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Challenges faced in managing costs within Public Sector Accounting:Acase study of Municipality of Marondera.

BY

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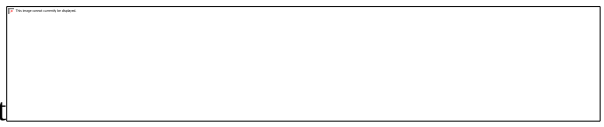
Signature of student 
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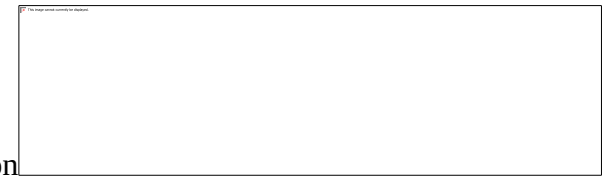
Signature of Chairperson 
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DEDICATION

This writing is dedicated to my family and friends.

ABSTRACT

This study investigates the struggles encountered in managing costs within public sector accouting focusing on the Municipality of Marondera.Despitethe existense of financialrgeulations and accounting procedures, many local authorities continue to experience difficulties in controlling expenditure and utilizing resources efficiently.
The study sought toidentify the major factors affecting cost management within the municipality.Particular attention was given toissuessuch as inadequatebudgetary controls,shortages of skilled labour,politicalinfluence onfinancial decisions,weak internal control systems and the limited use of morden accounrting technologies.A mixed approach was used,quantitative data was was gathered through use of questionnaires and qualitative used interviews and documentary evidence.

The evidence revealed that the municipality faces several obstacles in the efforts to manage costs effectively.These include frequet budget overruns,revenue collection challenges,insufficient fundingifor development of projects and difficulties in complying with public financial management regulations.The study also found that the prevailing economic conditions in Zimbabwe coupled with increasigpublic expectations for improved service delivery,place additional pressure on the municipalitys financial resources.

Based on these findings the, studyrecommends strengthening internal control systems,investing in continuous training and development financial personnel,improving accoutability and transparency in financial operations and increasing the adoption of modern accounting procedures and technologies .The study concludes that addresssig these challenges is essential for improving financial sustainability and ehancing service delivery within local authorities.

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CHAPTER 1
INTRODUCTION

1.0 INTRODUCTION

The history, statement of problem, aims and presumptions of the study are main topics of the main topics for this chapter. This chapter also emphasize importance, constraints and boundaries of the study.

1.1 STUDY BACKGROUND

At the heart of good public management lies managing costs. This is because when it is performed successfully, it allows services to be at the reach of the people in need of them, also public funds become sustainable and citizens in turn will trust their institutions. However, according to Broadbent and Guthrie (2020) public sector organisations encounter pressures that private companies barely do and they operate inside tough political, social, and legal environments that create very realistic challenges for anyone trying to keep spending under control. Furthermore, this means for the local authorities of Zimbabwe like the Marondera Municipality essential services provision which include water supply, road maintenance, refuse collection and public health will have to be balanced against limited financial resources.

The Zimbabwean public sector is governed at two levels which are National legislation (The Public Finance Management Act PFMAof 2009) and the Urban Councils Act (uca) chapter 29:15. However, according to Kudzai and Nhapi (2021) the reality differs on the ground from what the law prescribes. Hence cost management failures in local authorities have resulted from the gap between policy and practice, these failures include rising debts, deteriorating services and repeated audit failures.

Roughly 80 000 residents in Mashonaland East are served by Marondera Municipality. Over the past decade, it has encountered financial strains, worsened by the country's economic struggles which include rampant inflation, currency instability and shrinking formal employment (Ndlovu and Moyo 2022). The 2022 Local Government State of Service Delivery Report identified Marondera as one of the councils with persistent budget overruns of over 30%, a clear indicator of deep-seated cost management problems (Ministry of Local Government, 2022).

On a Global scale the public sector accounting literature has changed significantly since the New Public Management (NPM) reforms of the 1990s which called for results-based management, cost consciousness, and stronger accountability in government (Hood, 1991; Pollitt & Bouckaert, 2017). However, rolling out these reforms across sub-Saharan Africa has been inconsistent. Various local authorities are incapacitated in terms of skills, political will and technical capacity needed to apply modern cost management. (Adhikari et al., 2021). The adoption of International Public Sector Accounting Standards (IPSAS) has also exposed wide gaps between what countries sign up to on paper and what they actually do in practice. (Athukorala & Reid, 2020).

Research by Manyani et al (2020) and Chikura and Zvobgo (2021) has uncovered that in Zimbabwe there is widespread financial mismanagement in local authorities which include fraudulent procurement, ghost employees on payrolls and restricted funds being raided for daily expenses. The result of these practices is distorted cost information and eroded public confidence in local government. The situation is particularly alarming at Marondera. The council's audited financial statements for 2021 and 2022 received an adverse opinion from the controller and Auditor General, citing major errors and weak internal controls over spending (Comptroller and Auditor General, 2023).

Many studies have looked at financial management problems in local authorities in Zimbabwe and other developing countries. However, there are still some gaps in the existing research for example Manyani, Dube and Mhizha (2020) focused on how professional qualifications affect financial performance in Zimbabwe urban councils. Chikura and Zvogbo (2021) studied the effects of political interference in local authorities. Ndlovu and Moyo (2022) examined problems related to low revenue collection and budgeting in Zimbabwean municipalities. These studies looked at local authorities in general and did not clearly explain how poor budget control lack of skilled employees and political issues work together to affect cost management in one specific municipality. There is very little research on cost management challenges in local authorities after 2020 where there was high inflation and the introduction of Zimbabwe Gold (ZIG) currency.

To the best of researchers' knowledge, no study has fully investigated these issues at the Municipality of Marondera. This study aims to fill this gap by providing a detailed case study of the challenges of managing costs in public sector accounting at municipality of Marondera and by suggesting practical ways to improve financial sustainability and service delivery.

1.2 STATEMENT OF PROBLEM

In as much as having laws, accounting standards and policy guidelines in place, the Marondera Municipality has continued to struggle with worsening cost management failures. According to the Municipality of Marondera's annual financial statements, annual expenditure exceeded budgeted by approximately 30% in2021,33% in 2022 and 35% in 2023 showing persistent budget overruns (Marondera Municipality Financial Reports, 2023). The result of this is progressively deteriorated services which have left residents dealing with irregular water supply, uncollected refuse and roads in disrepair. This has affected over 80 000 residents of Mashonaland East Province These are the visible consequences of poor resource allocation and inadequate cost control.

The reports from 2020 to 2023 by the Comptroller and the Auditor General repeatedly flagged the municipality for unauthorised spending, poor record-keeping and noncompliance with procurement rules. According to the Auditor general's reports municipality of Marondera received adverse audit opinion on financial statements for the year 2021and 2022 financial years due to material misstatements and weaknesses in internal controls over expenditure and financial reporting. Yet there is very minimum change suggesting that the problems run deeper than being occasional slip ups. (Comptroller and Auditor General, 2023). Internal audit reports for 2021 and 2022 identified 23 cases of unauthorised expenditure amounting to approximately USD 1.2 million. Making matters worse the absence of a proper cost accounting system means the municipality has no reliable way of knowing what individual services actually cost making informed resource allocation virtually impossible.

The economic environment of Zimbabwe puts more difficulty. Currency changes, inflation and unpredictable input costs make any form of financial planning a serious challenge. The journey of the country through multiple currency systems from the Zimbabwean dollar to a multi-currency system and then to the Zimbabwe Gold (ZiG) in 2024 has created measurement and reporting headaches for local authority accountants (Reserve Bank of Zimbabwe, 2024). These external pressures and internal institutional weakness have altogether created management crisis at the Municipality of Marondera that demands urgent attention. While there is plenty of anecdotal evidence of these problems, systematic research on the specific challenges at Marondera is lacking. This study aimed to fill that gap.

1.3 STUDY OBJECTIVES

The following objectives guided the research

- To examine the budgetary control challenges faced by the Municipality of Marondera in managing costs.
- To assess the human resource and capacity challenges affecting cost management in the municipality.
- To investigate how political and governance factors influence cost management in the municipality.
- To explore practical strategies for improving cost management at the Municipality of Marondera.

1.4 RESEARCH QUESTIONS

The following research questions guided the research

- What budgetary control challenges does the Municipality of Marondera face in managing its costs?
- How do human resource and capacity shortfalls affect cost management in the municipality?
- To what extent do political and governance factors influence cost management at the municipality?
- What strategies can be adopted to improve cost management at Marondera Municipality?

1.5 STUDY SIGNIFICANCE

1.5.1 TO THE STUDENT

The study provides an opportunity for the researcher to gain practical knowledge of public sector accounting and cost management. Though conducting the research, the student develops skills in data collection, analysis, report writing and problem solving. These skills will be useful in both academic and professional setting.

1.5.2 TO THE UNIVERSITY

The findings of the study will contribute to the existing body of knowledge on public sector accounting and financial management. Future students and researchers may use the study as a reference when conducting related research in local government finance and cost management.

1.5.3 TO THE COMMUNITY

The study may contribute to improved service delivery if its recommendations are implemented. Better cost management can enable the municipality to use public funds more efficiently resulting in improved and other essential community services.

1.5.4 TO THE INDUSTRY

The study may assist accountants, auditors, policymakers and local government admistrators in understanding the challenges affecting cost management within municipalities. The findings can provide useful information for developing policies as practices that strengthens financial accountability and efficiency.

1.6 SCOPE OF THE STUDY

The study focuses on the Municipality of Marondera in Mashonaland east province covering the period of 2020 to 2024.Thiswas a time when significant economic uncertainty and governance challenges provided attention for examining cost management issues. The study is digging into the internal control management processes which includes budgeting, expenditure control and cost reporting. It however does not extend to other local authorities or central government departments.

1.7 STUDY LIMITATIONS

The research was shaped by several practical limitation. The limitations include the reluctancy of some official councils to share sensitive financial documents out of concern of legal consequences. This was managed by seeking formal permission from the council's legal office and guaranteeing respondent anonymity. Another limitation was that the single case study design limited how findings could be generalized. More transferable conclusions could be yielded using multiple case studies or national surveys in future research. Lastly, given Zimbabwe's ongoing economic instability some findings are prone to be outdated as conditions continue to change. The study however provided valuable insights grounded in the best available data despite these constraints.

1.8 STUDY ASSUMPTIONS

The most crucial assumption of this study is that respondents answered honestly and accurately. Social desirably bias was a genuine risk because the questionnaires and interviews touched on sensitive topics such as political interference, staff competence and institutional failures(Babbie,2022).In order to reduce this, the study guaranteed anonymity of respondents ,to conduct interviews away from supervisors privately, obtained institutional permission from the town clerk before data collection and also framed questions around institutional rather than individual behavior wherever possible. The high response rate of 90% and the candid acknowledgements of serious governance failure in interview responses both suggested this assumption was reasonably met (Chikura &Zvogbo,2021).

The study also assumed that the 50 respondents selected through stratified random and purposive sampling adequately represent the range of views across the municipality finance related staff. This is supported by the high response rate the use of stratified sampling for proportional departmental representation, and the deliberate inclusion of respondents across all seniority levels from clerical to directorate (Creswell&Creswell,2023).

Secondary data sources particularly the audited financial statements and the Comptroller and Auditor Generals reports are assumed to provide a substantially accurate record of municipality's financial performance over study period, notwithstanding the audit qualifications noted in those reports. This is supported by the professional independence of the Comptroller and Auditor General's office and the legal obligation on municipalities to submit accounts for audit under the Urban Councils Act (Kudzai & Nhapi, 2021).

The study period of 2020 to 2024 is assumed to be representative of the municipality's longer-term cost management challenges. While it includes extraordinary events the COVID-19 pandemic, a major inflation surge, and multiple currency reforms these are assumed to have aggravated rather than caused the underlying institutional weaknesses. Documentary evidence showing adverse audit opinions and budget overruns at Marondera pre-dating 2020 supports this view (Comptroller and Auditor General, 2023).

It is also assumed that the research instruments were well designed to capture the range of relevant cost management challenges. This is supported by a review process that included two academic experts in public sector accounting and two experienced local government finance

practitioners, as well as a pilot test with five officers from Rusape Town Council that led to revisions of seven questionnaire items (Creswell & Creswell, 2023).

Finally, the five-point Likert scale used in the questionnaire is assumed to be an appropriate and culturally familiar measurement tool for this population. Likert scales are widely used and validated in organisational research across developing country contexts, including Zimbabwean public sector studies (Manyani et al., 2020; Sibanda & Phiri, 2021). Cronbach's Alpha values above 0.75 for all constructs provide empirical support for this assumption.

1.9 DEFINITION OF TERMS

Cost Management refers to the full cycle of planning, controlling, and monitoring spending in an organisation to ensure that resources are used efficiently and in line with approved budgets and organisational goals (Drury, 2021). From a management accounting perspective, Horngren, Datar and Rajan describe it as measuring, analysing, and reporting financial and non-financial information about the costs of acquiring or using resources.

Public Sector Accounting is the specialised branch of accounting that records, reports, and interprets the financial transactions of government entities, guided by standards such as IPSAS and national public finance legislation (IFAC, 2022). Chan (2003) describes it as a mechanism through which governments discharge their accountability obligations by providing financial information that enables stakeholders to assess how public funds have been raised, allocated, and used.

Municipality refers to a local government authority responsible for managing an urban area, including delivering services such as water, sanitation, and roads, as defined under the Urban Councils Act of Zimbabwe.

Budgetary Control refers to the managerial activity wherein the budget serves as a tool through which actual expenditure is compared with the intended expenditure and appropriate measures are taken whenever there are substantial deviations (Otley,2020).

IPSAS means international public sector accounting standards and there are a series of accounting standards developed by the international federation of accountants (IFAC) to be adopted by the public sector organisations around the world.

Agency theory refers to the economic theory which states the agency problem arising between the principal (citizens/elected officials) and agent (managers working in the public sector organisations) due to asymmetrical information (Jensen&Mecking 1976, Elsenhardt,2021).

1.10 CHAPTER SUMMARY

This introductory chapter has provided the foundation of this study through providing an understanding of the issues surrounding cost management in the context of public sector accounting. This is especially important to the municipality of Marondera. In addition, this chapter has provided the problem statement, research objectives, and research questions, importance of the study, scope and limitations of the study. The following chapter will examine existing literature.

CHAPTER 2
LITERATURE REVIEW

2.1 INTRODUCTION

This chapter consolidates all relevant literature in relation to the cost management problems faced by the public sector accounting practices. It concludes the theoretical background for the study, the conceptual framework connecting important variables used in the research and empirical analysis of the studies undertaken in a similar environment. Literature is mainly based on academic journals, books, government documents and international accounting guidelines produced within the period from 2020 to 2025.

2.2 THEORETICAL REVIEW

The theoretical framework gives a basis by which empirical findings are analysed and explained within the context of existing academic knowledge (Creswell &Creswell,2023). In the case of this paper the end of solid theoretical background is paramount due to the fact that cost management problems in the public sector are not technical or procedure based but complex problems rooted in politics, institutions and agency relationships which need to be studied using their own unique theories. The following theories are discussed here NPM theory, agency and stewardship theory.

2.2.1 NEW PUBLIC MANAGEMENT (NPM) THEORY

On its part, New public Management theory is said to have been developed systematically by Hood (1991) before being further refined and articulated by Pollitt &Bouckaert (2017). This theory arose out of concerns about inefficiencies inherent in the traditional bureaucratic models of governance that were marked by hierarchical organisational structures, rule-based compliance and a concentration on inputs over outputs. Hood identified such bureaucratical models as inefficient and not citizen oriented and offered some concepts drawn from private sector management intended to make governments more business-like. Some key concepts of NPM include; moving away from compliance towards result based management, adopting markets into public service delivery through accountability for performance, clear measurable performance standards and a heavy focus on value for money cost consciousness.

With respect to cost management theory becomes the reference point from which Marondera Municipality's processes and practices will be accessed. Concepts of NPM call for public sector organisation to adopt accounting procedures that will allow them to identify the cost per unit of particular services, generate financial reports, tie budgets with performance and manage their staff effectively in order to meet certain output targets within defined cost boundaries (Broadbent&Gutrie,2020). The gap between this benchmark and the actual practice at Marondera defines the core problem this study investigates.

The theory of NPM has also helped to understand the adoption of IPSASs along with the other reform that have occurred on a global basis as a result of pressure from international financial institutions and donor agencies. The formal adoption of the IPSAS standard and the public financial management act of Zimbabwe can be seen as the formal institutional response to the NPM principles. But as noticed by Pollitt and Bouckaert (2017), simply adopting the formal structures of NPM will not necessarily lead to NPM management.

A Significant body of critical scholarship has challenged NPM theory on the grounds that its prescriptions are culturally specific to Anglo-American contexts and that importing them into sub-Sahara African local governments can produce pervasive outcomes. Andrew (2020) describes this as isomorphic mimicy governments adopt the external appearance of NPM while preserving proreform practices beneath the surface. This critique applies directly to the Zimbabwean local government context and helps why formal policy frameworks have failed to translate into effective cost management at Marondera.

2.2.2 AGENCY THEORY

In the corporate governance context, the agency theory was developed by Jensen and Meckling (1976) and later adapted to the public sector by Eisenhardt 1989 predates (2021) and others. In this theory it was founded that whenever one party (the principal) delegates decision making authority to another (the agent), a potential conflict of interest arises because the agent has more information and may use that advantage to pursue their own interest at the expense of the principals, Jensen and Meckling formalised this as the agency problem and showed that it generates agency costs that reduce overall efficiency.

The Agency Theory in public sector identify multiple overlapping principal-agent relationships. Authority is delegated by citizens to elected members, councillors then delegate operational authority to municipal managers and directors, directors then serve as agents to the finance committee. All of the relationships create its own information gap and its own potential for cost management failures (Eistenhardt,2021).

There are a number of issues at Municipality of Marondera that are addressed by the agency theory namely political interference in purchasing, were councillors take advantage of the supervisory roles to influence procurement to politically connected firms, poor implementation of procedures for collection of revenues from politically connected non payers and poor implementation of formal internal control in preventing politically motivated expenditures. The agents are rational in following political orders because they know they might lose their jobs by ignoring such orders.

On the other hand, the solution proposed by the agency theory is the establishment of monitoring mechanisms which include strong external auditing, independent internal auditing, good financial reporting and supervision by the finance committee so as to mitigate information asymmetry and observation of the actions of the agents. According to Eistenhardt (2021) however, the use of these monitoring methods is likely to be remarkable of capture by powerful agents, thereby in higher order agency issues.

2.2.3 STEWARDSHIP THEORY

The stewardship theory was formulated by Davis et al., (1997) in reaction to some limitations associated with the agency theory. Unlike the latter theory which views the managers as an egoistic utility maximiser requiring constant external supervision, the stewardship theory considers the manager as the steward of the organisation and its resources driven mainly by

professional obligations, collective well-being and personal gratification. The stewardship theory is based on the assumption that the successful cost management process is facilitated not only by external control but by internalisation of stewardship ethics.

This framework is usually common in the public sector where public service ethics that emphasise good administration is stewardship oriented. IPSAS standards similarly emphasise accountability and stewardship as the foundational objectives of public sector financial reporting (IFAC, 2022).

Stewardship Theory predicts that stewardship behaviour proactive cost monitoring, responsible expenditure management, transparent financial reporting is more likely to emerge when public sector finance officials possess strong professional identity, adequate technical competence, and a supportive organisational environment. Conversely, when officials are poorly trained, professionally unqualified, and exposed to environments where stewardship norms are routinely overridden by political pressures, their capacity to act as effective stewards is severely compromised.

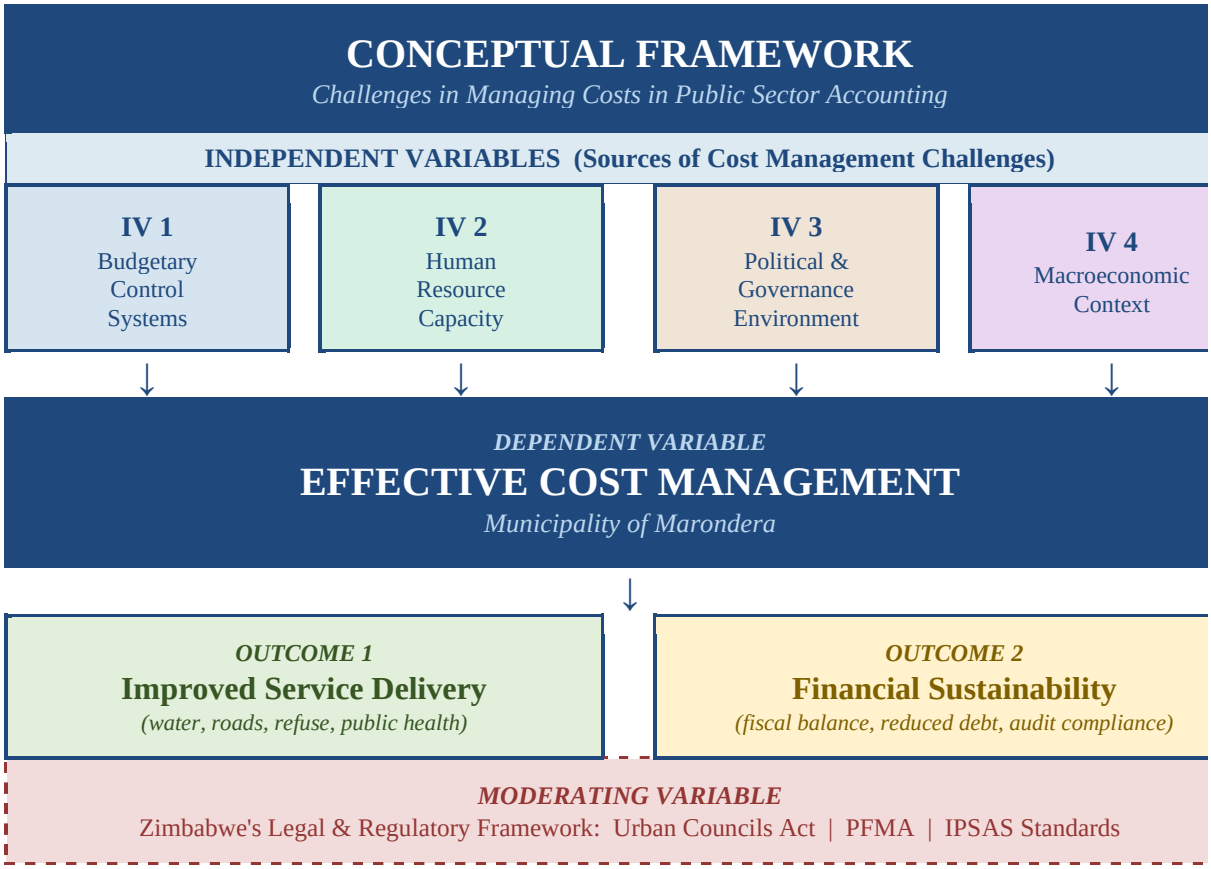
The theory's implications for reform are also important while Agency Theory prescribes external controls, Stewardship Theory prescribes investment in the intrinsic motivation and professional capability of finance officials through professional qualification, CPD and organisational cultures that reward cost management excellence. Singleton-Green (2020) argued that the most successful public financial management reforms in developing countries are those that combine regulatory strengthening with professional development investment.

2.3 CONCEPTUAL FRAMEWORK

The conceptual framework for this study maps the relationships between the key variables, linking the independent variables that drive cost management outcomes to the dependent variable, and identifying the moderating variable that shapes the conditions under which those relationships operate (Creswell & Creswell, 2023).

Four independent variables are identified: (1) Budgetary Control Systems, (2) Human Resource Capacity, (3) the Political and Governance Environment, and (4) the Macroeconomic Context. Together, these spans both the internal institutional dimensions of cost management and the external economic environment. Effective cost management the dependent variable is moderated by Zimbabwe's legal and regulatory framework, and produces two outcomes: improved service delivery and long-term financial sustainability.

***Figure 2.1: CONCEPTUAL FRAMEWORK*: CHALLENGES IN MANAGING COSTS AT MUNICIPALITY OF MARONDERA**



SOURCE:Ndlovu & Moyo (2022)

2.3.1 INDEPENDENT VARIABLE 1: BUDGETARY CONTROLSYSTEMS (IV1)

Budgetary Control Systems capture the extent to which Marondera Municipality's budgeting and expenditure monitoring processes promote financial discipline and cost containment. Otley (2020) argues that budgetary control is the foundational mechanism of cost management in public sector organisations it translates approved resource allocations into actual spending patterns and ensures deviations from plan are caught and corrected. Effective budgetary control requires realistic, evidence-driven revenue projections, timely and regular expenditure monitoring against approved estimates, prompt investigation of variances and supplementary budgets reserved for genuinely exceptional circumstances.

Ndlovu and Moyo (2022) found that weaknesses in budgetary control particularly over-optimistic revenue budgeting and the normalisation of supplementary budgets were the primary drivers of financial performance variation across five Zimbabwean urban councils. In the

conceptual framework, this variable is measured through indicators including the annual budget variance percentage, supplementary budget frequency, revenue collection accuracy and the timeliness of management accounts.

2.3.2 INDEPENDENT VARIABLE 2: HUMAN RESOURCE CAPACITY

Human Resource Capacity covers the availability, professional competence, motivation and institutional stability of the finance function at Marondera. Human Capital Theory holds that the quality of any organisational function is ultimately determined by the quality of the people responsible for it regardless of how sophisticated the supporting systems or how comprehensive the governing policies (Manyani et al., 2020). This variable is measured through staffing levels, the professional qualification profile of finance staff, access to continuing professional development and staff turnover rates.

Manyani et al. (2020) found that across Zimbabwe's 32 urban local authorities, fewer than 15% of finance directors held a professional accounting qualification. Empirical studies by Sibanda and Phiri (2021) indicated that there was a positive correlation between CPD engagement and cost management effectiveness. According Mugisha (2020) in Ugandan local authorities' financial departments vacancies greater than 30% led to poor audit results and variance in budgets.

2.3.3 INDEPENDENT VARIABLE 3: POLITICAL AND GOVERNANCE ENVIRONMENT (IV3)

The political and governance environment focuses on the degree to which political governance framework within which the council, finance committee, internal audit, management and the procurement process function contributes to cost management discipline instead of working against it. The theoretical foundation of this variable is based on the agency theory which identifies how goal difference between principals and agents may create cost inflating conditions due to poor monitoring.

According to Andrews (2020) political factors are one of the strongest forces influencing cost management outcomes within developing countries local government institutions. Cost management procedures can be highly sophisticated but cannot force cost discipline if politicians have the capacity to overpower procedural guideline, appoint unqualified allies to

key financial positions or approve supplementary budgets under political pressure. In their study of five different methods of political interference within Zimbabwean Local Authorities, Chikara and Zvobgo (2021) provided evidence of such practices.

2.3.4 DEPENDENT VARIABLE: EFFECTIVE COST MANAGEMENT

According to Drury (2021) effect cost management in the public sector involves the proper classification of costs according to services provided, departments and activities; the preparation of budgets versus the actual reports promptly and effectively, the quick addressing and correcting of any cost deviations and finally the provision of useful cost information at the service level. The measure for this variable will be achieved through the use of questionnaires on the level of perceived effectiveness and backed by documentary evidence as such as audited financial statements and internal auditor reports and Comptroller and Auditor General reports of the years 2020 to 2024.

2.3.5 MODERATING VARIABLE: ZIMBABWES LEGAL AND REGULATORY FRAMEWORK

Moderating variable costs consists of three primary components namely the Urban Councils Act (Chapter 29:15) that outlines the process involved in forming, the powers and financial responsibilities of urban local authorities, Public Finance Management Act (Chapter 22:19) that establishes the standards financial management, reporting and accountability and finally International Public Sector Accounting Standards (IPSAS)that provide that provide the international standard for public sector financial reporting.

Following the Institutional Theory by Scott (2020), this forms an institutional setting within which the incentives and accountability of the officials within the municipality will be created. Nevertheless, as he has been found out by Kudzai and Nhapi (2021) as well as Adhikari et.,al(2021),Zimbabwe has a comprehensive regulatory environment which weakly enforced in the local government context implying that the moderating influence of the law will be considerably lower than expected.

2.4 EMPIRICAL LITERATURE REVIEW

2.4.1 BUDGETARY CONTROL AND EXPENDITURE MANAGEMENT

Indeed, all empirical literature points towards the quality in budget planning, control and enforcement being the most important factor influencing successful cost management within municipalities globally. Moe and Borge (2020) noted that municipal bodies in Norway facing hard budget constraints had average expenditure variances of 3.2% against 11.7% for councils in soft budget constraint situations where the nature of budget constraint was a significant determinant and not fiscal capacity.

According to Amadasun and Izedonmi (2022),71% of selected Nigerian councils exhibited annual budget deviations over 25% and four factors contributed software frequent approvals for unfounded supplementary budgets and understaffing within finance departments. Clearly, the problems faced by Marondera do not appear to be specific to the country alone.

Mussa and Mapuranga (2023) found in Zimbabwean local authorities that councils relying entirely on manual spreadsheet-based budget monitoring recorded average expenditure variances of 34.7% compared to18.2% for councils with partial automation and 8.9% for those with fully integrated systems a clear dose response relationship between technology capability and budget performance.

2.4.2 HUMAN RESOURCE CAPACITY AND PROFESSIONAL COMPETENCE

Mugisha (2020) surveyed 156 Ugandan local government councils and found that finance departments were operating at an average of 61% of approved staffing levels with councils above 30% vacancy rates being 3.4times more likely to receive adverse or qualified audit opinions. Sibanda and Phiri (2021) found that each additional 10CPD hours per year was associated with a 3.2%-point improvement in budget forecast accuracy and that 78% of local authority finance staff had completed zero formal CPD hours in the preceding year.

Across 32 councils in Zimbabwe, it was found by Manyani, Dube and Mhizha (2020) that only 14.7% of finance directors are professionally qualified. Councils with professionally qualified finance directors recorded average budget variances of 16.3%, compared to 37.8% for those without. The study also documented a significant brain drain: at least 47 professionally qualified accountants had left Zimbabwean local authority finance departments between 2015 and 2020 for positions in South Africa, the United Kingdom and Australia.

2.4.3 POLITICAL INTERFERENCE AND GOVERNANCE FAILURES

Andrews (2020) found that in 78% of cases across 50+ public financial management reform programmes globally, technical budget reforms had failed to produce sustained improvement primarily because of political economy factors specifically, political actors' ability to override financial management controls in ways that served short-term interests.

Chikura and Zvobgo (2021) documented five specific mechanisms of political interference in Zimbabwean local authority finances which are direct instruction to procurement officers to award contracts to politically connected suppliers, appointment of politically loyal but unqualified officials to senior finance positions, use of supplementary budget processes to fund politically motivated spending, pressure to approve payments for goods and services not delivered and use of council resources for political party activities. A particularly significant finding was that 22 of 38 interviewees reported having experienced or witnessed retaliation against a colleague who had challenged a politically motivated financial decision.

2.4.4 REVENUE UNDERPERFORMANCE AND COST MANAGEMENT

To describe a self-reinforcing cycle in South African municipalities revenue shortfalls trigger service delivery deterioration, which reduces willingness to pay which deepens revenue shortfalls further, Fourie and Van Dooren (2022) coined the term 'fiscal spiral'. Municipalities entering the spiral had an 87% probability of continued deterioration over five years without external intervention.

The most comprehensive analysis of revenue underperformance in Zimbabwean local authorities was provided by Ndlovu and Moyo (2022), documenting a decline in debt collection rates from an average of 64.3% in 2018 to 49.7% in 2022, driven by rising household poverty, business closures, currency volatility, political pressure not to disconnect services of non-payers, legal framework weaknesses and billing errors.

2.4.5 SYNTHESIS OF LITERATURE AND RESEARCH GAP

Previous studies have shown that budget problems, lack of skilled labour and economic challenges affect financial management in public organisations. Most of the studies looked at these factors separately and focused on large organisations or many institutions at once. Few studies have examined all these factors together in one framework, especially in a single municipality such as Marondera. There is a little research on how these challenges affect

service delivery and financial sustainability during Zimbabwe's recent economic difficulties. Therefore this study fills this gap by examining different cost management challenges facing Marondera Municipality and how they affect the municipality's financial performance and service delivery.

2.5 SUMMARY OF THE CHAPTER

The theoretical and empirical literature relevant to cost management challenges in public sector accounting have been reviewed in this chapter. A multi-dimensional for understanding the challenges at Marondera municipality has been drawn by NPM Theory, Stewardship theory and agency theory. However, as observed from the empirical literature review, the cost management problems in developing countries local government entities result from certain factors including budgetary control problems, shortage of human resources, lack of adequate technology, politics and unfavourable macroeconomic environment. The subsequent chapter outlines the methodology framework of the study.

CHAPTER 3
RESEARCH METHODOLOGY

3.1 INTRODUCTION

The research methodology adopted in this study is described in this chapter. It pins points research philosophy, design, population and sampling strategy, data collection instruments and methods of data analysis. Furthermore, validity, reliability and ethical considerations also addressed in the chapter along with the methodological choices justified with reference to the research objectives and the nature of the phenomenon under investigation.

3.2 RESEARCH PHILOSOPHY

The pragmatist research philosophy which the study is grounded in, holds that the most appropriate methodology for a research and problem is determined by the nature of the problem and the research questions rather than by adherence to a single philosophical paradigm (Cresswell&Cresswell,2023). The approach to pragmatism will enable the use of combined research strategy whereby the limitations that each methodology poses in explaining cost management difficulties are taken into account. The pragmatic approach takes note of the importance of interpretivism through the socially constructed nature of reality as well as positivism through the systematic collection of data.

3.3 RESEARCH DESIGN

Klein (2021) says that a research design is the overall plan used to carry out and accomplish study goals. It's also described as a strategy for doing studies while keeping a tight rein on elements that might affect the findings' validity, according to Burns and Grove (2003).Essentially, the research design is like a roadmap for solving the research problem; it details things like data collection, analysis, and identifying the target population.

For this specific study, Marondera was the focus, acting as a real-world example of the topic under investigation. According to Wellington and Hammand (2013), a case study zeroes in on a particular instance that sheds light on the broader field of study. It is particulary useful when detailed, context-rich information is required which is often easier to gather in smaller scale projects. Saunders et al. (2019) says that a case study design is suitable as the researcher gains detailed knowledge about a particular organisation. The municipality of Marondera was selected because it experienced persistent financial management challenges, budget overruns and adverse audit findings making it an appropriate case for investigating cost management issues in local authorities. The case study design enables information to be collected from questionnaires, interviews and documentary evidence to develop an understanding of challenges affecting cost management at the municipality, Baxter and Jack (2008).

3.4 POPULATION

According to Obilor (2023), a population includes every individual or thing sharing certain traits that an investigator wants to look at. Claire and Smith (1997) say it is a set of elements or individuals that researchers wish to study and make guesses about. So basically, the population in research is everything a scientist hopes to examine all people, things, or events of interest. But, there's a catch. Because of no money, not enough time, or deadlines, looking at every single item in a group is often out of the question. Limits like these make it impractical to study entire populations in many cases.

The target population for this study comprised all staff involved in financial management, service delivery management, and governance at Marondera Municipality, estimated at 320 employees across all departments. Given the focus on cost management, the accessible population was narrowed to 120 individuals in the finance, internal audit, procurement, and revenue collection departments.

3.5 SAMPLE AND SAMLING TECHNIQUES

Samples are often used to represent the entire population because it was difficult to handle every element because of the large population size. To put it another way, a sample size must be determined. Sample size is the portion of a desired audience chosen to serve as a delegate of the entire population (Lakens, 2022). The number of workers that was used in a study is

known as the sample size. This sample is meant to give insight into the makeup of the target population as a whole.

3.5.1 JUDGEMENTAL AND PURPOSIVE SAMPLING

To select a sample of respondents, the researcher employed the judgmental sampling method. Purposive sampling is one type of non-probability sampling approach. The researcher was able to choose respondents who understood the goal of the study and possessed the necessary expertise thanks to purposeful sampling. Workers in the fields of finance, procurement, internal audit, engineering and management were chosen for the interviews.

A sample of 50 respondents drawn from 120 employees was selected using a combination of stratified random sampling and purposive sampling. According to Cresswell and Cresswell(2023),the adequacy of a sample size depends on the research objectives, the characteristics of the population and the need to obtain representative information. Stratified random sampling was used for questionnaire administration to ensure proportional representation from each department (Finance 18, Procurement 12, Engineering 7, Management 8, Internal Audit 5). Purposive sampling was used to select 10 key informants for in-depth interviews on the basis of their seniority and direct involvement in budgeting, cost control, or policy formulation.

The sample size of 50 was determined using Slovin's formula at a 95% confidence level and a 5% margin of error, yielding a minimum sample size of 45, rounded up to 50 to account for potential non-response and improve representativeness. As suggested by Kothari (2004), a sample including at least 10% of the intended population serves as an adequate proxy for the population. Kothari (2004) says that an adequately selected sample should be large enough to represent the population while remaining manageable in terms of costs and time. Saunders et al. (2019) says that a larger sample reduces error when sampling and increases the reliability of findings. Therefore, a sample of 50 respondents was seen as sufficient to provide reliable data about the municipality.

3.6 DATA COLLECTION INSTRUMENTS

To answer such research questions, information must be gathered through data collection. Sukmawati (2023) defined research instruments as the means by which a researcher gathers information from their intended audience. On the other hand, research instruments are defined

by Soares (2012) as the methods for gathering data that will be combined with other information for analysis. Mligo (2016), however, made a suggestion that research instruments include whatever methods the investigator employs to obtain information from the field or an additional study site. Information was gathered by the researcher through self-administered questionnaires on the research problem. This study adopted a mixed method because research problem required both numerical and descriptive evidence to provide a comprehensive understanding of the challenges faced in managing costs within municipality of Marondera. According to Cresswell and Cresswell (2023) mixed methods combined quantitative and qualitative approach. Quantitative data from questionnaires enables the researcher to measure the extent of cost management challenges while qualitative data obtained from interviews and document analysis provide deeper insights into reasons behind the challenges faced. Since cost management challenges includes financial, political and human factors mixed was best because both statistical trends and participants experience was captured, Tashakkori and Teddie (2010).

3.6.1 QUESTIONNAIRES

A research instrument called a questionnaire is used to collect information from people or organizations by posing a predetermined series of questions, according to Taherdoost (2021). A series of inquiries or other stimuli intended to extract information from a responder make up a questionnaire, which is a research tool (Bhat, 2019). Because of the way the questionnaire is constructed, people can express their opinions and select how they want to respond (Cohen, Manion, Morrison, & Morrison, 2007).

A structured questionnaire was designed to collect quantitative data from the 50 respondents targeted through stratified random sampling. The questionnaire comprised five sections: (A) demographic information, (B) cost management and budgeting, (C) revenue collection and cost recovery, (D) procurement and asset management, and (E) cost drivers and external challenges. Items in sections B through E used a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was pre-tested with a pilot group of five finance officers from a neighbouring local authority and revised based on their feedback before full deployment. Self-administered questionnaires were chosen because they are cost-effective, allow for more detailed responses, and guarantee respondent confidentiality.

However, questionnaires were not the best instrument the respondents whom the questionnaires were issued were reluctant to participate and it resulted to low return. This was due to the

promotion of anonymity when using questionnaires. In addition, participants were biased when they answered the questions. The investigator tried to reduce the limitation by explaining to the respondents the reasons of conducting the study and the benefits of the research to them and the researcher.

3.6.2 SEMI STRUCTURED INTERVIEWS

Semi-structured interviews were conducted with 10 key informants selected purposively from senior management, the Town Clerk's office, the finance directorate, and the internal audit department. The interview guide was developed to probe the specific mechanisms through which each cost management challenge manifests, the consequences for service delivery, and informants' perspectives on potential solutions. Interviews lasted between 45 and 90 minutes, were recorded with consent, and were transcribed verbatim for analysis.

3.6.3 DOCUMENT REVIEW

Secondary data were collected through a systematic review of relevant documents which include audited annual financial statements for 2020 to 2023, Comptroller and Auditor General reports, council budget documents, internal audit reports, procurement records and policy documents relating to local authority financial management. The historical and contextual data needed to complement and verify the primary data was provided by documentary evidence.

3.7 DATA ANALYSIS

The statistical package for the social sciences SPSS version 21 was used to analyse data from questionnaires. To summarise the distribution of responses, statistic including frequency, percentage, mean and standard deviation were computed.

For the qualitative data obtained from interviews, the responses were recorded manually and NVivo was used in order to manage the coding process. Documentary data were analysed using content analysis to extract relevant information on financial performance trends and regulatory compliance.

3.8 VALIDITY AND RELIABILITY

The validity of the content was established through expert review. The research instruments were reviewed by two academic experts in public sector accounting and two experienced local government finance practitioners before administration. Grounding questionnaire items in established theoretical frameworks and validated scales from prior studies strengthened construct validity. According to Creswell and Creswell (2023), Cronbach's Alpha was used to assess internal reliability with a threshold of 0.7 which was considered as acceptable. All constructs exceeding 0.75 were considered satisfactory reliability.

Member checking ensured qualitative trustworthiness, where interview scripts were shared with informants for verification as well as prolonged engagement with the research site and triangulation across various data sources. Administering questionnaires and conducting interviews using standardised instructions and schedules maintained procedural reliability.

3.9 ETHICAL CONSIDERATIONS

Before data collection was carried out, ethical approval was first obtained from the Bindura University of Science Education Ethics Committee. The ethical principles that were observed include informed consent which was obtained from all participants, anonymity and confidentiality which were guaranteed to all respondents and informants, participation was entirely voluntary and Marondera Municipality granted institutional permission for the study following formal application to the town clerk.

3.10 SUMMARY

The chapter has represented the research methodology used in this research. It therefore explains the reasons why pragmatist philosophy, mixed method design, and case study approach have been chosen. Population, sample size, data collection techniques and analysis processes have all been explained. Issues related to validity and ethics have also been discussed.

CHAPTER 4
DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

The data collected from questionnaires, interviews and document review at Marondera Municipality is presented and analysed in this chapter. The chapter is structured with three research objectives with each section presenting quantitative findings from questionnaires, supported by qualitative insights from interviews and documentary evidence. Descriptive statistics were used to present data to provide a comprehensive understanding of cost management challenge at the municipality.

4.1 RESPONSE RATE

50 questionnaires targeted at staff at Marondera Municipality were distributed by the researcher.

4.1.1 QUESTIONNAIRE RESPONSE RATE

Table 4.1 QUESTIONNAIRE RESPONSE RATE

	Number	**%**
Distributed questionnaires	**50**	**100**
Returned Questionnaires	**45**	**90**

SOURCE; PRIMARY DATA 2026

Out of the distributed 50 questionnaires,45 was completed and returned which represents a response rate of 90%. According to Babbie (2022) this exceeds the regarded threshold of 70% in organisational research. The high response rate is attributed to the researcher's personal distribution of questionnaires, the involvement of departmental supervisors in encouraging participation and institutional permission granted by the municipality management**.**

4.1.2 INTERVIEW RESPONSE RATE

Table 4.2 INTERVIEW RESPONSES

Group	**Number of Interviews Distributed**	**Number of Interviews Responded**	**Percentage Responded**
Finance	**8**	**5**	**62.5**
Internal Audit	**4**	**2**	**50**
Human Resource	**3**	**1**	**33.3**
Procurement	**5**	**2**	**40**
Total	**20**	**10**	**50**

The table illustrates the response rates from key groups engaged in the research. A total of 20 interviews distributed and only 10 of them were being attended to giving a 50% response rate. Finance department got the highest number of responses of 5 followed by internal audit and procurement and lastly human resource. This clearly shows that from other departments they did not have knowledge about this issue.

4.2 RELIABILITY TEST

In order to measure the reliability of the data collected, SPSS was utilised. In applying the Cronbach's Alpha test, a value of 0.989 was found which is in line with the results obtained by

Thomas (2020) and Charles (2019). The value is way above the generally accepted cut-off point of 0.7.

4.3 DEMOGRAPHIC PROFILE OF RESPONDENTS

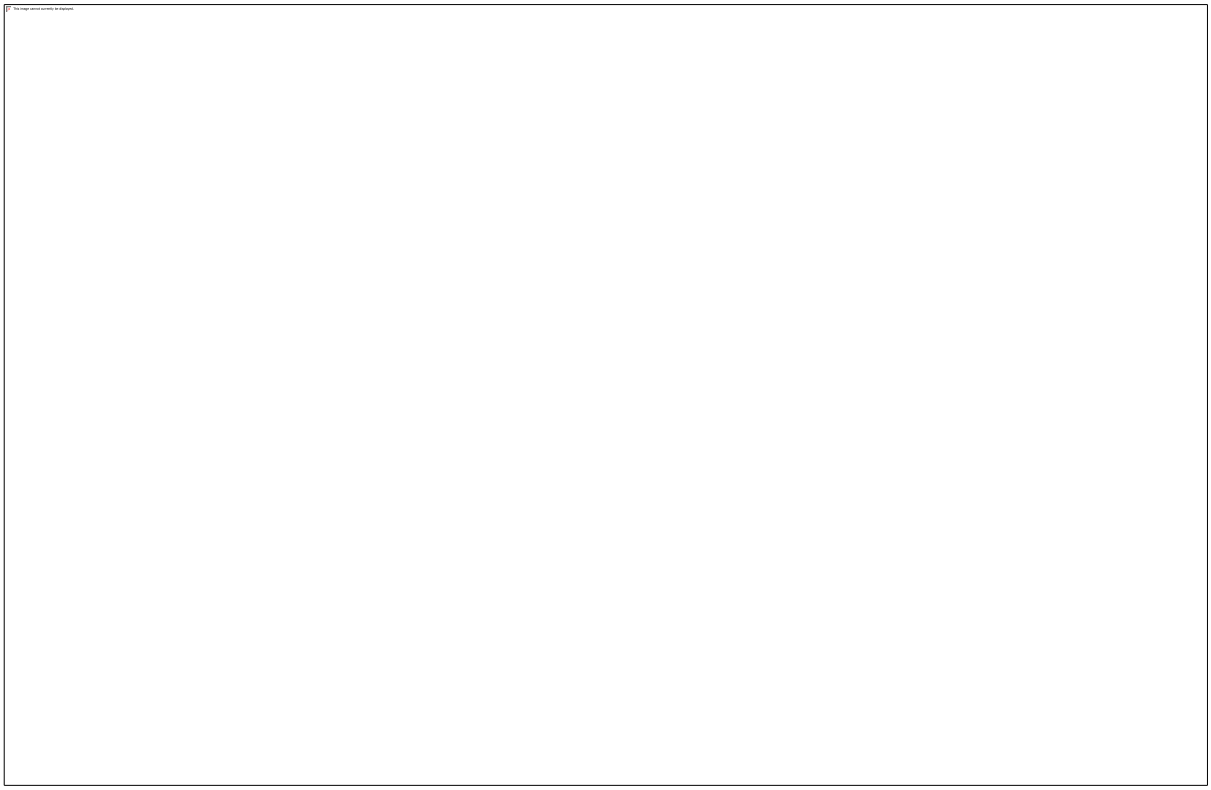
GENDER

Table 4.3 GENDER

		Number	%	Valid %	Cumulative %
Valid	Male	34	75.6	75.6	75.6
	Female	11	24.4	24.4	100.0
	Total	45	100.0	100.0	

SOURCE; PRIMARY DATA 2026

Figure 4.3 GENDER



According to the findings,75.6% respondents were male and 24.4% were female. This gender imbalance presents the broader underrepresentation of women in senior finance roles within

local authority departments in Zimbabwe, a pattern attributed by Manyani et al., (2020) to historical structural inequalities in the public sector.

4.4 DEPARTMENTS

Table 4.4 DEPARTMENTS

		Number	%	Valid %	Cumulative %
Valid	Finance	26	57.7	57.7	57.7
	Procurement	9	22.22	22.22	79.92
	Engineering	2	2.22	2.22	82.14
	Internal audit	4	8.9	8.9	91.1
	Management	4	8.9	8.9	100.0
	Total	45	100.0	100.0	

SOURCE; PRIMARY DATA 2026

Figure4.4 .



The staff in the department of finance comprised the highest percentage of the respondents at 57.78% while those residing in procurement were 22.22%. Internal audit, management and engineering represented 8.89%,8.89% and 2.22% of the respondents respectively. Give the predominance of finance department this indicates that data collected is highly influenced by

employees who are engaged in cost management activities. In addition, the inclusion of numerous procurement respondents was equally essential since the procurement process is highly influential to the expenditure trends of the municipality.

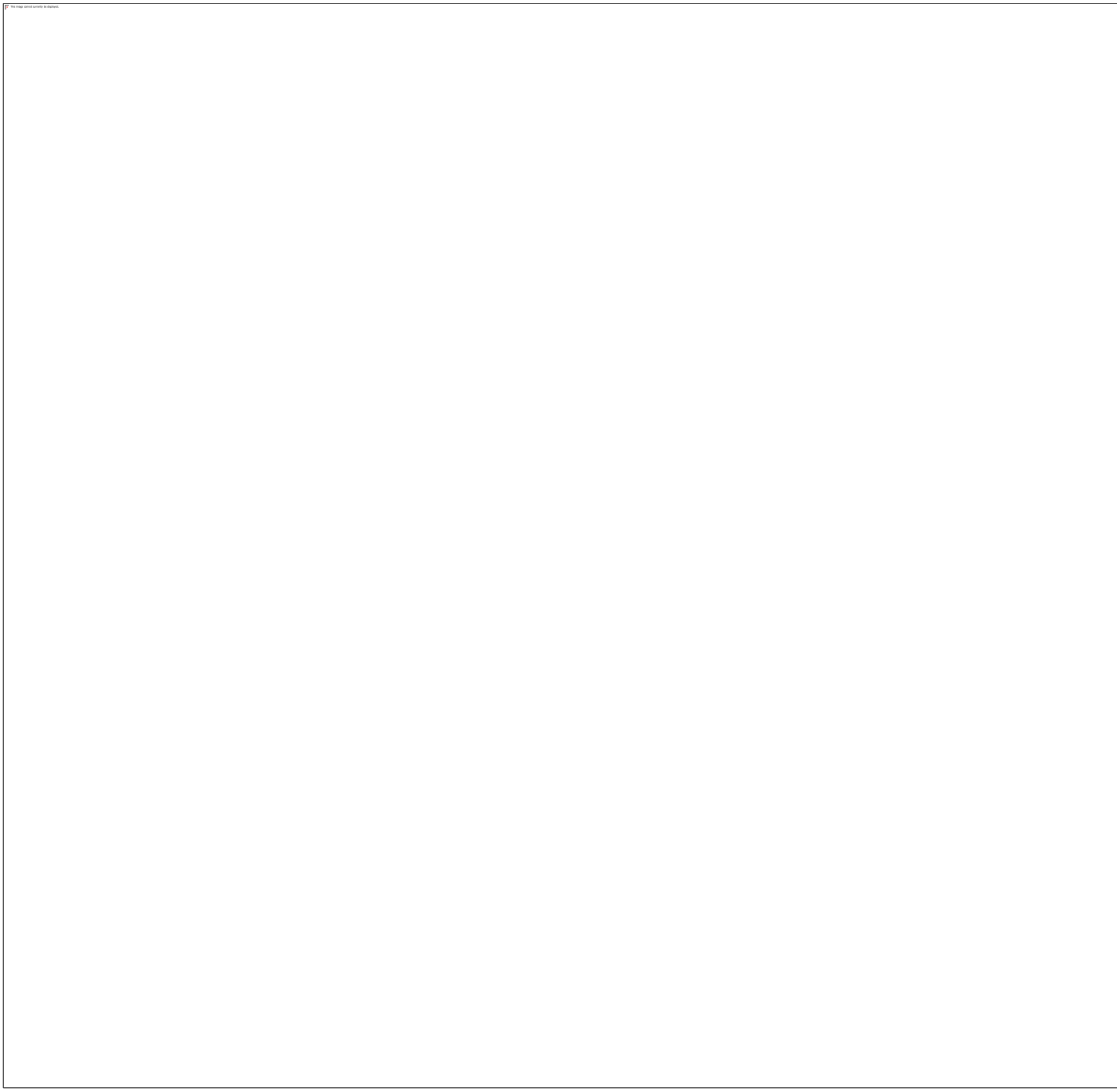
4.5 WORK EXPERIENCE OF RESPONDENSE

Table 4.5 YEARS OF EXPERIENCE

		Number	%	Valid %	Cumulative %
Valid	Less than 2years	5	11.11	11.11	11.11
	2-5years	2	4.4	4.44	15.55
	5-10years	5	11.1	11.1	26.66
	10-15years	4	8.9	8.9	35.56
	Over 15years	29	64.44	64.44	100
	Total	45	100.0	100.0	

SOURCE; PRIMARY DATA 2026

Figure 4.5 YEARS OF EXPERIENCE



The finding states that 64.4% of the respondents have more than 15 years of service with the municipality is the most striking. This shows highly experienced team with deep institutional knowledge. But however, as revealed by the human resource analysis in section 4.6 experience alone does not necessarily translate into contemporary technical competence particularly where ongoing professional development has been absent.

4.6 EDUCATION OF RESPONDENTS

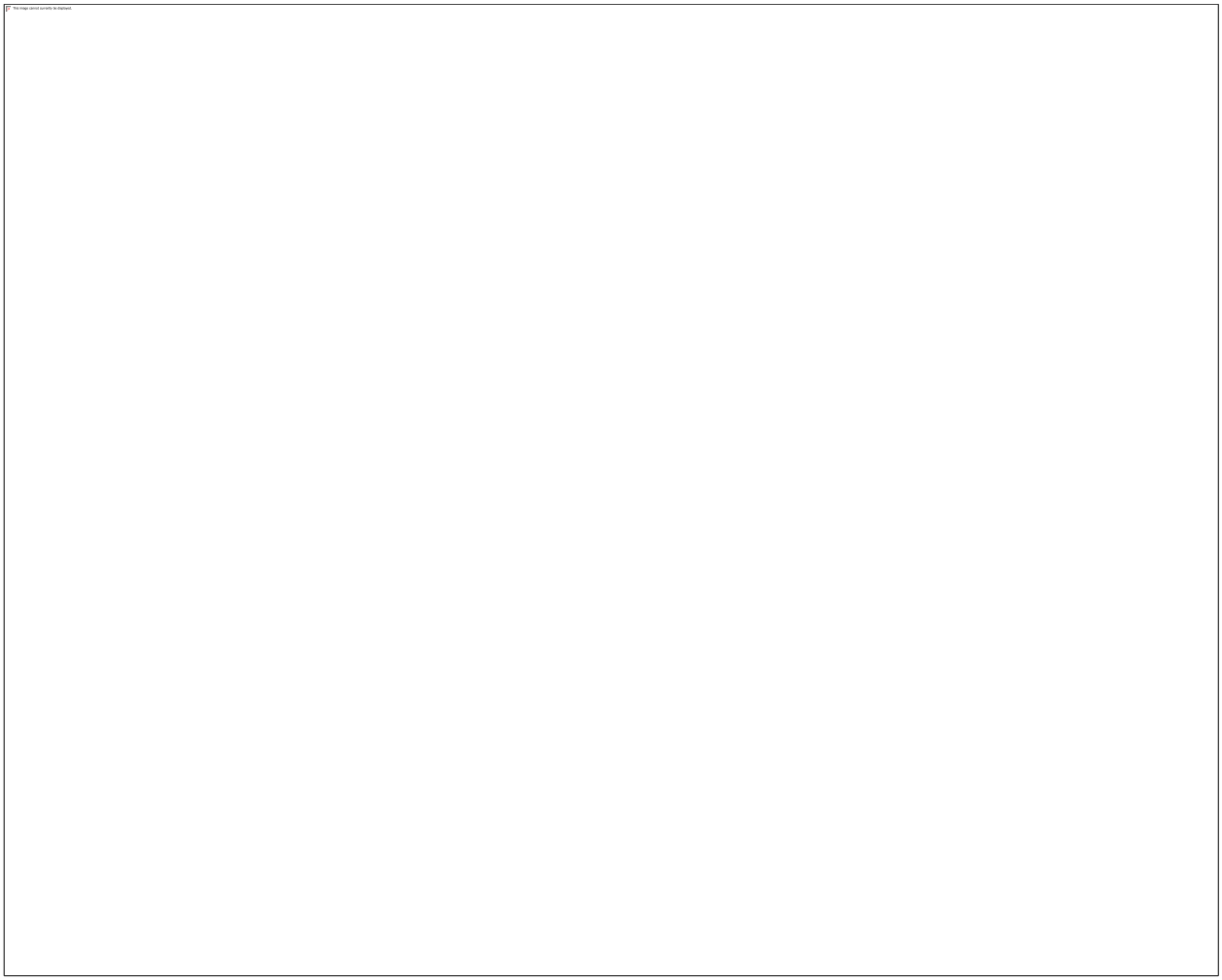
Table 4.6 LEVEL OF EDUCATION

		Number	%	Valid %	Cumulative %
Valid	Certificate	2	4.4	4.4	4.4
	Diploma	5	11.1	11.1	15.5
	Degree	29	64.4	64.4	79.9
	Masters	5	11.1	11.1	91
	Proffessional qualifications	4	9	9	100
	Total	45	100.0	100.0	

SOURCE; PRIMARY DATA 2026

64.4% of the respondents hold a bachelor's degree, 11.1% a diploma, 11.1% masters degrees,4.4% hold certificates and lastly only 9% are professionally qualified accountants (ACCA, ICAZ, or CPA Zimbabwe) according to the educational profile. This proportion of professionally qualified staff corroborates the findings of Manyani et al. (2020) and points to a significant human capital gap in the municipality's finance function.

Figure 4.6 LEVEL OF EDUCATION



4.7 FINDINGS WHICH LINK WITH THE RESEARCH OBJECTIVES

4.7.1 BUDGETARYCONTROL CHALLENGES

Table 4.7 BUDGETARY CONTROL

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The Municipality's revenue budgets are	45	1	5	3.04	1.364

realistic and achievable					
Budget variances are identified and investigated in a timely manner	**45**	**1**	**5**	**2.31**	**1.411**
Summplementary budgets are approved only in genuine emergency circumstances.	**45**	**1**	**5**	**2.73**	**1.405**
Expenditure is effectively monitored against approved budgers in real time.	**45**	**1**	**5**	**2.62**	**1.451**
Valid N (listwise)	**45**				

SOURCE; PRIMARY DATA 2026

A clear picture of budgetary control weakness all over the municipality is painted by the descriptive statistics. The highest mean score of 3.04 (SD=1.411) was scored by revenue budget realism, this suggests a near neutral to slightly positive perception, though the high standard deviation signals that staff opinions differ considerably. The lowest scoring item was the timely identification and investigation of budget variances with a mean of just 2.31 (SD = 1.411) reflecting a clear tendency toward disagreement. The results for real-time expenditure monitoring and supplementary budget discipline were 2.62 and 2.73, respectively. It should be noted that in all the instances, the very high standard deviation suggests a lack of consensus among the employees, and hence these are real issues faced by them.

The evidence from interviews brought the figures to life. The Director of finance in a meeting end of 2023 said that revenue projections are based on historical collection rate, but as poverty levels rise and business closes actual collection has been declining year on year compounded by political pressure not to set low revenue targets because “it looks bad for the municipality.” This is consistent with the findings of Ndlovu and Moyo (2022) which say that political image concerns lead local authorities to set optimistic budgets that cannot be achieved creating structural deficits from the outset.

The monitoring lag was highlighted by an internal auditor and by the time the monthly expenditure report is compiled the data is already three to four weeks old. Decisions on spending are made during the intervening period in the absence of any reference to budget availability meaning overspending often only becomes noticeable after it is irreversible. The internal audit’s document analysis reports for 2021 and 2022 found 23 scenarios of

unauthorised expenditure totalling approximately USD 1.2 million, a direct consequence of this control breakdown. A senior councillor captured the cultural problem concisely: “Supplementary budgets have become a way of life here. The original budget is just a starting point.”

4.7.2 HUMAN RESOURCE AND CAPACITY CHALLENGES

Table 4.8 HUMAN RESOURCE CHALLENGES

Correlations					
		The Finance department is adequately staffed to perform its functions effectively.	**Finance staff recieve adequate training and professional developmen t opportunitie s.**	**The Municipalit y's accounting systems are for effective cost managemen t.**	**The Municipalit y calculates and uses unit cost data for individual services.**
The Finance department is adequately staffed to perform its functions effectively.	**Pearson Correlation**	**1**	**.128**	**-.024**	**-.140**
	Sig. (2-tailed)		**.402**	**.876**	**.358**
	N	**45**	**45**	**45**	**45**
Finance staff receive adequate training and professional development opportunities.	**Pearson Correlation**	**.128**	**1**	**-.188**	**-.055**
	Sig. (2-tailed)	**.402**		**.215**	**.718**
	N	**45**	**45**	**45**	**45**
The Municipality's accounting systems are for effective cost management.	**Pearson Correlation**	**-.024**	**-.188**	**1**	**.157**
	Sig. (2-tailed)	**.876**	**.215**		**.302**
	N	**45**	**45**	**45**	**45**
The Municipality calculates and uses unit cost data for individual services.	**Pearson Correlation**	**-.140**	**-.055**	**.157**	**1**
	Sig. (2-tailed)	**.358**	**.718**	**.302**	
	N	**45**	**45**	**45**	**45**

SOURCE; PRIMARY DATA 2026

The relationships between four human resource and capacity variables adequacy of finance staffing, staff training, staff training and professional development, suitability of accounting systems and use of unit cost data were examined by the Pearson correlation analysis. Not one of the inter-variable correlations attained statistical significance at the 0.05 level. The correlation between staffing adequacy and training was weak and positive ($r = .128$, $p = .402$), while the relationships between staffing and accounting systems ($r = –.024$, $p = .876$) and

between staffing and unit cost data usage (r = –.140, p = .358) were negligible or negative. Financial management capacity of the municipality operates in structural isolation from one another rather than as parts in unition. Staffing skills development and financial systems do not link.

It was confirmed by the Director of Human Resources that the municipality has failed to fill the senior finance positions in more than two years because it is unable to afford just about 40% of the salaries offered in the private sector. There have been three advertisements for the Deputy Finance Director position and just two applicants who did not meet even the basic qualifications. This aligns with Mugisha's (2020) documentation of severe understaffing in Ugandan local councils and underscores the structural nature of the challenge.

When inquired about professional development access, 89% of respondents agreed that the municipality does not have formal CPD policy or annual training budget for finance staff. One of the accountants put it plainly, "We learn from each other and from whatever we can find online. There is no budget for training. I have not attended a formal accounting course since I joined the municipality six years ago." therefore this is precisely the skills stagnation that Sibanda and Phiri (2021) found to directly impair cost management effectiveness. High turnover has worsened things and seven staff members to private sector employment creating a difficult cycle where remaining staff become overloaded, demotivated and eventually also leave.

4.7.3 POLITICAL AND GOVERNANCE CHALLENGES

Table 4.9 POLITICAL CHALLENGES

ANOVA						
		Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Political considerations influence expenditure decisions at the Municipality.	**Between Groups**	**8.986**	**4**	**2.247**	**1.096**	**.372**
	Within Groups	**81.991**	**40**	**2.050**		
	Total	**90.978**	**44**			
The Municipality has effective internal controls over expenditure	**Between Groups**	**15.288**	**4**	**3.822**	**1.848**	**.139**
	Within Groups	**82.712**	**40**	**2.068**		
	Total	**98.000**	**44**			
Economic instability makes it difficult to	**Between Groups**	**3.049**	**4**	**.762**	**.321**	**.862**

produce accurate cost projections.	**Within Groups**	**94.862**	**40**	**2.372**		
	Total	**97.911**	**44**			
Currency volatility significantly affects cost management effectiveness.	**Between Groups**	**3.462**	**4**	**.866**	**.464**	**.761**
	Within Groups	**74.538**	**40**	**1.863**		
	Total	**78.000**	**44**			

SOURCE; PRIMARY DATA 2026

One-way analysis of variance (ANOVA) was used to determine whether there were any significant differences between the perceptions of the respondents on each of four governance variables. The variables included political interference in the process of expenditure, control of internal systems of expenditures, effect of economic instability on costs, and effect of currency fluctuations on costs. (Political interference: $F = 1.096$, $p = .372$; Internal controls: $F = 1.848$, $p = .139$; Economic instability: $F = 0.321$, $p = .862$; Currency volatility: $F = 0.464$, $p = .761$).

Being of same relevance, perceptions in themselves constitutes a significant finding. This is because the issues of political interference and poor governance are not marginal issues. Instead, they are widely perceived throughout all departments, at all ranks of officials and irrespective of specialisation as part of the norm of managing finances in the municipality.

The role of interference in the operation was clearly demonstrated through interviews. “Sometimes we are told which supplier gets the particular contract even before the procurement process begins. All we do is put the documents in order to support this. In case one asks questions, they will be moved or face punishment.” This statement, from a procurement officer, corroborates the findings by Chikura and Zvobgo (2021).

Several instances where the Finance Committee’s recommendations on expenditure were overridden by the full council without documented justification precisely the decoupling of formal structures from actual behaviour that Institutional Theory (Scott, 2020) and Andrews (2020) warn about are revealed in the Document review of council committee. Internal audit coverage was limited only 40% of planned audit assignments were completed in 2022 and 57% in 2023, with payroll auditing and procurement compliance receiving the least attention. These coverage gaps directly undermine the monitoring mechanisms that Agency Theory identifies as the primary check on cost management failures.

4.8 DISCUSSION OF FINDINGS

FINDING1: WEAK BUDGETARY CONTROL AFFECTS COST MANAGEMENT NEGATIVELY

The study found that poor budgetary controls made it difficult for the municipality to manage its cost effectively. Many respondents indicated that the municipality spends more than what it is planned does not monitor expenses properly. This supports the New Public Management Theory which states that public organisations should use resources efficiently. This finding is similar to the study by Ndlovu and Moyo (2022) which found that poor budgeting and weak financial controls caused problems in Zimbabwean municipalities.

FINDING 2: HUMAN RESOURCE CONSTRAINTS AFFECT COST MANAGEMENT

The study also found that there is a shortage of skilled and qualified employees in the municipality. Employees lack proper training and they end up making a lot of mistakes in budgeting and financial reporting. This supports human capital theory which says that employee's knowledge and skills are important in improving organisational performance. The finding agrees with Manyani,Dube and Mhizha (2020) who found that qualified and trained employees improve financial management in local authorities.

FINDING 3: POLITICAL INTERFERENCE AFFECTS COST MANAGEMENT IN AN ADVERSE MANNER

Some decisions are influenced by political interests instead of financial priorities. This has resulted in poor allocation of resources and ineffective cost management. This finding supports Public Choice Theory which states that political leaders make decisions that benefit their own interests than the interest of the organisation. The finding is also consistent with Chikura and Zvogbo (2021) who found that political interference contributes to financial management problems in Zimbabwean local authorities.

4.9 SUMMARY OF THE CHAPTER

This chapter presented and analysed data across three core dimensions of cost management challenge: budgetary control, human resource capacity, and political and governance factors. The findings revealed significant failures across all three dimensions, with each challenge both independently impairing cost management effectiveness and compounding the impact of the others. The next chapter draws conclusions and presents evidence-based recommendations for improvement.

CHAPTER 5
CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The conclusions drawn from empirical findings and recommendation derived from them are brought together in this chapter. One of four research objectives that guided this study are addressed in each section. The qualitative, quantitative and documentary evidence gathered throughout are drawn by the conclusions, integrating empirical findings with theoretical

frameworks and literature reviewed in the second chapter. The recommendations target the municipality's management and council, the Ministry of Local Government, Public Works and National housing and the accounting profession in Zimbabwe. The chapter is summed up with a reflection on the study's contributions and directions for future research.

5.2 SUMMARY OF THE FINDINGS

The study was motivated by persistent and increasing cost management failures at the municipality of Marondera shown by excessive adverse audit opinions, average overruns of 35% between 2020 and 2024 and deteriorating service delivery affecting approximately 80 000 residents. As the mixed method design was used, 45 questionnaires, 10 key informant interviews, systematic documentary analysis of audited financial statements and Comptroller and Auditor reports the study provided comprehensive evidence across four dimensions of cost management challenge.

In terms of budgetary control, descriptive statistics revealed near-neutral to negative perceptions across all four indicators, with means ranging from 2.31 to 3.04. Documentary evidence provided these perceptions with 23 instances of unauthorised expenditure totalling approximately USD1.2 million, internal audit coverage rates of only 40% and 57% in 2022 and 2023, and a pervasive culture of supplementary budget abuse.

In terms of human resource capacity, Pearson correlation analysis did not find statistically significant relationships between staffing, training, accounting system quality and unit cost data usage confirming a deeply disorganised finance function. Of the respondents, only 9% held professional accounting qualifications, the municipality did not have formal CPD programme and seven finance staff were lost to emigration between 2020 and 2024.

ANOVA's finding that perceptions of political interference were uniformly distributed across all respondent groups was itself telling on political and governance challenges: these are not contested or episodic concerns but institutionally normalised features of the municipality's operations. Interview evidence and document review confirmed predetermined contract awards and Finance Committee recommendations being overridden without justification.

5.3 CONCLUSIONS

5.3.1 BUDGETARY CONTROL

The Marondera Municipality's budgetary control is fundamentally compromised across all four dimensions examined and these include revenue budget realism, variance monitoring timeliness, supplementary budget discipline and real-time expenditure tracking. The normalisation of supplementary budgets represents a critical breakdown of financial discipline that directly enables cost overruns to continue unchecked if normalised as a routine device. What renders monitoring retrospective rather than preventive is the three-to-four-week reporting lag. The predictions of New Public Management theory are consistent with the findings and confirm the empirical patterns documented by Ndlovu and Moyo (2022) and Amadasun and Izedonmi (2022) across sub-Saharan African local authorities.

5.3.2 HUMAN RESOURCE AND CAPACITY

The finance function of the Municipality faces severe and multi-dimensional human capital crisis that constrains directly the effectiveness of all other cost management mechanisms. A human resource emergency is constituted by the extremely low proportion of professionally qualified staff (9%), the absence of a formal CPD programme, the persistent inability to fill senior finance positions and the loss of seven staff to emigration Therefore these conclusions validate the predictions of Stewardship Theory regarding the importance of professional capability as a precondition for effective public financial management and corroborate (Manyani et al, 2020; Sibanda and Phiri 2021).

5.3.3 POLITICAL AND GOVERNANCE CHALLENGES

The most deeply entrenched and most difficult to address dimension of cost management challenge at Marondera Municipality is constituted by political interference and governance failures. What establishes that these are institutionally normalised features and not fringe concerns is the uniformity of perceptions of political interference across all respondent groups. According to Scott (2020), the documentary evidence of finance Committee recommendations being overridden without justification, in combination with procurement officer testimony of predetermined contract awards, confirms that the formal governance structures of the municipality have been substantially captured by informal political processes precisely the decoupling predicted by Institutional Theory.

5.3.4 OVERALL CONCLUSIONS

The Marondera Municipality's cost management failures are not the product of any single cause but of a deeply interconnected system of mutually reinforcing challenges spanning budgetary systems, human capital, political governance and external pressures. All the above factors on their own weaken the efficiency of cost management; taken together, however, they result in a cumulative dysfunction, the effects of which are even more profound than any single problem would be on its own. Any attempt to remedy such a situation must necessarily include a multipronged approach.

5.4 RECOMMENDATIONS

5.4.1 IMPROVING BUDGETARY CONTROL

Adoption of an integrated cloud-based financial management system capable of producing real time budgets vs actual expenditure reports at the level of individual cost centres should be prioritised by the municipality. The three-to-four-week reporting lag identified in this study is fundamentally incompatible with effective budgetary control. Empirical evidence drawn by Kariuki and Waweru's (2023) from Kenyan governments shows that ERP adoption reduced average budget variance by 28.4 percent points in comparable contexts and this provides strong justification for this investment.

A formal Supplementary Budget Policy defining the precise criteria under which supplementary budgets may be approved should be adopted by the council and management, requiring documented justification and Finance Director certification for every supplementary request and setting a maximum supplementary budget threshold of 5% of the original approved budget in any financial year. As argued by Otley (2020), the budget must function as a genuine constraint on expenditure and not a starting point estimate subject to indefinite revision

Furthermore, use of evidence-based projection methodologies grounded in actual historical collection rates and documented assumptions transparent to the Finance Committee should have the revenue budget preparation reformed. Where actual collection rates fall below 85% of projected levels for two consecutive quarters, the Finance Director should be required to table a formal Revenue Recovery Plan for council approval.

5.4.2 ADDRESSING HUMAN RESOURCE AND CAPACITY CHALLENGES

The municipality is required to develop and implement a Finance Function Human Capital Strategy covering a five year period, targeting an increase in the proportion of professionally

qualified staff from the current 9% to a minimum of 40% by 2030.This should be inclusive of a study assistance policy funding ACCA, ICAZ or CPA Zimbabwe examinations for degree qualified staff a structured succession planning programme identifying high-potential finance staff for accelerated professional development and a competitive remuneration review benchmarking municipal finance salaries against local private sector rates. Councils with professionally qualified finance directors recorded budget variances of 16.3% compared to 37.8% for those without a compelling return-on-investment case for this strategy was being showed by Manyani et al. (2020).

The municipality is also required to immediately establish a formal CPD Policy requiring of a minimum of 30 CPD hours per year for all finance staff, coupled with a dedicated annual CPD budget which is approved by council as a ring-fenced line item protected from supplementary budget raids. IPSAS accrual accounting, cost accounting methodologies, integrated financial management system operation and public procurement regulations should be prioritised by CPD activities. Sibanda and Phiri's (2021) finding that each additional 10 CPD hours per year is associated with a 3.2 percentage point improvement in budget forecast accuracy provides a quantified return-on-investment rationale.

All senior officials should be required by a Knowledge Management and Succession Planning Framework to maintain documented procedure manuals, participate in structured knowledge transfer sessions before departure and mentor at least one junior colleague. Exit interviews should also capture lessons learned from the staff that will be departing with findings reported to the Finance Committee annually.

5.4.3 ADDRESSING POLITICAL AND GOVERNANCE CHALLENGES

The Finance Committee is required to be reconstituted as an independent sub-committee with a majority of professionally qualified external members appointed on merit rather than political affiliation. Decisions of all Finance Committee including scenarios where the committee's recommendations are rejected by the full council should be recorded verbatim in council minutes and published on the municipality's website within a period of 14 days thereby creating a public record that enables citizen accountability. Gaventa and McGee (2020) demonstrated that transparency and accountability mechanisms produce significant improvements in procurement compliance where citizens are empowered to use the information provided.

The procurement system of the municipality needs to be fully automated and integrated with financial management system, implementing an e-procurement platform that publishes all tender opportunities online, records all bids electronically, and generates an automated audit trail of the entire adjudication process. Mandatory independent review by the internal audit function before contract signature is required by all procurement above a defied threshold.

The internal audit process needs considerable improvement, including the aim of attaining 100% completion of the yearly audit schedule within 2027. There is also need for the accountability of the Chief Internal Auditor to the Finance Committee directly instead of the Finance Director or Town Clerk in order to achieve organizational independence. There is also a need for the whistle-blower policy development which provides sufficient legal cover for finance personnel that report governance violations or unauthorized financial directives. In the absence of such organizational mechanisms that protect whistleblowing from the threat of retaliation as discussed by Chikura and Zvobgo (2021), the current culture of retribution will persist.

5.4.4 MANAGING THE MACROECONOMIC ENVIRONMENT

The municipality needs to implement a rolling budget framework on a quarterly basis, which will enable them to automatically alter expenditure allocation in line with any change in the official price index concerning the cost-of-service delivery input, compared to the existing static annual budget, which quickly becomes outdated owing to the impact of inflation. The need to do so is further justified through the findings of Mbeki & Ramaphosa (2021), who established that rolling budgets had minimized real costs more effectively than annual budgets in Southern African municipalities.

A formal multi-currency billing and cost tracking policy that denominates all service charges and cost estimates in United States dollars as the primary reference for long-term planning and reporting purposes should also be developed, while accepting payment in ZiG at the prevailing official exchange rate. This allows for protection of both the real value of revenue and the comparability of cost information across financial periods, addressing the measurement and reporting challenges created by currency volatility (Muswere & Chinyamurindi, 2024).

5.5 CONTRIBUTIONS TO THE STUDY

The study from a theoretical perspective, provides empirical validation of the multi-theoretical framework comparing NPM Theory, Agency Theory, Institutional Theory, and Stewardship

Theory in a specific Zimbabwean municipal context.A different analytical lens is provided by each framework, NPM Theory shows the particular weaknesses in the terms of cost-consciousness in Marondera, Agency Theory highlights the mechanisms that lead to poor governance, Institutional Theory clarifies the gap between formal compliance and actual practice, while Stewardship Theory demonstrates the need for professional development in order to establish an intrinsic motivation for effective stewardship.

In terms of an empirical perspective, this study represents the first single-case longitudinal investigation on cost management problems in a particular municipal authority in Zimbabwe in the post-2020 multi-currency era. This study offers evidence about the exact processes of how budget control fails, how human capital constraints affect managerial efficiency, and how political influences distort financial decision making.

In terms of practical applicability, this study offers concrete and evidence-based recommendations for the management and council of the municipal authority under investigation, for the Ministry of Local Government in Zimbabwe, and for the accounting profession in Zimbabwe, based on international empirical evidence of effective interventions in similar situations.

5.6 SUGGESTIONS FOR FUTURE RESEARCH

Some research areas that may benefit future researchers because of the findings and shortcomings of the current project include the following first, a multi-case comparative study of at least five urban local authorities of varying financial capacity and quality of governance within Zimbabwe could aid in identifying which aspects of this research apply only to Marondera, and which represent sector-wide phenomena.

Second, it would be useful to conduct an evaluation study of the recommendations put forward in Section 5.4. To do so, one can follow the quasi-experimental design presented by Kariuki and Waweru (2023) in their assessment of ERP implementation in Kenyan counties.

Finally, future studies should explore the effect of the introduction of the Zimbabwe Gold currency in 2024 on the cost management and accounting practices of local authorities, depending on the results of its operation. Lastly, a study which investigates the effectiveness of whistle blowing protection mechanisms in the Zimbabwean public sector examining whether formal protections result in measurably lower levels of political interference and

higher rates of financial misconduct reporting would contribute to both the academic literature on governance reform and to the policy evidence base for the Ministry of Local Government.

5.7 SUMMARY OF THE CHAPTER

In this chapter, the results and the recommendations have been provided that emanated from this research on cost management problems experienced by the Municipality of Marondera. The findings indicate that problems associated with ineffective budgetary control, human resource problems, and political and governance problems form a vicious circle which cannot be solved using partial solutions. The recommendations, in turn, suggest evidence-based measures to deal with all aspects of cost management problem experienced by the Municipality. The results and the recommendations combined can serve as an evidence-based foundation for addressing cost management problems within the Municipality of Marondera, and even other local authorities with similar issues in Zimbabwe and Sub-Saharan Africa.

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APPENDIX 1

Quantitative Section: Survey Questionnaire

SECTION A: DEMOGRAPHIC INFORMATION

1. Gender: Male [ ] Female [ ]

2. Highest level of education: Certificate [ ] Diploma [ ] Bachelor's Degree [ ] Master's Degree [ ] Professional Qualification [ ]

3. Years of service with the municipality: Less than 2 [ ] 2-5 years [ ] 5-10 years [ ] 10-15 years [ ] Over 15 years [ ]

4. Department: Finance [ ] Procurement [ ] Engineering [ ] Internal Audit [ ] Management [ ]

SECTION B: BUDGETARY CONTROL CHALLENGES

Please rate each statement using the following scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree

	1	2	3	4	5
5.The municipality revenue budgets are realistic and achievable.					
6.Budget variances are identified and investigated in a timely manner.					

7.Supplementary budgets are approved only on genuine emergency circumstances.					
8.Expenditure is effectively monitored against approved budgets in real time.					
SECTION C;HUMAN RESOURCE AND TECHNOLOGY CHALLENGES 9.The finance department is adequately staffed to perform its functions effectively.					
10.Finance staff adequate training and professional development opportunities.					
11.The municipality's accounting system are adequate for effective cost management.					
12.The municipality calculates and uses unit cost data for individual services.					
SECTION D;GOVERNANCE AND EXTERNAL CHALLENGES 13.Political considerations influence expenditure decisions at the municipality.					
14.The municipality has effective internal controls over expenditure.					
15.Economic instability makes it difficult to produce accurate cost projections.					
16.Currency volatility significantly affects cost management effectiveness.					

APPENDIX 2

INTERVIEW GUIDE FOR KEY INFORMANTS

These are sample questions used in interviewing. Interviewees were encouraged to expand on their answers and to raise any additional issues they considered relevant.

1.How would you describe the current state of cost management at Municipality of Marondera?

2.What do you consider to the most significant cost challenges at this municipality?

3.How does the budget work in practise and what are its constraints?

4.How adequate is the municipality's financial information for cost management?

5.How does the municipality manage currency volatility and inflation in its financial planning?

6.How would you characterise the relationship between political forces and financial management decisions at the municipality?

7.What impact does staff capacity have on the municipality's ability to manage costs effectively?

8.What changes do you think are most urgently needed to improve cost management at municipality of Marondera?

9.Are there any other factors that you believe significantly affect cost management at municipality of Marondera that is not discussed?