Abstract

Development budget absorption remains inadequate despite robust legal frameworks such as the PFM Act (2012), the Procurement and Asset Disposal Act (2015), and the Controller of Budget Act (2016). This study examined the moderating effect of institutional culture on the relationship between operational practices and budget implementation in selected county governments in Kenya. Institutional culture is conceptualised as a behavioural and normative context distinct from formal operational practices, shaping how such practices are implemented and enforced. The study was grounded in Principal–Agent Theory, Institutional Theory, and Public Choice Theory. An explanatory research design, supported by descriptive elements, was adopted within a pragmatist philosophical framework. The target population comprised 29,978 county government personnel drawn from six counties: Nakuru County, Uasin Gishu County, Kericho County, Kajiado County, Narok County, and Baringo County. From this population, a purposive and stratified sample of 217 officials directly involved in budget execution was selected. Data were collected using a structured questionnaire and analysed using descriptive statistics and multiple regression analysis through the IBM SPSS Statistics package. The findings revealed that organisational culture had a positive moderating effect on the relationship between operational practices and budget implementation in the selected county governments. Organisational culture measured in terms of leadership, teamwork, and ethics significantly strengthened the influence of operational practices on budget implementation outcomes ($\beta = 0.238$, $p = 0.000$). The study highlights the oversight role of the Office of the Controller of Budget under Article 228 of the Constitution of Kenya, 2010 and the Controller of Budget Act, 2016.

Keywords: *Institutional Culture, Operational Practices, Budget Implementation, County Governments, Kenya*