

# Oral budgeting in rural Macha, Southern Province, Zambia

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## Abstract

Implementing and adhering to a documented budgeting process has proven to be a challenge within the rural cooperative organisation of Macha Works in Zambia. Although the organisation has an untainted track record of sound financial practices over many years, diffuse budgeting interactions lead to confusion on both sides of the cultural divide. This case study is based upon interviews and ethnographic observations in the Macha environment and describes and analyses findings on a local budgeting process. The main findings include the discovery of existence of oral budgets and cultural aspects inhibiting the writing down or transmission of written budgets in local peoples' everyday life.

KEYWORDS: oral budgeting, Macha, rural Zambia

## Introduction

Intercultural interactions often give rise to palpable tensions. Conversations from outside Africa with persons within rural Africa can leave both ends at a loss to know what is going on. Culture clashes are a source of a great frustration. They encourage judgemental behaviour and often end with dissolving of partnerships, especially when dealing with money.

First encounters in the area of finances often involve budgeting. This paper deals with this subject of budgeting from a rural African perspective. Most of the findings are hidden from a casual, Western viewpoint and the purpose of this paper is to provide insight derived from direct observation, experience and findings at the organisation called Macha Works in rural Zambia.

Budgeting processes imply an uncontested and universally understood *modus operandi* for financial discussion and interactions. However, analysing budgeting in rural Africa reveals a local understanding that is altogether foreign to understanding in more affluent areas. Maranz for example deals with the issues of budgets and budgeting from individual perspectives (Maranz 2001). His book contains specific and witty observational evidence of money issues, albeit focused on foreign individuals' interactions with Africans on a personal basis. In Macha, work on behavioural issues in resource allocation produced a generic insight into the relational component in local economics, the so-called *relatio-economics* (Sheneberger & van Stam 2011). Assessment of the pervasiveness and value of

orality in research augmented that work (van Stam, 2012). Works on culture and organisations like Hofstede (Hofstede, Hofstede & Minkov 2010) and Trompenaars (Trompenaars & Hampden-Turner 2011) provide the theoretical basis to assess cultural viewpoints. The framework of Trompenaars proved useful during the analysis of this research.

This work is valuable as a contribution to – and builds bridges for – cooperation in a world characterised by globalisation and a growing number of entrepreneurs entering the international market. The study includes an assessment using Trompenaars’ theoretical model (Trompenaars & Hampden-Turner 2011) to explain cultural differences.

Community members in the village of Macha, Zambia, have worked together in a cooperative effort since 2003. They built a communications network connected to the internet (Matthee, Mweemba, Pais, Van Stam & Rijken 2007; Johnson, Belding & Van Stam 2012). The work grew to incorporate projects in transport, health, education, community projects, agriculture, and more. Works also extend to seven other rural communities in Zambia. The organisation works with appropriate financial systems and succeeds in maintaining a consistent and certified clean bill of conduct.

From the outset, the Macha community adhered to the view that activities are best developed by those living in the area (van Stam 2011a). Macha Works aims for so-called “local talent” to take the lead. The focus is on actions that depend on what the community deems necessary, and implementation of solutions that work and make sense in the local context.

## Study design

The philosophical paradigm for this research is phenomenological; it utilises qualitative research methods. The research endeavours in-depth assessments of social phenomenon and contemporary events focused on phenomenologies in the community in rural Macha. It takes place in the form of both structured and unstructured interviews and ethnographic observations over an extended period of nine years. Interviews with foreigners interacting with rural Africa on budgeting contribute to, and corroborate with local findings and observations. As a member of the local community since 2003, the author has unique access to the Macha community, and Macha Works’ leadership in particular.

## Findings

People in rural Macha, in general, consider a *written budget* a rare and often bewildering artefact. When asked about it, one respondent suggested: ‘Everything in our culture is oral. Written budgets thus do not exist.’ All interviewees alluded to the fact that *oral budgets* do exist throughout the community. On an individual level, work starting without a budget is common practice. However, this practice is regarded as unwise. Interviewees consider it good practice to discuss budgets.

Often individuals mention their first exposure to budgets during their secondary education. For most students, that period involves attending boarding school. It requires taking responsibility for a personal budget to make it through school. Further, persons expect budgets to feature at the professional level or for ‘activities done by the government.’ They

mention that exposure to a professional or formal setting instils and broadens understanding of written budgets, and a deepening of appreciation of budgeting in general.

The preferred and normal practice in rural areas is oral budgeting. At the local, rural, and individual levels, they are practical and common. Probing revealed that an oral budget contains a lump sum monetary amount or an amount of produce, for instance 50 kg bags of maize. Oral budgets emerge from experience only – they include the history, whether individual or communal, and information from memory. From the words of a respondent oral budgets do not take into account interests or inflation: ‘A farmer knows the budget for seeds and fertiliser; when a farmer observes growing of weeds, he knows the budget for weeding.’

In case of building, the family knows the budget for a family shelter, mostly relying on experiences from other persons. In oral budgeting, a builder contracts the work and gets paid according to the budget upon completion of the contract. The builder sources materials on credit from suppliers and labourers. Payment of the agreed price for these resources happens upon completion. In such a situation, the budget normally fits. Respondents recognise that foreign viewpoints might consider payments too much (‘budget too high’) or too little (‘budget too low’). However, such sentiments are not appreciated. A budget represents shared knowledge and thus a shared responsibility. By definition, it indicates the desired level.

Respondents mentioned ‘breaking down of the budget’ as the main difficulty in oral budgeting. Such activity is risky, as it might lead to unresolvable problems when the breakdown of the budget appears to be not fitting the oral budget. Breaking down of the budget is often avoided to limit the possibility of shame.

Oral budgets link to persons. Respondents estimate USD 10,000 as a maximum for an average person, and USD 100,000 the maximum for large-scale rural farmers. Budgets over that size are unusual. If budgets are larger, the solution could be to separate budgets into smaller, independent budgets. This assures containment of problems to a separate unit in case of financial issues.

In Macha, many private individuals have built new houses in recent years. Respondents suggested this is due to the inspiration of the many community initiatives by organisations like Macha Works in Macha. Such initiatives inspire and provide a history of knowledge for budgeting. This deposits experience into a collective mental repository of (oral) budgets. Several respondents mentioned that writing, e.g. involving written offers, by definition arising from town, makes costs of supplies much higher.

Respondents regard written budgets as relating to cases of ‘institutional budgeting,’ which take place in ‘formal organisations,’ primarily the national government. Other organisations that might require written budgets should be government-recognised, registered organisations with “experienced people in their field of work”.

Respondents expect written budgets to suffer from a large amount of hidden information. This refers to experience of details of underlying, governing laws or all paperwork being unknown or only partly known. Therefore, in their view, by definition written budgets may contain partial information only. This expected mismatch in budgeting and the high probability of an external stakeholder erupting in anger when such mismatches

surface, are drawbacks to written budgets.

Probing the question of the distinction between individuals and “professional organisations apart from the government”, and the differences between formal and informal organisations unearthed feelings of resentment. This highlights the perceived artificial distinction, designed to shield the “class of professionals” from the “class of ordinary people”. Interviewees in rural areas mentioned that they also consider themselves professionals. They felt oral budgeting to be an appropriate, albeit undervalued, part of the planning of a work.

Community members regard oral budgeting as the primary practice. They feel well equipped to support the processes involved. However, in the case of a request for a written budget, community members deem that such a request must be put to, and handled by the government.

Probing into how to deal with cases requiring a written budget from an individual in rural Macha, respondents elaborated on a lack of comprehension of the request, or lack of financial literacy. Limited numerical skills hamper the process of developing and writing down a budget “in professional situations”. There is awareness of a skills gap. External people “on the receiving end” are known to work with numbers, writing, and numerical tools from an early age. The notion ‘I have not had those opportunities’ is strong, while training by such external persons instils the thought of ‘I will never be able to reach that level.’

There is consciousness of the gap between the haves and the have nots, instilled from an early age. At school, respondents recall segregation of resources with people from outside the rural area (e.g. foreigners or community leaders like doctors). As a result of this, any writing, and especially a written budget, involves apprehension and strong feelings of inferiority. There are palpable fears of unknowns such as ‘Can the budget be correct?’ or ‘Can the writing ever be acceptable?’ A default reaction, labelling a piece written communication as “poor work done”, is being anticipated. This results in a pervasive shyness to communicate with written budgets.

As there is little experience with writing, it takes much effort and is readily put off. Furthermore, there is little experience of reading, and so there is clear surprise when community members read texts and go through written budgets. Any detailed response to a written text is regarded as inundating and a sign of disapproval. This leads to further feelings of inferiority and fuels a desire to withdraw.

## **Discussion**

This paper reveals the existence of oral budgeting and explains its distinction from written budgeting. The findings build upon early work in Macha (van Stam 2012). It aligns with the fact that the local community relies on historical information for most of its interactions (van Stam & Mweetwa 2012). The availability of oral budgetary information depends on history and relationships.

Oral budgets are well positioned for the rural environment. They level the financial value of activities or assets and thus harmonise financial issues for community members.

Historical information provides for budgeting information only. As a consequence, oral budgeting is an obstacle to change and changing the manners of the past is difficult. Oral budgeting in this sense ensures that current practices continue.

A high level of self-denial also takes place in the handling of written texts. A respondent stated: 'Lots of texts are being written, but few are being sent so as to avoid the chance of being charged with "poor work done".' This response is congruent with the notion of a "shame culture" and behaviour as witnessed by Freire (2000).

Oral budgeting involves a top-down process. It delivers a lump sum figure, set by experience, through people in history. Oral budgeting might involve evasion of budget breakdown in anticipation of significant difficulties involving shame, when a breakdown and the total amount deviate. It is a relational activity, while breakdown represents a universalistic or individualistic activity. The latter is not prevalent in the rural culture of Zambia's Southern Province.

An assessment in line with Trompenaars (Trompenaars & Voerman 2009) reveals particular issues at play in seven theoretical distinct areas. The first one is Particularism vs. Universalism – oral budgeting resonates with universalism as budgets reside in the collective and information flow through relationships and history and breaking budgets down is seen as unproductive. The second one is Communitarianism vs. Individualism – conform communitarianism, contractors, as all community members, know and accept an oral budget as leading. There is no conscious quantitative assessment of the budget being "low", "enough", or "high". The third one is Emotional vs. Neutral – the chance of the label "poor job" by outsiders is an emotional block pre-empting sending out texts, including budgets. The fourth one is Diffuse vs. Specific – the diffuse relationships involved in oral budgeting ensure certain levels of effectiveness of results in the constrained and complex rural society. The fifth one is Ascription vs. Achievement – organisations are, by definition, ascribed as a separate entity from people in rural communities. This combines with ascription of "professionals", "experts", and "suppliers" from town who write offers providing a barrier for participation in a written budgeting process. The sixth one is Synchronic vs. Sequential – a formal budgeting process implies a sequential process of execution, which restricts the synchronic need for inter-changeability of actions during the execution phase. The last, seventh one is External vs. Internal Control – budgets link to external control parameters. History supplies the budget since personal history and information gathered through relationships set the budget. It is *de facto* fixed.

## Conclusion

This study reveals the existence of oral budgets as the prime planning tool in rural Macha. This process differs significantly from processes involving written budgets. Written budgets represent a concept related to government activity and it is detached from people in rural areas. In the rural community, budgets include experience in relationships, and do not necessarily link to the aggregation of budget items. This study reveals significant detachment and apprehension to file a written budget, to avoid feelings of inferiority, and the opening up of a chance to be shamed.

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## Povzetek

Implementacija in spoštovanje dokumentiranega proračunskega procesa sta se v vaški kooperativni organizaciji Macha Works v Zambiji izkazala za velik izziv. Čeprav ima organizacija skozi leta neomadeževano zgodovino zdravih finančnih praks so razpršene proračunske interakcije povzročale zmedo na obeh straneh kulturne ločnice. Pričujoča študija primera temelji na intervjujih in etnografskih opazovanjih v okolju Macha in opisuje ter analizira izsledke lokalnega proračunskega procesa. Glavni izsledki se nanašajo na obstoj ustnega proračuna ter kulturnih vidikov, ki lokalne ljudi odvrtaajo, da bi v vsakdanjem življenju zapisali ali prenašali zapisane proračune.

**Ključne besede:** ustni proračun, Macha, ruralna Zambija

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