MIDLANDS STATE UNIVERSITY

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DEPARTMENT OF ACCOUNTING

ANALYSING THE FUNDING POLICY OF A PROFESSIONAL ACADEMIC INSTITUTION. CASE OF ICSAZ

BY

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DEDICATIONS

This credit is dedicated to my family and friends for their support, prayers, sacrifices and encouragements. Special dedication goes to my dad, thank you so much for being there for me, I love you.

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ABSTRACT

The core aim of the study was to analyse the funding policy of ICSAZ. The research has been carried out against the background of financial constraints, widening funding gap and decrease in revenue which led to decreasing profits and failure to raise required capital for desired capital projects. The research used both qualitative and quantitative research methods. To collect data from respondents the researcher used questionnaires and interviews. This was facilitated principally with the help of the Likert Scaling model. The main sources of related literature were internet journals, accounting text books university website library and many more. The researcher used graphs and tables for data presentation and analysis. All variables were established to be noteworthy, the results showed that the Institute has a funding policy that is in blue print, however the policy is not properly communicated within the organisation. The study provided recommendations to management, council, employees and the finance committee of the institute, in connection with best funding policy practise. The recommendations included engaging in partnerships with strategic partners for financing research and education at professional level across the globe and forming strategic alliances with corporate members as financers and the institute as a trainer of company employees.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

APPENDIX

CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF STUDY

Institute of Chartered Secretaries in Zimbabwe (ICSAZ) is a non-profit making organisation which derives its income from membership subscriptions and function fees. The period 2011-2013 was characterized by a reduction in the numbers of membership payments. In the year 2011 out of the 5000 members in the Institute`s database only 2000 (60%) members managed to pay their membership fees. In 2012 only 2500 (53.70%) members out of the total of 5400 managed to pay their fees. In 2013 of the 6100 members only 3000 (50.82%) were able to pay their membership fees (*Annual report 2013*). The income received in the past three years show that there is a huge gap between the forecasted revenue and what was received. Moreover for the period 2011 going back the institute used to get more than 20 individual and corporate sponsors but over the past three years the numbers have reduced to less than 10 sponsors (*Punda Milla Strategic Workshop report 2013*).

The revenue received by the Institute has been decreasing (as demonstrated in paragraph 1) without a corresponding decrease in expenditure hence decreasing the amount of monies that could be ploughed back into the business (source of internally raised finance) thus raising concerns to look at other financing strategies that can be adopted by the Institute to be able to finance its future projects.

Since beginning of 2011 the institute has some projects which they have on paper these include, to invest into ICT and adopt a new accounting system by 2015, to Purchase a company bus, to purchase own premises for the Institute, currently the Institute is using Dzidzo House Pvt ltd premises, and to open other branches in surrounding cities currently the

institute has offices in Harare only throughout Zimbabwe, (*Punda Milla Strategic Workshop Report 2010)*

Of the above projects less than 15% has been accomplished, that is new software was adopted by end of 2011 at the Institute's offices. Table 1.1 bellow shows the progress that was made and what is still to be done in dollar terms.

Table 1.1 Extract of the Institute`s Projects Plans

Year	Project plans US$	Projects Carried US$	funding Gap US$	Level of completion %
2011	800000	250000	550000	31.30%
2012	950000	360000	590000	37.90%
2013	1000000	450000	550000	45%

(*Source finance manager and board meeting reports as at December 2013)*

Table 1.1 shows the project plans made by management and the projects carried out in the different years. It highlights required injections of capital for the projects to be completed in dollar terms and the level of completion as a percentage in the given three years and how lack of funding is leading to incompletion of projects. In the year 2011 only 31.30% of the anticipated projects were completed, this was due to lack of funds. A further capital injection of $550000 is required to complete the projects. The following year (2012) also shows that a US$950000 project plan was drafted, but by year end projects worth US$360000 which is 37.90% of the desired projects were completed, hence additional funds of US$590000 are required to complete the projects. This was also due to lack of funds. The year 2013 shows that 45% of the anticipated projects were completed, giving rise to a funding gap of US$550000 (55%), this was also due to lack of funds as the Institute`s sources of finance are decreasing.

In an effort to reduce pilling of unfinished projects management proposed to move from internal sources of finance to external sources of finance in order to cover the funding gap (*EXCO meeting minutes held on 30 July 2013*), however the CEO was not in support of the idea as he pointed out that it will be expensive for the institute as most of the external sources are interest bearing.

Lester (2008) stated that a funding gap can be financed either internally or externally, he further on started that the two sources of finance have their own advantages and disadvantages. A research carried out by Morris *et al* (2006) is of the opinion that externally raised finance is more beneficial to the firm as compared to internally raised finance because it has high returns. Another research by Fazzarri (2007) supported Baumol`s findings, it suggested that internally generated sources of finance are expected to earn lower rates of returns, hence they are less favourable for an organisation.

Conversely Huang H. J. (2008) is of the opinion that internally raised finance is of better contribution to the firm since it is cheaper and it also reduces the risk of power dilution. Keasey (2010) is of the same opinion; he stated that internally generated finance is cheaper than external finance hence is more favourable to the firm .ICSAZ uses internally raised finance. Main internal sources of finance that are adopted by ICSAZ are retained earnings, and donations, hence there is need to cross examine the prior literature and come up with a better understanding.

This study will therefore look at the financing strategies that are used by the institute and their pros and cons. It will also go further to look at other strategies that can be adopted in order to finance the future projects of the institute.

1.1 STATEMENT OF THE PROBLEM

The Institute has to be able to fund its projects so that it will be able to operate into the foreseeable future. The inability to carry out capital projects that have been put on the paper for a number of years will pose a great risk on the going concern of the Institute which is unfavourable to the Institute and its members.

1.2 RESEARCH OBJECTIVES

a) Main research objective

To come up with well convincing possible solutions that will enable the Institute to fund its projects.

b) Sub research objectives

- To understand the current funding policy for ICSAZ.

- To evaluate the implementation measures which are associated with the funding policy adopted by ICSAZ.

- To assess the personnel capabilities in implementing the funding policy.

- To examine the challenges currently being faced in implementing the policy

- To establish the best practice in funding ICSAZ.

1.3 RESEARCH QUESTIONS

a) Main Research Question

- To investigate new sources of income for professional bodies in Zimbabwe.

b) Sub Research Questions

- What is the funding policy on ground?

- What implementation guidelines are in place for the funding policy?

- What is the personnel capacity towards the implementation of the funding policy?

- What challenges are being faced over the policy implementation?

- What would be the best practice over policy implementation?

1.4 SIGNIFICANCE OF STUDY

The researcher has noticed that researchers have been writing about funding policies and strategies in connection with small entities, building industries and profit making organisations, very little research has been carried out concerning professional academic institutions.

The Institute

The outcome of the study will help identify new possible sources of income and funding policy practices for ICSAZ. It is the researcher`s anticipation and hope that the findings of the research will be of invaluable benefits to management and those charged with governance at ICSAZ.

1.5 DELIMITATION OF STUDY

The study shall look at the funding strategies and funding policies of an academic professional institution using the case study of ICSAZ. This research will be focused on the

Institute`s head quarters in Eastlea Harare. The research covers the period January 2011 up to December 2013. This study will involve management, employees and members of the Institute, with the assumption that the sample population has an understanding of the subject matter. Lastly the research is going to use both qualitative and quantitative research methodologies.

1.6 LIMITATIONS OF THE STUDY

The researcher may face the following challenges;

Limited access to information- Access to information may be limited, thus some information in the organization is considered to be confidential and is not easily disclosed to anyone. However the researcher will obtain a letter from the university to assure management that the information obtained will be used for the purposes of the research and will be treated as confidential.

Sample population might be reluctant to provide information because of the fear of their superiors; however the researcher will not require respondents to fill in their names on the questionnaires so as to make sure that the researcher is getting information that is not biased.

1.7 DEFINITION OF KEY TERMS

- Professional academic institution - this is an institution which is involved in the professional or academic training of people such as universities and member institutions. Baumol (2010)

- Funding is a way of providing economic resources, in the form of money, or other valuables such as effort and time, for a project, a person, a business or any other private or public institutions Lester (2008)

- Funding gap represents the amount of money that is needed to fund the ongoing operations or future development of a business or project that is not currently provided by cash or equity or debt. Haung H, J. (2008)

1.8 Summary

This Chapter provided the background information to the problem and it spelt out the purpose of the study. It also outlined the statement of the problem, the importance of the research and defined the key terms. The delimitations and limitations to the research were specified and pointed out.

CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter reviewed prior works on the subject of funding. Its objective was to give the writer a background to the subject and identify authoritative voices, and thesis that has been written by various scholars. This chapter also aimed at analysing the theoretical arguments and empirical evidence on the subject matter.

2.1 FUNDING POLICY

According to Kearns (2012) not for profit organisations attempt to diversify their funding sources as much as possible in order to enhance community "buy-in" from multiple stakeholders, thereby increasing the perceived legitimacy of the organization'. Carroll & Stater (2009) also supported the idea and highlighted that the diversification of funding streams enhances the overall stability of the revenue portfolio. However on the other hand Grinsfelder, (2010) is of the opinion that funding portfolios are related to a multitude of contingencies including the organisation`s mission, the benefits it provides to particular constituencies, and its investment in fundraising infrastructure. Kearns *etal* (2012) is of a completely different idea as he suggests that nonprofits design funding portfolios that allow them to maximize certain objectives such as nonfinancial return on investment while minimizing other factors such as risk and uncertainty.

2.1.1 Industrial influence on funding policy and capital structure

McMahon G. P (2005) asserts that firms in the same industry tend to adopt the same financing pattern. Lopez and Gracia (2010) also supported the above idea and indicated industry as an explanatory variable which is supported by the equilibrium theory of capital structure. The equilibrium theory of capital suggests that the economic environment or sector in which a firm is operating can be an influencing factor when looking at the financial behaviour of the firm. Holmes etal (2003) however is of the opinion that the economic sector a firm belongs to can be an important factor to its financial behaviour. Porter (2004, 12) supported Holmes opinion and stated that a firms' economic environment is associated with the industry in which it competes.

On the other hand Harris and Raviv (2009) are of the opinion that industry does not influence the financial behaviour of a firm. Gibson (2002) also supported this idea and argued that industry is only a proxy of a number of firm specific characteristics that are the real underlying characteristics of funding choices. Gibson (2002) further on highlighted the underlying characteristics as firm size, business age, asset structure, growth risk and profitability. A research carried out by Ebaid (2009) concluded that capital structure choices have influence on the profitability of the organisation, and that a converse relationship should be expected between debt level and firm performance.

2.1.2 Self financing

Kaul (2011) asserts that self funding also known as private funding refers to the funding strategy where a firm uses its own funds to finance capital projects, examples of self funding includes the use of cumulative net income also known as retained earnings. Kaul (2011) also

stated that the advantages associated with this method are that funds are available when needed and there is no risk of power dilution, and there are no costs associated and that there is no need for the entity to disclose information to outsiders. Emmanuel (2009) also stated that private funding relate to funds obtained from within the organisation and stipulated that this type of funding is cheaper and that it posses less risk on the entity.

However Agarwal (2013) is of the opinion that even the use of retained earnings has got a cost related to it, this cost is the opportunity forgone of the return that could have been obtained by lending or investing the money outside the firm. Agarwal (2013) also stated that retained earnings may not be enough to fund long term capital projects. Every funding strategy has got costs associated with them Guttmann and Plihon (2010). Yetman (2006) on the other hand is of the opinion that the use of retained earnings does not create an opportunity cost if the company does not deploy the funds to their best use or when better opportunities or projects arises at a later date.

2.1.3 Debt financing

An organisation can borrow from others inorder to finance their operations and capital projects Agarwal (2013). However there are some costs associated with this funding strategy which is the required rate of return by the providers of the funds. Agarwal (2013) also stated that debt financing has its own advantages, that is it allows an organization to purchase equipment and invest in a project before they earn the necessary funds, hence this can be a great way to pursue an aggressive growth strategy, especially if the organization has got access to loans with low interest rates. Ebaid (2009) also stated that the other advantage of this type of financing is that the payment of the debt is spread over a period of time and is paid in instalments and it is also relative to equity financing in the sense that the organization also benefits by not relinquishing any ownership or there is no risk of power sharing with the

investor. On the other hand Emmanuel (2009) defined debt funding as the money borrowed by the firm from outside sources and they increase the firm`s financial risk. Jameson K (2011) also defined debt financing as the term used to describe the portion of a company's borrowed funds that includes bonds and fixed-maturity borrowings. Jameson K (2011) further on stated that this type of funding is usually subject to acceleration clauses and agreements that allow the lender to call its loan and also the major disadvantage of this type of funding is that the debt has to be repaid plus interest.

2.1.4 Equity financing

Agarwal (2013) pointed out that the other source of funding that an entity can use to finance its capital projects is equity funding, and stated that the cost associated with this type of funding strategy is the minimum rate of return that is required by investors. Above the costs associated with equity financing Huang (2008) stated that all things held constant this type of financing might be the most reliable type of funding. That is, unlike debt financing, equity funds do not have to be repaid and the organisation and the new investors will have to share the risks and liabilities of the organisation. On the other hand Keasey (2010) is of the opinion that when an organisation takes on equity investment, it does not only share risks and liabilities only with the new investors it also shares the ownership of the entity. The organization would also have to share its earnings proportionally with the new investors, hence with time, the distributions of earnings to the investors are more likely to exceed what would have been repaid if funds would have been borrowed.

The authors have shown that as much as internal sources of financing also known as self financing are viewed to be cheaper they are sometimes not appropriate when it comes to bigger capital projects depending on the profitability of the organisation. This has proven to

be true in the case of ICSAZ. That is the institute is a not for profit organisation hence retained earnings are very little and it becomes inappropriate to focus on this financing strategy to finance the long term capital projects of the Institute. Furthermore the authors went on to suggest that other sources of financing such as debt and equity should be considered. This is now the purpose of this research to look at other funding strategies that can be adopted by the institute inorder to close the funding gap.

2.2 CONTROLS ON THE IMPLEMENTATION OF THE POLICY

Taylor etal (2007) defined policy implementation as the link connecting policy formulation to policy practice, and in most cases there is always a gap between policy intention and policy practice. According to Ricento (2006) the path from policy development to successful implementation is often easier said than done and demanding, and mostly never achieved, therefore there should be an implementation plan or guideline and controls that highlights the directions and procedures to be followed in policy implementation.

2.2.1 Managerial and administrative controls

Implementation process is divided into two categories which are managerial and administrative Jaroslev (2009). The managerial category which is based on the ability and capacity of the implementation manager or the actor and the other category which is administrative is base on the abilities and capacity of the company as a whole to adopt and further the started policy process. Pawel (2009) is of the opinion that management is the initial level of control and has the key responsibility of making sure that the policy or programme is effectively implemented. It is of paramount importance to advice beneficiaries on what they are required to do inorder to meet the terms and conditions of the policy. On the other hand Mueller and Carter, (2007), are of the opinion that the three crucial factors that

affect policy implementation are clarity of the policy goals, the complexity of the implementation process, and the resource commitment of the policy. McDonnell (2004), also stated that the considered classes of policy instruments are, mandates, inducements, capacity building and system changing, which contribute to policy implementation in different ways depending on the policy goals and context.

2.2.2 Turnover rate of key management

Hedy and Keith (2011) argued that achieving or maintaining policy coherence is not easy, because electoral cycles change over time, that is who is in charge of the policy making process therefore there is need to have a well documented policy processes so as to limit misunderstandings. It is also important to monitor the implementation of the policy process and produce reports on progress which are then discussed by management who will   then make corrections as soon as an error is identified Powel (2009). Guttman (2010) also stipulated a list of controls or guidelines to ensure that the implementation of the policy is not jeopardised. The controls are to ensure that there is a clear segregation of duties within the accounting function, ensure that all funds applied for and received are properly recorded and reconciled and carryout periodic reviews on key accounting functions. That is for a policy to be effective it must be formally documented so as to reduce the degree of dispersion from the expected operations of the policy. This is to ensure that in the event of staff turnover the remaining personnel will be able to carry own without difficulties because there will be proper documentation.

2.2.3 Audit function as a control

Sheila (2009) is of the opinion that internal audit also form part of the control mechanism. She stated that during the audit process if the auditors happen to detect or notice any

breakdown or weaknesses in the control systems these should be properly documented with suggested recommendations and reported to those charged with governance so that corrective action is taken. Robert (2010) also stipulated a list of controls or guidelines to ensure that the implementation of the policy is not jeopardised. The controls are to ensure that there is a clear segregation of duties within the accounting function, ensure that all funds applied for and received are properly recorded and reconciled and carryout periodic reviews on key accounting functions According to George (2010) the external auditors must analyse, review and evaluate the economic transactions of the entity`s obligations and the internal controls which are in place for the funding policy. Moreso the external auditors must properly evaluate compliance to the requirements of the finding policy before they express their opinion on the fairness of the reported financial statements and the implementation of the funding policy.

The authors highlighted that the controls which are available when it comes to policy implementation are managerial controls, turnover rate of key personnel and the audit function (both internal and external audits). In the case of the Institute to some extent this might appear to be significant. That is the Institute has got management that is responsible for the development and implementation of each and every policy within the organisation. More so the Institute does not have an internal audit function, however it outsources this function from professional audit firms twice as year and an external audit is performed once each year. These are performed as control procedures to safeguard the institute`s assets and to ensure that the spelt out policies are being implemented as per the manual.

2.3 PERSONNEL CAPACITY TOWARDS POLICY IMPLEMENTATION

2.3.1 Role conflicts and willingness to implement the funding policy

May (2003) argued that a role conflict arises when personnel are confronted with conflicting and contra role expectations, it is also described as the occurrence of more than one role expectations such that compliance with one would make compliance with the other more difficult'. Tummers (2012) stated that a vital stipulation for a successful policy implementation is that personnel are willing to implement the funding policy. This is because the nonexistence of this willingness will result in a situation where those charged with governance`s intentions to implement the policy will not be successful. Winter, (2009) also supported the prior statement and stated that if personnel are not willing to implement the policy, sabotage is most likely to occur than working, and this is unfavourable for policy performance. They also went further and argued that although personnel`s willingness to implement the funding policy is of importance when it comes to funding policy implementation no validated scale of measuring the required willingness has been developed.

Winter, S. C. (2009) however is of the opinion that although personnel might be willing to implement the funding policy, policies with less conflicts are preferred to policies with bigger role conflict. This will lead to reluctance in implementation of the policies of the latter diversity. That is personnel who experience policy client role conflict during policy implementation are much more reluctant towards the policy implementation process. On the other hand Kimberly, (2009) suggested that when personnel come across conflicting demands, this can be a positive influence in the sense that it can increase opportunities to develop a more distinct personality within individuals which can be of better use in future projects and other work place demands.

2.3.2 Individual preferences towards funding policy implementation

According to Moessinger, (2011) cited in James. P. *etal* (2012) individual preferences are not considered to be vague or contradictory when it comes to policy implementation. James. P. *eta*l (2002) states that "policy implementation is based on the principal-agent and rational choice theories, in which the principal requires the assistance of an agent to achieve a particular outcome''. That is both parties are motivated with self-interest; therefore suitable incentives and monitoring controls are needed if principals are to have their way. There is also need to ensure that there are sufficient appropriate resources to implement the policy.

2.3.3 Organisational capacity as a whole

Ting M. M (2009) is of the opinion that organisational capacity is of importance to effective implementation of a policy. That is actors or management and employees should be in a position to implement the strategized funding policy. Daniel (2009) argued that a manager should have a knowledgeable and qualified internal personnel or qualified third parties to implement the funding policy on a day-to-day basis. This is because funding policy implementation is not a once off exercise but an ongoing process and hence it should be properly monitored. Butterbury (2010), also argued that policy implementation is also conditioned by institutional capacity and further stated that the capacity of institutions to deliver policy is shaped by a number of factors including organisational culture and the availability of appropriate resources and experience. That is even if the funding policy is properly designed and there is no organisational capacity or sufficient resources the policy implementation process is bound to fail.

Hodge and Piccolo (2009) argued that the key to organisational survival and successful policy implementation is the ability to obtain and to maintain resources, and also stated that

the most important factor of the resource dependence theory is the role played by management in strategic decision. Management and those who are charged with the governance of the entity are responsible for the policy process that is from the design to the implementation. On the other hand Butterbury (2010) is of the opinion that organisational capacity to deliver policy is influenced by a number of factors which include organisational culture, the availability of sufficient resource and expertise and the prevailing socio-economic environment as these influences the behavioural and cultural beliefs of the individuals who performs the policy implementation process and forms the organisation.

A number of authors mentioned above highlighted that personnel capacity is of great importance when it comes to funding policy implementation. They highlighted some of the factors that affect personnel capacity as individual preferences towards funding policy implementation and role conflicts and willingness to implement the funding policy. These factors also seem to have an impact on the operations of the Institute. ICSAZ is made up of individuals who also have their own preferences hence they need appropriate incentives for them to function or to participate as the superiors would want them to.

2.4 CHALLENGES FACED OVER POLICY IMPLEMENTATION

2.4.1 Independence of personnel

Verbruggen and Milis, (2011) stated that challenge that is faced in policy implementation is the independence of personnel and their unwillingness and limited capacity to change their behaviour. Winter (2009) is of the opinion that the most implementation barriers are found in the early stages of the policy making process when key policy developers are independent and unwilling to formulate the policy, hence these processes should be studied carefully inorder to understand policy implementation. On the other hand a research carried out by

Butterbury (2010) shows that even the best possible policy design can fall at the barrier presented by implementation obstacles, and further on highlighted that it is difficult to test policy theory if implementation is sub-optimal, therefore Institutional performance is a major factor that determines the achievement of wanted policy outcomes.

2.4.2 Limited attention to the implementation process by management

According to Kamla-Raj (2005) little attention is paid to the subject of policy implementation by policy decision makers. Makinde (2009) also stated that it is habitually taken for granted that once a policy is adopted by an organisation it must be implemented and the desired objectives must be achieved. The above mentioned assumption has in most cases resulted in poor policy implementation. Hence this gives rise to an implementation gap. There is policy failure when there is a sizeable gap between a policy decision and its implementation. However Blom-hansen (2005) states that the cause of implementation gap is the failure of the policy makers to take into consideration the social, political, economic and administrative variables when analysing for the funding policy formulation and implementation. Daniel (2009) is of the opinion that personnel must be trained and retrained along the policy implementation process. This is because the policy implementation process is not a once of exercise but an ongoing process hence sufficient training should be maintained.

2.4.3 Lack of resources and clarity of the policy

Laguna (2011) is of the opinion that limited resources will only result in the inability of personnel to function, as they should have towards the policy implementation. On the other hand Kadenge (2013) stated that the serious problems that are faced in policy implementation are that of bribery and corruption, hence this has contributed greatly to the failure of funding

policy implementation in many organisations. That is implementation problems may arise in a situation where huge amounts are provided for a project but management in charge of the implementation process use such amounts or a substantial part of the amounts for their own benefit and not for the benefit of the organisation there by distorting the whole policy implementation process.

2.4.4 Type of funding and type of opportunity

According to Hope (2011) the basic principal in financing any funding gap is to match the life of the debt with the life of the activity being funded. That is some funding strategies are not suitable for some project, for instance if less money is needed other sources such as bank overdrafts will be suitable for the funding strategy. Bing Yu, (2012) suggested that businesses struggle to achieve their original business goals, thus not performing well enough to attract further funding from the original fund providers, hence this will become a challenge if the need for more fund for the same project arises. On the other hand Bal etal (2014) stated that there are some opportunities that cannot be followed up by other funding strategies, for sole traders and illegal businesses they are unlikely to get much of a hearing when applying for funds. On the other hand the same is true for reputable business operators. Geography and sector also play an important in what makes a proposal fundable too.

The authors mentioned above agreed that there are challenges that are faced in the funding policy implementation process. The highlighted problems were lack of resources, limited attention to the policy by management, independency of personnel and the type of funding required. These limitations are not only in theory but also in practical reality. In the case of the Institute lack of resources has given rise to the funding gap which is the basis of this research. That is even if the funding policy of the Institute is stipulated in blue print the lack of resources is leading to the failure of the funding policy process. Moreover the

independency of personnel more vivid in the policy implementation process as it slows down the implementation process.

2.5 BEST PRACTICE OVER POLICY IMPLEMENTATION

Odebe (2011) defined best practice as the accumulation and application of knowledge concerning what is applicable in different situations and different context that is, it is the process of learning, applying and giving feedback.

2.5.1 Communication between policy developers and policy implementers

 Witcher (2002) is of the opinion that "If policy researchers wish to improve the prospects for policy success, they would do well to focus their research on the relationship between agenda setting and implementation." Jeong (2006) designed two by two matrices, in relation to best practice in policy implementation which recommended that dissimilar conditions require dissimilar implementation strategies. On the other hand Rosa *etal*, (2010) is of the opinion that the funding policy should be properly communicated so that each and every member of the implementation process is familiar with what is expected of them, this will limit the risk of the desired outcome deviating from the actual result. Chisholm (2007) acknowledges the power of conferences were ideas are put into circulation, absorbed then disseminated into wider networks so that individuals fully understand what they are obliged to perform within the policy process. William (2010) also supported Chisholm`s opinion and suggested that the policy should stipulate that employer and employee contributions are required at regular intervals and the amount of contribution and the policy should be integrated with other policies such as investment and asset policies.

2.5.2 State assistance within the funding policy systems

Yarnit (2009) stated that in other continents such as Europe the largest part of the expenditure budget is consists of the expenditure devoted to education. That is the government should prioritise education when formulating national expenditure budget. According to Florich etal (2010) the Danish funding system basic grants are perceived to be vital for the functioning of academic professional institutions. That is basic grants provide budget security and enables long term planning. Jones (2010) also stated that in South Africa the government has provided financial assistance to the local community through a fund called the CCF. That is the community can get funds for legal fees, training, marketing etc. The USA has setup a board which is responsible for the implementation of the funding policy. The board is responsible of making sure that the funding policy for professional associates is fully implemented. However Jongbold (2004) is of the opinion that an ideal funding strategy does not exist hence the decision on which strategy to use depends on the goals that policy makers want to achieve.

The scholars pointed out many practices which can be implemented to reduce the limitations and challenges faced in the funding policy implementation process. However some of these measures are not achievable in some countries, for instants Zimbabwe is in liquidity crises and the government has no money to offer grants to the corporate society.

2.6 CONCLUSION

This chapter reviewed review prior work on the subject of funding policy. Attention was given to the establishment of a funding policy, implementation measures, challenges faced on policy implementation, review of the measures applied and the best practice in policy implementation. The next chapter (chapter 3) shall look at the research methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

1.0 INTRODUCTION

This chapter outlined the research methodology, research instruments, the methods used for data collection, data presentation and analysis procedures data presentation and analysis that were used by the writer and the summary of the chapter.

3.1 Research design

A research design is a blueprint for conducting a study that maximises control over factors that could interfere with the validity of the findings. For the purposes of this research qualitative and quantitative data was collected. Quantitative data focuses on all the data that can be quantifiable. It is centred on deriving meanings from numbers and statistics and diagrams are used to analyse it. The researcher chose qualitative method so as to enable the researcher to give a complete detailed description of what is observed. More so qualitative data focused on observations which may be difficult to quantify, and qualitative information is easier to interpret hence it is assumed that intended users of this study will be able to interpret the obtained information. The research was a case study of the Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ) hence it detailed the analysis of a single case and focused on the unique case of the Institute

3.2 Research Population

The research population is targeted on the employees and committee members of the Institute`s head office in Harare Zimbabwe. The population of the study was made up of the finance department employees, finance committee, students and members department,

technical department and council members. The criteria behind the choice of the target population is to make sure that everyone in the population understands the subject matter and that they are affected by the subject matter indirectly or directly so as to reduce the risk of acquiring or obtaining substandard results from the research. In other words the selection criterion for choosing participants was based on the employees` involvement and participation in the development and implementation of the funding policy. However given the time that was available to carry out this research it was unreasonable and costly to use the target population for research purposes, therefore the researcher used a sample population.

3.3 Sampling method

Sampling is a process of selecting group(s) of subjects for a study in such a way that the individuals represent the larger group from which they were selected. The researcher used non-probability sampling to extract a sample from the whole population. It involves the selection of elements based on assumptions regarding the population of interest, which forms the criteria for selection. This sampling method was chosen because the selection of elements is non-random, thus non-probability sampling does not allow the estimation of sampling errors and this enhances the quality of the information obtained. In this sampling method the researcher choose who was initially represented for selection, and the researcher also used this method because it selects the easiest population members from which to obtain information. The sample population chosen was reasonable in number, that is the purposive sample selected constituted an overall of thirteen respondents out of the targeted population of thirty one employees. The table 3.1 bellow shows the selected sample population. Saunders (2012) stated that a sample population of at least 33% of the target population can be used to carry out a research and obtain reliable information that would have been obtained using the total population.

Table 3.1 Sample size

Category of participants	Target Population	Sample Population	Sampled Population %
Students and Members department	7	4	57
Finance and Admin Department	14	5	35.7
Techinical department	5	2	40
Finance Commitee members	5	2	40
Total	**31**	**13**	**42**

The researcher used a sample population of 42% because Saunders (2012) stated that the information obtained from a sample population of at least 33% can yield the same result as that which can be obtained from the target population. The assumption is that the results obtained using this sample size will be a fair representation of the total population. This sample size will enhance this study in the sense that the population is relatively lower (less than 50%) hence the researcher will have enough time to properly analyse the research findings.

3.4 Sources Data

The researcher used primary data. The rationale behind the choice of this method was to ensure that a deep understanding of the concepts under study is obtained and improve the quality of the results obtained as a result of the study. Primary data was collected from the Institute`s personnel who are responsible for the development and implementation of the funding policy.

The primary data was expressly collected for the purposes of this study. The assumption was that the information obtained was reliable and valid since the data was obtained directly from the institute`s employees who were involved in the funding policy process from design to implementation.

3.5 Research Instruments

The data collection tools which were used by the researcher are questionnaires and interviews. According to Saunders *et al* (2012) a questionnaire is a technique of data collection in which each person is asked to respond to the same set of questions in a predetermined order. Questionnaires were distributed to the sample population and there where self administered so as to avoid intimidation by the presence of the researcher and allow honest opinion in answering the questionnaires. Closed ended questions were used so as to limit the responses that could be obtained, this also enhances the research as all responses have the same value hence analysis of the data will be relatively easy. This enabled for the collection of original data from the target population.

Likert Scale

The researcher used the likert scale shown in *Table 3.2* below. This scale asks questions that requires the respondents to express their opinions basing on the degree of how they feel that is ranging from strongly disagree to strongly agree, hence the respondent`s thoughts and feelings match a series of statements or questions. The respondents were asked to indicate the extent to which they agree or disagree with a certain phenomenon. This scale was used because each respond is of equal value hence respondents are scored rather than itemized and data obtained can be analyzed with relative ease.

Table 3.2 Likert Scale

strongly disagree	disagree	nuetral	agree	strongly agree

To cover up the gap left in the use of questionnaires, the researcher adopted interviews as they offer the opportunity to probe deeply, this was done so as to uncover important aspects and open new dimension in the research. Interviews were chosen because of some sensitive information which cannot be obtained through questionnaires. In this method the researcher had to personally meet the informants and ask them necessary questions with regards to the subject matter. The method was also chosen inorder to enable the researcher to clarify those questions which may not be understood by the interviewee. The researcher was also able to request for answers which were more specific and was able to assess the validity of the answers by assessing the non-verbal clues. Two members of the management team were interviewed. These members were chosen basing on the assumption that they are partten parcel of the formulating and implementing process, hence sufficient data was obtained because the two are well vested with the subject matter. The finance and administration manager and the technical manager were interviewed.

3.6 Data collection Procedures

Data collection procedures entail how primary data was collected. The researcher physically distributed the questionnaires to the target population as well as e-mailing other questionnaires. Appointments with the management of the Institute were made and a question and answer section was carried out. The question and answer section was conducted in a duration of 10 – 15 minutes. The time frame proved to be reasonable as most of the intended questions were covered. It was also important to make sure that the researcher did not take much of the responder's time as they might have been busy with work or racing to meet a target assigned to them hence they might end up giving answers so at to get over with the interview and get back to their work, as this would decrease the validity and the credibility of the information obtained.

3.6.1 Validity and reliability

The validity of data is the extent to which the data accurately measures what it intended to measure and reliability is the extent to which the data collection method will yield consistent findings if replicated by others (Saunders et al 2012). In order to incorporate validity in the study the researcher made sure that every question asked was associated to the objective of the study. More so the researcher used short and precise questions that were not ambiguous inorder to ensure the validity of the information obtained. The researcher carried out a pilot study of the research whereby the researcher tested how much time it takes for the recipient to complete the questionnaires as well as in conducting the interviews. This was undertaken so as to assess the impact of the questions and analyze the quality of responses so as to improve the quality of the questions and to ensure that the information was free from bias, errors and removing confusion.

3.7 Data presentation and Analysis

Data analysis is the process of investigating, categorizing and tabulating raw data so as to obtain a meaning as well as addressing the research questions (Leedy, 2012). Cooper (2009) stated that data analysis involves reducing accumulated data into a manageable size, developing summaries, looking for patterns and applying statistical analysis. Data collected from the research subjects by use of observation, interviews and questionnaires was compiled, sorted, classified and coded analyzed manually and conclusions were made accordingly. The information was then presented by use of tables, graphs, and meanings deduced from the information.

3.8 Chapter Summary

This chapter outlined the research methodology, research instruments, the methods used for data collection, data presentation, data analysis procedures that were used by the writer and the synopsis of the study. It also identified the research techniques and methods that were used to come up with the target population. The next chapter shall focus on the presentation of the data obtained.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 INTRODUCTION

The previous chapter looked at the research methodology and research techniques that were applied in this research. This chapter looked at the presentation and analysis of the data that was obtained in the field. Thus, the chapter focused on presentation and analysis of the data obtained from the interviews and questionnaires. Analytical data presentation techniques such as tables, bar charts and pictorial presentation were used to present the findings and an analysis was given on the presented data basing on the literature reviewed in previous chapters.

4.1 ANALYSIS OF QUESTIONNAIRE RESPONSE RATE

According to Roger et al (2011) a response rate is the portion of the intended recipients who actually completed and returned the questionnaires out of the total respondents. The researcher distributed 13 questionnaires at the Institute`s headquarters in Harare, Zimbabwe and managed to get all of them completed. That is out of the thirteen questionnaires that were sent out thirteen responses (100%) were received. Table 4.1 below show the categories of the targeted population, number of questionnaires distributed and the responds that were collected as a percentage of the total population.

Table 4.1 Response Rate – Questionnaires

Category	Number of questionnaires distributed	Number of questionnaires received	Response rate
Students and members department	4	4	100%
Finance and Administration department	5	5	100%
Technical Department	2	2	100%
Finance Committee	2	2	100%
Total	**13**	**13**	**100%**

Table 4.1 shows that the anticipated responds rate was obtained in connection with the questionnaires distributed. The researcher managed to collect data from all the questionnaires which were distributed. It can be observed that from a total of 13 questionnaires administered at ICSAZ, 13 were completed and returned making a response rate of 100%. Saunders (2012) stated that a sample population of greater than 33% is considered to be a fair representative of the total population, the sample population for this study was 42% of the total population and it is assumed that it is a fair representation of the total population. This means that a more than a fair response rate was obtained as the overall response rate was high.

4.1.1 Questions on the Funding Policy

Q.i ICSAZ uses retained earnings as a funding strategy

Fig.4.1
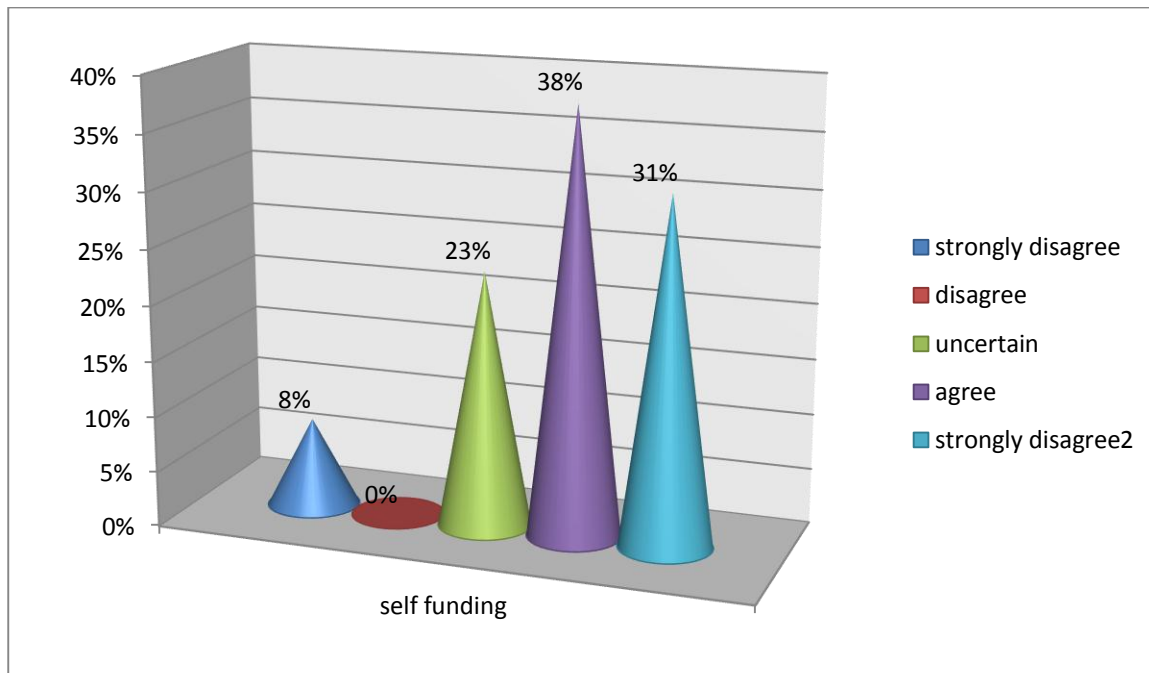
Self funding

The table above shows that the sampled population was asked to express their opinion as to whether ICSAZ is using self funding as a financing strategy to raise funds for capital projects. In response 1/13 (8%) strongly disagreed, 0/13 (0%) disagreed, 3/13 (23%) were uncertain, 5/13 (38%) strongly agreed whilst 4/13 (31%) agreed that ICSAZ uses self funding as a funding strategy. In total 9/13 (69%) agreed that ICSAZ uses self funding as a financing strategy. Kaul (2011) states that self funding refers to the funding strategy where a firm uses its own funds to finance capital projects. In the previous chapters it was noted that ICSAZ is experiencing funding challenges. The use of retained earnings as a funding strategy can

therefore be pointed out as one of the contributing factors to the finding challenges. This is supported by Agarwal (2013) who argued that retained earnings are not enough to fund long term capital projects.

Although only 1/13 (5%) of the respondents disagreed that ICSAZ is using retained earnings as a funding strategy they were supported by Guttmann and Plihon (2010) who stipulated that every funding strategy has got costs associated with them, the use of retained earnings has got a cost related to it, this cost is the opportunity forgone of the return that could have been obtained by lending or investing the money outside the firm, hence it is not favourable to use this as a funding strategy. Thus for non-profit making organisations such as ICSAZ usually the retained earnings are not much hence other funding strategies such as debt funding should be considered if the Institute intend to fund long term capital projects.

4.1.2 Q.ii is the policy formally documented

Fig 4.2

Policy is formally documented
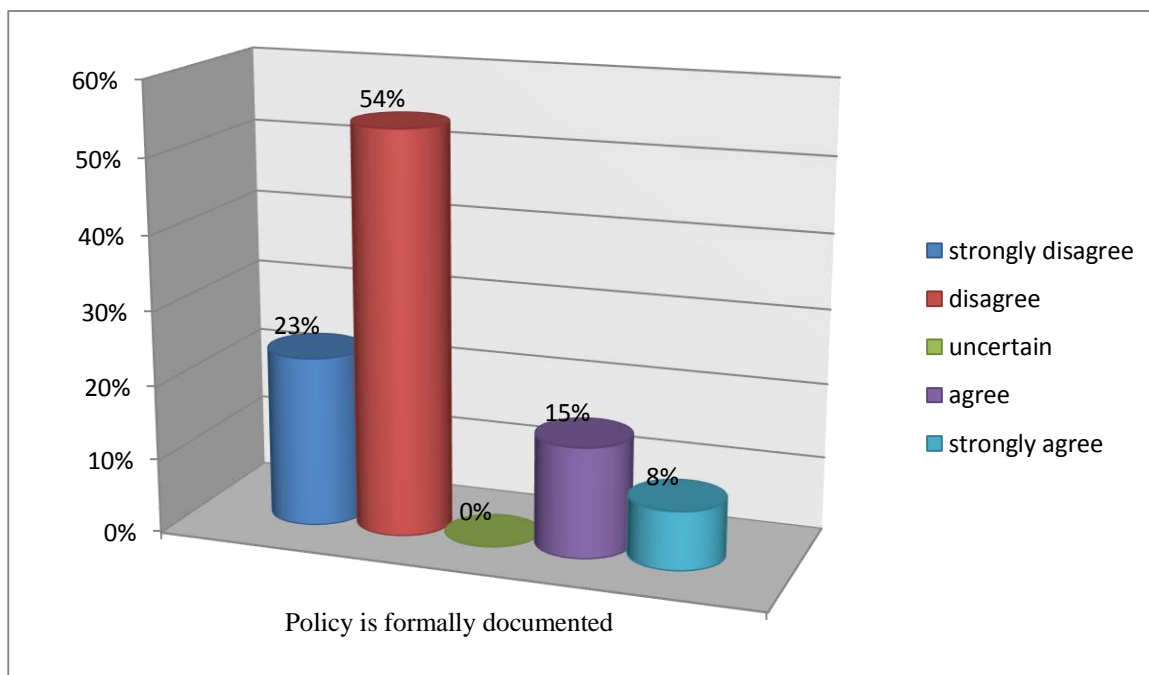
4.1.2 Q.ii The policy if formally documented.

Fig 4.2 shows the responses obtained in connection to the documentation of the funding policy at the institute. 3/13 (23) strongly disagreed, 7/13 (54%) disagreed, 0/13 (0%) were uncertain, 2/13 (15%) agreed and 1/13 (8%) strongly agreed that the funding policy is formally documented. In total 10/13 (77%) disagreed that the policy is formally documented. This shows that the policy is not formally documented. Guttmann (2010) stated that for a policy to be effective it must be formally documented so as to reduce the degree of dispersion from the expected operations of the policy. This can be pointed out as one of the reasons why the Institute is facing some funding challenges.

The other portion of the population which is 3/13 (23%) agreed that the policy is formally documented. This concurs with the discovery made by George (2010). George (2010) stated that even if the policy is formally documented lack of clarity of the policy process and lack of resources leads to the failure of the policy implementation process.

4.1.3 Fig 4.3 Q.iii the resources that are available are not enough to fund projects
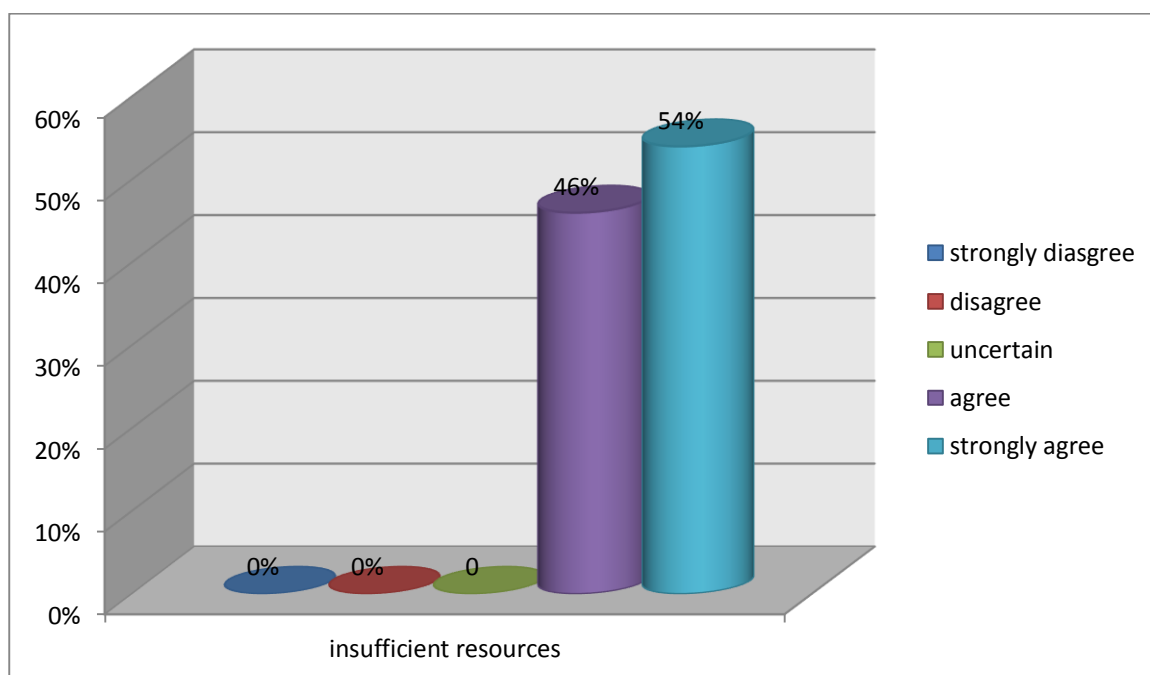
Q.iii The resources that are available are not enough to fund the capital projects

Fig 4.3 above shows that 0/13 (0%) strongly disagree, 0/13 (0%) disagreed, 0/13 (0%) were uncertain, 6/13 (46%) agree and 7/13 (54%), strongly agreed that the resources that are in place are not enough to fund the capital projects for the institute. A total of 13/13 (100%) agreed that the resources that are available at the institute are not enough to fund the intended capital projects. This concurs with Butterbury (2010) who argued that even if the funding policy is properly designed and there are no adequate resources to implement the policy, implementation process is bound to fail. Piccolo (2009) is also of the opinion that the key to organisational survival and successful policy implementation is the ability to obtain and maintain resources. That is although the institute has a well formulated funding policy the implementation process is still in questioning due to lack of resources.

Neither of the population disagreed nor were uncertain whether the resources available were not enough to fund the intended long term capital projects. The researcher could not find literature that could support these opinions.

4.1.4 Questions on lack of funds

Table 4.2

Question	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Total
iv)additional capital is needed to fund the capital projects	0	0	3	5	5	13
%	0%	0%	24%	38%	38%	100%
v)policy is effectively communicated within the organisation	3	7	0	3	0	13
%	23%	54%	0%	23%	0%	100%

Q.iv Additional capital is needed to fund the capital projects of the Institute

0/13(0%) strongly disagreed, 0/13 (%) disagreed and 3/13 (24%) were uncertain while 5/13(38%) agreed and 5/13 (38%) strongly agreed that more capital is needed by the institute. In other terms 10/13 (76%) of the sampled population agreed that the Institute needs additional capital inorder to cover the funding gap. This was supported by Verbruggen et al (2011) who stated that when anticipated or actual expenditure is more than anticipated or actual revenue organisations should take action and look at other strategies that can be adopted to raise the required additional capital.

Conversely 3/13 (23%) of the respondents were uncertain whether there is need for additional capital. These concur with the findings of May (2003) funding gaps may arise from

misallocation and misuse of funds, therefore there is need for management to properly allocate funds and make sure that funds are used for the intended purposes only. None of the respondents disagreed that additional capital is needed for ICSAZ to be able to fund its long term capital projects.

Q.v The policy is effectively communicated with the Institute

3/13 (23%) strongly disagreed, 7/13 (54%) disagreed and 0/13(0%) were uncertain, 3/13 (23%) agreed and 0/13(0%) strongly agreed that there is effective communication in terms of the funding policy within the Institute. That is 10/13 respondents which is 77% of the sampled population disagreed that there is effective communication within the Institute with regards to the funding policy. Therefore it can be concluded that the policy is not effectively communicated within the organisation. This can be pointed out as on the contributing factors to the funding challenges that are being faced by the Institute. More so this seems to agree with Rosa *et al* (2010) who cited that the funding policy must be properly communicated so that each and every member of the implementation process is aware of what is expected of them hence this will reduce the risk of undesired outcomes from the implementation process. Chisholm (2007) acknowledges the power of conferences were ideas are communicated and are put into circulation, absorbed then disseminated into wider networks so that individuals fully understand what they are obliged to perform within the policy process.

On the other hand 3/13 (23%) agreed that the funding policy is properly communicated within the organisation. These concur with the findings of Powel (2009) who argued that for a policy to be effective it must be formally documented so as to reduce the degree of dispersion from the expected operations of the policy. That is once there is proper documentation proper communication is inevitable and when there is no proper

documentation proper communication is difficult to achieve. That is there is no proper documentation at ICSAZ and hence it is also difficult to achieve proper communication.

4.1.5 Questions on the implementation of the funding policy

Table 4.3

Question	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Total
vii)there are controls over the implementation of the policy	0	0	3	5	5	13
%	0%	0%	23%	38%	39%	100%
viii)the controls are reviewed periodically	0	0	4	5	4	13
%	0%	0%	31%	38%	31%	100%

Q. vii there are controls over the implementation of the policy

Table 4.3 above, 0/13(0%) strongly disagreed, 0/13(0%) disagreed, 3/13(23%) were uncertain and 5/13(38%) agreed while 5/13(39%) strongly agreed with the statement that there are controls over the implementation of the funding policy. In total 10/13 (77%) of the population agreed that there are controls which are being applied over policy implementation. It can be concluded that there are controls over the implementation of the funding policy. This is in agreement with Guttmann (2010) who stipulated that there should be controls over policy implementation. The controls are to ensure that there is a clear segregation of duties within the accounting function, ensure that all funds applied for and received are properly recorded and reconciled and carryout periodic reviews on key accounting functions.

Conversely 3/10 (23%) of the respondents were uncertain whether there are controls over the implementation of the funding policy. These concur with Rein (2010) who is of the opinion that the three crucial factors that affect policy implementation are clarity of the policy goals, the complexity of the implementation process, and the resource commitment of the policy.

Q.viii the controls are reviewed periodically

Fig 4.3 above 0/13 strongly disagreed and 0/13 disagreed while 4/13 (31%) were uncertain, 5/13 (38%) agreed, and 4/13 (31%) strongly agreed with the sentiment that the controls are reviewed. In total a mode of 9/13 (69%) agreed that the controls are reviewed periodically. It can be concluded that the controls are reviewed periodically. This is supported by Winter (2009) who stipulated that controls must be reviewed to ensure that any weakness in the implementation process will be detected and corrective measures taken were possible. 4/13 (31%) were uncertain whether the controls are reviewed periodically. More so none of the population disagreed that the controls are reviewed periodically.

4.1.6 Questions on challenges faced over policy implementation

Q.viii Personnel is involved in the policy formulation

Fig 4.4
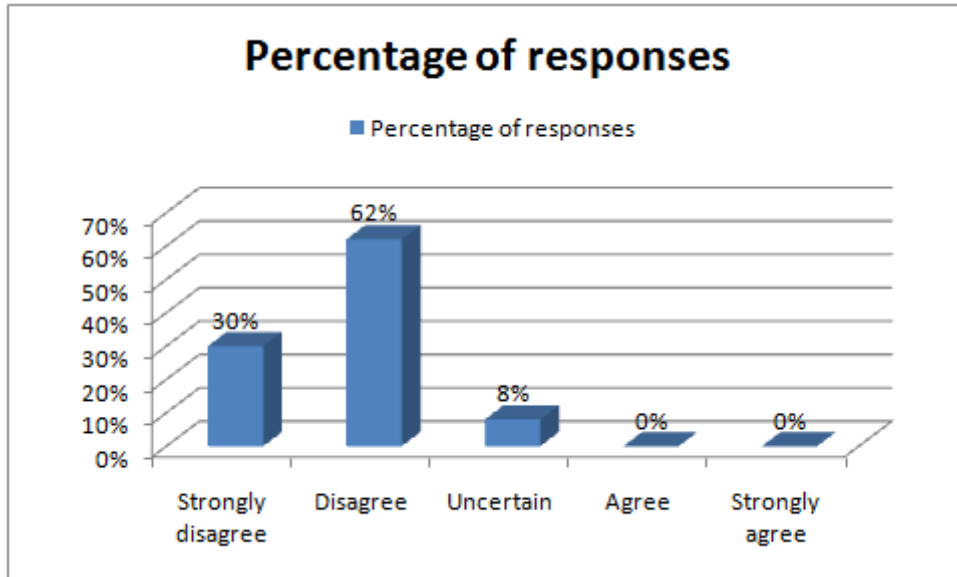
Fig 4.6 above shows that 4/13 (30%) strongly disagree, 8/13 (62%) disagreed, 1/13 (8%) were uncertain as to whether personnel is involved in the policy formulation process. None of the respondents agreed that personnel are involved in policy implementation. That is a total of 12/13 (92%) disagreed that personnel are involved in policy formulation. Therefore it can be concluded that personnel are not included in the formulation of the Institute`s funding policy. The Institute uses a top-bottom strategy of policy formulation. Savio, N, and Nikolopoulos, K, (2010) stated that personnel must be involved in policy formulation, so as to enhance the implementation process. These scholars encouraged that a bottom-top approach should be used when formulating policies. That is personnel must be given the change to contribute their opinion and management will have to deliberate on the contributions and come up with a policy.   Thus if personnel are left out in the early stages of the policy process the process will fail. This has proved to be true in relation with the

Institute, because personnel are not involved and the Institute is facing challenges in the implementation of the funding policy.

On the other hand 1/13 (8%) were uncertain whether personnel are involved in the policy formulation process. More so none of the population agreed that personnel are involved in the formulation of the policy.

4.1.7 Questions on personnel capacity

Table 4.4

Question	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Total
ix) there is adequate personnel to implement the funding policy	0	3	0	5	5	13
%	0%	23%	0%	38.5%	38.5%	100%
x) personnel are willing to participate in the policy implementation process	0	0	4	5	4	13
%	0%	0%	31%	38%	31%	100%
xi)suitable incentives are given to personnel who are incharge of the policy implementation process	1	2	1	5	4	13
%	8%	15%	8%	38%	31%	100%

Q.ix There is adequate personnel to implement the funding policy

As in table 4.4 above, 5/13 (38.5%) strongly agreed; 5/13 (38.5%) agreed; 3/13 (23%) were uncertain; 0/13 (0%) disagreed and 0/13 (0%) strongly disagreed that there is adequate personnel to implement the funding policy. A total of 10/13 (77%) agreed whilst 3/13 (23%) disagreed. It is reasonable to conclude that personnel are adequate to implement the funding policy. This was supported by Hodge and Piccolo (2009) who argued that the key to organisational survival and successful policy implementation is the ability to obtain and to maintain resources that is personnel forms part of resources (human resources). On the other hand 3/13 (23%) disagreed that there is adequate personnel to implement the funding policy. The smaller part of the population 3/13 (23%) concurs with James et al (2002) who stated that personnel are the most crucial part of the policy implementation process. That is if personnel is inadequate it is impossible to meet the required targets in policy implementation. None of the population were uncertain as to whether personnel were adequate to implement the funding policy.

Q.x Personnel are willing to participate in the implementation process

As in table 4.4 above, 4/13 (31%) strongly agreed; 5/13 (38%) agreed; 4/13 (31%) were uncertain; 0/13(0%) disagreed and 0/13 (0%) strongly disagreed that personnel are willing to implement the funding policy. A total of 9/13 (69%) agreed whilst 4/13 (31%) were uncertain whether personnel are willing to implement the funding policy. It can be concluded that personnel are willing to implement the funding policy. Tummers (2012) stated that a vital stipulation for a successful policy implementation is that personnel are willing to implement the funding policy. This is because the nonexistence of this willingness will result in a situation where those charged with governance`s intentions to implement the policy will not be successful. Winter, (2009) also supported the prior statement and stated that if personnel

are not willing to implement the policy, sabotage is most likely to occur than working, and this is unfavourable for policy performance.

The portion of the population (4/13) which is 31% of the sample population who were uncertain are supported by Daniel (2009) who stated that although personnel might be willing to implement the funding policy, policies with less conflicts are preferred to policies with bigger role conflict. This will lead to reluctance in implementation of the policies of the latter diversity. That is personnel who experience policy client role conflict during policy implementation are much more reluctant towards the policy implementation process

**Q.xi Suitable incentives are given to personnel incharge of policy implementation**

As in table 4.4 above, 4/13 (31%) strongly agreed; 5/13 (38%) agreed; 1/13 (8%) were uncertain; 2/13(0%) disagreed and 1/13 (8%) strongly disagreed that suitable incentives are given to personnel involved in policy implementation. That is a total of 9/13 (69%) agreed whilst 3/13 (23%) disagreed that personnel are given suitable incentives. It can be concluded basing on the above mentioned that personnel are given suitable incentives. James. P. *eta*l (2002) stated that "policy implementation is based on the principal-agent and rational choice theories, in which the principal requires the assistance of an agent to achieve a particular outcome''. That is both parties are motivated with self-interest; therefore suitable incentives and monitoring controls are needed if principals are to have their way. On the other hand 3/13 (23%) respondents disagreed that personnel are given sufficient incentives. These concur with Florich et al (2010) who argued that personnel are contractually obligated to carry out duties assigned to them by the principal and whether they are willing or not is not important.

Q.xii Personnel is adequately qualified to implement the funding policy

Fig 4.5
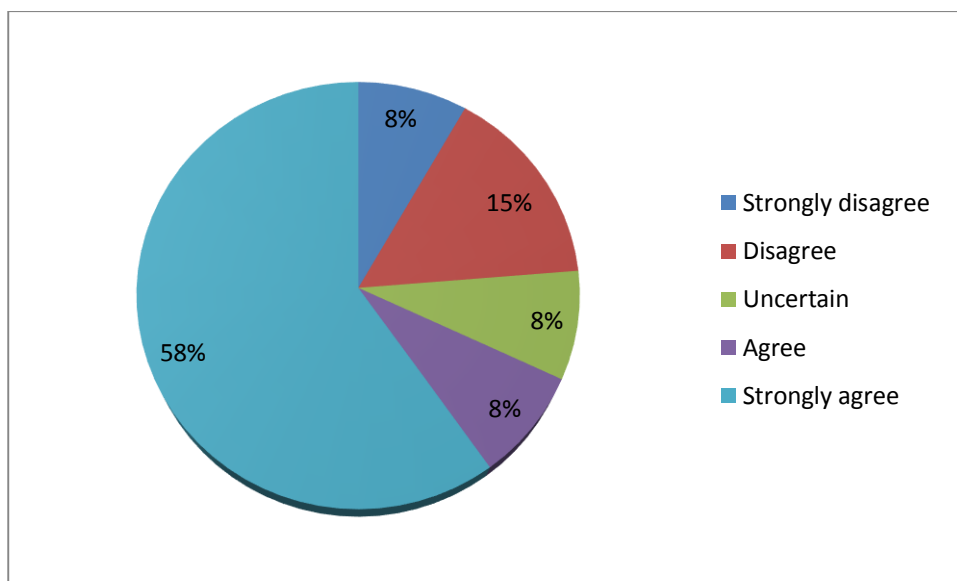
As in fig 4.4, 8/13 (58%) of the study population strongly agreed; 1/3 (8%) agreed; 1/13 (8%) were unsure; 2/13 (15%) disagreed and 1/13 (11%) strongly disagreed that personnel is adequately qualified to implement the funding policy. From the above presentation, a total of 9/13 (66%) agreed whilst 1/13 (8%) disagreed and 1/8 (8%) was uncertain. Basing on the above the researcher can therefore conclude that personnel are adequately qualified to implement the funding policy. This supports the findings of Daniel (2009) who stipulated that personnel must be trained and retrained along the policy implementation process so as to make sure that personnel is adequately qualified, hence this reduces the possibility of failure of the funding policy implementation.

4.1.8 Q.xiii who is responsible for policy implementation

Fig 4.6
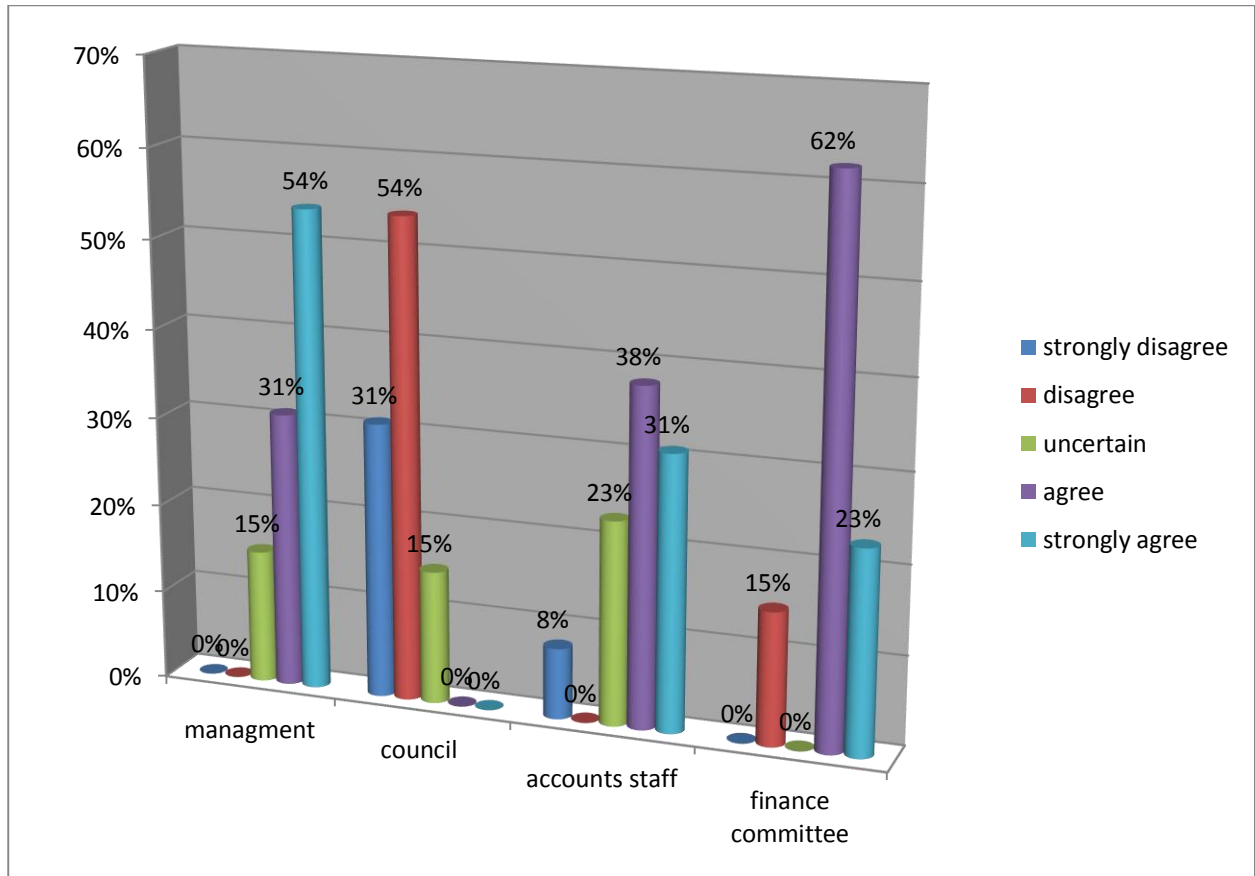
Management is responsible for policy implementation

As in fig 4.5, 0/13 (0%) strongly disagreed, 0/13 (0%) disagreed, 2/13 (15%) were unsure, 4/13 (31%) agreed, 6/13 (54%) strongly agreed that management is responsible for the funding policy implementation. From the above 10/13 (85%) agreed that management implement the funding policy. Therefore it can be concluded that management implements the funding policy. This sentiment agrees with Pawel (2009) cited in chapter two who stated that management is the initial level of control and has the key responsibility of making sure that the policy or programme is effectively implemented, 15% of the sample population was unsure whether management is responsible for policy implementation tend to agree with Rein

(2010) whose opinion is that who implements the policy is not important but what is crucial are the three factors that affect policy implementation which are clarity of the policy goals, the complexity of the implementation process, and the resource commitment of the policy

Council is responsible for policy implementation

Fig 4.5 above shows that 4/13 (31%) strongly disagreed, 7/13 (54%) agreed, 2/13 (15%) unsure, 0/13 (0%) agreed, 0/13 (0%) strongly agreed that council is responsible for the funding policy implementation. From the above findings 11/13 (85%) of the respondents disagreed whilst 2/13 (15%) were uncertain that council implements the funding policy. This shows that council is not responsible for policy implementation. In the case of the Institute council acts as the principle and management as the agent that is council members are the owners of the Institute and management should work towards the goals set by council. This was also pointed out by James. P. *eta*l (2002) who stated that "policy implementation is based on the principal-agent and rational choice theories, in which the principal requires the assistance of an agent to achieve a particular outcome''.

Accounts staff is responsible for policy implementation

As in 4.5, 4/13 (31%) strongly agreed, 5/13 (38%) agreed, 3/13 (23%) were uncertain, 0/13 (0%) disagreed, 1/13 (8%) strongly disagreed that accounts staff implement the funding policy. From the above 9/13 (69%) agreed whilst 1/13 (8%) disagreed that the finance committee implements the funding policy. Basing on the above findings it can be concluded that the accounts staff implements the funding policy. As stated above personnel forms part of the agent, that is personnel are employed and guided by management. This is also supported by James. P. *Et a*l (2002), who mentioned the principal-agent and rational choice theories.

Finance committee is responsible for policy implementation

In fig 4.5 above 23% (3/13) strongly agreed, 62% (8/13) agreed, 0% (0/13) were uncertain, 15% (2/13) disagreed and 0% (0/13) strongly disagreed that the finance committee is responsible for funding policy implementation at the Institute. That is 85% (11/13) agreed that finance committee implements the funding policy. Therefore it can be concluded that the finance committee is also responsible for policy implementation at the Institute.

Overall conclusion on funding policy implementation

The above findings show that accounts staff, finance committee and management are responsible for the implementation of the funding policy. The three groups are involved in the implementation process so as to ensure that there is sufficient segregation of duties which will lead to accountability and smooth operation of the funding policy process. Daniel (2009) also argued that for policy implementation process to be a success there should be proper segregation of duties amongst the actors. Thus management should have knowledgeable and qualified internal personnel or qualified third parties to delegate the implementation duties to, on a daily basis.

4.1.9 Best practice on policy implementation

Table 4.5

Question	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Total
xiii)effective communication will enhance policy implementation	0	0	3	5	5	13
%	0%	0%	23%	38.5%	38.5%	100%
xv)state assistance reduces the funding challenges that are faced by professional bodies	1	2	1	6	3	13
%	8%	15%	8%	46%	23%	100%

Q. viii Effective communication will enhance policy implementation.

As in table 4.5, 0/13 (0%) strongly disagreed, 0/13 (0%) disagreed, 3/13 (23%) were uncertain, 5/13 (38.5%) greed and 5/13 (38.5%) strongly agreed that effective communication will enhance policy implementation. A total of 10/13 (77%) respondents agrees with the sentiment that effective communication will enhance policy implementation. Basing on these findings it can be concluded that effective communication can be used as tool to enhance policy implementation. This sentiment was also supported by Rosa *etal*, (2010) who stated that the funding policy should be properly communicated so that each and every member of the implementation process is familiar with what is expected of them, this will limit the risk of the desired outcome deviating from the actual result.

Q. ixv State assistance reduces funding challenges reduces the funding challenges that are being faced by professional bodies

1/13 (8%) strongly disagree, 2/13 (15%) disagree, 1/13 (8%) were uncertain, 6/13 (46%) agree and 3/13 (23%) that state assistance reduces the funding challenges that are being faced by professional bodies in Zimbabwe. That is 9/13 (69%) agreed and 3/13 (23%) disagreed to the above mentioned sentiment. Basing on the stated findings it can be concluded that state assistance reduces the funding challenges that are being faced by the institute. Yarnit (2009) stated that in other continents such as Europe the largest part of the expenditure budget is consists of the expenditure devoted to education. That is the government should prioritise education when formulating national expenditure budget. Florich etal (2010) also supported this sentiment and stated that the Danish funding system basic grants are perceived to be vital for the functioning of academic professional institutions. However in countries like Zimbabwe were there are cash shortages it might take time for the government to be able to assist the educational sector.

INTERVIEW RESPONDS

4.2.2 Summary and analysis of interview responses

4.2.2.1 Question 1: does the Institute have a funding policy that is formally documented.

One of the respondents stated that the institute has a funding policy that is being implemented. It was further highlighted that the institute uses a self funding policy which entails the use of own funds and retained earnings to fund the capital projects of the institute. The respondent also noted that the institute is facing some financing challenges due to lake of funds. The other respondent also noted that the institute has a funding policy which is not

well documented. This respondent also stated that even though the institute have a formulated funding policy it is still facing challenges in funding their projects.

It can therefore be concluded that the institute has a funding policy that is not formally documented and it is facing challenges in the implementation of the funding policy. This situation that is being faced by the Institute agrees with Butterbury (2010)`s findings which states that even the best possible designed policy can fall at the barriers presented by policy implementation obstacles.

4.2.2.2 Question 2: are there any implementation controls and measures that are associated with the policy implementation procedures

One of the respondents noted that there are a number of controls that are in place in connection with policy implementation. These controls are internal and external audits, segregation of duties within the policy implementation process and the use of performance related incentives. The respondent further on highlighted that the incentives are a motivating tool to enable personnel to perform as they are expected when implementing the funding policy. It was also noted that these controls are not sufficient as funding challenges are still evidenced within the Institute.

The other respondent stated that controls that were adopted for the funding policy are present within the Institute. The controls which were stated were internal and external audits and segregation of duties within the process. However the other manager is of the opinion that a different funding policy has to be introduced so as to meet the required capital investment. That is in the second respondent's opinion the controls and measures that are in place in connection with the current funding policy are adequate.

Basing on the responses above it can be concluded that the Institute has implementation controls, guidelines and measures that are in place towards the funding policy. However opinions are different as to whether these measures and controls are adequate. Ricento (2006) is of the idea that controls and measures are needed if policy implementation is to be a success. Ricento (2006) stated that the path from policy development to successful implementation is often easier said than done and demanding, and mostly never achieved, therefore there should be an implementation plan or guideline and controls that highlights the directions and procedures to be followed in policy implementation.

4.2.2.3 Question3: Are personnel capable of implementing the policy

Both respondents stated that most of the staff is well educated and the institute is continuing to send personnel for training and retraining. Daniel (2009) is of the opinion that personnel must be trained and retrained along the policy implementation process. This is because the policy implementation process is not a once of exercise but an ongoing process hence sufficient training should be maintained. Thus the institute is maintaining the necessary training levels as suggested by Daniel (2009).

4.2.2.4 Question 4: what are the challenges that are being faced in connection with policy implementation?

Both respondents noted that the main challenge that is being faced by the institute in policy implementation is lack of resources. This seems to agree with Laguna (2011) who pointed out that limited resources will only result in the inability of personnel to function as they should have towards policy implementation. Thus the Institute needs to look at other funding policies for it to be able to raise sufficient resources.

4.2.2.5 Question 5: what is the best policy implementation practice?

During the interview session the researcher realise that both respondents focused on proper communication, training and retraining of staff and clarity of the funding policy. Thus they suggested that the policy must be properly communicated within the organisation. Above that the second respondents made emphasis on the need to look at other funding strategies to finance the funding gap that is being face by the institute.

CHAPTER 5

RECOMMENDATIONS, CONCLUSIONS AND SUMMARY

5.0 INTRODUCTION

This final chapter summarized all the main research findings and implications, these provided a centre on which conclusions are drawn and recommendations given. That is this chapter focused on the summary of chapters, main research findings, conclusions from the study, recommendations made and further research areas suggested.

5.1 CHAPTER SUMMARIES

Chapter 1

This Chapter provided the background information to the funding gap and it spelt out the purpose of the study. It was highlighted in the background of the study that the major problems were of financial constraints, widening funding gap and decrease in revenue which led to decreasing profits and failure to raise required capital for desired capital projects. The chapter also outlined the statement of the problem which is the risk of the institute failing to operate as a going concern, the importance of the research and defined the key terms. The delimitations and limitations to the research were specified and pointed out.

Chapter 2

This chapter reviewed prior works of academic scholars on the subject of funding policy. Attention was given to the establishment of a funding policy, implementation measures, challenges faced on policy implementation, review of the measures applied and the best practice in policy implementation. The main scholars in this chapter were Kearns *etal* (2012), Agarwal (2013) and Butterberry (2010).

Chapter 3

This chapter outlined the research methodology used in this study. The research was a case study of ICSAZ hence it focused on the single case of the institute. Both qualitative and quantitative methods were employed by the researcher and the research instruments used were questionnaires and interviews. The sampling method that was used for this study is the non-probability sampling method. Finally the validity and reliability of the data collection instruments, data presentation and data analysis procedures that were used by the writer and the synopsis of the study were also given.

Chapter 4

This chapter presented the findings that were gathered from questionnaires and interviews carried out at ICSAZ. Analytical data presentation techniques such as tables, bar charts and pictorial presentation were used to present and interpret the findings. This chapter provided the centre from which recommendations and conclusions were made.

5.2 MAIN RESEARCH FINDINGS

5.2.1 To understand the current funding policy for ICSAZ.

The Institute has a funding policy. However the policy is not properly communicated within the organisation and personnel is not involved in the formulation of the funding policy. The resources that are available at the Institute are not enough to fund the intended capital projects and additional capital is needed. More so the institute uses retained earnings as a source of funding and this funding strategy has failed to raise the required capital for intended projects.

5.2.2 To assess the personnel capabilities in implementing the funding policy

The findings showed that personnel is not involved in policy formulation but in policy implementation. It also showed that there are adequate personnel for policy implementation and the personnel are qualified and are willing to implement the policy. Furthermore the study shows that appropriate incentives are given to personnel who are in charge of policy implementation.

5.2.3 To establish the best practice in funding ICSAZ.

The study reviewed that there should be proper communication between policy developers and policy implementers. Moreover the state must assist with fund so as to reduce the funding challenges that are faced by professional bodies in Zimbabwe.

5.3 Conclusion from study

Basing on the research findings it can be concluded that ICSAZ has a funding policy that is not in a blue print and which is not communicated within the organisation. It was concluded that the use of retained earnings as a funding strategy for capital projects is not viable for not for profit making organisations and membership based organisations are not allowed to fund their projects using equity capital hence other funding strategies such as debt funding should be considered.

Recommendations

In connection with the summaries and conclusions above the researcher therefore recommends that the Institute should continued dialogue with international bodies like the UNESCO BOLONA Institute and UN as they are strategic partners for financing research and education at professional level across the globe. More so ICSAZ is recommended to forming strategic alliances with corporate members as financers and the institute as a trainer of company employees.

Secondly ICSAZ should include building levies on membership subscription fees, and re-registration fees and make sure that these levies are kept in a separate fund and used for the intended purpose only.

5.5 Areas of further study

The findings of study indicated that the use of retained earnings as a source of funding is not preferable if the profitability of the organization is low. The study therefore indicated that other sources of funding such as debt funding should be considered. The respondents also agreed with the scholars in suggesting that debt funding should be considered. Those who are responsible for corporate governance at the Institute should research further on the practicability of a debt funding policy for professional bodies and its effects on the debt equity ratio, profitability and other operations of the institute.

5.6 Summary

This final chapter summarized all the main research findings and implications; these provided the centre on which conclusions were drawn and recommendations given. That is this chapter focuses on the summary of chapters, main research findings, conclusions from the study, recommendations made and further research areas were suggested.

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APPENDIX A

Midlands State University

P.Bag 9055

Gweru

September 2014

Institute of chartered secretaries and Administrators in Zimbabwe (ICSAZ)

Cnr Londonderry and Enterprise Rd

Eastlea

Harare

Dear Sir/Madam

RE: Request for permission to carry out a research with the (ICSAZ)

I am a student studying with the above mentioned institution and I am seeking your permission to carry a research on the topic bellow.

"**Analysing the funding policy of a professional academic institution . A case of ICSAZ".**

This is a requirement in partial fulfilment of the Bachelor of Commerce Accounting Honours Degree.

You are assured that the information obtained as a result of this study shall be treated as confidential and shall be used for academic purposes only.

Your contribution to this research is greatly appreciated

Yours faithfully

Masawu Rumbidzai

Registration Number R111218F

APPENDIX B

Midlands State University

P.Bag 9055

Gweru

September 2014

Institute of chartered secretaries and Administrators in Zimbabwe (ICSAZ)

Cnr Londonderry and Enterprise Rd

Eastlea

Harare

Dear Sir/Madam

RE: Letter of introduction

I am a student studying with the above mentioned institution and I am carrying out a research on the following topic.

"**"An analysis of the funding policy of a professional body. A case study of ICSAZ".** This is a requirement in partial fulfilment of the Bachelor of Commerce Accounting Honours Degree.

You are kindly requested to complete the questionnaires attached herein. Please be assured that the information obtained shall be regarded as confidential and shall be used for academic purposes only

Your contribution to this research is greatly appreciated

Yours faithfully

Masawu Rumbidzai

Registration Number R111218F

APPENDIX C

Questionnaire

Instructions to respondents

    i.   Please tick the appropriate response box for close ended questions.

    ii.   Please fill to the respective response space for your open ended questions.

    iii.   Please do not write your name.

1. Establishment of the funding policy

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
i) ICSAZ has a funding policy					
ii)the policy is effectively communicated					
iii)the policy is formally documented					
iv) the resources that are in place are not enough to fund the capital projects					
v) additional capital is needed					
vi)the institute uses retained earnings to fund its projects.					

2. Controls on the implementation of the funding policy

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
i)the institute uses retained earnings to fund its long term capital projects					
ii)There are controls over the implementation of the policy					
iv)the controls are reviewed periodically					

3. Challenges faced over policy implementation

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
i)management is giving adequate attention to the policy					
iii)personnel is involved in the formulation of the funding policy					

4.Personnel capacity towards policy implementation

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
ii)personnel is adequately qualified to implement the funding policy					
v)suitable incentives are given to personnel who are in charge of policy implementation					

5.Who is responsible for policy implementation

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
management is responsible for the implementation of the funding policy					
council is responsible for the funding policy implementation					
accounts staff is responsible for the funding policy implementation					
the finance committee is incharge of the funding policy implementation					

Best practice

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
i)effective communication will enhance policy implementation process					
ii)state assistance may reduce the funding challenges that are faced by professional bodies					

APPENDIX D

Interview Guide

- Does the Institute have a funding policy.

- Are there any implementation guidelines and which are associated with the funding policy adopted by ICSAZ.

- Are personnel capable of implementing the funding policy.

- Are there any challenges that are being faced in implementing the policy

- What is the best practice in funding ICSAZ.