RELATIONSHIP BETWEEN BUDGETARY REFORMS AND THE PERFORMANCE OF SELECTED COUNTY GOVERNMENTS IN KENYA

Willy Kipngetich Rugutt
Lecturer, Department of Accounting and Finance
University of Kabianga, Kenya
wikirug@gmail.com

Isaac Naibe
Senior Lecturer, Department of Accounting and Finance
University of Kabianga, Kenya
naibei2008@yahoo.com

Peter Kimutai Cheruiyot
Senior Lecturer, Department of Accounting and Finance
University of Kabianga, Kenya
peterkimutaicheruiyot@yahoo.com

Abstract
Kenya has undertaken critical public financial management reforms over the recent past with the aim of ensuring prudent use of public resources for improved service delivery. The purpose of the study was to establish the relationship between budgetary reforms and the performance of selected County Governments in Kenya. The study was anchored on positivism research philosophy. Correlational research design was employed in the study with a target population of 184 treasury staff from Bomet, Kericho, Nakuru and Narok County Governments. The study used census sampling to select research participants in each of the four selected County Governments in Kenya. Data were collected using structured questionnaires. Data was analyzed using descriptive data analysis techniques as well as the inferential statistics. The
findings were presented using tables. The results of the study indicated a positive correlation between budgetary reforms and the performance of selected County Governments in Kenya \((r=0.671)\). Therefore, it was concluded that budgetary reforms had a statistically significant positive relationship with the performance of selected County Governments in Kenya. It is recommended that the National and County Governments should review the existing budgetary reforms to ensure effective compliance and full implementation.

**Keywords:** Public financial management reforms, budgetary reforms, performance, county government in Kenya

**INTRODUCTION**

According to the World Bank Report (2014), Public Financial Management (PFM) is a critical part of the development process in any country. Organization for Economic Co-operation and Development (OECD) defines PFM as encompassing all components of a country’s budget-making process; both upstream (including strategic planning, medium-term expenditure framework, annual budgeting) and downstream (including revenue management, procurement, control, accounting, reporting, monitoring and evaluation, audit and oversight).

Sound PFM framework can support aggregate control, prioritization, accountability and efficiency in the management of public resources and delivery of services, which are critical to the realization of public policy objectives, including the attainment of the Sustainable Development Goals (SDGs). Conversely, deficiencies in PFM systems can lead to a dearth of fiscal discipline and macroeconomic volatility, poor allocation of public resources based on national priorities, financial improprieties and inadequate delivery of public services. To achieve effective and efficient PFM systems, majority of the countries world-wide have taken various initiatives and interventions to reform their public financial management structures as a component part of the entire fiscal reforms that countries have to implement (Eivind & Pavesic, 2009).

Globally, South East Europe countries have undertaken various budgetary reforms with a majority of them almost completing many rudimentary budgetary reform initiatives. For instance, Bulgaria, Croatia, Moldova and Slovenia have made tremendous progress in instituting budgetary reforms. Even though this is the case, many other countries in South East Europe have carried out advanced budgetary reforms but have not entirely finalized their implementation. Research indicates that most of the countries need considerable or very
substantial improvements in order to meet the benchmarks in many spheres of budgetary reforms (Eivind & Pavesic, 2009).

Based on the World Bank (2016), budgetary reforms implementation has been going on successfully in Ghana since the project was launched in the year 2016. According to the report, the first set of budgetary reforms was rolled out in 53 Government Ministries, Departments and Agencies (MDAs) and they were expected to lay down the principles of sound financial management practices. According to the report, some of the priority areas for the reforms included; enhancing budget credibility through a strong regulatory framework, strengthening public financial management systems and controls, ensuring effective accountability and strengthening financial audit and oversight role, establishing an effective budgetary reforms, and project monitoring to ensure that the project succeeds among others.

According to a review on Public Financial Management by ICPAK (2017) many countries worldwide have ratified a number of budgetary reviews which state how public resources should be used in order to improve economic growth and develop trust towards the state by the citizens and other development agents. The review noted that majority of African nations have made outstanding transformations in their budgetary reforms agenda and they include South Africa, Ghana, Ethiopia, Malawi, Botswana, Nigeria, Kenya, Uganda and Tanzania among others.

Locally in Kenya, the key budgetary reforms are clustered around various domains like strategic planning and resource mobilization, budget formulation and execution (National Treasury, 2015).

**STATEMENT OF THE PROBLEM**

In Kenya, effective operations of County Governments are fundamental for the success of devolution. This primarily depends on effective budgetary reforms. With regards to this, the National Government has rolled out various budgetary reforms with the expectation that the performance of County Governments in Kenya will improve.

Despite the milestones achieved in executing the budgetary reform strategies in Kenya to date, many literature studies and reports demonstrate a lot of concern on the performance of County Governments in Kenya which is contrary to the expected outcome of the budgetary reforms’ agenda. Specifically, the Controller of Budgets published the County Governments Budget Implementation Review Report (2018), which documented the various challenges that affected budget implementation in the County Governments during the reporting period. It is against this background that this study sought to establish the relationship between budgetary reforms and the performance of selected County Governments in Kenya.
LITERATURE REVIEW

Budgetary reforms

Central to the entire discipline of public finance is the concept of budgeting. According to the Chartered Institute of Management Accountants (CIMA), a budget is defined as “a quantitative statement for a defined period of time, which may include planned revenues, assets, liabilities and cash flows. According to this study, a budget is defined as a financial plan that outlines the estimated revenues and expenditure of an organization during a particular financial period so as to attain the predetermined strategic activities. According to Blumentritt (2006), budgeting is the allocation of resources to a particular project while Horngren et al. (2004) describes a budget as the quantitative statement of a proposed plan for a particular period and helps in coordinating the implementation process.

According to English, the word “budget” originates from the French word “bougette” which means a leather bag which travelers in medieval times hung on the saddle of their horses. The treasurer’s “bougette” was the predecessor to the small leather case from which Finance Ministries even today in countries like America, Kenya, Great Britain and Holland present their yearly financial plan for the State. So, after being used to describe the word wallet and then state finances, the meaning of the word “budget” in 19th century slowly shifted to the financial plan itself, initially, only for governments and then later for private and legal entities. It was only then that budgets started to be considered as financial plans and not just as money bags. Budgets are used as tools for financial planning and controlling the operations of the organizations. The budgeting process is a step by step process involving a lot of activities, procedures and policies to be followed in allocating the resources to some planned activities.

According to IMF Working Paper (2017), more than 15 years ago, many countries in sub-Saharan Africa region embarked on a program of budgetary reforms, an important component of which was a Medium-Term Budget Framework (MTBF). The focus of the study was on the performance of these frameworks in six countries namely; Kenya, Namibia, South Africa, Tanzania, Uganda and Zambia. The aim was to examine the effects of MTBFs in achieving enhanced fiscal discipline, resource allocation and certainty of funding; as well as broader economic and social measures such as poverty reduction and more efficient public investment opportunities. The report confirms that in most countries, early accomplishments were not sustained and budgetary outcomes did not improve, partly for technical reasons, such as poor statistics and inadequate forecasting methods of Medium-Term Budget Framework. The paper maintains that the development of MTBFs typically falls into four diverse phases. To make the transition from one phase to the next, developing countries should concentrate on
building their competences in macro-fiscal forecasting and analysis, besides improving the integrity of the annual budget process. (Allen, 2017)

Kudryashova (2016) carried out a study to analyze the reforms of budgetary institutions in Russian Federation. The author noted that the delay of the budgetary reforms was caused by the financial crisis of 2008 which adversely influenced the implementation of budgetary institutions’ initiatives.

According to the IMF Working Paper (2009), the development of sound budgetary institutions in countries such as France, the U.K. and the U.S. has taken a very long time—200 years or more and is still evolving. The paper concludes that institutional reform in developing countries is also expected to be very slow since the budget is especially prone to rent-seeking influences.

The Austrian Federal budget reform makes extensive changes to the content and processes of the Austrian federal budget. These changes were expected to result in greater transparency with respect to the financial position of the Federal Government. The budget reform was implemented in two stages; the first stage as on 1 January 2009 and the second stage as on 1 January 2013 (Vienna, 2015).

Egbide, Omoleyinwa and Imoleayo (2016) undertook a study to investigate the influence of budget reforms, specifically; the Medium-Term Expenditure Framework (MTEF) and the Fiscal Responsibility Act (FRA) on related reforms and poverty reduction in Nigeria. The findings of the study revealed that indirect associations existed between budget reforms and poverty reduction. Historical time series data was collected representing 7 years before and 7 years after the adoption of MTEF and 5 years before and 5 years after the enactment of FRA. Utilizing the pre-test/post-test design of a Paired sample t-test, the results revealed that Poverty Index (POI) in Nigeria reduced after the introduction of both MTEF and FRA. However, while the reduction of poverty after the introduction of MTEF was statistically significant, the reduction after the enactment of FRA was not significant. The authors recommended the enforcement of stricter adherence to budgetary and other public finance management reforms in order to generate greater impact on the economy.

Some of the objectives of the budgetary reforms include the following; first, a budget is a tool for planning the organizational objectives to be accomplished during a particular timeframe. It acts as the roadmap which helps the institutions to realize their vision and mission. It is expected that a budget is a tool that can be used to achieve the aggregate fiscal discipline and good strategic allocation of resources for enhanced service delivery and realization of sustainable economic growth and development. However, to provide a good sense of direction a budget requires proper implementation by those entrusted to enforce it and also requires
political goodwill. Second, a budget, apart from being considered as an instrument to achieve macro-economic objectives; it is also a documentation of government policies and priorities to be implemented so as to attain the predetermined strategic goals and more so to achieve operational efficiency in the use of public resources. Third, cash is the lifeblood of any organization; whether it is a private or a public entity. The financial sustainability of the organization is highly dependent on its liquidity position. Therefore, a budget is a device for predicting future organizational cash flows. It helps in the forecasting of future cash flows based on the historical data available to the entity (OECD, 2004).

Fourth, budgeting is also a very important tool for managerial decision making relating to how much, when and which areas the scarce resources should be allocated. It should be combined with capacity constraint analysis to determine where resources should really be allocated. Lastly, if a public organization is faced with a number of competing alternatives, each based on different scenarios, to estimate the financial outcomes of each strategic direction, then budgeting can act as a very important tool to achieve the best results. Lastly, budgetary control can be used as a means to facilitate control of costs and operations within the institution. Control can be realized by setting predetermined objectives at the beginning of the period, and comparing with the actual results at the end of the period so as to identify any variances in order to take remedial measures to rectify the situation (OECD, 2004).

Budgetary reforms are the process of making changes to how the government collects, spends money and the overall framework of budget and budget process also applies in public sector. The PFM cycle starts with the planning process and the planning function is coordinated by the planning units at the County Governments. The PFM Act (2012) clearly stipulates that the County planning process ought to be aligned to national priorities. The entire planning and budget cycle cover a five-year period although the implementation is on yearly basis. There are two major budgetary reforms that have been undertaken in Kenya under the latest PFM reforms strategy (2013-2018); namely: performance-based budgeting and participatory budgeting.

Performance-based budgeting is a budgeting technique whereby resources are allocated based on program areas and it is essentially based on the activities performed by the programs. This method of budgeting is used to align the organizational expenditure with the program objectives. The aim of the performance-based budgeting is to enhance efficiency and effectiveness of public expenditure by linking funding of public sector organizations to the results they deliver. It shows the relationship between the taxpayers’ money and the output of services provided by the governments. This type of budgeting technique could address some outcomes such as; reduction in the number of mortality rates
of a certain health program, percentage decrease in the crime rate, improvement in the school mean score, increase in the output of agricultural produce etc. Performance based budgeting requires effective strategic planning regarding agency mission, goals and objectives. This process requires quantifiable data that provides meaningful information about program outcomes.

The emphasis on measuring and managing the results has renewed the interest in results-oriented budgeting process. In addition, the recent global financial and economic crisis has emphasized even more the potential role of performance-oriented budgeting practices. This poses relevant challenges to governments in order to improve budgeting systems and redefine budget formats, roles, features and types of information about costs, inputs, outputs, and outcomes becomes essential but their use and usefulness are challenging and controversial issues (Peters, 2011).

According to Qi and Mensah (2012), performance-based budgeting is intended to improve the performance of the organization in providing services and products to its citizens more efficiently and effectively by focusing on the outcomes expected relative to the amount of money that is spent, and then comparing the actual outcome with the expected outcome. Furthermore, the implementation of the Performance Based Budgeting in the public sector especially in the organization is strongly influenced by the policies of a political nature.

Marc and Jim (2005) states that performance-based budgeting is a procedure or mechanism to strengthen the linkages between the funds provided to the agency by government institutions with the outcome (impact) and or output, through budget allocations based on ‘formal’ information about performance. Furthermore, performance-based budgeting aims at improving the efficiency of the allocation and productivity of government spending.

According to Demeulenaere, Corv and Bouckaert (2013), the performance-based budgeting must be accompanied by a broader performance management system, which consists of three steps, namely measurement, incorporation, and use of performance information. This involves a logical sequence of data collection, integration of the data into the management system, and finally uses the resulting information. Performance measurement is the collection of data related to performance systematically, while the incorporation is the addition of data to the documents and procedures with the ultimate goal of influencing organizational discourse, culture, and memory. Performance-based information is used to design policy, to decide, for the allocation of data sources, competence and accountability, control, evaluation and assessment of behavior and results, and to the substance of the reporting and accountability mechanisms.
Participatory budgeting is a technique whereby the public sector organizations design their financial plans based on the priorities provided by the various stakeholders through public participation. The stakeholders are asked to give their inputs towards the budget making process and thereafter the budgets are made to ensure that their inputs are incorporated in the final budget, ready for approval by the relevant authorities.

**EMPIRICAL REVIEW**

Budget implementation as a tool for public expenditure policy is very critical because it is normally affected by the way in which public expenditure is managed. Budget execution is a continuous process carried out throughout the financial period. The way in which revenue and expenditure are grouped for decision making is the most important aspect of budgeting. Several studies have been carried out on various aspects of budgeting.

World Bank Report (2008), globally, Spanish governments commenced the reform of the budgetary process during the first half of the 1980s with the implementation of program budgeting. However, internal budgetary practices did not alter greatly. The architecture of the whole didn’t change significantly. The Ministry of Economy and Finance remained to be the agency in charge of controlling public expenditure, setting taxes, managing borrowings and setting overall economic and fiscal policy. This main central budget player did not pursue a policy of broad managerial reforms or modify the system to make it more managerial or business like. However, Spain has been a success in terms of budget stability as shown by strong fiscal discipline, the attainment of budget surpluses and the realization of debt reduction levels. It should be noted that that Spain boast of its decentralized system of government with a high proportion of public expenditure in the hand of the regional and local governments. The Spanish governments, including both the Socialist and the Popular Parties, progressively managed to scale down the deficit until the year 2005, when they achieved the first of a series of consecutive budget surpluses maintained over the past three years. So, budget stability was achieved, annual budget outcomes greatly enhanced, budget documentation partially changed, but Spain did not transform the budget decision-making process. World Bank Report (2008), notes the set budgets require progressive consultations for properly made decisions and inclusion of the necessary budget items.

Ndakengerwa and Nyamita (2015) carried out a study to determine the national budget system and its relationship with public financial management within ministries in Rwanda. The findings of the study revealed that the national budget system and effects public sector financial management of selected ministries are significantly correlated. The study was carried out in Rwanda which is governed by the parliamentary system whereas the present study was carried
out in Kenya which is under the devolved system of governance hence disparity in resource allocations.

Tat-Kei (2018) empirically examined the implications of performance-based budget at the sub departmental program level suing case study. The study found out that performance measurement application is positively related to intradepartmental program budget changes. Hence, performance-based budgeting (PBB) can improve local budgeting despite severe political constraints. Based on the findings, the study recommended that review of the analytical focus of PBB both in future and in practice. It is not clear whether budget reforms in Kenya have any influence on the performance of County Governments. This empirical study seeks to establish the relationship between PFMR strategy and the performance of selected County Governments.

Makamanzi and Anockstage (2016) focused on a study to analyze the impact of budgeting and budgetary control on performance of Great Zimbabwe University. The outcome of the study indicates that there is inflexible budget structure, lack of lower level participation in budget process, poor supervision from management and ineffective implementation of budgets. The researcher recommends that the organization should adopt a flexibility budget structure, allow participation of low-level managers in the budget making processes and ensure effective implementation of budgets. The study concentrated on the institution of higher learning in which the operations and management of resources may differ from that of County Governments as focused in the present study.

Kaboyakgosi (2011) underscores the need to make Botswana’s budget process more transparent. He insisted that transparent or open budgets both facilitate and support timely, relevant public access to budget information, enhancing citizen participation in the budgetary process. He further argued that transparent budgets also strengthen the role and independence of oversight institutions such as Parliament and Supreme Audit Institution (SAI) or the Office of the Auditor General in order to engender budgetary accountability.

Tunji (2013) focused on the impact of budgeting and budgetary control on the performance of manufacturing company in Nigeria. The outcome of the study revealed that budgeting is a valuable instrument that guides organizations to gauge whether their goals and objectives are actualized. In view of the changing environment in which firms now operate, it can be resolved that a budget, which is a continuous management activity, should adaptable to changes in the dynamic corporate setting. The study does not however link budgeting to performance. The current study seeks to establish the relationship between PFMR strategy and performance of selected County Governments.
RESEARCH METHODOLOGY
The study utilized positivist philosophical approach to guide the study. The study adopted correlation research design to establish the relationship between public financial management reforms strategy and performance of selected County Governments. The study was carried out in four selected County Governments in Kenya, namely: Bomet, Kericho, Nakuru, and Narok.

The target population of the study consisted of all the 184 treasury staff of all the four County Governments in Kenya which were selected using stratified sampling technique. Specifically, the study targeted chief executive committee members of finance and economic planning, chief officers, directors, heads of departments and technical officers.

The study employed census sampling technique in selecting the respondents to the study. In the study, questionnaire was the main instrument for collecting primary data. The study employed content validity in determining the validity of the questionnaire. The pilot study was undertaken in Nandi County using a sample of 36 respondents from relevant departments. The results of the pilot was as shown in Table 1.

| Table 1 Pilot testing and rating of Cronbach’s Alpha scores |
|-----------------|-----------------|-----------------|-----------------|
| Variable       | Respondents | Cronbach’s Alpha | Interpretation |
| Budgetary reforms | 36          | 0.909            | Excellent       |

Note: significance level at 95% (2-tailed), N=36.

Corbin (2014) indicated that Cronbach’s value of 0.7 and above is reliable and which include excellent, good and acceptable scores are indicators of good data collection instrument. The instrument was therefore confirmed to be reliable enough to collect the desired data.

The study was expected to generate qualitative data with regards to demographic characteristics of the population such as distribution of the respondents by age, education and experience. This was analyzed using descriptive data analysis techniques such as frequency distribution tables, mean, and mode. In quantitative analysis, data was statistically analyzed so that the meaning was inferred. Quantitative data was analyzed using inferential statistics such as correlation analysis, regression analysis and ANOVA test analysis.

RESULTS AND DISCUSSIONS
Descriptive statistics
The respondents were asked to indicate the level of their agreements with the various indicators of budgetary reforms and the results were presented in descriptive statistics as shown in Table
2. The findings indicated that 34.5 percent of the respondents strongly agree there is alignment of budgets with County Integrated Development Plans (CIDP) in the County with a mean of 3.5205 and a standard deviation of 1.43625. It was revealed that 33.3 percent of the respondent strongly agreed that County formulates realistic/credible budgets with a mean of 3.4561 and standard deviation 1.49985. The results indicate that there is harmony between county executive and county assembly in budget preparation and approval as 36.8 percent of the respondents strongly agreed with a mean of 3.6667 and standard deviation 1.41421. However, the findings revealed that there is delay in disbursement of funds from the National Treasury as agreed by 38.0 percent of the respondents with a mean of 3.5965 and standard deviation 1.37018.

The results of the study show that the County makes budget reviews of the previous financial year allocations as strongly agreed by 38.1 percent of the respondents with a mean of 38.1 and standard deviation of 3.5439. The findings of the study further indicated the alignment of budgets with County Integrated Development Plans (CIDP) has affected the performance of County Governments with 36.3 percent of the respondents agreeing representing a mean of 3.5322 and standard deviation of 1.35597. The findings of the study were in agreement that formulation of realistic/credible budgets affects the performance of County Governments as strongly agreed by 35.7 percent of respondents representing a mean 3.5497 and a standard deviation 1.43965.

The harmony between county executive and county assembly was shown to affect the budget implementation in the county as 32.7 percent of the respondents strongly agreed with a mean of 3.4561 and a standard deviation of 3.4561. The delay in disbursement of funds from the National Treasury affected budget implementation in the County as agreed by 35.1% of the respondents representing a mean of 3.5731 and standard deviation of 1.40134.

The findings of the study also found out that 35.0 percent of the respondents agree that budget reviews of the previous financial year allocations affected the performance of County Governments with a mean of 3.5789 and a standard deviation of 1.37559. The respondents were further asked to indicate the overall effect of budgetary reforms on performance of County Governments and 29.8 percent strongly agreed that the budgetary reforms affect the performance of County Governments representing a mean 3.5088 and a standard deviation of 1.37357.
Table 2 Descriptive Statistics on Budgetary Reforms and Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentages</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is alignment of budgets with County Integrated Development Plans</td>
<td>34.5 28.1  8.7 15.0 13.7</td>
<td>3.5205</td>
<td>1.43625</td>
</tr>
<tr>
<td>(CIDP) in the County</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County formulates realistic/credible budgets</td>
<td>33.9 27.0 11.7 9.1 18.1</td>
<td>3.4561</td>
<td>1.49985</td>
</tr>
<tr>
<td>There is harmony between county executive and county assembly in budget</td>
<td>36.8 34.0  7.6 11.0 10.6</td>
<td>3.6667</td>
<td>1.41421</td>
</tr>
<tr>
<td>preparation and approval</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is delay in disbursement of funds from the national treasury</td>
<td>29.8 38.0  7.6 12.1 12.5</td>
<td>3.5965</td>
<td>1.37018</td>
</tr>
<tr>
<td>The County makes budget reviews of the previous financial year allocations</td>
<td>28.7 38.1  8.7 9.1 15.5</td>
<td>3.5439</td>
<td>1.36429</td>
</tr>
<tr>
<td>Alignment of budgets with County Integrated Development Plans (CIDP)</td>
<td>27.5 36.3 11.7 11.1 13.5</td>
<td>3.5322</td>
<td>1.35597</td>
</tr>
<tr>
<td>has affected the performance of County</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formulation of realistic/credible budgets affects the performance of</td>
<td>35.7 24.0 12.9 14.0 13.5</td>
<td>3.5497</td>
<td>1.43965</td>
</tr>
<tr>
<td>County Governments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The harmony between county executive and county assembly has affected the</td>
<td>32.7 31.0 10.5 12.8 13.0</td>
<td>3.4561</td>
<td>1.33817</td>
</tr>
<tr>
<td>budget implementation in the county</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The delay in disbursement of funds from the National Treasury affects</td>
<td>30.4 35.1  9.9 11.1 13.5</td>
<td>3.5731</td>
<td>1.40134</td>
</tr>
<tr>
<td>budget implementation in the County</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget reviews of the previous financial year allocations have affected</td>
<td>30.0 35.0 10.4 11.0 13.6</td>
<td>3.5789</td>
<td>1.37559</td>
</tr>
<tr>
<td>the performance of County Governments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The budgetary reforms have a positive relationship with the performance</td>
<td>29.8 29.2 16.4 11.0 13.6</td>
<td>3.5088</td>
<td>1.37357</td>
</tr>
<tr>
<td>of County</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Correlations Analysis

The results showed a positive correlation between budgetary reforms and the performance of selected County Governments in Kenya, r (171) =0.671, p-value <0.05. Table 3 shows the summary of correlation results. The first objective was to establish the relationship between the legal framework reforms and the performance of County.

Table 1 Correlation Results

<table>
<thead>
<tr>
<th>The budgeting reforms affect</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The performance of county government</td>
<td>1</td>
<td>.000</td>
</tr>
</tbody>
</table>

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

Regression Results

Table 4 shows summary results of regression analysis for the five independent variables of the study. The co-efficient of determination, R² for the budgetary reforms was 0.450 meaning that 45.0 % of performance of selected County Governments in Kenya can be explained by budgetary reforms with 55 % being described by other reforms outside the variable. The findings disagree with hypothesis H₀₁ that the budgetary reforms have no significant relationship with the performance of selected County Governments in Kenya.

Table 2 Model Summary on Independent Variables and Dependent Variable

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error of the Estimate</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Budgetary reforms</td>
<td>.671ᵃ</td>
<td>.450</td>
<td>.446</td>
<td>1.04151</td>
<td>.000</td>
</tr>
</tbody>
</table>

N=171

Predictors: (Independent variables)

Analysis of Variance (ANOVA)

Table 5 indicates the summary results for the analysis of variance (ANOVA). The objective was to establish the relationship between budgetary reforms and performance of selected County Governments in Kenya. The outcome indicated a significant relationship (1, 171) F =138.129, p<0.05).
Table 3 Analysis of Variance (ANOVA)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgetary reforms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regression</td>
<td>149.835</td>
<td>1</td>
<td>149.835</td>
<td>138.129</td>
<td>.0000</td>
</tr>
<tr>
<td>Residual</td>
<td>183.323</td>
<td>169</td>
<td>1.085</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent variable: Performance of County Governments  
b. Predictors: (Constant), Independent variables

The model for the budgetary reforms gave ANOVA regression sum squares of 149.835 and residual sum square of 183.323. The mean square for regression is 149.835 and a residual mean of 1.085. The results indicated that the overall model was statistically significant. The results further imply that the independent variables are good predictors of the dependent variable which was supported by an $F$-statistics value of 138.129 with a $p$– value of 0.000 which was less than the conventional probability of 0.05 significance level.

SUMMARY OF THE FINDINGS

The objective that guided the study was to analyze the relationship between budgetary reforms and the performance of selected County Governments in Kenya. The study hypothesized that budgetary reforms have no significant relationship with the performance of selected County Governments in Kenya. However, the results of the study revealed a strong positive correlation between budgetary reforms and the performance of County Governments hence statically significant, with 67.1% of budgetary reforms dictating the performance leaving 32.9% by other variables outside the budgetary reforms.

CONCLUSION AND RECOMMENDATIONS

In relation to the objective, the study found out a statistically significant relationship between budgetary reforms and the performance of County Governments. The study therefore concludes that alignment of budgets with CIDP, the harmony between County Executive and County Assembly in budget preparation process, and budget reviews critically affected the performance of selected County Governments in Kenya. However, it was noted that delay in disbursement of funds from the National Treasury tremendously hampered budget implementation process.

It is recommended that County Governments should align their budgets to their strategic priorities in order to enhance their performance, the national government should expedite the disbursement of sharable revenue to the county governments in order to facilitate budget
implementation and there should be a strict adherence to the laid down regulations in allocation of resources so as to achieve the intended outcomes.

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