

**IMPACT OF FACTORS AFFECTING PROGRAMME BASED BUDGETING  
PERFORMANCE IN GOVERNMENT ORGANISATIONS IN KENYA.  
A CASE STUDY OF MINISTRY OF INTERIOR AND CORDINATION  
OF NATIONAL GOVERNMENT**

**By**

**CHARLES N. MINJIRE**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENT FOR THE AWARD OF MSc COMMERCE DEGREE IN THE  
FACULTY OF BUSINESS MANAGEMENT AT KCA UNIVERSITY.**

**NOVEMBER, 2014**

## DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

Charles Ngware Minjire

Reg, No: KCA 12/01997

Signature.....

Date:.....

I do hereby confirm that I have examined the master's dissertation of  
**Charles N Minjire.**

And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed.

Signature.....

Date.....

Dr. Kennedy Ogollah

Dissertation Supervisor

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**ABSTRACT**

Programme Based Budgeting is a result oriented budgetary process adopted as a government budgetary policy. The ministry of interior and coordination of national government uses this budgetary policy to prepare budgets every fiscal year, that is meant to be affordable, sustainable and comprehensive and on implementation should deliver on broad Policy objectives. However, the performance of programme based budgeting has remained debatable as criteria for setting up performance measurements is dynamic and still developing. The general objective of the study was to establish the factors affecting programme based budgeting performance in public organization in Kenya. The specific objectives of this study were to; analyze the effects of policy guidelines, determine the effect of stakeholder's participation, establish the influence of budget implementation capacity, access the effect of institutionalized oversight body's and evaluate the role of finance on the programme based budgeting performance in public organization in Kenya. Primary data was collected through filled in questionnaires by respondents. A target population of 247 respondents was used that included administrators with authority to incur expenditure (AIE Holders), Finance officers, economists, accountants, auditors- internal and external. A descriptive survey design was used, and descriptive statistics employed to analyze the data through the use of SPSS (version 20) computer software. An odd ratio regression model was applied to determine the relative probability of importance of each factor variable. The study findings indicated that there are adequate policies and procedures guiding PBB budgetary process, stakeholders views and expert opinions are well sought in the development of policies and procedures and the budgetary policies and procedures are not donor forced ideologies but accepted negotiated domestic instrument. Results further indicated that there are adequate laws that make it mandatory for all stakeholders' consultation on budgetary process for the budget to be legitimate, adequate awareness forums and sensitization programmes are undertaken by treasury to sensitize public on budget. It was also found out that the government had sufficient means of raising adequate funds sufficient to support its expenditure/ programmes proposals as per its budget statement. The study found that three variables, that is Budget policies, institutionalized oversight bodies and financial availability were statistically significant at  $p < 0.037$ ,  $0.012$ ,  $0.005$  respectively. The study recommends that, public organizations should ensure that they have effective budget policies and procedure, ensure strong and efficient oversight bodies are in place and ensure adequate resources are available for programmes implementation.

**Key Words:** Programme Based Budgeting, Budget Performance, Programme Inputs, Budget

Outcome, Result oriented.

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## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>i</b>
<b>ABSTRACT</b> .....	<b>ii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>ii</b>
<b>TABLE OF CONTENTS</b> .....	<b>iv</b>
<b>LIST OF TABLES</b> .....	<b>x</b>
<b>LIST OF FIGURES</b> .....	<b>xii</b>
<b>DEDICATION</b> .....	<b>xiii</b>
<b>ACRONYMS AND ABBREVIATIONS</b> .....	<b>xiv</b>
<b>TERMS AND DEFINITIONS</b> .....	<b>xv</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study.....	1
1.1.1 Programme Based Budgeting .....	3
1.1.2 Government Financial Reforms Agenda .....	4
1.1.3 Ministry of Interior and Coordination of National Government .....	5
1.2 Statement of the Problem .....	7
1.3 Objective of the Study.....	8
1.3.1 General Objective .....	8
1.3.2 Specific Objectivities .....	8
1.4 Research Question.....	8
1.5 Significance of the Study .....	9
1.6 Scope of the Study.....	9
1.7 Justification of the Study.....	10
1.8 Assumption of the Study .....	10
<b>CHAPTER TWO</b> .....	<b>12</b>
<b>LITERATURE REVIEW</b> .....	<b>12</b>

2.1 Introduction .....	12
2.2 Concept of Programme Based Budgeting .....	12
2.3 Theoretical Review .....	15
2.3.1 Theory of Budgeting .....	15
2.3.2 Institutional Theory.....	16
2.3.3 Agency Theory.....	18
2.3.4 Stewardship Theory .....	19
2.4 Conceptual Framework .....	20
<b>CONCEPTUAL FRAMEWORK.....</b>	<b>22</b>
2.4.1 Policy Guidelines .....	22
2.4.2 Stakeholder’s Participation .....	24
2.4.3 Budget Implementation Capacity .....	26
2.4.4 Institutionalized Oversight Bodies.....	27
2.4.5 Financial Availability.....	29
2.4.6 Programme Based Budgeting .....	30
2.5 Empirical Literature .....	31
2.6 Critique of Existing Literature .....	35
2.7 Research Gaps .....	37
<b>CHAPTER THREE .....</b>	<b>39</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>39</b>
<b>3.1 Introduction.....</b>	<b>39</b>
3.2 Research Design.....	39
3.3 Target Population .....	40
<b>POPULATION SIZE.....</b>	<b>41</b>
3.4 Population Design .....	41
3.6 Data Analysis Methods .....	43
<b>CHAPTER FOUR.....</b>	<b>45</b>

<b>DATA ANALYSIS, FINDINGS AND DISCUSSION .....</b>	<b>45</b>
4.1 Introduction .....	45
<b>RESPONSE RATE .....</b>	<b>46</b>
4.2 Demographic Information .....	46
4.2.1 Gender of the Respondents .....	46
<b>GENDER OF THE RESPONDENTS .....</b>	<b>47</b>
4.2.2 Designation in the Ministry .....	47
<b>PROFESSION / DESIGNATION IN THE MINISTRY .....</b>	<b>47</b>
4.2.3 Length of Employment.....	48
<b>LENGTH OF EMPLOYMENT .....</b>	<b>48</b>
4.2.4 Role in the Department .....	48
<b>ROLE IN THE DEPARTMENT .....</b>	<b>49</b>
4.2.5 Terms of Service .....	49
<b>TERMS OF SERVICE .....</b>	<b>49</b>
4.3 Descriptive Results.....	49
4.3.1 PBB Outcomes .....	49
<b>PROGRAMME BASED BUDGETING OUTCOMES .....</b>	<b>51</b>
4.3.2 Factor Analysis.....	51
<b>PROGRAMME BASED BUDGETING OUTCOMES COMMUNALITIES .....</b>	<b>53</b>
<b>PROGRAMME BASED BUDGETING OUTCOMES TOTAL VARIANCE ANALYSIS .....</b>	<b>53</b>
<b>PROGRAMME BASED BUDGETING OUTCOMES ROTATED COMPONENT MATRIX.....</b>	<b>54</b>
4.4 Budget Policies and Procedures .....	54
4.4.1 Descriptive Results for Budget Policies .....	54
<b>DESCRIPTIVE RESULTS FOR BUDGET POLICIES .....</b>	<b>56</b>
<b>POLICIES AND PROCEDURES .....</b>	<b>57</b>
4.4.2 Budget Policies and Procedures Factor Analysis .....	57

<b>BUDGET POLICIES AND PROCEDURES TOTAL VARIANCE ANALYSIS .....</b>	<b>57</b>
<b>BUDGET POLICIES AND PROCEDURES ROTATED COMPONENT MATRIX ....</b>	<b>58</b>
4.5 Stakeholders Participation.....	59
4.5.1 Stakeholder Participation Descriptive Results .....	59
<b>DESCRIPTIVE RESULTS FOR STAKEHOLDER PARTICIPATION .....</b>	<b>60</b>
<b>STAKEHOLDER PARTICIPATION .....</b>	<b>61</b>
4.5.2 Stakeholder Participation Factor Analysis .....	61
<b>STAKEHOLDER PARTICIPATION TOTAL VARIANCE ANALYSIS .....</b>	<b>62</b>
<b>STAKEHOLDER PARTICIPATION ROTATED COMPONENT MATRIX .....</b>	<b>63</b>
4.6 Budget Implementation Capacity.....	63
4.6.1 Budget Implementation Capacity Descriptive Results.....	63
<b>DESCRIPTIVE RESULTS FOR BUDGET IMPLEMENTATION CAPACITY .....</b>	<b>65</b>
<b>BUDGET IMPLEMENTATION CAPACITY .....</b>	<b>66</b>
4.6.2 Budget Implementation Capacity Factor Analysis.....	66
<b>BUDGET IMPLEMENTATION CAPACITY TOTAL VARIANCE ANALYSIS.....</b>	<b>67</b>
<b>BUDGET IMPLEMENTATION CAPACITY ROTATED COMPONENT MATRIX .67</b>	
4.7 Institutionalized Oversight Bodies .....	68
4.7.1 Institutionalized Oversight Bodies Descriptive Results.....	68
<b>INSTITUTIONALIZED OVERSIGHT BODIES DESCRIPTIVE RESULTS.....</b>	<b>70</b>
<b>INSTITUTIONALIZED OVERSIGHT BODIES .....</b>	<b>71</b>
4.7.2 Institutionalized Oversight Bodies Factor Analysis.....	71
<b>INSTITUTIONALIZED OVERSIGHT BODIES TOTAL VARIANCE ANALYSIS ...</b>	<b>71</b>
<b>INSTITUTIONALIZED OVERSIGHT BODIES ROTATED COMPONENT MATRIX .....</b>	<b>72</b>
4.8 Financial Availability.....	73
4.8.1 Financial Availability Descriptive Results.....	73
<b>FINANCIAL AVAILABILITY DESCRIPTIVE RESULTS .....</b>	<b>74</b>

<b>FINANCIAL AVAILABILITY .....</b>	<b>75</b>
4.8.2 Financial Availability Factor Analysis.....	75
<b>FINANCIAL AVAILABILITY TOTAL VARIANCE ANALYSIS .....</b>	<b>75</b>
<b>FINANCIAL AVAILABILITY ROTATED COMPONENT MATRIX .....</b>	<b>76</b>
4.9 Programme Based Budgeting.....	77
4.9.1 Programme Based Budgeting Descriptive Results.....	77
<b>PROGRAMME BASED BUDGETING DESCRIPTIVE RESULTS.....</b>	<b>78</b>
<b>PROGRAMME BASED BUDGETING FACTORS .....</b>	<b>79</b>
4.9.2 Programme Based Budgeting Factor Analysis.....	80
<b>PROGRAMME BASED BUDGETING TOTAL VARIANCE ANALYSIS .....</b>	<b>80</b>
<b>PROGRAMME BASED BUDGETING ROTATED COMPONENT MATRIX .....</b>	<b>81</b>
4.10 Odd Ratio Regression.....	81
<b>LOGISTIC REGRESSION FOR PROGRAMME BASED BUDGETING PERFORMANCE .....</b>	<b>82</b>
<b>CHAPTER FIVE .....</b>	<b>83</b>
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>83</b>
5.1 Introduction .....	83
5.2 Summary of Findings .....	83
5.2.1 PBB Outcomes .....	83
5.2.2 Budget Policies and Procedures .....	83
5.2.3 Stakeholder Participation .....	84
5.2.4 Budget Implementation Capacity.....	85
5.2.5 Institutionalized Oversight Bodies .....	86
5.2.6 Financial Availability.....	87
5.2.7 Programme Based Budgeting Performance .....	88
5.3 Conclusions .....	89
5.4 Recommendations .....	91

5.5 Areas for Further Research .....	92
<b>REFERENCES.....</b>	<b>93</b>
<b>APPENDICES.....</b>	<b>97</b>
APPENDIX I.....	97
Introduction Letter.....	97
APPENDIX II .....	98
Questionnaire .....	98

## LIST OF TABLES

Table 1: Population Size .....	41
Table 2: Response Rate.....	46
Table 3: Profession / Designation in the Ministry .....	47
Table 4: Role in the Department.....	49
Table 5: Terms of Service.....	49
Table 6: Programme Based Budgeting Outcomes .....	51
Table 7: Programme Based Budgeting Outcomes Communalities.....	53
Table 8: Programme Based Budgeting Outcomes Total variance analysis .....	53
Table 9: Programme Based Budgeting Outcomes Rotated Component Matrix .....	54
Table 10: Descriptive Results for Budget Policies .....	56
Table 11: Policies and Procedures .....	57
Table 12: Budget Policies and Procedures Total Variance Analysis.....	57
Table 13: Budget Policies and Procedures Rotated Component Matrix.....	58
Table 14: Descriptive Results for Stakeholder Participation.....	60
Table 15: Stakeholder Participation.....	61
Table 16: Stakeholder Participation Total Variance Analysis.....	62
Table 17: Stakeholder Participation Rotated Component Matrix.....	63
Table 18: Descriptive Results for Budget Implementation Capacity .....	65
Table 19: Budget Implementation Capacity .....	66
Table 20: Budget Implementation Capacity Total Variance Analysis .....	67
Table 21: Budget Implementation Capacity Rotated Component Matrix .....	67
Table 22: Institutionalized Oversight Bodies Descriptive Results .....	70
Table 23: Institutionalized Oversight Bodies .....	71
Table 24: Institutionalized Oversight Bodies Total Variance Analysis.....	71
Table 25: Institutionalized Oversight Bodies Rotated Component Matrix .....	72

Table 26: Financial Availability Descriptive Results .....	74
Table 27: Financial Availability .....	75
Table 28: Financial Availability Total Variance Analysis .....	75
Table 29: Financial Availability Rotated Component Matrix .....	76
Table 30: Programme Based Budgeting Descriptive Results .....	78
Table 31: Programme Based Budgeting .....	79
Table 32: Programme Based Budgeting Factors .....	79
Table 33: Programme Based Budgeting Total Variance Analysis .....	80
Table 34: Programme Based Budgeting Rotated Component Matrix .....	81
Table 35: Logistic Regression for Programme Based Budgeting Performance .....	82

## LIST OF FIGURES

Figure 1: Conceptual Framework .....	22
Figure 2: Gender of the Respondents.....	47
Figure 3: Length of Employment.....	48

## **DEDICATION**

I dedicate my work to my late dad James Minjire Kuria posthumously who had great respect for education and who had desired that I pursue my education further despite my age. I also dedicate my work to my family, my wife Peris Karanja, my two sons Minjire and Karanja, and my loving daughter Wairimu. Their patience and understanding has been beyond reproach and especially when I could not find time to join them in the church due to my weekend classes.

## **ACRONYMS AND ABBREVIATIONS**

<b>AIE</b>	-	Authority to Incur Expenditure
<b>EER</b>	-	Exclusive Economic Zones
<b>ICT</b>	-	Information Communication Technology
<b>IFMIS</b>	-	Integrated Financial Management Information System
<b>IPPD</b>	-	Integrated Payroll and Personnel Data Base
<b>KENAO</b>	-	Kenya National Audit
<b>MDAs</b>	-	Ministries, Departments and Government Agencies
<b>MT</b>	-	Medium Term
<b>MTEF</b>	-	Medium Term Expenditure
<b>PAC</b>	-	Public Accounts Committee
<b>PBB</b>	-	Programme Based Budgeting Public Finance
<b>PFM</b>	-	Public Finance Management
<b>PIC</b>	-	Public Investment Committee
<b>PM</b>	-	Performance Measurement
<b>SALM</b>	-	Small Arms and Light Weapons
<b>SPSS</b>	-	Statistical Software for Social Sciences
<b>KIPPRA</b>	-	Kenya institute of Public Policy and Research Analysis

## **TERMS AND DEFINITIONS**

- Accounting Officer:** Appointed by Principal Secretary - treasury and charged with the duty of accounting for any services in respect of which money has been appropriated by parliament or any person to whom issues are made from the exchequer account (Hirst and Lowy, 2006).
- Auditor General:** Verifier of government financial statement and satisfies systems controls mechanisms and reports to parliament through PAC and PIC (Frucot and Shearon, 2005)
- Controller of Budget:** Constitutionally mandated to ensure no money moves from the consolidated fund without proper authority and approval. Ensure effective mechanisms are in place to execute the Budget mandate (Gist, 2004).
- Constitution 2010:** The legal framework for people of Kenya that gives them sovereignty rights and freedoms exercised within its jurisdiction (LeLoup, 2006).
- Budget:** A plan of financial activity for a specified period of time (fiscal year) indicating all planned revenues and expenses for the period-(Program Budgeting training manual- Hungary) (Maher, 2005).
- Spending:** To use up or pay out or consume. It is also to spend tax revenue collected and appropriated by National Assembly on government operations (Phelps, 2006).
- Stakeholder:** Includes every one with a concern or interest in the subject matter (Scholes and Darwin, 2004).
- The Government:** Whether local, state or federal, is merely a tool for the people to protect themselves and their private property (Yang and Callahan, 2005).

# **CHAPTER ONE**

## **INTRODUCTION**

This chapter gives the background information of programme-based budgeting; it introduces the readers to the topic which is referred to in the consequent chapters. Programme-based budgeting being the main subject of study is introduced and given a background so as to enable the readers navigate throughout the dissertation by grasping the main subject in study.

### **1.1 Background of the Study**

The government through budgeting drives the economic policy to intended goals and objectives as per its economic strategic blue print. It serves numerous socio-economic purposes by allocating resources in ways that promote growth and equity (Hirst and Lowy, 2006). The “Budgeting System” concerns the decisions how much money to spend and what to spend it on. Through the budgeting system, the government determines the allocation of the resources among the agencies and these decisions resulting affect the nation as a whole. Since the 19th century, the evolution of budgeting has influenced the practice of resource allocation and use in all countries. However, budgets in developing countries have not been as effective as they should be (Anderson and Lanen, 2009). While many countries differ in the magnitude of their budgetary problems, there has been increased acceptance by governments that the structure of the budget process and institutions influence budgetary results. This is why the agenda to reform the budgeting system, in order to achieve a durable budgetary condition, has been given such a high priority in many countries including Kenya (Frucot and Shearon, 2005).

For the government, programme based budgeting is a tool for allocating resources and implementing strategic plans in each fiscal year. The parliament through its legislative authority gives direction on social, political and other activities on the road map the government intends to achieve its strategic objectives. (LeLoup, 2006). Through budgeting, a policy blue print that gives specific directions is developed that allows delegated executive authority to perform their functions for the interest of stakeholders who are the tax payers and voters. (Scholes and Darwin,2004).

The features of a public budget ensure the unique foundation on which its preparation, approval and execution are based. In public administration the budget serves as a decision-making instrument by which priorities are set, goals and objective are established, operating programs are compiled and control exercised (Phelps, 2006). A budget document is the final product in the budget process and it should be suitable for consideration and approval by the legislative authority, while the execution of its contents should realize public objectives. The quality of the budget depends on the accuracy of the supporting data, the quality of the methods used and the expertise as well as the integrity with which it has been compiled (Yang and Callahan, 2005).

The traditional approach to governmental budgeting is incremental (Jim, 2008). The current year's budget becomes the basis for the next year's spending plan, and the majority of the organization's analytical and political attention focuses on how to modify this year's spending plan, based on revenues anticipated in next year. This approach posed many challenges due to flat or declining revenues, upward cost pressures and persistent structural imbalances. Matthew and Herb (2011) identifies several criticisms of traditional budgets. Briefly summarized, they are problematic because they: produce broader and persistent budgetary deficits reflecting government growth, result in uncontrollable and unpredictable budgets, produce incremental budgetary growth with no link to strategy, involve a focus on

inputs not outputs and outcomes, generate a short term perspective, produce rigidity and waste due to little incentive for efficiency, involve cash based accounting resulting in weak asset management, use poor information about costs, outputs and outcomes, produce budgets that are unresponsive to politicians and public demands.

The shortcomings of traditional budgeting led to shift in policy thinking from input based budgets to output based budgets that focuses on results and intended outcomes. The need for policy shift gave birth to Programme based budgeting (PBB). According to Warren (2010) PBB philosophy encompasses the following: prioritize services, do important things well, question past pattern of spending, spend within organizations means, know the true cost of doing business, provide transparency of the community priorities, provide transparency of services and demand accountability for results.

### ***1.1.1 Programme Based Budgeting***

Programme based budgeting is a budget based on programmes that bring together expenditures with a shared objective which, for most programmes, refers to the outcome which the programme aims to achieve. It uses performance criteria as a basis for budget allocations. (Republic of Kenya, 2011). It was introduced in the civil service in the year 2007, being a continuation of several reform programmes the government of Kenya has been undertaking since year 2000 in an effort towards achieving efficiency and effectiveness in delivery of public goods and services (Chenhall, 2006). Among other reforms agenda the government had initiated was introduction of medium term expenditure framework (MTEF) in year 2000, performance contracting in the year 2005 and e-Government that saw the introduction of integrated financial information system (IFMIS) and integrated (IPPD).(Republic of Kenya, 2008) The adoption of Programme based budget (PBB) follows realization that investment outlays do not necessarily translate into desired outcomes hence

was the need to shift emphasis to outcomes by establishing a mechanism to measure the results of all the programmes (Legal Resources Foundation Trust, 2005).

Translating the Budget into programmes is useful in providing the stakeholders as a basis for tracking and interrogating budgetary allocations and budget implementation by various Government ministries and agencies (Katz and Kahn, 2008). Dissemination of PBB reports to many users is anticipated to further strengthen the citizen's rights to information, by putting crucial data and information on expected outcomes in the public domain and ensuring value for money through public scrutiny. Programme based budgeting (PBB) in government is a budget formulated on the basis of outcomes that focus on tangible outputs and outcomes of all public programmes as opposed to input based budget. It is result oriented, and aims at improving transparency, accountability and efficiency in the allocation of resource with an overall purpose of ensuring that citizens derive maximum value from public spending (Garrison, Noreen and Brewer, 2008).

### ***1.1.2 Government Financial Reforms Agenda***

Treasury circular number 17/ 2009 on the preparation of budget stated the importance of reforming the budget process to conform to Programme based budget (PBB) so as to guarantee fundamental, long-term objective of efficiency and effectiveness in public spending (Gikonyo, 2013). The enactment of Fiscal Management Act, 2009 required Ministries/Departments to come up with outputs and outcomes which they will ultimately defend before the departmental committees of parliament. Treasury circular number 6/2009 emphasized that the National Assembly new standing orders, require a budgetary policy statement that is consistent with Programme Based Budgeting (PBB) and thus no submissions will be considered by the treasury without the Programme- Based Budget. The accounting officers under the new standing orders will be required to defend their budget proposals

before the Parliamentary Budget Committee and the departmental committees in strict adherence of these new rules (Kiringai and West, 2012).

Treasury circular number 17/2009 articulates the importance of budgetary reforms as stimulating growth and creating jobs, reducing poverty, enhancing food security and protecting the livelihoods of the poor and the most vulnerable members of the society (KDS, 2010). Emphasis were, maintenance of stable macroeconomic environment and creating an enabling environment for business, developing of key infrastructure facilities and public works country wide to stimulate growth, create employment and reduce poverty, promotion of equitable regional and social development for stability, environmental management and food security and enhancing governance, transparency and accountability in the delivery of public goods and service (KNBS, 2012).

### ***1.1.3 Ministry of Interior and Coordination of National Government***

The ministry of interior and national coordination is one of the most sensitive ministry in terms of policy formulations, operations and it's virtuously everywhere geographically in terms of administrative oversight and representation. The ministry key programmes for financial years 2010/11-2012/13 were security services, policy formulation and coordination, immigration services, population registration programme, campaign against drug and substance abuse and government printing service (KMPND, 2012). Performance is benchmarked against above programmes. Outcomes from these programmes directly affect the common citizenry either positively or negatively depending on whether outcome is good or bad.

The ministry's' service charter for 2012/13 describes the vision of the ministry is to be a leading agency in the provision of leadership and governance for Kenya's prosperity and thereby providing strategic leadership policy direction, a secure environment and set the agenda for achieving socio-economic and political development of our people (Ndiritu,

2013). During the 2007/8-2009/10 period major challenges encountered were inadequate policy and legal frameworks, inadequate and ageing facilities and equipment, inadequate housing and office space for the disciplined forces and administrative officers, changing trends, complexity and sophistication in crimes which include cyber crimes, transnational crimes, human trafficking, money laundering and mushrooming of organized criminal gangs, slow adoption of ICT and modern technology by major departments, increased demand to patrol the porous borders, territorial waters and Exclusive Economic Zones (EEF), and proliferation of illicit Small Arms and Light Weapons(SALM)- (2010/2011- 2010/2013.

Republic of Kenya Indicative Programme Based Budget) (KMPND, 2012). Noting there is general increase of crime in terms of abduction, murder, terrorists attacks, drug trafficking, road carnages amongst others; the security of citizens which is guaranteed in the constitution is limited. (KIPPRA 2012). According to Auditor general report (2012/2013), the office of the president and Ministry of provincial administration and internal security, currently Ministry of interior and coordination of national Government had a total of Kshs 548,757,270 of unsupported expenditure, Kshs 1,587,152,437 of pending bills and unaccounted impress amounting to Kshs 152,797,403.

The department of Immigration had a total of Kshs 337,235,255 of unsupported expenditure, Kshs 239,938,182 of pending bills and unaccounted impress of Kshs 1,376,945. The department of home affairs had a total of Kshs 124,380,805 of unsupported expenditure, Kshs 213,697,420 of pending bills and unaccounted impress of Kshs 52,931,891 (Republic of Kenya, 2012). The gravity of these issues raised doubt whether budgeting process and implementation do achieve its intended purpose. On the bases of these kinds of reports from oversight bodies it is evidence that (PBB) which is essentially customer based, performance driven, results oriented budget system based on outcome management may not be achieving.

## **1.2 Statement of the Problem**

Programme Based Budgeting (PBB) is anticipated to be result oriented and expected to be judged on the basis of outcomes on tangible outputs and outcomes of all public programs (Petrei, 2008). The result oriented tool of management, aimed at improving transparency, accountability and efficiency in the allocation of resource with an overall purpose of ensuring that citizens derive maximum value from public spending.

In spite of these efforts, there are many challenges affecting delivery of goods and services to the citizens despite being highly taxed. The public oversight bodies, the auditor general and controller of budget have constantly raised issues with high level wastage and unaccountability of public money and low absorption of development funds (Milani, 2007). The auditor general report for financial year 2012 states that over 300 billion was either unaccounted for or misappropriated resulting to wastage approximating to third of public funds budgeted for the year. (Republic of Kenya, 2013)

The government failure to implement fully its programmes denies citizens their share of economic services derived from economic activities. (Ndiritu, 2013). It is an accepted wisdom that implementation of programme based budgeting can influence the financial efficiency and effectiveness of government hence improved general performance. However, the oversight reports indicates differently where outcomes are far below expectations. Auditor general report for year 2012 indicates a third of budgetary allocation for the year was unaccounted and misappropriated whereas Controller of budget indicates for the same period that the government was only able to absorb partly 42 percent of budgeted development funds. (Republic of Kenya,2013). These above scenarios aroused my interest to carry out a study that aimed at investigating the impact of factors affecting programme-based budgeting performance in public organization in Kenya.

### **1.3 Objective of the Study**

#### ***1.3.1 General Objective***

The general objective of the study was to establish the impact of factors affecting programme based budgeting performance in public organization in Kenya.

#### ***1.3.2 Specific Objectivities***

The specific objectives of this study were to;

- i. To find out the effects of policy guidelines on the programme based budgeting performance in public organization in Kenya
- ii. Determine the effect of stakeholder's participation on the programme based budgeting performance in public organization in Kenya
- iii. Establish the influence of budget implementation capacity on the programme based budgeting performance in public organization in Kenya
- iv. Access the effect of institutionalized oversight body's on the programme based budgeting performance in public organization in Kenya
- v. Evaluate the role of finance on the programme based budgeting performance in public organization in Kenya

### **1.4 Research Question**

The research questions were:

- i. What is the effect of policy guidelines on the programme based budgeting performance in public organization in Kenya?
- ii. What is effect of stakeholder's participation on the programme based budgeting performance in public organization in Kenya?
- iii. What is the influence of budget implementation capacity on the programme based budgeting performance in public organization in Kenya?

- iv. What is the effect of institutionalized oversight body's on the programme based budgeting performance in public organization in Kenya?
- v. What is the role of finance on the programme based budgeting performance in public organization in Kenya?

### **1.5 Significance of the Study**

This study intended to find out the impact of programme budgeting in government organizations in Kenya. It concentrated in the Ministry of Interior and coordination of national Government. The results from the Ministry correlate to other ministries and are a reflection of the entire government. The study may assist the Government in its policy formulation towards effective budgeting and implementation besides human capacity building to officers entrusted with execution of delegated authority.

The study will be helpful to the society, in their effort and desire to have a more accountable government that is sensitive to their needs. They will understand their responsibilities as citizens as providers of finance and also understand their rights as provided in various statutes. The study may also help budget makers and implementers on their sacred responsibilities toward citizens and their nation. Upon this, it may help in attitude change for better service and goods delivery. The study may contribute to the general body of knowledge and this may further create interest to other researchers to carry out further studies on the subject for the benefit of learning institutions and governments.

### **1.6 Scope of the Study**

The study was undertaken in the ministry of Interior and coordination of National Government. It also took interest on various reform initiatives undertaken since year 2000 with an aim of improving service delivery and becoming more citizenry centered. The Auditor General, Controller of Budget reports, and National Assembly Public Accounts Committee (PAC) as institutions mandated to oversight responsibilities were used to provide

authoritative citations. The study was conducted among officers currently working in the Ministry of Interior and coordination of national government. It mainly involved administration, finance, accounts, procurement and economists, internal and external audit officers. The identification was done through the departmental heads. The findings were generalized to reflect on the entire government.

### **1.7 Justification of the Study**

The finding of study can help the government to improve their strategy in policy development towards PBB implementation in an effort to achieve the gains targeted under the programme. The introduction of PBB and other reform initiatives to improve the quality of expenditure and achievement of budgetary goals has not always lived to expectations. The findings of the research may give some answers that can improve service delivery and reduce some implementation bottlenecks.

If the findings of the study are used constructively by Government institutions and recommendations implemented, PBB performance may improve as informed choices would be made that would go a long way in improving the delivery of goods and services. Improved budgetary process will guarantee better outcomes that lead to satisfaction of the stakeholders. This provides ownership of the process by stakeholders and hence ensuring credibility.

### **1.8 Assumption of the Study**

It is assumed that the respondents were persons of integrity, honest and respectful to relevant code of ethics applicable in government. This made my research work successful, reliable and dependable and is assumed credible in influencing government policy direction in policy development. There was good rapport from the ministry administration and all other rank and file.

I will continue treating all the privileged information that came to my knowledge with confidentiality and at no time will I use such information for any other purpose except for the study. I will also behave professionally, and ensure I keep strictly within the Government code of ethics and official secrets acts of which I am a signatory to. I confirm that I did not compromise the integrity of my study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter details the theoretical literature review on programme-based budgeting on the selected variables. It further provides the empirical literature review. Further it presents a critique of the literature, highlighting the research gaps identified. The conceptual model framework was also detailed in the chapter.

#### **2.2 Concept of Programme Based Budgeting**

According to Yanxia and Mensah (2012) there is little published empirical research on the real economic effects of PBB budgeting in government; nevertheless it is accepted wisdom that the implementation of an appropriate budgetary system can influence the financial efficiency and or effectiveness of government. The traditional line item budget was limited as it focused on what is to be bought. The expenditure on each item was broken out in categories of expenditure such as salaries, materials, supplies and goods and services bought. The line item budget kept track on how much you spend on what. While the simplest to prepare, it does not provide any information regarding activities and functions of a programme, department or a ministry. This is where programme based budget policy was desirable. (Robinson and Last 2009).

The concept of programme budgeting has a long history as elements of program budgeting were in evidence in the United States prior to World War II. However the term performance budgeting is more clearly associated with the 1950s reforms in the United States. The concept attempted to develop performance information for budgeting and to reorient the U.S federal budget process from its focus of inputs to one that also included the outputs derived from using those inputs.(Mi 2009) At the time the Hoover Commission

published the concept of performance budget recommending that the whole budgetary concept of the federal government should be fashioned by the adoption of a budget based on functions, activities, and projects. A program or performance budget should be substituted for the present budget, thus representing in a document of much briefer compass the Government's expenditure requirements in terms of services, activities, and work projects, rather than in terms of the things bought (Lewis, 2005).

The U.S experience on programs budget was not satisfactory. By 1971, the system was largely abandoned. In part, the system was a victim of its own ambition. According to Hansen (2008) many of the problems of PBB in the federal government stemmed from its simultaneous introduction across the board that were ill prepared to implement it. According to Hooper (2008), complains of hybridization, whereby various aspects of the performance system were assimilated into traditional budget procedures and therefore watered down. Once the initial allure of performance budgeting had worn off, it was viewed with indifference. Performance budgeting was not salient to the interest of budget participants, nor was it regarded as an important reform. Programme Based Budget is currently a common phenomenon among many nations in the world. According to Dunk (2010), PBB creates value for performance. PBB helps resource allocation in a more effective and efficient manner hence delivery of goods and services in a most prudent manner. The performance management models advocates good principles of performance budgeting as the only sure way of achieving budgetary intended goals. In Kenya, Programme based budgeting was introduced in the year 2007, being a continuation of several reform programmes being undertaken since year the 2000 in an effort towards achieving efficiency and effectiveness in delivery of public goods and services. In relation to this the government has initiated other reforms agenda including the introduction of medium term expenditure framework (MTEF) in year 2000, performance contracting in the year 2005 and e-Government. These reforms

agenda led to the introduction of integrated financial information system (IFMIS) and integrated product and process design (IPPD) (Kiringai and West, 2012).

The adoption of Programme based budget (PBB) follows realization that investment outlays do not necessarily translate into desired outcomes hence was the need to shift emphasis to outcomes by establishing a mechanism to measure the results of all the programmes (Brownell and Dunk, 2011). Translating the Budget into programmes is useful in providing the stakeholders as a basis for tracking and interrogating budgetary allocations and budget implementation by various Government ministries and agencies. Dissemination of PBB reports to many users is anticipated to further strengthen the citizen's rights to information, by putting crucial data and information on expected outcomes in the public domain and ensuring value for money through public scrutiny (Kimani et al., 2013). To achieve these objectives which is a must, the government is obligated to make result oriented budget that would ensure appropriate infrastructure in transport and communication, trade, building and construction sectors. This is in line with goals envisioned in Kenya vision 2030. This has led to outputs and key indicators being refined to ensure that performance is better tracked and reported to parliament and the general public (Republic of Kenya, 2012).

The purpose of programme Based Budgeting was motivated by various challenges the government was undergoing in trying to provide increased services to the public and in the wake of budget shortfalls, economic uncertainty, natural disasters, increasing population and further the need for accountability to ensure value for tax revenue. As a result PBB was anticipated to: give the citizens better information about budget, provide implementing agencies with flexibilities in budget implementation including reallocations, offer platform for improved results and accountability, platform of improved efficiency and reduction of wastage, offer a platform for performance information to enhance decision making on setting priorities and targets (Republic of Kenya, 2008/9)

## **2.3 Theoretical Review**

This part of theoretical review entails an understanding of theories behind budget making process that is anchored in systems and institutional theories that require resources in terms of finance, human capital and hence the budgetary theory. These theories interlink and relate to provide required synergy for any performance approach. Johnson and Robinson, (2004). Agency theory explains the relationship between agents and principals hereto referred as government and its citizens. Social scientists and economists have come up with possible functional dynamics that may create conflicts impacting on performance where principals exert pressure for goods and services where agents compete for self interest and status quo.

This section therefore entailed the theories underpinning the study which are system theory, institutional theory, agency theory and stewardship theory and budgetary theory which are discussed below. It also explained relationship among the various variables namely: policies and procedures, budget financing, stakeholders' participation, implementation capacity and oversight controls.

### ***2.3.1 Theory of Budgeting***

Anderson and Lanen (2009) came with emerging trends of budget theory and policy-making; that proves that progress has been achieved, often on modest fronts and with reasonably simple techniques. A key component in budget theory has been the differentiation between micro budgeting and macro budgeting and the inherent conflicting tension between them. Macro budgeting wide range decision that covers all sectors, aggregates revenues and apportion budget share from top to down. Micro budgeting intermediate level decisions on agencies, programs, and line-items, usually made from the bottom up.

In both levels of analysis, the interest is on the power structure being exercised and expressed through budgetary choices. The basic conceptualization of budgeting has shifted from domestic cycle of micro-level, to simple incremental executive requests and legislative

actions to a complex multi-series of political responses to short-term economic changes and projections of relatively inflexible long-term trends in outlays and revenues from domestic and international markets. Key questions now concern how to balance micro-decisions within macro-level parameters. This theory is applicable to the study as the implementation of the budget is the major concern (Anderson and Lanen, 2009). Three models of theoretical constructs are found in the literature regarding the implementation of public policy. These are the top-down, bottom-up and mixed-method approaches to policy implementation. Emerging trends in the field of budgetary implementation, especially in regards to performance-based budgeting, is the notion that implementation is best served when a mixture or combination of the top-down and bottom-up approaches where policy implementation is employed, suggesting a mixed-method approach to budgetary implementation (TISA, 2010).

### ***2.3.2 Institutional Theory***

According to DiMaggio, systems and developed cultural practices get easily adapted or imposed by individuals and organizations. Institutional environment and cultural practices strongly influence the development of formal structures in an organization. Innovative structures that improve technical efficiency from time to time in the organizations are eventually legitimized in the environment. Ultimately, over time, innovations reach a level of legitimization where failure to adopt them would be an act of irrationality and negligence. These forming trends compel new and existing organizations to adopt the structural form even if the form doesn't improve efficiency. In many instances than not, these formal structures of legitimacy reduce efficiency and hinder the organization's competitive position in their technical environment. The remedy for reducing these negative effects would see organizations decamping from these structures to modified ones that can give them competing power.

Organizations that develop own modified models remain relevant due to innovative advantage. This makes them retain external and internal influence as well as improved confidence levels in these formal structures. Organizations that do not keep evaluating their systems and retain the old legitimized systems over time find their operational efficiency and impact reducing over time. (DiMaggio and Powel, 1983).

Organizations that do not develop their own model but instead borrow from the market models of efficiency are now faced by institutional constraints imposed technology advancement, states regime changes and professions strict demands. The need for success and remain market relevant in an environment that is uncertain and constrained by traditions lead to homogeneity of structure (institutional isomorphism). As an innovation spreads, a level is reached beyond which adoption provides legitimacy only, rather than for performance improvement. PBB process is an adopted phenomenon that cuts across government institutions and is believed to improve performance. The success or failure has not been conclusively evidenced. Isomorphism is a process of recycled systems that resembles one another.

This creates constraining process that makes a unit of population to resemble other units that face the same set of environmental conditions. Competition and institutionalism are two types of isomorphism as Organizations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic soundness. Governments, adopt practices not because they are efficient but for public excitement and gallery show.

The ability to ensure public is convinced that their interests come before anything else provides platform for legitimacy by stakeholders even if nothing is achieved. It is the duty of the government to maintain the confidence of these often poorly-informed stakeholders. This

makes them less creative and innovative in their practices, and leads to institutional isomorphism. (DiMaggio and Powel, 1983).

Meyer and Rowan argue that often these "institutional myths" are merely accepted ceremoniously in order for the organization to gain or maintain legitimacy in the institutional environment. The adoption of these accepted model structures that are construed to legitimacy credibility tests help preserve an aura of organizational action based on good faith. Legitimacy in the institutional environment helps ensure organizational survival. (Meyra and Rowan, 1977)

### ***2.3.3 Agency Theory***

The Principal-Agent (Agency) theory also supports development of budgeting. The classic agency theory concept was developed by Berle and Means in 1932 (Phelps, 2006). The theory explains why conflicts exist between principals (shareholders /owners) and their agents (managers) leading to agency costs. It aims at reducing information asymmetry so that both the principal and the agent read from the same script through the threat of sanctions and the possibility of incentives.

Agency theory is developed around the concept of contractual relationships between two groups with conflicting objectives that is principles and agents. The objective in agency theory is to structure the contractual relationship between these groups so that agents take actions to maximize the welfare of principals. The specific roles and responsibility of agents and principals is definite. However, for success, principals and agents should not have conflicting interests. Mutual understanding and complementary roles are integral in agency theory. The Ministry of interior and coordination of national government exist for the interest of Kenyan citizens who are the principals and agents is the government of Kenya which executes some of its mandate through delegated authority to the ministry. (Scholes and Darwin, 2004).

### ***2.3.4 Stewardship Theory***

Stewardship theory demands those in executive positions to subdue their interest for the benefit of others. It is a psychology and sociology phenomena that is expected to motivate stewards to work for a cause that largely benefits others. (Yang and Callahan, 2005). It is a new concept that only dates from the late 80s. Stewardship and public service begins the art that demands high levels of accountability, transparency and openness in all public dealings. This approach is contained in the wide range of reforms in the public service seen in the recent past. However critics argue that foundation built is not robust enough to embrace the full range of public sector activities such as governance and guarding public interest. Stewardship is presented as strong cornerstone in change management expected to trigger growth to double digits but aspects of integrity, accountability, and openness is not a choice but a road the government must take. (Premchand, 2004).

Stewardship is a way of life being rediscovered in many quarters. Stewardship is not a technique or strategy that can be immediately applied but a process that gradually develops into results, nor is it suggested that it is a remedy for all ailments. Rather, it is a way of doing things that provides a directions rather than prescribing the route. Stewardship addresses efficiency issues. Stewardship advances the gospel of good conduct, strict pursuit of organizational codes of regulations. It do not respect individuals but institutions. It goes beyond self-interest, and more importantly, provides the conditions for governance stability over a long period. Market model does not do this. Stewardship provides a balance between the market forces that represent the interest of outsiders be it customers, creditors, environmentalists, governments and others stakeholders like the owners of the institutions. It provides the equilibrium between various public interests. (Maher, 2005).

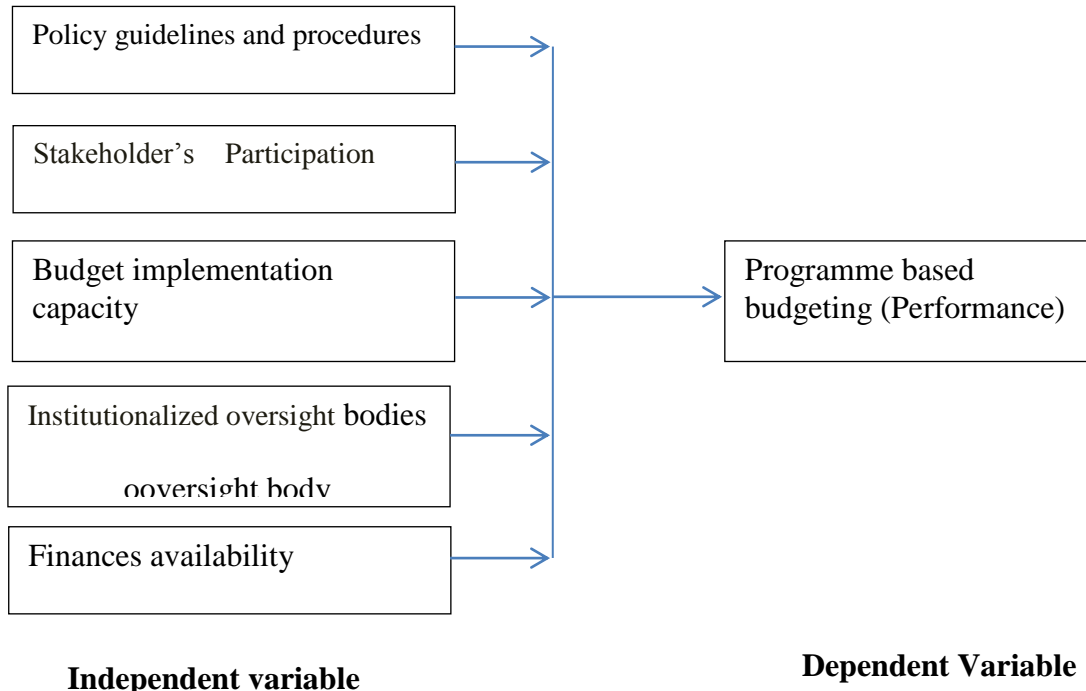
## **2.4 Conceptual Framework**

This framework attempts to examine and explain factors affecting programme based budgeting performance in public organization in Kenya. These factors include; policy guidelines, stakeholder's participation, budget implementation capacity, institutionalized oversight body and finances. This can influence the performance of programme based budgeting in the public organizations. The study therefore determined the effects of independent variables on the dependent variable in an attempt to evaluate the factors affecting programme based budgeting performance in public organization in Kenya.



## CONCEPTUAL FRAMEWORK

Figure 1



### 2.4.1 Policy Guidelines

PBB policy guidelines is a government commitment towards public financial management reforms (PFMR) that aimed at ensuring that citizens derive maximum value from public spending and investment through efficient and effective delivery of public goods and services. The policy is embedded in a three years medium term expenditure framework (MTEF). The aim was to shift the focus from input based financial activities to result/outcomes based budget. The policy was designed to assist ministries/ departments to understand and implement PBB activities in a multi year's framework, serve as a point of reference and a guide to public officers and various stakeholders involved in the budget making process. It has linkages that establishes a performance measurement framework that ensures monitoring of designed results, reporting on progress and feedback mechanisms that informs other policies and decision making (Republic of Kenya, 2010).

Policy guidelines drives and directs Government based institutions in assessing the economic outlook (Oyugi, 2010). Thus significant policy in programme based budgeting changes can lead to changes in monetary policy stance, and the Public Finance Act's provisions on policy in programme based budgeting reporting and transparency and help ensure that the Government based institutions have the information it needs in assessing the potential impact of policy in programme based budgeting policy guidelines. Policy guideline ensures that budget stimulates aggregate demand that adequately play an important role. Idle resources can well be planned and this could go a long way in expanding budgets and transfer policies.

It within this framework, that effect of a change in policy in the programme based budgeting policy on aggregate demand could be derived as a multiplier of money spent on the policy (LRFT, 2005). Policies and procedure are rules and processes clearly spelt out by organizations that assist in achievement of strategic organizational goals, a road map to robust performance. Government takes economic resources from the community to provide services and hence, the total revenue the government receives is really the price of government from the perspective of the citizen. (Osborn and Hutchinson, 2004). The challenge is how the government through its policies and procedures would prioritize the need and wishes of its citizens. Organizations exist with a charter given by the environment. They must be able to realize and prioritize the needs of their subjects. (Kaplan and Nortion, 2004) established a powerful method for defining results through simple strategic mapping that provided an effective way for organizations to achieve clarity about what it aims to accomplish with its results.

Budgetary process in government is legal process. It borrows heavily from political structures, and previous traditions that influence the historical culture of a nation. Budgeting hence should be acceptable and easily understood and strongly anchored within adopted

norms and customs. Budget and budgeting process should not be ultra-vires but should strictly be confined within the ambit of the laws guiding it and within the constitution provisions. The budget law should indicate who has legitimate final authority, the legislature or executives and their levels of intervention. This should be formalized through regulations.

Lienert, and Fainboim, (2010) argues that budget processes rarely takes broad perspective of economic activities and global trends to make viable estimates rather budgeting consist of base year figures adjusted by inflation adjustments. This makes budgeting simpler but looses the real issues of the impact of regime changes, technological advancement, emerging international economic trends and emerging market forces. This leads sometimes to unfocused budgets. (Milani, 2007).

A key aspect of embedding a medium term perspective therefore is deciding what the rules are for rolling over and adjusting and determining the forward estimates (Petrei, 2008). Poor countries have found problems in implementing programme based budgeting approach as its construction is a foreign ideology. Financial reform agenda is an adopted phenomena forced by Donor countries as a condition for donor funding (Allen, 2009). The reform programme is meant to improve previous systems.

It must be accepted by stakeholders through proper understanding and ownership. The domestic technical and political leadership must embrace it rather than donors and international consultants. Strong domestic ownership is crucial for building reform consensus at the political level and acceptance by the lower level technocrats needed to run the system. (Tommasi, 2009).

#### ***2.4.2 Stakeholder's Participation***

Government officials, corporates and politicians tend to have a suspect attitude towards participatory approaches. There is growing awareness of the benefits of institutions participation in terms of narrowing the gap between the government, corporates, and

politician stakeholders and citizens, and ensuring that decisions and policies are appreciated and supported by the institutions (Chenhall, 2006). Secondly, there are fears of uncertainty and loss of control as some politicians for example are afraid that stakeholder (particularly public) involvement may lead to unworkable proposals and a situation in which politicians are unable to make any decisions on their own without involving stakeholders. Institutions are secondary stakeholders who are usually external stakeholders, and who although do not engage in direct economic exchange with the business are affected by or can affect the actions taken. Communities are affected by the decisions made by the companies or the government. The decisions have an impact on the communities which may either be positive or negative. The decisions of displacement for a project to take place, environmental issues for example pollution from factory emissions, provision of power and construction of infrastructure affects communities from one way to another positively or negatively. It is therefore good to involve them in the strategy formulation so that they feel part of the project; otherwise there will always be resistance (KMPND, 2012).

There are clear benefits of stakeholder consultation, however involving them in every stage are not tenable and may impede success due to time and diversity of ideas. (KDS, 2010). There are areas particularly suited to a participatory approach, especially determining of core goals including themes that involve a choice between fundamental values and principles. (Ndiritu, 2013).

Budgeting is about allocating resources equitably and efficiently for delivery of determined goals. It is also expected to stimulate growth to ensure sustainability. Stakeholders' participation is a key factor and demand highest levels of accountability that has highest values of integrity and transparency from the entrusted executives. Active participation of all stakeholders in an open manner helps to build consensus besides creating legitimacy of the state. Strong expenditure controls is crucial to keep within strategic goals

and stem leakages and unwarranted wastages (Symansky, 2010). However (Stevens, 2004) argues that reforms in poor countries are frequently unsatisfactory pointing to capacity and incentive issues that promotes the status quo. Stake holders are ill equipped to fight for their rights have adapted their behavior to existing systems. They have learnt the art of existing within the system sometimes due to fear of the unknown. This has led in many instances, resistance to change.

#### ***2.4.3 Budget Implementation Capacity***

The budgetary process is about resource accumulation and allocation in an efficient and equitable way beside the evaluation, monitoring and reporting back system. Budget development is more effective when linked to overall corporate strategy. Linking Budget to corporate strategy gives implementers a clearer understanding of strategic goals. As a result, greater support for goals, better coordination of tactics, and, ultimately stronger corporate performance is achieved. (Holland, 2000). Traditionally, budgets were seen as the primary planning document. Budgets are used to communicate organization's expectations to its clients. The budgeting process provides for coordinated planning among different functional areas. (Kiringai and West, 2012).

The budget reform agenda has paid a significant attention to the optimal way for better outcomes. There is strong advancement on the principle 'basics first' approach that seeks three basics: of budgetary controls operations, effective control of inputs before outputs and accurate cash based accounts before introduction of accrual based accounts. There is need for effective financial controls before performance audits become effective (Schick 1998). Secondly, the 'platform approach' argues that the reforms should be packaged into groups of measurable activities that form a logical sequence over a certain period of time. (Broke 2003).

Internationally Monetary Fund, (2007) advances good principles and practices for the structure and finances of government. The Codes of good practice on fiscal transparency is based on four key pillars: a clear role and responsibilities in government, full disclosure information on the government activities to the public, open and transparent execution and reporting to attain widely accepted standards of data quality and integrity assurance. There is observable deviation from reform agenda in developing nations, far away from expectation and what was envisaged. Developing countries appears to have adopted robust financial reforms, laws and restrictions that conform to international standards; however, weak implementation of these reforms is a common problem. It is therefore important to put more emphasis on institutional factors such as human resource availability skills and IT requirements and political goodwill that will shape the reforms process. Such factors will determine the incentives needed to ensure sustainability. The reforms must be domestically owned, understood and appreciated by technical and political leadership rather than donors and international consultants. (Lawson and Filcher, 2011).

#### ***2.4.4 Institutionalized Oversight Bodies.***

There are established bodies through country's supreme laws with mandate to ensure government performance is within specified principles of various guiding statutes and regulations in a view of providing checks and balances and being the public watchdogs. The evaluation of Performance is carried out by legalised individuals or institutions with professional background, experience and responsibility for financial responsiveness.

Institutional Performance audits from mandated institution are instruments used by parliament in effectively carrying out its performance accountability role on behalf of citizens (Shard, 2007). Where parliament has significant authority and influencing power over the allocation of resources in the budget, it is believed that performance budgeting system is effective and efficient. On the other hand if executive have more authority than parliament,

any diverse opinion from parliament appears to challenge government policy and may be recipe for instability (Shard, 2007). The essence of oversight institution is to ensure effective reporting. Feedback is given that compares actual expenditure and output against budgetary plans. Problems are identified, causes established and solutions recommended for implementation. The goals of budget execution are to ensure guidelines are followed, policies executed, controls are exercised to the ultimate optimal objective of goals realisation. The optimal aim is to deliver outcomes that are measurable and satisfactory to the citizens.

Acemoglu, Johnson and Robinson (2003) results accountability by parliament can be a powerful source of pressure on government to deliver and demonstrate they are delivering results. However studies have found universal weaknesses of performance audit and parliamentary scrutiny of ministries and agencies achievements. This is attributed to bi – partisan approach towards political inclination, Political and self interest, lack of commitment and little knowledge in field of finance besides lack of sensitization in financial matters. (Ramkumar and Shapiro, 2010).

The external oversight bodies ensure financial reports are subjected to external third party scrutiny. These institutions are independent government's body that expected to give fair and impartial feedback to stakeholders on the review of government revenue collective and spending. They are expected to give impartial statement on the execution of the budgets. The provisions of the public financial management system (PFM.) must be met as the process should be bench marked to it. However, it has been found out that implementation of these reports faces difficult challenges as these oversight institutions have no mandate in implementing them. The audit reports are presented to the legislature for further scrutiny and follow up. On to whether any action would be undertaken on the report is the prerogative of parliamentarians, who has bi partisan interests, political pressure and interests of executives, may take centre stage (Shah 2007).

#### ***2.4.5 Financial Availability***

According to Folscher (2007) Government budgeting deals with resource mobilisation and subsequent allocation economically and equitably. Resources are mobilized from citizens through compulsory taxation and other charges. This therefore calls for a financial plan that is expected to be understood and unnecessarily punitive. This financial tool commonly referred to as a finance bill must be approved through parliament for it to become legitimate. It is through the implementation of financial plan that resources are mobilised and services provided from shared revenues and expended money. Many a times, the government do not employ the principal of value for money in short run while providing services and goods to its citizen but the macro impact over a period of time. It is therefore a financial plan which covers those public sector agencies such as ministries and social security systems.

Budget financing has four components namely: aggregate fiscal policy formulation, Budget preparation and enactment, Budget execution and financial accounting, auditing and reporting. The three key objectives of budget are sound macro fiscal outcomes, appropriate prioritization of expenditure and service effectiveness and efficiency. (Robinson and Brumby, 2005). Budget financing has a major challenge due to budgetary deficits that is (the difference between planned spending and forecasted revenue). Parliament has tried to address the issue in form of across the board cuts, raids on money in non-general fund accounts, delayed legislation of funding, partial contributions to pension funds and accounting gimmicks such as delaying payments until the next fiscal year. Evidence has it that such actions put a temporary patch on the state budgets gap but not a permanent solution and the ghost haunts them later. These occur when spending exceeds revenue over a prolonged period. (Robinson and Brumby 2005).

#### ***2.4.6 Programme Based Budgeting***

The underlying philosophy of programme based budgeting deals with how a government entity should invest resources to meet its stated objectives. It helps to better articulate why the services are offered and exist, what price to pay for them, and consequently, what value they offer citizens. The following principles are key to PBB Performance; Prioritize services, do the important things well, question past patterns of spending, spend within the organisations means, know the true cost of doing business, provide transparency of community priorities, provide transparency of service impact, and demand accountability for results. (Osborn and Hutchinson, 2004) (Kavanagh, Johnson, and Chris, 2011).

The sole intent of Programme based budget is to serve the public well, thus the Government must determine its citizen expectations from compulsory taxation and other charges. Measuring of outcomes and the ability to ensure executives are held responsible for the performance is a key challenge in budget implementation. The process of trying to include all of the stakeholders in a dialogue about government priorities is healthy but difficult. Identifying strategic goals, developing priorities, measuring outcomes and allocating budget monies accordingly is enormous and momentous. This representation of this fundamental change, which government employees are expected to be responsible for whether the services are delivered in a more responsive and effective manner is daunting task. Therefore, continuous quality improvement programs are needed to ensure that tools are available to get the job done. (Bourdeaux, 2006).

The effort to Design a PBB process that is fair, equitable, accessible, transparent and adaptable to all stakeholders, brings a unique challenge. However an opportunity is given to customise Programme based budgeting process that fits the organisations best. Any design process should try to meet the following criteria: ensure understanding of PBB process,

determine levels of participation and engagement, evaluate strategic goals against overall strategic plan, determine the support services contribution and determine how decision units will be scored and the players. The process will identify available resources, identify and define priorities, prepare decision units for evaluation, score decision units against priority results, compare scores between programs, allocate resources and create accountability for results, efficiency, and innovation. (Young, 2003) (Bourdeaux, 2006).

The ministry of interior and coordination has various programmes that are expected to deliver on namely: Security services, National campaign against drug and substance abuse, Government printing services, correctional services, betting control and licensing services, population registration programme, immigration services and policy formulation and coordination. Expected outcomes are, improved national security peace and harmony, improved border security, reduced incidence of crime, improved morale and welfare of staff, adequate housing for security agencies improved mobility well retrained officers, drug free country, quality investigations, disaster preparedness, restructured provincial administration, quality and timely government documents printed, offenders rehabilitated, resettled and re-integrated back to the community, health facilities in penal institutions upgraded, all gaming activities licensed, authorized and regulated identification cards given to all who qualify, proper birth and death registration, identify, register and protect all refugees. Passport given and visas in time and transparently, work permits and special passes issued, appropriate boarder management, policy development and acts reviewed. (Republic of Kenya, 2012/13)

## **2.5 Empirical Literature**

Kraan (2007), in an article for Program Budgeting in OECD countries, tried to find ways in which countries can adjust their budget classification and focus more on results. It was concluded and found out that a number of OECD countries had reclassified their budgets which had been approved by their states. Outcomes were based on very strong foundations

solidly build on firm regulations and procedures that made execution of programmes more exiting and viable.

The implication was that, budget had to be classified according to outcomes products or programs outputs. It was concluded that programmatic line items are defined by related objectives or even a single ultimate objective of all outputs financed by the line item. Budget classified on programmes are considered more supportive of the allocated resources (priority-setting) function of the budget than budgets which are input based classified. Australia, France, the Netherlands, Sweden and the United Kingdom are case of good examples of re-classified budgets based on programmes criteria. Boudreaux (2008), states that budgeting is being informed by ideas surrounding performance-based budgeting. This is a reform agenda that focuses both on performance outcomes and managerial entrepreneurialism. It is hence argued that in performance-based budgeting, managers should be held accountable for results, but be given a free hand to shift inputs as needed in order to achieve these results.

Performance-based budgeting has become interlinked with program budgeting in the strong believe that programs are the level at which managers should be given flexibility to achieve results in what has been referred to as ‘‘Performance-Based Program Budgeting’’. According to Blöndal and Kim (2006), government agenda can be addressed, assessed and steered towards government political direction if the line-item classification is based on outputs; services produced, and actual placement of country cash resources delivered and regulations executed. This then demands classification of budget according to output areas or programs. It is concluded that program based classification will improve the macroeconomic function of the budget, in particular the steering of total expenditures and the maintenance of budget discipline. Macro-budgetary steering requires that future problems are diagnosed and right prescription addressed in a timely manner.

Bellamy and Kluvers (1995), states that many governments are still experimenting on Programme budgets. Their findings indicated that 84.4% of the councils used either the traditional form only or a combination of the traditional and the budgeting methods. In Africa, most countries are adopting budgeting as their form of programme based budget. Countries that have embraced the reform include South Africa, Tanzania, Ethiopia and Mali. According to Robinson (2009), Mali implemented budgeting in 1997 in a phased approach starting with a few ministries and completing all the ministries a few years later. The budgets are however sent as an annex to the main budget and have yet to become a basis for the approved budget.

In Ethiopia budgeting was introduced in 2005 on a pilot basis in three ministries and the number of ministries has been progressively expanded since then. Development of budgeting in Ethiopia is still in its early days. In South Africa, budgeting was introduced in late 1990s with its introduction fully combined with that of MTEF and has been accompanied by moves on the audit side to performance audit. Budgeting has been implemented at the central and regional government levels and is considered one of the better implementations of budgeting. (Robinson, 2009).Slovenia adopted a big bang approach where after just one year of pilot work, the minister decided to establish a program structure for the whole government and reflect them in the budget documents. According to Andrews (2005), while most states in the United States are implementing budgeting reforms, few show any evidence of direct change resulting from such reforms- either in terms of the development of, or response to, new performance based incentives, or allocations that are linked to performance. Their explanation is that budgeting is implemented in addition to traditional approaches and argues that it should instead be implemented as a replacement of, not addition to, pre-existing budgetary regimes. They further observe that most states including California, Georgia,

Illinois, Louisiana, Mississippi and Texas moved gradually using pilot programs and are still implementing their budgeting since they state that it is not yet well developed.

Oversight audit institutions have the mandate to give a feedback system report to the executive and other stakeholders for appropriate action and way forward. This helps to check the system utilization of funds and provide safety nets for good governance in programs implementation. According to Anderson and Lanen (2009), the underlying principal of financial reporting is to improve budget compliance. They include internal controls reporting to management and external controls reporting to all stakeholders and interested parties. Systems report are minimum requirements for annual fiscal reporting as demanded by various statutory regulations. These performance feedback reports give stakeholders a platform for evaluation. Public report card on PBB performance has been dismal.

Jim (2008) point to the democratic significance of national Audit institutions which are relied upon by stakeholders and all other interested parties. They are important in improving the process of government. They conduct 'performance audit' scrutinizing executive bodies for economy, efficiency and effectiveness under the umbrella term 'value for money'. This represents radical departure from traditional compliance audit. Pollit et al argues that two thirds of government business is now carried out by agencies where outputs and delivery are more important than inputs, and there is much greater involvement of the private sector in public funded programmes. However, Matthew and Herb (2011) asserts that the major obstacle of PBB implementation is the failure of government to set clear and well ordered objectives and targets, and that this failure can often be attributed to the need to maintain political coalitions. Hence, often objectives can be implicit rather than explicit. Warren (2010) asserts that lack of final outcome measures as a "major constraint against the achievement of effectiveness of performance auditing.

## **2.6 Critique of Existing Literature**

Like every other new concept or change initiative budgeting encounters the following challenges as observed by scholars. Centralization of the budget process: According to Blöndal and Kim (2006), the Thailand experience shows that the traditional budget process was highly centralized and contributed to strong aggregate fiscal discipline. It was therefore found out, that in order to improve equitable allocation of resources and operational efficiency, centralization needed to be reduced.

Secondly is the bureaucracy and attitude of executives. An important element of budgeting is budgetary system and procedures in place that ensures effective governance. Stakeholder process ownership and participation, accountability and openness is an integral part in budget making which sometimes is largely ignored. According to Warren (2010), the executives must listen and work in the interests of all stakeholders, allocate funds according to the priorities identified by departments/agencies. Ministries and departments should be empowered to ensure they achieve their strategic goals. This is possible if adequate funds/resources are given and appropriate authority to freely execute their mandate guaranteed as part of performance criteria for ministries and their senior executives.

Thirdly are the unrealistic foundations for budget formation due to budgetary ceilings: According to Chenhall (2006), Budget requisitions are not finally approved in their original estimations and are normally subjected to cuttings. Budgets are contained to budgetary ceilings that sometimes are not realistic. In Kenya, the Budget Outlook Paper gives each sectors ceiling, which are always lower than the submissions from specific agencies. This makes implementing agencies lose control of their programs especially on the time frame, hence de-motivating them.

The fourth challenge is budgeting that is not interlinked with the country's strategic policies: The problem of dual budgeting where many countries operate dual budgeting systems, in which the development or capital budget is separated from the recurrent budget. According to Yang and Callahan (2005), the three year MTEF plan in budgetary process, is rarely adhered and therefore continuity is nonexistent than anticipated. Budgetary plans appears to be stand alone financial plans while strategic plans are multiyear and relationship between the budget and these Government Administrative strategies are inconsistent.

The fifth challenge is the dominance of the old systems and the view that public financial management information systems offer narrow technical solutions. These systems are not panacea for poor budgetary outcomes: Their implementation needs to take account of capacity on the ground and incentives for good financial management, since ultimately it is the people who make financial decisions and enter the financial data. According to Scholes and Darwin (2004), the success of any budget is the ability to measure the outcomes and outputs by well known standards. Despite the need to change from budgets presented in traditional input basis, challenges are evident as budgets of ministries and departments are being formulated on the basis of inputs which are then translated into outcomes and outputs. It is therefore prudent to put emphasis on performance and result outcomes. Budgets should be modernized to present outcomes more than inputs based focus.

The sixthly problem is the Overlapping responsibilities. According to Phelps (2006), the issue overlapping responsibilities between different line ministries gives challenges in budget formulation and execution. Reclassification has sometimes led to conflict, overlapping of activities within different ministries hence the division of tasks among them. There is ineffective co-ordination between policies, planning and budgeting. There is lack of coordination of departments: According to Maher (2005), the budgeters, planners,

implementers and the monitoring and control functions of the government should work hand in hand and complement each other instead of working as separate arms.

The introduction of programme based budget and other reform initiatives was anticipated to improve the quality of programmes planning and execution which has not always lived to the expectations. The challenges have been attributed to narrow technical focus that does not adequately address the issue of sustainability of programme based budget. There are also insufficient incentives for performance budget management. It is believed that benefits have been derived from introducing budgeting by programmes, however great focus on shifting from line-item budgeting is a process that does not happen overnight. Strategic planning in developing good classification and reclassification systems for expenditures, and adjusting the working and mindset of spending ministries to these changes requires time and continuous effort.

According to Jeffery Showmen, (2009) PBB has been criticized as an administrative tool for management that requires accountability for the delivery of service rather than a tool for optimal allocation of resources for delivering desired outcomes. It has substantial start up costs, Information technology systems, staff training, shifting budget formats, special consultants, oversight and agency implementation, all make PBB an investment in government service rather than a budget cutting solution.

## **2.7 Research Gaps**

The research concentrated on the factors affecting programme-based budgeting performance in public organization in the country. While this is not a new concept in the global platform, little has been done to evaluate the factors that probably affect the effective utilization of programme-based budgeting in Kenya. This research thus bridges an evident research gap as there is no document to the best of my knowledge that reports any study on the probable factors that may hinder the utilization of programme-based budgeting in Kenya.

Given that many states have tried implementation of PBB with little or no success, my research will try to find out the missing links between expected outcomes and actual outcomes and possibly recommend alternative ways that will remedy the situation out of the research findings. This will assist the government and other organizations to have better understanding of the PBB that will help them in rational decision making on the implementation of the same for better performance. The findings will also assist other researchers' interested in the subject of PBB.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was used to carry out this study. Research methodology is defined as an operational framework within which the facts are placed so that their meaning may be seen more clearly. The methodology includes the research design, population to be studied and sampling strategy, the data collection process, the instruments used for gathering data, and how data is analyzed and presented.

#### **3.2 Research Design**

In this study a descriptive survey design was used. Descriptive research portrays an accurate profile of persons, events, or situations (Cooper and Schindler, 2003). This design allowed the collection of large amount of data from a targeted population in a highly economical way. It allows one to collect quantitative data, which can be analyzed quantitatively using descriptive and inferential statistics. Therefore, the descriptive survey was deemed the best method to fulfill the objectives of this study. The design is preferred because it is concerned with answering questions such as who, how, what which, when and how much. A descriptive study was carefully designed to ensure complete description of the scenario, making sure that there is minimum bias in the collection of data.

The study was generally based on respondents' perception. Perception is the organization, identification, and interpretation of sensory information in order to represent and understand the environment. (Gibson and James, 2002). Andy Clark, in the theory of predictive coding argues that perception starts with very broad constraints and expectations for the state of the world, and as expectations are met, it makes more detailed predictions. Errors lead to new predictions, or new learning processes. The research has various implications; not only can there be no completely "unbiased, unfiltered" perception, but this

means that there is a great deal of feedback between perception and expectation. Perceptual experiences often shape our beliefs, but those perceptions were based on existing beliefs. (Goldstein and Bruce, 2009)

The main aim of the study was to elucidate the phenomenon of the government budgetary process and budgetary implementation programs for achievement of intended purposes for the benefit of Kenyan people. This involved collection of the primary data and hence descriptive survey was the most appropriate method of undertaking the study. Descriptive statistics was employed to analyze the data. Tables and other graphical presentation as appropriate were used to present the data collected for ease of understanding and analysis. This generated quantitative reports through tabulations, percentages and measures of central tendency.

### **3.3 Target Population**

Target population is a select pool of participants to be in the study. It is nearly impossible for a researcher to study every person in the population of interest if the population in consideration is big. The researcher must therefore make a decision to limit the research to a subject of that population and must put careful forethought into exactly how and why a certain group of individuals will be studied (Pelham and Blanton, 2006) Target population for this study included administrators with authority to incur expenditure (AIE Holders), Finance officers, economists, accountants, auditors- internal and external totaling to a population of 247 officers. The target is as follows:

## POPULATION SIZE

Table 1

Population Category	Target	Percentage (%)
Administrators (AIE Holders)	31	13
Economist	22	9
Finance	16	6
Accountants	93	38
Internal Audit	25	10
External Audit	28	11
Procurement officers	32	13
<b>Total</b>	<b>247</b>	<b>100</b>

Source: Human Resource Department Ministry of Interior and Coordination of National Government (2014).

### 3.4 Population Design

The researcher used various categories of civil servants who are professionally and directly involved in one area or the other in the entire budgetary process, either in budget making, budget execution or budget oversight responsibilities. The target population is broken in strata as per participants' respective professional field and specific roles undertaken in the process. The entire population was targeted for the study and this eliminated any form of bias that would have risen as a result of sample selection if a sample would have been used. (Trochim, 2009).

The target population was 247 officers, and all working in the ministry of interior and coordination of National Government. The target population is classifiable in 4 different strata and their sizes are manageable for study. In order to avoid difficulties of identifying,

unbiased sample, the whole population of 247 officers was targeted. The larger the sample the better the representation and better conclusion. Whereas the entire population can be tested, this eliminates sample bias and gives the best conclusions out of the findings. (Pelham and Blanton, 2006). As it was anticipated challenges were encountered in getting each and every individual in the population due to time limitation as some officers were on leave while others were outside their duty stations for other assignment. Only 72% of the targeted population was reached and served with questionnaires and 57% of administered questionnaires were successfully filled and returned.

### **3.5 Data Collection Instrument and Procedures**

The necessary information and primary data was collected through questionnaire. Questionnaires are commonly used to obtain important information about the population. According to Kothari (2004), a self-administered questionnaire is the only way to elicit self-reports on people's opinion, attitudes, beliefs and values. The respondents to questionnaire were officers conversant with budgetary process and they are actually involved in one level or the other. Their opinions and observation on budget performance was reflective of the actual position. They prepare budget, implement it, oversight it and there is forward and backward feedback information in the system. Strengths and weaknesses of the budgetary process are reported within the same framework of checks and balances. (Leloup, 2006). The questionnaire had items aiming at answering the study questions and it met the research objectives. The choice of this tool of data collection was guided by the time available and the objectives of the study. Questionnaire provided a high degree of data standardization and adoption of generalized information amongst the population. Semi structured questionnaire was used to collect data. The closed ended questions were used for easy coding and analysis while the open ended questions were used to elicit more information from respondents to complete any missing links. These types of questions were accompanied by a list of possible

alternatives ranging from strongly disagree to strongly agree, from which respondents were required to select the answer that best described their situation i.e. strongly disagree on the one extreme to strongly agree on the other.

### **3.6 Data Analysis Methods**

Analysis of data was done in order to answer the research questions of this study. Both descriptive and inferential statistical analysis techniques were used. Data collected was sorted, classified and coded then tabulated for ease of analysis. Descriptive statistics were employed to analyze the data. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. Tables were used to summarize responses for further analysis and facilitate comparison. This generated quantitative reports through tabulations, percentages, and measure of central tendency.

Cooper and Schindler (2003) notes that the use of percentages is important for two reasons; first they simplify data by reducing all the numbers to range between 0 and 100. Second, they translate the data into standard form with a base of 100 for relative comparisons. The mean score for each attribute was calculated and the standard deviation used to interpret the respondents deviation from the mean. The results were presented on frequency distribution tables, pie charts and bar charts. Here, the interest focused on frequency of occurrence across attributes of measures. Qualitative data was analyzed manually by first summarizing the information gathered, followed by categorization and coding into emerging themes and presented in a narrative form. Factor analysis was undertaken with the help of computer software (SPSS version 20). The analysis was helpful in representing the interrelationships among a set of continuously measured variables.

An odd ratio regression model was used to test the significance of the influence of the independent variables on the dependent variable. The odd ratio regression model is as laid below.

Odds of Programme Based Budgeting Performance

$$= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e \dots\dots\dots(i)$$

Where:

X<sub>1</sub> = Budget policies and procedures

X<sub>2</sub> = Stakeholder Participation

X<sub>3</sub> = Budget implementation capacity

X<sub>4</sub> = Institutionalized Oversight bodies

X<sub>5</sub> = Financial Availability

In the model,  $\beta_0$  = the constant term while the coefficient  $\beta_{i=1 \dots 5}$  was used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub>, X<sub>4</sub> and X<sub>5</sub>.  $e$  is the error term which captures the unexplained variations in the model.

## CHAPTER FOUR

### DATA ANALYSIS, FINDINGS AND DISCUSSION

#### 4.1 Introduction

This chapter presents the results of the study. The descriptive statistics were presented first followed by the model results. The interpretation and discussion of the results are also presented. Data was analyzed using descriptive and inferential statistics. Descriptive statistics were frequencies, means and percentages. Inferential statistics were factor analysis and odd ratio/logistic regression models. Factor analysis' includes total variance, and rotated component matrix. Odd ratio regression consists of beta coefficients, significance level and the odd ratio.

Table 2 presents the response rate of the respondents. The number of questionnaires that were administered was 177 of the targeted population of 247 representing a success rate of 72% in distribution. Out of 177 questionnaires administered, a total of 101 questionnaires were properly filled and returned while 76 were not returned. This represents an overall successful response rate of 57.1% of administered questionnaires. According to Babbie (2004) a response rate above 50% is acceptable. Therefore a response rate of 57.1% is good. Statistical Package for Social Sciences (SPSS) was used to analyze the data which has been presented by use of tables and pie charts.

## RESPONSE RATE

Table 2

	Targeted	Administered	Respondent	%Response
Accountant	93	71	32	45.1%
Admin/AIE	31	21	14	66.7%
Auditors/External	28	15	11	73.3%
Auditors/Internal	25	17	12	70.6%
Econ/Plan	22	17	13	76.5%
Finance	16	13	8	61.5%
Procurement	32	23	11	47.8%
-	247	177	101	57.1%

### 4.2 Demographic Information

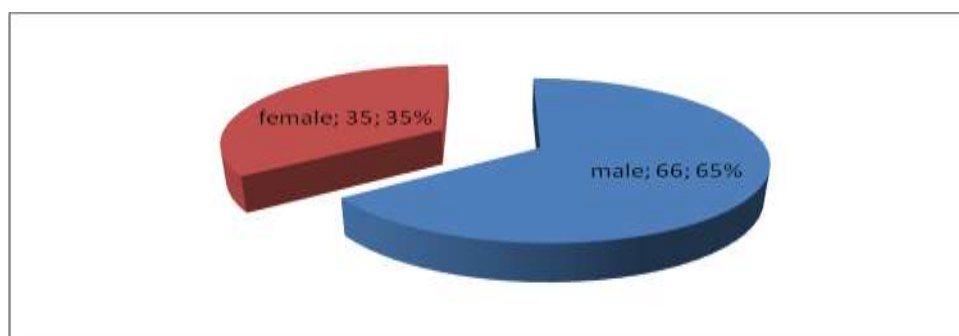
This section presents the descriptive results. The results are presented in frequency and tables. Specifically, consists of information that describes basic characteristics such as gender, designation in the Ministry, length of employment, role in the department and terms of Service.

#### 4.2.1 Gender of the Respondents

The study sought to establish the gender distribution of the respondents. Figure 2 shows that a majority (65%) of the respondents was male and 35% were female. The findings imply that public organizations are a male dominated field. According to Ellis, Cutura, Dione, Gillson, Manuel and Thongori (2007), in spite of women being major actors in Kenya's economy, and notably in agriculture and the informal business sector, men dominate in the formal sector citing the ratio of men to women in formal sector as 0.74 : 0.26.

## GENDER OF THE RESPONDENTS

Figure 2



### 4.2.2 Designation in the Ministry

The respondents were asked to indicate their profession or designation in the Ministry. Table 3 indicates that 33.7% of the respondents were accountants, while 14.9% were AIE holders and a tie of 12.9% indicated internal and external auditors.

## PROFESSION / DESIGNATION IN THE MINISTRY

Table 3

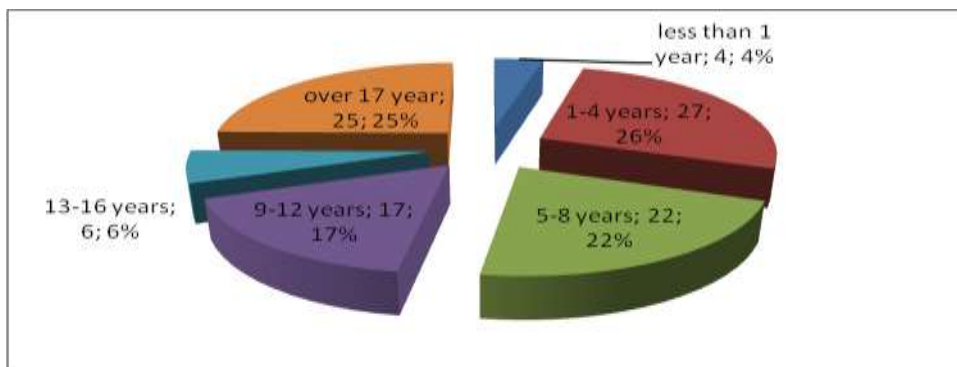
Profession	Frequency	Percent
AIE holder	15	14.9
Economist	12	11.9
Finance Officer	7	6.9
Accountant	34	33.7
Internal Auditor	13	12.9
External Auditor	13	12.9
Procurement Officer	6	5.9
Total	100	99
Missing	1	1

### 4.2.3 Length of Employment

The respondents were asked to indicate the years of service they have been in the position. Results on Figure 3 indicate that 26% of the respondents had been in service for a period of between 1-4 years while 25% indicated over 17 years and 22% indicated between 5-8 years. The findings imply that the employees had been in their positions for more than one year therefore able to understand the programme based budgeting performance in the organization.

#### LENGTH OF EMPLOYMENT

Figure 3



### 4.2.4 Role in the Department

The respondents were asked to indicate their roles in the department they worked in. Table 4 indicates that 35% of the respondents were supervisors while 33.7% of the respondents were technical assistants and 19.8% were head of departments.

## ROLE IN THE DEPARTMENT

Table 4

<b>Role</b>	<b>Frequency</b>	<b>Percent</b>
H.O.D	20	19.8
Supervisor	36	35.6
Technical	34	33.7
Others	11	10.9
Total	101	100

### *4.2.5 Terms of Service*

The respondents were asked to indicate the terms of service in the organization. Table 5 indicates that 96% of the respondents were on permanent basis and 1% on contractual and temporary terms.

## TERMS OF SERVICE

Table 5

<b>Terms of Service</b>	<b>Frequency</b>	<b>Percent</b>
Permanent	97	96
Temporary	1	1
Contractual	1	1
Others	2	2
Total	101	100

## 4.3 Descriptive Results

### *4.3.1 PBB Outcomes*

The study sought to find out whether outcomes have been attained as outlined for each of the programme based on the respondents' observation and experience for financial year 2012/13. Table 6 shows that 62.4% of the respondents indicated that security services

were achieved, 52.5% indicated that national campaign against drug and substance abuse were achieved and 57.4% indicated that Government printing services were achieved. Fifty five point four percent of the respondents indicated that correctional services were achieved, while 58.4% indicated that betting control and licensing services were achieved and 42.6% indicated that population registration programme were achieved. In addition, 52.5% of the respondents indicated that immigration Services were achieved and 48.5% indicated that policy formulation and coordination were achieved. The mean score for responses in this section was 3.48 which indicated that majority of the respondents agreed that the programmes based budgeting outcomes were achieved.

## PROGRAMME BASED BUDGETING OUTCOMES

Table 6

<b>Statement</b>	<b>Not Highly Achieved</b>	<b>Not Achieved</b>	<b>Do Not Know</b>	<b>Achieved</b>	<b>Highly Achieved</b>	<b>Likert Mean</b>
Security services	1.0%	24.8%	5.0%	62.4%	6.9%	3.5
National campaign against drug and substance abuse	4.0%	20.8%	12.9%	52.5%	9.9%	3.44
Government printing services	0.0%	15.8%	16.8%	57.4%	9.9%	3.61
Correctional services	0.0%	17.8%	18.8%	55.4%	7.9%	3.53
Betting control and licensing services	1.0%	9.9%	21.8%	58.4%	8.9%	3.64
Population registration programme	2.0%	23.8%	23.8%	42.6%	7.9%	3.31
Immigration Services	1.0%	15.8%	23.8%	52.5%	6.9%	3.49
Policy formulation and coordination	1.0%	23.8%	23.8%	48.5%	3.0%	3.29
<b>Average</b>						<b>3.48</b>

### 4.3.2 Factor Analysis

Factor analysis was conducted using Principal Components Method (PCM) approach. The communalities results indicate that all the statements had significant

communalities/shared variance. As a rule of the thumb, a communality of above 0.4 indicates significant communality.

The essence of conducting factor analysis per variable was to generate factor loadings for every statement. This factor loading was interpreted as weights and were multiplied with the responses so as to get weighted responses. The summation of the weighted responses was taken as the final variable. For instance, using the dependent variable (Programe Based Budgeting performance), the highest weight (0.77) was assigned to all the 101 responses for the question of “PBB has sufficient resources (funds) for implementation of programmes as and when anticipated”. The lowest weight (0.648) was allocated to the 101 responses for the question “PBB has sufficient resources (funds) for implementation of programmes as and when anticipated”. The summation of all the weighted responses was taken as the final variable.

In performing odd ratio regression, it was important to divide the weighted variable Programe Based Budgeting Performance into 2 equal halves. The upper half represented “high performance” while the lower category represented “low performance”. “High performance” was coded as “1” and “low performance” was coded as “0” This implied that a binary dependent variable was obtained for the purposes of odd ratio regression. The same procedure was followed for the independent variables. The only difference in this case is that the weighted variables were not converted into binary variables

**PROGRAMME BASED BUDGETING OUTCOMES COMMUNALITIES**

Table 7

<b>Statement</b>	<b>Initial</b>	<b>Extraction</b>
Security services	1.000	0.423
National campaign against drug and substance abuse	1.000	0.527
Government printing services	1.000	0.401
Correctional services	1.000	0.595
Betting control and licencing services	1.000	0.501
Population registration programme	1.000	0.480
Immigration Services	1.000	0.425
Policy formulation and coordination	1.000	0.405

The extraction of the factors did not follow the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor instead the fixed factors approach was used. Total Variance analysis indicates that the 8 statements on programme based budgeting outcomes can be factored into 1 factor. The total variance explained by the extracted factor is 38.22%.

**PROGRAMME BASED BUDGETING OUTCOMES TOTAL VARIANCE**

**ANALYSIS**

Table 8

<b>Component</b>	<b>Initial Eigenvalues</b>			<b>Extraction Sums of Squared Loadings</b>		
	<b>Total</b>	<b>% of Variance</b>	<b>Cumulative %</b>	<b>Total</b>	<b>% of Variance</b>	<b>Cumulative %</b>
1	3.058	38.225	38.225	3.058	38.225	38.225
2	1.171	14.641	52.866			
3	0.83	10.381	63.247			
4	0.776	9.694	72.941			
5	0.712	8.902	81.843			
6	0.556	6.949	88.792			
7	0.539	6.735	95.527			
8	0.358	4.473	100			

Extraction Method: Principal Component Analysis.

Table 4.7 shows the factor loading from the highest to lowest. It shows that national campaign against drug and substance abuse had the highest factor loading at 0.726, followed by population registration programme with 0.693 and policy formulation and coordination had 0.636.

## **PROGRAMME BASED BUDGETING OUTCOMES ROTATED COMPONENT**

### **MATRIX**

Table 9

<b>Statement</b>	<b>Component</b>
National campaign against drug and substance abuse	0.726
Population registration programme	0.693
Policy formulation and coordination	0.636
Government printing services	0.633
Correctional services	0.629
Security services	0.569
Betting control and licensing services	0.549
Immigration Services	0.474

#### **4.4 Budget Policies and Procedures**

##### ***4.4.1 Descriptive Results for Budget Policies***

The first objective of the study was to find out the effects of policy guidelines on the programme based budgeting performance in public organization in Kenya. Table 4.8 shows that 85% of the respondents agreed that there are adequate policies and procedures guiding PBB budgetary process, 65.7% agreed that stakeholders views and expert opinions are well

sought in the development of policies and procedures and 69.3% agreed that budgetary policies and procedures are not donor forced ideologies but accepted negotiated domestic instrument.

In addition 65% of the respondents agreed that officers involved in budgetary process are adequately consulted and sensitized on development of policies and guidelines, 54% agreed that policies and guidelines are strictly adhered and complied with by budget makers and implementers on the budgetary process and 65.4% agreed that there was adequate harmonization and interlinks among the budgetary policies and guidelines vis a vis other policy guidelines like Vision 2030, millennium development goals ,IFMIS, MTEF e.t.c. The mean score of responses for this section was 2.36 which indicate that majority of the respondents agreed with the statements regarding budget policies and procedures in public organizations.

## DESCRIPTIVE RESULTS FOR BUDGET POLICIES

Table 10

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Likert Mean
There are adequate policies and procedures guiding PBB budgetary process	24.0%	61.0%	9.0%	4.0%	2.0%	1.99
Stakeholders views and expert opinions are well sought in the development of policies and procedures	15.2%	50.5%	18.2%	12.1%	4.0%	2.39
Budgetary Policies and procedures are not donor forced ideologies but accepted negotiated domestic instrument	12.9%	56.4%	23.8%	5.0%	2.0%	2.27
Officers involved in budgetary process are adequately consulted and sensitized on development of policies and guidelines	8.0%	57.0%	18.0%	16.0%	1.0%	2.45
Policies and guidelines are strictly adhered and complied with by budget makers and implementers on the budgetary process	7.0%	47.0%	25.0%	17.0%	4.0%	2.64
There is adequate harmonization and interlinks among the budgetary policies and guidelines vis a vis other policy guidelines like Vision 2030, millennium development goals ,IFMIS, MTEF e.t.c	11.9%	53.5%	19.8%	13.9%	1.0%	2.39
<b>Average</b>						<b>2.36</b>

The study sought to find out whether the respondents thought policies and procedure assist the government in achieving its programme based budget performance. Table 4.9 indicates that 86.1% of the respondents thought that the policies and procedure assist the government in achieving its programme based budget performance.

## POLICIES AND PROCEDURES

Table 11

Policies and Procedure	Frequency	Percent
No	13	12.9
Yes	87	86.1
Total	100	99
Missing	1	1
Total	101	100

### 4.4.2 Budget Policies and Procedures Factor Analysis

Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors did not follow the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 6 statements on budget policies and procedures can be factored into 1 factor. The total variance explained by the extracted factor is 42.96%.

## BUDGET POLICIES AND PROCEDURES TOTAL VARIANCE ANALYSIS

Table 12

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.578	42.969	42.969	2.578	42.969	42.969
2	0.938	15.632	58.6			
3	0.844	14.065	72.665			
4	0.659	10.982	83.647			
5	0.502	8.37	92.017			
6	0.479	7.983	100			

Extraction Method: Principal Component Analysis.

Table 4.11 shows the factor loading from the highest to lowest. It shows that officers involved in budgetary process are adequately consulted and sensitized on development of policies and guidelines had the highest factor loading at 0.793, followed by Policies and guidelines are strictly adhered and complied with by budget makers and implementers on the budgetary process with 0.713 and Stakeholders views and expert opinions are well sought in the development of policies and procedures had 0.647.

### **BUDGET POLICIES AND PROCEDURES ROTATED COMPONENT MATRIX**

Table 13

<b>Statement</b>	<b>Component</b>
Officers involved in budgetary process are adequately consulted and sensitized on development of policies and guidelines	0.793
Policies and guidelines are strictly adhered and complied with by budget makers and implementers on the budgetary process	0.713
Stakeholders views and expert opinions are well sought in the development of policies and procedures	0.647
There is adequate harmonization and interlinks among the budgetary policies and guidelines vis a vis other policy guidelines like Vision 2030, millennium development goals ,IFMIS, MTEF e.t.c	0.646
Budgetary Policies and procedures are not donor forced ideologies but accepted negotiated domestic instrument	0.566
There are adequate policies and procedures guiding PBB budgetary process	0.533

## **4.5 Stakeholders Participation**

### ***4.5.1 Stakeholder Participation Descriptive Results***

The second objective of the study was to determine the effect of stakeholder's participation on the programme based budgeting performance in public organization in Kenya. Table 4.12 indicates that 74.3% of the respondents agreed that there are adequate laws that makes it mandatory for all stakeholders consultation on budgetary process for the budget to be legitimate, 56.3% agreed that adequate awareness forums and sensitization programmes are undertaken by treasury to sensitize public on budget and give them an opportunity for the inputs and 29.8% agreed that citizens understands their rights and are competent and literate to make valuable contributions to budget decision making process. Forty two point five percent of the respondents agreed that executive arm of the government and legislature make well informed decision purely for the interests of the citizens and 29.7% agreed that budgetary proposals is a true representation of the citizens and have very strong ownership of it. The mean score of responses for this section was 2.77 which indicate that majority of the respondents agreed with the statements regarding stakeholder participation on the programme based budgeting performance in public organizations. The findings imply that stakeholder participation is a key driver in programme based budgeting performance in public organizations.

## DESCRIPTIVE RESULTS FOR STAKEHOLDER PARTICIPATION

Table 14

Statement	Strongly agree	Agree	Neut ral	Disagree	Strongly disagree	Likert Mean
There are adequate laws that makes it mandatory for all stakeholders consultation on budgetary process for the budget to be legitimate	23.8%	50.5%	9.9%	12.9%	3.0%	2.21
Adequate awareness forums and sensitization programmes are undertaken by treasury to sensitize public on budget and give them an opportunity for the inputs	13.9%	42.6%	20.8 %	18.8%	4.0%	2.56
Citizens understands their rights and are competent and literate to make valuable contributions to budget decision making process	5.0%	24.8%	29.7 %	31.7%	8.9%	3.15
Executive arm of the government and legislature make well informed decision purely for the interests of the citizens	6.9%	35.6%	33.7 %	19.8%	4.0%	2.78
Budgetary proposals is a true representation of the citizens and have very strong ownership of it	3.0%	26.7%	36.6 %	21.8%	11.9%	3.13
<b>Average</b>						<b>2.77</b>

The respondents were asked to indicate whether they think that all stakeholders are actively and responsibly involved in PBB budgetary decisions. The study findings indicate that 57.4% of the respondents indicated that the stakeholders were not actively and responsibly involved in PBB budgetary decisions.

### **STAKEHOLDER PARTICIPATION**

Table 15

<b>Stakeholder Participation</b>	<b>Frequency</b>	<b>Percent</b>
No	58	57.4
Yes	36	35.6
Total	94	93.1
Missing	7	6.9
Total	101	100

#### ***4.5.2 Stakeholder Participation Factor Analysis***

Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors did not follow the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 5 statements on stakeholder participation can be factored into 1 factor. The total variance explained by the extracted factor is 50.56%.

## STAKEHOLDER PARTICIPATION TOTAL VARIANCE ANALYSIS

Table 16

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.528	50.561	50.561	2.528	50.561	50.561
2	0.853	17.064	67.625			
3	0.798	15.959	83.585			
4	0.552	11.047	94.631			
5	0.268	5.369	100			

Extraction Method: Principal Component Analysis.

Table 4.15 shows the factor loading from the highest to lowest. It shows that Budgetary proposals is a true representation of the citizens and have very strong ownership of it had the highest factor loading at 0.817, followed by executive arm of the government and legislature make well informed decision purely for the interests of the citizens with 0.712 and adequate awareness forums and sensitization programmes are undertaken by treasury to sensitize public on budget and give them an opportunity for the inputs had 0.706.

## STAKEHOLDER PARTICIPATION ROTATED COMPONENT MATRIX

Table 17

Statement	Component
Budgetary proposals is a true representation of the citizens and have very strong ownership of it	0.817
Executive arm of the government and legislature make well informed decision purely for the interests of the citizens	0.712
Adequate awareness forums and sensitization programmes are undertaken by treasury to sensitize public on budget and give them an opportunity for the inputs	0.706
Citizens understands their rights and are competent and literate to make valuable contributions to budget decision making process	0.706
There are adequate laws that makes it mandatory for all stakeholders consultation on budgetary process for the budget to be legitimate	0.597

### **4.6 Budget Implementation Capacity**

#### ***4.6.1 Budget Implementation Capacity Descriptive Results***

The third objective of the study was to establish the influence of budget implementation capacity on the programme based budgeting performance in public organization in Kenya. Table 4.16 indicates that 88.1% of the respondents' budget implementers have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience, 60.4% agreed that implementers exercise code of good practice and fiscal transparency and ensure strict adherence to

budgetary policies and guidance and 69.3% agreed that implementers are regularly appraised of government budgetary reform agenda and participatory approach ensure their views are always incorporated. Fifty two percent of the respondents agreed that budget implementers are competitively recruited and work independently and professionally without undue influence from other quarters and 29.7% agreed that budget implementers are well compensated and cannot be easily tempted to compromise their integrity. The mean score of responses for this section was 2.52 which indicate that majority of the respondents agreed with the statements regarding budget implementation capacity on the programme based budgeting performance in public organizations. The findings imply that budget implementation capacity is a key driver in programme based budgeting performance in public organizations.

## DESCRIPTIVE RESULTS FOR BUDGET IMPLEMENTATION CAPACITY

Table 18

Statement	Strongly agree	Agree	Neutral	Dis-agree	Strongly disagree	Likert Mean
Budget implementers have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience	29.7%	58.4%	6.9%	4.0%	1.0%	1.88
Implementers exercise code of good practice and fiscal transparency and ensure strict adherence to budgetary policies and guidance	12.9%	47.5%	25.7%	12.9%	1.0%	2.42
Implementers are regularly appraised of government budgetary reform agenda and participatory approach ensure their views are always incorporated	8.9%	60.4%	16.8%	12.9%	1.0%	2.37
Budget Implementers are competitively recruited and work independently and professionally without undue influence from other quarters	5.0%	47.0%	24.0%	21.0%	3.0%	2.7
Budget implementers are well compensated and cannot be easily tempted to compromise their integrity	1.0%	28.7%	27.7%	30.7%	11.9%	3.24
<b>Average</b>						<b>2.52</b>

The respondents were asked to indicate whether they think budget implementers achieve the objectives of PBB budget. Table 19 indicates that 52.5% indicated that budget implementers did not achieve the objectives of PBB budget

### **BUDGET IMPLEMENTATION CAPACITY**

Table 19

	<b>Frequency</b>	<b>Percent</b>
No	53	52.5
Yes	43	42.6
Total	96	95
Missing	5	5
Total	101	100

#### ***4.6.2 Budget Implementation Capacity Factor Analysis***

Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors did not follow the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 5 statements on budget implementation capacity can be factored into 1 factor. The total variance explained by the extracted factor is 58.28%.

## BUDGET IMPLEMENTATION CAPACITY TOTAL VARIANCE ANALYSIS

Table 20

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.914	58.287	58.287	2.914	58.287	58.287
2	0.798	15.955	74.242			
3	0.581	11.625	85.867			
4	0.377	7.546	93.414			
5	0.329	6.586	100			

Extraction Method: Principal Component Analysis.

Table 20 shows the factor loading from the highest to lowest. It shows that implementers exercise code of good practice and fiscal transparency and ensure strict adherence to budgetary policies and guidance had the highest factor loading at 0.819, followed by budget Implementers are competitively recruited and work independently and professionally without undue influence from other quarters with 0.811 and implementers are regularly appraised of government budgetary reform agenda and participatory approach ensure their views are always incorporated had 0.781.

## BUDGET IMPLEMENTATION CAPACITY ROTATED COMPONENT MATRIX

Table 21

Statement	Component
Implementers exercise code of good practice and fiscal transparency and ensure strict adherence to budgetary policies and guidance	0.819
Budget Implementers are competitively recruited and work independently	0.811

and professionally without undue influence from other quarters	
Implementers are regularly appraised of government budgetary reform agenda and participatory approach ensure their views are always incorporated	0.781
Budget implementers have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience	0.746
Budget implementers are well compensated and cannot be easily tempted to compromise their integrity	0.648

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## **4.7 Institutionalized Oversight Bodies**

### **4.7.1 Institutionalized Oversight Bodies Descriptive Results**

The fourth objective of the study was to assess the effect of institutionalized oversight body's on the programme based budgeting performance in public organization in Kenya. Table 4.21 indicates that 78% of the respondents agreed that officers in oversight bodies have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience to perform their oversight responsibilities competitively, 65% agreed that there are sufficient legal framework to ensure their findings and recommendations are implemented and enforced and 57.4% agreed that oversight bodies, the auditor general and parliament are completely independent, hence oversight reports are of high integrity, free from any undue influence and resonate with public interests as their watch dog. Fifty four point five percent of the respondents agreed that parliament as representative of the people ensure budget proposal meets integrity standards and is implemented to the letter and failures are reprimanded or punished and 43.9% agreed that public officers in the oversight bodies are well compensated and motivated and are not easily tempted to compromise their integrity. The mean score of responses for this section was 2.48 which indicate that majority of the respondents agreed with the statements regarding institutionalized oversight bodies on the programme based budgeting performance in public

organizations. The findings imply that institutionalized oversight bodies is a key driver in programme based budgeting performance in public organizations.

## INSTITUTIONALIZED OVERSIGHT BODIES DESCRIPTIVE RESULTS

Table 22

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Likert Mean
Officers in oversight bodies have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience to perform their oversight responsibilities competitively	18.0%	60.0%	13.0%	9.0%	0.0%	2.13
There are sufficient legal framework to ensure their findings and recommendations are implemented and enforced	10.0%	55.0%	19.0%	16.0%	0.0%	2.41
Oversight bodies, the auditor general and parliament are completely independent, hence oversight reports are of high integrity, free from any undue influence and resonate with public interests as their watch dog	5.9%	51.5%	30.7%	9.9%	2.0%	2.5
Parliament as representative of the people ensure budget proposal meets integrity standards and is implemented to the letter and failures are reprimanded or punished	2.0%	52.5%	26.7%	16.8%	2.0%	2.64
Public officers in the oversight bodies are well compensated and motivated and are not easily tempted to compromise their integrity	4.1%	39.8%	37.8%	16.3%	2.0%	2.72
<b>Average</b>						<b>2.48</b>

The respondents were asked to indicate whether they think budget oversight bodies are effective in their budgetary oversight roles. Table 4.22 shows that 48.5% of the respondents indicated that budget oversight bodies are effective in their budgetary oversight roles.

## INSTITUTIONALIZED OVERSIGHT BODIES

Table 23

	Frequency	Percent
No	46	45.5
Yes	49	48.5
Total	95	94.1
Missing	6	5.9
Total	101	100

### 4.7.2 Institutionalized Oversight Bodies Factor Analysis

Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors did not follow the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 5 statements on institutionalized oversight bodies can be factored into 1 factor. The total variance explained by the extracted factor is 53.40%.

## INSTITUTIONALIZED OVERSIGHT BODIES TOTAL VARIANCE ANALYSIS

Table 24

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.67	53.403	53.403	2.67	53.403	53.403
2	0.779	15.572	68.975			
3	0.702	14.045	83.021			
4	0.5	10.002	93.023			
5	0.349	6.977	100			

Table 24 shows the factor loading from the highest to lowest. It shows that oversight bodies, the auditor general and parliament are completely independent, hence oversight reports are of high integrity, free from any undue influence and resonate with public interests as their watch dog had the highest factor loading at 0.810, followed by parliament as representative of the people ensure budget proposal meets integrity standards and is implemented to the letter and failures are reprimanded or punished with 0.788 and officers in oversight bodies have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience to perform their oversight responsibilities competitively had 0.711.

### **INSTITUTIONALIZED OVERSIGHT BODIES ROTATED COMPONENT MATRIX**

Table 25

<b>Statement</b>	<b>Component</b>
Oversight bodies, the auditor general and parliament are completely independent, hence oversight reports are of high integrity, free from any undue influence and resonate with public interests as their watch dog	0.810
Parliament as representative of the people ensure budget proposal meets integrity standards and is implemented to the letter and failures are reprimanded or punished	0.788
Officers in oversight bodies have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience to perform their oversight responsibilities competitively	0.711
Public officers in the oversight bodies are well compensated and motivated and are not easily tempted to compromise their integrity	0.673
There are sufficient legal framework to ensure their findings and recommendations are implemented and enforced	0.66

## **4.8 Financial Availability**

### ***4.8.1 Financial Availability Descriptive Results***

The fifth objective of the study was to evaluate the role of finance on the programme based budgeting performance in public organization in Kenya. Table 25 indicates that 82.2% of the respondents agreed that there was adequate fiscal formulation , preparation and execution, as well as financial accounting, auditing and reporting policies, 57.5% agreed that there was accurate forecasting of budgetary resources that makes revenue forecast to equate expenditure forecast as per the budget statement in every fiscal year and 65.4% agreed that government has sufficient means of raising adequate funds sufficient to support its expenditure/ programmes proposals as per its budget statement.

In addition, 47.5% of the respondents agreed that legislators has required capacity, skill, understanding and independency to interrogate finance bill and appropriation bill effectively, 37% agreed that foreign or donor funding included in the finance bill are not speculative but realistic revenues negotiated above board and without punitive conditionality's and 78.2% agreed that budget financing is a serious government policy but not a political statement intended to hoodwink the public. The mean score of responses for this section was 2.42 which indicate that majority of the respondents agreed with the statements regarding financial availability on the programme based budgeting performance in public organizations. The findings imply that financial availability is a key driver in programme based budgeting performance in public organizations.

## FINANCIAL AVAILABILITY DESCRIPTIVE RESULTS

Table 26

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Likert Mean
There is adequate fiscal formulation , preparation and execution, as well as financial accounting, auditing and reporting policies	22.8%	59.4%	11.9%	5.9%	0.0%	2.01
There is accurate forecasting of budgetary resources that makes revenue forecast to equate expenditure forecast as per the budget statement in every fiscal year	3.0%	54.5%	28.7%	12.9%	1.0%	2.54
Government has sufficient means of raising adequate funds sufficient to support its expenditure/ programmes proposals as per its budget statement	11.9%	53.5%	12.9%	20.8%	1.0%	2.46
Legislators has required capacity, skill, understanding and independency to interrogate finance bill and appropriation bill effectively	8.9%	38.6%	27.7%	24.8%	0.0%	2.68
Foreign or donor funding included in the finance bill are not speculative but realistic revenues negotiated above board and without punitive conditionality's	6.0%	31.0%	43.0%	16.0%	4.0%	2.81
Budget financing is a serious government policy but not a political statement intended to hoodwink the public	27.7%	50.5%	16.8%	4.0%	1.0%	2.00
<b>Average</b>						<b>2.42</b>

The study sought to find out whether the respondents think the government has the capacity to raise sufficient funds for all programmes in the budget proposals. Table 27 shows that 58.4% indicated that the government had the capacity to raise sufficient funds for all programmes in the budget proposals.

## FINANCIAL AVAILABILITY

Table 27

	Frequency	Percent
No	39	38.6
Yes	59	58.4
Total	98	97
Missing	3	3
Total	101	100

### 4.8.2 Financial Availability Factor Analysis

Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors did not follow the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 6 statements on financial availability can be factored into 1 factor. The total variance explained by the extracted factor is 42.35%.

## FINANCIAL AVAILABILITY TOTAL VARIANCE ANALYSIS

Table 28

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.541	42.354	42.354	2.541	42.354	42.354
2	1.124	18.731	61.085			
3	0.876	14.601	75.686			
4	0.545	9.09	84.776			
5	0.459	7.648	92.425			
6	0.455	7.575	100			

Extraction Method: Principal Component Analysis.

Table 28 shows the factor loading from the highest to lowest. It shows that legislators has required capacity, skill, understanding and independency to interrogate finance bill and appropriation bill effectively had the highest factor loading at 0.735, followed by foreign or donor funding included in the finance bill are not speculative but realistic revenues negotiated above board and without punitive conditionality's with 0.716 and there was adequate fiscal formulation , preparation and execution, as well as financial accounting, auditing and reporting policies had 0.633.

### **FINANCIAL AVAILABILITY ROTATED COMPONENT MATRIX**

Table 29

<b>Statement</b>	<b>Component</b>
Legislators has required capacity, skill, understanding and independency to interrogate finance bill and appropriation bill effectively	0.735
Foreign or donor funding included in the finance bill are not speculative but realistic revenues negotiated above board and without punitive conditionality's	0.716
There is adequate fiscal formulation , preparation and execution, as well as financial accounting, auditing and reporting policies	0.633
Budget financing is a serious government policy but not a political statement intended to hoodwink the public	0.620
There is accurate forecasting of budgetary resources that makes revenue forecast to equate expenditure forecast as per the budget statement in every fiscal year	0.609
Government has sufficient means of raising adequate funds sufficient to support its expenditure/ programmes proposals as per its budget statement	0.577

## **4.9 Programme Based Budgeting**

### ***4.9.1 Programme Based Budgeting Descriptive Results***

The study sought to find out the programme based budgeting in public organizations. Table 29 shows that 48.5% of the respondents agreed that PBB is an all inclusive negotiated budget by all stakeholders, citizens, workers, politicians and other stakeholders like donors, 61.4% agreed that there was adequate staff capacity for PBB formulation and implementation within the strict time frames and 45% agreed that PBB has sufficient resources (funds) for implementation of programmes as and when anticipated. In addition, 49.5% agreed that PBB programs inputs are well measurable and quantifiable and expected outcomes are equally measurable and quantifiable, 52.5% agreed that the review and evaluation mechanisms are adequate to ensure earliest possible interventions in case of deviation from expectation and 47.5% agreed that oversight institutions understands PBB well and are competent to cost, price and evaluate activities for value for money and report effectively on accountability and transparency of the operations back to stakeholders. The mean score of responses for this section was 2.63 which indicate that majority of the respondents agreed with the statements regarding the programme based budgeting performance in public organizations.

## PROGRAMME BASED BUDGETING DESCRIPTIVE RESULTS

Table 30

<b>Statement</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Likert Mean</b>
PBB is an all inclusive negotiated budget by all stakeholders, citizens, workers, politicians and other stakeholders like donors	9.9%	38.6%	31.7%	15.8%	4.0%	2.65
There is adequate staff capacity for PBB formulation and implementation within the strict time frames	11.9%	49.5%	18.8%	18.8%	1.0%	2.48
PBB has sufficient resources (funds) for implementation of programmes as and when anticipated	8.0%	37.0%	33.0%	21.0%	1.0%	2.7
PBB programs inputs are well measurable and quantifiable and expected outcomes are equally measurable and quantifiable	4.0%	45.5%	33.7%	16.8%	0.0%	2.63
The review and evaluation mechanisms are adequate to ensure earliest possible interventions in case of deviation from expectation.	4.0%	48.5%	22.8%	23.8%	1.0%	2.69
Oversight institutions understands PBB well and are competent to cost, price and evaluate activities for value for money and report effectively on accountability and transparency of the operations back to stakeholders	10.9%	36.6%	31.7%	18.8%	2.0%	2.64
<b>Average</b>						<b>2.63</b>

Regarding the question in your own opinion do you think PBB is owned by stakeholders, 56.4% of the respondents indicated that PBB was not owned by stakeholders.

## PROGRAMME BASED BUDGETING

Table 31

	<b>Frequency</b>	<b>Percent</b>
No	57	56.4
Yes	40	39.6
Total	97	96
Missing	4	4
Total	101	100

The respondents were asked to indicate which one of the following factors they think was most important in influencing programme based budget performance. Table 31 shows that 30.7% of the respondents indicated stakeholder participation was the most important followed by policies and procedures and implementation capacity.

## PROGRAMME BASED BUDGETING FACTORS

Table 32

	<b>Frequency</b>	<b>Percent</b>
Policies and procedures	24	23.8
Stakeholders participation	31	30.7
Implementation capacity	20	19.8
Institutionalized oversight bodies	4	4
Finance availability	17	16.8
Total	96	95
Missing	5	5
Total	101	100

#### 4.9.2 Programme Based Budgeting Factor Analysis

Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 6 statements on programme based budgeting can be factored into 1 factor. The total variance explained by the extracted factor is 54.40%.

#### PROGRAMME BASED BUDGETING TOTAL VARIANCE ANALYSIS

Table 33

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.264	54.403	54.403	3.264	54.403	54.403
2	0.836	13.929	68.332			
3	0.604	10.071	78.404			
4	0.563	9.386	87.789			
5	0.453	7.542	95.331			
6	0.28	4.669	100			

Table 4.32 shows the factor loading from the highest to lowest. It shows that PBB has sufficient resources (funds) for implementation of programmes as and when anticipated had the highest factor loading at 0.777, followed by the review and evaluation mechanisms are adequate to ensure earliest possible interventions in case of deviation from expectation with 0.774 and PBB is an all inclusive negotiated budget by all stakeholders, citizens, workers, politicians and other stakeholders like donors had 0.770.

## PROGRAMME BASED BUDGETING ROTATED COMPONENT MATRIX

Table 34

Statement	Component
PBB has sufficient resources (funds) for implementation of programmes as and when anticipated	0.777
The review and evaluation mechanisms are adequate to ensure earliest possible interventions in case of deviation from expectation.	0.774
PBB is an all inclusive negotiated budget by all stakeholders, citizens, workers, politicians and other stakeholders like donors	0.77
Oversight institutions understands PBB well and are competent to cost, price and evaluate activities for value for money and report effectively on accountability and transparency of the operations back to stakeholders	0.731
PBB programs inputs are well measurable and quantifiable and expected outcomes are equally measurable and quantifiable	0.718
There is adequate staff capacity for PBB formulation and implementation within the strict time frames	0.648

### 4.10 Odd Ratio Regression

Table 4.33 shows that budget policies was positive and statistically significant with programme based budgeting performance ( $P < 0.037$ ). The odds of having high programme based budgeting performance were 5.5859 times higher for those with budget policies compared to those without budget policies. Institutionalized oversight bodies was positive and statistically significant with programme based budgeting performance ( $P < 0.012$ ). The odds of having high programme based budgeting performance were 10.1 times higher for those with institutionalized oversight bodies compared to those without institutionalized oversight bodies.

Financial Availability was positive and statistically significant with programme based budgeting performance ( $P < 0.005$ ). The odds of having high programme based budgeting

performance were 21.763 times higher for those with financial availability compared to those without financial availability.

**LOGISTIC REGRESSION FOR PROGRAMME BASED BUDGETING  
PERFORMANCE**

Table 35

Variable	Beta	S.E.	Wald	d f	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Budget policies	2.055	0.985	4.351	1	0.037	5.5859	0.019	0.883
Stakeholder Participation	0.227	0.601	0.143	1	0.706	1.255	0.386	4.077
Budget Implementation	1.09	0.792	1.893	1	0.169	2.974	0.63	14.054
Institutionalized oversight bodies	2.313	0.92	6.318	1	0.012	10.1	1.664	61.301
Financial Availability	3.08	1.109	7.71	1	0.005	21.763	2.474	191.4
Constant	-15.99	4.506	12.592	1	0.000	0.000		

Odds of Programme Based Budgeting Performance = -15.99+2.055 Budget policies  
+0.227 Stakeholder Participation + 1.09 Budget Implementation +2.313 Institutionalized  
oversight bodies +3.08 Financial Availability

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter finalizes the study by providing the summary of key findings, conclusions and recommendations. The summary, conclusions and recommendations are aligned to the specific objectives of the study. The study also highlighted the programme based budgeting outcomes.

#### 5.2 Summary of Findings

##### 5.2.1 *PBB Outcomes*

The study sought to find out whether outcomes have been attained as outlined for each of the programme based on the respondents' observation and experience for financial year 2012/13. Results indicated that the PBB outcomes had been partially achieved. This was supported by responses from over 50% of the respondents who indicated that security services, national campaign against drug and substance abuse, Government printing services, immigration Services, correctional services and betting control and licensing services were achieved. However, population registration programme and policy formulation and coordination were achieved to a low extent. The mean score for responses in this section was 3.48 which indicated that majority of the respondents agreed that the programmes based budgeting outcomes were achieved.

##### 5.2.2 *Budget Policies and Procedures*

The first objective of the study was to find out the effects of policy guidelines on the programme based budgeting performance in public organization in Kenya. Results show that majority of the respondents agreed that there are adequate policies and procedures guiding PBB budgetary process, stakeholders views and expert opinions are well sought in the development of policies and procedures and the budgetary policies and procedures are not

donor forced ideologies but accepted negotiated domestic instrument. The mean score of responses for this section was 2.36 which indicated that budget policies and procedures were a key determinant in programme based budgeting performance in public organizations.

The study findings agree with those in Lienert, and Fainboim (2010) who asserted that policy guidelines in budgeting consist far too frequently of the proposed budget for the first year of multi-year framework, followed by inflation adjusted projections of cost for the outer year they pay little attention to, for example, the likely phasing of policy implementation, changes in demand that will affect spending unevenly or the impact of once-off capital spending on the base year estimates.

The study finding agrees with those in Tommasi (2009). The reform programme must be domesticated, understood and owned by the political leadership, technical operators besides the stakeholders who are the ultimate beneficiaries. Reforms are not intended for donors and international consultants but acceptable instruments at domestic level. Strong domestic ownership is crucial for building reform consensus at the political level and acceptance by the lower level technocrats needed to run the system.

Total Variance analysis indicates that the 6 statements on budget policies and procedures can be factored into 1 factor. The total variance explained by the extracted factor is 42.96%. Odds ratio regression analysis results indicated that budget policies was positive and statistically significant with programme based budgeting performance ( $P < 0.037$ ). The odds of having high programme based budgeting performance were 5.5859 times higher for those with budget policies compared to those without budget policies.

### ***5.2.3 Stakeholder Participation***

The second objective of the study was to determine the effect of stakeholder's participation on the programme based budgeting performance in public organization in Kenya. The study findings indicated that stakeholder participation is a key driver in

programme based budgeting performance in public organizations. This was evidenced by the responses from the respondents agreeing that there are adequate laws that makes it mandatory for all stakeholders consultation on budgetary process for the budget to be legitimate, adequate awareness forums and sensitization programmes are undertaken by treasury to sensitize public on budget and give them an opportunity for the inputs and citizens understands their rights and are competent and literate to make valuable contributions to budget decision making process.

The study findings agree with those in Ndiritu (2013) who asserted that some areas are particularly suited to a participatory approach, including themes that involve a choice between fundamental values and principles and policy issues that call for a combination of public awareness, learning, a search for solutions and emotional or moral acceptance of the eventual decision. Total Variance analysis indicates that the 5 statements on stakeholder participation can be factored into 1 factor. The total variance explained by the extracted factor is 50.56%.

#### ***5.2.4 Budget Implementation Capacity***

The third objective of the study was to establish the influence of budget implementation capacity on the programme based budgeting performance in public organization in Kenya. The study findings indicated that majority of the respondents' agreed that budget implementers have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience, implementers exercise code of good practice and fiscal transparency and ensure strict adherence to budgetary policies and guidance and implementers are regularly appraised of government budgetary reform agenda and participatory approach ensure their views are always incorporated. The findings imply that budget implementation capacity is a key driver in programme based budgeting performance in public organizations.

Total Variance analysis indicates that the 5 statements on budget implementation capacity can be factored into 1 factor. The total variance explained by the extracted factor is 58.28%. Internationally Monetary Fund, (2007) advances good principles and practices for the structure and finances of government. The Codes of good practice on fiscal transparency is based on four key pillars: a clear role and responsibilities in government, full disclosure information on the government activities to the public, open and transparent execution and reporting to attain widely accepted standards of data quality and integrity assurance. The reform agenda in developing countries is dismal due to deviations from what was envisaged. Reform changes in developed world are supported by well developed regulations and laws that conform to international standards however they are also affected by weak implementation. More emphasis should be put to institutional factors such as human resource availability skills and IT requirements and political goodwill that will shape the reforms process. Such factors will determine the incentives needed to ensure sustainability. The reforms have to be understood and owned by domestic technical and political leadership rather than donors and international consultants. (Lawson and Folscher, 2011).

#### **5.2.5 Institutionalized Oversight Bodies**

The fourth objective of the study was to assess the effect of institutionalized oversight body's on the programme based budgeting performance in public organization in Kenya. Results indicated that respondents agreed that officers in oversight bodies have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience to perform their oversight responsibilities competitively, there are sufficient legal framework to ensure their findings and recommendations are implemented and enforced and oversight bodies, the auditor general and parliament are completely independent, hence oversight reports are of high integrity, free from any undue influence and resonate with public interests as their watch dog. The mean score of responses

for this section was 2.48 which indicated that majority of the respondents agreed with the statements regarding institutionalized oversight bodies on the programme based budgeting performance in public organizations. The findings imply that institutionalized oversight bodies is a key driver in programme based budgeting performance in public organizations.

Total Variance analysis indicates that the 5 statements on institutionalized oversight bodies can be factored into 1 factor. The total variance explained by the extracted factor is 53.40%. Odds ratio regression analysis results indicated that institutionalized oversight bodies was positive and statistically significant with programme based budgeting performance ( $P < 0.012$ ). The odds of having high programme based budgeting performance were 10.1 times higher for those with institutionalized oversight bodies compared to those without institutionalized oversight bodies.

#### **5.2.6 Financial Availability**

The fifth objective of the study was to evaluate the role of finance on the programme based budgeting performance in public organization in Kenya. The study findings indicated that majority of the respondents agreed that there was adequate fiscal formulation , preparation and execution, as well as financial accounting, auditing and reporting policies, there was accurate forecasting of budgetary resources that makes revenue forecast to equate expenditure forecast as per the budget statement in every fiscal year and government has sufficient means of raising adequate funds sufficient to support its expenditure/ programmes proposals as per its budget statement.

The mean score of responses for this section was 2.42 which indicated that majority of the respondents agreed that financial availability is a key driver in programme based budgeting performance in public organizations. The findings agreed with those in Folscher (2007) who indicated that Government budgeting deals with allocation and use of resources, and associated decisions about how the resources used will be acquired by that part of the

public sector which is financed primarily by compulsory charges such as taxes. It provides services and transfer of a non- market basis where non- market basis means either free or greatly below cost. It is therefore a financial plan which covers those public sector agencies such as ministries and social security systems.

The findings agree with those in Robinson and Brumby (2005) who asserted that budget financing is driven by four pillars of fiscal policy formulation, budget preparation and approval, budget implementation and feedback reporting through financial accounting and auditing. The key objectives of budget are sound macro fiscal outcomes, appropriate expenditure prioritization and service effectiveness and efficiency.

Total Variance analysis indicates that the 6 statements on financial availability can be factored into 1 factor. The total variance explained by the extracted factor is 42.35%.

Odds ratio regression analysis results indicated that financial availability was positive and statistically significant with programme based budgeting performance ( $P < 0.005$ ). The odds of having high programme based budgeting performance were 21.763 times higher for those with financial availability compared to those without financial availability.

### ***5.2.7 Programme Based Budgeting Performance***

The study sought to find out the programme based budgeting performance in public organizations. Results showed that the respondents agreed that PBB is an all inclusive negotiated budget by all stakeholders, citizens, workers, politicians and other stakeholders like donors, there was adequate staff capacity for PBB formulation and implementation within the strict time frames and PBB had sufficient resources (funds) for implementation of programmes as and when anticipated. The mean score of responses for this section was 2.63 which indicate that majority of the respondents agreed with the statements regarding the programme based budgeting performance in public organizations.

The study findings agree with those in Bourdeaux (2006) who argued that programme based budget intends to serve the public well, thus the Government must know what residents expect from the monies they give as taxes. Measuring programme outcomes, holding government heads accountable for meeting performance targets, reaching objectives and accomplishing goals are key challenges in budget implementation. The process of trying to include all of the stakeholders in a dialogue about government priorities is healthy but difficult. Identifying strategic goals, developing priorities, measuring outcomes and allocating budget monies accordingly may appear to represent fundamental change, but in the end it is the state government's employees who will be responsible for whether the services are delivered in a more responsive and effective manner. Total Variance analysis indicated that the 6 statements on programme based budgeting can be factored into 1 factor. The total variance explained by the extracted factor is 54.40%.

### **5.3 Conclusions**

From the study, it was possible to conclude that the PBB outcomes were partially achieved this is because all the programmes (security services, national campaign against drug and substance abuse, Government printing services, immigration Services, correctional services and betting control and licensing services were achieved) had been achieved to only 50% level and some even lower than 50% However, population registration programme and policy formulation and coordination were achieved to a low extent.

Based on the study findings it was possible to conclude that there was effective and good policy guidelines in place on the programme based budgeting performance in public organization in Kenya. Results led to the conclusion that there are adequate policies and procedures guiding PBB budgetary process, stakeholders views and expert opinions are well sought in the development of policies and procedures and the budgetary policies and procedures are not donor forced ideologies but accepted negotiated domestic instrument

which led to improved programme based budgeting performance in public organization in Kenya. The study also concludes that budget policies and procedures were statistically significant in explaining programme based budgeting performance in public organization in Kenya. This implies that budget policies and procedures influenced programme based budgeting performance in public organization in Kenya positively.

Stakeholder participation was found not to be statistically significant in explaining programme based budgeting performance in public organization in Kenya. However stakeholder participation was an important factor that led to improved programme based budgeting performance in public organization in Kenya. It was possible to conclude that there are adequate laws that makes it mandatory for all stakeholders consultation on budgetary process for the budget to be legitimate, adequate awareness forums and sensitization programmes are undertaken by treasury to sensitize public on budget and give them an opportunity for the inputs but the respondents felt that budgetary proposals was not a true representation of the citizens and have very strong ownership of it.

Budget implementation capacity was not statistically significant in explaining programme based budgeting performance in public organization in Kenya. However as much as budget implementers had the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience, and implementers exercised code of good practice and fiscal transparency to ensure strict adherence to budgetary policies and guidance they were poorly compensated which could lead to easy temptation to compromise their integrity. Institutionalized oversight bodies was found to be effective in determining programme based budgeting performance. It was possible to conclude that officers in oversight bodies had the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience to perform their oversight responsibilities competitively and parliament as representative of the

people ensured budget proposal meets integrity standards and is implemented to the letter and failures are reprimanded or punished.

Financial availability was found to be effective in determining programme based budgeting performance. It can be concluded that the government had sufficient means of raising adequate funds sufficient to support its expenditure/ programmes proposals as per its budget statement. It was also possible to conclude that the organizations have adequate fiscal formulation , preparation and execution, as well as financial accounting, auditing and reporting policies and accurate forecasting of budgetary resources that makes revenue forecast to equate expenditure forecast as per the budget statement in every fiscal year

#### **5.4 Recommendations**

Based on the results, findings and conclusions the following recommendations have been deciphered. The study recommends that the public organizations should emphasize on PBB since it gives the citizens better information about budget and offers platform for improved results and accountability, platform of improved efficiency and reduction of wastage, offers a platform for performance information to enhance decision making on setting priorities and targets.

The study recommends that the public organizations should ensure that they have effective budget policies and procedure in place and followed to the letter. From the other hand, the organizations should follow more systematic approach in their selection processes in order to recruit the most innovative budget implementers to ensure a high success rate. It is also recommended that firms should invest enough resources to ensure that their objectives and goals are met without constraints. Specifically, they should have adequate fiscal formulation , preparation and execution, as well as financial accounting, auditing and reporting policies and accurate forecasting of budgetary resources that makes revenue forecast to equate expenditure forecast as per the budget statement in every fiscal year.

The study further recommends that staff competence be emphasized in the organizations as it has an effect on the overall achievement of its goals and objectives. Therefore the management is urged to ensure that career growth, training and development on reward and motivation are emphasized. Finally, the study recommends that the management ensures that employees are satisfied on job design and responsibilities, working environment and remuneration to avoid temptations concerning integrity issues.

### **5.5 Areas for Further Research**

Arising from the findings and the gaps in the study a replica study is recommended in private organizations in order to test whether the conclusions of this study will hold true. Future studies should apply different research instruments like focus group discussions to involve respondents in discussions in order to generate detailed information which would help improve programme based budgeting performance and implementation process.

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## **APPENDICES**

### **APPENDIX I**

#### **Introduction Letter**

Dear respondent,

My name is Charles N Minjire, an MSc Commerce student in Business Management at KCA University. Am a career civil servant currently working with Ministry of Education Science and Technology. In partial fulfillment of the course requirements, am conducting a study on the “factors that affect Programme Based Budgeting performance in government organizations in Kenya.”

I have selected you as a respondent in this study since you are most informed on the matters of budgetary making, implementation and oversight roles in the entire budgetary process. With regards, I request you to spare a few minutes to fill in the questionnaire as diligently as possible. The information in this questionnaire will be strictly confidential and will not be used for any other purpose other than for this study. Your assistance in facilitating this research will be highly appreciated.

Yours Faithfully,

**Charles N. Minjire**

**KCA/12/01997**

## APPENDIX II

### Questionnaire

#### Section A: Respondents' profile.

The purpose of this questionnaire is to collect data for a study on the “factors that affect Programme Based Budgeting performance in government organizations in Kenya.” Data collected will be treated with utmost confidence and used only for the purpose of this study.

Also note that there is no right or wrong answer.

#### Instructions on how to fill the questionnaire;

- (i) Fill in your answer to all Questions in the spaces provided either by writing or ticking.
- (ii) Do not indicate your name anywhere in the questionnaire.
- (iii) It is absolutely important that all questions have a response.
- (iv) Your response should be based on your experience in the government budget making and implementation process.

Please when answering the question tick in the box against.

1. Department.....

2. Please tick your designation

Gender

Male { }

Female { }

3. What is your profession/Designation in the ministry?

AIE Holder { }

Economist { }

Finance Officer { }

Accountant { }

Internal Auditor { }

- External Auditor { }
4. How long have you been in that position?
- Less than 1 yr { }
- 1 yr – 4yrs { }
- 5 yrs – 8yrs { }
- 9 yrs – 12yrs { }
- 13 yrs to 16yrs { }
- Over 17 yrs { }
5. What is your role in the department?
- (H.O.D) { }
- Supervisor { }
- Technical { }
- Others { }
6. What are your terms of service?
- Permanent { }
- Temporary { }
- Contractual { }
7. Others (specify).....

**Section B: PBB Outcomes**

This section contains expected outcomes of the programmes. Please tick the most appropriate Personal observation indicating whether outcomes have been attained as outlined for each of the programme based on your observation and experience for financial year 2012/13: Tick the option that best describes your feelings on each of the issues stated: Highly achieved (1), Achieved (2). Do not Know (3) Not achieved (4) Highly not achieved (5)

Programme	Expected outcomes	Highly achieved	Achieved	Do not know	Not achieved	Highly not achieved
Security services	<ul style="list-style-type: none"> <li>• Improved national security, peace and harmony in the country</li> <li>• Timely responses to emergencies</li> <li>• Improved morale and welfare of state security officers</li> <li>• Reduced incidence of crime</li> <li>• Adquate decent houses for security officers</li> </ul>					

National campaign against drug and substance abuse	<ul style="list-style-type: none"> <li>• Reduce number of drug/substance abusers and addicts toward a drug free nation</li> <li>• Establish rehabilitation centers for drug abusers treatment and rehabilitation</li> </ul>					
Government printing services	<ul style="list-style-type: none"> <li>• Improve efficiency, timely and quality documentation</li> <li>• To be digitized, cabling work completed and software installed</li> </ul>					
Correctional services	<ul style="list-style-type: none"> <li>• Offenders rehabilitated, and re-integrated back to the community</li> <li>• Health facilities in penal</li> </ul>					

	<p>institution upgraded</p> <ul style="list-style-type: none"> <li>• Offenders contained in save custody</li> <li>• Intelligence gathering unit operationalised</li> </ul>					
Betting control and licencing services	<ul style="list-style-type: none"> <li>• Betting, lotteries and gaming activities supervised</li> <li>• All gaming activities licensed</li> <li>• Betting lotteries and gamming act reviewed</li> </ul>					
Population registration programme	<ul style="list-style-type: none"> <li>• Identification cards given to all kenyans qualified</li> <li>• 3<sup>rd</sup> generation identity card issuance system procured</li> <li>• Achieve over 90% births and death</li> </ul>					

	<ul style="list-style-type: none"> <li>• registration</li> <li>• 100% refugees identified and registered</li> </ul>					
Immigration Services	<ul style="list-style-type: none"> <li>• Passports processed and issued within 14 days period</li> <li>• Kenya visas issued transparently and in time</li> <li>• Work permits and special passes issued in time and transparently</li> </ul>					
Policy formulation and coordination	<ul style="list-style-type: none"> <li>• Review immigration, population registration and refuge policies and acts</li> <li>• Acts strengthening fight against drug formulated</li> <li>• Develop laws integrating provincial administration</li> </ul>					

	within the context of the provision of the constitution					
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**Section C: Variables Impact Assessment**

This section contains questions on various variables that affect PBB performance. Please tick the most appropriate response for each of the question in the tables below: Tick the option that best describes your feelings on each of the issues stated: Strongly Agree (1), Agree (2).Neutral (3) Disagree (4) or Strongly Disagree (5)

**1. Budget Policies and procedures**

**TABLE C1**

Details	Strongly Agree [1]	Agree [2]	Neutral [3]	Disagree [4]	Strongly Disagree [5]
There are adequate policies and procedures guiding PBB budgetary process					
Stakeholders views and expert opinions are well sought in the development of policies and procedures					
Budgetary Policies and procedures are not donor forced ideologies but accepted negotiated domestic instrument					
Officers involved in budgetary process are					

adequately consulted and sensitized on development of policies and guidelines					
Policies and guidelines are strictly adhered and complied with by budget makers and implementers on the budgetary process					
There is adequate harmonization and interlinks among the budgetary policies and guidelines vis a vis other policy guidelines like Vision 2030, millennium development goals ,IFMIS, MTEF e.t.c					

**Q1a.** Do you think policies and procedure assist the government in achieving its programme based budget performance?

**Yes** [ ]

**No** [ ]

**Q1b.** Give reason for your answer;

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## 2. Stakeholder's Participation

**TABLE C2**

Details	Strongly Agree [1]	Agree [2]	Neutral [3]	Disagree [4]	Strongly Disagree [5]
There are adequate laws that makes it mandatory for all stakeholders consultation on budgetary process for the budget to be legitimate					
Adequate awareness forums and sensitization programmes are undertaken by treasury to sensitize public on budget and give them an opportunity for the inputs					
Citizens understands their rights and are competent and literate to make valuable contributions to budget decision making process					
Executive arm of the government and legislature make well informed decision purely for the interests of the citizens					
Budgetary proposals is a true representation of the citizens and have very strong ownership of it					

**Q2a. Do you think that all stakeholders are actively and responsibly involved in PBB budgetary decisions?**

**Yes** [ ]

**No** [ ]

**Q2b. Give reason for your answer;** \_\_\_\_\_

\_\_\_\_\_

**3. Budget Implementation Capacity**

**Table C3**

Details	Strongly Agree [1]	Agree [2]	Neutral [3]	Disagree [4]	Strongly Disagree [5]
Budget implementers have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience					
Implementers exercise code of good practice and fiscal transparency and ensure strict adherence to budgetary policies and guidance					
Implementers are regularly appraised of government budgetary reform agenda and participatory approach ensure their views are always incorporated					

Budget Implementers are competitively recruited and work independently and professionally without undue influence from other quarters					
Budget implementers are well compensated and cannot be easily tempted to compromise their integrity					

Q3a. Do you think budget implementers achieve the objectives of PBB budget?

**Yes** [ ]

**No** [ ]

Q3b. Give reason for your answer; -----

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### **Institutionalized Oversight Bodies**

**Table C4**

Details	Strongly Agree [1]	Agree [2]	Neutral [3]	Disagree [4]	Strongly Disagree [5]
Officers in oversight bodies have the prerequisite qualifications, experience and skills required in terms of academic, professional qualifications and work experience to perform their oversight responsibilities competitively					

There are sufficient legal framework to ensure their findings and recommendations are implemented and enforced					
Oversight bodies, the auditor general and parliament are completely independent, hence oversight reports are of high integrity, free from any undue influence and resonate with public interests as their watch dog					
Parliament as representative of the people ensure budget proposal meets integrity standards and is implemented to the letter and failures are reprimanded or punished					
Public officers in the oversight bodies are well compensated and motivated and are not easily tempted to compromise their integrity					

**Q4a.** Do you think budget oversight bodies are effective in their budgetary oversight roles?

**Yes** [  ]

**No** [  ]

**Q4b.** Give reason for your answer;

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#### 4. Financial Availability

**Table C5**

Details	Strongly Agree [1]	Agree [2]	Neutral [3]	Disagree [4]	Strongly Disagree [5]
There is adequate fiscal formulation , preparation and execution, as well as financial accounting, auditing and reporting policies					
There is accurate forecasting of budgetary resources that makes revenue forecast to equate expenditure forecast as per the budget statement in every fiscal year					
Government has sufficient means of raising adequate funds sufficient to support its expenditure/ programmes proposals as per its budget statement					
Legislators has required capacity, skill, understanding and independency to interrogate finance bill and appropriation bill effectively					
Foreign or donor funding included in the finance bill are not speculative but realistic revenues negotiated above board and without punitive conditionality's					
Budget financing is a serious government policy					

but not a political statement intended to hoodwink the public					
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**Q5a.** Do you think the government has the capacity to raise sufficient funds for all programmes in the budget proposals?

**Yes** [ ]

**No** [ ]

**Q5b.** Give reason for your answer; \_\_\_\_\_

\_\_\_\_\_

### 5. Programme Based Budgeting

**Table C6**

Details	Strongly Agree [1]	Agree [2]	Neutral [3]	Disagree [4]	Strongly Disagree [5]
PBB is an all inclusive negotiated budget by all stakeholders, citizens, workers, politicians and other stakeholders like donors					
There is adequate staff capacity for PBB formulation and implementation within the strict time frames					
PBB has sufficient resources (funds) for implementation of programmes as and when anticipated					

PBB programs inputs are well measurable and quantifiable and expected outcomes are equally measurable and quantifiable					
The review and evaluation mechanisms are adequate to ensure earliest possible interventions in case of deviation from expectation.					
Oversight institutions understands PBB well and are competent to cost, price and evaluate activities for value for money and report effectively on accountability and transparency of the operations back to stakeholders					

**Q6a.**

In your own opinion do you think PBB is owned by stakeholders?

**Yes** [  ]

**No** [  ]

Give reason for your opinion;

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### 7. Explanatory variables relationships

Q7a. Which one of the following factors do you think is most important in influencing programme based budget performance?

**TABLE C6**

	Factor/ Variable	Answer
1	Policies and procedures	
2	Stakeholders participation	
3	Implementation capacity	
4	Institutionalized oversight bodies	
5	Finance availability	