BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTANCY

AN EXAMINATION ON THE IMPACT OF FINANCIAL PLANNING AND FORECASTING IN STATE-OWNED COMPANIES AND PARASTATALS. A CASE SUDY OF THE ZIMBABWE TOURISM AUTHORITY.

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APPROVAL FORM

The undersigned certify that they have supervised, read and recommended to Bindura University of Science Education for the acceptance of the project titled "AN EXAMINATION ON THE IMPACT OF FINANCIAL PLANNING AND FORECASTING IN STATE-OWNED COMPANIES AND PARASTATALS. THE CASE STUDY OF ZIMBABWE TOURISM AUTHORITY" submitted in the partial fulfilment of the requirements of the Bachelor of Accountancy Honors Degree.

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DEDICATION

This dissertation is dedicated to my family members for their unwavering support and drive. Thank you for encouraging me, without you, my college years would have been difficult. You supported and encouraged me through all of my struggles, teaching me not to give up hope and it is because of you and the grace of God that I was able to finish this thesis.

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Thank you all, may the Lord bless you in everything that you do.

ABSTRACT

This study examines the impact of financial planning and forecasting in state –owned companies and parastatals using the Zimbabwe Tourism Authority as a case study. Issues have persisted, as articulated by the media and unhappy stakeholders, preventing state owned firms from achieving their objectives and exposing them to significant debts. This prompted the researchers interest in establishing id state owned enterprises had financial planning and forecasting processes in place, as well as whether qualified persons were available to generate accurate and acceptable prediction sheets and budgets. It was required to evaluate whether or not these institutions have any challenges in implementing financial planning and forecasting policies, as well as to make recommendations about how to best execute such laws in the government owned sector. The sample for this study was 51 respondents from the finance and internal audit departments at ZTA, and it was conducted using a case study approach. The questionnaires and interviews complemented each other as a research instrument. Despite the absence of a Chief Financial Officer to oversee the implementation of the financial policies that would have been established, the research indicated that ZTA had financial planning and forecasting systems in place. The lack of a system demonstrating policy compliance and execution was discovered at ZTA. According to the researcher, such a framework should be available to verify that the organizations financial policies of planning and forecasting are observed.

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Chapter I

1.0 Introduction

This chapter serves as the foundation for a study looking into the efficiency of financial forecasting and financial planning in parastatals and State-Owned Enterprises (SOEs), with the Zimbabwe Tourism Authority (ZTA) as a case study. The research problem that sparked the study is highlighted in this chapter, as well as the study's aims. It also includes the study's history, statement problem, research questions, study objectives, and explanation of the study's significance. It also includes a glossary of terminology.

1.1 Background of the study

The Zimbabwean government established parastatals and state-owned companies (SOEs) shortly after independence in 1980 to offer facilities to the general population, the private sector, and the government. Governing authorities, banks, funds, and academic institutions are just some of the services provided by these organizations.

It is safe and true to say these institutions in the early years of their existence, operations were flowing accordingly. They provided services to the public with quality and consistency which in turn gave birth to several state-owned enterprises along the way. However, as time went by many of these institutions faced numerous challenges that led to the failure not meet their objectives and usual standards. The situation worsened and it led to financial problems and even the demise of several of these important institutions. Furthermore, those that are still operating are facing huge financial problems accompanied by huge debts with no indefinite plan on when they would settle their debts Daily News (08, August 2017). Therefore, this shows that the efforts being made by management in state-owned enterprises to engage in a well-coordinated and calculated financial forecast and planning have been futile and in some way not improved for quite a while.

Daily News (08, August 2017) cited that ZESA, a large parastatal in Zimbabwe responsible for providing electricity, had suffered a fall in revenue resulting from a continuous decrease in company’s revenue from 2013 to 2015 as shown in their audited financial statements. The company recorded total revenue of US $944.2 million in 2013, US $921.8 million in 2014 and dropped to US $851.3 million in 2015. Due to liquidity issues, the firm has been unable to raise revenue, which has consistently hampered the implementation of revenue-generating initiatives. Since income makes up the majority of the amounts required by the organization for day-to-day business operations and project funding, a decrease in revenue resulted in limited operations for the group.

Newsday (16, February 2016), pointed out that proprietors were not paying the funds collected from their employees, as per the Insurance and Pension Commission (IPEC), whereas parastatals' arrear contributions to pension funds totaled over $300 million, exposing parastatals and SOEs to commercial risk. Business hazards are commercial relationships, such as broken contractual partnerships, as the term implies. Moreover, ZBC has struggled to address its scope of work to its creditors and employees (The Herald, June 25, 2016), and some staff has vowed to strike. As a result, the parastatal was exposed to the danger of litigation against workers and other affected parties,

The recurrence of such challenges has generated concerns about the application of financial management policies in parastatals and state-owned companies in terms of forecasting and planning.

1.2 Statement Problem

In Zimbabwe, state-owned corporations have often failed to deliver the public services and social facilities for which they were established. Over the year’s state owned firms and parastatals have been involved in strikes and most of them fighting legal battles in courts with creditors and employees. Furthermore, the inability to comply of these firms to comply with statutory obligations such as paying taxes and pension contributions, as well as standards in the preparation of financial statements, and inability to provide goods and services as mandated are the most common features which show the downfall of these once great firms. This has led the researcher to wonder what financial practices are in place to look out for these issues in government institutions. As a result, this study used the Zimbabwe Tourism Authority (ZTA) as a case study to look into the impact of financial planning and forecasting in state owned firms and parastatals.

1.3 Purpose of study

The aim of this study is to focus on the impact of financial planning and forecasting to government owned enterprises in Zimbabwe using ZTA as a case study. Furthermore, the study aims at exploring the strengths and weaknesses associated with adopting financial forecasting and planning and ways to improve the practice.

1.4 Research Objectives

1. To discover more about the Zimbabwe Tourism Authority's financial forecasting and planning processes

2. To determine which staff skills are required to implement financial forecasting and planning methods.

3. To determine the limitations of practicing financial forecasting and planning

4. To determine techniques that can be used to reduce limitations of practicing financial forecast and planning

1.5 Research Questions

1. To what extent has financial forecasting and planning improved the organizational performance?

2. To what extent does the company have skilled personnel who can implement forecast sheets and planned budgets?

3. What are the limitations or hindrances to the firm’s role in financial forecasting and planning?

4. . What techniques should be employed to reduce the limitations of financial forecasting and planning?

1.6 Significance of the study

To parastatals and state-owned enterprises (SOEs)

The study will shed light on the financial forecasting and planning strategies that are open for parastatals and SOEs, as well as the difficulties that they encounter in implementing them. Furthermore, the report makes recommendations for financial management best practices that might be implemented. Since the study focuses on important management factors, it supplements to the expanding number of researches on government institution performance, which in turn provides direct insight into the implications of each government financial management policy adjustment.

To the University

The research will serve as a roadmap for future university academics and students who will do related research on the financial forecasting and planning of Zimbabwe's state-owned firms and parastatals.

To the researcher

The student gained a thorough awareness of financial difficulties in government run entities and how they evolve thanks to the researcher's participation in this project. In addition, the study allows the researcher to integrate the theoretical and practical parts of financial policies, which is a valuable experience in shaping and developing the researcher's voice.

1.7 Assumptions

The following assumptions underpin the study:

1. Respondents to questionnaires and interviews provided accurate and balanced information, allowing reasonable conclusions to be reached.

2. •The sample size and selection are representative of the entire population, allowing for appropriate conclusions.

3. • Concerns to be discussed were treated with extreme discretion.

1.8 Delimitations
Scope

The study is limited to Zimbabwe's state-owned firms and parastatals and cannot be applicable to other countries or industries. The research could, however, be reproduced in Zimbabwe's other SOEs and parastatals. As a result, the study's conclusions are limited to ZTA, although they could be applied to other Zimbabwean government run enterprises.

Geographical

ZTA maintains regional offices throughout the country, particularly in tourism areas, but the study will be conducted at the Harare headquarters.

1.9 Limitations of the study

Time constraints

Despite the fact that working time provided the researcher with much-needed knowledge, there was little opportunity to achieve a balance between normal chores and research time. To address this issue, the researcher worked long hours, weekends, and holidays to produce a credible study.

Confidentiality

Respondents were hesitant to divulge information that was deemed private. As a result, I sent out introductory letters explaining the goal and anonymity.

Financial Constraints

The researcher's lack of financial resources limited his ability to collect necessary data, but relatives and well-wishers helped with finances to meet living expenses

1.10 Definition of terms.

Financial Management - Financial management is the planning process, coordinating, directing, and controlling of financial activities in a corporation or organization. It also involves applying lean principles to a company's financial assets and assisting with fiscal management.

Parastatals- State enterprises are institutions established under the Companies Act, which are created and regulated by individual acts of Parliament.

Financial policy–it refers to the regulations that regulate an organization's financial activities. Policies that are well-designed should be in line with the company's overall aims.

Financial forecasting - can be defined as a financial analysis that primarily focuses on computing a firm's a company's future revenue against its expenses.

Financial planning - It entails preparation for the most efficient use of financial resources to meet such person's or entities current and long-term objectives.

1.11 Acronyms

ZTA - Zimbabwe Tourism Authority

SOE - State Owned Enterprises

CFO - Chief Finance Officer

1.12 Chapter Summary

This chapter has served as an introduction to the research, providing an understanding on the background, statement of the problem, objectives and research questions to be used in the study. The next chapter examines related literature and empirical evidence on financial forecasting and planning in Zimbabwe and around the world.

Chapter 2

Literature Review

2.0 Introduction

The term "literature review" refers to the previous authors' works that the researcher examined to obtain a better grasp of the topic and research problems. This chapter will discuss issues such as the aim of a literature review, theoretical literature, empirical evidence, gap analysis, and a summary. Theoretical literature identifies variables and a relationship that is important to the proposed investigation. The empirical literature refers to previous studies that are similar to the current study, thereby establishing the knowledge gap.

2.1.1 Literature Review and Benefits

Rasiah (2010), points out that a literature review is an outline and acute analysis of accessible literature relevant to a study topic, research questions, or problem. A literature review, according to Cooper (2003), should provide the author with a foundation of awareness on which to base their research. It aids the researcher to understand and escalate a topic by connecting it to current and printed material and allowing the researcher to refer to preceding study papers. The literature study also allows the researcher to come up with new ideas that they may not have considered before, as well as networking opportunities with other subject specialists. Leedy (2013), highlighted that detailed literature review expands a researcher's understanding in the areas of importance while also providing a foundation for further investigation.

2.2 Theoretical Literature

Overview of Statutory Organisations

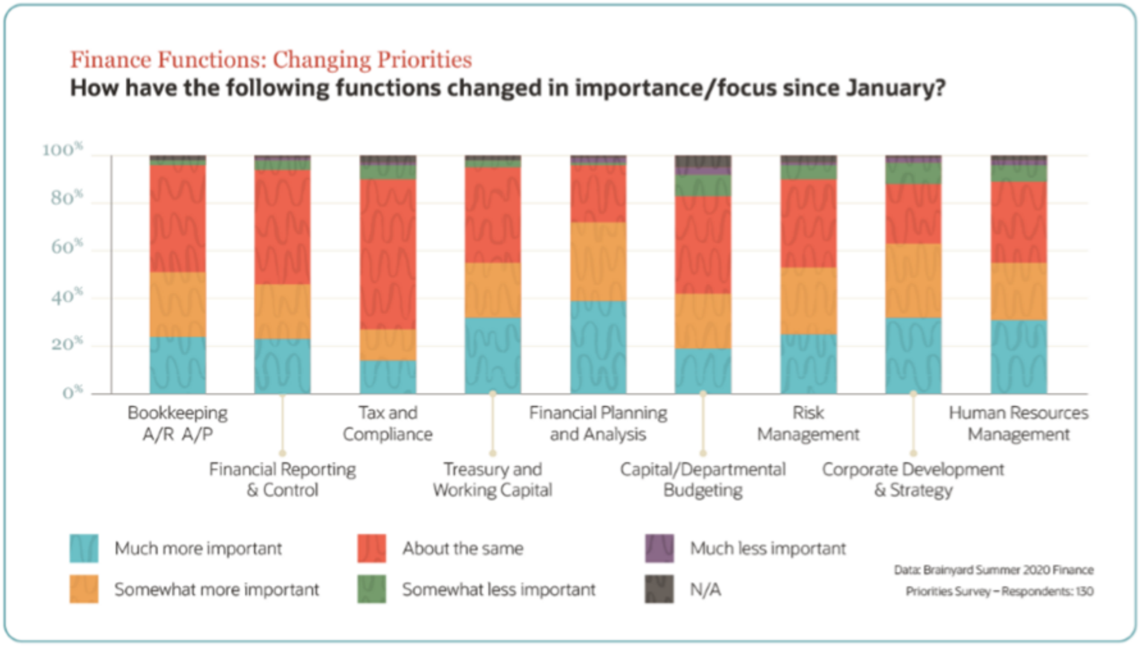
These organizations are referred to by a variety of terms. The particular terminologies used to define statutory organizations will vary by country, depending on numerous aspects such as the extent of state ownership, legal status, and the entity's position in the public administration hierarchy. (Sturesson, et.al. 2015).

If given the required platform, state-owned enterprises are expected to play a vital role in stimulating societal and public value creation in developing countries (Sturesson, et al 2015). Initially, parastatal policies were designed to ensure an equitable distribution of income, decentralize industry, create jobs, and promote a balanced regional development strategy. Backed by a range of reasons, as well as motivating economic development in parts where private sector involvement is not a choice, the responsible authority, that is, the government remains the full and partial owner of statutory companies. However, this rationale can also be a deliberate stance by governments to retain control over sectors deemed to be strategic. (Bozec et.al, 2002). Zimbabwe Tourism Authority is a statutory entity that is retained and controlled by the government of Zimbabwe.

2.3 Purpose financial forecasting and planning

Financial management, according to Brigham and Ehrhardt (2005), is the planning process, coordinating, directing, and controlling of financial activities in a corporation or organization. It also involves applying lean principles to a company's financial assets and assisting with fiscal management. According to Richards, C (2012), areas of key concern comprise safeguarding that the business has an abundant stream of money, guaranteeing that stakeholders obtain a good return on their investment, maximizing and efficiently utilizing funds, and developing real and safe investment opportunities. Even though financial management is critical to a company's success, not all parts of financial management are as critical as financial planning and forecasting.

Financial forecasting and planning best practices help business leaders thrive and withstand unexpected setbacks, Richards (2012). Although it's impossible to predict and plan for the future 100 percent, as the COVID-19 epidemic of 2020 has revealed, adequately hedging against most awful case scenarios offers any company a good chance to adapt. Corporations do not become well-capitalized, as well as obtain robust balance sheets, and virtuous cash flows by accident. For an institution to be able to achieve financially safety is a result of detailed data scrutiny, comprehensive knowledge of the firm, and present customer and market insights, all of this advocates financial forecasting and planning. Finance teams that forecast and plan correctly in good and bad times benefit from the company's success, Board of CFB (2016). The diagram below shows a typical financial analysis being done by a firm for its finances for the year since January



2.4 Financial forecasting definition

A good financial projection takes into account all macroeconomic factors as well as company-specific circumstances. Financial forecasting can be defined as a financial analysis that primarily focuses on computing a firm’s a company's future revenue against its expenses (Randall 2012). A detailed estimate contains short- and long-term forecasts of events that could affect income, as well as contingencies for expenses that aren't currently planned. Such future projections offer firms consistent information, permitting finance departments to set genuine and possible business goals. Furthermore, management is provided with crucial information as to how the business has achieved over the past operational years and in what manner it will perform in the future, Marquis (2014). Financial forecasts are significant in investor dealings and when pursuing loans.

Small businesses, like large corporations, must plan for the future. Such planning is crucial, considering their generally restricted capital resources Marquis (2014). Management's ability to foresee the future and establish appropriate plans to deal with possible future scenarios is crucial to an organization's long-term performance, whether small or large. Using intuition, sound judgment, and knowledge of how well the industry and national economy are performing, a company's manager may be able to foresee future market and economic trends. Converting an intuitive sense of the future into a precise and useful quantity, such as next year's sales volume or the cost of raw materials per unit of output, is more difficult. Many future characteristics of a business operation can be estimated using forecasting tools.

2.4.1 Financial Forecasting & Budgeting

Professionals have faith in that a strong financial policy is built on precise forecasting and prudent financial spending plan by management. While some individuals get the terms "financial forecasting" and "budgeting" mixed up, they are two separate processes.

Sharon A, (2010) stipulated that administrations that devote time and exertion into mounting concrete financial forecasts are more prospective to cultivate convincing budgets. She went on to advocate that financial forecasting should always precede budgeting to guarantee that disbursements are aligned with concerns that could disturb general financial performance. Additionally, firms who create budgets without financial forecast are at the risk of overpaying and not having adequate cash on hand to grip unexpected costs or income shortages, Sharon (2010). A lack of forecasting also prohibits the corporation from sanctioning a new capital investment or launching a product that could become a revenue generator.

2.5 Financial planning definition

According to Gates (2010), financial planning is the study of a person's or an entity's current and future financial condition. He explained, "It entails planning for the most efficient use of financial resources to meet such person's or entities current and long-term objectives." Investment strategy, expense management, and a retirement plan are all included. Firms mainly focus on the most efficient use of their resources and long-term business accomplishment, however, with financial planning principal budgeting, forecasting, and the construction of policies on cash management investing, and borrowing at the entity level are required. Financial planning is more of a strategy than a commodity, according to Passenheim (2013). It's a long-term plan for managing money wisely so that a firm may reach its objectives and goals while navigating the inevitable financial setbacks that occur at each phase of business management.

Before you can establish a solid financial strategy, you must first identify your objectives. The data is then gathered to study and evaluate the firm's financial status. It can then create and implement its strategy. If the plan is to make the required adjustments to accomplish your goals, it must be monitored regularly.

Financial forecasting and planning, according to De Beelde (2010), are considered fundamental elements of organizational performance. According to the findings of KPMG's empirical research (2009), respondents stated that their financial management system, which included financial forecasting and planning, added value to their company. As a result, this technique is seen as a way of connecting corporate strategy with day-to-day financial operations. The Institute of Internal Auditors (2011) recommends that the internal audit function evaluate and contribute to the improvement of financial forecasting and planning. More recently, the Annual Survey of Price water house Coopers (2013) found that good financial management is not without its challenges, and that management is still striving to apply it.

2.6 Implications of not practicing sound financial forecasting and planning

Several consequences may befall a company that does not practice solid financial planning and forecasting, but one, in particular, stands out. Financial distress is by far the most catastrophic consequence of poor financial planning and forecasting, which can be internal or external depending on which portion of the organization is affected. According to Al-Hadi (2017), the repercussions are mostly realized in the company's capital structure, strained relationships with suppliers and customers, and retrenchment resulting in job losses. A corporation with a debt and equity capital structure will almost certainly have to meet its financial commitments, including debt interest.

This was in line with Holmes et al (2013), stipulated that when an entity is no longer able to meet its commitments, it is likely to face financial difficulties. Unlike stockholders, debt holders have their debts paid off irrespective of whether the business is lucrative or not. This means they have opposing viewpoints and anticipations from the organization. As a result, when undertaking financial forecasting and planning, a company should carefully and thoughtfully examine the perspectives of the two parties.

Stocks of financially unstable companies are typically expensive for a short period (Gao, 2017). He articulated that if a company goes bankrupt, traders and customers will be affected as well. It's possible that a company won't be able to pay its suppliers on time, causing them to leave. Suppliers are willing to deliver items when they are confident that they will be paid on time and that the company will survive in the long run. The same is true for customers who may need to place orders with the company, especially if payment is required before delivery. Even if the company resumes normal operations, it may have to struggle to guarantee that customers and suppliers are completely satisfied with its financial status, which could take a long time, Gao (2017).

Despite these researches clearly stating the implications of not practicing financial forecasting and planning them all did not mention the drawbacks or rather the limitations that accompany a firm in adopting such practices in its financial policy. This prompted the researcher to focus to on that area in this research

2.7 The preparation of financial forecasts within a firm

When a company's management develops a budget, it intends to set aside funds for specific costs, taking into consideration potential income and expenses. The firm's budget may be based on information from its financial projection, but it is separate from the prediction itself, Menifield (2008). This is supported by the assertion by Gates (2010) that firms should consider financial forecasting to be a forecast, and budgeting to be a financial plan.

When a company prepares a financial prediction, it is attempting to determine the direction in which its business is headed based on previous performance and other factors, and then using that information to estimate the future. In addition to that when a company develops a budget, it is carefully calculating how it will spend money in the future based on its current financial situation. Depending on the firm’s goals, the financial forecast statements will cover different periods. If management decides to create a financial forecast for its planning purposes, it should create pro forma statements covering six months to one year in the future. According to Makrudakis and wheelwright (2015), steps, methods as well as the applications are taken into account when formulation a forecast are as follows;

2.7.1 Step one: Gathering firm’s records

If a firm does not look into its past operations to see how its business has grown, ultimately that firm is not forecasting but rather jeopardizing its financial practices by guessing. For effective and reliable forecast management should gather past financial statements to establish with certainty how the business has developed over time, and then project that developed into the future, Makrudakis and Wheelwright (2015)

2.7.2 Step two: Decide how you’ll make your forecast

The type of forecast will fall between two poles, historical and researched-based, depending on what resources a company chooses to use. According to Makrudakis et al (2015), practically every financial forecast incorporates some historical forecasting and some research-based forecasting. The blend that a company chooses will be determined by its demands and the number of resources available, with the objective of producing a realistic and meaningful prediction in mind.

Historical forecasting

Historical forecasting is when a company's financial history is used to predict the future. The last several annual Income Statements, Cash Flow Statements, and Balance Sheets to see how fast the business has developed financially in the past are areas of great concern, Bornn (2012). From there, managers can forecast how quickly their company will grow in the coming year. This has the advantage of being quite simple to implement and requiring little time, money, or skill. The disadvantage is that much of the knowledge would come from information about one's own business, rather than looking at larger market patterns such as what the rival has been up to

Research-based forecasting

Evidence-based forecasting is another name for this strategy. When management conducts market research, it employs research-based forecasting. It would have to look at how its industry has performed over the last 10 years, examine new technologies and consumer patterns, or try to track its competitors' success, according to Armstrong (2017). It is critical to examine how similar competitive organizations have planned their expansion. Norton (2009), supported this point by adding that the advantage of research-based forecasting is that management gets a full, nuanced vision of how its business could grow, taking into consideration a variety of circumstances. It's also the type of forecast that financiers want to see.

However, these researchers failed to address the problem that forecasting based on research can be expensive as Getly (2010) suggested. In line with this Lawrence (2017) agreed with this assertion and articulated that to undertake the hard lifting, management may need to recruit external experts and researchers. If a firm is persuading investors or intending on rapid, aggressive expansion, research-based forecasting is a solid option. As a result, this study aims at assessing which best method and basis that can be adapted to forecasting.

2.7.3 Methods of financial forecasting

K Lawrence (2017) advocated that business enterprises can use forecasting methods in a variety of ways. He pointed out that the predicted sales of a certain product, for example, could potentially influence a variety of crucial business choices. Forecasts will have an impact on production schedules, raw material purchasing plans, inventory policies, and sales quotas. Given the stakes, the company must employ precise forecasting procedures.

Attempts have to be made to visualize the future climate for business and analyze the currents and cross-currents affecting the character and magnitude of business in the foreseeable future.

Getly (2010) later supported by Wheelwright and Makridakis (2017) went on to suggest methods that entities could adopt when formulating their forecast described below;

1. Qualitative Methods - Wherever historical evidence is inaccessible, qualitative forecasting practices are abundant. J Smith and R Smith (2011) in line with this pointed out how these forecasts are independent, created on the view and conclusion of customers and professionals. They are naturally used to make sensible or long-standing decisions.

1. Quantitative Methods - Quantitative forecasting is a technique for predicting future data using historical data. They are appropriate to use if related previous evidence is accessible and it is logical to assume that any of the data's properties will persist. in the future, J Smith and R Smith (2011)

2. Average Method - All future values are anticipated to be equal to the preceding data's mean., J Smith and R Smith (2011)

3. Naive Method - For economic and financial time series, the naïve Method is used to project the previous month's actuals without any adjustments or efforts to find causal elements, (Getly 2010)

2.7.4 Importance of financial forecasts

Tetlock (2016) highlighted in his book areas that undoubtedly show the importance of forecasting to a firm. He suggested that;

1. A financial projection provides firms with consistent information, permitting finance divisions towards setting accurate as well as possible business goals.

2. Furthermore, it gives management vital data on how far the company has fared company has fared in the past and how it will perform in the future.

3. Financial forecasts are crucial in investor relations and loan applications, as well as directing internal fiscal controls and decisions. Forecasts are highly considered by banks and other financiers when approving firms to which they can lend funds to.

Benefits associated with financial forecasts.

Forecasting is the technique of estimating a company's future financial requirements financial forecasts help you manage your money Getly (2010). They are forecasts of your company's financial future, as opposed to statements, which reflect actual progress. According to Player (2010) an effective financial forecast will:

1. Warrant that a business is equipped in lieu of the best and worst case scenarios;

2. Launch pedals and promote alertness of a wide-ranging variety of internal and external variables with short- and long-term implications

3. Offer a benchmark for those making significant financial decisions.

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2.7.5 Uses of Financial Forecast Statements in decision making.

Financial statements are used by suppliers, employees, governments and their agencies, shareholders and potential shareholders, and the general public, according to the IFRS Conceptual Framework (2018). According to Malekinejad (2016), lenders who issue credit facilities demand financial statements and management accounts to determine the credit worthiness of the company. Financial forecasting provides executives with specific and accurate estimates that they may use to develop business plans, assuming no unforeseen events, Player (2010). In line with this Malekinejad (2016) goes on to say that financial reports are important to government agencies because they assure the accuracy of duties and other taxes paid to tax authorities.

Player (2010) detailed how budgeting, recruiting, sales targets, and earnings projections are all affected by these plans, as are financing decisions and institutional investment ambitions. In other words, financial forecasting is at the center of every executive decision. They would be blindly guiding the company forward and maybe off a cliff if they didn't have it. Financial forecasting isn't a one-size-fits-all endeavor. It's a set of tactics and approaches that executives select based on the data they're working with and the output's aim. Regardless of well articulating the impact forecasting has on business performance, they failed to address drawbacks or limitations that the financial practice has on decision making basing on forecast statements.

2.7.6 Limitations of using financial forecast statements in decision making

Despite Player (2010) supported by Malekinejad (2016) pointing the importance of accounting data in financial decision-making and making financial forecast flawless, Zager *et al* (2017) identified some limitations that accompany using financial forecast statements in decision making;

1. Inflation

Inflation decreases the currency's standard of worth by reducing one's purchasing power. These charges may not always be reflected in accounting data. Instead than focusing on the complete company, Drury (2005) claims that they just focus on a small portion of it. He went on to say that management projections are nothing more than data for managers to use.

2. Monetary expression

Accounting data can only be expressed in monetary terms. As a result, any attribute that cannot be measured is likely to be overlooked. For example, assets are disclosed in monetary terms in the Statement of Financial Position, but one of the most important components of a firm, the management team, is not. Accounting data does not value human resources. Similarly, some negative traits may be overlooked by accounting data. Such critical aspects are not taken into account during forecasts, Zager et al. (2017),

3. Flexible accounting policies

Financial data in financial statements are prepared using subjective rather than objective standards. The subjective comes from the accountant's estimation and judgment when preparing the financial forecast statements. When multiple accounting methods are utilized, it becomes difficult to compare previous statements to ascertain, Zager et al. (2017).

As a result, this study will aim to see which of these research was correct by investigating whether or not there are limitations to using financial forecasts in decision making

2.7 Personnel capabilities that are needed for financial forecasting and planning

Brooks, (2009) defined financial planning as financial goals and a thorough picture of your existing financial situation, and any procedures you've devised to accomplish those goals He stated that developing models necessitates strong mathematics and statistical skills.

In addition, P Matthew (2018) in support of Brooks (2009), highlighted that groups tasked with financial planning must be:

- At ease with complicated and varied data sets from sales, marketing, human resources, operations, and other sources.;
- They are adept at applying formulae and processes to gather and alter raw data in order to produce easily digestible results.
- Learn to communicate and collaborate with colleagues from various departments to better grasp corporate priorities and objectives.
- Having a thorough understanding of the company's operations; and
- Problematical solvers who can turn mounds of financial data and more independent material into reports that are easy to understand.

2.8 Importance of financial planning for decision-makers

Financial planning provides assistance to a business in seeing the bigger picture and allows it to create short-term goals largely based from long-term objectives, Wagner (2016). Additionally, it enables a business to comprehend its financial future and map out strategic financial decisions.

Long-term goals and financial planning are inextricably linked in business. As a result, the corporation must conduct various appraisals as part of its financial planning before generating a budget for its project, according to Soros (1987). Site purchase/lease, taxation, asset purchase/lease, liabilities, overheads, and other expenses must all be factored in. Break-even, payback time, Net Present Value, internal rate of return, and average rate of return are all tactics that state-owned firms can use to anticipate how long it will take them to recover their initial investment cost and possibly break even or earn profits. Long-term goals cannot be reached without a financial plan, Lytton (2006). Every operation relies on financial planning, which is a key aspect in deciding success or failure. It's also crucial to keep in mind the non-financial aspects of financial planning.

The CFB Board of Directors recommended in 2016 that business units should manage the amount of tax liability they incur in the course of doing business and that they understand that lowering risk lowers expected taxes. Fresh initiatives, purchase, and merchandise progress plans must all be assessed in terms of their tax repercussions and net after-tax contribution to the firm's worth, as well as whether they will break even or profit. In general, Bacharach (2016) commented that firms through financial planning can seek out their tax obligations as well as effectively employ capital in areas of particular business needs such as acquisitions and product development projects.

2.9 Limitations of financial planning on decision making

1. Future Uncertainty:

The financial planning procedure is created on predictions about future project factors. Future events are fundamentally unpredictable, and things rarely go as planned. The unpredictability of future occurrences exacerbates the inaccuracy of financial planning, R. Lytton (2006).

2. Inaccuracy in Source Data:

Construction of future evaluations centered on historical data from a variety of sources is what financial planning requires. If the data used to make financial planning decisions is wrong, the results may be distorted. Since any estimate can go incorrect, the data's legitimacy and integrity are vital, Lytton (2006).

3. Environmental, regulatory, and policy changes

Variations in government policies or the economy can wreak havoc on a budget. Because of the insufficient required revisions, a successful financial plan will most likely be inefficient if it is unable to react to changes in government rules, policies, and the financial environment, CFB board 2016.

4. Planning is an expensive process.

Since planning is the most significant operation, it takes a long time and is expensive. Because planning expenses are directly proportional to the amount of time spent planning, it may cause delays in some cases. Small business entrepreneurs have one of the most important financial planning constraints. The outcomes of correctly budgeting and managing your money can be altered in a variety of ways, Wagner (2016)

Lytton (2006) and Wagner (2016) left out ways on how one can overcome some of these drawbacks; this in turn sparked the researcher into seeking ways in which firms could mitigate such drawbacks.

2.9.1 Ways of overcoming limitations of financial planning models

Financial planning is centered on conventions of the venture's future variables. The future is fundamentally uncertain, and events infrequently go as planned. The uncertainty of future events exacerbates the inaccuracy of financial planning, R. Lytton (2006). However, Bacharach (2016), suggested ways to which a firm might overcome or at best mitigate constraints that are associated with financial planning;

1. The organizer should be provided with enough time and resources.
2. Collect data and information from a trustworthy source. To increase the reliability of the base data, it should be double-checked with various sources.
3. Involve those responsible for planning to make the planning more precise and free from any error.
4. The information system should be properly implemented, which gathers, processes, and makes reports of relevant data.
5. To make more accurate projections, planners must be aware of current political and economic indications from government divisions
6. A forecasting program should be devised, as well as a thorough understanding of the future dynamic aspects of the environment
7. To boost planning efficiency, supervisors should be prepared to innovate and think outside the box and think outside the box.

2.10 Empirical Evidence

In 2012, Jacob Pererain conducted a case study in Brazil on financial management in non-financial organizations. Non-financial firms must manage financial forecasts and planning, as well as demonstrate their actions in operational activities, according to the report. The major purpose was to find financial loss mitigation methods through management reporting, as these activities could improve stakeholder contact (shareholders, investors, analysts, suppliers, regulators, and so on). The organizations that were evaluated were usually concerned about managing their operational risks, but they did not go into detail about the steps they took to do so. According to the concluding comments, the non-financial enterprises surveyed cared about the safety of their operations and the long-term viability of their businesses.

In Nigeria, Akindele (2012) looked at the impact of finance management and corporate governance on performance. He looked at the link between financial management and performance in his research. Questionnaires and financial reports were utilized to obtain data from both primary and secondary sources. Effective financial plans and corporate governance, he claimed, improved profitability and performance. Better corporate governance, according to Akindele, led to better financial management. He also came to the conclusion that financial forecasting influenced performance and profitability significantly.

Warangal, Nizamabad 2013, the study tried to identify the financial risks that the banking sector faces, as well as the financial management process and the various risk mitigation measures used by the banking industry in financial forecasting and planning. To meet the study's aims, data was gathered from secondary sources, such as books, journals, and online publications. The data was used to identify various risks faced by banks, construct a financial management strategy, and analyze alternative financial policies. Finally, it may be stated that banks should accept risk more consciously, foresee bad changes and hedge accordingly, and use financial management as a source of competitive advantage and efficient banking management.

2.11 Gap Analysis

Several research is still underway to determine the relationship between performance in state-owned firms and financial forecasting and planning, as well as corporate governance. The study discovered a flaw in parastatals' financial management, which has resulted in several issues with internal and external stakeholders. The study is distinct in that it concentrates on parastatals and SOEs.

2.12 Chapter Summary

A literature review served as an excellent springboard for conducting background research on the study's subject. The chapter looked at the financial management process as it relates to financial forecasting and planning, as well as the issues that come with it. This chapter includes findings from other writers on the same research issue as background information. The approach for the research study will be discussed in the following chapter.

Chapter III

Research Methodology

3.0 Introduction

This chapter presents the methodology used to research the impact of financial planning and forecasting to state-owned companies and parastatals. The heart of this methodology lies in research design, the population, data collection procedures as well as the data presentation and analysis procedures to be used in the study. Furthermore, instrument selection process, as well as data collecting and management methods, are explained, along with the study's limitations. Subsequently, the researcher points out the consistency and legitimacy of affairs as well as how ethical considerations are detained. The use of scientific techniques to acquire answers and solutions to frequently posed research issues is referred to as methodology. (Saunders, 2003).

3.1 Research Design

Ker lingers (2003), articulated that research design involves the design and implementation of a plan structure for a phenomenon to attain answers for a particular research and research problem. According to Weller (2010), the objectives, methods, and data analysis method are the most vital aspects of a research design that illustrate the correlation between literature and practice. Research design targets at providing a methodology that integrates all aspects of the study to establish an effective analysis of the research problem.

It was essential for this study to include multiple observations, given the nature of this study to be analyzed, hence the case study methodology was used. Stake (1995) identified several types of case studies. Leedy (1995) stipulated that the method used was drawn from the research questions of the study. Henceforth the three methods commonly used are exploratory, descriptive, and explanatory survey methods. For this research study, a descriptive survey method will be used.

3.2 Justification of using descriptive method

A descriptive study is primarily concerned with describing phenomena, establishing correlations among various factors, and determining the distinctiveness of the selected populations, Cooper and Schindler (2006). Wyk Van (2013) stipulated that descriptive research aids in giving out accurate and convincing images of the appropriate variables of the research question. He further suggests that it is better thought-out than other types of research. Descriptive design stood out as the most suitable method for a case study in line with ZTA as it aids raw data collection and it can give out information that leads to several applications in practice. The survey approach is less expensive and complex, and given the researcher's budget, it was the best alternative.

3.3 Case Study

A case study is effective when dealing directly with a scenario and information is collected from the original environment, according to Bombast et al (1987). When a researcher is dealing with an environment, a case study is used to gather information by asking questions about the causes and explanations for a phenomenon. Because there was a requirement to gather knowledge about the subject, a case study approach was chosen for this study to establish the effectiveness of financial planning and forecasting at Zimbabwe Tourism Authority (ZTA).

3.3.1 Advantages of Case Study

In comparison to employing a survey that generalizes findings and conclusions, the case study of the ZTA approach allowed the researcher to establish an insight view of the uniqueness of events. The researcher used a variety of data collection strategies, which gave out greater room to assume expected outcomes from a certain issue. The case study illustrates the recent phenomena as well as necessitates the student's physical attendance at the business or, at the very least, at his or her agent's office.

3.3.2 Disadvantages of Case Study

The drawback of a case study is that it takes time. Since the researcher must be present throughout data collection, a lot of time is spent researching. Nonetheless, this was expected, and time was set aside for effective investigation. As a result, faulty data collecting may result in research bias...

3.4 Population

According to Mugenda (2003), a population is a well-defined group of individuals, services, fundamentals, and procedures, as well as a group of things or homes that are being studied. A target population is a group of people who share one or more features that the researcher is interested in, according to Best and Khan (2006). Brink (1996), stipulated that the cluster being studied must match the principles that the scholar is concerned in investigating the study's target group consisted of ninety workers from ZTA's finance and internal audit divisions in Harare.

3.5 Sampling

Francis (1995) described sampling as the procedure for selecting a small number of people from a larger group. Best and Khan (2006) defined a sample as a significant fraction of the population.

A sample, according to Ferber (1974), is a part of something that is meant to show the design, originality, and essence of the whole. The purpose of a sample is to obtain a reasonable approximation of the entire sample within acceptable parameters. There are two ways to make a sample, namely:

1. Probability sampling, this ensures that the probability of each example being selected from the population is specified and, in most situations, equal. (Saunders et al, 2003)

2. Non-probability (non-random) sampling is defined by the fact that the probability of each example being selected from the general population is undetermined, and thus it cannot solve issues requiring quantitative judgments about the population's characteristics.

3.5.1 Non-Probability Sampling

Non-random sampling techniques include the following.

Convenience Sampling-The sample can only be selected for the researcher's convenience, according to Leedy (1992), and is not representative of the overall population.

Quota Sampling- The proportion of respondents chosen is the same as in the overall population (Leedy, 1992).

Haphazard Sampling-There is no reliable method for picking respondents, such as interviewing passers-by.

Judgemental Sampling- The scholar attempts to select a representative sample of the population using a judgmental selection technique. The level of skill of the person making the judgment determines the degree of error.

3.5.2 Probability Sampling

The sample reflects the population in probability sampling. Typically, the elements of the sample are randomly selected (Leedy, 1992). The random selection methods are summarized here.

Simple Random Sampling-Such a strategy assures that every item in the population has an even chance of getting selected. Every sampling element has an equal chance of getting chosen.

Systematic Sampling-When elements from the population are picked, a uniform interval is measured in time, order, or space. Unlike traditional random sampling, each element will not have the same probability of being selected.

Stratified Sampling-The population is divided into parts or strata by stratified sampling. The elements in each stratum are quite uniform. Alternatively, a certain number of items are chosen at random from each stratum that correlates to the fraction of that stratum in the population. Stratification is ineffective except if the population can be divided into homogeneous strata under the state under investigation.

Cluster Sampling- A random sample of groups is chosen from the population, which is organized into clusters. Once there is a lot of variation within each group but still, the groups are essentially the same, cluster sampling is used.

3.5.3 Sampling Method

For the purposes of this research, stratified sampling was used. The target population is divided into strata or groups, and samples are randomly selected from each stratum in a stratified sampling approach (Alvi, 2016). He goes on to say that stratified sampling is best used when the population is heterogeneous and has a variety of features. According to Boschetti, Brown, and Sullivan (2016), stratification is the process of splitting a population into homogeneous groupings known as strata. After that, random samples are taken from each stratum. The researcher in this study sought individuals with skills, information, and knowledge relevant to specific areas or issues to be examined, and then utilized random sampling to select participants, making them the sample group. Conversely Carlisle, (2017) believe that stratified sampling may be difficult to apply since some members of the population are difficult to categorize. Since the population was straightforward to group, stratified sampling was an easy choice for this research.

Senior managers, financial managers, senior accountants, accounting officers, interns, and internal auditors were all divided into distinct strata from the 90 people that were available. The sample was chosen via probability sampling, in which each member has an equal chance of being chosen. After that, simple random sampling was used to select individuals from each stratum. This is because, with probability sampling, each sample has a chance of being chosen to represent the population under investigation.

For both interviews and questionnaires, participants were chosen using simple random selection. Thirty-six people were chosen for the questionnaires and fifteen for the interviews. The researcher estimated that the thirty-six people chosen randomly represented forty percent of the population took part in the questionnaires. This was done as Haralambos and Holbon (2012) state that the sample size should be at least 33% of the target population. The researcher made sure that diverse people were picked for interviews and surveys to avoid interviewing and surveying the same people. Although the researcher used basic random selection to choose interview participants, he was especially interested in strata for which he anticipated questionnaire responses would be difficult to obtain. Senior executives and finance executives were among the strata. Since they are anticipated to provide the essential data to achieve the research's objectives, finance managers and accountants made up the bulk of the sample.

3.6 Sample Size

According to Saunders et al. (2003), the selection method consists of picking several characters from a target population so that the selected cluster has attributes that correspond to the group's characteristics. A sample is also defined as "a reduced (nevertheless preferably representative) gathering of elements from a population used to determine population facts" (Field, 2005). The researcher targeted the finance department employees who are responsible for financial planning and forecasting out of the 360 employees at ZTA in Harare. Below are the targeted population used by the researcher of the finance department at ZTA

Respondents	Number	Details
Chief Executive Officer	1	He is the boss of the group
Finance Director	1	Approvals all finance manager documents and signs them off
Finance Managers	10	Consists of corporate and other finance managers
Department Managers	16	Manage several key department’s within the group
Senior Accountants	16	Accountants of the firm
Accounting Officers and clerks	20	Assist senior accountants
Interns	16	Students on attachment in finance department
Internal Auditors	16	Internal Audit Department
TOTAL	90	

Target Population by the researcher 2022

3.7 Sources of Data

3.7.1 Primary data

Saunders et al (2007) stipulated that primary data refers to variable data structures that have been collected and compiled expressly for the current study challenge. The researcher gathered primary data primarily to look into the performance of working capital management systems. Primary data is typically acquired for the first time from the research region under the supervision of an investigator. This is information obtained primarily by the researcher in order to address the researcher's own study questions. Interviews, measurements, questionnaires, and observations can all be used to gather primary data.

3.7.2 Secondary data

Secondary data is information gleaned from already published data sources, or information generated by others (Drury 2005). Journals, scholarly research textbooks, and commercial pamphlets were used to gather secondary data.

3.8 Research instruments

Observations, questionnaires, interviews, reading, and social media are some of the data collection strategies available. The researcher's responsibility is to guarantee that the instruments utilized are reliable and appropriate. The following were employed in this study:

3.8.1 Questionnaires

A questionnaire, according to Best (1981), is a set of questions that a responder is provided to answer in writing and return to the researcher. Because it was pertinent to the case study research, self-designed questionnaires were used for data gathering. The term "questionnaire," according to Saunders et al. (2007), refers to any data collection tool in which each responder is required to answer a set of questions. The main goal was to get correct data from the respondent. There were both open-ended and closed-ended questions in the poll. In this study, the researcher used the sample of 36 for questionnaires.

Close ended question

Closed questions were effective in eliciting information from the researchers (Kumar 2005). Respondents were asked to select a perspective point from a list of options in closed questions. Respondents were typically asked to check or indicate the right response. Closed-ended questions guaranteed that participants provided straightforward, simply oblique responses.

Open ended questions

Open-ended questions are commonly employed in surveys when the researcher is unable to categorize responses in advance, according to Remenyi (2009). Open-ended questions were particularly crucial since they allowed respondents to express themselves without restriction.

3.8.2 Justification of the use of questionnaires as a research instrument

Since questionnaires are usually completed anonymously because no names are requested, respondents are encouraged to answer honestly because they know their opinions will not be traced back to them (Grey 2013). The researcher decided to employ questionnaires because of the character of the intended respondents. Since the respondents are mostly senior management and executives with busy schedules, the questionnaires were designed to be flexible enough for them to complete in their spare time.

3.8.3 Benefits of using questionnaires

The responses were collected in a standardized manner, making them more objective than those obtained by asking questions at random, which could lead to waffling. A questionnaire was used to swiftly collect data from all responders, saving time for processing and interpretation. The open-ended question allowed respondents to fully express themselves without interference from the researcher, (Vigneron & Johnson, 2017)

3.8.4 Disadvantages of questionnaires

Since it is unknown who will see the questionnaire, some respondents may be unwilling to submit sensitive information. Open-ended questions are dangerous. A lack of understanding of what is going on could be causing the lack of preparation to reply. Another issue is uncertainty about information security, especially concerns about privacy invasion. Even if the questionnaire came with a cover letter from the organization, one would have doubts about its authenticity’s, (Vigneron & Johnson, 2017)

3.9 Interviews

To thoroughly address the problem understudy, the researcher employed interviews in conjunction with surveys. An interview, according to Key (2010), is a direct face to face method of obtaining material from one or more respondents in the form of verbal or nonverbal responses. The interviewer's and interviewee's roles can gradually shift during the conversation. An interview, according to Keogh (2009), is a method for gathering personal information, beliefs, attitudes, and views. In this study, the researcher used the sample of 15 for interviews.

3.9.1 Justification of the use of interviews as a research instrument

Interviews were chosen because they allowed the researcher to observe nonverbal clues from the respondents, such as changes in tone of voice or facial expressions. The researcher employed probing when there was a degree of contradiction between verbal responses and nonverbal cues, to determine the facts of the situation. Interviews allowed the researcher to be more involved and ask questions about responses that were unclear. This degree of participation facilitated a more in-depth conversation, which resulted in the gathering of sufficient and relevant data to reach a fair conclusion.

3.9.2 Advantages of Interviews

It's possible to explain ambiguous queries. Face-to-face contact produced more qualitative data than any other tool. The interviewer enquired more about an interviewee's response. The response rate to interviews was high, as face expressions which differed from written responses, which can be impacted by handwriting, helped the researcher interpret the responses, Athulbaiti (2016). According to Taylor (2017), interviews are important for obtaining thorough information about personal sentiments, perceptions, and ideas, as well as allowing more detailed questions to be answered. Interviews typically have a high response rate. Voice, intonation, body language, and other social indicators of the interviewee can give the interviewer with a plethora of additional information that can be added to the interviewee's verbal response to a question, (Maxwell, 2016)

3.9.3 Disadvantages of Interviews

The researcher had to put other things on hold in order to conduct the interviews, but it was time well spent. It requires a lot of time. Since the individuals were in different departments, they took a lengthy time to set up and conduct. Respondents would occasionally describe material that had nothing to do with the study's objectives.

3.10 Data validity and reliability

3.10.1 Data Validity

Validity refers to an instrument's capacity to measure what it's designed to measure (Saunders et al 2007). It measures of how true and accurate the findings appear to be. The validity, according to Joppe (2000), indicates the amount to which the study accurately measures what it claims to measure or the accuracy of the research findings. A research tool's validity simply means that it measures what it claims to measure. The researcher used questionnaires and interviews to gather primary data for the study. The researcher employed these instruments after ensuring their validity through pilot testing, which allows researchers to assess how a sample of the research population will respond to a given questionnaire. To ensure the validity and reliability of the data acquired for the research project, Haralambos and Holbon (2012) state that the sample size should be at least 33% of the target population.

3.10.2 Data Reliability

According to Joppe (2000), reliability refers to how constant findings are throughout time and how accurately the complete population under investigation is represented. He goes on to say that if a research's discoveries can be simulated using the identical methodology, then the research tool is considered as true. The dependability, consistency, and correctness of the research instrument utilized in the study are all terms that can be used to describe reliability. The researcher had trust in the data because they were consistent with what he wanted to explore and focus on.

3.11Data collection procedure

The raw data from ZTA's finance department personnel were collected through questionnaires and interviews. Data were acquired from both primary and secondary sources. As previously stated, primary data was gathered through questionnaires, interviews, and observations from ZTA's finance and internal audit departments. Because the researcher was a previous intern at the company, obtaining access to the material required less protocol. All employees, except the Finance Director, received questionnaires. The researcher was in charge of distributing the surveys to all available department members. It was a rare opportunity because everyone in the department was available, and the surveys were to be completed in their spare time. Secondary data was gathered from textbooks, papers, and case studies, with references provided at the end of the work.

3.12 Data Presentation and Analysis

Data were collected and organized into categories to modify and derive useful information. The respondents' questionnaires were coded as soon as they were received. Microsoft Excel was used to analyze the data in the form of pie charts, bar graphs and tables for data analysis and presentation.

Research methods and how they were implemented

Research Element	**Interpretation**
Research design	Descriptive case study
Research philosophy	Positivism and critical realistic
Target population	Department of Finance at ZTA
Sampling procedures	Stratified Random Sampling
Sampling techniques	Probability sampling
Gathered data	Qualitative
Instrument for collecting data	Interviews and questions

3.13 Ethical Considerations observed in research

Considerations of ethics consist of rules of behavior that must be followed when performing research involving human participants, Bryman (2017). It's worth noting that every study involving human beings should take ethics seriously and be handled responsibly. For the sake of science and research in general, ethics are critical in any study. They are especially significant because they protect the rights and welfare of participants while also improving the accuracy of research Brannen, (2017). Informed consent and confidentiality, were the important ethical factors found in this investigation.

3.13.1 Informed Consent

Since the research involves not only human beings but also some controversial topics, the researcher was able to uphold the ethics that are required in study research (Kothari 2016). Prior to their participation in the research, respondents gave verbal informed consent. Participants were informed about the study's purpose, allowing them to form an opinion about whether or not to participate. No one was forced to participate in this study; it was entirely voluntary.

3.13.2 Confidentiality

Throughout the study, the researcher ensured that confidential information was kept private. The participants were told that any information they provided to the researcher would be kept private. Furthermore, the respondents' identities and job titles were not provided; instead, pseudonyms such as respondents 1, 2 and 3 were utilized to protect their identity as advised by Angen (2017). Most of the data were additionally anonymized so that the participants could not be identified. This is done to reduce the danger of harm and risk to participants, as breaching confidentiality could lead to victimization, Patton (2016)

3.14 Chapter Summary

The chapter concludes with a review of the study's methodology. The benefits and drawbacks of various data collection and processing methods have been discussed. To establish findings, the next chapter will go over the description and analysis of the acquired data in detail.

Chapter IV

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

The primary study findings are examined in this chapter in order to draw conclusions on the impact of financial planning and forecasting in parastatals and state-owned enterprises (SOEs). The primary purpose of this chapter is to offer a descriptive depiction of the findings as well as a concept-by-concept analysis of the research. As mentioned in chapter three, data was acquired through interviews and questionnaires conducted by the Zimbabwe Tourism Authority. Charts, graphs, and tables will be used to show the data acquired from questionnaires and interviews.

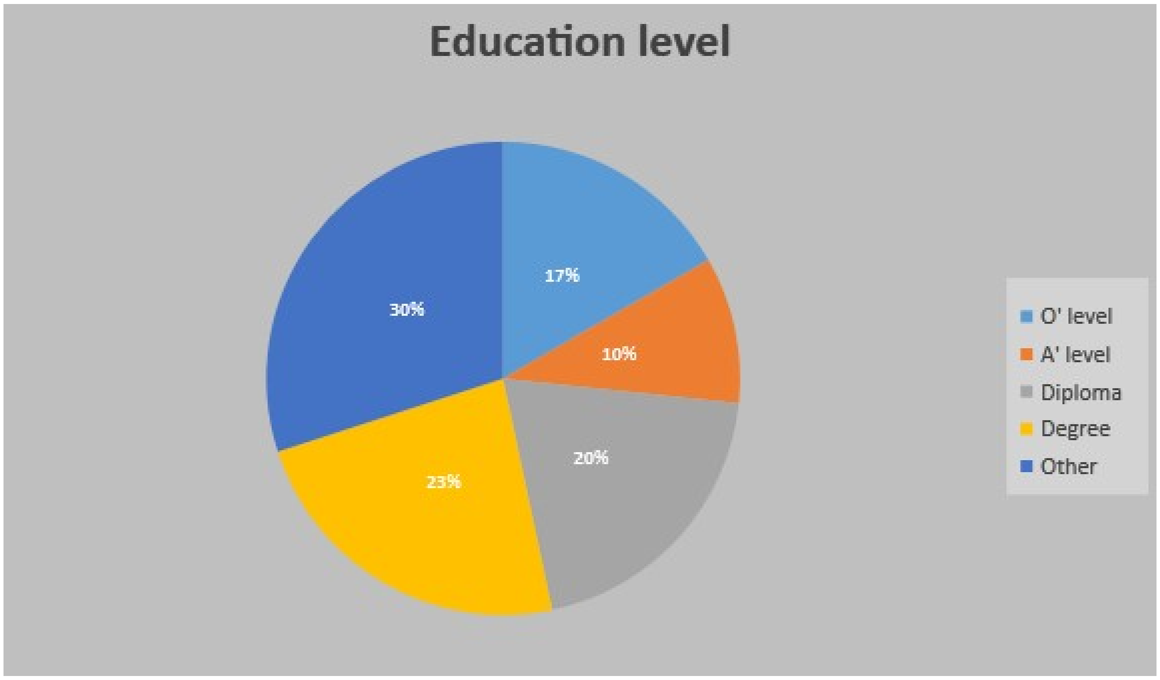
4.1 Findings from questionnaires

Response to Questionnaires

	Questionnaires sent	Questionnaires Responded	Response rate
Finance managers	8	6	75 %
Senior accountants	10	8	80 %
Accounting clerks and officers	8	7	89%
Department managers	6	5	83%
Internal Auditors	4	4	100%
	36	**30**	**83%**

4.2 Level of education

Distribution of respondents according to the level of academic education reached



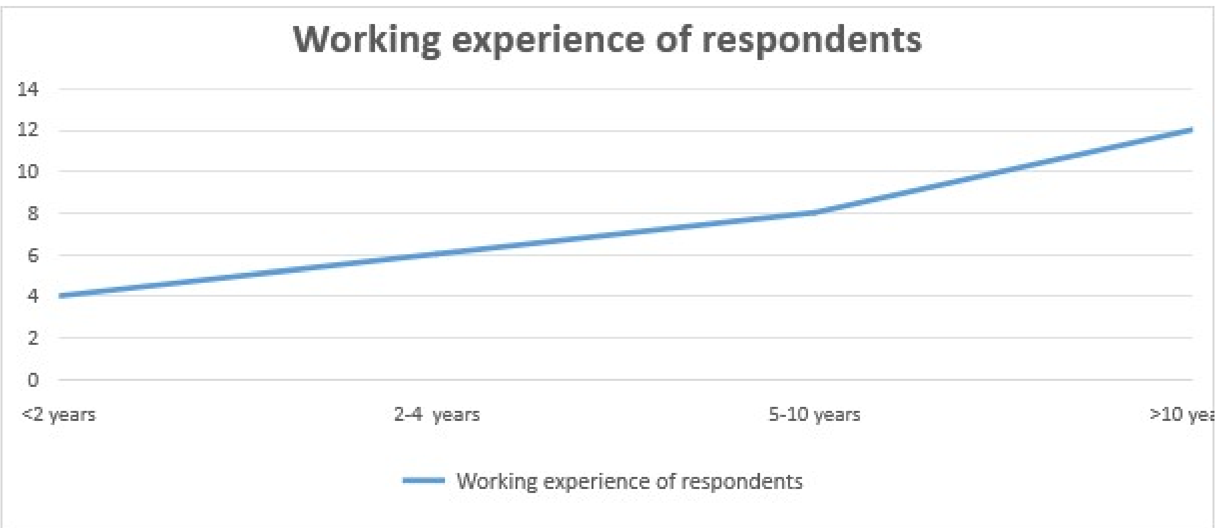
Source: Primary Data

The highest level of education reached by the participants, as seen in the diagram above, was the other level, which was attained by 30 percent of the participants. It should be mentioned that all of them possessed qualifications such as ACCA, CIMA, CAZ, and CSI. This could be related to the complicated economy's increasing demand for experiences and skills. Some of the participants had a college diploma, accounting for 20% of the total number of responses. It's worth mentioning that an employee's educational level is a solid predictor of the kind of expectations they'll face from their supervisor. The majority of respondents, according to the data, are literate and, without a doubt, capable of applying and adopting financial forecasting and planning practices in the Zimbabwe Tourism Authority.

4.2.1 Summary of Qualifications and Gender

Qualifications	Male	Female	Total
O'level	2	3	5
A'level	1	2	3
Diploma	4	2	6
Degree	5	2	7
Other	6	3	9
Total	18	12	30

4.3 Work Experience



Working experience of respondents

Source data: Primary data

The graph shows that 40% of respondents had worked in the organization for more than 10 years, 20% had worked in the organization for 2 years or more but less than 5 years, 27% had worked in the organization for 5 years or more but less than 10 years and the remaining 13% had worked in the organization for 1 year. The 13% represented some new accounting officers and clerks who had just joined the firm. The outcomes of the study revealed that a significant percentage of the respondents had worked for the company for more than 10 years, indicating that the responses were valid for the study.

4.4 Findings and analysis of data

The research was conducted utilizing both primary and secondary sources, as well as qualitative data sources. All of the instruments and methodologies used were sufficient to provide the researcher with the material needed to assess the impact of financial planning and forecasting in parastatals and state-owned enterprises.

4.5 FINANCIAL FORECASTING AND PLANNING AT ZTA

4.5.1 Existence of a well-formulated financial planning and forecasting policy at ZTA

Almost every decision made by executives nowadays is based on some type of forecast. According to Vandeput (2021), accurate demand and trend predictions are no longer a luxury item, but a must for managers dealing with rapid changes in demand levels and large swings in the economy. In line with this, respondents at ZTA pointed out that they were sure that the firm was engaging in forecasting and planning practices and its financial policy showed that such practices were expected to be implemented. This supported Campbell (2017), when he articulated that forecasting and planning can help managers deal with several financial problems; however, the better they understand the broad principles of forecasting and planning, what it can and cannot do for them right now, and which methodologies are best suited to their current needs, the better. Existence of accurate demand and trend predictions as suggested by to try and curb with future uncertainties like Covid-19 were in place according to the respondents. Despite not having a Chief Financial Officer, ZTA did have a well-constructed, formulated financial forecast and plan in place. The response of the participants is shown on the following table below:

Existence of a well formulated financial forecast and plan on the organization

Yes	No	Not Sure	Total
14	5	11	30
47%	16%	37%	100%

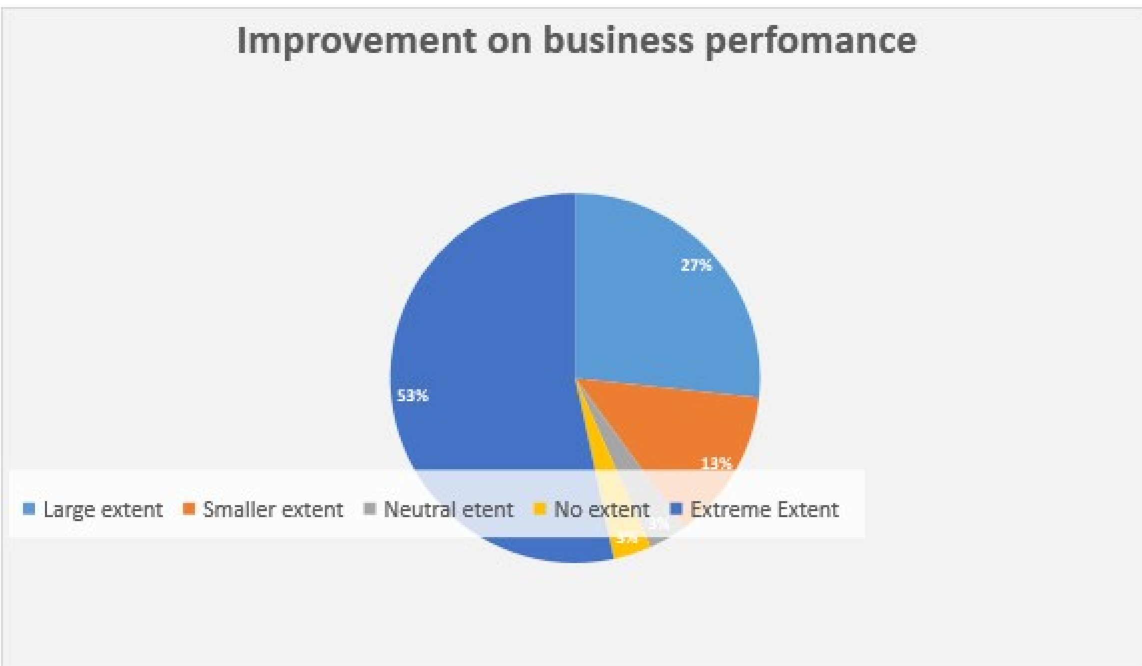
4.5.2 Existence of the company's financial management policy in books

Even if a company has created an employee handbook, a policy manual, or some other form of financial policy paperwork, it is critical that the contents of these papers are communicated to its employees, Winslow (2020). He further goes on to suggest that the objective of the document, why it was written, and how it will be utilized in the organization should all be explained to employees. This holds true for policy updates as well. Most of the respondents of top ranking, that is financial management, pointed out that such a document did in fact exist leaving the room for the researcher to assume that such a document was mainly known by upper management not known by lower management as a significant number of respondent were not sure of its existence. They could not confirm with assurance that it did not exist. Existence of such a document aids at proving that every worker in the finance department is following guidelines of financial forecasting and planning, Winslow (2020).

Yes	No	Not Sure	Total
17	2	11	30
56%	7%	37%	100%

4.5.3 Impact of financial forecasting and planning on organizational performance at ZTA

The finance department cited that financial forecasting and planning did affect ZTA's business performance. This supported the idea that best practices in financial forecasting and planning help business leaders prosper and weather unexpected setbacks, Richard Richards (2012). Many respondents stated how the firm would have benefited if it had predicted and planned for such unexpected events, given what happened to many enterprises as a result of Covid-19, which acted as a huge roadblock to business growth. To that fact the firm improved on their forecasting and planning practices which saw them incur less losses as of 2021 than 2020 in the year which Covid-19 hit globally affecting business. Others cited underperformance in the tourism industry as well as repeated losses in the previous years that could have been avoided with effective financial management policies in place. There was a strong consensus that forecasting and planning can help organizations enhance their performance.

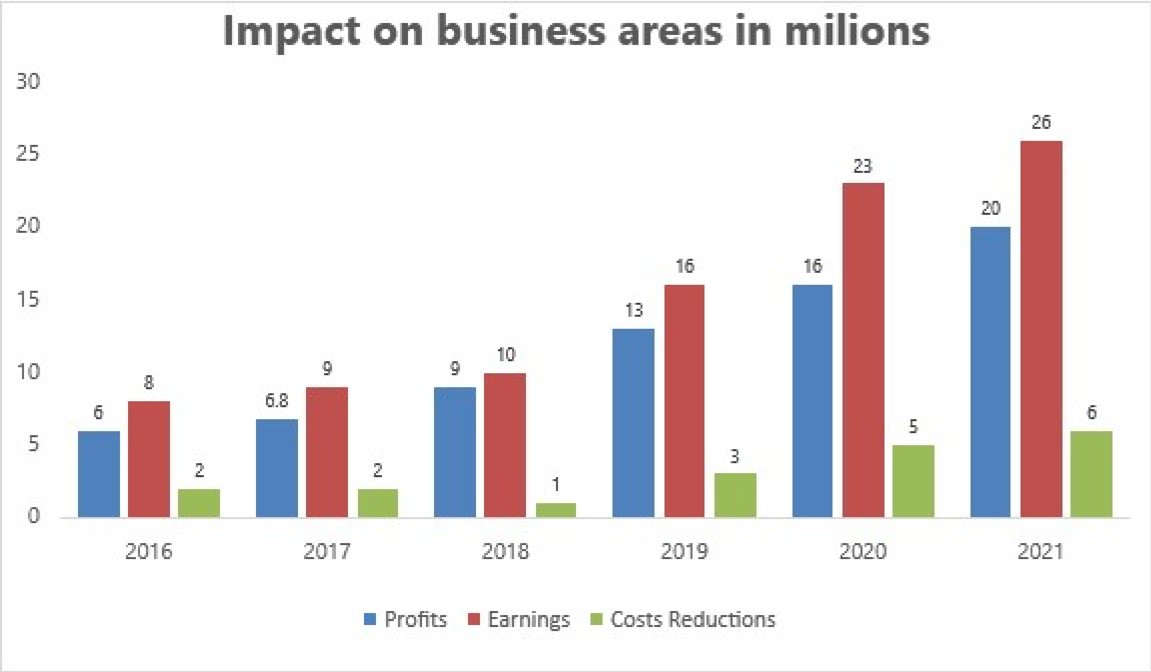


Those that argued that it would not improve business performance cited that financial forecasting and planning has future uncertainty as the financial forecasting and planning procedure is created on predictions about future project factors. Future events are fundamentally unpredictable, and things rarely go as planned, using Covid-19 as an example. Financial forecasting and planning focuses more on coordinating and aligning numerous firm choices while taking into account financial goals and constraints.

These duties, according to the respondents are most visible in ZTA's financial management policy, which requires integrating estimates from several divisions into a uniform budget for the entire business based on forecasted sheets. The financial management department must play a substantial role in this area. Individuals and departments will lose sight of their tasks within an organization if there is no coordination, this was based from the information provided by the respondents in the questionnaires. Because of ZTAs organizational structure, all existing departments had to be coordinated. Through forecasting and planning all departments at ZTA were all well-coordinated and no resources or effort were squandered. It is safe to say that financial planning and forecasting aim at improving the overall performance of any organization if practiced well.

During the process, Suryanto et al (2018, p316) stated that it is the responsibility of each manager to develop a relationship with all breaks in his department as well as in other departments. Hence every department manager at ZTA pointed out in the questionnaire that financial forecasting and planning was spear heading the organization to increased success over the years in their departments. Effective forecasting and planning had led to several departments realizing increased output and efficiency to their works. Senior management also pointed out that profits, earning per share, stock exchange price increases as well as increase in investors in the firm was due to the adoption of financial planning and forecasting.

The following shows the rise of respective financial areas in ZTA over the past years with the adoption of financial forecasting and planning

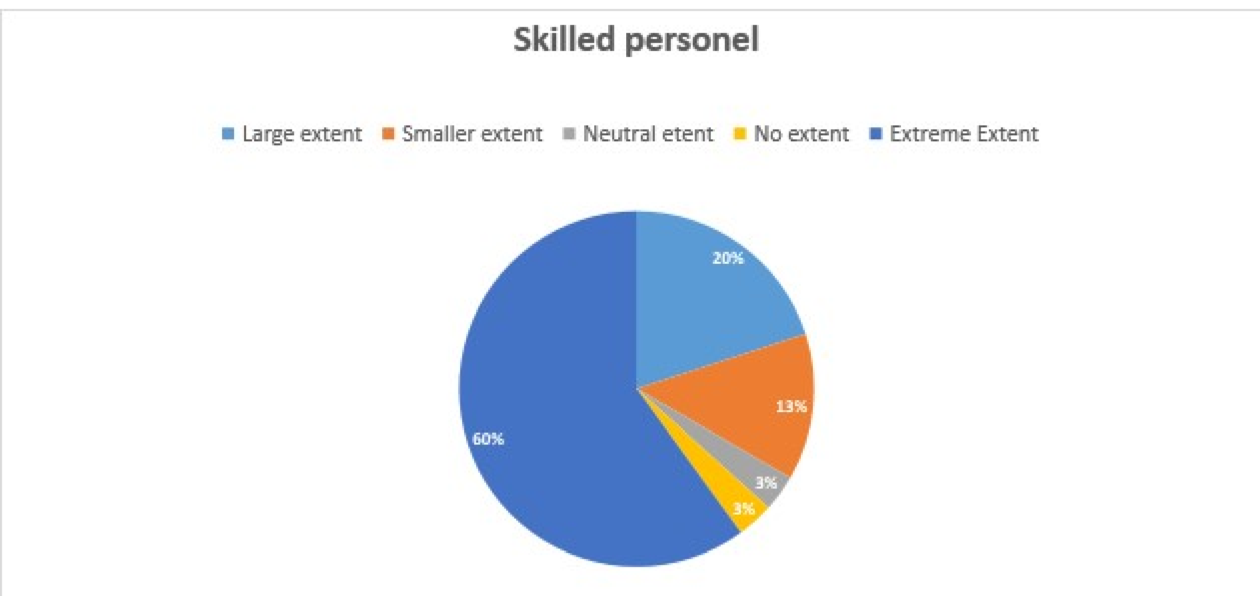


Source: Newsday February 2021

Financial forecasting and planning enabled management at ZTA to make better business decisions resulting in improved figures at year end as shown by the figures in the graph above. While adopting the practices of financial forecasting and planning the profits and earnings of the firm significantly improved and increased showing the impact of the two practices of financial management. Each year every plan and forecast made gave ZTA targets and areas to improve on in order to meet targets. Making yearly and monthly forecast sheets and planned budgets has also assisted ZTA at assessing if it is suitable time to hire new personnel or fund a new project by analyzing historical data to estimate the firm’s future. Respondents mainly finance managers suggested that by setting realistic long term goals, forecasts made provided the finance team with historical context, allowing accountants to see which factors have the greatest impact on revenue and sales of ZTA.

4.5.4 The extent at which ZTA possess skilled personnel who can implement forecast sheets and planned budgets

Gruman, J. A. (2014) stated that a competent organization should employ individuals who are capable of completing the task at hand and spend less time speculating about how they might do it. As a result, their minds are freed up to discover better ways to accomplish the work. In the case of ZTA, an investigation of skilled personnel was launched with the goal of determining whether the organization has a disciplined and vibrant finance staff capable of creating detailed and convincing financial forecast sheets and planned budgets. This was very helpful in this study since forecasting and planning staff should have a strong awareness of the company's operations and be problem solvers who can turn mountains of financial data and other independent information into simple reports. A competent workforce will be able to come up with unique and creative solutions to even new difficulties as a result of their confidence in their abilities to perform in a given field, Armstrong, M. (2012). The respondents strongly agreed in line with what Gruman (2014) and Armstrong (2012) that the firm had indeed personnel capable of implementing the practices of financial forecasting and planning in ZTA effectively. Respondents went on to further to suggest that most, if not all finance managers and senior accountants had acquired highest level of education which evidently shows that the firm possessed unique finance team.



4.5.5 Formulation of the forecast sheets and planned budgets at ZTA

Main focus was at assessing how many people are actually involved in the forecasting and planning processes. Besides knowing the number, the researcher was aiming at seeing whom on management board (finance department at large) takes part on such processes. A significant number of respondents did say that the finance team consisting of finance managers and senior management did forecast sheets and planned budgets at the start of the year. Also a number of respondents did write that the CEO was also involved in the creation of such sheets and budgets. As none of them mentioned a Chief Finance Officer, this was an indicator that such an employee was not employed at ZTA. According to Lawrence (2017), the Chief Financial Officer (CFO) is responsible for creating anticipated financial statements, as well as reporting and making recommendations to top management and the board of directors on such statements. Alexander (2018) went on to articulate further by implying that, top management from important departments, such as sales and operations, is in charge of giving the CFO sales and operations estimates that are required for financial forecasting. Financial predictions and predicted financial statements are reviewed by the CEO (Chief Executive Officer), top management, and the Board of Directors. The following table shows how participants responded sowing on who formulates forecast sheets and budget plans;

Internal Auditors	Senior Management	Finance Managers	Other	Total
2	8	15	5	30
6%	27%	50%	17%	100%

4.5.6 Hindrances in practicing of finance forecasting and planning on business performance at ZTA

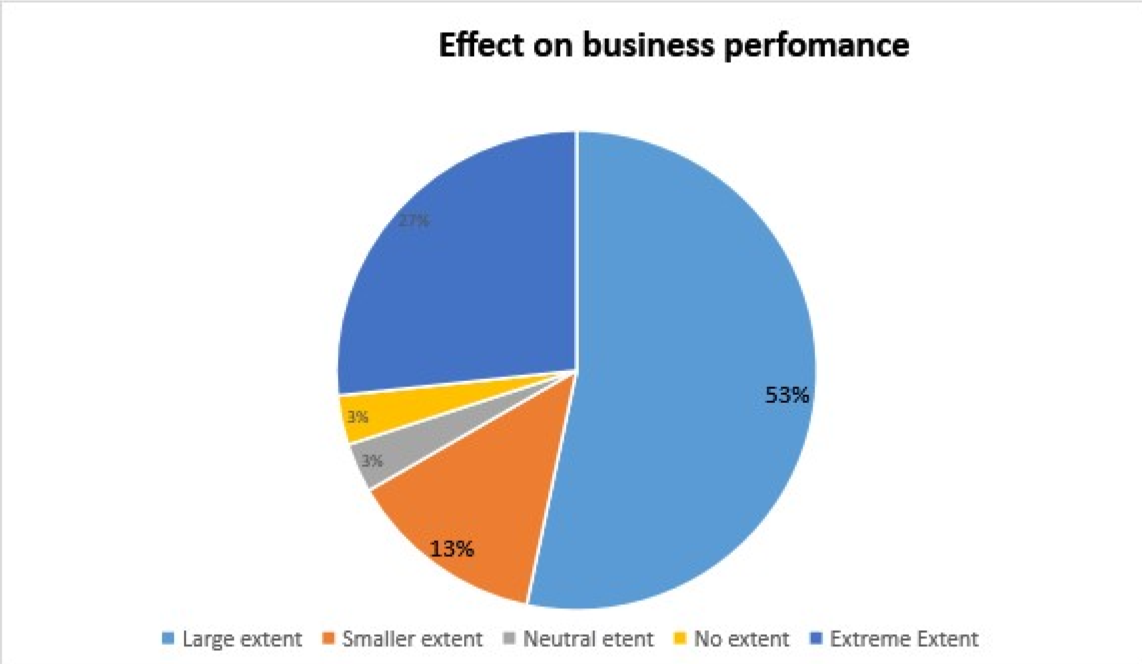
This question was posed to see how forecasting and planning procedures could be improved in areas where business performance is lacking. As expected, respondents provided responses that were described by R. Lytton (2006). Many believed that the future will always be unpredictable. Even if the best forecasting methods are applied and every possible element is taken into account, a prediction is still simply an estimate. It is impossible to anticipate future occurrences with 100% accuracy. As a result, even the best-laid schemes might come to naught. This will continue to be one of the most significant limits in forecasting. Using Covid-19 as an example the researcher assumed that respondents were suggesting how it impacted their forecasts and planned budgets for the year of 2020.

Others said that producing organized projections and planned budgets usually necessitates a lot of data and knowledge. Furthermore, the processing and tabulation of such data takes a significant amount of time and money. Another constraint, they said, was the conversion of qualitative data into numerical data. The cost of forecasting in terms of time, resources, and effort should not outweigh the benefits of such estimates.

4.5.7 The extent to which these limitations have impacted on business performance of ZTA of late

This question was aimed at giving the researcher how at times the limitations of financial forecasting and planning can at times affect the business performance. Respondents did suggest that to a larger extent the limitations of these practices did hinder business performance. Mainly this due to other aspects that forecasts and planed budgets do not take into account such as inflation which decreases the currency's standard of worth by reducing one's purchasing power. These charges may not always be reflected in accounting data. Instead than focusing on the complete company, Drury (2005) claims that they just focus on a small portion of it. He went on to say that management projections are nothing more than data for managers to use.

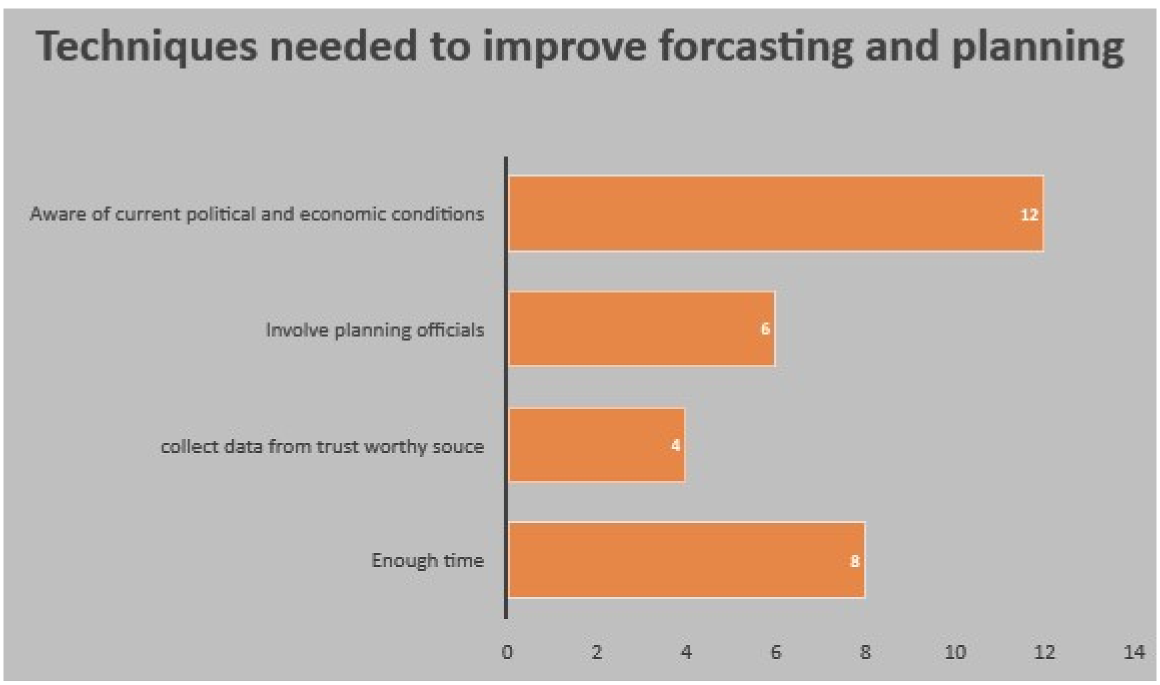
The pie chart below shows how respondents highlighted the extent to which these limitations were affecting business performance negatively



4.5.8 Techniques that should be employed to reduce the limitations of financial forecasting and planning

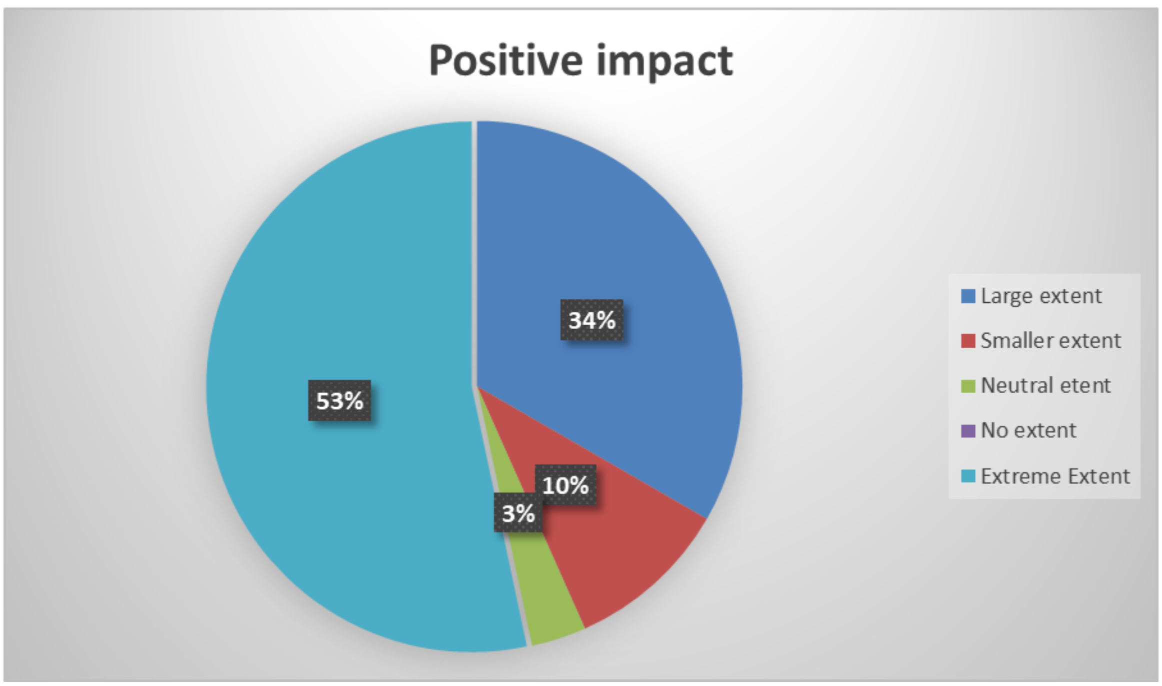
Forecasts are never totally accurate or 100 percent correct, making it nearly hard to construct a financial plan based on future projections with assurance. Company projections will never be perfect, even if it has superb procedure in place and forecasting professionals on staff. Wagner (2016). Respondents highlighted areas which they suggested that needed to improve. Many of the respondents suggested that management involved should be provided with enough time and resources, to make more accurate projections, planners should be mindful of current political and economic indications from government sector, collect data and information from a trustworthy source, so as increase the reliability of the base data, it should be double-checked with various sources. This was supported by Lytton (2006) when he articulated that construction of future evaluations centered on historical data from a variety of sources is what financial planning requires. If the data used to make financial planning decisions is wrong, the results may be distorted. Henceforth the need for the organizers to be provided with enough time and resources, when formulating forecasts and budgets.

Others pointed out that a forecasting and planning program should be devised, as well as a thorough understanding of the future dynamic aspects of the environment which was one of the popular responses of the respondents. This proved that variations in government policies or the economy can wreak havoc on a budget as stipulated by, Zager et al. (2006). Because of the insufficient required revisions, a successful financial plan will most likely be inefficient if it is unable to react to changes in government rules, policies, and the financial environment, CFB board (2016). A few significant suggested that the information system should be properly implemented, which gathers, processes, and makes reports of relevant data. All of these techniques showed the researcher on how the practices where acting as a flaw in the organization of Zimbabwe Tourism Authority. The graph below shows the respondents suggestions on how to improve financial forecasting and planning



4.5.9 How these techniques, if implemented, would impact business performance at ZTA

This was intended to determine whether forecasting and planning were effective if all errors pertaining to the practices were addressed and corrected. This question was helpful in determining how an efficient financial forecast and plan will impact business success at ZTA as well as other parastatals and state-owned companies. The majority of respondents indicated that if all or most of the problems were addressed using the approaches participants enumerated in the questionnaire, business performance would skyrocket and ZTA would incorporate more success in their organization. Best practices in financial forecasting and planning help business leaders prosper and weather unexpected setbacks, Richards (2012). The following figure depicts how the respondents indicated



Open Ended questions (Other comments)

10 of the 15 respondents indicated that the Authority recommended that the organization needed to establish a chief financial officer (CFO) position to guarantee that financial management is improved throughout the organization. 3 respondents indicated that management conduct induction seminars to ensure that all employees in the organization are informed of the organization's financial policies. Only one respondent mentioned that once the process has begun, management must be actively involved to avoid process supervision.

Interview Response Rate

	Targeted	Responses	Response Rate
Finance Managers	**4**	**4**	**100%**
Auditors	**2**	**2**	**100%**
Senior Accountants	**4**	**4**	**100%**
Accounting Clerks	**3**	**3**	**100%**
Department Managers	**2**	**2**	**100%**
Interns	**0**	**0**	**N/A**
Finance Director	**0**	**0**	**N/A**
CEO	**0**	**0**	**N/A**
Total	**15**	**15**	

4.6 Interview Analysis

- 6 out of 15 respondents had no idea if there was a financial management policy in blueprint. Nevertheless, they stated that the Authority's employees were guided by norms and procedures outlined in financial regulations and the Tourism Act. Even if a company has created an employee handbook, a policy manual, or some other form of financial policy paperwork, it is critical that the contents of these papers are communicated to its employees, Winslow (2020. From the interview the researcher could ascertain that most of the respondents were well informed of the financial policy being practiced within the organization.

- Senior management, finance managers, and the executive board are collaboratively responsible for the formulation of financial forecasts and planned budget policy, according to all 15 respondents. This is supported by Alexander (2018) when he suggested that top management from important departments, such as Sales and Operations, is in charge of giving the CFO sales and operations estimates that are required for financial forecasting. Financial predictions and predicted financial statements are reviewed by the CEO (Chief Executive Officer), top management, and the Board of Directors.

- To ensure that management directives are followed, control policies and procedures must be devised and implemented, Verweire (2014). They assist in ensuring that essential actions are implemented to address hazards to the organization's goals. Management efforts are aimed at determining whether the overall strategy should be altered as a result of the incremental activities that are carried out in the overall strategy Verweire (2014). These are frequently linked to specific strategic initiatives or projects, as well as scheduled milestone reviews. However as with case of ZTA there were no implementation instructions in place as of yet, according to the respondents, although the problem had been discussed and control policies and procedures for forecasting and planning were being established**.**
- Most respondents said as ZTA should inherit the concept of constructing strategies based on tangible projects and understanding how they impact the financial results, also the company should do a better job of variance analysis and have the ability to get the story behind the numbers forecasted and planned for. Others pointed out that the like best-performing companies, ZTA should cascade both financial and operational goals down the organization to ever more specific targets.

4.7 Chapter Summary

The data acquired throughout the investigation was evaluated, presented, and interpreted in this chapter. Tables, descriptive summaries, and pie charts were used for data analysis and presentation. Chapter 5 examines the chapter summaries, main findings, and recommendations that ZTA can implement towards establishing an effective financial forecast and plan.

Chapter V

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The current chapter delves deeper into the analysis and interpretation of the findings reported in Chapter 4. The results were examined in relation to the study topics, theoretical framework, and literature evaluated in Chapter 2. The chapter explains whether the findings support or contradict earlier research. The chapter was appended with recommendations and a conclusion of the study, and it gave in-depth insight into the contribution that the current study offers to the existing knowledge-body and the topics that can be further explored in the same subject. The chapter further goes single out major concerns of the research study as highlighted in the first chapter.

5.1 Summary of findings

The researcher had a number of outcomes in his quest to determine the effectiveness of financial forecasting and planning at the Zimbabwe Tourism Authority, which are summarized in this section:

- The Authority has a financial forecasting and planning policy nevertheless it was established that the policy blue print was not available or accessible to employees of lower management.
- The organisation did not have the Chief Financial Officer position for effective forecasting and planning
- There are no preventative or investigative measures in place for financial management implementation.
- The Authority is significantly behind in implementing financial management policies for parastatals and SOEs using what are considered best practices. Other successful entities in other nations have widely adopted these strategies.
- It was also found that ZTA need establish a chief finance officer who would ensure that the resolutions of the board pertaining financial management policies are achieved, then the performance of the organization will improve.

5.2 Conclusions

The goal of this research was to see how effective financial forecasting and planning policies are in state-owned companies and parastatals. The study's major goal was to figure out how forecasting and planning policies boost efficiency in government-run businesses. The researcher came to the following conclusions based on the findings from the 96.5 percent response rate of the targeted population that:

- At ZTA, there is no chief financial officer (CFO) policy because there is only a Financial Director who is often too preoccupied with other things to effectively focus on forecasting and planning as a CFO would.

  Steven M. Bragg (2020) suggests that a company's highest financial position is held by the chief financial officer (CFO). They are in charge of overseeing cash flow and financial planning, as well as analysing and suggesting strategic initiatives based on the company's financial strengths and shortcomings.
- However, the available personnel are capable of implementing and formulating financial forecast sheets and planned budgets.
- The biggest difficulty, according to the findings, is that top management does not know how to convey financial policies to lower management. There was a knowledge gap between upper and lower management in terms of the firm's other financial policies. Even if a company has created an employee handbook, a policy manual, or some other form of financial policy paperwork, it is critical that the contents of these papers are communicated to its employees, Winslow (2020).

5.3 Recommendations

- At ZTA, a well-written procedure manual for implementing financial forecasting and planning rules should be in place, with the CEO's signature on the document to demonstrate legitimacy, based from Viral Acharya (2020) when he clarified that roles and duties within the financial sphere of the business will be clarified through effective policies and procedures. All parties involved will have a better understanding of the structure and guardrails in place if these roles, authorities, and duties are clearly defined.
- Rather than having finance managers presume based on their perspective, the financial management policy should be developed by allowing all department managers to determine the finances required for their individual departments.
- Implementation controls should be in place, and ZTA should have a dedicated chief finance officer in a top position, as articulated by Steven M. Bragg (2020), that a company's highest financial position is held by the chief financial officer (CFO).
- Appropriate training and development should be provided for the entire finance staff so that policies may be effectively communicated and followed by everybody. Despite the fact a company has an employee handbook, policy manual, or other financial policy papers, Winslow (2020) says the contents of these documents must be critical are communicated to its employees, either through online training or induction or employee development courses at ZTA.

5.4 Areas of further research

The focus of the study was on the effectiveness of financial forecasting and planning in parastatals and state-owned enterprises. Further research on the level of effectiveness of other financial management policies, such as determining the amount of capital required and determining the capital organisation and structure. Focus should also be on how they impact the corporate performance of parastatals and state-owned enterprises, may be conducted, according to the researcher.

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Appendix I

Letter of Approval

LETTER FOR REQUEST FOR PERMISSION TO CODUCT RESEARCH

Bindura University of Science Education

Faculty of Commerce

Department of Accountancy

Bag 1020

Bindura

23 November 2021

Dear Sir/ Madam

RE: REQUEST FORPERMISSION TO CONDUCT RESEARCH

My name is B1850623 I do hereby ask for your permission to carry out a research in your organisation as partial fulfilment of my degree programme. The research is an investigation on the impact of financial planning and forecasting in parastatals and state owned companies. I kindly request for your assistance in my studies by completing this questionnaire. All information acquired is confidential and will be used for the purpose of this research only. Names, employee codes or job numbers are not required.

Yours Faithfully

…………………………. B1850623

Appendix 2

Questionnaire

Instructions to respondents

• Show response by ticking in the applicable response box as provided.

• Answer all questions on the spaces provided.

• Please do not write your names on this questionnaire

<u>SECTION A</u>

Personal details of respondents

a) Sex: Female [ ] Male [ ]

b) Age: Below 25 years [ ] 25-35 years [ ] 36-45 years [ ]
46-55 years [ ] 56-65 years [ ]

c) Level of Education: 'O' Level [ ] 'A' Level [ ] Diploma [ ]
Degree [ ] Other Specify ………………………………

d) Position in ZTA organisational structure.

……………………………………………………………………………...

e) Length of service in above positions <2yrs [ ] 2-4yrs [ ] 5-10yrs [ ]>10yrs [ ]

<u>SECTION B</u>

FINANCIAL FORECASTING AND PLANNING IN PARASTATALS AND STATE-OWNED ENTERPRISES (SOEs).

1. Do you have a well-formulated financial planning and forecasting policy?

Yes **[ ]** No **[ ]** Not Sure [**]**

2. Is there a formal document to prove the existence of the company's financial management policy?

Yes **[ ]** No **[ ]** Not Sure [**]**

3. To what extent has financial forecasting and planning improved the organizational performance

No extent **[ ]** Neutral extent **[ ]** Smaller extent **[ ]** Larger extent [**]**

Extreme extent **[ ]**

4. To what extent does the company have skilled personnel who can implement forecast sheets and planned budgets?

No extent **[ ]** Neutral extent **[ ]** Smaller extent **[ ]** Larger extent [**]**

Extreme extent **[ ]**

5. Who formulates the forecasting and planning policy?

Senior management **[ ]** Internal Audit **[ ]** Finance Managers **[ ]**

Other **[ ]**

If other specify…………………………………………………………..

6. Is there a Chief Financial Officer in the organization?

Yes [ ] No [ ] Not Sure [ ]

7. What have been the hindrances in practicing of finance forecasting and planning on business performance at ZTA?

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8. To what extent have these limitations impacted on business performance of ZTA of late?

No extent **[ ]** Neutral extent **[ ]** Smaller extent **[ ]** Larger extent [**]**
Extreme extent **[ ]**

9. What techniques should be employed to reduce the limitations of financial forecasting and planning?

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10. To what extent do these techniques if implemented would impact business performance at ZTA positively?

No extent **[ ]** Neutral extent **[ ]** Smaller extent **[ ]** Larger extent [**]**
Extreme extent **[ ]**

11. What do you think should be done to improve practice in financial forecasting and planning of the entity?

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Appendix 3
Interview Guide

1. Is there a financial management policy in terms of forecasting and planning in blue print, if not how does the company communicate its financial policy to the employees?
2. Who is responsible for formulating the financial forecasts and planning within the organisation?
3. What implementation guidelines are in place?
4. What controls are in place over policy implementation?
5. What challenges are being faced when establish financial forecasts and budget plans?
6. In your opinion, what is the best practice in financial management policy implementation?