

**EFFECT OF BUDGETARY CONTROL MEASURES ON FINANCIAL  
PERFORMANCE OF THE COUNTY GOVERNMENT OF KAJIADO**

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**DECLARATION AND APPROVAL**

**Declaration by Student**

This thesis is my original work and has not been presented for a degree in any other University or for any other award.

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## **DEDICATION**

To my parents, who have consistently encouraged and supported me in pursuing my academic objectives, and to everyone else who is pleased with my accomplishments.



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## ABSTRACT

The key factor for the successful implementation of budgeting is the unequivocal support from management and leadership. Without this support, the entire system is at risk of failure. It is crucial to follow up budgeting with effective control measures. The 2018 audited financial report from the office of the auditor general revealed a 13% variation in Kajiado county government's approved budgets and expenditures, and that actual expenses exceeded approved budgets by 38%, indicating poor resource utilization and failure to achieve development targets. The purpose of this study is to examine the effect of budgetary control measures on financial performance of the county government of Kajiado. The study's objectives are to: - assess the effect of budget planning, evaluate the effect of budget coordination and determine the effect of budget evaluation on financial performance of the county government of Kajiado. This study is anchored on the allocation of resource theory, expenditure theory and progressive theory of public expenditures. The study used a descriptive research design. The target population of the study were the 4,017 employees in Kajiado county government in all the four departments. The study employed stratified random sampling, to categorize the population into strata. To get the number of employees per department, the study used the sample proportionate to population technique. Then, the study used simple random sampling to select the employees. The study used the Yamane (1973) formula to arrive at the sample size of 363 respondents. Data was collected through questionnaires. A pilot study took place at Kajiado County. Questionnaires were administered to the sampled employees at the county. Data was analyzed using SPSS. Findings revealed that budget planning positively and significantly influence financial performance of the county government of Kajiado ( $\beta = 0.168, p = 0.000$ ). It was noted that budget coordination positively and significantly influences financial performance of the county government of Kajiado ( $\beta = 0.494, p = 0.000$ ). Results indicated that budget evaluation positively and significantly influence financial performance of the county government of Kajiado ( $\beta = 0.340, p = 0.000$ ). It was concluded that Kajiado County employs a collaborative approach to budget planning, involving employees and various departments from the outset. Teamwork and consultation among departments in the budgeting process is crucial for ensuring alignment with strategic objectives and promoting ownership and accountability among stakeholders. It is recommended that efforts should be made to ensure that the budget committee is adequately resourced and empowered to fulfill its oversight role effectively. The county government of Kajiado should consider implementing cross-functional budgeting teams comprising representatives from various departments. The county government of Kajiado should implement a comprehensive review process that not only assesses expenditure performance but also evaluates the effect of budget allocations on the county's strategic objectives and service delivery. The study will help Kajiado county government officials understand the impact of budget evaluation and coordination on financial performance, enabling them to enhance budgeting control measures and achieve county goals. The findings will also benefit future researchers and academicians, contributing to the body of knowledge on budgetary control measures.

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the study

The performance of county governments has experienced significant shifts over time, primarily influenced by a range of technological innovations, advancements in financial systems, dynamic shifts in legal frameworks, and evolving preferences of customers (Suyanto, 2023). This evolution highlights the vital role that effective budgetary control plays, not only in ensuring the viability and competitiveness of counties, but also in driving optimal levels of performance. The infusion of technology into budgetary practices has ushered in a transformative era for performance in decentralized systems worldwide. Innovations in technology have birthed novel revenue streams, heightened efficiency and enhanced accessibility to public services (Yussuf & Abdul, 2022). These strides have contributed to better service delivery, thereby enabling a broader segment of the populace to partake in economic engagements, consequently bolstering revenue generation for public institutions.

Budgeting has long been utilized as a crucial tool for financial management and control within public entities. It serves as a means to achieve financial performance targets and is widely implemented worldwide. Budgetary control measures are considered essential for effective financial planning and performance evaluation. Habineza and Cortez (2023) emphasize that budgets facilitate regular monitoring of aggregate expenditure and provide detailed information on financial performance statements regarding resource utilization. However, it is important to note that budgets primarily focus on short-term financial goals and activities rather than long-term development plans. The budgeting process involves setting goals, reporting on actual financial performance, and evaluating performance in relation to predetermined financial targets. Neltje, Rotinsulu, Nurnajamuddin and Mas (2021) suggest that budgetary control performs a significant function in coordinating the activities of government ministries and departments by establishing financial objectives to achieve predetermined financial performance levels.

Budgetary control encompasses various activities such as budget preparation, variance analysis, financial performance evaluation, actual performance recording and implementing corrective measures to achieve the desired budgeted outcomes (Niyi & Olusegun, 2020). Budgetary control and organizational financial performance are determined through utilization of the budgets (Mbutia & Omagwa, 2019). When budgets are primarily used as planning tools, they facilitate easier control, leading to enhance performance. The likelihood of budget planning positively effecting financial performance diminishes if budgets are predominantly used for control purposes. The budgetary control process involves authorization, preparation, implementation and evaluation (Kemunto & Cheluget, 2022). This process is instrumental in corporate financial planning, as it provides a framework for monitoring and regulating financial activities within the organization.

Globally, budgetary control systems were first used in the United States of America. This then continued to the rest of the world. In effect, the way in which public entities in the world are run has changed over time. Various reforms have been instituted by governments to ensure accountability, transparency and good governance prevails. Automated revenue collection could enhance revenue collection rates. (Egan & Haynes, 2019). According to Amaraveni and Susruth (2021), budgetary control, which deals with the administration of a firm's funds with a view to enhancing performance entails financial planning. Organisations should invest as much as possible in making funding, investment and financial policy decisions. This results in the least departure from the anticipated outcomes, which has the greatest effect on outcomes. Good budgetary control measures improve responsibility at all decision-making levels, which improves financial performance. Selvakumar and Abima (2021) stated that in India that an enterprise is unlikely to be successful in managing money without proper budgetary control measures. Analysis of the financial performance is necessary for budgetary control.

Hoque (2021) asserted that, there has been a paradigm shift in public financial management and consequent financial performance of public entities in Australia, the United Kingdom, Europe and North America. The understanding of how government entities manage their finances enhances accountability, and good governance. The public becomes more aware of how public funds are utilized. America and Europe have been at the forefront of instituting

elaborate structures and controls on the management of budgets (Nyamita et al. ,2015). Public financial management entails government budgeting, financial reporting, accountability and auditing of public funds use. Budgetary control focuses on enhancing accountability and efficiency in delivery of government services. Through improved public financial management, the financial performance of public entities is bound to improve.

In Indonesia, Sumual et al. (2021) note that the budgeting process plays a critical role in enhancing transparency and performance in public management. They also assert that internal controls, proper budgeting and public accountability have a significant association with the performance of a public institution. Government institutions should hence involve the public in financial management. Additionally, robust internal control systems must be put in place to enhance financial performance of public entities. Through these, the public will gain confidence in the public institutions and support them.

Bawole and Adjei-Bamfo (2020) explain that despite the various budgetary management reforms in Africa, financial performance has not been sustainable. Social cultural factors have a function to perform in financial performance of devolved systems. In South Africa, Wishnia and Goudge (2021) explain that with the increased public demand for accountability on the utilization of public resources, budgetary control is critical in ensuring financial performance. Effective financial performance requires public participation and collaboration of all departments within government. Managers and their juniors must be trained on accountability and application of prudent budgetary controls to improve performance of public entities.

In Uganda, Kavuma et al. (2020) explain that various strategies have been adapted to enhance budgetary control to improve financial performance of state corporations. For the good performance of state entities, adequate funding and reduced government bureaucracies must be instituted to guarantee success. Government entities must be supported to grow their revenues and offer quality services to the people. All stakeholders must work together to ensure no leaks in revenue collection. Public private partnerships ought to be encouraged and supported to promote accountability and good governance in public projects. Kabuye, Kato, Akugizibwe and Bugambiro (2019) observed that budgetary control systems do not have a substantial predictive influence on achieving financial success. Consequently,

organizations are more inclined to enhance their financial performance when they have effective working capital management practices in place. The study highlights that many organizations have not accorded significant attention to the development of internal control systems and the management of their working capital.

Financial performance serves as an indicator of the effectiveness of financial plans and their implementation (Lulaj, Zarin & Rahman, 2022). Traditionally, measures like profitability, revenue growth and cashflows have been used to assess financial performance. There is a growing concern among finance experts on excessive reliance on these measures. The 47 county governments in Kenya have powers to administer devolved functions according to the constitution (Wanyonyi & Theuri, 2021). Budgeting and budgetary control systems are widely employed by these county governments as management tools to enhance accountability in the public resource usage. As per the Public Finance Management Act of 2012, county treasuries have the constitutional responsibility to prepare county fiscal strategy papers and submit them for approval to the county executive commission. These approved fiscal policy papers are subsequently forwarded to the county assemblies. County treasuries outline the fiscal plans for succeeding financial periods, thus contribute to efforts to achieve financial objectives (Majani, Mackton & Atieno, 2022). The budgeting and budgetary control process holds significant importance for all county governments in Kenya as they strive to attain their financial plans.

## **1.2 Problem statement**

The key factor for the successful implementation of budgeting is the unequivocal support from management and leadership. Without this support, the entire system is at risk of failure. It is crucial to follow up budgeting with effective control measures. The 2020,2021 and 2022 audited financial reports from the office of the auditor general (OAG) noted that the county government of Kajiado's statements of comparison of approved budgets and expenditures indicated variations of 13%,9%,12% respectively, and were not prepared in accordance with the financial reporting framework (OAG, 2018). Additionally, the reports indicated that actual expenses surpassed approved the budget by 38 %,31% and 41% for 2020,2021 and 2022 respectively; consequently, budgets were not adhered to by the county government of

Kajiado, leading to poor utilization of public resources (OAG, 2018). This indicates that the county could not achieve set development targets.

Wanyonyi and Theuri (2021) examined how IFMIS affected financial performance and noted a positive association between the variables. The research's limited conceptual gap and scope resulted from its exclusive focus on IFMIS. Karimi and Makokha (2021) assessed how budgeting influenced performance of Migori County and found a positive relationship between performance and budgetary involvement. The research presents a contextual gap as it was conducted in Migori county. These studies present knowledge gaps, hence necessitating this study which identifies the influence of control measures budgeting on financial performance of the county government of Kajiado.

### **1.3 Purpose of the study**

This study examined the effect of budgetary control measures on financial performance of the county government of Kajiado.

### **1.4 Objectives of the study**

The study's objectives were to: -

- i. assess the effect of budget planning on financial performance of the county government of Kajiado
- ii. evaluate the effect of budget coordination on financial performance of the county government of Kajiado
- iii. determine the effect of budget evaluation on financial performance of the county government of Kajiado

### **1.5 Research Questions**

- i. What is the effect of budget planning on financial performance of the county government of Kajiado?
- ii. How does budget coordination affect financial performance of the county government of Kajiado?
- iii. To what extent does budget evaluation affect financial performance of the county government of Kajiado?

### **1.6 Significance of the study**

It will be beneficial to the officials at the county government of Kajiado. The study findings will outline the effect of budget planning, budget evaluation, budget coordination on financial performance. Through the findings, the officials will lay strategies to enhance the budgeting control measures that would lead to realisation of county goals. The recommendations of the study may be implemented, thus fostering development in Kajiado county. Additionally, adherence to public finance and policies will be achieved. Future researchers and academicians who may want to undertake research on budgetary control measures on financial performance may find the study's findings useful. This research is a valuable contribution to the body of knowledge, drawing on prior research by other academics on budgetary control measures on financial performance.

### **1.7 Scope of the study**

This research assessed the impact of budget planning, coordination and evaluation on financial performance of the county government of Kajiado. Staff at the county government were the target population of the study of Kajiado. The research took two months to complete. The study focused on the period 2013-2022.

### **1.8 Limitations of the study**

It was based on the effect of control budgeting measures on the performance finance of the Kajiado county government. The study concentrated on one geographic location, Kajiado County. The study relied solely on the information and data provided by study participants. The respondents' failure to define themselves adequately in the data collection language may have hampered the data's quality. The researcher minimized this by including oral questionnaire administration and providing respondents with extra time to contemplate their answers.

### **1.9 Delimitations of the study**

It was restricted to the examination of the effect of control budgetary measures on financial performance of the county government of Kajiado. The research recognizes that there could be other elements that might affect financial performance of the county of Kajiado. However,

only those within the scope were focused on. The study was carried out within a specified time frame and scope. Questionnaires were issued and respondents were willing to participate. This was facilitated towards attaining confidentiality.

### **1.10 Assumptions of the study**

It was assumed that the respondents are aware of the concept of financial performance and are qualified to provide the study with the pertinent and accurate facts and information. Second, it was assumed that study variables affected the financial performance. Thirdly, it was assumed that the study's sample had a clear understanding of financial performance and they had the skills necessary to distinguish it from other performance measures in the county. It was assumed that truthful and honest responses would be provided by the respondents.

### **1.11 Operational definition of key terms**

- Budget coordination** A budget facilitates synchronization among distinct operational units, ensuring that every facet of the company aligns harmoniously and comprehends its role within the organization. It unveils deficiencies within the organizational framework. Furthermore, the budget conveys to employees their anticipated responsibilities and performance expectations.
- Budget evaluation** activities that assist business leaders in making critical choices concerning the company's expenditures and income sources. While numerous businesses conduct budget assessments monthly, you have the flexibility to analyze a company's budget on a quarterly, yearly, or any other self-determined schedule.
- Budget planning** Developing and upholding a financial plan, then utilizing it for informed business choices and directing adjustments within different sections of the organization.

**Financial performance**

This is how possible a company uses its raw materials to create revenue.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This section evaluates the literature on the influence of budget planning, budget coordination, and budget evaluation on Kajiado County Government's financial performance. A conceptual framework is provided and theories that guide the research are also examined. This section is significant because it positions the project within the academic literature.

#### 2.2 Empirical literature

##### 2.2.1 Budget planning on financial performance

Budgeting is a critical necessity for businesses and organizations globally. While the public sector has established a legal framework for financial operations, County Governments persistently encounter challenges, including stalled projects, budget shortfalls, and postponed payments to suppliers. Chepkorir, Langat and Rugut (2021) assessed the association between performance and financial planning in Kericho county. A correlation survey research design was used and was underpinned by the theoretical framework of expenditure theory. So as to enhance the sample's representativeness, stratified sampling technique was used by the study. Subsequently, the collected data underwent quantitative analysis, leading to the identification of a statistically significant correlation between financial performance and financial planning. Depending on the results, the authors suggested several measures to enhance the efficiency of the budgetary process. These include setting realistic planning of revenues, alignment of expected expenditures with anticipated income and provision of training for staff involved in budget planning.

Kiiru, Kamau and Nzioki (2018) investigated how budget planning effects financial performance. Their research was anchored in agency theory and applied a descriptive research design. Purposive sampling was used and questionnaires administered. Results indicated a moderate positive correlation that was statistically significant between financial performance and budget planning. Consequently, the study advised that frequent budget

reviews should be carried out to enhance comprehension. Additionally, it suggested that prioritizing the evaluation of major projects could enhance reliability, accountability, and employee knowledge in budget planning practices.

Government budgeting procedures are consistently extensive and intricate, offering a comprehensive framework detailing past performance and future plans for the current fiscal year. In Kenya, the government employs budgeting as a tool to achieve both short and long-term operational and developmental objectives, particularly in pursuit of Vision 2030. Keng'ara and Makina (2021) assessed the influence of processes budgetary on performance organization, with a given aim on marine non-commercial agencies. The study's results showed a significant and positive correlation between rigorous control, encompassing comprehensive planning, budgetary processes, effective implementation, thorough evaluation and thorough monitoring and organizational performance. The research discovered that there is a positive coefficient showing association between budgeting processes and organizational performance. The study suggested that organisations aiming for better performance results should fully adopt strong budget planning procedures. Implementing robust financial practices ensures accurate budgeting, effective resource allocation and stringent financial controls. This leads to improved financial stability, transparency, and accountability. Strong financial procedures also enhance decision-making by providing reliable financial data and insights. Furthermore, they help mitigate risks and prevent fraud, contributing to overall organizational efficiency and profitability.

An evaluation of budget participation's impact on organizational performance was conducted by Indra (2021). Multiple linear analysis was used as the methodology for the analysis. The validity and dependability of the study instrument were tested. The findings showed that concurrent transfer of authority, budgetary involvement and the clarity of budget targets all had a substantial impact on managerial performance. It was discovered that budget participation significantly and favorably affected managerial performance. The clarity of targets was observed to have a positive but insignificant influence on managerial performance. Delegation of authority was found to have no effect on managerial performance. Local government organizations serve as the operational backbone of government, deriving their legitimacy from the community they serve. Consequently, the

trust vested in government administrators by the community must be balanced with effective performance to ensure that services are improved and efficiently reach the community.

Financial planning practices have been established with the aim of influencing the financial performance of County Governments. Nonetheless, County Governments have faced many difficulties with regard to their fiscal standing. Finding internal control procedures that County Governments may implement to improve their operations and serve the public interest more effectively was the main goal of this study. Ahmed and Nganga (2019) evaluated the financial performance and planning of Kenyan county governments that are located along the shore. A descriptive research design was adopted by the study and focused on a population of thirty employees. A thorough census of forty respondents was carried out in order to collect data, and questionnaires were distributed as the means of data collection. The results showed a favorable and strong correlation between county governments' overall performance and their financial planning. It became evident that effective financial planning instilled a higher level of certainty and confidence when making decisions, whether for short-term or long-term purposes. Furthermore, the study underscored the critical importance of implementing information and communication systems effectively as a means to enhance the financial performance of County Governments. In light of these findings, the study recommended that County management should proactively implement cost-effective measures to bolster their budget management practices, ultimately contributing to improved overall performance. Additionally, appropriate tools for planning and monitoring budgets should be made available. A strong commitment to integrity and ethical values is essential at all levels of County Government, with processes in place to evaluate performance and promptly address any deviations from expectations. Effective communication with investors is crucial for building stronger relationships, and information and communication channels should be established in the County.

Achieng and Nyariki (2023) evaluated the influence of planning budgetary on performance of Kisii county. A survey of 100 County Treasury staff, including Finance Officers, Internal Auditors, Accountants, Internal Auditors, Assistant Directors and Procurement Officers. A census-style approach was used to collect participants and both research queries and questionnaires were pilot tested for accuracy. Descriptive statistics employed percentages

and frequencies, while Pearson Correlation Coefficients was used to carry out inferential analysis. Data presentation included tables and figures, with analysis conducted using SPSS and Microsoft Excel. Results indicated positive effects of budgeting reforms and financial planning , public procurement reforms , internal control reforms and revenue mobilization reforms on Kisii County Government's performance. The study highlighted the significance of effective implementation in determining the efficacy of Public Procurement reforms. Consequently, it recommended that Kisii County Government prioritize the implementation of reforms to tackle challenges in transparency, integrity, governance, accountability and transparency in managing public resources.

Public financial management serves as a pivotal driver of economic development by ensuring transparent and effective revenue generation, execution and reliable planning of budget decisions. In Kenya, however, the implementation of public financial management has encountered significant problems since the inception of devolved units, despite the presence of legislative frameworks and robust institutional aimed at enhancing efficiency and effectiveness. Reports by the Auditor General have highlighted instances of public fund mismanagement by county governments, resulting in inadequate public service delivery. Thus, Mwambere and Kosimbei (2022) assessed how government performance was affected by financial management practices, focusing on the Taita Taveta County government. The research adopted descriptive research design by the study targeting senior staff from various departments through a census research method. Structured questionnaires were used to gather primary and secondary data from county financial reports were analyzed by a descriptive statistics and Multivariate regression model aided by SPSS version 25. Findings revealed the establishment of a working capital management system within the County government. Taita Taveta county was found to forecast future cash flows to guide corrective actions, ensure smooth operations by guaranteeing sufficient revenue flow and maintain optimal cash balances. Ultimately, Taita Taveta government had effectively addressed the issue of liquidity regulation using the implementation of reliable systems as concluded by the study.

Budgeting is critical for many business entities and organizations worldwide. County Governments continue to grapple with challenges such as budget deficits, project delays,

payment delays to suppliers and inadequate development records. Margret, Willy and Penina (2021) investigated the correlation within the County Government of Kericho between financial performance and budgetary planning. Using a correlation survey research design, the researchers sought to quantify and analyze the relationship between these two critical aspects of public administration. The study targeted a population of 3,848 employees across 12 departments within the county government, ensuring a comprehensive overview of various departmental practices. To determine the sample size, they employed simple random sampling and the proportion method, which enhanced the representativeness and accuracy of their findings. This methodological approach allowed them to draw meaningful insights into how effective budgetary planning could potentially influence the financial performance of governmental institutions. Data collection involved use of structured questionnaires and secondary sources, gathered from County Government records. Validity was ensured through consultation with subject experts and supervisors, while the reliability of the research instrument was confirmed with a Cronbach's alpha coefficient of 0.873. Data analysis encompassed inferential and descriptive statistics, with descriptive statistics presented via graphs, charts, frequency tables and inferential statistics through regression and correlation models. Findings showed a significant statistical association between financial performance and financial performance within the County Government of Kericho, Kenya. Specifically, the independent variables related to budgetary planning accounted for 60.5% of the variation in financial performance, highlighting the substantial effect that effective budgetary planning can have on financial outcomes. Based on these findings, the researchers recommended several measures for improving budgetary efficiency. They proposed that the county government should establish revenue targets that are realistic so that that expected expenditures are aligned with projected incomes. Additionally, they emphasized the importance of investing in training for staff involved in the planning of the budget process. Enhancing the skills and knowledge of these employees would lead to more efficient and effective budgetary planning, ultimately contributing to better financial performance for the county government.

Patric, Amuhaya and Kibet (2016) set out to understand the reporting component of IFMIS, appraise the influence of cash management, budgeting and procurement on performance organization, and gauge the extent of IFMIS's support and its influence on change

management in the West Pokot County government. Targeting all West Pokot County government workers who interacted with the cash management, reporting, procurement, and budgeting IFMIS modules, the study used an explanatory research methodology. Questionnaires were distributed to all departments in the county government, with queries addressing various modules to facilitate the study's findings. Seventy employees formed the sample. Data collection utilized both quantitative and qualitative methods of statistical inference, with presentation formats including tally sheets, bar graphs, pie charts and relevant statistical tools. To elucidate the function of IFMIS in performance management within the West Pokot County government was the study's primary aim. It evaluated the system's performance over the past three years, focusing on productivity enhancement, corruption reduction, improvement in individual workers' performance and overall organizational performance. Stratifying the target population into organizational ranks, the study encompassed all cadres of employees within the West Pokot County government. The IFMIS system significantly contributed to organizational performance, with cash management contributing 79%, budgeting 80%, reporting 77%, and effective procurement 72%. The study concluded that all variables examined positively affected organizational performance through the financial management integration information system. It emphasized the strategic and tactical significance of IFMIS in promoting an efficient, effective, and accountable system conducive to organizational performance. The study recommended the adoption of IFMIS by public entities to enhance long-term financial management and performance. It underscored the importance of effective budgeting as a management tool for measuring individual and organizational performance, echoing Transparency International's assertion on the integral role of budgeting in implementation and planning processes.

A budget stands as a fundamental and potent instrument in management, serving to plan and regulate the allocation of limited financial resources toward achieving organizational objectives. While much of the existing research on budgeting has concentrated on the hurdles encountered during budget preparation and utilization within the public sector, Mutuma, Ileri and Lyria (2016) assessed the challenges associated with budget implementation, focusing on Meru County. The study aimed to identify institutional constraints affecting budget implementation, evaluate revenue collection performance, assess the county

government's proficiency in utilizing IFMIS, and examine the effectiveness of oversight and audit functions. The research adopted a descriptive research design method and targeted 80 managerial staff members across thirteen departments within Meru County's executive branch, including the Town Administration, Public Service, Agriculture, Water, Education, County Treasury, Transport, Public Service Board, Cooperatives, Health, Planning, Culture and Town Administration Office of the Governor. A sample of 40 individuals, comprising ten CECs, ten COs and twenty directors, was selected from this population. The study sample were distributed with self-administered questionnaires adopted descriptive analysis techniques accompanied by the presentation of data through graphs, tables, and pie charts. Data analysis involved multiple regressions, revealing a significant association between the set of the dependent variable and independent variable. Challenges in budget implementation within Meru County were associated with institutional constraints, proficiency in utilizing IFMIS and the effectiveness of audit and oversight functions. The study recommended further research to be conducted in other counties, expanding the respondent pool to include both top management and middle-level. Additionally, future research could explore challenges related to budget preparation in the public sector to ascertain if similar findings would emerge.

### **2.2.2 Budget coordination on financial performance**

Rural tourism has become a vital weapon in the continuous fight against poverty as a new strategy for reducing it. A scientifically developed assessment index system for rural tourist poverty reduction performance is desperately needed, as it is currently difficult to determine if programs are cost-effective and to quantify their impact on poverty alleviation. Qu and Qian (2020) quantified both quantitative and qualitative indicators by using measurement models and fuzzy quantitative models, drawing from central guidelines for poverty alleviation. This laid the foundation for an all-encompassing indicator system designed specifically for assessing the effectiveness of rural tourism in alleviating poverty. The study revealed a rural tourism performance score of 72 points, indicating commendable performance in tourism-driven poverty alleviation. This underscores the significant role rural tourism development plays in poverty alleviation efforts. The study advocates for

increased government support for tourism-driven poverty alleviation endeavors to maximize the efficacy of rural tourism in combating poverty.

Naji, Hashim and Mohammed (2024) highlighted the pivotal role of effective budget planning strategies in enhancing the budgetary process within institutions and organizations. They emphasized the potential advantages of such strategies, including heightened transparency, improved resource management, better alignment between financial and non-financial objectives, and enhanced collaboration across different sectors. The study put forth a series of recommendations aimed at facilitating the successful implementation of these strategies. These recommendations encompassed the establishment of participatory and consultative processes, enhanced monitoring and evaluation mechanisms, bolstered training and development initiatives for staff, and the implementation of effective risk management practices. The overarching goal of this study was to continually refine the budgetary procedure and bolster the operational and financial performance of enterprises.

Budgets are essential instruments for financial management because they offer direction and control over the operations of big, diversified entities. Governments, where budgeting originated, are not the only public institutions that use these techniques. A study by Cheruiyot, Namusonge, and Sakwa (2018) evaluated how Kenyan county governments performed in relation to public financial management techniques. The study revealed that several counties in Kenya used development plans to manage their budgeting processes. However, the effective implementation of these plans, which was characterized by inadequate budget coordination, relies heavily on timely disbursement and allocation of resources.

Budgeting is important for organisations. Businesses striving for better outcomes establish structures and processes to ensure successful expansion. Budgets serve as crucial tools, offering management valuable data to evaluate performance and make informed decisions about resource allocation across different divisions. This systematic approach aids in optimizing financial distribution, supporting strategic growth, and enhancing overall organizational efficiency. An assessment was conducted by Pimpong and Laryea (2018) to determine how budget coordination affected performance. The research utilized a

methodical approach to build models and utilized regression analysis to assess the degree and intensity of the correlation between these institutions' performance and their budgeting procedures. The study's findings conclusively showed that budget coordination affects these non-banks financial firms' performance.

Since resources are limited, it is crucial for both public and commercial organizations to make sure they are allocated and used effectively in order to meet strategic goals. Kenya's constitution and other laws firmly establish the country's public finance principles, with special emphasis on the Public Finance Management Act. Despite the legal framework and the expectations of the public demanding optimal financial performance from both the National and County governments, reports on budget execution consistently reveal mixed results. The Auditor-General's Reports consistently emphasize suboptimal budget absorption rates and poor financial performance, raising significant concerns regarding the effectiveness of budget coordination in County governments. Cheboi (2019) assessed budget coordination and performance. The study focused on the accounting officers working within Elgeyo Marakwet County as its target population. It adopted a census approach, encompassing all 79 accounting officers as participants in the study. The primary data required for the research was collected by means of validated and standardized questionnaires. Drop-and-pick method was used. Subsequently, the gathered data underwent analysis through Statistical Packages for Social Sciences version 23. Results showed a positive and statistically significant effect of various factors, including budget coordination, the availability of financial resources, the capacity of budgetary staff, and financial performance. Based on these findings, the study recommends that budget planning processes be continuously improved, that resources be increased to improve human resource capacity and financial resources be allocated efficiently to the budgeting process. Implementing these measures is thought vital for achieving accountability, efficiency, higher levels of openness and eventually, enhanced financial performance.

Kemunto and Cheluget (2022) determined the influence of budget planning on organizational performance. Their study was strongly based on Priority Based Budgeting Theory and they applied a descriptive research design to investigate the issue. The research produced substantial results, with an R-squared value of 0.872. 87.2% of the observed

variations in the dependent variable was accounted for by the independent variable taken together. Furthermore, the adjusted R-squared value, evaluated at a 95% significant level, was 0.864. This shows that the various budgetary controls investigated in the study, when combined, effectively explained 87.2% of the variation in microfinance institution performance in Kenya. The research showed that financial planning, has a statistically and positive significant influence on firm performance.

According to the Kakamega County Government (2018), the county's development plan encapsulates vital socio-economic, environmental, and developmental information. This plan predominantly focuses on ongoing projects, new proposals outlined during county consultations, flagship projects aligned with Kenya Vision 2030, stalled initiatives, and various governmental manifestos. Kakamega County shares borders with several neighboring counties and spans approximately 3050.3 square kilometers, administratively divided into 12 sub-counties and comprising 60 wards with a considerable population distributed across 398,709 households. Notably, the county's population increment rate is calculated at 2.5%, exerting significant pressure on socio-economic infrastructure, particularly in sectors such as health, education, and land management. The establishment of 47 county governments under the Kenyan Constitution aimed to decentralize decision-making processes and empower local communities to manage their affairs effectively. To ensure robust county development, the plan advocates for evidence-based, participatory approaches to policy formulation, project planning, and implementation. Moreover, it underscores the usefulness of airing out cross-cutting issues such as youth empowerment, gender equality, climate change and HIV/AIDS through community-driven initiatives. Chapter One of the plan provides comprehensive background information on the county's socio-economic landscape, including demographic profiles, infrastructure, land use, agriculture, forestry, tourism, employment, health, education, and more. Chapter Two delves into the major development challenges facing the county, offering a SWOT analysis of cross-cutting issues and proposing corresponding strategies and targets. Chapter Three outlines a spatial plan for the county, emphasizing inter-sectoral coordination, while Chapter Four delineates relationship between the Kenya Vision 2030, County Integrated Development Plan and the Constitution. Additionally, Chapter Five delineates the institutional framework

and stakeholder roles, while Chapter Six outlines budget projections, revenue strategies, and financial management measures. Chapter Seven presents detailed programs and projects to be implemented, accompanied by performance indicators and budget allocations, while Chapter Eight specifies objectives, indicators, and milestones for monitoring project implementation and assessing effect over the plan period.

### **2.2.3 Budget evaluation on financial performance**

Government budgeting processes are often extensive and comprehensive, providing a detailed framework of past performance and future plans for the current fiscal year. In Kenya, the government utilizes budgeting as a tool to achieve operational and developmental objectives, particularly in line with the vision of realizing Vision 2030. Keng'ara and Makina (2021) assessed how Kenya's non-commercial maritime agency performed in relation to budgetary processes. The descriptive study was conducted in Mombasa County. The research consisted of a target population of managers of non-commercial marine agencies and questionnaires were adopted as the data collection tool, distributed among seventy respondents. Results showed a positive correlation between organizational performance and budget evaluation.

Mbuthia and Omagwa (2019) assessed how commercial banks financial performance functioning in Kenya are impacted by budgetary control. The study used a cross-sectional descriptive research design. The study's target demographic consisted of personnel from the selected commercial banks. Planning was shown to have a significant impact on performance financial. Similarly, budget execution was found to have a significant and positive impact on financial performance. Budget control revealed as a significant and good factor impacting financial outcomes. The budget review was shown to have a considerable and beneficial influence on the financial performance. The research showed that of all the criteria investigated, budget planning had the most large and significant impact on the financial performance of the chosen commercial bank.

Performance accountability in local government involves the allocation and execution of budgets to carry out essential tasks aimed at achieving performance indicators. The attainment of these performance targets can be tracked and realized through the

implementation of performance-based budgeting. However, to effectively implement performance-based budgeting, it requires close monitoring, control, assignment of responsibility, and ensuring accountability in the activities of government agencies. An internal control system performs a crucial role in overseeing the conduct of governance and ensuring that financial management is responsible and transparent. Mujannah, Artinah and Safriansyah (2019) investigated whether internal control systems and performance-based budgets affect local government performance accountability. The study proposed nine hypotheses and the results showed that budget evaluation had a major influence on performance.

Ojwang (2019) examined how financial evaluation affects the performance of the Taita Taveta county administration. Five core objectives directed the study, each of which assessed different aspects of budgetary procedures and their impact on the functioning of devolved entities, with a focus on the Taita Taveta county government. A descriptive research design was used. Primary data was collected using structured questionnaire that included both closed-ended and open-ended questions. The study's findings demonstrated high support among the majority of respondents for the premise that budgetary evaluation techniques did have a significant influence on the county's overall performance. Furthermore, respondents concurred with the notion that other practices, such as participative budgeting, budgetary monitoring and resource allocation, also played significant roles in influencing the county's performance. Further supporting these findings, regression analysis results indicated the degree of influence each of these budgetary practices had on devolved units' performance. For instance, a unit change in budgetary planning practice was found to affect devolved units' performance by 0.255, while a unit change in participative budgeting practice influenced performance at the county level by 0.086. Similarly, a unit change in budgetary monitoring practice resulted in a 0.282 change in the performance of devolved units, and a unit change in allocation of resources practice led to a 0.083 change in the performance of these units. The study suggested that adequate resources should be allocated in a comprehensive manner that considers a variety of factors, including time as a crucial resource, financial resources, and human resources, before budgets are completed for execution. This approach aims to enhance the effectiveness of budgetary

practices in achieving improved performance within devolved units like Taita Taveta county government.

Governmental decision-making and action often lack the efficiency and clear direction commonly observed in commercial institutions. Unlike the straightforward line-oriented chains of command prevalent in many businesses, governments typically operate within complex administrative structures. This complexity is further compounded in post-conflict and developing settings, where a lack of knowledge and required competencies at various standards impedes the selection and implementation of effective solutions. Additionally, there is often a lack of political will to overhaul outdated systems, processes, and structures or to introduce innovative ways of operating. Consequently, challenges such as cumbersome processes, institutional inertia, incompetence, resistance to change, inadequate resources, bureaucratic hurdles, and deficient communication channels hinder the effectiveness of financial management systems. Dennis and Nambuswa (2017) investigated the effects of IFMIS on organizational performance. The study sought to evaluate the effect of human capital on organizational performance in this scenario. A descriptive research design was used and focused on 130 county government management staff members. The study adopted a census approach given the small population size.

Margret, Willy, and Penina (2021) administered a semi-structured questionnaire to each respondent. This questionnaire was designed to capture both qualitative and quantitative data, providing a comprehensive view of the budgetary planning and financial performance relationship. To ensure the validity and dependability of the questionnaire, a pilot study was carried out with a subset of respondents. This preliminary testing helped refine the questionnaire, ensuring its effectiveness in gathering accurate and relevant data. For initial categorization and coding for the analysis of the gathered data was performed using SPSS software version 20. The quantitative data were processed through a systematic approach involving coding, classification, and editing, and were then presented using charts, tables and graphs to facilitate clear and concise visualization of the findings. Qualitative data were analyzed using content analysis, allowing the researchers to interpret and draw meaningful insights from the non-numerical data. This mixed-methods approach ensured a robust analysis, combining statistical rigor with the depth of qualitative insights. The combination

of these methodologies provided a well-rounded understanding of how financial performance is affected by budgetary planning in the County Government of Kericho. Notably, the effective maintenance, implementation and operation of an IFMIS necessitate staff with the requisite skills and knowledge. Therefore, prioritizing human resource development within the government is imperative. Aligning the education system with the information and communication technology (ICT) demands of the country and retaining and attracting scarce ICT techniques, particularly within the government sector, are critical endeavors.

The burgeoning demand for organizations to enhance project outcomes has led to increased adoption of Monitoring and Evaluation (M&E) practices. Evaluation and Monitoring role (PM&E) is vital for effective project management and improvement in government service delivery. However, its uptake remains limited. Karanja and Yusuf (2018) studied the impact of evaluation and monitoring on the performance of NGOs in Kiambu County. They analyzed the effect of M&E project planning, stakeholder participation, ICT integration, and technical expertise on project performance. The research 51 NGOs using simple random sampling and also targeted 147 registered NGOs in Kiambu County. Data was collected by use of questionnaires and analyzed using SPSS employing inferential and descriptive statistics to establish relationships between study variables. Findings revealed several key insights, including unclear project objectives and goals among staff, stakeholder involvement in resource allocation and project planning, regular monitoring of ICT infrastructures and the significant contribution of expertise to project planning processes. Recommendations from the study underscored the importance of appropriate planning and staffing strategies for project success, stakeholder teams' familiarity with project performance criteria and the necessity for M&E managers to ensure project objectives align with plans for effective integration.

Owembi (2020) undertook a comprehensive investigation into the interplay between the financial performance and budgeting practices of youth groups within Kapsaret Sub-County. The study's primary objectives encompassed evaluating the prevalence of budgeting practices among these groups, discerning how of financial performance is impacted by budgeting and identifying the factors that shape both financial outcomes and budget

implementation. The research adopted an ex post facto research design and focused on a sample of 82 youth groups that had received funding from various financial entities, including the Youth Enterprise Development Fund (YEDF) and other financial institutions in the region. Through stratified sampling, treasurers and managers from these groups were targeted for data collection, facilitated by structured questionnaires. Ensuring the reliability and validity of the data, Owembi implemented rigorous measures such as test-re-test reliability assessments and pilot testing during questionnaire development. The study involved descriptive statistics on quantitative analysis of the collected data which include statistics, such as percentages, mean scores, frequency distributions and standard deviations, supplemented by chi-square tests to examine hypotheses. Findings showed a significant association between financial performance and budgeting, highlighting the importance of effective budget implementation, increased funding for YEDF-funded youth groups and enhanced training on budget implementation and preparation. The study further emphasized the need for continuous evaluation and monitoring of youth group budgets by fund managers to ensure long-term effectiveness.

Kahavizakiriza, Walela and Wanyonyikukubo (2015) study assessed effective financial management. The study aimed to identify the essential skills, knowledge, and attitudes required by school principals to navigate the complexities of financial management successfully. Through a descriptive survey design, the research meticulously examined various aspects of financial management practices in twelve public secondary schools, involving seventeen school bursars, seventeen principals, one hundred and thirty-six Heads of Departments and seventeen Board of Governors representatives, totaling one hundred and eighty-seven participants. The study revealed insights into the collaborative efforts involved in budget preparation, the sources of school funds, and the roles played by different stakeholders in financial oversight. Notably, it underscored the critical role of principals in budget supervision and approval, highlighting the need for effective coordination and accountability mechanisms within the school financial management framework.

Kanyua and Thiane (2017) examined practices of financial management within the Kenya Rural Roads Authority (KeRRA), basing on the effect of public sector reforms. The study provided valuable insights into the financial governance dynamics within the public sector.

Using a descriptive research design and a sample of 222 employees chosen via simple random sampling, the research assessed the effectiveness of various reform initiatives. Results indicated significant effects of budgeting processes, procurement practices, and IFMIS implementation on public sector reforms, underscoring the importance of robust financial systems in driving organizational performance. However, the study also highlighted areas for improvement, particularly in ensuring the effective implementation of reforms to align with organizational objectives and enhance overall performance within KeRRA.

Effective Monitoring and Evaluation (M&E) of projects is a crucial component of ensuring good project performance. It serves as a mechanism for accountability, enhances transparency to stakeholders, and facilitates organizational learning by documenting lessons from project implementation. In Rarieda District, project managers have shown keen interest in developing their projects, evidenced by their enthusiastic adoption of M&E systems. This heightened focus on M&E is attributed to the substantial resources provided by donors and the government to local non-governmental organizations (NGOs) for project implementation. However, despite this enthusiasm, the productivity of projects has been hindered by the absence of robust M&E systems. To address this issue, some projects have embraced M&E systems as a means of project management. However, many projects have yet to adopt M&E systems, despite the known benefits of such systems. Dobi (2022) conducted a study to examine several factors affecting the adoption of M&E systems among NGOs in Rarieda District. The research investigated the influence of staff knowledge, NGOs' financial status and skills, donor contributions and stakeholder involvement on the adoption of M&E systems for project management. A conceptual framework illustrating the interaction among these variables guided the study, which adopted a descriptive survey design. The research population consisted of 161 individuals, including project implementer staff, M&E officers, project managers and one district M&E officer. Purposive sampling and census methods were utilized to select participants. Data collection instruments included interview schedules, questionnaires and document analysis guides. Reliability of the instruments and expert consultation was assessed and performed using a pilot study that enhanced the validity of the research tools. Data analysis involved descriptive statistics such

as percentages and frequency counts, means supplemented by inferential statistics. The research showed that demographic characteristics of respondents, including level of education, age and gender influenced the adoption of M&E systems. Additionally, the extent of donor contributions to NGOs' annual budgets and M&E budgets also performed a significant role in identifying the adoption of M&E systems. The findings highlighted the importance of training project implementer staff, ensuring adequate funding for NGO projects, and actively involving stakeholders to promote the evaluation and monitoring of projects. The study's recommendations, if implemented, hold the potential to improve project performance and enhance accountability to stakeholders in terms of resource utilization and project effect.

Khaemba and Otinga (2019) evaluated the components influencing procurement performance within the county government of Bungoma. Their study, grounded in resource-based view theory and efficiency theory, utilized a structured questionnaire and a descriptive survey design to gather data. Targeting 113 respondents, the study used Yamane's formula to determine a sample size of 88 respondents. To ensure validity, the study instruments underwent piloting with 10 senior management officers in the neighboring county government of Busia. Cronbach's alpha was used to assess the study's reliability. The research used descriptive statistics to summarize data, while inferential statistics, computed using SPSS, facilitated the analysis of variable relationships, with results presented in graphs and tables. The study achieved a commendable response rate of 92.05%, with 81 out of 88 respondents returning fully completed questionnaires, enhancing the generalizability of research findings. Unstandardized regression coefficient analysis demonstrated that both independent variables, supplier financial capability and supplier evaluation, had a significant influence on procurement success within the Bungoma county government. The study showed that supplier financial strength is critical to procurement performance, with financially strong suppliers more likely to supply goods and services efficiently and with fewer failures. Furthermore, effective supplier evaluation emerged as a key determinant, ensuring the selection of qualified suppliers capable of meeting the county government's procurement needs. The study recommended thorough supplier assessments before tender awards to ensure the selection of qualified suppliers capable of delivering quality goods and

services. This, the study argued, would enhance procurement effectiveness and minimize project risks associated with inadequate supplier performance.

Mwangi and Ngugi (2020) examined the determinants effecting the efficacy of public projects in Mombasa County, Kenya. Their inquiry centered on various facets including financial management strategies, stakeholder engagement, planning procedures, competency within project teams, and the processes of evaluation and monitoring. Embracing systems theory as the foundational framework, the study utilized a descriptive research design to delve into these critical aspects. Data collection involved closed and open-ended questionnaires administered to a target population of 189 individuals, with a sample size of 66 project officers determined using stratified sampling. Questionnaires were distributed using the drop-and-pick technique, following a pilot study on 19 project officers to assess data reliability. The research encompassed both quantitative and qualitative methodologies for data analysis, employing content analysis for qualitative data and descriptive as well as inferential statistics for quantitative data. Results highlighted substantial associations among planning, monitoring evaluation, project team competence, financial management practices, stakeholder involvement, and the performance of public projects within Mombasa County. Conclusively, the research determined that project performance was notably shaped by factors such as planning, financial management practices, evaluation and monitoring processes, the competency of project teams, and the level of stakeholder engagement. To improve project performance, the study recommended hiring competent project managers with appropriate qualifications in project management to enhance management and planning processes. Additionally, it advocated for further research into other factors affecting project performance within Mombasa County and across Kenya. The study's findings were deemed valuable for government policymakers, project managers, consultants, and external stakeholders involved in public projects.

### **2.3 Theoretical framework**

Is composed of interrelated ideas and concepts that are derived from previously established theories. It functions as a logical framework for statements that are derived from empirical evidence or data. Elucidating phenomena and accounting for, a theoretical framework is intended to give explanations for the causes of observed occurrences. Kivunja (2018)

explains that theories help researchers to come up with novel findings, promote the development of more complex theories and enhance practical actions. This research is anchored on the theory of resource allocation, expenditure theory and progressive theory regarding public spending.

### **2.3.1 Allocation of Resource Theory**

Peteraf and Barney (2003) introduced the resource allocation theory, a pivotal concept in understanding how countries, businesses, individuals, or entrepreneurs allocate their resources through the budgeting process to achieve specific objectives. This theory acknowledges that economic resources are inherently limited, valuable, difficult to substitute, and challenging to replicate. These characteristics make efficient resource allocation a cornerstone of gaining and sustaining competitive advantages for organizations. In the corporate world, budgeting serves as a primary mechanism for distributing financial resources. Through budgeting, companies allocate funds strategically to meet predefined financial targets. This process not only helps in achieving short-term financial goals but also supports long-term sustainability and competitiveness. Therefore, understanding resource allocation and mastering the art of budgeting are essential skills for individuals and organizations seeking to thrive in the complex landscape of resource scarcity and competition.

Government entities rely on budgetary control systems as crucial tools for optimizing the allocation of their constrained economic resources (Anantadjaya, 2008). This becomes particularly vital when viewed through the lens of the invisible hand theory, a foundational economic concept. The invisible hand theory highlights the significance of competition, the dynamics of supply and demand, and the influence of individual and corporate choices in shaping resource allocation (Peteraf & Barney, 2003). The invisible hand theory suggests that in a free-market economy, resources gravitate toward their highest-value applications and areas of greatest need. This principle underscores the self-regulating nature of markets, where businesses and individuals pursuing their self-interest inadvertently contribute to overall economic efficiency. By implementing budgetary control systems, governments can better align their limited resources with the spontaneous forces of the market, facilitating the

allocation of resources in a manner that benefits society as a whole and promotes economic prosperity. This theory is critical in determining budget plans for the county government of Kajiado by providing a structured framework for resource allocation. It ensures that limited funds are distributed effectively and equitably, balancing the diverse and often competing interests of the public. Through careful prioritization and strategic planning, the theory helps to address the most pressing needs of the community while fostering sustainable development. Through promotion of transparency and accountability in financial management, budgeting enhances public trust and supports the efficient delivery of essential services, ultimately contributing to the overall well-being and growth of Kajiado County.

### **2.3.2 Expenditure Theory**

As originally proposed by Rubin (1990), offers valuable insights into the normative aspects of budgeting and its profound influence on shaping financial policies. This theory delves into the intricate process of selecting which expenditures take precedence while others are excluded from the budgeting process. In doing so, it contributes significantly to enhancing an organization's financial performance (Posner & Blondal, 2012). Moreover, it performs a crucial role in resolving conflicts regarding the government's role in society, making budgetary control an indispensable element of the decision-making process. The core tenet of expenditure theory revolves around the idea that budgeting is not merely a mechanical task but a normative one. It goes beyond the simple allocation of resources; it involves making value judgments and policy decisions. Budgets reflect the priorities and values of an organization or government, serving as a blueprint for its financial direction. In this sense, the theory underscores the critical link between budgeting and governance, highlighting the broader implications of financial choices on society.

One of the practical applications of expenditure theory lies in its ability to shed light on the role of information within organizations. By comparing budgeted figures with actual expenditures, organizations can discern variances and understand why expenditures may deviate from predefined financial targets (Ulrich, 2008). This process empowers decision-makers with insights into the effectiveness and efficiency of their financial strategies. It also facilitates informed adjustments and policy revisions, ultimately leading to improved

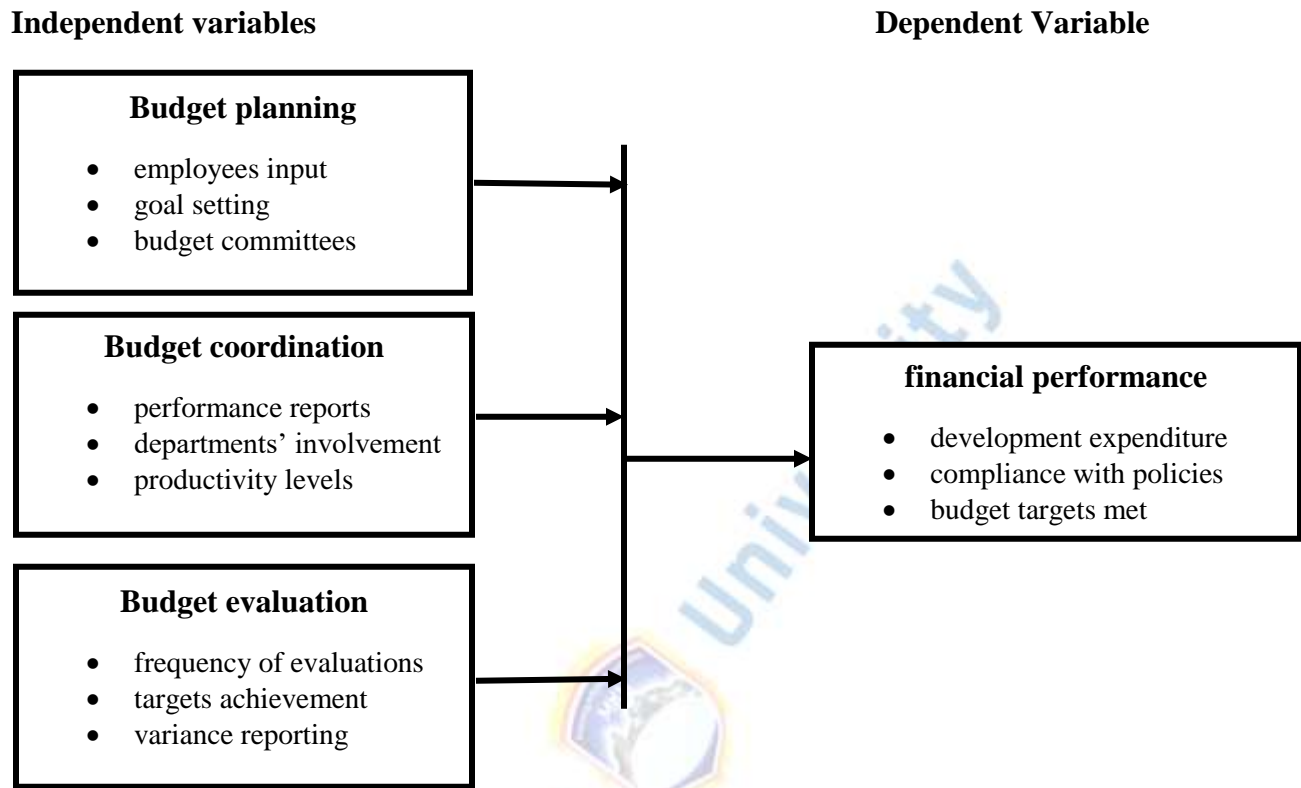
financial management. The county government of Kajiado can utilize expenditure theory to select activities or projects based on their desirability as expressed within the budget, thus facilitating the attainment of developmental goals. It is essential for the county government to coordinate the expenditures of various departments and prioritize urgent needs among them.

### **2.3.3 Progressive Theory of Public Expenditures**

Initially introduced by Walker (1951), it places a strong emphasis on the critical principle of cost-effectiveness in budgeting. This theory advocates that government budgets should be grounded in financial records and guided by the application of marginal utility theory, which aids in identifying the most efficient distribution of resources (Hildreth & Zorn, 2005).

The progressive theory of public expenditure holds significant relevance for the county government of Kajiado. For the county government of Kajiado, adhering to the principles of this theory is paramount. It underscores the importance of budget evaluation and performance as central pillars of financial management. The county must prioritize cost-effectiveness during its budgeting process to ensure efficient and effective service delivery to its constituents. This entails making strategic decisions based on a thorough analysis of financial data and considering the principle of marginal utility. Efficient resource allocation is pivotal for the county government to deliver value for money to its citizens. Given the inevitable constraints of limited financial resources, the county must judiciously and optimally utilize the available funds to achieve the maximum effect. This not only serves the interests of fiscal responsibility but also directly contributes to improved financial performance and the overall welfare of the county's residents.

## 2.4 Conceptual framework



**Figure 1: Conceptual framework**

**Source: Researcher (2024)**

The conceptual framework indicates the independent variable, budgetary control measures, directly affects the dependent variable, financial performance. The relationship between the sub variables of budget planning (whose indicators are employee input, goal setting and budget committees), budget coordination (indicated by performance reports, departments' involvement and productivity levels) and budget evaluation (indicated by frequency of evaluations, targets achievement and variance reporting) with the dependent variable financial performance were measured.

## 2.5 Recap of literature review

Budgeting is an essential practice for businesses and organizations worldwide, providing a structured approach to managing finances and resources effectively. In contrast, the public sector faces persistent challenges, such as project delays, budget deficits, and delayed

payments to suppliers, even with established legal frameworks for financial operations. The study conducted by Chepkorir, Langat and Rugut (2021) in Kericho County revealed a deliberate association between addressing a specific geographical context, financial performance and financial planning.

Kiiru, Kamau and Nzioki (2018) determined the influence of budget planning on the financial performance of small businesses, discovering a significant correlation. However, their focus on for-profit organizations and the utilization of agency theory introduces theoretical and contextual gaps in the research. Makina and Keng'ara (2021) assessed the influence of budgetary procedures on organizational performance, specifically examining non-commercial marine agencies. They identified a positive connection between organization performance and budgetary processes, highlighting a contextual gap as they concentrated on a niche sector.

Indra (2021) assessed the influence of budget participation on organizational performance, highlighting that active involvement in budget planning contributes to enhanced performance. While this research provides valuable insights into how budget participation can positively affect organizational performance, it predominantly centers on this specific aspect, organizational performance. This focus creates a conceptual gap as it does not explore the broader applications or potential implications of increased budget participation in various contexts. The study's findings might not directly translate to other sectors or settings beyond the organizational realm, leaving room for further research to investigate the wider implications of enhanced budget participation. Cheruiyot, Namusonge, and Sakwa (2018) identified the influence of financial management practices on county governments' performance in Kenya, with a particular emphasis on financial management practices. While the research contributes to our understanding of how financial management practices affect performance in the context of county governments, it specifically focuses on financial management, excluding the examination of budgetary control practices. This specialization results in a conceptual gap as it overlooks the broader spectrum of budgetary control practices that might influence county governments' performance. Therefore, there is a need for further research that considers the comprehensive range of budget-related factors affecting performance in county governments, bridging this conceptual gap.

The results of Pimpong and Laryea's (2018) investigation into the influence of budget coordination on non-bank financial institutions' performance in Ghana point to an association between business performance and budget coordination. However, the context is lost due to their narrow focus on financial organizations. Cheboi (2019) investigated the effect of budget coordination on Elgeyo Marakwet County's financial performance, revealing a positive and statistically significant effect. The study found that improved budget coordination increased the availability of financial resources, ensuring funds were adequately sourced and allocated. It also enhanced the capacity of budgetary staff through better training and strategic planning, resulting in more proficient and effective financial management. These factors collectively improved the county's overall financial performance, demonstrating that effective budget coordination is essential for optimizing resource utilization and enhancing fiscal health in Elgeyo Marakwet County. However, the research's contextual gap is caused by its focus on Elgeyo Marakwet County.

Keng'ara and Makina (2021) assessed the performance of Kenya's non-commercial maritime agency in relation to budgetary processes and identified a positive association between budget evaluation and organizational performance, contributing to a contextual gap. Mbutia and Omagwa (2019) examined the impact of financial performance and how it is affected by budgetary control of selected commercial banks with their results emphasizing the significant effect of budget planning. Nonetheless, the research's geographical focus creates contextual gaps that the present research aims to address.

Mujannah, Artinah, and Safriansyah (2019) assessed the influence of performance-based budgets and the internal control system on performance accountability within the context of local governments. This study proposed nine hypotheses to explore the relationships between these variables. The study concluded that budget evaluation significantly influences performance accountability. While this finding is valuable, it is vital to note that the study was carried out in a specific geographical jurisdiction, which might have unique contextual factors affecting the relationship between these variables. Therefore, there may be a contextual gap in the generalization of these findings to different regions or countries with distinct governance structures, practices, and regulations. Further research is needed to explore how these variables interplay in diverse geographical contexts to establish a more

universal understanding of their relationships. Ojwang (2019) examined the influence of budgetary evaluation on the performance of Taita Taveta County. The research noted that budgetary evaluation affects performance. However, a contextual gap emerges when considering that this research was conducted in Taita Taveta County, which possesses unique characteristics, governance arrangements and resource constraints. These contextual factors might not be directly transferable to Kajiado county, potentially limiting the broader applicability of the study's findings. Therefore, there is a need for additional research that explores the influence of budgetary evaluation on performance in Kajiado county, bridging this contextual gap.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter covers the particular and justifications for the research approach that was used. The population has been selected, and the procedure for obtaining a sample is detailed. Additionally, the methods used to collect data are described, the discussion focuses on how to analyze the data. Other considerations of ethics are also emphasized.

#### **3.2 Research Methodology**

Research methodology are the particular methods or techniques employed to analyse information on a research area (Siedlecki, 2020). A study's planning, implementation, and analysis are all built upon research. The use of an appropriate research methodology is critical to the success and effectiveness of original research. Researchers can effectively attain their targeted goals by using the appropriate study approach (Timans, Wouters & Heilbron, 2019). Quantitative method was used in this study.

#### **3.3 Research Design**

Is the systematic and preplanned strategy to conduct qualitative and quantitative research (Abutabenjeh and Jaradat, 2018). The investigation employed a descriptive research design. This design entails analysing and observing the variables in question in their natural state, with no deliberate changes or manipulations (Siedlecki, 2020). The major goal is to acquire the subject's comprehension while having no influence on the variables. The researcher seeks to collect relevant ideas and information on the topic. Descriptive studies are not just about collecting data; they also involve analysis, classification, measurement and data interpretation. The design helps investigate the impact of budget coordination, budget planning, and budget evaluation on the financial performance.

#### **3.4 Location of the Study**

It was performed in Kajiado county. It is one of the 47 counties in the country. Kajiado county has 5 sub counties: Mashuuru, Loitoktok, Isinya, Kajiado North and Kajiado Central. It had a population of 1,117,840 as per the KNBS 2019 census. The county neighbors Narok,

Makueni, Machakos, Taita Taveta and Kiambu. The main economic activity is farming and livestock rearing.

### 3.5 Target Population

Population refers to the total number of people with same characteristics, in a certain geographical area (Adam, 2020), that a researcher intends to incorporate in a study. The study's target population consisted of 4,017 employees from Kajiado county government's four departments, as shown in Table 3.1.

**Table 3.1: Target Population**

<b>Department</b>	<b>Population</b>
Finance	1267
Human resource	1073
ICT	884
Procurement	793
<b>Total</b>	<b>4017</b>

**Source: County Government of Kajiado (2022)**

### 3.6 Sampling procedures and techniques

Sampling is the procedure of choosing a certain group to collect data for research (Gumpili and Das, 2022). To divide the population into strata, the researchers utilised stratified random sampling. The strata represented the county's four departments. To get the number of employees per department, the study employed the sample proportionate to population technique. This ensured that there is an equal representation of each subcounty for the study's analysis. Then, the study used simple random sampling to select the employees.

### 3.7 Sample Size

Yamane(1973) formula was used to calculate the sample size thus;

$$n= N/ (1+ N(e)^2)$$

Where n is the sample size, N is the study's population, and e is the margin of error, 0.05.  
 From the formula,  $n=4017/(1+4073(0.05)^2)$

and n= 363. Table 2 illustrates the sample size:-

**Table 2 : sample size**

<b>Department</b>	<b>Population</b>	<b>Sample</b>
finance	1267	114
human resource	1073	97
ICT	884	80
procurement	793	72
<b>Total</b>	<b>4017</b>	<b>363</b>

### **3.8 Construction of Research Instruments**

Data was collected using questionnaires. Semi-structured questionnaires were given to employees. The surveys were divided into five sections, which covered basic information on the respondents as well as variables of interest. Respondents were instructed on how to complete the questionnaires. The surveys collected information on budget planning, budget coordination, and budget evaluation on the county government of Kajiado's financial performance. Variable indicators were provided as statements on a Likert scale. Furthermore, the researcher advised participants that their participation in the study posed no dangers.

### **3.9 Research instruments piloting**

A pilot study was conducted in Machakos County. A random sample of 36 respondents was chosen for the pilot (Connelly ,2008). The researcher informed the pilot respondents, who were given a questionnaire to fill in, about the study's purpose and objectives. The researcher carried out an assessment of the procedures and activities in order to detect any possible problems during the pilot test. It was also noted the time taken to complete the questionnaire. In addition, the researcher noted that any concerns expressed by participants with regard to clarity of statements and legibility of questions have been addressed.

### **3.9.1 Reliability**

According to Mohajan (2017), the consistency with which the instrument considers the specific variables that need to be assessed determines its reliability. The instrument's capacity to yield results that are comparable or nearly same each time the same test is administered using it. The dependability of the tools used to collect data has been assessed using two techniques. Test-retest methodology was employed to assess the temporal consistency of responses. To guarantee consistency, a set of subjects were given the same instrument at different intervals, and their answers were compared. Conversely, internal consistency was used to evaluate how consistently the questions inside the instrument itself were worded. It looked at the degree of alignment between the questions measuring the same construct. A Cronbach's Alpha reliability coefficient of 0.7 indicates that the questions on this test are likely to consistently measure the variables that are expected. (Coolidge & Segal, 2018).

### **3.9.2 Validity**

The researcher looked into the efficiency of these instruments in capturing the concepts that were to be applied, (Taherdoost, 2016). The questionnaire did not contain any questions of relevance to these concepts. The validation of the contents was intended to ensure that instruments reflected research objectives in a correct way. All irrelevant questions identified during the pilot study have been replaced. So as to assess the dependability of instrument tests, criterion validity has been applied. During the pilot study, the researcher recorded a correlation between results obtained from various instruments given to participants. As a result, it was possible to determine whether the instruments produced consistent and reliable results. The researcher sought to refine and improve the data collection instruments in order to ensure that the intended variables were accurately measured in the main study by carrying out such a thorough evaluation of the validity.

### **3.10 Data collection methods and procedures**

Four research assistants were recruited and trained by the researcher and research objectives explained to them. A questionnaire was then administered to the sample of county employees. Objectives of the study were explained, and those who agreed to be participants

were given the questionnaires and sufficient time to complete them. Questionnaires have subsequently been compiled and checked for accuracy and completeness.

### **3.11 Data analysis**

The accuracy and consistency of the surveys were thoroughly assessed. SPSS was adopted to evaluate the data using correlation and regression analysis techniques. A descriptive analysis was done to look at these data. Every independent variable was contrasted with every dependent variable. Regression analysis was done to look at the cumulative effects of these factors. A five percent significance level was employed to assess the research variables. Results were presented through tables. A specific model for analysis was used: -

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: -

Y is financial performance;  $\beta_0$  is a constant ;  $\{\beta_i; i=1, 2, 3\}$  are the Beta coefficients;  $X_1$  is budget planning;  $X_2$  is budget coordination;  $X_3$  is budget evaluation; and  $\varepsilon$  is the error term

### **3.12 Ethical considerations**

An authorization letter from Mount Kenya University. Additionally, a permit from the National Council of Science and Technology (NACOSTI) was also sought. The collected data was for academic purposes. Participants were informed of the research's objectives, and their informed consent was sought. Respondents willingly provided the information requested from them, and the data provided by them was treated with the utmost confidentiality. The study prioritized the preservation of the integrity of the crucial data being gathered. No participant was individually identified based on the information provided in the surveys, thus safeguarding the rights and privacy of the respondents. Participants were specifically advised not to include any personally identifying details.

## CHAPTER FOUR

### RESEARCH FINDINGS/RESULTS AND DISCUSSIONS

#### 4.1 Introduction

This chapter examines statistics on the effect of budget planning, coordination, and evaluation on the financial performance of Kajiado's county government. It employs demographics, descriptive statistics, inferential statistics, and multiple regressions to assess variable significance and indicate relationships.

#### 4.2 Response rate

The study administered 363 questionnaires to respondents, hence a response rate of 91%. Sammut, Griscti and Norman (2021) state that a response rate of 60% is good, 50% is sufficient, and above 70% is excellent. Lopez (2023) notes that 50% response is sufficient. This is illustrated in Table 4.1:-

**Table 4.1 : Response rate**

Department	Sample	Responses	Response rate
Finance	114	103	90%
Human resource	97	91	94%
ICT	80	72	90%
Procurement	72	65	90%
<b>Total</b>	<b>363</b>	<b>331</b>	<b>91%</b>

**Source: Research Data (2024)**

#### 4.3 Reliability results

To ascertain how variables interrelated, the Cronbach's reliability coefficient alpha was calculated for quantitative data. Table 4.2 shows the reliability findings from the pilot study.

**Table 4.2 : Reliability results**

<b>Variable</b>	<b>Item</b>	<b>Alpha Value</b>	<b>Recommendations</b>
Budget planning	5	0.882	Reliable
Budget coordination	5	0.897	Reliable
Budget evaluation	5	0.879	Reliable
Financial performance	5	0.874	Reliable

**Source: Research Data (2024)**

Each variable Cronbach alpha coefficient was estimated. Coefficient for budget planning was 0.882, Budget coordination was 0.897 Budget evaluation was 0.897 and financial performance 0.874. Reliability values higher than 0.7 for the variables was considered adequate for the study.

#### **4.4 Validity tests**

The questionnaire validity tests were carried out in the study. Searching for professional advice from a university supervisor has resulted in the validity of this research instrument. The questionnaire has been examined, revised and accepted following appropriate advice from the supervisory authorities. Data from the questionnaire accurately answered the research questions of the study.

#### **4.5 Demographic information**

The study sought to determine the respondents' demographic information. The study considered: gender, age, education and experience.

##### **4.5.1 Respondents' gender**

The research sought to establish the gender of the respondents. Findings showed that out of 331 respondents, 213 (64%) were male and 118 (36%) were female. There were more male employees. This is illustrated in Table 4.3

**Table 4.3 : Respondents gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	213	64
Female	118	36
<b>Total</b>	<b>331</b>	<b>100</b>

**Source: Research Data (2024)**

#### **4.5.2 Respondents' age**

The study analysed the age of the respondents. Findings showed that 24(7%) were below 20 years, 178(54%) were aged 21-29 years of age, 121(37%) were aged 30-39 years and 8(2%) were aged 40-49 years. Most of the respondents were aged 21-29 years.

**Table 4.4 : Respondents age**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
Below 20 years	24	7
21 - 29 years	178	54
30 - 39 years	121	37
40 - 49 years	8	2
<b>Total</b>	<b>331</b>	<b>100</b>

**Source: Research Data (2024)**

#### **4.5.3 Respondents' education level**

The research sought to establish the respondent's level of education. Results showed that out of 331 respondents, 25(8%) had secondary level of education, 247(75%) had college education and 59(18%) had university level of education. Most of the respondents had college education, followed by those with university education. The responses of the responses could hence be relied on for credible study conclusions.

**Table 4.5 : Respondents age**

<b>Education</b>	<b>Frequency</b>	<b>Percent</b>
Secondary Education	25	8
College Education	247	75
University Education	59	18
<b>Total</b>	<b>331</b>	<b>100</b>

**Source: Research Data (2024)**

#### **4.5.4 Respondent's experience**

The study assessed the work experience of the respondents. Research showed that out of 331 respondents, 24(7%) were below 2 years, 142(43%) were between 3-5 years' experience, 136(41%) were 6-10 years and 29(9%) were above 10 years of experience. Most of the respondents had 3-5 years of experience.

**Table 4.6 : Respondents experience**

<b>Experience</b>	<b>Frequency</b>	<b>Percent</b>
Below 2 years	24	7
3-5 years	142	43
6 - 10 years	136	41
Above 10 years	29	9
<b>Total</b>	<b>331</b>	<b>100</b>

**Source: Research Data (2024)**

#### **4.6 Descriptive analysis**

This section includes descriptive statistics used by the researcher to determine the study's key findings and draw conclusions. The section provides a descriptive examination of the influence of budgetary control measures on Kajiado County Government's financial performance. The study is presented according to the research objectives, which are to determine the effect of budget planning, budget coordination, and budget review on the financial performance of the county government of Kajiado.

#### 4.6.1 Budget planning on financial performance

Results are illustrated in table 4.7:

**Table 4.7: Descriptives on budget planning and financial performance**

Statements	N	Mean	Std. Dev	SA	A	N	D	SD
Employees are involved in budget planning.	331	4.22	0.605	31	59	10	0	0
Budget goals are set at the budget planning phase.	331	4.27	0.565	33	61	6	0	0
The county sets up a budget committee.	331	4.44	0.544	46	51	3	0	0
All departments are involved in budget planning.	331	4.47	0.523	48	51	1	0	0
The county budgets for inherent risks.	331	4.37	0.565	41	54	5	0	0

**Source: Research Data (2024)**

Out of 331 responses, 31% strongly agreed that employees were involved in the budget planning process, 59% agreed and 10% were not sure (Mean=4.22; SD=0.605). Indra (2021) note that budgetary participation, the clarity of budget targets, and simultaneous delegation of authority significantly affect managerial performance. Accordingly, the clarity of targets has a positive influence on performance. Involvement of employees in budget planning is the operational backbone of government, deriving their legitimacy from the citizens they serve (Keng'ara & Makina, 2021). Consequently, the trust vested in government administrators by the citizens must be balanced with effective performance to ensure that services are improved and efficiently reach the community. Thirty-three percent of the respondents strongly agreed that budget goals were set at the budget planning phase, 61% agreed and 6% were not sure (Mean=4.27; SD=0.565). Forty-six percent strongly agreed that the county sets up a budget committee at the beginning of the budget process, 51% agreed and 3% were not sure (Mean=4.44; SD=0.544). Additionally, 48% strongly agreed that all departments were involved in the budget planning process, 51% agreed and 1% were not sure (Mean=4.47; SD=0.523). Indeed, Wanyonyi and Theuri (2021) highlight that budgeting is a critical necessity for businesses and organizations globally. While the public sector has established a legal framework for financial operations, County Governments persistently encounter challenges, including stalled projects, budget shortfalls, and postponed payments to suppliers. Moreover, 41% strongly agreed that the county budgets for inherent risks in budget cycle, 54 % agreed and 5% were not sure (Mean=4.37;

SD=0.565). Results indicate high mean and moderate standard deviation from the employees. According to Majani et al. (2022), government budgeting procedures are consistently extensive and complex, offering a comprehensive framework detailing past performance and future plans for the current fiscal year.

The study sought from the respondents' ways in which budget plans affect financial performance in Kajiado county. They noted that budget plans dictate resource allocation in critical sectors like healthcare, education, infrastructure and agriculture in the county. It was indicated that effective budgeting optimizes financial performance by ensuring resources are utilized efficiently. Moreover, well-structured budgets enhanced revenue generation through strategic taxation policies and other income streams, reducing dependency on external funding sources. Additionally, prudent debt management practices outlined in budget plans helped minimize debt servicing costs, preventing financial strain and positively influencing financial performance. Furthermore, budget plans established frameworks for monitoring financial activities and enforcing controls to prevent overspending or mismanagement of funds. This enhanced financial discipline, ensuring adherence to budgetary constraints and enhancing financial performance. The budget plans guided investment prioritization, enabling the county government of Kajiado to allocate resources to projects with the highest returns or significant socio-economic effects. Strategic investment allocation maximizes the benefits derived from limited resources, further contributing to improved financial performance in Kajiado County.

#### **4.6.2 Budget coordination on financial performance**

Results are illustrated in Table 4.8:

**Table 4.8: Descriptives on budget coordination and financial performance**

Statements	N	Mean	Std. Dev	SA	A	N	D	SD
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The county prepares budget performance reports.	331	4.23	0.525	28	67	5	0	0
The county ascertains budgets productivity.	331	4.32	0.562	37	58	5	0	0
Weaknesses in budgeting process are identified.	331	4.14	0.580	24	65	11	0	0
Teamwork is fostered in budgeting process.	331	4.28	0.526	32	64	4	0	0
There is extensive consultation in budgeting.	331	4.38	0.567	42	53	4	0	0

**Source: Research Data (2024)**

Out of 331 responses, 28% strongly agreed that the county prepares budget performance reports on a regular basis, 67% agreed and 5% were not sure (Mean=4.23; SD=0.525). Indeed, budgets are essential instruments for financial management because they offer direction and control over the operations of big, diversified entities (Habineza & Cortez, 2023). However, 37% strongly agreed that the county ascertains departmental budgets productivity levels, 58% agreed and 5% were not sure (Mean=4.32; SD=0.562). Twenty-four percent strongly agreed that weaknesses in budgeting process were identified by the county, 65% agreed and 11% were not sure (Mean=4.14; SD=0.580). Additionally, 32% strongly agreed that teamwork was fostered in budgeting process, 64% agreed 4% were not sure (Mean=4.28; SD=0.526). According to Neltje et al. (2021), budgeting plays a crucial role in shaping the performance of organisations. Given that most firms aspire to enhance their performance, they establish various systems and structures to ensure profitable growth (Mbuthia & Omagwa, 2019). Budgets offer information for management to assess the organisation’s performance and make informed decisions regarding the allocation of financial resources to different aspects of the organization (Pimpong & Laryea, 2018). Moreover, 42% strongly agreed there was extensive consultation amongst departments in the budgeting process, 53% agreed and 4% were not sure (Mean=4.38; SD=0.567). Results indicate high mean and moderate standard deviation from the employees.

The study sought to know from the respondents how the county ensured budget coordination in its budget cycle. Respondents noted that the county government of Kajiado had established a clear framework for budget formulation involving various stakeholders. This allowed for the identification of priorities, needs and resource allocation strategies that aligned with the county's development objectives. Kajiado County implemented robust budget monitoring and evaluation mechanisms to track expenditures and performance against set targets. Regular reviews and assessments enable timely adjustments to the budget

addressed emerging needs or challenges, ensuring effective coordination throughout the budget cycle. Furthermore, Kajiado County emphasized communication and transparency in budget processes, engaging with the public through consultations, town hall meetings and dissemination of budgetary information. This promoted accountability and participation, enhancing coordination by soliciting feedback and input from citizens regarding budget priorities and allocations. Additionally, the county used technology to streamline budget coordination processes. Kajiado County had established oversight mechanisms, such as budget committees or audit bodies, to review and ensure compliance with budgetary regulations and procedures. These structures provided an additional layer of coordination and accountability, contributing to the effective management of resources throughout the budget cycle.

#### 4.6.3 Budget evaluation on financial performance

Results are illustrated in Table 4.9:

**Table 4.9: Descriptives on budget evaluation on financial performance**

Statements	N	Mean	Std. Deviation	Std.				
				SA	A	N	D	SD
The county regularly evaluates budgets.	331	4.31	0.535	34	62	4	0	0
The county promptly records revenue targets.	331	4.28	0.547	33	62	5	0	0
The county publishes budget variance reports.	331	4.42	0.518	43	56	1	0	0
The county identifies new sources of incomes.	331	4.44	0.566	48	49	4	0	0
The county monitors recurrent costs.	331	4.36	0.562	40	56	4	0	0

**Source: Research Data (2024)**

Out of 331 responses, 34% strongly agreed that the county regularly evaluates budgets in each financial year, 62% agreed and 4% were not sure (Mean=4.31; SD=0.535). Performance accountability in county governments involves the allocation and execution of budgets to carry out essential tasks aimed at achieving performance indicators (Ojwang, 2019). The attainment of these performance targets can be tracked and realized through evaluation (Ahmed & Nganga, 2019). To effectively implement performance-based budgeting, it requires close monitoring, control, assignment of responsibility and ensuring accountability in the activities of government agencies (Kemunto & Cheluget, 2022). Lulaj

et al. (2022) notes that an internal control system plays a crucial role in overseeing the conduct of governance and ensuring that financial management is transparent and responsible. Over 33% strongly agreed that the county promptly records revenue targets achieved, 62% agreed and 5% were not sure (Mean=4.28; SD=0.547). Forty-three percent strongly agreed that the county publishes variance reports of actuals versus budgets, 56% agreed and 1 % were not sure (Mean=4.42; SD=0.518). Additionally, 48% strongly agreed that the county identifies new sources of incomes to support the budget, 49% agreed and 4% were not sure (Mean=4.44; SD=0.566). Moreover, 40% strongly agreed that the county had put in place measures to cut recurrent costs, 56% agreed and 4% were not sure (Mean=4.36; SD=0.562). Results indicate high mean and moderate standard deviation from the employees.

The study inquired the effectiveness of the cost cutting measures instituted by the county government of Kajiado. It was noted that the cost cutting measures were highly effective in county budgeting process. The county government of Kajiado implemented cost-cutting measures to reduce government expenditure, including personnel, administrative and procurement costs. These measures were aimed at preserving essential services and promoting fiscal sustainability. However, they also had to consider the effect on service quality, accessibility and coverage. The sustainability of these measures was crucial, as temporary reductions might not yield lasting benefits if systemic issues remained unaddressed. To ensure long-term effectiveness, sustainable cost-cutting measures should be integrated into broader financial management strategies and supported by institutional reforms. Feedback from stakeholders, including citizens, government employees and oversight bodies helped identify areas for improvement and refine cost-cutting strategies. Regular monitoring, evaluation and stakeholder engagement were essential for assessing effectiveness and refining strategies.

#### **4.6.4 Financial performance of the county government of Kajiado**

The study examined the effect of budgetary control measures on financial performance of the county government of Kajiado. Respondents were asked five questions regarding the objective. Likert scale was used to present responses. Results are illustrated in Table 4.10:

**Table 4.10: Descriptives on financial performance**

Statements	N	Mean	Std. Dev.	SA	A	N	D	SD
The county development expenditure increased.	331	4.23	0.525	28	67	5	0	0
The county has complied with regulatory policies	331	4.32	0.562	37	58	5	0	0
Own source revenue targets have been met.	331	4.33	0.520	35	62	2	0	0
The county's assets have increased.	331	4.28	0.526	32	64	4	0	0
The county has cut its recurrent expenditure.	331	4.40	0.548	43	54	3	0	0

**Source: Research Data (2024)**

Out of 331 responses, 28% strongly agreed that the county development expenditure had increased, 67% agreed and 5% were not sure (Mean=4.23; SD=0.525). However, 37% strongly agreed that the county had complied with regulatory policies, 58% agreed and 5% were not sure (Mean=4.32; SD=0.562). Thirty five percent strongly agreed that own source revenue targets had been met, 62% agreed and 2% were not sure (Mean=4.33; SD=0.520). Additionally, 32% strongly agreed that the county's assets had increased, 64% agreed and 4% were not sure (Mean=4.28; SD=0.526). Moreover, 43% strongly agreed that the county had cut its recurrent expenditure to total budget ratio, 54% agreed and 3% were not sure (Mean=4.40; SD=0.548). Results indicate high mean and moderate standard deviation from the employees.

**4.7 Inferential analysis**

The study conducted correlation analysis. These showed the association between the study variables.

**4.7.1 Correlation analysis**

Results illustrated in Table 4.11

**Table 4.11 : Correlation analysis**

		Financial performance
Financial performance	r	1
	p (2-tailed)	
	N	331

Budget planning	r	.718**
	p (2-tailed)	0.000
	N	331
Budget coordination	r	.905**
	p (2-tailed)	0.000
	N	331
Budget evaluation	r	.824**
	p (2-tailed)	0.000
	N	331

\*\* . Correlation is significant at the 0.01 level (2-tailed).

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**Source: Research Data (2024)**

The research findings highlight correlations between budgetary control measures on financial performance. The significance of these correlations is determined by p-values. Results showed that budget planning strongly and positively and correlated with financial performance ( $r=0.718$ ,  $p=0.000$ ). Budget coordination strongly and positively correlated with financial performance ( $r=0.905$ ,  $p=0.000$ ). It was established that budget evaluation strongly and positively correlated with financial performance ( $r=0.824$ ,  $p=0.000$ ).

**4.7.2 Linear regression model**

In order to find out how Independent Variables affect the dependent variable; a regression analysis has been performed. Table 4.12 gives an overview of the linear regression model.

**Table 4.12 : Model summary**

R	R Square	Adjusted R Square	Durbin-Watson
.964 <sup>a</sup>	0.929	0.928	1.453

a. Predictors: (Constant), budget evaluation, budget planning, budget coordination

b. Dependent Variable: financial performance

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**Source: Research Data (2024)**

The results show that r square is 0.929, which equals 92.9%. At a 95% confidence level, this suggests that the county government of Kajiado's financial performance will vary by 92.9% due to changes in budget planning, budget coordination, and budget evaluation. Other factors account for only 7.1% of the changes in Kajiado County Government's financial performance. The correlation coefficient (R) showed a strong positive association between the variables, with a correlation coefficient of 0.964.

**Table 4.13 : ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	17.072	3	5.691	1423.099	.000 <sup>b</sup>
Residual	1.308	327	0.004		
Total	18.379	330			

a. Dependent Variable: financial performance

b. Predictors: (Constant), budget evaluation, budget planning, budget coordination

**Source: Research Data (2024)**

Results indicate that there is a relationship of the variables, through a significance level of 0.000. In addition, the calculated F value was greater than the critical value of 1423.099. 2.605). It is therefore reliable that the model used in this study is valid. Consequently, the results are considered sufficient to arrive at a definitive conclusion and provide substantiated recommendations.

**Table 4.14: Coefficients**

	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	VIF
(Constant)	-0.015		-0.217	0.828	
budget planning	0.168	0.170	8.768	0.000	1.726

budget coordination	0.494	0.565	26.425	0.000	2.100
budget evaluation	0.340	0.358	17.698	0.000	1.884

a. Dependent Variable: financial performance

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**Source: Research Data (2024)**

Table 4.12 shows the model equation to be:

$$Y = -0.015 + 0.168 X_1 + 0.494 X_2 + 0.340 X_3 + \varepsilon$$

Assuming that the values of budget planning, budget coordination and budget evaluation remain fixed at zero, performance would remain consistently at -0.015.

Findings reveal that budget planning positively and significantly influence financial performance of the county government of Kajiado ( $\beta = 0.168$ ,  $p = 0.000$ ). A unit increase in budget planning leads to 0.168 unit increase in financial performance of the county government of Kajiado. This aligns with findings of Chepkorir, Langat and Rugut (2021) assessed the association between performance and financial planning in Kericho county. The authors suggested setting realistic planning of revenues, alignment of expected expenditures with anticipated income and provision of training for staff involved in budget planning. Budgeting is a critical necessity for businesses and organizations globally. While the public sector has established a legal framework for financial operations, County Governments persistently encounter challenges, including stalled projects, budget shortfalls, and postponed payments to suppliers.

An evaluation of budget participation's impact on organizational performance was conducted by Indra (2021). Findings showed that concurrent transfer of authority, budgetary involvement and the clarity of budget targets all had a substantial impact on managerial performance. It was noted that budget participation significantly and favorably affected managerial performance. The clarity of targets was observed to have a positive but insignificant influence on managerial performance. Delegation of authority was found to have no effect on managerial performance. Local government organizations serve as the

operational backbone of government, deriving their legitimacy from the community they serve. Consequently, the trust vested in government administrators by the community must be balanced with effective performance to ensure that services are improved and efficiently reach the community.

Public financial management is a major driver of economic development by ensuring transparent and effective revenue generation, execution and reliable planning of budget decisions. In Kenya, however, the implementation of public financial management has encountered significant problems since the inception of devolved units, despite the presence of legislative frameworks and robust institutional aimed at enhancing efficiency and effectiveness. Thus, Mwambere and Kosimbei (2022) assessed how government performance was affected by financial management. Findings revealed the establishment of a working capital management system within the County government. Taita Taveta county was found to forecast future cash flows to guide corrective actions, ensure smooth operations by guaranteeing sufficient revenue flow and maintain optimal cash balances. Ultimately, Taita Taveta government had effectively addressed the issue of liquidity regulation using the implementation of reliable systems as concluded by the study.

A budget stands as a fundamental and potent instrument in management, serving to plan and regulate the allocation of limited financial resources toward achieving organizational objectives. While much of the existing research on budgeting has concentrated on the hurdles encountered during budget preparation and utilization within the public sector, Mutuma, Ileri and Lyria (2016) assessed the challenges associated with budget implementation. There was a significant link between budget planning and performance. Challenges in budget implementation was associated with institutional constraints.

It was noted that budget coordination positively and significantly influences financial performance of the county government of Kajiado ( $\beta = 0.494$ ,  $p = 0.000$ ). A unit increase in budget coordination leads to 0.494 unit increase in financial performance of the county government of Kajiado. Indeed, Qu and Qian (2020) quantified both quantitative and qualitative indicators of coordination of budgets in public entities. This laid the foundation for an all-encompassing indicator system designed specifically for assessing the

effectiveness of rural tourism in alleviating poverty. The study revealed a positive link between budget coordination and performance.

Naji, Hashim and Mohammed (2024) highlighted the pivotal role of effective budget coordination in enhancing the budgetary process within institutions and organizations. They emphasized the potential advantages of such strategies, including heightened transparency, improved resource management, better alignment between financial and non-financial objectives, and enhanced collaboration across different sectors. The study put forth recommendations aimed at facilitating the successful implementation of these strategies. These recommendations encompassed the establishment of participatory and consultative processes, enhanced monitoring and evaluation mechanisms, bolstered training and development initiatives for staff, and the implementation of effective risk management practices. The overarching goal of this study was to continually refine the budgetary procedure and bolster the operational and financial performance of enterprises.

Budgets are essential instruments for financial management because they offer direction and control over the operations of big, diversified entities. Governments, where budgeting originated, are not the only public institutions that use these techniques. A study by Cheruiyot, Namusonge, and Sakwa (2018) evaluated how Kenyan county governments performed in relation to public financial management techniques. The study revealed that several counties in Kenya used development plans to manage their budgeting processes. However, the effective implementation of these plans, which was characterized by inadequate budget coordination, relies heavily on timely disbursement and allocation of resources.

An important factor in determining how well a corporation performs is its budget. Since most businesses want to perform better, they set up different structures and processes to guarantee successful expansion. In this sense, budgets are useful instruments that provide management with data to evaluate the firm's performance and make well-informed choices about the distribution of financial resources across the various divisions within the company.

Results indicate that budget evaluation positively and significantly influence financial performance of the county government of Kajiado ( $\beta = 0.340$ ,  $p = 0.000$ ). A unit increase in budget evaluation leads to 0.340 unit increase in financial performance of the county government of Kajiado. This agrees with findings of Ojwang (2019) , who examined how financial evaluation affects the performance of the Taita Taveta county administration and indicated that budget significantly affects performance. Indeed, participative budgeting, budgetary monitoring and resource allocation, play significant roles in influencing performance.

Performance accountability in local government involves the allocation and execution of budgets to carry out essential tasks aimed at achieving performance indicators. The attainment of these performance targets can be tracked and realized through the implementation of performance-based budgeting. However, to effectively implement performance-based budgeting, it requires close monitoring, control, assignment of responsibility, and ensuring accountability in the activities of government agencies. An internal control system performs a crucial role in overseeing the conduct of governance and ensuring that financial management is responsible and transparent.

Governmental decision-making and action often lack the efficiency and clear direction commonly observed in commercial institutions. Unlike the straightforward line-oriented chains of command prevalent in many businesses, governments typically operate within complex administrative structures. This complexity is further compounded in post-conflict and developing settings, where a lack of knowledge and required competencies at various standards impedes the selection and implementation of effective solutions. Additionally, there is often a lack of political will to overhaul outdated systems, processes, and structures or to introduce innovative ways of operating. Consequently, challenges such as cumbersome processes, institutional inertia, incompetence, resistance to change, inadequate resources, bureaucratic hurdles, and deficient communication channels hinder the effectiveness of financial management systems.

Mwangi and Ngugi (2020) examined the determinants effecting the efficacy of public projects in Mombasa County, Kenya. Their inquiry centered on various facets including financial management strategies, stakeholder engagement, planning procedures,

competency within project teams, and the processes of evaluation and monitoring. Results highlighted significant associations among planning, monitoring evaluation, project team competence, financial management practices, stakeholder involvement and financial performance. Conclusively, the research determined that project performance was notably shaped by factors such as planning, financial management practices, evaluation and monitoring processes, the competency of project teams, and the level of stakeholder engagement. To improve project performance, the study recommended hiring competent project managers with appropriate qualifications in project management to enhance management and planning processes. Additionally, it advocated for further research into other factors affecting project performance within Mombasa County and across Kenya. The study's findings were deemed valuable for government policymakers, project managers, consultants, and external stakeholders involved in public projects.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter gives a summary on the effect of budgetary control measures on financial performance of the county government of Kajiado. Conclusions of the study are explained. Additionally, the recommendations from the study's findings are explained.

#### **5.2 Summary of the result findings**

This section is presented in line with the objectives of the study. That is , to examine the budget planning, budget coordination and budget evaluation on financial performance of the county government of Kajiado.

### **5.2.1 Influence of budget planning on organizational performance**

The study's first objective was to assess the effect of budget planning on financial performance of the county government of Kajiado. Employees were involved in the budget planning process; budget goals were set at the budget planning phase and the county sets up a budget committee at the beginning of the budget process. All departments were involved in the budget planning process and the county budgeted for inherent risks in budget cycle.

### **5.2.2 Influence of budget coordination on organizational performance**

The study's second objective was to evaluate the effect of budget coordination on financial performance of the county government of Kajiado. It was agreed that the county prepared budget performance reports on a regular basis and the county ascertained departmental budgets productivity levels. Weaknesses in budgeting process were identified by the county and teamwork was fostered in budgeting process. There was extensive consultation amongst departments in the budgeting process.

### **5.2.3 Influence of budget evaluation on organizational performance**

The study's third objective was to determine the effect of budget evaluation on financial performance of the county government of Kajiado. The county regularly evaluated budgets in each financial year and the county promptly records revenue targets achieved. The county publishes variance reports of actuals versus budgets and the county identifies new sources of incomes to support the budget. The county had put in place measures to cut recurrent costs.

## **5.3 Conclusions**

Kajiado County employs a collaborative approach to budget planning, involving employees and various departments from the outset. This inclusivity ensures that diverse perspectives are considered, enhancing the comprehensiveness and relevance of budget goals set during the planning phase. Additionally, the establishment of a budget committee at the outset of the budget process signifies a commitment to structured oversight and coordination, facilitating effective implementation and monitoring throughout the cycle. Furthermore, the proactive approach of budgeting for inherent risks within the budget cycle demonstrates a recognition of the dynamic nature of financial management.

Kajiado County has implemented robust practices to monitor and evaluate budget performance regularly. This commitment to transparency and accountability is commendable, as it allows for timely adjustments and informed decision-making to improve fiscal management. Moreover, the county's efforts to ascertain departmental budget productivity levels reflect a commitment to optimizing resource utilization and efficiency. Furthermore, the identification of weaknesses in the budgeting process indicates a proactive approach to continuous improvement. Additionally, fostering teamwork and extensive consultation among departments in the budgeting process is crucial for ensuring alignment with strategic objectives and promoting ownership and accountability among stakeholders. This collaborative approach facilitates the identification of diverse perspectives and the integration of departmental priorities, ultimately leading to more comprehensive and well-informed budget decisions.

Kajiado County demonstrates a commitment to proactive budget evaluation and revenue monitoring. The county maintains financial transparency and accountability, allowing for timely adjustments and informed decision-making. The publication of variance reports comparing actuals versus budgets further emphasizes the county's dedication to fiscal oversight and performance assessment. This practice enables stakeholders to understand discrepancies and identify areas for improvement, enhancing financial management effectiveness. Moreover, the county's proactive approach to identifying new sources of income to support the budget demonstrates adaptability and innovation in revenue generation. Through the diversification of income streams, the county reduces reliance on traditional sources and strengthens financial resilience. Furthermore, the implementation of measures to cut recurrent costs underscores the county's commitment to fiscal sustainability.

#### **5.4 Recommendations for practice**

While employees are currently involved in the budget planning process, efforts should be made to further enhance their engagement. This can include providing training and capacity-building opportunities to ensure that employees have a clear understanding of the budgeting process and their roles within it. Additionally, creating avenues for regular feedback and communication can help foster a culture of transparency and collaboration. While budget goals are set during the planning phase, clear and well-defined goals can provide a roadmap

for budgetary decisions and help measure the effectiveness of budgetary allocations. The establishment of a budget committee at the beginning of the budget process is commendable. However, efforts should be made to ensure that the committee is adequately resourced and empowered to fulfill its oversight role effectively. This may include providing training on budgetary best practices and ensuring representation from key stakeholders across departments. While all departments are involved in the budget planning process, there may be opportunities to further enhance collaboration and coordination across departments. Encouraging regular communication and information-sharing can help identify synergies and potential areas for cost savings or efficiency improvements. While the county currently budgets for inherent risks in the budget cycle, it's essential to continuously evaluate and mitigate these risks throughout the budgeting process.

To maximize their utility, it's recommended to enhance the dissemination and utilization of these reports. Implementing regular review meetings involving relevant stakeholders to analyze the reports can facilitate informed decision-making and timely adjustments to budget allocations based on performance trends. While the county assesses departmental budget productivity levels, there's a need to refine the methodology to ensure accuracy and relevance. Consider adopting key performance indicators tailored to each department's objectives and aligning them with budgetary allocations. This will provide clearer insights into the effectiveness of budget utilization and identify areas for improvement or reallocation to enhance overall productivity. The identification of weaknesses in the budgeting process presents an opportunity for improvement. It's recommended to establish a structured mechanism for systematically addressing these weaknesses. This may involve conducting regular post-implementation reviews, soliciting feedback from stakeholders, and implementing corrective actions to enhance process efficiency and effectiveness continually. The county government of Kajiado should consider implementing cross-functional budgeting teams comprising representatives from various departments. Encourage open communication, shared decision-making, and joint problem-solving to leverage diverse perspectives and foster a culture of collective responsibility towards budgetary goals. The county could consider formalizing communication channels and establishing clear guidelines for information sharing and decision-making. Additionally, provide training on

effective collaboration and negotiation techniques to facilitate constructive dialogue and consensus-building among departments.

The county government of Kajiado should implement a comprehensive review process that not only assesses expenditure performance but also evaluates the effect of budget allocations on the county's strategic objectives and service delivery outcomes. This will provide valuable insights for future budget planning and resource allocation decisions. The county should enhance the dissemination of revenue performance information through regular updates and transparent communication channels. This will provide stakeholders with a clear understanding of the county's financial position and enable informed decision-making regarding budget priorities and resource allocation. The county should ensure that these reports are utilized as management tools for decision-making. The county government of Kajiado should conduct regular reviews of variance reports to identify trends, anomalies, and areas for improvement. Use these insights to adjust budgetary allocations, reallocate resources, or implement corrective actions as needed to improve financial performance. The county should conduct a comprehensive assessment of potential revenue-generating opportunities, including exploring public-private partnerships, leveraging county assets, and seeking grants or funding from external sources. The county government should conduct measures that align with the county's strategic priorities and have the potential for long-term sustainability. It's important that the county government of Kajiado continuously reviews and refines cost cutting mechanisms to ensure their effectiveness and sustainability.

### **5.5 Recommendations for further research**

The study was limited to financial performance of the county government of Kajiado. Future studies could focus on other county governments in Kenya. In the same vein, other studies could do a comparative study on various county governments in Kenya. This could enhance study findings. The study focused on the variables : budget planning, budget coordination and budget evaluation . Other studies could investigate the effect of other budgetary control measures on financial performance. The methodology employed in this study involved the use of questionnaire only in data collection. Future studies should involve mixed methods, that is qualitative and quantitative techniques, allowing for a detailed analysis.

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### **Appendix I: Letter of introduction**

My name is Ishimwe Verra Noella, a master's student at Mount Kenya University. As part of my course, I am doing research with on '*effect of budgetary control measures on financial performance of the county government of Kajiado.*' The study will be important to the county government of Kajiado as it would inform policy on budgetary control and financial performance. Consequently, the county will be able to provide services better to the people. You are kindly requested to fill out this questionnaire appropriately. Information given will be treated with confidentiality.

Thank you

Yours Faithfully

Ishimwe Verra Noella.

**Appendix II: Informed Consent Form**



**Informed Consent Form**

My name is Ishimwe Verra Noella. I am a Master of Business Administration in Finance student. I am conducting a research study titled “**EFFECT OF BUDGETARY CONTROL MEASURES ON THE FINANCIAL PERFORMANCE OF THE COUNTY**”

**GOVERNMENT OF KAJIADO**". This research will be used to examine the effect of budgetary control measures on the financial performance of the county government of Kajiado. This study shall review both the theoretical framework and empirical literature to comprehensively analyze the effect of budgetary control measures on the financial performance.

### **Procedures to be followed**

Participation in this study will require that I present to you quantitative questionnaires in order to determine your expertise in Budgetary control measures. I will record the information on a Likert scale for analysis.

### **Voluntarism**

You have the right to refuse to participate in this study. Please keep in mind that your participation in this study is entirely voluntary. You may ask questions about the study at any time. You may refuse to respond to any questions and you may stop the interview at any time. You may also stop being in the study at any time without any consequences now or in the future.

### **Discomforts**

If some of the questions are too personal, embarrassing or make you to feel uncomfortable, you may choose to refuse or ignore them. You may also stop the interview at any time.

### **Confidentiality**

The interviews will be conducted in a private setting within your offices or a place you are most comfortable. Your name will not be recorded on the questionnaire. The questionnaires will be kept in a locked cabinet for safe keeping at Mount Kenya University. Everything will be kept private and only shared with the research study team.

### **Contact Information**

If you have any questions about the study, call my Supervisor the Post Graduate Coordinator, Nairobi Campus, Dr. Isaac Mokono Abuga on telephone number +254 720 062505.

### Participant's Statement

The above information regarding my participation in the study is clear to me. The study has been explained to me and I have been given a chance to ask questions and my questions have been answered to my satisfaction. My participation in this study is entirely voluntary. I understand that my records will be kept private and that I can leave the study at any time.

Name: \_\_\_\_\_ -

Designation: - \_\_\_\_\_

Signature: - \_\_\_\_\_ Date: - \_\_\_\_\_

### Investigator's Statement

I, the undersigned, have explained to the participant in a language s/he understands, the procedures, and the reasons for this study.

Name of Interviewer: - **Ishimwe Verra Noella**

Signature: - 

Date: - **9<sup>th</sup> Mars 2024**

### Appendix III: Questionnaire

Respondents are required to provide information on the effect of budgetary control measures on financial performance of the county government of Kajiado. You are requested to tick and respond, as appropriate.

#### Section A: Background Information

1. Indicate gender.

- i. Male ()

ii. Female ()

2. What is your age?

- i. Below 20 years ()
- ii. 21 years and 29 years ()
- iii. 30 years and 39 years ()
- iv. 40 years and 49 years ()
- v. 50 years and 60 years ()

3. What is your educational Level?

- i. Secondary Education ()
- ii. College Education ()
- iii. University Education ()

4. How long have you worked with the county?

- i. Below 2 years ()
- ii. 3 years and 5 years ()
- iii. 6 years and 10 years ()
- iv. Above 10 years ()

**Section B: budget planning on financial performance**

In this section, and the subsequent sections, use the below scale and tick (√) appropriately.

Scale: 5=strongly agree ,4= agree, 3=not sure, 2=disagree and 1=strongly disagree

Statement	5	4	3	2	1
Employees are involved in the budget planning process.					
Budget goals are set at the budget planning phase.					

The county sets up a budget committee at the beginning of the budget process.					
All departments are involved in the budget planning process					
The county budgets for inherent risks in budget cycle.					

In what ways do budget plans affect financial performance of the county?

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**Section C: budget coordination on financial performance**

Statement	5	4	3	2	1
The county prepares budget performance reports on a regular basis.					
The county ascertains departmental budgets productivity levels.					

Weaknesses in budgeting process are identified by th county.					
Teamwork is fostered in budgeting process.					
There is extensive consultation amongst departments in the budgeting process.					

How does the county ensure budget coordination in its budget cycle?

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**Section D: budget evaluation on financial performance**

<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
The county regularly evaluates budgets in each financial year.					

The county promptly records revenue targets achieved.					
The county publishes variance reports of actuals versus budgets.					
The county identifies new sources of incomes to support the budget.					
The county has put in place measures to cut recurrent costs.					

What is the effectiveness of the cost cutting measures instituted by the county government of Kajiado?

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**Section E: financial performance of the county government of Kajiado**

<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
The county development expenditure has increased.					

The county has complied with regulatory policies.					
Own source revenue targets have been met.					
The county's assets have increased.					
The county has cut its recurrent expenditure to total budget ratio.					



**Appendix VI: Proposal approval letter**

# Mount Kenya University



REF: MKU/ISERC/3531  
TO: ISHIMWE VERRA NOELLA

Date: 14 March 2024

REG: MBA/2021/40405

Dear Sir/Madam,

**RE: EFFECT OF BUDGETARY CONTROL MEASURES ON FINANCIAL PERFORMANCE OF THE COUNTY GOVERNMENT OF KAJIADO**

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2575**. The approval period is **14/03/2024 - 13/03/2025**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,

The Chairman  
Mount Kenya University  
Ethics Review Committee  
P.O. Box 342-01000, Thika

**Dr. Alfred Owino, PhD**  
Chairman, Mount Kenya University ISERC

# Mount Kenya University



## DIRECTORATE OF GRADUATE STUDIES

MBA/2021/40405

20<sup>th</sup> March, 2024

National Commission for Science Technology & Innovation (NACOSTI)  
Off Waiyaki Way, Upper Kabete,  
P.O Box 30623- 00100  
NAIROBI, KENYA

Dear Sir/Madam,

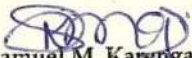
**RE: ISHIMWE VERRA NOELLA - REGISTRATION NO. MBA/2021/40405**

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is **"Effect of Budgetary Control Measures on Financial Performance of the County Government of Kajiado"** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **March 2024, and May 2024**.

Any assistance accorded to the student will be highly appreciated.

Thank you.

  
Dr. Samuel M. Karuga, Ph.D  
Director, Graduate Studies  
Enc.

Mount Kenya University  
P. O. Box 342 - 01000, THIKA  
Office of the Director  
Graduate Studies

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.  
Tel: 020-2878 000, Cell: +254 709 153 000  
Email: info@mku.ac.ke, Web: www.mku.ac.ke  
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Unlocking Infinite Possibilities

Appendix VI: Research licence (NACOSTI)



REPUBLIC OF KENYA



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 725707

Date of Issue: 17/April/2024

RESEARCH LICENSE



This is to Certify that Ms. Ishimwe verra Noella of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kajiado on the topic: EFFECT OF BUDGETARY CONTROL MEASURES ON FINANCIAL PERFORMANCE OF THE COUNTY GOVERNMENT OF KAJIADO for the period ending : 17/April/2025.

License No: NACOSTI/P/24/34276

725707

Applicant Identification Number

Walter Mwangi

Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

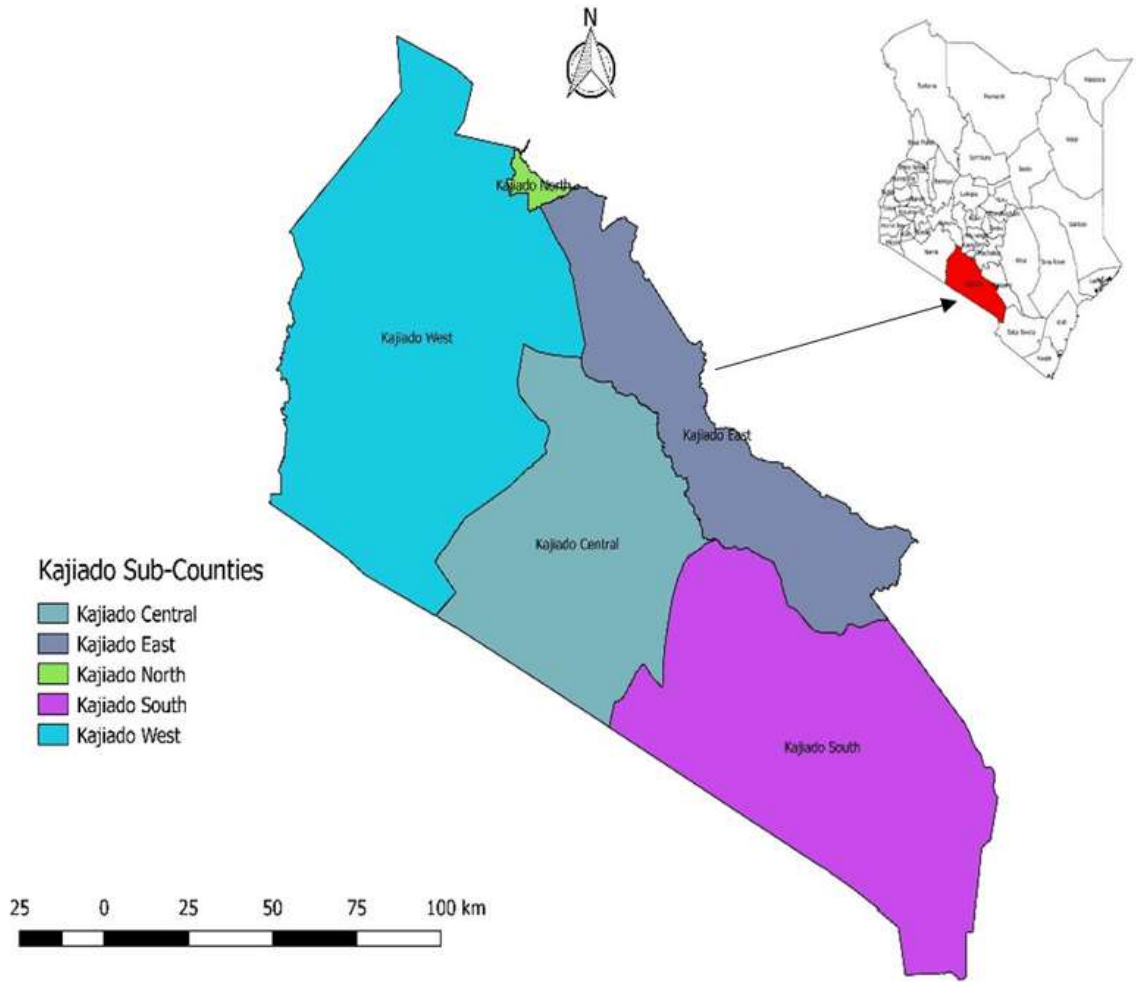
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See overleaf for conditions

Appendix VII: Map of Kajiado County



Mount Kenya

## Appendix VIII: Turnitin report

ISHIMWE Verra Noella's project.docx

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