

**FACTORS AFFECTING PERFORMANCE OF GOVERNMENT BUDGET OFFICERS  
OF PUBLIC FINANCE IN KENYA**

**BY**

**BEN M. KIHIA**

**MASTER OF SCIENCE IN COMMERCE (FINANCE AND ACCOUNTING)**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
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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: \_\_\_\_\_

Reg.No. \_\_\_\_\_

Sign: \_\_\_\_\_

Date: \_\_\_\_\_

I do hereby confirm that I have examined the master's dissertation of

**BEN MWANGI KIHIA**

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

Sign: \_\_\_\_\_

Date: \_\_\_\_\_

Dr. Clement O. Olando (PhD)

Dissertation Supervisor

# **FACTORS AFFECTING PERFORMANCE OF GOVERNMENT BUDGET OFFICERS OF PUBLIC FINANCE IN KENYA**

## **ABSTRACT**

Although the Government of Kenya (GoK) has been undertaking a various public sector reform measures to improve its performance, there has been poor performance of the budget function resulting from the poor performance of the budget officers. Over time the Government of Kenya has not been able to enhance budget officer performance by addressing the factors leading to employee satisfaction and this resulted to poor work performance by these officers. The lack of satisfaction on budget officers caused by their poor performance leads their poor work performance and ineffective budgets and is attributable to; work environment, salary and allowances, job security, and individual related factors (IRF). Although studies have been conducted globally, regionally, and locally on employee performance, there is scanty information that explains the performance of budget officers in public sector of Kenya as being influenced by; their work environment, salary and allowances, job security, and individual related factors jointly. The concerns raised by this status of affairs drove the need to conduct the present study with the goal of filling this knowledge gap and make recommendation to ensure that performance of the budget officer in Kenya is commendable and the budgets are effective. The main objective was to assess the factors affecting performance of Government budget officers in Kenya. The study target population was the 82 budget officers of public service in Kenya and the study used census where the entire population participated as respondents. The study collected primary data by the administration of a structured questionnaire. The questionnaire was personally delivered to the respondents, who were assisted in filling. Data was analysed using descriptive statistics and inferential analysis, where the study analysed with assistance of Statistical Package for Social Sciences (SPSS) ver. 20.0. Inferential statistics was useful in estimating a study model, where using multiple regressions the study established the relationship that exists between independent variables and the dependent variable. The study findings reveals that; work environment highly affects the employee performance; Salary and allowances highly affects the employee performance; job security highly affects the employee performance and individual related factors moderately affect employee performance. The study recommends that the Government of Kenya should; ensure a conducive work environment for its budget officers to ensure that their; review the salary and allowances of its budget officer to enhance or improve their performance; ensure that the job security of budget officers in Kenya is ensured to influence their performance. The study further recommends that budget officers in Kenya should handle and manage their individual related factors, which might affect their performance. Further studies should be conducted to establish the extent to which the factors; Work environment, salary and incentives, job security, and individual related factors influence the employee performance using quantitative data

**Key words:** Budget Officers, employee performance, individual related factors, job security, salary and allowances, work environment

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## **DEDICATION**

I dedicated this work to my wife Mrs. Rahab Wangui Mwangi, my daughters; Rosemary Wamuyu, Jackline Wangu, Alice Nyambura, Christine Wanja and my two sons; Gibson Githinji and Gideon Rurigi for their moral support throughout my research work.

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## **ACRONYMS AND ABBREVIATIONS**

IRF	Individual Related Factors
LMIC	Low and Middle-Income Countries
JRF	Job Related Factors
MDG	Millennium Development Goals
ORF	Organizational Related Factors
RA	Research Assistants
SPSS	Statistical Package for Social Sciences

## **OPERATIONAL DEFINITION OF VARIABLES**

**Employee Performance** refers to production of an employee in terms of; quantity, quality, timeliness, job attendance, efficiency, and effectiveness of work done

**Individual Related Factors** is employee personality towards job satisfaction and what makes the employee to contribute positively

**Job Security** is the assurance of gainful employment of the organisation staff continuity of such employment, issues contained in employment contract

**Productivity** is the quantity, quality, timeliness, job attendance, efficiency, and effectiveness that the employee delivers to the organisation

**Salary and allowances** is monetary gift provided to an employee based on performance and for the employee to continue delivering positive results

**Work environment** is the physical work environment where the staff carry out their duties in the work place.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Covaleski *et al.* (2003) regards budgeting in the public sector a very important tool in directing the activities of the Government and achieving the goals and objectives through employees' (budget officers) efforts. In this regards, the budgeted results communicate to the Government employees expectations of public service regarding their job performance. More precisely, the public sector is guided by budgeting, characteristics of the budgetary system (Kenis, 1979; Merchant, 1981) in their use of the public funds. This renders budgets a special tool of directing and controlling the affairs of the national Governments (Coates, 2002).

As a point of information, budget in the public sectors provides a means of monitoring and communicating the financial systems to the Government (Coates, 2002). The government is therefore compelled to ensure that all the budgeting processes are directed towards facilitating effectiveness of government financial systems, including expenditure. It should further be noted that Government ministries and their organizations do not strive to generate profits (Plas and Lewis, 2001; Tinofirei, 2011) and the budget officers should strive to prepare an effective budget accountable to the citizens (Plas & Lewis 2011).

In their efforts to ensure the effectiveness of budget, the budget officers from all the ministries prepare subunit level budgets for submission as per the government policies. These budget should; contain relevant facts,; and the budget items (votes) must be clearly classified and prioritised (Covaleskiet *al.*, 2003). Lewis (2005) stressed for need to itemisation of the budget votes by explaining that the executive officer in the ministries lack; skills; sufficient time; and enough detailed information to make the budget themselves. It is based on this

challenges that the skilled junior staff act on their behalf and prepare the budgets. Therefore budget officer are the most essential staff in the budget process of the public sector in Kenya and their performance is crucial in the effectiveness of the public sector budget (Covaleskiet *al.*, 2003).

Vermeerenet *al.* (2009) established that budget work performance could help the public se ctor to progress service provision. Work performance therefore emerges as the most significant items for gaining competitive advantage (serving the public) and superior productivity and improving service delivery (Vermeerenet *al.*, 2009). As regards the budgeting process, the budget officer desire to encounter a conducive work performance, which would allow space for formulating policies and enhance budget process (Leeuw, 1996). This would be a recipe for success of the financial management (McKendall & Margulis, 1995; Cook & McCaulay, 1997) in the public service since budgeting is perfect. In fact, high work performance among budget officers plays a very significant role to arriving at excellent budgets at all levels in the public sector. As such, the Government needs to discover what affects budget officers' work performance so as to sustain budget officers' work environment and enhance the organisational expectations (Dowling, Festing & Engle).

Armstrong and Murlis (2004) stress for need of the public sectors to understand and enhance the factors influencing the performance of budget officer, as the government focuses on its goals and objectives leads. The idea is to enhance budget officer's performance and make their effort to align to the objective of the public sector through training, budget officer empowerment, salaries and allowance, work environment, and budget offices' intrinsic factors (Dowling *et al.* 2008; Grobleret *al.* 2006). In support of this argument, Bonam (2011) expressed that with the increased locally and globally competition, the civil service must

become more flexible, spirited, responsive, and customer-focused to succeed. In which case stimulating the work force and building confidence creates will to work, hence high employee performance (Cole, 2004).

Existing literature has shown that the budgeting system in low and middle income countries (LMICs) such as Kenya, which is coupled with poor performance (Oswald, 2012) of budget officers', an issue that is receiving increased global attention (Dieleman *et al.*, 2009). For instance, achievement the Millennium Development Goals (MDGs) by these countries is turning impossible, simply because the poor performances of the budget officers are not addressed effectively (WHO, 2006). The Government of Kenya therefore needs to address the poor performance of the budget officers through increasing their motivation and making them feel satisfied with their job. This would be a good resolve to increasing the performance of budget officers in the public sector to a satisfactory level.

Journals, empirical studies, and theories have shown that the performance of the budget officers, is influenced by; work environment (Zahargier & Balasundaram, 2011), salary and allowances (Fort & Voltero, 2004), job security ( Nickols, 2003; Zahargier & Balasundaram, 2011), and individual related factors (IRF) (Rajat, 2009; Zahargier & Balasundaram, 2011; Saeed *at. al.*, 2013). Addressing these factors would ensure job fulfilment of the budget officers in the public sector (Rajat, 2009), which leads to unchallenged organizational commitment of these officer, hence higher performance that ensures achievement of organisational objectives (Feinstein, 2000).

According to Vischer (2007), supportive work environment and job related factors (JRF) have emerged as factors highly influencing employee performance of budget officers in the public service and make them to work comfortably. In a good working environment and

effectively controlled job related factors, the budget officers contribute to the optimum and considerably according to the expectations of the employer. Organizational related factors (ORF), such as personal growth of the employee is also emerging as a primary factor that would affect the performance of the budget officer (Sonmezer & Eryaman, 2008) as the working environments affect budget officers' performance level (Chang & Hahn, 2006).

Mujtaba and Shuaib (2010) point out that salary and allowance, and more specifically incentives, are effective factors for the public sector in enabling the performance of budget officers. According to Rajat (2009), the budget officers usually regards their personality more important than job satisfaction, which means that their performance and satisfaction results from their personality. According to Armstrong and Murlis (2004), boosting productivity, through high performance of the budget officers would enable public sector to ensure growth and productivity (Becker *et al.* ,2011).

## **1.2 Statement of the Problem**

Although the Government of Kenya (GoK) has undertaken various budgetary reforms to improve its performance and enhance focus on results (Muthaura, 2010), budget function in its financial practice has been wanting owing to its poor performance (Magutu *et al.*, 2011; Otiende, 2013). According to Magutu *et al.* .(2011), there is ineffectiveness in the budget function of most public sector institutions and this means; costing heavily to the government, poor service delivery, and financial losses. The under performance in the budget function may be due to, among other things, the poor performance of the budget officers (Awases, Gbary&Chatora 2004). Over time the Government of Kenya has not been able to enhance budget officer performance by addressing the factors leading to employee satisfaction and this would result to poor work performance by these officers (Kiprop, 2012). The poor

performance of the said officers is singling itself as major concern (Hughes *et al.*, 2002) and is characterised by low quality work resulting from, lateness, absenteeism, high staff turnover, and regular complaints (WHO, 2003). The consequence is poor budget work by the budget officers, hence their poor performance (Mwega, 2009). This is a process for failure to realise sustainable development (Obong'o, 2009). Otiende (2013) indicates that reports collected from Kenya performance contracting show that the Government agencies had not been quite impressive in achieving the financial targets to support the financial pillar of Kenya Vision 2030. For instance, the Office of the Prime Minister (2013) indicated that performance of the budget function in the financial year 2011/2012 was 2.59 out of 5.0, which was not impressive.

The challenge facing public is the low motivation of its budget officer resulting into their poor performance (Aseka, 2002). The poor performance is, according to academic journals and theories, attributable to; work environment (Oswald, 2012; Zahargier & Balasundaram, 2011), salary and allowances (Fort & Voltero, 2004), job security (Nickols, 2003; Dieleman *et al.*, 2009; Zahargier & Balasundaram, 2011), and individual related factors (IRF) (WHO, 2006; Zahargier & Balasundaram, 2011; Saeed *at. al.*, 2013).

Although studies, as cited in the present study, have been conducted globally (such as by; Awamleh & Fernandes, 2007; Melanie *et al.*, 2008; Ahmed *et al.*, 2010), regionally (such as by Nnadi, *et al.*, 2012; Quartey & Attiogbe, 2013), and locally (Okibo, 2012; Kiprop, 2012) on employee performance, there is scanty information that would explain the performance of Government budget officers' in Kenya as being influenced by; work environment, salary and allowances, job security, and individual related factors jointly. The concerns thus so far drove the need to conduct the present study with the objective of filing

this knowledge gap and make recommendation to ensure that performance of the budget officer in Kenya is commendable and the budgets are effective.

### **1.3 Objectives of the Study**

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

The main objective was to assess the factors affecting performance of Government budget officers in Kenya.

#### ***1.3.2 Specific objectives***

Specific objectives of the study were to:

- 1 Establish the effects of work environment on the performance of Government budget officers in Kenya.
- 2 Establish the effects of salary and allowances on performance of Government budget officers in Kenya.
- 3 Establish the effects of job security influences on the performance of Government budget officers in Kenya.
- 4 Establish the effects of individual related factors on the performance of Government budget officers in Kenya.

### **1.4 Research questions**

The research questions were:

1. What is the influence of work environment on performance of Government budget officers in Kenya?
2. How much influence does salary and allowances have on performance of Government budget officers in Kenya?

3. What is extent to which job security have on performance of Government budget officers in Kenya?
4. How much influence do individual related factors have on performance of Government budget officers in Kenya?

## **1.5 Significance of the Study**

The study findings and recommendation would benefit the following key stakeholders:

### ***1.5.1 Policy makers***

This study provided some insight to policy maker in national Government and county government on the factors affecting the performance of budget officers in public sector budgeting. The recommendation and study findings would invariably be of great help to these policy makers in reviewing and designing policy on budget officer i their governments. These findings would assist the policy makers to make regulations and policies that highly consider motivating and satisfying their employee to lead high performance.

### ***1.5.2 Budget Officers***

The study findings would be of benefit to the budget officers since it will create a motivating working environment and their needs would be addressed considerably. Using the findings, the employer of the budget officer would ensure that their motivation needs are taken care of and the budget officers would in turn produces highly and ensure peer relationships.

### ***1.5.3 Public***

The study would help general public, both at national level and the county level to obtain valuable financial information from the budgets. The budgets would be a reflection of

the needs and desire of the public. Whatever the public submit for consideration in budget would be suitably accommodated there in, since the budgets so produced would be effective.

#### ***1.5.4 Donor/Partner***

The stakeholders such as; donors and partners (private sector) would find the study findings and recommendations very helpful them. For instance, they will be assured that budgeting process in the public service in perfect and the budget reflects the needs of the public. This creates confidence and assurance to the donors.

#### ***1.5.5 Scholars and Researchers***

The study added i knowledge to the field on budgeting and especially in the public service budgeting, which would benefit scholars and academicians. The study filled the gaps that existed on budgeting in the public service The study is an eye opener for further research in Government budgeting, which makes it useful to researcher.

### **1.6 Limitation and Delimitation of the Study**

The study was conducted within areas where visitors were restricted. Access to the study area therefore depended on good will and personal assistance of the senior finance officers knowledgeable and familiar in the ministries. Therefore, the researcher worked closely with senior civil servants and budget officers in National Treasury.

### **1.7 Scope of the Study**

The study assessed the factors affecting performance of Government budget officers in Kenya. This study collected data from Government ministries. The rationale of choosing the Government is because these are the entities that prepare the Government budgets.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter is intended to acquaint the readers with information of the literature reviewed and the conceptual model of the study. The study reviewed various literature; theories and empirical that related to it The literature so reviewed includes the past (empirical) studies as well as the theoretical orientation as well as performance. The past studies review deals much on the empirical studies containing information related to job satisfaction and factors which determine job satisfaction in firms, as well identifying research gaps in these studies. This information was useful in making the recommendations, discussions and summaries. The chapter therefore contains the summary and gaps to be filled by the present study. The theoretical literature helped the study to develop a conceptual framework. The chapter concludes with a conceptual framework.

##### **2.1.1 Budget Work**

Shapiro (2008) expresses the need for proper budgetary system by arguing that every non profit organisation budget like any other should go through the budgetary cycle. He stressed the need to strictly adhere to the budget cycles after realizing that most the budgets were formulated by the executives who disregarded the project beneficiaries. According to Shapiro (2008), at budget execution stage, where implementation, monitoring and control is undertaken, the beneficiaries should be able to assess the quality of spending. As such all the parties involved in the project and budgeting would be able to establish whether the budget policy goals were being met and funds were used efficiently. Indeed, the organisation should attempt to disseminate budget information widely.

## **2.2 Empirical Review**

The present study reviewed various empirical studies, which were found very beneficial to it. These studies were classified into performance of the budget workers, effects of work environment on performance, effects of job security on performance, and effects of Salary on performance.

### **2.2.1 Employee Performance**

The present study reviewed various studies found related employee performance and useful to the study. For instance, the study by Awamleh and Fernandes (2007) regarded certain factors of job satisfaction such as job variety in seeking to assess the extent to which job satisfaction would affect employee performance. The study findings revealed that job satisfaction affected the job performance, although its core factors did not have any effect on job satisfaction. Although the study failed to relate the core job dimensions to job satisfaction, it established that the job satisfaction affects the job performance. The findings in the study Awamleh and Fernandes (2007) that job satisfaction leads to job performance was the core expectation of this present study. Such a finding was beneficial to the present study. The present study established that the study by Awamleh and Fernandes (2007) failed to address the core motivation factors as determinants of job satisfaction, a gaps the present study filled.

Kiprop (2012) study established that employee performance is enhanced through provision of; adequate salary and allowance, career development, sufficient job security, employee empowerment, opportunities for training, recognition of effort, opportunities for self-growth; peer relationships; opportunities to identify employees skills/personalities, and equity and fairness for all employees under the organisations employment. The findings in the stuy by Kiprop (2012) concurred with those in the study by Zahargier and Balasundaram

(2011). The study by Zahargier and Balasundaram (2011) summarised the factors influencing employees' performance (EP) explained by as being Kiprop (2012) into a smaller numbers. The study findings of the two studies were related and they talked about the same issues but the Zahargier and Balasundaram (2011) reduced the main influencing factors. Zahargier and Balasundaram (2011) study showed that; Zahargier and Balasundaram (2011), job related factors (JRF), and individual related factors (IRF) affected the employee performance. These findings were very useful to the present study in the three factors as Independent variables.

### ***2.2.2 Effects of work environment on Employee Performance***

Castillo and Cano (2004) study evaluated employee performance based the motivator-hygiene concept as explained by Herzberg *et al.* (1959). The study findings showed that although the respondents usually have jobs satisfaction, the female staff show less jobs satisfaction than the male counterparts. The findings indicated that employees were more motivated by the work environment than any other factor. The study by Castillo and Cano (2004) established a consistency of the motivator and hygiene factors theory, which was found very helpful to the present study. The study fell short of bringing the effect of each of these factors, and more specifically, work environment, job security, and salary on job security, which is what the present study did.

Melanie *et al.* (2008) study found employee performance was products of staff training since it led to job satisfaction, which influenced the employee performance. Although the study by Melanie *et al.* (2008) sought to relate the work environment to job satisfaction, it failed to provide conclusive information after training proved difficulty. This created an opportunity to the present to move a step ahead of the study by Melanie *et al.* (2008)

Another study by Velnampy (2008) was conducted a review job attitude and Employees Performance. The study found out that although higher performance made people feel more satisfied and committed, job satisfaction as result of the job involvement did not significantly influence the job performance. However, the study found that the work environment was determinant of employee performance. The fact the study by Velnampy (2008) related the factors salary, job security, and work environment were related, which meant the study very useful to the present study. The study did show the three factors salary, job security, and work environment as determinants of job performance, a gap the present study filled.

Another study by Shahu and Gole (2008) found out that the employee job satisfaction was significantly influenced by work. It found out that most factors of work environment influenced job satisfaction. The study by Shahu and Gole (2008) revealed that employee performance was influenced by work environment, which meant the study beneficial to the present study. Gorji (2010) study assessed the impact of Staff empowerment on performance found that: delegating the authority, encouragement, rewarding, and suggestions system highly influenced the employee performance However, the studies by Shahu and Gole (2008) and Gorji (2010) failed to show how job security and salary related to job satisfaction. Thus, the study did not fully explain the motivation factors as determinants of job security, a knowledge gap that this study left. The present study also filled the gap left by Seydjavadin *et al.* (2009) study which found that the work environment highly influenced the employee performance.

This study by Ayranci (2011) found out that employee performance depended on seven factors, Competence, Job Characteristics, Business Image, Work Conditions,

Suitability, Communication, Financial benefit. It was found that all of the job satisfaction factors had strong and positive relationships, with the exception of two: job characteristics and the owner's suitability to owning. The study by Ayranci (2011) provides very useful information to the present by showing that work environment factors as affecting employee performance. In fact it proposed for further studies on job satisfaction to examine the degree to which employee performance is affected by the job itself, by the emotional compatibility of the survey participants and by matters such as communication on the job and financial issues. This is the gap that the present study filled.

Oswald (2012) study which revealed that the factors of work environment significantly influence the employee performance of employees, i.e. work environment has effect on the employee performance. The recommendations by the study were the organization should provide good working environment to its employees, so as to enable them to perform better.

### ***2.3.3 Effects of Salary and allowances on employee Performance***

This study by Teck-Hong and Waheed (2011) found out that employee performance based on job satisfaction was affected by; work environment, recognition, and salary and allowances. This motivated the present study in seeking to establish the effects of salary and allowances on employee performance. The findings from the study revealed that salary and allowances affects the employee performance. The findings from the study by Teck-Hong and Waheed (2011) provided insights to present study into considering salary and allowances as an independent variable. Although the study by Teck-Hong and Waheed (2011) related salary to job satisfaction where it capitalized on how salary increment influence the employee

performance, explain what else in salary and allowances would affect employee performance. The study failed to tackle the main factors of salary, a gap the present study filled.

The study by Card *et al.* (2011) found the salaries and allowance awarded to the peers in an organisation affects the performance of other employees, hence the performance of the employees. This is because of the differences, which led to job satisfaction being depended on relative pay levels. The study by Card *et al.* (2011) showed that salary and allowances led to employee performance based on the salary level, comparative relationship. It is like saying that the amount received did not matter much but comparative to what peer were earning was the main concern. In which case, even if the salary received did not satisfy the employee needs, the employees had job satisfaction as longer as it was above the peers'. This leave a lot to be desired, a factor the present study established.

Quartey and Attiogbe (2013) study found that salary and allowance moderately affected the job performance. The study showed that a good number of compensation packages were sometimes received by the personnel. The results indicated that personnel were somehow satisfied with some of their compensation packages. Equitable and holistic compensation packages are more likely to attract, develop, motivate and retain qualified and competent personnel and further increase job performance and employee productivity in the Ghana Polices Service.

#### **2.2.4 Effects of Job Security on Employee Performance**

A study by Ahmed *et al.* (2010) found that job security provided by the employer significantly affected the employee performance in the public service. The factors of job security found to impact of employee performance include; recognition; work itself, growth opportunity, and responsibility. As it evaluated the hygiene factors, the study by Ahmed *et al.*

(2010) seemed to relate the personal issues to job satisfaction. That the study touched the hygiene factors, made it very useful to the present study. The study did not conclusively relate the individuals' hygiene factors; work environment, salary, and job security to job satisfaction. However, the study by Ahmed *et al.* (2010) did not explicitly explain how each of these factors would relate to employee performance through job satisfaction, a gap that the present study filled.

Jankingthong and Rurkkhum (2012) study revealed that job security factors affected the employee in the public. Certain factors led to this status affairs and these were factors such; equity and fairness, public service motivation (PSM), and work engagement. Locally, the study by Okibo (2012) found out that retrenchment caused feelings of job insecurity among the retained civil servants. It revealed that retrenchment lowered the morale of retained workers and hence the job satisfaction. The study by Okibo (2012) sought to explain the effects of job security on job satisfaction (leading to employee performance), which was very useful to the present study. It however, failed to tackle job security in entirety but rather only emphasised specific factor of job security. It is not clear how other factors of job security influenced job satisfaction.

### ***2.2.5 Effects of Individual Related Factors on Employee Performance***

Bonam (2011) study found that certain individual related factors such as accommodation, monetary rewards, conducive-working environment effects work performance. To the employees the presence of these factors acted as a motivation. The study by Bonam (2011) therefore, recommends that employee provides for these factors to the employees, which would motivate staffs.

The study by Nnadi, *et al.* (2012) found that certain IRF factors affected the employee performance. From this study the female employees who were worried over family issues performed poorly. Individual related issues such as health condition, social barriers, inadequate training, lack of adequate transportation network, salaries delays, unfair promotion policies, corrupt practices, and inadequate resources acted as hindrance to the female staff ensuring effective their performance. Abesi and Kord (2009) study found that provision of individual related factors affected the employee performance. The study recommends that the organisation should adopt strategies on individual related factors that result into the motivation of employees hence employee performance.

### **2.3 Theoretical Orientation**

The present study reviewed various theories on performance and budget workers' role in budgeting which were found useful. The suggestions by the present study when reviewing these theories was that the public service should manage the budget workers performance after identifying factors that influence their performance. Through the evaluation and understanding of these theories it is possible to overcome threats and challenges posed by low performance of the budget workers and to capitalize on this to increase their performance; arriving at effective national budget, ensuring better customer service; and better productivity. Further, the theories assisted in development of the study conceptual framework.

#### ***2.3.1 The capabilities Model***

The capabilities model is basically an extension of the concept of core competencies by its ability to utilize a relationship between the employees and specific capability (Kostas, 2007). According to the model, capability stand for business process available to delivers value of products and services the way the customer wants it. This uniqueness of capability

protects the service or product against duplication by competitors, as opposed to core competences where the delivery is on piecemeal. When effectively applied, capabilities model enhances a successful transfers of the business processes to new geographical locations as well transferring business process to new business ventures (Stalk, 1992). It demands for skills/expertise to achieve its object and delivery service/products to the customers, and thereby achieve the firm's objectives. This is to say that the employee commitment and satisfaction plays a leading role in the capabilities model, in which employee satisfaction takes a center stage. The capabilities model therefore play a key role in relating the employee satisfaction to the employee performance.

### ***2.3.2 Theory-based evaluation***

The theory-based evaluation, as explained by Davidson (2004), provides a detailed understanding of the financial operations. This theory, which uses a simple linear cause-and effect relationships approach, stipulates that budget violation is caused by factors which must be identified and mitigated against. Such actions would then assist in project monitoring and addressing these factors subsequently leading to successful budgeting (Uitto, 2004). Advantages from the use of this theory include the use of monitoring and evaluation framework, ability to link the outcomes to specific external activities, possibility to identify unexpected consequences and the evaluations. This enables the public sector to establish whether the project is working as planned (Weiss, 2003).

### ***2.3.3 The Two Factor Theory and Associated Theories***

Various theories explain employee performance as being affected by motivational factors; work environment, job security, IRF, and salary and allowances. The duality theory by Herzberger (Herzberg, 1987) compressed these factors into two; motivation factors and

hygiene factors. Thereon, Herzberg (2010) explains the effects of each of the tow factors on employee performance (House &Wigdor, 1967) by first say the motivational factors lead satisfaction and hygiene factors remove dissatisfaction. Herzberg, 2010) clarifies that the opposite of satisfaction is not dissatisfaction but opposite of satisfaction is no satisfaction and opposite of dissatisfaction is absence of dissatisfaction. This is to say that provision of hygiene factors prevents poor performance as the presence of motivation factors lead to satisfaction that increases productivity (Herzberg et al., 1959). The argument in the duality theory is very interesting in that it pegs the job satisfaction to factors intrinsic to the employee, which excite the employees' inner self (Herzberg, 2010). It is against this proposition that the present study found this study very useful. The present study therefore found it very necessary to establish whether the hygiene factors can behave differently from Herzberg's argument.

The Value Theory as exposed by Locke (1976) provided very useful information linking the salary and work environment to employee performance. The theory posits that an employee assigns a value to job environment, regarded as satisfaction and driver to the employee achieving what the employee seeks to attain. According to the theory, employee performance is determined by job environment and salary and the way the employees see his/her desires and wants being fulfilled. The present study found this theory useful in that it provides adequate information relating job satisfaction to salary and work environment. From this information it is possible to confidently identify salary and allowances, and the work environment factors affecting employee performance.

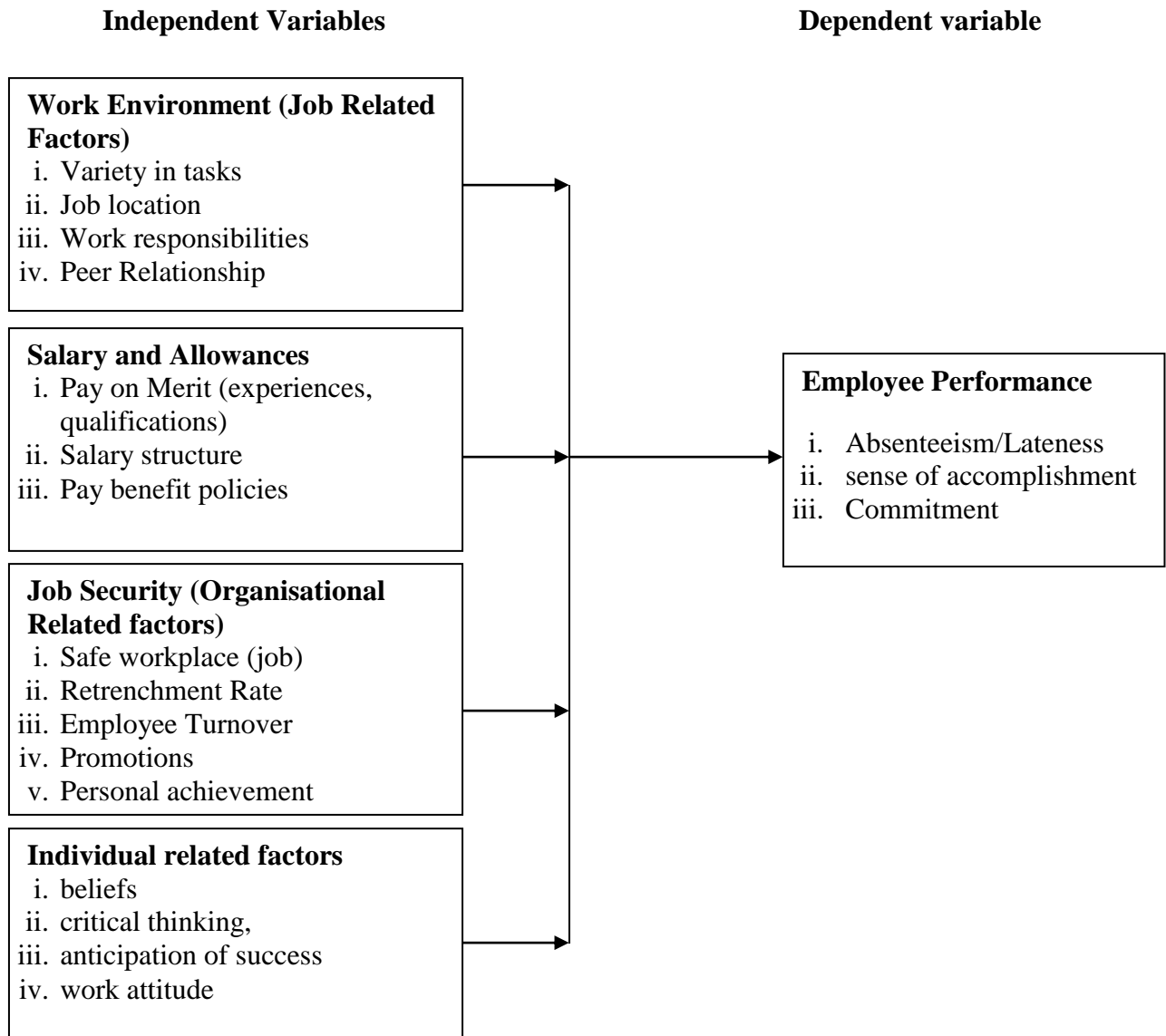
The model of facet satisfaction as explained by Lawler (1973) indicates that job satisfaction, leading to employee performance, is determined the way employees perceive

salary and job security. The employee perceptions of these factors significantly affect the employee performance. Above all other factors, the theory explains job security as one of the factors that determine employee performance. Presence of job security leads to satisfaction and its absence results to employee performance. This argument exposes job security as vital ingredient in contributing to employee performance. These expositions qualified the theory to being very useful to the present study.

## **2.4 Conceptual Framework**

The present study adopted the capabilities model (Kostas, 2007), theory-based evaluation (Uitto, 2004), Duality Theory (Herzberg, 2010), Value Theory (Locke, 1976), and model of facet satisfaction (Lawler, 1973) to design and developed a conceptual framework. The capabilities model contents that understanding the factors influencing employee performance affect the organisational performance. The Duality Theory argues out that the performance of the employee is determined by among other factors; work environment, salary and allowances, job security, and individual related factors jointly, which were simply classified as intrinsic and extrinsic factors. The Value Theory indicated that the employee performance was influenced by salary and work environment as the model of facet satisfaction explains that employee performance is determined the employees' perception of salary and job security. These models and theory were useful to present study in establishing the stud variables; Independent Variables (IV) and Dependent Variable (DV). The present study therefore proposed that the work environment, salary and allowances, job security and individual related factors jointly influenced the employee performance. This study regarded work environment, salary and allowances, job security, and individual related factors jointly as the independent variables of performance of the budget worker was the dependent variable.

**FIGURE 1**  
**Conceptual Framework**



**Source:** Researcher (2014) Adopted from Kostas (2007), Uitto (2004), Herzberg (2010), Locke (1976), and Lawler (1973)

## 2.5 Operationalisation of variables

**TABLE 1**  
**Operational Definition of Variables**

Variable	Type of variable	Indicators	Measure	Scale of Measurement	Tool of Analysis
Employee Performance	Dependent Variable	- Productivity - sense of accomplishment - Commitment	Promptness in employee performance	Ordinal using 5 point Likert Scale	Descriptive Regression Analysis
Work Environment	Independent Variable	- Variety in tasks - Job location - Work responsibilities - Peer Relationship	Relationship between Work Environment and employee performance	Ordinal using 5 point Likert Scale	Descriptive Regression Analysis
Salary and allowances	Independent Variable	- Pay on Merit - Salary structure - Pay benefit policies	Relationship between Salary and allowances of employee performance	Ordinal using 5 point Likert Scale	Descriptive Regression Analysis
Job Security	Independent Variable	- Safe workplace (job) - Retrenchment Rate - Employee Turnover - Promotions - Personal achievement	Relationship between Job Security and employee performance	Ordinal using 5 point Likert Scale	Descriptive Regression Analysis
Individual related factors	Independent Variable	- work attitude - beliefs - critical thinking, - anticipation	Relationship between Individual related factors and employee performance	Ordinal using 5 point Likert Scale	Descriptive Regression Analysis

Source: Researcher (2014) Adopted from Kostas (2007), Uitto (2004), Herzberg (2010), Locke (1976), and Lawler (1973)

## 2.5 Summary of Gaps and Conclusions

The study reviewed various empirical studies that have been conducted globally (such as by; Awamleh & Fernandes, 2007; Melanie *et al.*, 2008; Ahmed *et al.*, 2010), regionally (such as by Nnadi *et al.*, 2012; Quartey & Attiogbe, 2013), and locally (Okibo, 2012; Kiprop, 2012) on employee performance and related aspects. However, the present study established that there is scanty information would explain the performance of Government budget officers' in Kenya as being influenced by; work environment, salary and allowances, job

security, and individual related factors jointly. This created a knowledge gap, which was successfully filled by present study. The present study assessed the factors affecting performance of Government budget officers in Kenya and presented findings as it gave recommendation on means and ways to enhance effective performance of the budget officer in public sector.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter three acquaints the reader with information to the reader about the research methodology adopted in the present study by explaining; the research design adopted, target population used, sample design used, data collection instrument procedures, data presentation, and data analysis techniques.

#### **3.2 Research Design**

The present study adopted descriptive survey design. Descriptive survey was used to describe the actors affecting performance of Government budget officers in Kenya. The study adopted descriptive design owing to its ability to explain existing phenomenon and the capability of ensuring collection of information about; behaviour, habits, attitudes, and people's opinions easily. Descriptive design is suitably used to answer; when, who, how, and where questions, which was the case in the present study.

#### **3.3 Study Area**

The study area, where the study was conducted on Government ministries in Kenya, all situated at the Treasury House.

#### **3.3 Target population**

This target population of the present study was the 83 budget officers from all the National Government Ministries in Kenya (Republic of Kenya, 2014). The target Population is captured in Table 2.

**TABLE 2**  
**Classification of Target Population**

<b>Classification</b>	<b>Category</b>	<b>Job Groups</b>	<b>Total</b>
Management	These the public service staff in the category of senior principal budget officer to director of budgets	N - T	15
Heads of Department	Senior Budget officer to Principal Budget officer	M - N	20
Support Staff	Budget officer 3 to budget officer 1	J - L	48
<b>Total</b>			<b>83</b>

Source: Republic of Kenya (2014). *Budgeting*. Nairobi: Government Printer

### **3.4 Sampling**

Since the entire population was manageable and easily accessible, the study used census, where the entire population participated as respondents in the study. In event, this justified the advice by Mugenda and Mugenda (2003) that the sample should be at least 10%. Further, the sample size was above 30 subjects, which was well above the threshold as suggested by Kombo and Tromp (2006). According to Kombo and Tromp (2006) descriptive survey must have a sample size of at least 30 elements for favorable results. The study therefore had a sample well above 10% and meets the threshold of 30 for a descriptive study.

### **3.5 Data Collection**

Data was collected data from primary sources through the administration of a structured questionnaire to the selected respondents. The study designed simple closed ended questionnaires that could easily be filled with minimum or without the researcher guidance. The study distributed the questionnaires to the respondents at their places, where the researcher and the research assistant assisted the respondents to answer the question. It should

be realised that respondents were very busy people and valued the time they donated to other work. So the study found it useful to help the respondents to fill the questionnaire and thereby save on valuable time.

The first sought permission from the various authorities before administration of the questionnaire and collection of data. First, it obtained a letter from KCA University to give permission to go ahead and collect data. Secondly it sought for permission from the various Ministries where the respondents were coming from. The ministries then made arrangements with the researcher and research assistant on how the data will be collected. The study ensured the respondents of confidentiality of data collected.

### **3.6 Data Processing**

The study collected all the data from respondents and then compiled it accordingly. Then data collected was checked for error of omissions and commissions during which time the questionnaires were discarded leaving those that were complete and properly filled for analysis. The study using SPSS started analysing the questionnaire

### **3.8 Data Analysis**

The collected data was analysed using descriptive statistics and according to the study objectives. During the analysis, the data was classified, measured, analyzed and interpreted to establish how best the affects the performance of budget officers in the public service. The descriptive analysis, which is the assessment of central tendency and dispersion, produced useful information to show how each IV affected the DV. Results from analysis were presented in tables and charts (Aneshensel, 2004) and the data interpreted accordingly. The main data presentation were; Percentages and frequencies, means and standard deviation.

Using inferential statistics, the sought to establish a model to estimated dependent variable (response; Employee performance) in terms of the independent variable (predictor; work environment, salary and allowances, job security, and individual related factors) based on the model shown below;

$$\text{Equation (i) } EP = \beta_0 + \beta_1WE + \beta_2SI + \beta_3JS + \beta_4INF + \varepsilon$$

Where:

$\beta_0$  - is a constant. This the value of dependent variable when all the independent variables are 0

$\beta_1 - \beta_4$  Regression coefficients of independent Variables or change induced by; WE, SI, JS, and INF

$\varepsilon$  - Error of prediction

EP= Employee Performance. This the dependent variable which had data collected using 5-point Likert scale and had a mean obtained for all it indicators. The mean was used in multiple regressions

WE = Work Environment was an independent. Its data was collected using 5-point Likert scale and had a mean obtained for all it indicators. The mean was used in multiple regressions.

SI = Salary and Allowances was an independent. Its data was collected using 5-point Likert scale and had a mean obtained for all it indicators. The mean was used in multiple regressions

JS = Job Security was an independent. Its data was collected using 5-point Likert scale and had a mean obtained for all it indicators. The mean was used in multiple regressions

INF = Individual Related Factors was an independent. Its data was collected using 5-point Likert scale and had a mean obtained for all its indicators. The mean was used in multiple regressions

To successfully estimate the model, the study obtained means for each of the study variables above; Employee performance, Work environment, salary and allowances, job security, and individual related factors using weighted least square. The means obtained for all the independent variables; work environment, salary and allowances, job security, and individual related factors were regressed against the mean obtained for employee performance using multiple regressions. The study analysed the data with assistance of IBM Statistical Package for Social Science (SPSS) version 20.0.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This Chapter is on research findings and discussion and presents analysis of findings, presentation of the results, and interpretation of the results from the study. The presentation of the results was guided by the study objectives and each presentation explained using a narrative. The study used quantitative analysis (originating from quantitative data) to explain the results which were obtained from descriptive statistics. The chapter at the same time provides discussions of the research findings based on study objectives and referencing the literature reviewed by the present study; both theoretical literature and empirical studies.

##### 4.1.1 *Validity tests*

The study used two experts to test the research tool using content analysis method. These experts were a financial specialties (expert) and budgeting expert from the public sector. They determined whether the sets of items could accurately measure the budgeting. The experts assessed the tools to establish what concept the instrument were trying to measure. They however, suggested changes to be incorporated in the questionnaire, which were effectively done. The tool was reviewed through restructuring and reduction of the questions.

##### 4.1.2 *Reliability Tests*

During the pilot testing, questionnaires were administered to respondents who were not allowed to participate in the study. These respondents took a total period of one week to fill and return the questionnaire, which were delivered by the research assistant and picked

later after confirmation. Some of the respondents opted to respond online and returned the answers through email. The time taken to respond during the pilot session gave the researcher a direction on how long the study data collection would likely take. This allowed the study to devise a better strategy for administering the tool (by alerting the respondents in advance and making prior arrangements to meet them before the administration of the tool). This was a gain to successful data collection later. Reliability tests were then carried out using Cronbach Alpha internal consistency tests on 5 main items in the questionnaire after the receipt of the responses. The results obtained indicated a high significant consistency of Cronbach's Alpha = .789 which was well above the threshold of .7. The effects of removing any of the items as captured in table 3 would not have brought a significant change of increasing the reliability. The study therefore opted not to remove any of the item from the questionnaire and hence retained this reliability.

**TABLE 3**  
**Reliability Test Item Total Statistics**

<b>Questionnaire Item</b>	<b>Cronbach's Alpha if Item Deleted</b>
Employee Performance	.805
Work environment	.780
Job security	.763
Individual related factors	.784
Cronbach's Alpha = .789, N = 5	

Source: Research Data (2014)

On removal of the item, the study remained with 5 items in the questionnaire and the questionnaire was acceptable and approved for administration.

## 4.2 Response Rate

The first calculated the response rate using sample population and study response. The result were recorded in Table 4.

**TABLE 4**  
**Analysis by Response Rate**

<b>Category</b>	<b>Sample Population</b>	<b>Response</b>	<b>% Response</b>
Management	15	4	26.67
Head of Department	20	17	85.00
Support Staff	48	45	93.75
<b>Total</b>	<b>83</b>	<b>66</b>	<b>79.52</b>

Source: Research Data (2014)

Note.

Management are those public service staff in the category of senior principal budget officer to director of budgets (i.e. job groups N – T).

Heads of Department are staff ranging from Senior Budget officer to Principal Budget officer in the job groups M – N.

Support Staff are Budget officer 3 to budget officer 1 in the job groups J – L.

The study total response rate shows was 79.52% of the sample population, which means 20.48% of total sample population, did not respond to the questionnaire. Table 4.1 further shows that only 26.67% of management staff responds and the rest in that category did not respond. Eighty five percent (85.00%) of the head of departments respond to the study and 93.75% of the support responded. For the results, it can be observed that the response was very high (79.52%) according to Mugenda and Mugenda (2003). Mugenda and Mugenda (2003) analysed response rates and established that any response rate above 50% is adequate,

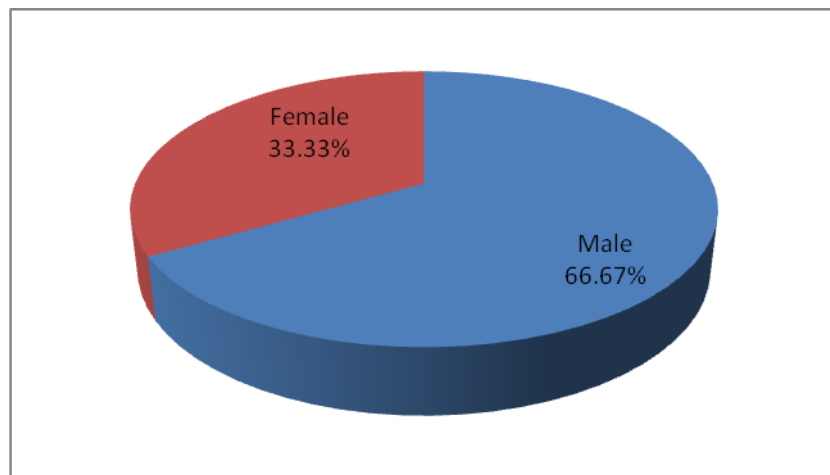
a response rate greater than 59% exceeding 60% is good, and a response rate above 69% is very high. The failure of the remaining 20.48% to respond may be attributable to the respondents' being busy at the time of the study and as such could not be located in their office or even give time as requested by the researcher.

#### 4.3 Respondents' Demographics Characteristics

The study requested the respondents to indicate their sex, age and, the length of time they had been employee of the ministries they were then working in (year). The results obtained on respondents' sex were then captured in Figure 2.

**FIGURE 2**

**Analysis by Respondents' Sex**



Source: Research Data (2014)

One of the demographic that the study required was the respondents, sex. The study requested the respondents to indicate whether they were male or female and the results obtained represent in figure 2. From these results, the male employees were 66.67% and

female were 33.33%, showing that the ratio of male to female was 2/3 .The results indicated that the male were exactly equal to 2/3<sup>rd</sup> of the the total population and the female 1/3<sup>rd</sup>, which obeyed the constitution of Kenya (RoK, 2010) requirement of gender equality. Although the study was not measuring diversity, it was important to notice that some aspects of diversity were practised for evenness and this was the case in the present study, where male and female were represented in good numbers. As regards the study, it can be found that the data collected across the board, thereby avoiding any biasedness. The results on age were recorded in Table 5.

**TABLE 5**

**Analysis by Respondents' Age**

<u>Respondents Age Analysis</u>
Mean = 41.56
Mode = 39
Minimum = 23
Maximum = 60
Source: Research Data (2014)

From Table 5, it was shown that the ages of the respondents ranged from 23 years to 60 years and the average age was 41.56 years, which was 42 years. The most common age was 39 years. The study was not interested in ages of respondents but sought to identify such so as to know the respondents it was dealing with. It found that these were budget officers above the age of youth and who had substantial years. The society expects these to be mature people, whose word speaks the truth.

Table 6 contains results on length of time the respondents had been employee of the ministries they were then working in (year).

**TABLE 6**  
**Analysis by Length of Time Worked in Current Ministry**

Work Period
Mean = 7.29
Mode = 4
Minimum = 1
Maximum = 18

Source: Research Data (2014)

When requested to indicate the respondents showed that length of time they had been employee of the ministries they were then working in (year), the respondents indicated that they had worked for between one and 18 years, with the average being 7.29 that translates to eight years. From these results it can be observed that most of the respondents showed that they had worked as budget officer in their officer for four (4) years. The average length of time they had worked in the ministry they were in during the study was 8 years. This was an indication that most of the budget officers were people who had useful data for the study

#### **4.4 Findings and Discussions of Study Objectives Results**

The study analysed the data on the independent on the dependent variable and in accordance with study objectives and was based on the results obtained using a questionnaire. The was in an effort to; establish the effects of; work environment on the performance of Government budget officers in Kenya; of salary and allowances on performance of Government budget officers in Kenya; job security influences on the performance of Government budget officers in Kenya; and individual related factors on the performance of Government budget officers in Kenya. The questions used in the questionnaire were measured on a 5 point Likert Scale (0 - for Strongly Disagree/Not at All to 4 - Strongly Agree/Very

High). The study obtained a mean for each indicators in each variable and thereafter an overall mean for all the means of these indicators. The overall means was the weight of the study variable. The means were interpreted using the statistics shown below: 0 – 0.8 meant Strongly Disagree or Not at All; Above 08 – 1.6 meant Disagree or Low, Above 1.6 – 2.4 meant Neutral or Moderate, Above 2.4 – 3.2 meant Agree or High, Above 3.2 – 4.0 meant Strongly Agree or Very High

#### **4.4.1 Employee Performance**

The study sought to evaluate the dependent variable (DV) and it indicators, establishing the status of these indicators and overall status of the DV – employee performance and the results were recorded in Table 7.

**TABLE 7**  
**Analysis on Employee Performance**

<b>Employee Performance Indicator</b>	<b>Mean</b>	<b>Std. Dev</b>
Absenteeism / Absence from duty without permission lead to poor performance	3.24	1.02
Late coming deters Employee Performance in my ministry	3.44	0.66
Misappropriation of government assets is a sign of poor Employee Performance	3.61	0.58
Quality of budget indicates the Employee Performance in my ministry	3.05	0.95
Motivation to work indicates good Employee Performance in my ministry	3.12	0.71
Team work enhances Employee Performance in your ministry	3.20	0.59
<b>Employee Performance Overall Mean</b>	<b>3.28</b>	<b>0.75</b>

Source: Research Data (2014)

Table 7 results showed that the respondents were highly convinced that there was commendable employee performance by budget officer in the public sector. The respondents strongly agreed (Mean = 3.28, Std. Dev. 0.75) that there was high performance in their organizations. In the event of answering the question on employee performance, the

respondents indicated that the factors of employee performance highly employee performance. The respondents strongly showed that the employees absenteeism / absence from duty without due permission very highly (mean = 3.24, std. dev. 1.02) to poor performance and late coming very highly deterred (mean = 3.44, std. dev. =0.662) employee performance in the respondents ministries (their places of work).The respondents strongly indicated that that misappropriation of government assets was a sign of poor employee performance in their place of work (mean = 3.61, std. dev. 0.58). The respondents further showed that the quality of budget was a strong indication that there was employee performance in the ministry (Mean = 3.05, Std. Dev. 0.95). From these results, the respondents indicated that motivation to work indicated that there was good employee performance in the ministry (mean = 3.12, Std. Dev. = 0.71). Lastly, the respondents indicated that team work highly enhanced employee performance in the government ministries (mean = 3.20, Std. Dev. = 0.59).

The present study found that; employee performance was highly regarded by the respondents in the government ministries, as indicted by a mean of 3.28. According to the study any mean above 3.2 and not exceeding 4.0 meant very high. Further, all the indicators of employee performance were shown to be suitable or very suitable measures of employee performance. For instance, absenteeism from duty without due permission was found to very highly lead to poor performance as indicated by a mean of 3.24, and any mean above 3.2 and not exceeding 4.0 meant very high. Late coming very highly deterred the employee performance with a mean of 3.44 which was rated as very high, since its mean was above 2.4 and not exceeding 3.20 means high in the present study. The study found that misappropriation of government assets is a sign of poor employee performance considering

that its mean was 3.61 and 3.61 was rated as very high according to study mean rating statistics, which indicate that any mean above 3.2 and not exceeding 4.0 meant very high. It was found that quality of budget was a strong indication that there was employee performance in the ministry since its mean was 3.06, which according to mean rating statistics was high since mean above 2.4 and not exceeding 3.20 means high in the present study. Further, motivation to work was found to be a good employee performance, with a mean of 3.12 (which was rated as high in the mean rating statistics. Note: mean above 2.4 and not exceeding 3.20 means high in the present study). The team work highly enhances employee performance in the government ministries. Its mean was 3.20 and note that any mean above 2.4 and not exceeding 3.2 was rated as being high.

These findings to a larger extent agreed to the revelation in the study by Bonam (2011), which found that: free medical care was the only motivation staff. Monetary rewards and a conducive-working environment were the preferred form of motivation for workers. The effects of poor motivation on work performance on the campus were absenteeism, low output and high labour turnover. The study therefore, recommends that management should build residential accommodation for staff and end of year awards to motivate staffs.

The findings in the present study conformed to the findings in the study by Awamleh and Fernandes (2007) which established that revealed that job satisfaction was not related was related to employee performance. However, the study by Awamleh and Fernandes (2007) fell short of explaining factors that determined job satisfaction but the present fill this gap. The study by Kiprop (2012) established that employee performance is enhanced by the firm; providing adequate rewards for their effort, providing employees with job security and safety in the work place, recognising exemplary achievement, empowering employees, and creating

and sustaining a motivating climate. These findings were in total agreement to the present study findings. Zahargier and Balasundaram's (2011) study found that individual related factors, job related factors; and organizational related factors had a strong positive correlation with employees' performance. This was in agreement to the findings in the present study. The findings on employee performance complied with the findings in the stated studies by; Awamleh and Fernandes (2007); Zahargier and Balasundaram's (2011); Bonam (2011); and Kiprop (2012).

#### **4.4.2 Work Environment and Employee Performance**

During the research, the study collected data to establish the effects of work environment on the performance of Government budget officers in Kenya. This was in an effort to analyse objective 1 of the study Establish the effects of work environment on the performance of Government budget officers in Kenya, as captured in Table 8.

**TABLE 8**  
**Analysis on Effects of Work Environment on Employee Performance**

<b>Work Environment Indicator</b>	<b>Mean</b>	<b>Std. Deviation</b>
Variety in tasks	2.88	0.73
Job location	2.98	0.92
Work responsibilities	3.18	0.61
Peer Relationship	2.95	0.59
<b>Effects of Work Environment Mean</b>	<b>3.00</b>	<b>0.71</b>

Source: Research Data (2014)

Table 8 contain on the effects of workforce environment on employee performance and it shows that the respondents indicated that this factor highly influenced employee performance (mean 3.00, Std. Dev. = 0.71). The study results showed that workforce

environment was found to highly influence employee performance. According to the respondents, the variety in tasks highly affected the budget officers' performance (Mean = 2.88, Std. Dev. = 0.73) and Job location also highly affected the budget officers' performance (mean = 2.98, Std. Dev. = 0.92). They also showed that the budget officers' performance was highly influenced by Work responsibilities (mean = 3.81, Std. Dev. 0.61). It was further shown that Peer Relationship highly affected the budget officers' performance (mean = 2.95, Std. Dev. = 0.51). The results showed that all its factors measured very well as indicators of organizational performance.

The study established that generally, workforce environment highly influenced employee performance since its mean was 3.00 and any mean above 2.4 and not exceeding 3.20 means high in the present study. The indicators of workforce environment also measured very well. Variety in tasks highly affected the budget officers' performance given that its mean was 2.88 and a mean above 2.4 and not exceeding 3.20 means high in the present study. As regards job location it also highly affected the budget officers' performance as it had a mean of 2.98 and a mean above 2.4 and not exceeding 3.20 means high in the present study. The budget officers' performance very highly influenced by Work responsibilities since it had a mean of 3.81, which was above 3.2 and not exceeding 4.0 and meant very high. Peer Relationship highly affected the budget officers' performance with a mean of 2.95, which was 2.4 and not exceeding 3.20 meaning high. These results conform to those in the study by Castillo and Cano (2004), which found that work environment was the most motivating and the least motivating aspect was working conditions. The study by Castillo and Cano (2004) established consistency of the motivator and hygiene factors theory, which was found very helpful to the present study. The study fell short of bringing the effect of each of these factors,

and more specifically, work environment, job security, and salary on job security, which is what the present study did.

The study by Melanie *et al.* (2008) related the work environment to job satisfaction but failed to provide conclusive information after training proved difficulty, which was in agreement to the findings in the present study. Another study by Shahu and Gole (2008) found out that job satisfaction was determined by the nature of their work. The study found out that job satisfaction was influenced by factor such as; the quality of one's relationship with their supervisions, the quality of the physical environment in which they work, and degree of their fulfillment in their work. Gorji (2010) study found that: delegating the authority, encouragement, rewarding, and suggestions system highly influenced the employee performance. The findings from the studies cited here are supported by the findings in the present study. Seydjavadin *et al.* (2009) study found that personal development, Job design, Work teams, Leadership Style, Formality and clarity, environment and decentralization influenced the employee performance.

Ayranci (2011) study found out that employee performance depended on work environment, which is what the present study also established. The study by Oswald (2012) reveals that the working environment elements have a significant effect on the performance of employees. This study concludes that; the work environment has effect on the performance level of employees, and absence of office building, drugs, equipment can affect the performance of the employees. The findings are in tandem with those of the current study.

#### ***4.4.3 Salary and Allowances Influence on Employee Performance***

Objective 2 of the study was to establish the effects of salary and allowances on performance of Government budget officers in Kenya, which the study sought to analyse

using responses from the questionnaire. The results obtained during the analysis were captured in Table 9.

**TABLE 9**  
**Analysis on Effects of Salary and Allowances on Employee Performance**

<b>Salary and Allowances Indicator</b>	<b>Mean</b>	<b>Std. Deviation</b>
Existing Pay on Merit (experiences, Qualifications)	2.85	0.79
Current Salary structure	2.71	0.91
Available Pay benefit policies (leave policy etc.)	2.89	0.75
<b>Mean for Effects of Salary and Allowances</b>	<b>2.82</b>	<b>0.81</b>

Source: Research Data (2014)

The results on salary and allowances and employee Performance were as captured in table 9 above and showed that in general, salary and allowances highly influenced the employee performance (mean = 2.82, Std. Dev. 0.81). The respondents showed that existing pay on merit (experiences, qualifications) highly affected employee performance (mean = 2.85, Std. Dev. 0.79). This meant that salary and allowances highly increased the employee performance of organization. The respondents showed that salary structure then highly affected the employee performance (Mean = 2.71, Std. Dev. 0.91). From these results, the respondents indicated that the available pay benefit policies (leave policy and so on) also highly influenced employee performance of budget officers in the public service (Mean = 2.89, Std. Dev. 0.75).

From these results, it can be seen that salary and allowances highly influenced the employee performance with its mean being 2.82, which was above 2.4 and not exceeding 3.20 and means high in the present study. The existing pay on merit (experiences, qualifications) highly affected employee performance since it mean as 2.85, i.e. above 2.4 and not exceeding

3.20 and means high. This meant that salary and allowances highly increased the employee performance of organization. The current salary structure also highly affected the employee performance since it had a mean of 2.71, which was above 2.4 and not exceeding 3.20 and means (high value). Available pay benefit policies (leave policy etc.) highly influenced employee performance considering it had a mean of 2.89 (above 2.4 and not exceeding 3.20), which according to mean rating statistics is high. The study Velnampy (2008) revealed that attitudes namely satisfaction and involvement, and performance were significantly correlated. The Velnampy (2008) study related salary, job security, and work environment to employee performance, which was what the present study also found.

The findings in the present study also agreed with those in study by Teck-Hong and Waheed (2011), which found out that salary allowance played a key role in ensuring employee performance and salary and allowance contributes to employee performance. The results obtained showed that the love of money could explain the relationship between salary and job satisfaction. The study Card *et al.* (2011) found an asymmetric response to the information about peer salaries: workers with salaries below the median for their pay unit and occupation report lower pay and job satisfaction, while those earning above the median reported no higher satisfaction. Likewise, below-median earners reported a significant increase in the likelihood of looking for a new job, while above median earners are unaffected. Those negative treatment effects were concentrated among employees in the first quartile of each pay unit. Differences in pay rank mattered more than differences in pay levels. This suggested that job satisfaction depended on relative pay comparisons, a relationship that was non-linear. The study by Quartey and Attiogbe (2013) found that there was a moderately positive link between compensation packages and job performance. The

study found that personnel were somehow satisfied with some of their compensation packages.

#### **4.4.4 Job Security (Organisational Related factors) and Employee Performance**

The study collected and analysed data to evaluate the objective 3, which was to establish the effects of job security influences on the performance of Government budget officers in Kenya. Results on the response from questionnaire were captured in Table 10.

**TABLE 10**  
**Effects of Job Security on Employee Performance**

<b>Job Security Indicator</b>	<b>Mean</b>	<b>Std. Deviation</b>
Safe workplace	2.74	0.79
Retrenchment Rate	2.82	1.14
Employee Turnover	2.95	1.01
Promotions	2.55	0.83
Personal achievement	2.64	0.65
<b>Mean for Effects of Job Security</b>	<b>2.74</b>	<b>0.88</b>

Source: Research Data (2014)

The results in table 10, on effect of job security on employee performance, showed that the respondents indicated that the job security had high effects on the employee performance (mean = 2.74, Std. Dev. = 0.88). one of the factors of job security, Safe workplace, was shown to have had high affects on the performance of the organization (Mean = 2.74, Std. Dev. 0.79) and retrenchment rate highly affected the employee performance (Mean = 2.82, Std. Dev. 1.14). The respondents further showed that employee turnover highly affected the employee performance (Mean = 2.95, Std. Dev. 1.01). From these results, the respondents showed that promotions moderately affected employee performance (Mean =

2.55, Std. Dev. 0.83). Personal achievement was also shown to have had highly effects on employee performance (Mean = 2.64, Std. Dev. 0.65).

Overall, job security was highly affects the employee performance as indicated by a mean of 2.74, which was above 2.4 and not exceeding 3.20 meaning high in the present study. The variable indicating job security was also shown to affect employee performance variously. Safe workplace highly affected the performance of the organization and shown by its having a mean of 2.74, which was above 2.4 and not exceeding 3.20 and is translated to mean high in the present study. Retrenchment rate highly affected the employee performance since its mean was 2.82 and any mean above 2.4 and not exceeding 3.20 means high. Employee turnover highly affected the employee performance with a mean of 2.95 that was above 2.4 and not exceeding 3.20, which according to the present study means high. Promotions moderately affected employee performance since its mean was 2.55, which was above 2.4 and not exceeding 3.20 and means high in the present study. Personal achievement highly affected employee performance with a mean of 2.64 (above 2.4 and not exceeding 3.20) which means high in the present study.

Ahmed *et al.* (2010) study found that the personal issues affect employee performance. The study did not conclusively relate the individuals' hygiene factors; work environment, salary, and job security to job satisfaction. It was not clear how each of these factors related to job satisfaction, a gap that the present study filled. Jankingthong and Rurkkhum (2012) study investigated existing literature and theory in order to initially construct a conceptual framework of factors affecting job performance. The results of the study revealed that organizational justice, work engagement, and public service motivation had direct effects toward job performance. Transformational leadership, however, has both

direct and indirect effects toward job performance. The study by Okibo (2012) found out that retrenchment caused feelings of job insecurity among the retained civil servants. It revealed that retrenchment lowered the morale of retained workers and hence the job satisfaction. The study by Okibo (2012) sought to explain the effects of job security on job satisfaction (leading to employee performance), and this was explained by the results obtained in the present study.

#### **4.4.5 Individual Related Factors and Employee Performance**

Table 11 contains results of the analysis on data collected to evaluate objective 4. The objective was to establish the effects of individual related factors on the performance of Government budget officers in Kenya.

**TABLE 11**  
**Analysis on Effects of Individual Related Factors on Employee Performance**

<b>Individual related factors Indicator</b>	<b>Mean</b>	<b>Std. Deviation</b>
Your Beliefs	1.79	0.57
Critical Thinkin	2.85	0.68
Anticipation of Success	2.16	0.76
Work Attitude	2.36	0.61
<b>Mean for Individual related factors</b>	<b>2.29</b>	<b>0.65</b>

Source: Research Data (2014)

Table 11 results, on individual related factors, show that the respondents indicated that individual related factors moderately affected employee performance (Mean = 2.29, Std. Dev. = 0.65). From the results, the respondents showed that their beliefs moderately affected employee performance (Mean = 1.79, Std. Dev. = 0.57) and critical thinking also highly affected employee performance (Mean = 2.85, Std. Dev. = 0.68). It was also shown that anticipation of success moderately affected employee performance (Mean = 2.16, Std. Dev. =

0.76. Work Attitude was shown to moderately affect employee performance (Mean = 2.36, Std. Dev. = 0.61).

Overall, individual related factors moderately affected employee performance and this was indicated by a mean of 2.29 that was above 1.6 and not exceeding 2.4 and according to the present study it moderate. The respondents' beliefs moderately affected employee performance as indicated by a mean of 1.79, which was above 1.6 and not exceeding 2.40 and means moderate in the present study. Critical thinking had a mean of 2.85, which was above 2.4 and not exceeding 3.20 and means high in the present study, meaning it highly affected employee performance. However, anticipation of success moderately affected employee performance as indicated by a mean of 2.16, which was above 1.6 and not exceeding 2.4 and means high. The same applies to work Attitude which had a mean of 2.36 that was above 1.6 and not exceeding 2.4, showing that it moderately affects employee performance. The study by Nnadi, *et al.* (2012) found that the female agents were constrained by family problems, health condition, social barriers, inadequate training and so on. Institutional factors as inadequate methodology, poor transportation network, non-payment of salaries, delays in promotion and payments, evaluation problems, corruption, lack of working materials among others hindered female agents job performance. To improve upon the above, farmers be sensitized regularly on programs and packages, salaries of agents increased, methodology be adjusted, and regular training and re-training be carried out for staff in form of seminars and workshops.

#### **4.5 Inferential Analysis**

Inferential analysis was performed on the study variables to establish whether the; work environment, salary and allowances, job security, and individual related factors, which

are the independent variable, predicts the employee performance (independent variables) using multiple regressions. From the results, the study derived a model that would explain employee performance in terms of; work environment, salary and allowances, job security, and individual related factors.

The study used the means obtained in descriptive analysis to obtain the values for all the variables.

#### **4.5.1 Inferential Diagnostic Tests**

Before carrying out the detailed inferential analysis, the study first tested the data for normality using Kolmogorov-Smirnov method. The reason behind choosing this method was because the sample population exceeded 50 respondents). Table 12 contains the results on normality tests

**TABLE 12**  
**Results of Normality tests on Study variables**

	Kolmogorov-Smirnov		
	Statistic	df	Sig.
Employee Performance	.127	65	.200
Work environment	.162	65	.136
Salary and Allowances	.189	65	.200
Job security	.100	65	.200
Individual related factors	.233	65	.200

Source: Research data (2014)

It was showed from Table 12 that the p-value for; work environment was 0.136; Salary and allowances was 0.200; Job security was 0.200; and individual related factors was

0.200. The p-value for each variable was greater than 0.05, indicating that the data were normally distributed. Note that data is said to be normally distributed when each p-value is greater than 0.05.

Multi-collinearity was also carried out to ensure that no variable in the model that was measuring the same relationship as was measured by another variable(s) and the results obtained were captured in Table 13. Note that multicollinearity exist when tolerance is greater than 0.1.

**TABLE 13**  
**Results of Multi-collinearity Tests on Independent variables**

Predictor Variable	Tolerance	Variance Inflation Factor (VIF)
Work Environment	.710	1.409
Salary and Allowances	.832	1.203
Job Security	.745	1.342
Individual related factors	.716	1.397

Source: Research data (2014)

From table 13, it was showed that the tolerance for; Work environment was 0.710; Salary and allowances was 0.832; Job security was 0.745 and individual related factors was 0.716. It can be observed that the tolerance for each variables was greater than 0.1, implying that there were no issues of multi-collinearity among the variables. The study therefore concluded that independent variables were reliable in estimating the model.

#### **4.5.2 Employee Performance Study Model**

The study model was based on the equation below;

Equation (i)  $EP = \beta_0 + \beta_1WE + \beta_2SI + \beta_3JS + \beta_4INF + \varepsilon$

Where:

$\beta_0$  - is a constant

$\beta_1, \beta_2, \beta_3, \beta_4$  are regression coefficients of independent Variables

$\varepsilon$  - Error of prediction

EP = Employee Performance

WE = Work Environment

SI = Salary Incentives

JS = Job Security

INF = Individual Related Factors

The study model results were recorded on Table 14

**TABLE 14**  
**Results of Regression of Employee Performance**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.135	.368		-.367	.715
Work environment	.372	.104	.348	3.571	.001
Salary and allowances	.236	.084	.253	2.806	.007
Job security	.279	.105	.252	2.652	.010
Individual related factors	.247	.111	.217	2.234	.029

Source: Research data (2014)

The estimated equation is  $EP = -.135 + .372WE + 2.36SI + .279JS + .247INF$  as derived from Table 14 above. The constant is -.135, which means that when all the variables; work environment, salary and allowances, job security, and individual related factors are held at 0, employee performance is -.135. From these results, a variation in work environment induces a change of .372 on employee performance; salary and allowances induces a change of 2.36 on employee performance; job security induces a change of .279 on employee performance; and individual related factors induced a change of .247 on employee performance. From these results, employee performance is explained by Work environment (p-value, 0.01); salary and allowances (p-value, 0.007); job security (p-value, 0.010); and individual related factors (p-value, 0.029).

The table 14 shows that work environment, salary and allowances, job security, and individual related factors had positive coefficients, which showed that they were directly proportional to employee performance. This means that an increase in any of; work environment, salary and allowances, job security, and individual related factors led to

improvement of employee performance. So a decrease in any of; work environment, salary and allowances, job security, and individual related factors individual related factors would lead to decrease in employee performance of budget officer.

**TABLE 15**  
**Model Summary for Employee Performance**

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	0.79	0.62	0.59	0.26039	0.616	22.828	4	57	.000

Predictors are: Constant, work environment, salary and incentives, job security, and individual related factors

Source: Research data (2014)

The results in Table 15 indicated that the coefficient of determination was .59. This implied that 59% of variation is caused by the IVs. So 59% variation in employee performance was explained by variation in; work environment, salary and incentives, job security, and individual related factors.

The study established that 59% of variation in employee performance is explained by Work environment, salary and allowances, job security, and individual related factors. This is to say that employee performance is predicted by; work environment; Salary and allowances; Job security and Individual related factors.

## CHAPTER FIVE

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter contains the conclusions, policy recommendations based on the findings, and research gaps the researcher that the study sought for further research due to the limitations of the study. The conclusions and recommendation were based on the study objective. .e. establish the effects of; work environment on the performance of Government budget officers in Kenya; of salary and allowances on performance of Government budget officers in Kenya; job security influences on the performance of Government budget officers in Kenya; and individual related factors on the performance of Government budget officers in Kenya.

#### 5.2 Conclusions

The study has established that work environment highly affects the employee performance. This is characterised by; variety of tasks; job location; work responsibilities; and Peer Relationship, all which highly affected the budget officers' performance.

The study concludes that salary and allowances highly affects the employee performance. All indicators of Salary and allowances; existing pay on Merit (such as experiences, qualifications); current salary and available pay benefit policies (such as leave policy etc.) highly influence employee performance.

Further, the study concludes that job security highly affects the employee performance. The variable indicating job security; safe; retrenchment rate; employee turnover; promotions; and personal achievement, highly affects employee performance.

However, individual related factors moderately affects employee performance. In which case; employee beliefs moderately affected employee performance; critical thinking highly affects employee performance; anticipation of success moderately affected employee performance; and work Attitude was shown to highly affect employee performance.

Considering that p-value for each Independent Variable was below 0.05 significance level, then study concludes that; work environment, Salary and allowances, job security, and individual related factors significantly predict employee performance.

### **5.3 Policy Recommendations**

Based on the study objectives, the study made the following policy recommendation. First, the study recommends that the public sector should ensure a conducive work environment for its budget officers to ensure that their performance in budget management is enhanced. The Government of Kenya should in collaboration with the concerned agencies and stakeholders review its work environment policies and structures to ensure that the budget officers are comfortable.

Secondly, the government of Kenya should review the salary and allowances of its budget officer to enhance or improve their performance. The salary should be reviewed with regards to the prevailing economic times in the country, to ensure that their income can comfortably support their livelihoods and their families. The Government budget officers in Kenya should also be awarded incentives based on merit and their performance.

Thirdly, the GoK should ensure that the job security of budget officers in Kenya is ensured to influence their performance. This was after the pronouncements by the government over the looming retrenchment exercise where many government employees will be

retrenched. Instead the GoK should devise policies and strategies to ensure that job security of budget officers is ensured and that the employees' performance is improved.

Lastly, the budget officers in Kenya should handle and manage their individual related factors, which might affect their performance.

#### **5.4 Recommendations for further study**

Further studies should be conducted to establish the extent to which the factors; Work environment, salary and incentives, job security, and individual related factors influence the employee performance using qualitative data. The present study used the 5-point Likert Scale to measure opinions but failed to significantly expose the exact status of affairs through application detailed and more comprehensive qualitative data by getting the first hand information from the respondents.

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## **APPENDICES**

### **APPENDIX I**

#### **LETTER TO RESPONDENTS**

Ben Mwangi Kihia  
KCA University  
Main Campus,  
**NAIROBI.**

Dear Respondent,

#### **RE: ACCEPTANCE LETTER**

I am a student at KCA University undertaking a Masters Degree in Finance. I have chosen your ministry to participate in this research on assessing the factors affecting performance of Government budget officers in Kenya. Your responses will be used for the research purpose only and your identity treated with a lot of confidentiality.

Kindly respond sincerely to the issues in the questionnaire. Please read and answer the questions by ticking the correct answer (choice) to the questions given.

Thanking you in advance of your response.

Yours truly,

Ben Mwangi Kihia

**Adm No. KCA/08/03938**

## APPENDIX II

### QUESTIONNAIRE

#### Questionnaire on the factors affecting performance of Government budget officers in Kenya

##### Instructions

Please answer the following questions as accurately as possible.

Tick the correct answer in the boxes provided against the questions where necessary.

Write brief answers where explanation is required.

You need not write your name on the questionnaire.

**Information will be treated with confidentiality.**

#### SECTION A: DEMOGRAPHIC CHARACTERISTICS

1. Sex      Male            Female     

2. Age (in years)

3. How long have you been an employee of the Ministry you are currently working (year)

4. Position held in the Ministry?

Management     

Head of Department     

Support Staff

**SECTION B: EMPLOYEE PERFORMANCE**

5. Please indicate your level of agreement or disagreement with the following statements in regards to Employee Performance. Please tick (√) the space corresponding to the correct answer in each question below.

**Scale: Strongly Disagree = 0: Disagree= 1: Neutral = 2: Agree =3: Strongly Agree = 4**

<b>Indicator</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
Absenteeism / Absence from duty without due permission lead to poor performance of budget officers					
Late coming deters Employee Performance in my ministry					
Misappropriation of government assets is a sign of poor Employee Performance in my ministry					
Quality of budget indicates the Employee Performance in my ministry					
Motivation to work indicates good Employee Performance in my ministry					
Team work enhances Employee Performance in your ministry					

**SECTION C: WORK ENVIRONMENT (JOB RELATED FACTORS)**

6. Please indicate your degree of agreement or disagreement with the following indicators of Work Environment in enhancing the budget officers’ performance in your ministry. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

**Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4**

	<b>Work Environment Indicator</b>	<b>Not at All</b>	<b>Low</b>	<b>Moderate</b>	<b>High</b>	<b>Very High</b>
(a)	Variety in tasks					
(b)	Job location					
(c)	Work responsibilities					
(d)	Peer Relationship					

**SECTION D SALARY AND ALLOWANCE**

7. Please indicate in your own opinion the the level of influence of each the following indicators of Salary and Incentives on enhancing the budget officers’ performance of in your ministry. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

**Scale:** Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4

	<b>Salary and Incentives Indicator</b>	Not at All	Low	Moderate	High	Very High
(a)	Existing Pay on Merit (experiences, Qualifications)					
(b)	Current <sup>0</sup> Salary structure					
(c)	Available Pay benefit policies (leave policy etc.)					

**SECTION E JOB SECURITY (ORGANISATIONAL RELATED FACTORS)**

8. Please indicate in your own opinion the level of influence of each the following indicators of Job Security (Organisational Related factors)on ensuring the budget officers’ performance of in your ministry. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

**Scale:** Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4

	<b>Job Security Indicator</b>	Not at All	Low	Moderate	High	Very High
(a)	Safe workplace					
(b)	Retrenchment Rate					
(c)	Employee Turnover					
(d)	Promotions					
(e)	Personal achievement					

**SECTION F INDIVIDUAL RELATED FACTORS**

9. Please indicate in your own opinion the level of influence of each the following indicators of your Individual related factors on enhancing the budget officers’ performance of in your ministry. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4

	<b>Individual related factors Indicator</b>	Not at All	Low	Moderate	High	Very High
(a)	Your Beliefs					
(b)	Critical Thinking					
(c)	Anticipation Of Success					
(d)	Work Attitude					

**Thank you for your co-operation. God Bless you**