

**CHALLENGES OF IMPLEMENTING DEVOLVED BUDGET IN PUBLIC
INSTITUTIONS IN KENYA (A CASE OF SELECTED COUNTIES)**

By

DOUGLAS A.W. OSORES

MASTER OF SCIENCE IN COMMERCE (FINANCE AND ECONOMICS)

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
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(FINANCE AND ECONOMICS) IN THE SCHOOL OF BUSINESS AND PUBLIC
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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.

Student Name: Douglas A.W. Osores

Reg, No. KCA 08/04233

Signed Date

I do hereby confirm that I have examined the Master’s Research project of

Douglas A.W.Osores

And I have certified that all revisions that the project supervisor recommended have been adequately addressed.

Signed Date

Dr. Edward Owino

Dissertation Supervisor

FACTORS AFFECTING IMPLEMENTATION OF DEVOLVED BUDGET IN PUBLIC INSTITUTIONS IN KENYA (A CASE OF SELECTED COUNTIES)

ABSTRACT

The purpose of budgeting is that it gives management an idea of how well an organization is meeting their income goals, whether or not expenses are in line with predicted levels, and how well controls are working. The implementation procedures in Kenya have been a long-standing debate in the field of development administration. The study sought to establish the challenges affecting the implementation of devolved budget system in the Kenya with reference to County governments. The study was guided by the following objectives; to find out how employee competence, financial planning, political interference and public participation affect the implementation of devolved budget system in County. The study used a descriptive research design. A total of 309 management staff in the county government formed the possible respondents of this study. For this study, a sample size of 171 respondents was taken using stratified random sampling. Both primary and secondary data was collected. The returned questionnaires were checked for consistency, cleaned, and then analyzed using the Statistical Package for Social Science (SPSS) computer software and then presented through percentages, means, standard deviations and frequencies. The study also used multiple regressions analysis to analyze the collected data to measure the effects of various challenges and the implementation of devolved budget. The study found that public participation, employee competence, political interference and financial planning influence the implementation of devolved budget in the County governments to a great extent. The study concludes that financial planning had the greatest effect on the implementation of devolved budget in public institutions in Kenya, followed by public participation. However, employee competence had a negative and insignificant effect on the implementation of devolved budget in public institutions in Kenya whereas political interference did not have a significant effect on budget implementation. The study recommends that in the implementation of budgets, public participation, financial planning during budget preparation and employee competence are the most important factors for the success of budget implementation.

Keywords: Budget, implementation, county, competence, planning, interference, participation.

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DEDICATION

This piece of work is dedicated to my wife Valentine, my son Hawi, and daughter Cambrie. My parents Ayub Osores and the late Margret Oguda Osores. My siblings Joab Osores, Hellen Oyoko, the late Everlyne Osores Mutimba and the rest of the Osores.

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ACRONYMS AND ABBREVIATIONS

IEA	International Energy Agency
JKUAT	Jomo Kenyatta University of Agriculture and Technology
MFMA	Municipal Finance Management Act
NGOs	Non-Governmental Organizations
SPSS	Statistical Package for Social Sciences
USA	United States of Ameri

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Budgets are financial blueprints that quantify a firm's plans for a future period. A budget is a detailed plan outlining the acquisition and use of fiscal and other resources over some given period. They require management to specify expected income and expenditure and they provide a mechanism for effective planning and control in organizations (Flamholtz, 1983 & Atkinson, 1993). The budget is a standard against which the actual performance can be compared and measured. The yearly budget is referred to as the "master budget" and it has three principal parts: the operating, the cash as well as the capital expenditure budget. It is driven by the sales forecast (Horngren, 1981; Zimmerman, 2003). It has been noted that a sales budget for a company serves as a limit to be observed in establishing production budgets, selling and administrative budgets, cash budgets and budget plans (Moore & Jaedlicke, 1976).

The practice, as well as the institutionalization of devolution in Africa, is not unique to Kenya. Decentralization in other countries in Africa like Rwanda and South Africa was a significant as well as urgent corrective measure, and was promoted in response to the economic and political and problems in their history (Mwabu, 2001). Recognizing the urgent want to achieve increased economic growth, decrease income disparities, restore social confidence in government, heal historical injustices as well as other poverty associated inequalities, Kenyans pushed for enhanced decentralization of growth initiatives via the adoption of the Constitution of Kenya 2010 that favors devolution.

Many democracies world over, including Kenya, have in recent years assumed devolution as a way of decentralization for growth. In Kenya, this was after many years of the

post-independence approach of Local authorities that still embraced a centralized governance structure and which had been meant to resolve the regional growth challenges but failed. Budgeting may be defined quite simply as a process of compiling budgets as well as subsequently adhering to them (Maitland, 2000). It is a process that turns managers' perspectives forward. Thereby, looking to the future as well as planning, managers are able to anticipate as well as correct potential issues before they come up. This system allows managers to focus on exploiting opportunities instead of, figuratively speaking, and fighting fires. In this way the system gives sustainability to industry processes within the public institutions. It is a process of the utmost importance to management. In the words of one observer; "few businesses plan to fail, but many of those that collapse failed to plan" (Horngren, Foster & Datar, 2000).

Resources are limited and to make both effective and efficient use of resources available, it is necessary to prepare a budget. This is an important financial tool that helps guide expenditure. It was not until 1960's that the human factor was recognized as having a significant impact on accounting and with that, perhaps the recognition that budgeting was a powerful tool for management to use within the organization (Parker, Ferrir&Outley, 1989). Challenges such as; on what basis shall it be decided to allocate x Kenya shillings to activity A instead of activity B?'

1.1.1 Overview of public sector in Kenya

In the last decade, the public sector outlays in Kenya has increased by over 400% from approximately Kshs. 307 billion in financial year 2002/2003 to approximately Kshs 1.6 trillion in the financial year 2014/2015. Expenditure on public recurrent costs has increased from Kshs 274,113 million in the financial year 2002/2003 to Kshs 1,079,547 million in 2012/2013 financial year. On the other hand, the budgetary resources absorbed by the government's

development expenditure increased from Kshs 32,529.60 million in financial years 2002/2003 to Kshs 459,966.90 million in the financial year 2014/2014. The resources devoted to public recurrent costs averaged at 79.7% of the total expenditure while the resources devoted to development averaged 20.3% of total expenditure, annually over the period (Oguso, 2014).

Improving public service delivery is one of the biggest challenges worldwide. Public sectors are a key determinant of economic development. They are also an important plank of poverty reduction strategy. It is a particular challenge in Africa, given the low quality of service provision and the pressing needs of the public. Organizing public service provision is deemed to be a core function of government. However, how that responsibility should be discharged is open to debate. These goods and services have important benefits not captured in market returns. They are subject either to externalities (e.g., preventive care in the case of epidemics) or have equity or minimum service objectives (health, education and welfare). Given these features, it is well known that the market under provides them as market allocation based on willingness to pay and the price system does not internalize externalities (Oguso, 2014).

The standard view in economics was that the private sector provides private goods efficiently, and the public sector steps into provide public goods and services and uses taxes or subsidies to correct externalities. The traditional focus of theoretical public economics has typically been in setting taxes and public expenditure levels. It has not paid a lot of attention to the mechanism of devolved budget implementation in Kenya. This has become increasingly unsatisfactory for several reasons (Besley & Ghatak, 2013).

1.1.2 Devolved budget system

The purpose of budgeting is that it gives management an idea of how well a company is meeting their income goals, whether or not expenses are in line with predicted levels, and how well

controls are working. Properly used, budgeting can and should increase profits, reduce unnecessary spending, and clearly define how immediate steps can be taken to expand markets (Thomsett, 1988). The devolved budget system is considered as a valuable resource for the county government in achieving its objectives (Allis, 2004). This means that it must be effectively and efficiently managed to bring about the needed change and results from the activity for which the funds have been made available. However, sometimes this valuable resource is mismanaged and misappropriated by those put in charge (Rosen & Gayer, 2010). According to Prowle (2010), public sector organizations deal with large amounts of public funds and operate in a primarily political environment, thereby necessitating a need for a high degree of confidence in the way in which their financial affairs are being conducted. Furthermore, all other aspects of the devolved budget system in the public sector should be done prudently.

According to Rosen and Gayer (2010) these feelings towards government are inextricably bound up with its taxing and spending activities. The aim of budgeting is to provide an overall guiding framework for a sound and efficient management of resources in all institutions. The goal of having a high budget system is to promote the institution's ability to reach its objectives, providing reliable financial data, safeguarding assets and records, evaluating operational efficiency through budget, organizational control and encouraging adherence to prescribed policies and regulations (Block & Geoffrey, 2008).

Devolved budgeting system has a key role in the management of risks that are significant to the fulfillment of its operational objectives. A sound system of budgeting contributes towards safeguarding the stakeholders' investment and the institution's assets. Devolved budgeting system facilitates effectiveness and efficiency of operations, thus helping to ensure the reliability

of internal and external financial reporting and assisting compliance with laws and regulations (Hayles, 2005).

1.1.3 County governance

In Kenya devolution has been underway since March 2013; this is when the county government was formed under the 2010 constitution. The county government has so far completed the two full budget cycle (2013/2014 and 2014/15). The Constitution came up with a devolution structure that ensured power is taken to the people, in return the people would exercise the given power for the development of their own good. The process of devolution has faced a number of challenges. Counties are entitled to 15% of the total National Revenue Collected. Though Counties are currently getting enough funding, still there is a desire to increase the budgetary allocations; the central government is reluctant to do this.

The constitution has given the National Government administrative power to reduce counties financial control, by ensuring counties spend money in a certain way. The World Bank has urged Kenyan government to come up with the proper mechanism for sharing national resources between future counties and the national government so as to ensure the devolution promise is achieved. Different levels of government shift blame for service delivery when it comes to decentralization of systems (Victor, 2014). It is important for the government to have the broad discussion on how all resources flowing from the national government to counties should be organized so as to ensure the inequality is eliminated not exacerbated by devolution.

Despite the annual budget allocation, implementation of devolved budget systems in County Governments in Kenya has remained a big challenge due to professional incompetence, political interference and poor legislation within the county government. Regardless of the internal control practices, it is evident that County Governments in Kenya are inefficient and

ineffective based on their internal control practices. However, the motive behind this study is to investigate the challenges influencing the implementation of the devolved budget in Kenya.

1.2 Statement of the Problem

After the promulgation of the new constitution in Kenya in 2010, the government adopted a devolved budgetary system. Despite the adoption of the devolved budgetary system effective implementation has remain a challenge. Budgets are necessary to manage prudently scarce financial resources and at the same time serve as means of expenditure authorization, control and evaluation base. The sections of a devolved government should ensure that they generate enough resources to compliment central government grants that are always inadequate. They can also look elsewhere for resources to support their budgets (Sokupa, 2009).

According to a study by Andrez, Pose and Gill (2013), globalization has been accompanied by equal global tendency towards devolution of authority and resources from the nation states to the regions and localities which take various forms based on the actor driving decentralization efforts. The study argues that understanding the interaction between legitimacy and transfer of both resources and authority is a must to the examination of the trend of devolution (Donhue,1997). According to Geurtz and Wiljdeven (2010), the devolved systems in Netherlands have challenges of poor budget formulation and implementation. Poor database for planning and budgeting results in revenue being over-estimated to the extent that the estimated revenue is higher than the actual revenue.

Studies have been conducted in Kenya on challenges of budget implementation in both private and public sectors. Some of these in the private sector include Mawathe (2008) and Ototo (2009) who focused on budget preparation and implementation in commercial banks in Kenya and Ooyi (2012) who did the study among relief non-governmental organizations in Kenya. For

the public sector, Gachithi (2010) investigated the challenges of budget implementation in public institutions with reference to University of Nairobi. These studies did not evaluate the causes of budgetary problem in a conclusive manner leaving out some of the key ones bedeviling the Kenyan devolution such as incompetent staff at the counties and also political interference from the county government coupled with lack of public participation as required by law. Most of the studies on budget implementation are based on the private companies No previous studies have been done on the Kenya devolved budget system despite the numerous financial challenges facing county government. Effective and efficient use of resources it is still a big debate when it comes to devolution. This study therefore sought to fill this gap by investigating the challenges influencing implementation of the devolved budget system in Kenya.

1.3 Research Objectives

The study aimed to achieve the following specific objectives:

- i. To determine the effect of employee competence on the implementation of the devolved budget system in Kenya
- ii. To establish the effect of financial planning on the implementation of the devolved budget system in Kenya
- iii. To assess the effect of political interference on the implementation of the devolved budget system in Kenya
- iv. To determine the effect of public participation on the implementation of devolved budget system in Kenya

1.4 Research Questions

The study was guided by the following research questions;

- i. What is the effect of employee competence on the implementation of the devolved budget system in Kenya?
- ii. What is the effect of financial planning on the implementation of the devolved budget system in Kenya?
- iii. What is the effect of political interference in the implementation of the devolved budget system in Kenya?
- iv. What is the effect of public participation in the implementation of the devolved budget system in Kenya?

1.5 Significance of the Study

This study will be of importance in pointing out the various challenges affecting the implementation of the devolved budget system in Kenya. The findings of this study will assist in finding targeted solutions to improve the governance of both County and the National government. The findings of this study as well as recommendations can be applied to other Counties in the country. This can help in finding and applying solutions as intended. The research field also has limited studies on challenges affecting the implementation of devolved budget system in Kenya. This paper will therefore add knowledge to research in this field.

The study will also be relevant to other developing economies that wish to adopt devolution as a strategy for decentralized development. It may also be utilized by policy makers in crafting relevant projects in implementing the devolved budget system.

The findings will also be important to academics and researchers as basis for further researches. The study will provide the background information to research organizations and scholars who will want to carry out further research in this area. The study will facilitate

individual researchers to identify gaps in the current research and carry out research in those areas.

1.6 Scope of the Study

The purpose of this study was to provide an understanding of the challenges affecting the implementation of devolved budget system in Kenya. The study was limited to five worst performing county governments in Kenya according to County Performance Index 2015 conducted between December 2014 and February 2015 by Infotrak (Appendix IV). These include Tana River, Isiolo, Mandera, Wajir and Marsabit. Essentially this paper took into consideration challenges such as; training effect, legislation, political interference and public participation. The study took approximately 4-6 months.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In chapter two the study presents a theoretical and empirical review. The empirical analysis is guided by the four specific research objectives. The chapter identifies a knowledge gap, offers a conceptual framework and an operationalization of the study variables.

2.2 Theoretical Review

This section discusses different theories that have been developed on public sector budgeting with a snapshot of Kenya's economy to provide a broad picture of the economic situation in Kenya over the past years. This section is meant to give a reader an understanding of budgeting process that is transparent and accountable to taxpayers.

2.2.1 Bottom-up theory by Tucker

Bottom up assumption is a normative assumption of budgeting propounded by the early studies of Pyhrr in the beginning of the 1970s (Tucker, 1985). It includes the collection of all the needs of the various units of an organization presented in form of estimates of funds required for their proposed activities which are totalled up by the central authority to get the total budget for the coming financial year. In other words, the approach adopted in bottom-up the budget is best explained by zero-based budgeting method that asserts starts with the base of zero and calculate the cost of running each program from the scratch.

While using the approach, each application must be extensively reviewed to justify its conclusion in the budget. A varied feature of this assumption is that it is applicable during prosperity. Bottom up theory also permits the extensive review of costs and benefits of programs so as to prevent divisional heads from proposing weaker programs and operating inefficiencies to

the central authority. However, units of the organization may be asking for what is actually not needed or more than required.

2.2.2 Incrementalism theory

Incrementalism theory is a budget approach that begins with the use of previous year budget figures as the base for the next budget. Challenges such as growth, inflation, changing conditions as well as other information obtained from the forecast of upcoming year are considered. The paperwork for preparing coming year budget is simplified. However, inefficiency, as well as an inadequacy of previous year, are built into the budget for coming years. Advocates of this budgeting theory argue that both expert and non-expert accounting officers can develop but on incremental basis and the incremental budget is the order of the day in most developing economies, Kenya inclusive, a remark by Bammeke (2008).

The drawbacks of this technique include transfer of inefficiencies to the future, provision in bad information and failure to evaluate alternatives (Dangaro&Tijjjani, 2003). Other demerits are that it encourages “spend or lose it” syndrome, in-built budgetary slack is rarely reviewed, wrong assumption that operation will remain the same and failure according to finance new projects of high priority sufficiently (Bammeke, 2008).

2.2.3 Principle-agent theory

This theory occurs in the public sector in various manners (Leruth& Paul, 2007). It involves specifying an observable contract between the principal and the agent. In the public sector, several principal-agent relationships exist. For example, a minister/commissioner (who can be a political appointee) of the line of ministries is a key with the main objective of making the agents under them to implement their promises.

However, the association between the ministry of finance, as well as other line ministries, is the broader form for the principal-agent relationship. The ministry of fiscal acts in the capacity of the principal while supervising the line ministries to ensure they produce a given level of budget outcome as stated in the budget. In the same manner, the office of the accountant-general serves in the capacity of the agent while rendering the account of stewardship of the individuals who are the chief owners of the resources at the disposal of the government. From a review of the above theories on budget, it can be concluded that in public sector, a budget is a legitimate instrument dominated by multiple, competing occasionally overlapping theories because of the wide range of institutions that government serves (Khan, 2002).

2.3 Empirical Review

This section provides an analysis of the empirical studies related to factors affecting devolved budget implementation. The review of empirical studies has been done in relation to the study objectives. The empirical studies reviewed hence are in regard to employee competence, financial planning, political interference and public participation and how they affect implementation of devolved budgets.

2.3.1 Employee competence on implementation of devolved budget system

The competency movement has taken hold in a number of countries, among them Australia, UK, Belgium, the Netherlands, the USA and the Scandinavian countries. It was tightly linked with the efforts of companies to create a setting for the empowerment of their workforce in order to increase competitive advantage, innovation and effectiveness (Houtzagers, 2009). The competency approaches were expected to help to identify the skills, knowledge, behaviors as well as capabilities required to meet current and future personnel selection needs, in alignment with variations in strategies and organizational priorities and to focus the individual and group

development plans to remove the gap between the competencies demanded by a project, job designation, or enterprise strategy as well as those available (Draganidis&Mentzas, 2006). The scientific literature on the competency of an employee is characterized by a huge diversity of definitions. The consultant Richard Boyatzis adopted the term “competency” which he described as an underlying characteristic of an individual that is causally related to effective or superior performance in a job (Horton, 2010). Butteriss (2008) has likened competencies to an iceberg, saying that most organizations focus on technical competencies, the ones most visible and easily assessed. However, experience shows that it is the competencies below the waterline that differentiate between average and superior performers. This means that while technical competencies (skills, knowledge) can be trained, the behavioral competencies are more difficult to develop. Competency-based management focuses on identifying the necessary technical skills and developing those competencies that will produce superior results. It is imperative for competency management to link individual competencies to the strategic goals of the organization. It should be made very clear how specific competencies will support the mission and values of an organization and develop its competitive advantage.

Developments in different countries show different approaches to competency management, however, several trends can be identified. In some countries (mainly Europe), competency management approach focuses on the job function requirements and less on the employees themselves. The underlying characteristics of employees are already assumed to exist (Garavan& McGuire, 2011). In others countries, competency management emphasizes inputs more than results, with the key question being what competencies are needed in order to reach the goals of the organization and how these competencies can be attracted, developed and retained. As competencies are seen not as the functional tasks of the job but rather as those

actions that enable people to carry out their job effectively, personal qualities are central to this approach. Much private and government organizations have designed competency models to address the issues such as performance improvement, employee development, etc. A competency model can be described as a list of competencies derived from observing satisfactory or exceptional employee performance for a specific occupation (Draganidis&Mentzas, 2006). The model can provide identification of the competencies employees need to develop in order to improve performance in their current job or to prepare for other jobs via promotion or transfer. Based on Cira and Benjamin (2008) competency models can be built around key organizational functions or around the skills and behaviors required by the organization as a whole. The role competency models are cross-functional and include the employees who perform a certain job across all functions, such as middle-level managers.

Academics have found mixed evidence of links between the use of competency models and specific improvements in employee and organizational performance. Many of the critics argue that many competency frameworks are static, mechanistic, and seek to prescribe a fixed list of desirable competencies. They generally fail to consider of the need for flexibility and openness to change and underestimate the importance of non-task specific competencies (Rothwell&Lindholm, 2009). Competency models can become outdated as fast as the organization that developed it faces new external environmental challenges or changes its services. Therefore, interactive and continual competency identification, modeling and assessment need to be ensured (Rothwell&Lindholm, 2009). Also, they have been criticized because they usually are created solely by human resource people and fails to involve leadership and in that way to ensure the ownership.

2.3.2 Effect of financial planning in implementation of devolved budget system

Rose and Lawton (1994) in their book quotes Wedgewood-Oppenheim who describes planning as a process whereby aims, factual evidence and assumptions are translated by a process of logical argument into appropriate policies that are intended to achieve aims. They advise that since public sector organizations take decisions and make plans in turbulent environments that are prone to be affected by internal dynamics of the organizations and views from various stakeholders as well as external challenges; financial planning has to be dynamic in the formulation and implementation of budgets. Bose (2012) explains that financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization. As a result of the planning the organization is able to ensure the availability of adequate capital, liquidity of the firm throughout the year minimization of cost and proper financial control. This would only be achieved if the organization would establish its objectives, estimate the capital required, determine the capital structure and formulate policies such as credit and debt policies.

On the contrary the notion of a planned strategy being translated in such a prescriptive and precise way that it will be replicated in the detail of organizational action is unrealistic. Johnson, Scholes and Whittington (2006) also argue that such plans will be translated differently by people in the organization. They however advise that guidelines and rules are required, which should not be so prescriptive and constraining as to prevent interaction, sharing, questioning and innovative behavior. In addition to this, proper systems, controls, leadership, team membership skills and training in effective thinking helps to stimulate ideas and keep brains fit for innovative thinking and that without these there would be chaos (Adair, 1990). Wekesa (2006) explains that development planning is universally practiced today despite the fact that it is prone to failure

stimulated by poor technical design of plans due to lack of expertise and inadequate information, unrealistic targets and lack of commitment from some governments that plan to please donors by implementing budgets, at the expense of the public. Similarly, external challenges such as impact on national economies or cross-border integration of markets, conflicts between different stakeholders and inadequate communication and consultation between public and private sector leaders during the planning phase, can render a plan obsolete for instance the current disagreement between the national assembly and senate may hinder the revenue distribution plan.

Previously in Kenya, budgeting, policy and planning have not been conducted in an entirely integrated and comprehensive manner that has resulted in inconsistencies and incoherencies in Kenya's development platforms. The Medium-Term Expenditure Framework (MTEF) model has now been adapted for use, which is designed to instill discipline in managing and planning national resources by establishing an explicit link between the policy framework and the budgetary process. It seeks to bring a better integration of policy reforms, budgeting and expenditure management and attempts to link sector objectives to national priorities and thereby achieve the greater result from existing level of resources (IEA, 2013). Similarly, for the MTEF to work it requires the commitment from all levels to ensure that once the implementation of the budget system is through it is not adjusted to respond to political interests. Managers also need to be firm in ensuring that donors do not distort the MTEF outlines, as well as revenue collection is enhanced to avoid recurrent shortfalls that would occasion continuous spending adjustments.

2.3.3 Political interference in implementation of devolved budget system

Stillman II (2010) describes budgets as political documents reflecting through the allocation of funds, the ultimate desires, interests and power of various groups within the body politic as

expressed by elective legislative bodies. In setting up annual budgets, various political participants engage in logrolling comprises and bargains to create a document that by and large mirrors the current priorities of locality, state or nation.

The political interference in the implementation of devolved budgets system is very strong because first and foremost, they reflect choices about what services the government should provide and what the citizens are entitled to as members of society and determine who gets what. They also reflect the relative proportion of decisions made for local and constituency purposes and for efficiency, effectiveness and broader public goals and in relation to this it portrays the degree of importance legislators put on satisfying their constituents and legislators willingness to listen to interest group demands (Mwenda&Gachocho, 2003). They influence issue of tender and priority of projects.

Budgets on the other hand provide a powerful tool for accountability to citizens who want to know how the government is spending their money and if government has generally followed their preferences, hence linking the citizens' preferences for the governments' outcomes. Similarly, the budget reflects how the government redistributes wealth upward or downward through the tax system, therefore reflecting the relative power of different individuals and organizations to influence budget outcomes. It provides a picture of the relative power of budget actors within and between branches of government as well as the importance of citizens in general and specific interest groups (Pierre & Peters, 2011). In all these ways public budgeting is political and as such, an important and unique arena of politics because of the specific policy issues reflected in the budget, scope of government and wealth distribution.

2.3.4 Public participation on implementation of devolved budget system

Commonwealth Secretariat (2002) acknowledges that pressure for change within the public service must be matched by outside pressure and this requires a public that is confident in its dealings with the public service and a public that knows the standards of performance that the service has set for itself. Similarly Pierre and Peters (2011) argue that the government should have the capability of collecting information on preferences of the electorate, in the absence of which it would be difficult to allocate resources efficiently. International government and non-governmental agencies realized more and more that the main reason of many unsuccessful implementations of projects was and still is the lack of active, effective and lasting participation of the intended beneficiaries. Community participation is an important aspect of the vision 2030, because, the critical cornerstones of the social and economic pillars is devolution. It is anticipated that policy-making, public resource management and revenue sharing and as especially as devolved funds become key drivers of development communities will need to be actively engaged so that there is better targeting of resources.

In addition to this, there is also a need for a deepened and enhanced consultation and information sharing process in the implementation of devolved budget system, implementation and monitoring and evaluation aspects of development projects (Barasa&Eising, 2012). Johnson, Scholes and Whittington (2006) explain that the public sector officials are not only those who have a stake in implementation of devolved budget system and hence interaction between the public sector and other stakeholders should be enhanced and the greater it is; the more will new ideas and innovations be received. The stakeholders would comprise of Institutional shareholders such as asset managers of pension funds, bankers, suppliers, employees, the community within

the vicinity and the customers. In conclusion therefore, they advocate for managers to be conscious of the financial impact of the strategies implemented by various stakeholders.

Similarly, in their book, Barasa and Eising (2012) quotes Butterfoss who postulates that people only participate in processes that are beneficial to them and in instances where the benefits outweigh the costs that are entailed. The benefits include networking opportunities, access to information and resources, personal recognition, skill enhancement and a sense of contribution and helpfulness to solving community problems. On the contrary the costs they would be required to incur would include the contribution of time required plus the skills and resources. Thus a balance needs to be made so that any effort towards community participation in County governance has a net benefit for participants.

Although a small percentage of the corporate sector indicated they were rarely invited for discussions on such projects and their incorporation into the implementation of the national budget was minimal. Consequently it is therefore important that advocacy, capacity building and network development at all levels of the budget implementation phases be given high priority, since lack of or late communication from the Treasury to the stakeholders was cited as the major challenge in public participation (Mwenda&Gachocho, 2003).Barasa and Eising(2012) in their book quotes a report from World Bank 2005, where it was observed that there is always a tendency to involve only a well-behaved groups such as professionals, and allies who will not question the activities being undertaken, thus leading to misplaced projects and a displeased community. Despite this, very low priority is given to community participation visa vis other activities, as well as the information feedback system hence posing challenges to the public participation process.

Eduardo, Camargo and Marcelo (2009) in their report indicate that the city hall of Porto Alegre in Brazil engages its community in debate and consultation process, through which they define and decide on amounts of income and expense, as well as where and when the investments will be done, which are the priorities and which are the plans and actions to be developed by the Government. The Participative Budget helped to avert corruption and mishandling of public funds, and it has provided efficient spending with results in public works and actions of great importance for the population. The Participative Budget has also proved that the intention of having effective tools of participation and the commitment of the Government to doing whatever the population decides is essential to cut the chains and the bureaucratic barriers that separate the society from the State, forming an active and mobilized citizenship.

2.3.4 Factors affecting policy implementation

A government is a huge and complex organization, whose operations and strategic focus could be greatly enhanced by the well-focused application of policies to support improvements in productivity, management effectiveness and ultimately, the quality of services offered to citizens (Omboi&Mucai, 2011). While the benefits of effective policy implementation in government cannot be disputed, there are several concerns about its success as well as the strategies to be adopted in implementation of policies in various countries.

A policy document details a disciplined effort to produce fundamental decisions and actions that shape and guide what an organizations, what it does, and why it does it. Policy making and implementation follows a series of steps, including mission, objectives, external analysis, internal analysis, development of alternatives, policy selection, implementation, and control of the policy (Gebhardt& Eagles, 2014). It has specific steps that can be taken immediately to produce desirable outcomes. Policy making occurs in many government and

corporate organizations, including the military, county governments, local authorities, manufacturing companies, and environmental agencies. However, there are practices that are critical to the successful implementation of a policy document which if not present or when they are not practiced properly, this can lead to the outcomes that were envisaged not to be realized.

The body of knowledge on the factors hindering policy implementation is rich with surveys and industry based studies. Factors that affect policy implementation can be categorized as leadership, information availability and accuracy, uncertainty, organizational structure, organizational culture, human resources, financial resources and technology. Although most authors agree that these factors affect policy implementation, each factor's impact is at a different level and carries a different force. Rajasekar (2014) stated that human resources are becoming the key focus of policy implementation and reiterated that people, not financial resources, are the key strategic resources in policy implementation. However, Cater and Pucko (2010) demonstrated that managers mostly rely on planning and organizing activities when implementing policies, while the biggest obstacle to policy implementation and execution is poor leadership. Their results showed that adapting the organizational structure to serve the execution of policy has a positive influence on performance and service delivery.

However, too much consideration of various aspects of policy implementation might result in formulating a policy that is not competitive and, therefore, implementing it would be a waste of time and resources. Echoing previous studies with similar results, Zaribaf and Bayrami (2010) found that most executives in government spend a great deal of time, energy, and money in formulating a policy, but do not provide sufficient resources and input to implement it properly. Therefore, one must strike a balance between an innovative and workable policy and its successful implementation.

2.4 Knowledge Gap

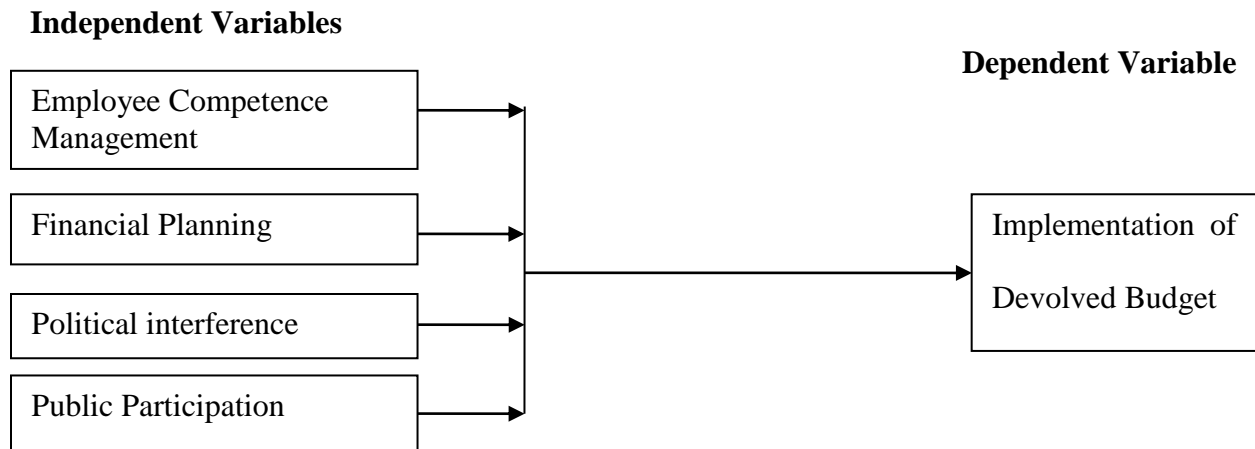
Several studies have been done on the budgetary system. Macharia (2010), Gacheru (2012) and Mbugua (2013) did a research on the challenges of budget preparation and implementation among manufacturing companies quoted on the Nairobi Stock Exchange, The effect of the budgeting process on budget variance in non-governmental organizations in Kenya and The relationship between budgeting practices and performance of organizations in the water sector in Kenya respectively. These studies focused on private institutions hence a literature gap.

Though, literature has been reviewed internationally on the devolved budget system, most of these studies have been done in countries whose strategic approach and devolution system is different from that of Kenya. This study therefore seeks to fill the gap by focusing on the devolved budget system in the County. The influence of employee competence, public participation, legislation and political interference on implementing the devolved budget system is yet to be researched as a single intervention in Kenya. The scarce availability of reliable and valid data continues to be one of the key obstacles to understanding the devolved budget system in Kenya. This study helped to build on the locally scarce available data.

2.5 Conceptual Framework

Figure 2.1 presents the conceptual framework which indicates that the independent variable was defined by; employee competence management, financial planning, political interference and public participation and the dependent variable was implementation of devolved budget.

FIGURE 1
Conceptual Framework



2.6 Research Hypothesis

The researcher sought to address the following hypotheses;

H1: There is no significant relationship between employee competence and implementation of the devolved budget system in Kenya

H2: There is no significant relationship between financial planning and implementation of the devolved budget system in Kenya.

H3: There is no significant relationship between political interference and implementation of the devolved budget system in Kenya.

H4: There is no significant relationship between public participation and implementation of the devolved budget system in Kenya.

2.7 Operationalization of Variables

This section presents the operationalization of variables that were included in the study. The variables are presented according to the objectives they relate to, the variable type, indicators of the variables and the data analysis procedures that were applied on the variable.

TABLE 1
Operationalization of Variables

Objective	Variable Type	Indicators	Data analysis
To find out how employee competence affects implementation of devolved budget system in Kenya	Independent Employee competence	Employee knowledge and skills Technical competencies Behavioral competences Non-Task specific competencies	Descriptive Correlation Regression
To establish the extent to which financial planning affect implementation of devolved budget system in Kenya	Independent financial planning	Organization policies Budgetary procedures and programs Availability of adequate capital and liquidity	Descriptive Correlation Regression
To determine the effect of political interference in implementation of devolved budget system in Kenya	Independent political interference	Fragmentation of decision-making Political intimidation Rewarding political party supporters Embezzlement, fraud and corruption Political influence in revenue sharing process	Descriptive Correlation Regression
To find out how lack of public participation affects implementation of devolved budget system in Kenya	Independent public participation	Debate and consultation process Public engagement consultation and information sharing Networking opportunities Access to information and resources	Descriptive Correlation Regression

		Personal recognition	
	Dependent Implementation of Devolved Budget	Appropriations and apportionment adherence Increase or decrease in appropriations Commitments/obligations, Expenditures at the verification/delivery stage and payments Revisions in appropriations Transfers between appropriations	Descriptive Correlation Regression

2.8 Chapter Summary

Implementation of the devolved budget system in Kenya faces far- reaching problems and challenges that fundamentally affect the effectiveness of the public sector. Prominent among the observed problematic issues are political interference and financial planning challenges. Public participation and employee competence altogether have a major influence on the implementation of the devolved budget system in the public sector. The need to have competent employees with the necessary skills in budget implementation is very agile and the integration of the public participation ensures that the public interest is taken care of.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines a plan for the data collection, measurement and analysis. Therefore, this section was set to answer the research question raised in the study. It included research design, target population, data collection instruments, and data collection procedures and data analysis techniques.

3.2 Research Design

According to Adams and Schvaneveldt (2008), research design refers to a plan, blueprint or guide for data collection and interpretation. From the objectives, it was evident that the research is both of a quantitative and qualitative nature. A descriptive research design was applied in this study. Descriptive research gives researchers the opportunity to use both quantitative and qualitative data in order to find data and characteristics about the population or phenomenon that is being studied (Mugenda&Mugenda, 2003). The data collection for descriptive research presents a number of advantages since it can provide a very multifaceted approach using interviews, observations, questionnaires and participation.

3.3 Target Population

Trochin (2000) describes a research population as a group that the researcher wants to generalize and a sample as the group that are selected to be in the study. It is a subset of the population in question (Sekran, 2000). It comprises of a selection of members from that particular population. A total of 309 staff in the finance departments of the five worst performing county governments in Kenya according to County Performance Index 2015 conducted between December 2014 and February 2015 by InfoTrack

formed the possible respondents of this study (HR records, 2014). A section and particularly the top, middle and lower level finance management staff was used to collect data. These were the managers who oversee the formulation and implementation of various budgetary decisions and hence are in a better position to give relevant information on the subject matter.

TABLE 2
Target Population

	Frequency	Percentage
Top management	39	12.8
Middle level management	92	29.6
Low level management	178	57.5
Total	309	100.0

Source: HR records, (2014)

3.4 Sample Size and Sampling Technique

Sampling frame is the listing of all elements of the population from which a sample is drawn. It is a complete and correct listing of population members only (Cooper & Schindler, 2003). A sample is a set of entities drawn from a population with the aim of estimating characteristic of the population (Siegel, 2003). It is a fraction or portion of a population selected such that the selected portion represents the population adequately. Cooper and Schindler (2003) explained that the basic idea of sampling is, selecting some of the elements in a population, so that the same conclusions can be drawn about the entire population. This resulted to reduced cost and greater accuracy of results. The sample design of this study is mainly based on Kothari's (2004) hypotheses. According to Mugenda and Mugenda (1999), from normal distribution the population proportion was estimated to be

$$n = \frac{Z^2PQ}{\alpha^2} \dots\dots\dots (i)$$

Where: Z is the Z – value = 1.96
P Population proportion 0.50
Q = 1-P
 α = level of significance = 5%
 $n = \frac{1.96^2 \times 0.5 \times 0.5}{0.5^2}$
n= 384

Adjusted sample size

$$n' = 384 / [1 + (384/309)]$$

Approx. = 171 respondents

TABLE 3
Sample Size

Sections	Population (Frequency)	Sample proportion	Sample size
Top management	39	55%	22
Middle level management	92	55%	51
Low level management	178	55%	99
Total	309		171

Source: Author, (2015)

3.5 Instrumentation and Data Collection

Primary data was collected through the use of structured questionnaires, because of the nature of the variables where the opinions, perceptions and feeling of the respondents was sought. The respondents to the questionnaires were also literate. The study instruments were distributed among the targeted respondents using various points of reference like the managers of departments. Sufficient support was provided to managers who shared it with the study

respondents to understand and answer the questions asked accurately. The questionnaire comprises of questions related to both the dependent and independent variables. To enhance reliability and accuracy of the data, respondents were assisted and facilitated during the questionnaire filling time. This ensured that few questionnaires are rejected (Kothari, 2004).

3.6 Validity and Reliability

Validity is the ability of an instrument to measure what it is intended to measure (Gay, 2009). Peers doing research in different areas and others who have successfully completed their research projects and a lecturer from the KCA were involved in the validation process. The instruments were given to the supervisor and three peers. Two of the peers successfully completed their research projects while the other one carried out their project in a different field. They were asked to validate the instruments on the basis of content and face validity. They helped to ensure that the items in each questionnaire captured the intended information accurately according to the objectives of the study.

A pilot test was carried out with a sample of 25 respondents at county government offices. The pilot test helped in identifying problems that respondents encounter and ensures that the items in the research instruments yield the required data for the main study. Returned questionnaires helped the researcher to refine the survey instruments. To improve the comprehensibility and clarity of the questionnaires, difficult words were substituted with simpler words; some items were reworded to ensure that the understanding level were more appropriate.

3.7 Data Analysis

The returned questionnaires were checked for consistency, cleaned, and the useful ones coded and analyzed using the Statistical Package for Social Scientists (SPSS) computer software. After collecting data responses from the questionnaire, the researcher analyzed the quantitative data

using descriptive statistics by applying the statistical Package for Social Science (SPSS V.21.0) and presented through percentages, means, standard deviations and frequencies. The use of structured questionnaires enabled the researcher to quantify quantitative data using the size, frequency distribution, and association of variables in the study population and answers to questions that could be counted and expressed numerically. The information was displayed by use of tables, graphs and in prose-form.

Multiple regression analysis was used to establish the relations between the independent and dependent variables. Multiple regression tool was used because it is the procedure that uses two or more independent variables to predict a dependent variable. The study used multiple regressions analysis to analyze the collected data to measure the effects of various challenges and the implementation of devolved budget. Multiple regression attempts to determine whether a group of variables together predict a given dependent variable (Babbie, 2004). Since there were four independent variables in this study the multiple regression model generally assumed the following equation;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \dots\dots\dots (ii)$$

Where: -

Y= implementation of devolved budget system

β_0 = Constant

X_1 = Employee Competence Management (Technical competencies, Behavioral competences and Competency-based management)

X_2 = Financial Planning (Programs, Policies and Procedures)

X_3 = Political interference (Political intimidation, Rewarding political party supporters and Embezzlement, fraud and corruption)

X₄= Public Participation (Community debate, Public consultation and Network development)

ε =Error Term

In testing the significance of the model, the coefficient of determination (R^2) was used to measure the extent to which the variation in devolved budget system is explained by the challenges experienced during the implementation process. F-statistic was also be computed at 95% confidence level to test whether there is any significant relationship between the challenges experienced during the implementation of devolved budget system in the county government. This analysis was done using SPSS software and the findings presented in form of a research report. All necessary diagnostic tests were performed.

3.8 Ethical Considerations

Consent was sought from the human resource manager in conjunction with the finance director for the entire project including the distribution of the questionnaires to the respondents. Each respondent were made fully aware of the nature and purpose of the research. They were assured of the anonymity of their responses. These conditions are acceptable to all the respondents. Undertakings were made to the managers involved that no information was made public without prior consent, after they had been provided with an opportunity to review the findings of the research. The final research report was made available to the staff of the county government who expresses an interest in reading it.

CHAPTER FOUR

FINDINGS AND DISCUSSION

4.1 Introduction

This chapter discusses the interpretation and presentation of the findings. This chapter presents analysis of the data on the challenges affecting implementation of devolved budget in public institutions in Kenya (a case of selected Counties). The chapter also provides the major findings and results of the study.

4.1.1 Response rate

The study targeted a sample size of 171 respondents from which 123 filled in and returned the questionnaires making a response rate of 71.9%. This response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

4.2 Demographic Characteristics

The study sought to establish the background information of the respondents including respondents' gender, age, highest education qualification and years worked in the current position. From the findings on gender, majority (68.3%) of the respondents were male while 31.7% of the respondents were female. It is clear that there was no gender balance among the respondents under the study implying the same for the management of the counties.

TABLE 4
Age of the Respondents

Age	Frequency	Percent
21-30 years	2	1.6
31-40 years	37	30.1
41-50 years	63	51.2
Above 50 years	21	17.1
Total	123	100.0

On the age of the respondents, the study found that 51.2% of the respondents were aged between 41-50 years, 30.1% of the respondents were aged between 31-40 years, and 17.1% of the respondents were aged above 50 years while 1.6% of the respondents were aged between 21-30 years. From the findings it is clear that most of the employees in implementation of devolved budget in the County governments are middle aged and are at the peak of their careers.

TABLE 5
Highest Education Qualification

	Frequency	Percent
Diploma	12	9.8
Undergraduate	88	71.5
Post Graduate	23	18.7
Total	123	100.0

The study also sought to establish the respondents' highest level of education. According to the findings, the majority of the respondents (71.5%) had an undergraduate degree, 18.7% had a postgraduate degree while 9.8% had a diploma. The findings indicate that the respondents understood the subject matter of the study since majority had undergraduate as the highest level of education.

TABLE 6
Years Worked in the Current Position

	Frequency	Percent
1-5 years	42	34.1
5-10 years	51	41.5
10-15 years	12	9.8
15-20 years	13	10.6
More than 20 years	5	4.1
Total	123	100.0

On the years of service/working period at county governments, the findings in table 7 show that 41.5% of the respondents had worked for 5-10 years, 34.1% had worked for 1-5 years, 10.6% had worked for 15-20 years, and 9.8% had worked for 10-15 years while 4.1% had worked for more than 20 years. It is evident from the findings that most of the respondents as indicated by over 41.5% had worked in their current position for more than 5 years. This shows that the respondents gave reliable information about the subject of the study since they are familiar with the challenges affecting implementation of devolved budget in public institutions in Kenya.

4.3 Employee Competence and Implementation of Devolved Budget System

The study sought to establish the influence of employee competence on implementation of devolved budget in public institutions in Kenya.

TABLE 7
Extent that Employee Competence Affects Implementation of Devolved Budget

Extent	Frequency	Percent
Moderate extent	2	1.6
Great extent	37	30.1
Very great extent	84	68.3
Total	123	100.0

Regarding the extent that employee competence influence the implementation of devolved budget in the County governments, majority of the respondents (68.3%) indicated that employee competence influence the implementation of devolved budget in the County

governments to a very great extent, 30.1% said to a great extent while 1.6 % of the respondents felt that employee competence influence the implementation of devolved budget in the County governments to a moderate extent. Competency approaches are expected to help to identify the skills, knowledge, behaviors as well as capabilities required to meet current and future personnel selection needs, in alignment with variations in strategies and organizational priorities and to focus the individual and group development plans to remove the gap between the competencies demanded by a project, job designation, or enterprise strategy as well as those available (Draganidis&Mentzas, 2006).

The study inquired the extent that aspects of employee competence influence implementation of devolved budget in public institutions in Kenya.

TABLE 8
Extent that Aspects of Employee Competence Affect the Implementation of Devolved Budget System in the County Government

	Mean	Std. Deviation
Technical competencies	4.56	.65470
Behavioral competences	4.09	.76831
Competency-based management	4.14	.97783

On the extent that aspects of employee competence influences implementation of devolved budget in public institutions in Kenya, the respondents indicated that technical competencies and competency-based management influence implementation of devolved budget in public institutions in Kenya to a great extent as shown by a mean score of 4.56 and 4.14 respectively. The respondents indicated that behavioral competences influence implementation of devolved budget in the County governments to a great extent as shown by a mean score of 4.09. Technical competencies such as skills and knowledge are important as it entails the skills and knowledge required to produce quality results. This is in line with Butteriss (2008) who stated that while technical competencies (skills, knowledge) can be trained, the behavioral

competencies are more difficult to develop. Competency-based management focuses on identifying the necessary technical skills and developing those competencies that will produce superior results.

The study also required the respondent to indicate their level of agreement with statements regarding employee competence towards implementation of devolved budget in public institutions in Kenya.

TABLE 9

Level of Agreement with Statements on Employee Competence in the County Governments

Employee Competence	Mean	Std. Deviation
Competency management approach focuses on the implementation of the budget system	3.7724	.89455
The county government has designed competency models to address the issues of implementation of the budget system	4.0894	.99184
Competency management emphasizes inputs on the implementation of the devolved budget system	4.3740	.63243
The county takes into account of the need for flexibility and openness to change in the implementation of the budget system process	4.2520	.67257

From the study findings, majority of the respondents agreed that competency management emphasizes inputs on the implementation of the devolved budget system, the county takes into account the need for flexibility, the county government has designed competency models to address the issues of implementation of the budget system and openness to change in the implementation of the budget system process and competency management approach focuses on the implementation of the budget system as shown by a mean score of 4.37, 4.25, 4.09 and 3.77 respectively. It is clear that competency management is crucial in any organizational setting as it emphasizes on the inputs. The findings correlate with Garavan and McGuire (2011) who posit that different countries show different approaches to competency management, however, in some countries (mainly Europe), competency management approach

focuses on the job function requirements and less on the employees themselves. Based on Cira and Benjamin (2008) also expressed that competency models can provide identification of the competencies employees need to develop in order to improve performance in their current job or to prepare for other jobs via promotion or transfer

4.4 Financial Planning

The study further sought to find out the influence of financial planning on implementation of devolved budget in public institutions in Kenya.

TABLE 10

Extent that Financial Planning Affects Implementation of Devolved Budget System in the County Governments

	Frequency	Percent
Moderate extent	19	15.4
Great extent	52	42.3
Very great extent	52	42.3
Total	123	100.0

The study sought to establish the extent that financial planning influence the implementation of devolved budget in public institutions in Kenya. From the study findings portrayed in table 4.8, most of the respondents indicated that financial planning influence the implementation of devolved budget in public institutions in Kenya to a very great and great extent as shown by 42.3% in each case while 15.4% were of the view that it had a moderate effect. Public sector organizations take decisions and make plans in turbulent environments that are prone to be affected by internal dynamics of the organizations and views from various stakeholders as well as external challenges hence financial planning has to be dynamic in the formulation and implementation of budgets.

TABLE 11

Extent That Aspects of Financial Planning Affect the Implementation of Devolved Budget System in the County Governments

	Mean	Std. Deviation
Policies	4.08	.77453
Procedures	4.80	.47319
Programs	4.56	.58878

The researcher also wanted to establish the extent that various aspects of financial planning influence implementation of devolved budget in public institutions in Kenya. According to the findings, majority of the respondents indicated that financial procedures and programs influence implementation of devolved budget in public institutions in Kenya to a very great extent as shown by a mean score of 4.80 and 5.56 respectively. The respondents further revealed that financial policies influence implementation of devolved budget in public institutions in Kenya to a great extent as shown by a mean score of 4.08. Aspects of financial planning such as financial objectives, estimate of the capital required, capital structure and formulation of financial policies such as credit and debt policies have a greater influence on the implementation of devolved budget in public institutions. This is in line with Bose (2012) who postulated that financial planning helps to determine the policies, procedures and programs to deal with the financial activities of an organization.

TABLE 12

Statements on Financial Planning in the County Governments

	Mean	Std. Deviation
Financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization	3.92	1.12055
The county is able to ensure availability of adequate capital, liquidity of the firm throughout the year	2.80	1.22112
Financial planning helps minimize of cost and proper financial control	3.98	.83434

From the findings, financial planning helps minimize of cost and proper financial control and financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization to a moderate extent as illustrated by a mean score of 3.98 and 3.92 respectively while they disagreed with the fact that the county is able to ensure availability of adequate capital, liquidity of the firm throughout the year as illustrated by a mean score of 2.80. The study revealed that financial planning helps to determine the objectives, policies, procedures and programs that are anchored towards minimizing the cost and proper financial control to ensure availability of adequate capital and liquidity of the firm throughout the year. Bose (2012) is also of the same argument that financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization and as a result of the planning, the organization is able to ensure the availability of adequate capital, liquidity of the firm throughout the year minimization of cost and proper financial control.

4.5 Political interference

The study further sought to establish the influence of political interference on implementation of devolved budget in public institutions in Kenya.

TABLE 13
Extent That Political Interference Affects Implementation of Devolved Budget System in the County Governments

	Frequency	Percent
Little extent	2	1.6
Moderate extent	15	12.2
Great extent	80	65.0
Very great extent	26	21.1
Total	123	100.0

The study further inquired on the extent that political interference influences the implementation of devolved budget in public institutions in Kenya. From the findings as shown by Table 4.11, 65% of the respondents indicated that political interference influences the implementation of devolved budget in public institutions in Kenya to a great extent, 21.1% said to a very great extent, 12.2% said to a moderate extent while 1.6% said political interference influences the implementation of devolved budget in public institutions in Kenya to a little extent. It is evident that politicians have a greater influence in the implementation of devolved budget system in the county governments. On the same note, Mwenda and Gachochi (2003) posit that political interference in the implementation of devolved budgets system is very strong because first and foremost, they reflect choices about what services the government should provide and what the citizens are entitled to as members of society and determine who gets what.

TABLE 14
Extent That Aspects of Political Interference Affect the Implementation of Devolved Budget System in the County Governments

	Mean	Std. Deviation
Fragmentation of decision-making	4.11	.67996
Political intimidation	4.33	.73179
Rewarding political party supporters	3.40	1.02221
Embezzlement, fraud and corruption	4.47	.60497
Political influence in revenue sharing process	4.23	.65051

The study sought to establish the extent that aspects of political interference influence implementation of devolved budget in public institutions in Kenya. The study found that the aspects of political interference that influence implementation of devolved budget in public institutions in Kenya to a great extent include embezzlement, fraud and corruption and political intimidation as shown by a mean score of 4.47 and 4.33 respectively. The respondents also revealed that political influence in revenue sharing process and fragmentation of decision-

making and rewarding political party supporters affected the implementation of devolved budget in public institutions in Kenya to a great extent as shown by a mean score of 4.23 and 4.11 respectively. However, they were neutral on the effect of rewarding political party supporters on the implementation of devolved budget in public institutions in Kenya as indicated by a mean score of 3.40. From the findings, main political interference in the implementation of embezzlement, fraud and corruption and political intimidation of devolved budget include corruption among our politicians, embezzlement of funds, fraud and political intimidation. This is in line with Stillman (2010) who describes budgets as political documents reflecting through the allocation of funds, the ultimate desires, interests and power of various groups within the body politic as expressed by elective legislative bodies. In setting up annual budgets, various political participants engage in logrolling comprises and bargains to create a document that by and large mirrors the current priorities of locality, state or nation.

4.6 Public Participation

The study sought to explore the influence of public participation on implementation of devolved budget in public institutions in Kenya.

TABLE 15
Extent That Public Participation Affects Implementation of Devolved Budget System in the County Governments

	Frequency	Percent
Moderate extent	8	6.5
Great extent	71	57.7
Very great extent	44	35.8
Total	123	100.0

The respondents were requested to indicate the extent that public participation influences the implementation of devolved budget in public institutions in Kenya. Majority of the respondents (57.7%) indicated that public participation influences the implementation of

devolved budget in public institutions in Kenya to a great extent, 35.8% said it influences to a very great extent while 6.5% said it influences the implementation of devolved budget in public institutions in Kenya to a moderate extent. These findings are in line with Pierre and Peters (2011) who argue that the government should have the capability of collecting information on preferences of the electorate, in the absence of which it would be difficult to allocate resources efficiently.

TABLE 16

Extent That Aspects of Public Participation Affect the Implementation of Devolved Budget System in the County Governments

	Mean	Std. Deviation
Community debate	4.51	.50190
Public consultation	4.42	.52804
Capacity building	4.71	.49143
Network development	4.54	.80258

On the extent that various aspects of public participation influence implementation of devolved budget in County governments, majority of the respondents indicated that capacity building, network development and community debate influence implementation of devolved budget in the County governments to a very great extent as shown by mean scores of 4.71, 4.54 and 4.51 respectively while public consultation influence implementation of devolved budget in the County governments to a great extent as shown by mean scores of 4.42. For the successful implementation of devolved budget system the county government should carry out capacity building, public consultation and community debate to create awareness to the general public the importance of their participation in implementation of devolved budget system. There is also a need for a deepened and enhanced consultation and information sharing process in the implementation of devolved budget system, implementation and monitoring and evaluation aspects of development projects (Barasa&Eising, 2012). However, Barasa and Eising (2012)

quote Butterfoss who postulates that people only participate in processes that are beneficial to them and in instances where the benefits outweigh the costs that are entailed.

TABLE 17

Level of Agreement with Statements on Public Participation in the County Governments

	Mean	Std. Deviation
Government have capability of collecting information on preferences of electorate concerning the implementation of the budget system efficiently	4.62	.53593
There is, active, effective and lasting participation of the public during the implementation of the budget system	4.60	.56886
People only participate in processes that are beneficial to them	4.72	.52041

The respondents strongly agreed that people only participate in processes that are beneficial to them, government have capability of collecting information on preferences of electorate concerning the implementation of the budget system efficiently and there is, active, effective and lasting participation of the public during the implementation of the budget system as shown by a mean score of 4.72, 4.62 and 4.60 respectively. This correlates with Barasa and Eising (2012) who quotes Butterfoss who postulates that people only participate in processes that are beneficial to them and in instances where the benefits outweigh the costs that are entailed.

4.7 Implementation of Devolved Budget

The study sought to establish the extent that County governments is successful in various aspects of devolved budget implementation.

TABLE 18

Trend of Various Aspects of Devolved Budget Implementation in the Counties for the Last 24 Months

	Mean	Std. Deviation
Appropriations and apportionment adherence	3.97	.86777
Increase or decrease in appropriations	2.90	.68332
Commitments/obligations	4.35	.80961
Expenditures at the verification/delivery stage and payments	4.47	.85243
Revisions in appropriations	4.68	.53281
Transfers between appropriations	4.55	.58957

On the trend of various aspects of Devolved Budget Implementation in the counties for the last 24 months, majority of the respondents strongly agreed that there has been an improvement in revisions in appropriations and transfers between appropriations as shown by a mean score of 4.68 and 4.55 respectively. The respondents also agreed that expenditures at the verification/delivery stage and payments had improve as depicted by a mean score of 4.47, commitments/obligations as shown by a mean score of 4.35, and appropriations and apportionment adherence as shown by a mean score of 3.97. However, they indicated that there was no increase or decrease in appropriations as shown by a mean score of 2.90.

4.8 Relationship between Factors Influencing the Implementation of Devolved Budget in Public Institutions in Kenya

In this section, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions. The estimated multiple regression model was defined as; $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$ (iii)

Where: Y = implementation of devolved budgets

X1= Employee competence

X₂ = Financial planning

X₃ = Political interference

X₄ = Public participation

As a pretest requirement the following tests were conducted, reliability, multicollinearity and normality test. Reliability analysis was done using Cronbach's Alpha which measures the internal consistency by establishing if an item within a scale measures the same construct. Gliem and Gliem (2003) confirm the Alpha value threshold as 0.6, which forms the study's benchmark. Cronbach Alpha was established for every objective in the study which formed a scale. The table 4.1 shows challenges affecting implementation of devolved budget in public institutions in Kenya. Financial planning ($\alpha=0.735$), followed by the public participation ($\alpha=0.734$) implementation of devolved budget ($\alpha=0.713$), political interference ($\alpha=0.712$) and employee competence ($\alpha=0.708$). This illustrates that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.6.

The researcher also conducted a multicollinearity tests to determine if two or more predictor independent variables in the multiple regression model are highly correlated. The study used tolerance and variance inflation factor (VIF) values for the predictors as a check for multicollinearity. Tolerance indicates the percent of variance in the independent variable that cannot be accounted for by the other independent variable while VIF is the inverse of tolerance. Table 4.5 shows that tolerance values ranged between 0.617 and 0.863 while variance inflation factor ranged between 1.273 and 1.887. Since tolerance values were above 0.1 and VIF below 10, thus there was no multicollinearity in the model.

Finally, normality of the variables was examined using the skewness and kurtosis. According to Kline (2011) the univariate normality of variables can be assumed if the skewness statistic is within the interval (-3.0, 3.0) and the kurtosis statistic lying in the interval (-10.0, 10.0). From the finding on the Kolmogorov-Smirnov and Shapiro-Wilk test on normality, the

study found that significance in both test were less than 0.05 which is leads to the rejection of the null hypothesis that that data on implementation of devolved budget, public participation, employee competence, political interference and financial planning were not normally distributed this is an indication that data on the variables were normally distributed.

TABLE 19
Model Summary of Challenges Influencing Implementation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.209 ^a	.044	.036	.41658	.044	5.510	1	121	.021
2	.529 ^b	.280	.268	.36291	.237	39.432	1	120	.000
3	.531 ^c	.282	.264	.36400	.002	.285	1	119	.595
4	.603 ^d	.363	.342	.34413	.082	15.133	1	118	.000

d. Predictors: (Constant), Staff Competence, Financial Planning, Political Interference, Public participation

e. Dependent Variable: Implementation of Devolved Budget

e. Dependent Variable: Implementation of Devolved Budget

R-Squared is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R², also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. 36.3% of the changes in the implementation of devolved budget in public institutions in Kenya could be attributed to the combined effect of the predictor variables.

TABLE 20

Summary of One-Way ANOVA results of Challenges Influencing Implementation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.956	1	.956	5.510	.021 ^b
	Residual	20.998	121	.174		
	Total	21.954	122			
2	Regression	6.150	2	3.075	23.346	.000 ^c
	Residual	15.804	120	.132		
	Total	21.954	122			
3	Regression	6.187	3	2.062	15.566	.000 ^d
	Residual	15.767	119	.132		
	Total	21.954	122			
4	Regression	7.980	4	1.995	16.845	.000 ^e
	Residual	13.974	118	.118		
	Total	21.954	122			

a. Dependent Variable: Implementation of Devolved Budget

e. Predictors: (Constant), Staff Competence, Financial Planning, Political Interference, Public participation

The probability value of 0.000 in model 4 indicates that the regression relationship was highly significant in predicting how public participation, employee competence, political interference and financial planning influenced the implementation of devolved budget in public institutions in Kenya. The F calculated at 5% level of significance was 16.845 since F calculated is greater than the F critical (value = 2.46), this shows that the overall model was significant.

As per the results in Table 22, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) becomes:

$$Y = 0.922 - 0.117X_1 + 0.473X_2 + 0.008X_3 + .394X_4 \dots\dots\dots (iv)$$

The regression equation above has established that taking all factors into account (public participation, employee competence, political interference and financial planning) constant at zero implementation of devolved budget in the County governments will be 0.922. The findings presented also show that taking all other independent variables at zero, a unit increase in the

public participation would lead to a 0.394 increase in the scores of implementation of devolved budget in the County governments and a unit increase in the scores of employee competence would lead to a 0.117 decrease in the scores of implementation of devolved budget in the County governments. Further, the findings shows that a unit increases in the scores of political interference would lead to a 0.008 increase in the scores of co implementation of devolved budget in the County governments. The study also found that a unit increase in the scores of financial planning would lead to a 0.473 increase in the scores of implementation of devolved budget in the County governments.

TABLE 21
Coefficients of Challenges Influencing Implementation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.562	.255		13.958	.000
	Staff Competence	.142	.060	.209	2.347	.021
2	(Constant)	2.171	.314		6.918	.000
	Staff Competence	-.061	.062	-.090	-.986	.326
	Financial Planning	.551	.088	.571	6.280	.000
3	(Constant)	2.048	.390		5.252	.000
	Staff Competence	-.064	.062	-.095	-1.032	.304
	Financial Planning	.534	.094	.553	5.685	.000
	Political Interference	.051	.095	.047	.534	.595
4	(Constant)	.922	.469		1.968	.051
	Staff Competence	-.117	.060	-.172	-1.937	.054
	Financial Planning	.473	.090	.489	5.246	.000
	Political Interference	.008	.090	.007	.086	.931
	Public participation	.394	.101	.320	3.890	.000

Overall, financial planning had the greatest effect on the implementation of devolved budget in public institutions in Kenya, followed by public participation, then level of political interference while employee competence had a negative effect to the implementation of devolved budget in

public institutions in Kenya. Public participation and financial planning were significant ($p < 0.05$) while employee competence and political interference were insignificant ($p > 0.05$). Bose (2012) explains that financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization. However, Wekesa (2006) explains that financial planning is universally practiced today despite the fact that it is prone to failure stimulated by poor technical design of plans due to lack of expertise and inadequate information, unrealistic targets and lack of commitment from some governments that plan to please donors by implementing budgets, at the expense of the public.

4.9 Hypothesis Testing

OLS regression was used to test the study hypotheses by examining the significance of relationships between the study variables. The first hypotheses were;

H1a: There is no significant relationship between employee competence and implementation of the devolved budget system in Kenya

H1b: There is a significant relationship between employee competence and implementation of the devolved budget system in Kenya

The null hypotheses imply that the variables- employee competence and implementation of the devolved budget system are independent of each other. The researcher wanted to find out whether there was any notable relationship between employee competence and implementation of the devolved budget system.

The regression indicated that ($\beta = -.117$; $p > 0.05$) indicated that there is no evidence against the null hypothesis and therefore we cannot reject it. A conclusion can be drawn from the study that ‘There is a no significant relationship between employee competence and implementation of the devolved budget system in Kenya’.

The second hypotheses of the study were;

H2a: There is no significant relationship between financial planning and implementation of the devolved budget system in Kenya

H2b: There is a significant relationship between financial planning and implementation of the devolved budget system in Kenya

The null hypotheses imply that the variables- financial planning and implementation of the devolved budget system in Kenya are independent of each other. The researcher wanted to find out whether there was any notable relationship between financial planning and implementation of the devolved budget system in Kenya.

The regression analysis ($\beta = 0.473$; $p < 0.05$) indicated that there is evidence against the null hypotheses and the study fails to reject it. A conclusion can be drawn from the study that ‘There is a significant relationship between financial planning and implementation of the devolved budget system in Kenya’.

The third hypotheses of the study were;

H3a: There is no significant relationship between political interference and implementation of the devolved budget system in Kenya

H3b: There is a significant relationship between political interference and implementation of the devolved budget system in Kenya

The regression analysis ($\beta = 0.008$; $p > 0.05$) indicated that there is no evidence against the null hypotheses and therefore we cannot reject it. A conclusion can be drawn from the study that ‘There is no significant relationship between political interference and implementation of the devolved budget system in Kenya’.

The last hypothesis of the study was;

H4a: There is no significant relationship between public participation and implementation of the devolved budget system in Kenya

H4b: There is a significant relationship between public participation and implementation of the devolved budget system in Kenya

OLS regression results ($\beta = 0.394$; $p < 0.05$) indicate that there is evidence against the null hypotheses and therefore we reject it. A conclusion can be drawn from the study that ‘There is a significant relationship between public participation and implementation of the devolved budget system in Kenya’.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objective of the study.

5.2 Summary of Findings

Regarding the extent that employee competence influence the implementation of devolved budget in the county governments, majority of the respondents (68.3%) indicated that employee competence influence the implementation of devolved budget in the county governments to a very great extent. Moreover, 30.1% said to a great extent while 1.6 % of the respondents felt that employee competence influence the implementation of devolved budget in the County governments to a moderate extent. On the extent that aspects of employee competence influences implementation of devolved budget in public institutions in Kenya, the respondents indicated that technical competencies and competency-based management influence implementation of devolved budget in public institutions in Kenya to a great extent as shown by a mean score of 4.5610 and 4.1382 respectively. The respondents indicated that behavioral competences influence implementation of devolved budget in the County governments to a great extent as shown by a mean score of 4.0894. Technical competencies such as skills and knowledge are important as it entails the skills and knowledge required to produce quality results.

The study further sought to find out the influence of financial planning on implementation of devolved budget in public institutions in Kenya. The study established that financial planning influence the implementation of devolved budget in public institutions in

Kenya to a very great and great extent as shown by 42.3% in each case while 15.4% were of the view that it had a moderate effect. Public sector organizations take decisions and make plans in turbulent environments that are prone to be affected by internal dynamics of the organizations and views from various stakeholders as well as external challenges hence financial planning has to be dynamic in the formulation and implementation of budgets.

Similarly, study results indicated that financial procedures and programs influence implementation of devolved budget in public institutions in Kenya to a very great extent as shown by a mean score of 4.80 and 5.56 respectively. The respondents further revealed that financial policies influence implementation of devolved budget in public institutions in Kenya to a great extent as shown by a mean score of 4.08. Aspects of financial planning such as financial objectives, estimate of the capital required, capital structure and formulation of financial policies such as credit and debt policies have a greater influence on the implementation of devolved budget in public institutions.

The study further established the extent that political interference influences the implementation of devolved budget in public institutions in Kenya. Findings established that 65% of the respondents indicated that political interference influences the implementation of devolved budget in public institutions in Kenya to a great extent, 21.1% said to a very great extent, 12.2% said to a moderate extent while 1.6% said political interference influences the implementation of devolved budget in public institutions in Kenya to a little extent. Aspects of political interference that influenced implementation of devolved budget in public institutions in Kenya to a great extent include embezzlement, fraud and corruption and political intimidation as shown by a mean score of 4.47 and 4.33 respectively. The study also revealed that political influence in revenue sharing process and fragmentation of decision-making and rewarding

political party supporters affected the implementation of devolved budget in public institutions in Kenya to a great extent as shown by a mean score of 4.2276 and 4.1138 respectively.

The study established that majority of the respondents (57.7%) were of the view that that public participation influences the implementation of devolved budget in public institutions in Kenya to a great extent, 35.8% said it influences to a very great extent while 6.5% said it influences the implementation of devolved budget in public institutions in Kenya to a moderate extent. These findings are in line with Pierre and Peters (2011) who argue that the government should have the capability of collecting information on preferences of the electorate, in the absence of which it would be difficult to allocate resources efficiently. Capacity building, network development and community debate influence implementation of devolved budget in the county governments to a very great extent as shown by mean scores of 4.7073, 4.5366 and 4.5122 respectively while public consultation influence implementation of devolved budget in the County governments to a great extent as shown by mean scores of 4.4228.

5.3 Discussion of Findings

This section provides a discussion of the major findings. The section presents a comparison and critique of the findings in relation to the reviewed literature in past empirical studies. Moreover, the discussion is provided as per the research objectives.

5.3.1 Employee competence

The study established that the coefficient for employee competence was -0.117, meaning that employee competence is negative and insignificantly influences the implementation of devolved budget system in Kenya. The variable is insignificant ($p > 0.05$). The study by Draganidis and Mentzas (2006) found that competency approaches are expected to help to identify the skills, knowledge, behaviors as well as capabilities required to meet current and future personnel

selection needs, in alignment with variations in strategies and organizational priorities and to focus the individual and group development plans to remove the gap between the competencies demanded by a project, job designation, or enterprise strategy as well as those available.

The study findings indicating employee competence had insignificant effect on implementation of devolved budget in public institutions in Kenya contrasts Butteriss (2008) who stated that while technical competencies (skills, knowledge) can be trained, the behavioral competencies are more difficult to develop. Competency-based management focuses on identifying the necessary technical skills and developing those competencies that will produce superior results. The study findings further contradicts Garavan and McGuire (2011) who posit that different countries show different approaches to competency management, however, in some countries (mainly Europe), competency management approach focuses on the job function requirements and less on the employees themselves. Based on Cira and Benjamin (2008) also expressed that competency models can provide identification of the competencies employees need to develop in order to improve performance in their current job or to prepare for other jobs via promotion or transfer.

5.3.2 Financial planning

The study established that the coefficient for financial planning was 0.473, meaning that financial planning positively and significantly influences the implementation of devolved budget system in Kenya. The variable is significant ($p < 0.05$). Bose (2012) explains that financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization. However, Wekesa (2006) explains that financial planning is universally practiced today despite the fact that it is prone to failure stimulated by poor technical design of plans due to lack of expertise and inadequate information, unrealistic targets

and lack of commitment from some governments that plan to please donors by implementing budgets, at the expense of the public. The study also found that financial aspects such as procedures and programs influence implementation of devolved budget in public institutions in Kenya to a very great extent as shown by a mean score of 4.8049, and 4.5610 respectively. It was also deduced that financial planning helps minimize cost and proper financial control and financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization as illustrated by a mean score of 3.9756 and 3.6187 respectively while they disagreed with the fact that the county is able to ensure availability of adequate capital, liquidity of the firm throughout the year as illustrated by a mean score of 1.7967. Bose (2012) is of the same argument that financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization and as a result of the planning, the organization is able to ensure the availability of adequate capital, liquidity of the firm throughout the year minimization of cost and proper financial control. This agrees with Rose and Lawton (1994) who advise that since public sector organizations take decisions and make plans in turbulent environments that are prone to be affected by internal dynamics of the organizations and views from various stakeholders as well as external challenges; financial planning has to be dynamic in the formulation and implementation of budgets.

5.3.3 Political interference

The study established that the coefficient for political interference was 0.008, meaning that political interference positively but insignificantly influences the implementation of devolved budget system in Kenya. The variable is insignificant ($p > 0.05$). These findings are in contrast to Mwenda and Gachocho's (2003) study that established that political interference in the

implementation of devolved budgets system is very strong because first and foremost, they reflect choices about what services the government should provide and what the citizens are entitled to as members of society and determine who gets what.

The study also found that the aspects of political interference that influence implementation of devolved budget in public institutions in Kenya include embezzlement, fraud and corruption and political intimidation while rewarding political party supporters, political influence in revenue sharing process and fragmentation of decision-making. Stillman (2010) describes budgets as political documents reflecting through the allocation of funds, the ultimate desires, interests and power of various groups within the body politic as expressed by elective legislative bodies. In setting up annual budgets, various political participants engage in logrolling comprises and bargains to create a document that by and large mirrors the current priorities of locality, state or nation.

5.3.4 Public participation

The study established that the coefficient for public participation was 0.394, meaning that public participation positively and significantly influences the implementation of devolved budget system in Kenya. The variable is significant ($p < 0.05$). These findings are in line with Pierre and Peters (2011) who argue that the government should have the capability of collecting information on preferences of the electorate, in the absence of which it would be difficult to allocate resources efficiently.

The study further deduced capacity building, network development and community debate influence the implementation of devolved budget in County governments to a very great extent as shown by a mean score of 4.7073, 4.5366 and 4.5122 while public consultation influence the implementation of devolved budget in the County governments to a great extent as

shown by a mean score of 4.4228. It is clear that these aspects of public participation influence implementation of devolved budget in the County governments and there is need for a deepened and enhanced consultation and information sharing process in the implementation of devolved budget system, implementation and monitoring and evaluation aspects of development projects (Barasa&Eising, 2012). However, Barasa and Eising (2012) quote Butterfoss who postulated that people only participate in processes that are beneficial to them and in instances where the benefits outweigh the costs that are entailed.

The study also found that people only participate in processes that are beneficial to them, government have capability of collecting information on preferences of electorate concerning the implementation of the budget system efficiently and there is, active, effective and lasting participation of the public during the implementation of the budget system as shown by a mean score of 4.7154, 4.6179 and 4.6016 respectively. This correlates with Barasa and Eising (2012) who quotes Butterfoss who postulates that people only participate in processes that are beneficial to them and in instances where the benefits outweigh the costs that are entailed.

5.4 Conclusions

The study concludes that employee competence negatively and insignificantly influences the implementation of devolved budget in the county governments as shown by a regression coefficient of -0.117. The study further concludes that competency approaches are expected to help to identify the skills, knowledge, behaviors as well as capabilities required to meet current and future personnel selection needs, in alignment with variations in strategies and organizational priorities and to focus the individual and group development plans to remove the gap between the competencies demanded by a project, job designation, or enterprise strategy as well as those available.

The study also concludes that financial planning positively and significantly influences the implementation of devolved budget in public institutions in Kenya to a very great extent as shown by 42.3%. The results leads to the conclusion that public sector organizations need financial planning to make decisions and plans in turbulent environments affected by internal dynamics of the organizations and views from various stakeholders as well as external challenges.

The study further concludes that political interference such as fraud, corruption and political intimidation has an insignificant influence on the implementation of devolved budget in public institutions in Kenya. This indicates that political interference in the implementation of devolved budgets system is not very strong in the counties surveyed.

The study finally deduces that public participation such as community debate and capacity building affects the implementation of devolved budget in County governments to a great extent as shown by a mean score of 4.7073. There is also a need for a deepened and enhanced consultation and information sharing process in the implementation of devolved budget system, implementation and monitoring and evaluation aspects of development projects (Barasa&Eising, 2012).

5.5 Recommendations

This section provides the recommendations that were provided after consideration of the research findings. The section provides recommendations for policy, managerial recommendations and also theoretical recommendations.

5.5.1 Policy recommendation

The study recommends that, specific statutory obligation should be imposed on the county governments to organise for public training on various subjects that would enhance public

participation in the implementation process. In order to ensure effectiveness of the envisaged training, it must be sensitive to and target concerns of different social categories of inhabitants of that particular county.

To ensure effective public involvement in budget implementation the government should initiate capacity building initiatives within the participatory framework and institutions. To further this goal, a national statutory body should be created to spearhead capacity building efforts. Moreover, adequate budgetary provisions should also be made available to enable the body to effectively carry out its mandate.

5.5.2 Managerial recommendation

The study recommends that competency models should be adopted by the county government to help to identify the skills, knowledge, behaviors as well as capabilities required to meet current and future personnel selection needs, in alignment with variations in strategies and organizational priorities and to focus the individual and group development plans to remove the gap between the competencies demanded by job designation, or enterprise strategy as well as those available. County governments should have an obligation to provide sufficient notice of meetings to enable the public to prepare to attend and participate effectively in consultations.

County management should have an obligation to provide sufficient notice of meetings to enable the public to prepare to attend and participate effectively in consultations. To bring this to fruition, funds should be designated to facilitate the process of creation of public awareness. This can be realised by designation of budgetary quotas towards funding public awareness initiatives. There is need to sensitize the public and other county government officials on importance of public participation. This is to enhance commitment towards implementation.

5.5.3 Theoretical recommendation

The study recommends that a mechanism for redress where the public can seek recourse when information is unduly withheld should also be introduced. Moreover penalties should be specified for such acts to deter any public officials from withholding information that would aid participation by an individual in the budget implementation process.

5.6 Suggestions for Further Research

The study suggests that a similar study be undertaken on other counties to augment this study's findings. In addition to the above, these counties should have time plan and implementation team as possible solution to the budgeting challenges facing their organizations.

This research study has given attention to challenges affect implementing budgets in selected counties. A study can be carried out comparing and contrasting counties highlighting the budget issues, finance and management of budget in these counties.

A further research can be carried out on the influence of budget participation on the County performance. The impact of participative budget on outcomes variables, such as job performance, job satisfaction and employee effort. A link could be done, to establish the participation of subordinate managers in the budget process could lead to greater understanding of budgets and reduce the challenges of implementation of budgets.

5.7 Limitations of the Study

The researcher encountered many limitations while conducting the research. One of them came when collecting the data. The respondents were supposed to be the staff in the finance departments of the five worst performing county governments in Kenya according. These are senior employees who generally have very busy schedules. This made it difficult for the researcher to get the questionnaires to be filled in time and which finally resulted in some

questionnaires not being returned. The researcher however made several visits and communicated through e-mail to contact persons to get favorable responses.

The study encountered unwillingness by respondents to reveal information that is considered as confidential. To counter this limitation, the researcher assured the respondents of proprietary measures that the findings would be accorded and used. The researcher also assured the respondents that the information they offered would be held confidentially and was to be used for academic purposes only.

Some respondents given questionnaires did not stick to the dates for handing over of questionnaires, while some happened to give inaccurate data. In this limitation the researcher convinced the respondents on the importance of the study to be carried out. This helped to reduce the strength of the limitation, which made the study a success.

Another limitation is that the respondents were reluctant in giving some information about the County government which they viewed being confidential. The researcher however reassured the respondents that information obtained from them would be used for the purposes of the study only.

The five counties which were studied are far from Nairobi, hence both financial and access challenge. This forced the researcher to add some money from his savings to meet the financial demand of the study.

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APPENDIX I

Research Questionnaire

Kindly answer the following questions by writing a brief answer or ticking in the boxes provided.

PART A: BACKGROUND INFORMATION

1) What is your gender?

- a. Male b. Female

In which of the following age brackets do you belong?

- a. 21-30 years b. 31-40 years c. 41-50 years d. Above 50 years

What is your education level (state the highest level?)

- a. Primary b. Secondary c. Diploma
 d. Undergraduate e. Post Graduate f. Other _____

How many years have you worked in your current position?

- Less than 1 year 1-5 years 5-10 years
 10-15 years, 15-20 years More than 20 years

Part B:

Employee Competence

To what extent does employee competence affect implementation of devolved budget system in the county government?

- a. Very great extent
 b. Great extent
 c. Moderate extent
 d. Low extent
 e. Very low extent

2) To what extent do the following statements on employee competence affect the implementation of devolved budget system in the county government?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Technical competencies					

Behavioral competences					
Competency-based management					

3) What is your level of agreement with how the following aspects of competence affect the implementation of devolved budget system in the county governments?

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Competency management approach focuses on the implementation of the budget system					
The county government has designed competency models to address the issues of implementation of the budget system					
Competency management emphasizes inputs on the implementation of the devolved budget system					
The county takes into account of the need for flexibility and openness to change in the implementation of the budget system process					

Financial Planning

4) To what extent does financial planning affect implementation of devolved budget system in the county governments?

- a. Very great extent
- b. Moderate extent
- c. Very low extent
- d. Great extent
- e. Low extent

5) To what extent do the following aspects of financial planning affect the implementation of devolved budget system in the county governments?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Policies					

Procedures					
Programs					

6) What is your level of agreement with how the following statements of financial planning the implementation of devolved budget system in the county governments?

1 = Strongly Disagree 2 =Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

	1	2	3	4	5
Financial planning helps to determine the objectives, policies, procedures and programs to deal with the financial activities of an organization					
The county is able to ensure availability of adequate capital, liquidity of the firm throughout the year					
Financial planning helps minimize of cost and proper financial control					

Political interference

7) To what extent does political interference affect implementation of devolved budget system in the county governments?

- a. Very great extent
- b. Moderate extent
- c. Very low extent
- d. Great extent
- e. Low extent

8) To what extent do the following aspects of political interference affect the implementation of devolved budget system in the county governments?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Fragmentation of decision-making					
Political intimidation					

Rewarding political party supporters					
Embezzlement, fraud and corruption					
Political influence in revenue sharing process					

Public Participation

9) To what extent does public participation affect implementation of devolved budget system in the county governments?

- a. Very great extent
- b. Moderate extent
- c. Very low extent
- d. Great extent
- e. Low extent

10) To what extent do the following aspects of public participation affect the implementation of devolved budget system in the county governments?

	Very great extent	Great extent	Moderate extent	Low extent	Very low extent
Community debate					
Public consultation					
Capacity building					
Network development					

11) What is your level of agreement with how the following statements of public participation on the implementation of devolved budget system in the county governments?

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

	1	2	3	4	5
Government have capability of collecting information on preferences of electorate concerning the					

implementation of the budget system efficiently					
There is, active, effective and lasting participation of the public during the implementation of the budget system					
People only participate in processes that are beneficial to them					

Implementation of Devolved Budget

12) What has been the trend o the following in your county or the last 24 months?

	Greatly improved	Improved	Constant	Deteriorating	Greatly Deteriorated
Appropriations and apportionment adherence					
Increase or decrease in appropriations					
Commitments/obligations,					
Expenditures at the verification/delivery stage and payments					
Revisions in appropriations					
Transfers between appropriations					

THANK YOU

TABLE A1**County Performance Index 2015**

RANK	COUNTY	COUNTYTRAK INDEX
1	MACHAKOS	61.50%
2	BUNGOMA	60.30%
3	VIHIGA	59.80%
4	BOMET	58.70%
5	KWALE	58.50%
6	ELGEYO MARAKWET	58.30%
7	TAITA TAVETA	58.30%
8	KISII	58.30%
9	WEST POKOT	58.20%
10	KAKAMEGA	57.70%
11	KERICHO	57.60%
12	MURANGA	56.70%
13	NANDI	56.50%
14	UASIN GISHU	56.40%
15	MOMBASA	56.40%
16	NYERI	56.30%
17	BUSIA	56.20%
18	MIGORI	56.20%
19	HOMABAY	56.10%
20	KILIFI	55.90%
21	MERU	55.40%
22	SIAYA	55.30%
23	NAKURU	55.00%
24	SAMBURU	54.90%
25	KISUMU	54.80%
26	GARISSA	54.80%

27	NAROK	54.70%
28	BARINGO	54.40%
29	KIRINYAGA	54.20%
30	NYANDARUA	54.00%
31	EMBU	53.80%
32	THARAKA NITHI	53.80%
33	KIAMBU	53.70%
34	KITUI	53.40%
35	TRANS NZOIA	53.30%
36	KAJIADO	53.20%
37	NAIROBI	52.80%
38	LAIKIPIA	52.80%
39	LAMU	52.30%
40	MAKUENI	52.30%
41	NYAMIRA	51.50%
42	TURKANA	49.90%
43	MARSABIT	49.50%
44	WAJIR	49.40%
45	MANDERA	49.30%
46	ISIOLO	48.70%
47	TANA RIVER	48.60%

Note:

The CountyTrak Index was conducted between December 2014 and February 2015

Source: Infotrak, (2015)

TABLE A2
Reliability Analysis

Scale	Cronbach's Alpha	Number of Items
Public participation	0.886	7
Employee competence	0.708	7
Political interference	0.712	5
Financial planning	0.834	6
Implementation of devolved budget	0.713	6

TABLE A3
Multicollinearity Test

	Tolerance	VIF
Implementation of devolved budget	0.863	1.887
Financial Planning	0.617	1.620
Political Interference	0.779	1.284
Public participation	0.786	1.273
Staff Competence	0.673	1.487

Source: Research Data

TABLE A4**Normality Test**

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
Implementation of Devolved Budget	0.114	123	0.001	0.957	123	0.001
Financial Planning	0.099	123	0.005	0.971	123	0.010
Political Interference	0.138	123	0.000	0.958	123	0.001
Public participation	0.174	123	0.000	0.928	123	0.000
Staff Competence	0.112	123	0.001	0.927	123	0.000