods in staff of the department. Hypotheses were evaluated by the spss18 software and One Sample T-Test, Friedman Analysis of Variance. Based on statistical tests, the ministry is not desirable for the performance budgeting. Therefore for implementing performance budgeting in ministry must be strengthened mentioned elements with priority planning, performance management, empowerment and cost analysis. In this context, the separation level of education, field of study and work experience, there is no significant difference.

Keywords: performance budgeting, planning, performance management, empowerment, cost analysis

Introduction

Budgeting system is a subsystem contained in a system of economic, political and social organism as a live creature that its duty is to transfer redemptive blood revenues to different parts of society and economy. The traditional structure of the budget "Control" only considers "control" the amount of money its costs process. This structure acquires no clarity about the relationship between consumed "resources" and obtained "results" and also makes the effectiveness of programs obscure (Hassan Abadi and Najjar Sarraf, 2008). Budgeting in Iran, in spite of its privileged position and the importance that it has in preparation and implementation of development programs, is an ineffective tool. The Preparation and approval of the budget for each fiscal period and allocate the significant amount of the expert powers of the system to itself and raises extensive discussions between the executive and legislative. In contrast to many changes over the last decade that emerged in countries in terms of budget and missions of the General Department Organization, preparation and implementation of budget management in Iran, still be true to the old tax rules and has been far from developments. Surprisingly, in view of the political sovereignty of the country, most of difficulties and problems caused by budget deficits are seen as resources organize, however, the structural and functional analysis of recent budgetary in comparison to resources and financial facilities states other realities (Saiedi and Mazidi, 2006). In recent years governmental organization in Iran had to prepare and regulate budget based on Performance budgeting method because of legal necessities such as 138 paragraph of forth development rule and annual budget riles, exact performance of this method needs to use efficient systems such as Activity Based Costing rather than traditional costing systems. (Aidi et al., 2011, p. 2). The basic idea is that governments should budget for actual or expected results (typically labeled as outputs and outcomes) rather than for inputs (personnel, supplies and other items) (Schick, 2007, p. 122). The overall aim of the study at hand illustrates the feasibility of implementing the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare (field staff). Also the specific objectives of the research are; 1 - Identify constraints and barriers and influence the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare. 2 - Prioritize and identify the effects of each of the factors identified in the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare. 3 - Provide solutions to reduce barriers to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

Expression of the Research Question

Budgeting is considered as a tool for efficient management and public administration. Managers and decision-makers' awareness of modern methods of budgeting micro and macro levels, in addition to the rational use of resources and its optimal allocation and provides a good platform for growth and efficiency in government organizations and Besides improving efficiency, waste prevention and spoilage of the public property and will have the equitable and desired distribution of national resources (Daneshfard and Shiravnd, 2012, pp. 90-91). One of the main problems in the Ministry of Cooperatives, Labor and Social Welfare is the lack of better allocating resources based on the organizational goals and also non-operational and non-transparent of its budget. This leads to a waste of resources and lack of fulfillment of the

objectives and the efficiency and effectiveness of the department as a planning tool to decrease. According to the plans and purposes of resource allocation and prioritization based on consensus among department managers, but practically it cannot be fulfilled. The research sought to identify the related problems and to offer appropriate recommendations to reduce these barriers and problems.

1 – Theoretical Framework of the Research

1-1 – The Concept of Budget

Interest in strengthening budgetary institutions and public financial management (PFM) can be traced back for at least two thousand years. For example, Roman planners of the Claudian aqueducts considered eventual O&M costs in selecting alternative routes and designs. In more modern times, there is evidence of a stream of reforms from the “tally sticks” used to record the budget in seventeenth century England, to the latest techniques of fiscal rules, fiscal risk analysis, expenditure ceilings, medium-term fiscal frameworks, performance-related budgeting, accrual accounting and budgeting, and expenditure review. In Europe and the United States, a detailed history of the development of budget systems goes back for two hundred years or more. Yet the processes and determinants of this evolution, as societies move through varying stages of development, while critically important issues, are imperfectly understood (Richard, 2009,p. 3). In the turbulent macroeconomic conditions experienced in the early stages of the transition process, the budget's role as a resource allocation mechanism was downgraded in importance and its role in securing greater macroeconomic stability was increased (Diamond, 2002,p. 8). Any systemic discussion of public financial management must start with the institutional issues surrounding the budget process (Olaopa et al., 2012,p. 70). Budgeting is inherently political and legislators are reluctant to cede their budgetary discretion to a “rational” performance-based budgeting system (Wang and Biedermann, 2012,p. 10). The budget is the most important law passed by parliaments because it “fulfills a fundamental role as a guide for public sector management. It not only organizes and regulates public expenditures, but also provides a gauge for measuring all subsequent government activities” (Santiso & Varea, 2013,p. 3). Budget is a plan that provides answers to three important questions in any organization, formal or informal: first, what is the desired goal or goal to be achieved? Second, when is the goal to be achieved and thirdly, how is to be achieved? This is because any organization without goal, any performance or production lacks directions, problems are unforeseen, and therefore result will be hard to interpret (Adah & Mamman, 2013, p. 101). The first legal definition of budget in system of legal, financial of Iran has been the matter of Public Audit Law approved in 1910 that the budget is defined by "the government budget is a document that trading income and expenditure of country is approved and expected for a certain period in the prior. The above mentioned period has been said financial year that is a solar year". In the calculation of Public Audit Law, approved in 1987, the national budget is defined as the entire budget for the whole state fiscal plan for a financial year, and contains predicting the revenues and other financing sources and estimated costs for the operation that are led to the achievement of the legitimate policies and goals and consist of three public funds from the state budget, the budgets of state enterprises, banks, and institutions other than the above mentioned titles that will be up to the national budget (Farzib, 2002, pp. 16-17).

1-2 - The Concept of Performance Budgeting

Budget reforms that were introduced in industrial countries following World War II, under the rubric of "performance budgeting," have been introduced in many guises and generally have endured in some form in most countries. Unfortunately, owing to these many variants, the term itself has been interpreted differently at different times and in different countries. At the broadest definitional level, the term is associated, first, with a budget presentation that emphasizes the outputs rather than the inputs associated with government operations and second, with a restructuring of government operations on the basis of programs and activities producing these outputs. As a consequence, the term is often used synonymously with program budgeting (Diamond, 2003, pp. 3-4). Parallels with accountable management can also be seen in the extensive (mainly US) literature on 'performance budgeting' or 'budgeting for results' (Hyndman et al., 2007, p. 5). The US government is a pioneer of performance budgeting. The government is now into its fourth generation of PB implementation. Public managers and policy planners are painfully aware of the need to show the benefits of public expenditure. When analyzed carefully, these benefits are construed around three notions: the impact of expenditure; the outputs to achieve that impact and the processes to achieve that output (McGill, 2001, p. 376). Despite the many definitions that have been proposed to performance budgeting, but they revolve around two things in common "budget associated with the outcome" and "relationship between performance indicator and evaluation", so it could be said that:

1 - The performance budgeting is the annual performance plan with an annual budget that shows the relationship between the amounts of funds allocated to each program, with the results obtained of the implementation of that program. This means that a certain amount of expenditures made in each program should set specific goals to provide (Panahi, 2007, pp. 2-3).

2 - Performance Budgeting is the kind of budgeting that in a systematic way uses performance indicators in the process of allocating scarce public resources (Talebnia, Mahmoudi., 2007, p. 28). To further clarify the issue, considering the following definitions can be useful and worthwhile;

1. Performance budgeting was defined by the United Nations in 1965 as presenting "the purposes and objectives for which funds are requested, the costs of the programs proposed for achieving those objectives and quantitative data measuring the accomplishment and work performed under each program." (Aidan, 2003, p. 7).

2. The concept of linking performance information with the budget is commonly known as performance budgeting (GAO, 1999, p. 4).

3. A true performance based budgeting system would explicitly link increments in resources to increments in results (Schick, 2003, p. 89).

4. Performance budgeting refers to procedures or mechanisms intended to strengthen links between the funds provided to public sector entities and their outcomes and/or outputs through the use of formal performance information in resource allocation decision making (Robinson & Brumby, 2005, p. 5).

5. A performance budget is an integrated annual performance plan and annual budget that shows the relationship between program funding levels and expected results (Mercer, 2002, p. 2).

1-3 - Performance Budgeting Purposes

Performance budgets use statements of missions, goals and objectives to explain why the money is being spent.... [It is a way to allocate] resources to achieve specific objectives based on program goals and measured results (Young, 2003, p. 12).

The main objective of the activities related to the effective use of equipment, performance budgeting, human resources to provide better services is the best way to protect the resources and organization of care and prevent the disruption of these systems or failure of them (Khodadad Hosseini & et al, 2011, p. 126).

Generally performance budgeting follows special purpose below;

1. Provide a proper basis for decisions about resource allocation.
2. Specification of measurable results and expected that is achievable from a special budget allocation.
3. Concentrate decision-making process on major issues and challenges facing the device.
4. The creation of a logical process to decide on the funds that is directly relates to the planning process, implementation, monitoring, evaluation and reporting functions.
5. Provide the best possible tools based on the results (not just based on the input and output) to assure that the nation's resources are used to meet pressing societal needs.
6. Establish a link between the budget and program performance results.
7. Provide quantifiable data for Executives, Judicial and Legislatives that could be able to rely on their progress and success against control budgets allocations.
8. Providing incentives for performance management based on continuous improvement.
9. Provide a basis for greater accountability for the use of country resources (Safari, Gholamrezaie, 2007, pp. 17-18).

1-4 - Performance Budgeting Benefits

The benefits of performance budgeting can be summarized as follows:

1. Transparent budgeting process;
2. Increase the efficiency and effectiveness of government and organizations by focusing resources on the most urgent and important results;
3. Modify and improve the decision about the most effective way to use limited resources of the country;
4. Improve performance by linking budget and performance plans;
5. Making managers more responsible for the decisions that affect results of the budget;
6. Supporting management in a best way by the bond of fund results and fund performance measurement, performance measurement, process control, and reporting results;
7. Provide a system and process in which budget decisions primarily based on measurable outcomes and objectives that have priority; (Safari, Gholamrezaie, 2007, pp. 18-19)

8. Provides a valuable diagnostic tool;
9. Helps to explain the budget;
10. Supports the more tangible and informed decisions (Azar & Vafaie, 2010, pp. 82-83).
11. The PBB (Performance Base Budgeting) structure is the basis for the development of performance information (Hawkesworth et al., 2011, p. 15).
12. Budgeting systems function better when they are transparent, provide opportunities for stakeholder participation, exercise control on discretion of agents and assure accountability for performance (Vian & Bicknell, 2013, p. 2).
13. PBB (Performance Base Budgeting) injects necessary information on accomplishments into the resource allocation process (Mohammadipour, 2014, p. 146).

1-5 - Methods of Performing Performance Budgeting

Generally, three major methods of the implementation of the performance budgeting are as follows;

i. The Cost Accounting Method

Performance budget formulation using computing method of costing requires the establishment of a complete system of cost accounting, financial accounting system, along with the institution. The performance budgeting formulation process upon the cost accounting is as follows:

A) Classification of Activities: Operation of any device to several programs and each program is divided into several activities and projects. If necessary, any of the activities or projects can be divided into sub-components.

B) Select the unit of measurement: Unit of measurement shall be counted properly, show a real attempt that is done, does not lose its stability over time, and represents the value of the product (Hashemi, Pouraminzad, 2009, p. 40).

C) The estimated cost per unit of work: After selecting the appropriate unit of measurement, it is necessary to have a precise estimate of the total cost of an activity, for example in road construction, costs of primary studies, mapping, materials, materials needed, workers and supervisors wages and depreciation of fixed assets, the cost of transportation and overhead costs must be calculated (Mahdavi & et al., 2008, p. 17).

D) Predict the volume of operations: After calculating the cost per unit, it is necessary to predict the workload in the budget year. This prediction is done upon the past experience or similar schemes and design features in the desired time (Hashemi, Pouraminzad, 2009, p. 41).

E) Calculate the total cost of the operation: At this stage is the cost per unit multiplied by the volume of operation in order to acquire the currency equivalent to the cost of operation (Abasi, 2009, p. 245).

ii. Work Measurement Methods or Ergometer

Two methods are commonly used to measure work that one of them is based on time study and the other is upon the basis of statistical analysis. Time study is the "exact calculating time used to complete a work unit that is determined via movements through the study, the specific

tools and techniques used in performing the act. Amount of time mentioned above, usually per person - the time used to complete a work unit, is determined and it is called time standard." "Statistical analysis based method estimates costs in evaluating the amount of work performed and analyzed to complete a unit of work when for which it is consumed. For this purpose it is necessary to collect and analyze the necessary information related to the task, select the appropriate measurement unit and the time required to perform the job to determine the existing realities. Thus, the time it takes to complete a unit of work that is called "norm" is calculated.

iii. Activity-Based Costing (ABC) Methods

ABC is an economic model that identifies the cost pools or activity centers in an organization and assigns costs to cost drivers based on the number of each activity used (Akyol et al., 2007, p. 1). Activity-based costing comes from the belief that products are the consumers of activities and activities also consume resources. In this method, the emphasis is on the activity as a matter of cost as it is the main factor of the cost. The method assumes that the cost of fathering activities and outputs construct the demand for activities and for this reason solve this problem using a two-stage cost allocation method. In this system the cost of production or providing service is compared to cost standards and finally by the analysis of performance of each activity, Funds will be allocated based on a workload of administration (Sarmast & et al., 2011, p. 118).

1-6 – Requirements of Implementing Performance Budgeting

Implementing performance budgeting requires certain obligations, such that in the absence of those requirements, implementation and deployment, performance budgeting, is confronted with serious obstacles. Parts of the requirements that have been extracted from the research literature include;

1. Environmental requirements: In order to the performance budgeting will lead to beneficial results; they must be run in a supportive environment. Environment can be understood as influenced by political conditions, regulatory and stakeholder demands that meanwhile, laws and regulations, is considered one of the main requirements.
2. Leadership: Implementing a comprehensive performance budgeting, in the absence of strong leadership, the probability is very small. Effective leadership requires providing the necessary ground for the participation of organization staffs in all stages of planning and implementation of this system.
3. Organizational Culture: By acceptance of performance budgeting, not only the form and content of the budget, but budgeting culture will change. In general, the structural characteristics of the budget process structure to some extent determine the cultural environment of organization and exist in the bilateral process so that under the influence of organizational culture and affect the organizational culture. The performance budgeting is no exception. In fact, implementing a performance budgeting system is only possible when the measurement culture of performance be the dominant culture.
4. The management style: In the implementation of performance budgeting process in the U.S., it was argued that organizations have many rules, regulations and policies that restrict managers will naturally be free. Performance budgeting application requires organizational restructuring and reform aimed at giving managers more freedom in contrast, demand accountability from them.

5. Organizational structure: To establish a systematic and performance budgeting, Process of an organization plays an important role. Because this system will allocate resources to achieve purposes and just units in the allocation of tasks have not originality. In fact, the process is on track to meet targets, so the Process organizations establish budgeting system, the effects will be much better.
6. IT: In addition to providing quality information on the needs that exist, in particular information systems aimed at maintaining and tracking performance should be there, because it requires platform technology.
7. Qualified and trained human resources with the aim to improve performance: To establish performance budgeting system, the most part of its creation and maintenance, is performed by personnel, therefore managers and employees who do not have adequate training are not able to understand and making operational of results-oriented approaches, including performance budgeting. In addition to specialized training, performance improvement culture of the organization should be strengthened, so that this subject would be the personal and organizational goal of each employee.
8. Appropriate accounting system: An accounting system should present the information needed to calculate the cost of goods and services and in the absence of a proper accounting system, performance budgeting system will lead to failure (Azar & et., al, 2012, pp. 54-60).

2 - Factors Affecting Successful Implementation of Performance Budgeting Based on "Diamond Model"

In this study, the model was used to establish performance budgeting is "diamond model". This model is designed for the first time in the country and it is trying to identify all the elements and components of the performance budgeting and determine each of their relationships and interactions. The model contains three main elements, including planning, cost analysis and performance management and three major enablers of change management, motivation and accountability system.

1) Planning in Performance Budgeting System (The First Basic Element of Model)

The main element in all systems of budgeting systems is the concept of "program" that is restructuring the budget accordingly. A program approach to budgeting is a constant approach and from the viewpoint of the enforcement budget will create surplus value. Four features of the structure of the program should be considered include: 1 - the structure of the program should be in strategic framework in order to achieve the national goals of the government operations. 2 - Structure of programs and activities should be defined in such a way that supports the political decision-making and priority. 3 - The structure of programs should be formulated in such a way that guarantee the process of ensuring the accountability of managers, the structure of programs must be connected directly to a credit heading till via this way establish a clear connection between funding and output (Hasan Abadi, Najar Sarraf, 2008, pp. 32-36).

2) Cost Analysis in Performance Budgeting System (The Second Basic Element of Model)

False cost causes incorrect decisions in the areas of financial performance evaluation system, resource allocation, pricing and tariffs on goods and services. Cooper and Kaplan (1988) add a new approach to accounting and budgeting entitled "Activity- Based Costing". They found out that what causes cost is activity and not the manpower and equipment, etc... Therefore, to

determine the cost of the output of a process (product or service) in the total costs involved in activities must be calculated (ibid, pp. 73-75).

3) The Performance Management in Performance Budgeting System (the Third Basic Element of Model)

In the last decade, the study of performance management has progressed dramatically (Moynihan, 2013,p. 3). Design and implement a comprehensive system of performance evaluation, requires observing compliance requirements such as precise and clear definition of how to evaluate performance, to address some technical issues in design and development of performance indicators and the finally relationship between performance information and resource allocation decisions and in other words, is the establishment of a performance management system (Hasan Abadi and Najar Sarraf, 2008, p. 125). As part of a performance management system, the performance information underpinning targets can provide a basis for monitoring what is working and what is not, helps to ensure that good practice is spread and rewarded, and enables poor performance to be tackled (Noman, 2008,p. 5). The use of performance information in budgetary decision-making can contribute to budgetary goals of improving productive efficiency, allocative efficiency and even aggregate fiscal discipline (Ouda, 2013,p. 58).

4) Empowerment in Performance Budgeting System (The Fourth Basic Element of Model)

Empowerment is the required management skills in the process of budgeting system change from the traditional form to performance budgeting that consists of three elements as follows:

A) Management of Budgeting System Change from Traditional form to Performance (The First Element of Enabling Model)

Management skills required in the process of budgeting system change from traditional form to performance often overlooked and neglected and have two main dimensions;

A) Required management capacity to manage the funds required for the implementation of a new model of budget.

B) Management change skills that are needed in starting work on the new system, the continuation of the reform process, the continued implementation of the new system and compatible with environmental requirements and changes (Hasan Abadi and Najar Sarraf, 2008, p. 188).

B) Accountability System in Performance Budgeting System (The Second Element of Enabling Model)

According the concept of accountability, government units should be accountable against those things that can be delivered, (Diamond, J, 2011, p. 4). Performance budgeting tools are strategic plans, performance programmes, budgets and accountability reports (Catak & Cilingir, 2010, p. 2).According to the “OECD Best Practices for Budget Transparency”, the year-end report is the government’s key accountability document (Curristine & Bas, 2007,p. 32).The essence of performance budgeting highly depends on accurate performance measurements for increasing accountability and thus improving government performance. (Chih & Liu, 2013,p. 59).

C) The Incentive System in Performance Budgeting System (The Third Element of Enabling Model)

The incentive system include the necessary empowerment and flexibility in the use of resources and the creation of necessary incentive elements in order to increase the accountability of executives towards achieving the desired results till this type of directors will be capable to manage their programs with greater efficiency and effectiveness (Hasan Abadi, Najar Sarraf, 2008, p. 265).

3 - Research Methodology

This research from view point of methodology is placed among, descriptive - survey studies. Questionnaire distributed and collected on May 2013. The population of all those involved in research in the areas of budgeting staff of the Ministry of Cooperatives, Labor and Social Welfare include fund managers and financial and budgeting experts, managers, and the leaders involved in budgeting. With regard to the total number of 70 persons, using census method, the population studied and sample and sampling were not used. In this research, data collected in theoretical and research literature of the subject was used from library resources (including books, papers, foreign and domestic and authoritative sites, regulations and circulars) to test the hypotheses, and required for testing hypotheses obtained via the questionnaires. The questionnaire of the study at hand was designed using research literature consists of two parts, the initial part of it relates to the information like the degree of education that contained associate to doctoral education; type of major including management, accounting, economics and other and also work experience. The second part of the questionnaire consisted of 29 questions which are related to hypotheses. Questions adjusted according to the criteria provided in the assumptions are the type of closed one. Feasibility of establishing a performance budgeting is done using a Likert scale. Questions are comprised of 11 distinct questions. The principal of the questions are based on four independent variables and each of its related components.

Validity of Questionnaire in this study was confirmed by performing these steps: 1 - The operation of the components of the research literature and breaking the smaller dimensions and indicators to develop a questionnaire. 2 - The operation of the feedback of advisor and reader professors' comments and guidance of experienced experts in the budget of the Ministry of Cooperatives, Labor and Social Welfare, and some experienced managers in this area. 3 - A preliminary questionnaire was distributed among a number of experts and received corrective feedback. 4 - Professors and experts comments reviewed the questionnaire again and the various aspects of assessment and validity. In this study, Cronbach's alpha was also used to estimate the reliability of the questionnaire, given the number 0/937 as the alpha coefficient is greater than 0/7; the test has a high and acceptable reliability. Analysis and processing of data was interpreted by the computer software spss18. It is worth noting, especially given the range of the average number provided in the questionnaire (very low, low, medium, high, very high) and scoring options from very low to very high, with the number 1 to number 5, number 3 is defined as the theoretical average.

In order to test the normal distribution of responses to each factor of the test, "Kolmogorov - Smirnov" was used.

Table 1) Kolmogorov–Smirnov test results - Smirnov in reviewing normality of data distribution

Empowerment	Performance Management	Cost Analysis	Planning	
1.071	.970	1.216	0/816	<i>Kolmogorov-Smirnov Test</i>
0/201	0/304	0/104	0/518	Significance Level

Given the significance level of the test of normal distribution of variables is over 0/05; it can be said with 95% confidence that distributing variables is normal so One sample t- test was used to test the hypotheses. One sample t-test questions based utility components at high experimental average (typical) theoretical average (population) and is located at a significant rate, t is obtained. A significant requirement of the calculated t in two-tailed tests, being greater than the critical value t is (1/96).

First hypothesis: Ministry of Cooperatives, Labor and Social Welfare regarding the Feasibility of Implementing a Plan for Performance Budgeting is in Desired Level.

Table 2) Descriptive statistical indices for planning

Standard Error	Standard Deviation	Mean	Number	Variable
.06997	.58539	2.9804	70	Planning

Table 3) One sample t-test for comparison of experimental and theoretical means in planning variable

Test Value = 3						Variable
95% Confidence Interval of the Mean		Difference between the Mean	Significance Level (Two Tailed)	Degrees of Freedom	t	
Maximum	Minimum					
.1199	-.1592	-.01964	.780	69	-.281	Planning

Since the calculated T in the planning component with the scheduling of – 0/281 with the 69 degree of freedom for two-tailed tests is not significant at the 0/05 so null hypothesis in this test the null hypothesis is not based on difference between empirical and theoretical mean approved and it can be say with 95% confidence that empirical mean with theoretical mean has not a significant difference. Consequently, from the perspective of those responsible, the Ministry of Cooperatives, Labor and Social Welfare of the planning for the implementation of the performance budgeting is not in desired level.

Second Hypothesis: the Ministry of Cooperatives, Labor and Social Welfare regarding Analyzing the Costs for Feasibility of Implementing Performance Budgeting is in Desired Level.

Table 4) Descriptive statistical indices for Cost Analysis

Standard Error	Standard Deviation	Mean	Number	Variable
.08595	.71913	2.6024	70	Cost Analysis

Table 5) One sample t-test for comparison of experimental and theoretical means in cost analysis variable

Test Value = 3						Variable
95% Confidence Interval of the Mean		Difference between the Mean	Significance Level (Two Tailed)	Degrees of Freedom	t	
Maximum	Minimum					
-.2261	-.5691	-.39762	.000	69	-4.626	Cost Analysis

Since the calculated T in the costs analysis component with the scheduling of $-4/626$ with the 69 degree of freedom for two-tailed tests is significant at the 0/05 so null hypothesis in this test the null hypothesis based on difference between empirical and theoretical mean rejected and it can be say with 95% confidence that empirical mean has a significant difference with theoretical mean and since empirical mean (2/6) is lower than theoretical mean (3), Consequently, from the perspective of those responsible, the Ministry of Cooperatives, Labor and Social Welfare of the costs analysis for the implementation of the performance budgeting is not in desired level.

Third Hypothesis: Ministry of Cooperatives, Labor and Social Welfare regarding the Feasibility of Implementing Performance Management for Performance Budgeting is in Desired Level.

Table 6) Descriptive statistical indices for performance management

Standard Error	Standard Deviation	Mean	Number	Variable
.06867	.57454	2.8061	70	Performance Management

Table 7) One sample t-test for comparison of experimental and theoretical means in the performance management variable

Test Value = 3						Variable
95% Confidence Interval of the Mean		Difference between the Mean	Significance Level (Two Tailed)	Degrees of Freedom	t	
Maximum	Minimum					
-.0569	-.3309	-.19388	.006	69	-2.82	Performance Management

Since the calculated T in the management performance component with the scheduling of $-2/823$ with the 69 degree of freedom for two-tailed tests is significant at the 0/05 so in this test the null hypothesis is not based on difference in empirical and theoretical mean rejected and it can be say with 95% confidence that empirical mean has a significant difference with theoretical mean and since empirical mean (2/8) is lower than theoretical mean (3), Consequently, from the perspective of those responsible, the Ministry of Cooperatives, Labor and Social Welfare of the performance management for the implementation of the performance budgeting is not in desired level.

Fourth Hypothesis: The Ministry of Cooperatives, Labor and Social Welfare regarding the Feasibility of Implementing Empowerment for Performance Budgeting is in Desired Level.

Table 8) Descriptive statistical indices for empowerment

Standard Error	Standard Deviation	Mean	Number	Variable
.08702	.72805	2.7125	70	Empowerment

Table 9) One sample t-test for comparison of experimental and theoretical means in the empowerment variable

Test Value = 3						Variable
95% Confidence Interval of the Mean		Difference between the Mean	Significance Level (Two Tailed)	Degrees of Freedom	t	
Maximum	Minimum					
-1.1139	-4.611	-.28750	.002	69	-3.304	Empowerment

Since the calculated T in the empowerment component with the scheduling of $-3/304$ with the 69 degree of freedom for two-tailed tests is significant at the 0/05 so in this test the null hypothesis is not based on difference in empirical and theoretical mean rejected and it can be say with 95% confidence that empirical mean has a significant difference with theoretical mean and since empirical mean (2/7) is lower than theoretical mean (3), Consequently, from the perspective of those responsible, the Ministry of Cooperatives, Labor and Social Welfare of the empowerment for the implementation of the performance budgeting is not in desired level.

4 - Conclusion

In this study, eleven factors and sub-factors were examined which their desirable results on the implementation of performance budgeting in the Ministry of Cooperatives, Labor and Social Welfare on the basis of statistical tests in order of priority and importance are as follows;

1 - "The strategic framework of the program" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare. It is worth noting that based on statistical tests, the all items related to the investigation item NO. (3) of the components of the Planning as "the degree requirements of the strategic plan of the Ministry of Cooperatives, Labor and Social Welfare to data from the performance budgeting," have been deemed acceptable on behalf of responsible people, However, according to the analysis of data related to other items, such factor established as an obstacle to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

2- "The program structure based on political priorities" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

3 - "The structure of ensuring accountability program" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

4 - "Specifying performance index" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

5- "Performance evaluation" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

6 - "Relationship of results management with performance evaluation" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

7 - " Change Management " as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

8 - "Accountability system" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

9 - "Incentive system" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

10 - "Activity based costing" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

11 - "The cost accounting" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

Test based on the above factors, the following results have been obtained for the variables in order of priority;

1 - Independent variable "planning" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

2 - Independent variable "performance management" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

3 - Independent variable "empowerment" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

4 - Independent variable "cost analysis" as an obstacle is raised to the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare.

Therefore the above results are based on the implementation of the performance budgeting of the Ministry of Cooperatives, Labor and Social Welfare upon "Diamond Model" is only possible if each of four elements of the model i.e. planning, performance management, empowerment, and cost analysis are reinforced. In other words, attempting to establish a performance budgeting without considering even one element of Diamond Model will face the organization with different resistance. For instance, providing the necessary flexibilities for managers to appropriate mix of inputs without performance evaluation establishment of outputs and its results pose a risk to the goals of change and causing resistance to the change in beneficiaries.

5-Research Recommendations

A) Offers about the first hypothesis (Planning component):

- The Ministry plans designed in a long-term framework and drawn from a five year program and the whole policies of the country.

- The following programs and sub programs must be decomposed into activities and projects that support manager's accountability for achieving outcomes.

- Any amount of expenditure made in each program must meet a certain set of goals, so it is recommended to predict controlling and monitoring tools to ensure the desired outcomes.

B) Offers about the second hypothesis (Cost analysis component):

- In order for performance budgeting will lead to beneficial results, it must be carried out in the presence of environmental protection that the existence of laws and regulations, is considered one of the most important requirements.

- The quantity and quality of manpower required in the field of accounting reform and determining the cost of goods and services can be provided.

- The cost of activities must exactly be estimated and to the same amount of cost of goods or services, the budget will allocate to the organizations, on the other hand, managers should fulfill their activities with the quality and cost of standard and preset.

C) Offers about the third hypothesis (Performance management component):

- The relationship between performance information and decisions related to resource allocation must be established.

- It is recommended that in order for administrators that are able to monitor trends, and identify potential possible problems and can do necessary corrective actions on time, performance would be quantitative.

- Comprehensive Database of functional units, abilities and responsibilities of units should be set up to create opportunities for proper planning.

D) Offers about the fourth hypothesis (Empowerment component):

- All public managers should be responsible for their evolution and improvement in budget management and this responsibility solely is not considered toward managers of budget and accounting.

- Reward and punishment schemes are considered in line with the implementation of the performance budgeting for managers and employees.

- In performance budgeting process, managers should exercise discretion in using the power of the human power, physical and financial and development programs and they should be responsible obtained about the obtained data.

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