

Ksh. 3000

**INFLUENCE OF CORPORATE GOVERNANCE ON BUDGET  
UTILIZATION OF COUNTY GOVERNMENT IN KENYA; THE CASE OF  
ISIOLO COUNTY GOVERNMENT**

**ABDULLAHI MUHAMUD HALAKE**

**C153/OL/CTY/26547/2015**

**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF  
HUMANITIES AND SOCIAL SCIENCES IN PARTIAL FULFILMENT OF  
THE REQUIREMENTS FOR THE AWARD OF MASTER OF ARTS IN  
PUBLIC POLICY AND ADMINISTRATION  
DEGREE OF KENYATTA UNIVERSITY**

**DECEMBER, 2018**

**KENYATTA UNIVERSITY LIBRARY**

## DECLARATION

This project is my original work and has not been presented for the award of a degree in this or any other University

Signature.....

Date.....10/12/2018.....

Abdullahi Muhamud

C153/OL/CTY/26547/2015

### Supervisor

This project has been submitted with my approval as University supervisor

Signature.....

Date.....11/02/19.....

Prof. David Minja

Department of Public policy and Administration

School of humanities and Social Sciences, Kenyatta University

## ABSTRACT

Budgeting is about making plans for the future, implementing those plans and monitoring activities to see whether they conform to the plan. The annual amount of funds not utilized by Kenyan Government Counties returned to treasury has been a cause of concern to all stakeholders in the public management field. Budgeting is an important element in any organizational set up, it clarifies organization competitive priorities, advantages and strategies for the future. Budget is a vital expenditure and planning tool for any institution. The budget line utilizations provide a lead on the target and expected output's evaluation. Effective application of budgeting methodologies and execution of the same has been attributed to bear positive impact on the listed budget lines. The purpose of the study was to examine the influence of corporate governance on budget utilization of county government in Kenya. The case study was Isiolo County government. The study was guided by the following objectives: To determine the influence of organizational policies on budget utilization, to determine the influence of accountability, to find out the influence of stakeholder support and to establish the influence of politics on budget utilization of county government in Kenya; a case of Isiolo county government. The study was guided by the following theories: Agency theory, Commitment-Trust theory and Stakeholder theory. This study adopted a descriptive research design. The researcher used a sample size of 50 from target population of 100 to obtain data and information on the research objectives. Data were collected through questionnaire. Open and closed ended questionnaires were used for the members as tools for data collection. The data collected were analyzed mainly by use of descriptive statistics and the SPSS software. From the findings, the results indicated that value of R was 0.712, the value of R square was 0.507 and the value of the adjusted R square was 0.468. From the findings 71.2% of change in budget utilization attributed to the four independent variables in the study (organizational policies, managerial accountability and stakeholders support. The study recommended that County government of Isiolo should critically examine the structures and systems of serving customers to address and accommodate governance changes that have come forth with the new constitution to ensure customer responsiveness and progressive approaches.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>ABSTRACT</b> .....	<b>iii</b>
<b>TABLE OF CONTENTS</b> .....	<b>iv</b>
<b>LIST OF TABLES</b> .....	<b>vii</b>
<b>LIST OF FIGURES</b> .....	<b>viii</b>
<b>ABBREVIATION AND ACRONYMS</b> .....	<b>ix</b>
<b>DEFINITION OF OPERATIONAL TERMS</b> .....	<b>x</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study.....	1
1.2 Problem statement.....	4
1.3 Specific Objectives .....	5
1.4 Research Questions.....	6
1.5 Assumptions of the study .....	6
1.6 Justification and Significance of the Study .....	6
1.7 Scope and Limitations of the Study .....	6
<b>CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK</b> .....	<b>8</b>
2.1 Introduction .....	8
2.2 Review of Related Literature.....	8
2.2.1 Organizational Policies and Budget Utilization .....	8
2.2.2 Managerial Accountability on Budget Utilization .....	10
2.2.3 Stakeholder Support on Budget Utilization .....	14
2.2.4 Politics on Budget Utilization .....	16
2.3 Theoretical Framework .....	18
2.3.1 Agency theory .....	18
2.3.2 Commitment-Trust Theory .....	18
2.3.3 Stakeholder Theory.....	20
2.4 Conceptual Framework .....	22

<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>23</b>
3.1 Introduction .....	23
3.2 Research Design .....	23
3.3 Target Population.....	23
3.4 Sample Design and Sample Size .....	24
3.5 Research Instruments and Data Collection Procedures .....	24
3.6 Reliability and Validity .....	24
3.7 Methods of Data Analysis .....	25
3.8 Logistical and Ethical Considerations.....	26
<b>CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS.....</b>	<b>27</b>
4.1 Introduction .....	27
4.2 Response Rate.....	27
4.3 Demographic data of the respondents .....	28
4.3.1 Gender.....	28
4.3.2 Age of the respondents .....	28
4.3.2 Respondent level of education .....	29
4.3.4 Period worked with the county government of Isiolo .....	30
4.4 Organization Policies .....	30
4.5 Managerial Accountability .....	33
4.6 Stakeholder Support.....	36
4.8 Regression Analysis.....	38
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>41</b>
5.1 Introduction .....	41
5.2 Summary .....	41
5.3 Conclusion.....	43
5.4 Recommendations.....	43

5.5 Suggestions for further studies .....	44
<b>REFERENCES.....</b>	<b>45</b>
<b>APPENDIX I: INTRODUCTION LETTER.....</b>	<b>49</b>
<b>APPENDIX II: QUESTIONNAIRE FOR THE RESPONDENTS .....</b>	<b>50</b>
<b>APPENDIX III: APPROVAL OF RESEARCH PROPOSAL .....</b>	<b>55</b>
<b>APPENDIX IV: KENYATTA UNIVERSITY RESEARCH AUTHORIZATION LETTER.....</b>	<b>56</b>
<b>APPENDIX V: NACOSTI RESEARCH AUTHORIZATION LETTER.....</b>	<b>57</b>
<b>APPENDIX VI: NACOSTI RESEARCH PERMIT .....</b>	<b>58</b>

## LIST OF TABLES

Table 3.1 Target Population.....	23
Table 4.1 Distribution and return rates of respondents .....	27
Table 4.2 Gender distribution .....	28
Table 4.3 Distribution of the respondent by education level.....	29
Table 4.4 Response on organization policies.....	31
Table 4.5 Response of managerial accountability.....	34
Table 4.6 Response on Stakeholders support .....	36
Table 4.7 Model summary .....	38
Table 4.8 ANOVA Statistics .....	39
Table 4.9 Regression Coefficients .....	39

## LIST OF FIGURES

Figure 2.1 Conceptual Framework.....	22
Figure 4.1 Distribution of the age of the respondent.....	29
Figure 4.2 Distribution of respondents by period they have worked with the County Government Isiolo.....	30
Figure 4.3 Degree of satisfaction with current organization policies .....	33
Figure 4.4 Degree of satisfaction with current managerial accountability.....	35
Figure 4.5 Degree of satisfaction with current stakeholders support.....	37

## **ABBREVIATION AND ACRONYMS**

IEA:	International Energy Agency
MCA:	Members of County Assembly
SPSS:	Statistical Package for the Social Sciences

## DEFINITION OF OPERATIONAL TERMS

**Corporate Governance:** This refers to the system by which corporations are directed and controlled.

**Managerial Accountability:** Explanations for any variance in the actual performance from the expectations set. The top level management is most accountable and if abuse can result to poor results and it's required for on the budget utilization.

**Organization Policies:** Policies of an organization which do not only affect the governance and its efficiency but also the morale and job satisfaction of the board governance on the budget utilization.

**Politics:** Political influence on the budget utilization initiated by county government. Politics in the County government plays a role in deciding what is to be done with the money actually available since most of the available resources are committed by approval of County assembly.

**Stakeholders Support:** The support that stakeholder which is required to offer to the county projects a better coordination of the activities of in the department in accordance with certain policies and in achievement of defined objectives of the budget utilization.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Corporate Governance refers to the system by which corporations are directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the organization and specifies the rules and procedures for making decisions in organization affairs (Donalson, 2011). Governance provides the structure through which organizations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. Governance is a mechanism for monitoring the actions, policies and decisions of the organizations (Gomper, 2013). Governance involves the alignment of interests among the stakeholders.

In America, the concept of corporate governance influencing the budget utilization began to be used and spoken about more commonly in the 1980s (Parker, 2010) but it originated in the Nineteenth Century when incorporation was being advocated for as a way of limiting liability perceives creation of the registered company to be the real starting point for any discussion on corporate governance. The issues associated with corporate governance have assumed multifarious dimensions with wide implications, especially for profit-oriented business organizations. There has been growing interest in corporate governance in recent times that it has become an issue of global significance.

In most corporate organizations, conflict of interest is a pervasive phenomenon which characterizes relationships between and among the various stakeholders (Duke & Kankpang, 2011). Conflict exists at many levels and in varying degrees of intensity. For instance, it is commonly observed between the majority and minority shareholders, and between the internal organizational controllers and some of the external stakeholders.

To achieve the goal, European organizations develop strategies which could be short term or long term. Normally the strategic plans for Japanese organizations cover a period of three to five years. A strategic plan needs to include a financial plan or the budgets that will be needed to achieve the plans. The strategic plans are further broken to annual plans and hence annual budgets. The annual plans details all the activities that will be undertaken during the year. In county government set up, annual plans besides being broken into activities, the activities are grouped to make a project. Therefore various projects make up the annual plan of county government. The success of county government can therefore be measured by the extent to which it implements its projects (Lucey, 2013).

Suberu (2010) observed that for any organization to perform creditably, budget and budgeting should facilitate effective utilization of available funds, improve decision making, provide a bench mark to measure and control performance, increase general communication and analysis within the organization and establish understanding between managers about goals and objectives. According to The Modiel (2011) on a strategic level, budgeting clarifies organization competitive priorities, advantages and strategies for the future. It is also a technique for setting the institution priorities by allocating scarce resources to those activities that officials deem to be the most important and rationing it to those areas deemed less vital

In Nigeria, the budgeting process is an integral part of both planning and control. Budgeting is about making plans for the future, implementing those plans and monitoring activities to see whether they conform to the plan (Suberu, 2010). To do this successfully requires top management support, cooperative and motivated middle managers and staff, and well organized reporting systems.

Thomas (2010) conducted a study in India government and noted that too often budgets are associated with negative, penny-pinching control activities whereas the full process is much broader and more positive than that. The budgeting process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets. An organization must ensure that all its segments works towards a common goal (Zimmerman, 2003). Since the

performance of the various segments will be interrelated in many ways, each segment manager must know not only his/her own role but also how it interacts with the rest of the organization. Otherwise, inefficiency and ineffectiveness will develop in the allocation and utilization of resources (Weetman, 2006).

In South Africa, budgeting process in public organizations creates an opportunity for subordinates to become involved in planning and performance measurement, process that is traditionally perceived to the role of top management. Usually the senior and the experienced staff of the organization are involved in developing the budget. They should be in a position to take responsibility for financial aspects of the organization or a project. This helps the government to define a quantitative statement for a defined period of time which may include planned revenue, assets, liabilities and cash flows (Schick, 2008).

A report by the World Bank (2008) Uganda public sector emphasis on good budgeting process that incorporates a long-term perspective, establishes linkages to organizational goals, focuses budget decision on results and outcomes and promotes effective communication with stakeholders. Budgeting is strategic in nature and not a matter of balancing revenues and expenditure every year. The annual budget is often subdivided by months or quarters. The budgeted amounts for a year are frequently revised as the year unfolds.

In Kenya, a budget is a very important tool for management especially with new development of county governments. It serves as a tool for planning and controlling the use of scarce financial resources with the aim of achieving organizational goals. According to Onyango (2013), Kenyan budgets often establish performance goals for the unit in terms of costs, revenues, and/or production. Other benefits of budget include providing managers with realistic performance targets, coordinate the various segments hence achieving goal congruence, serves as a communication tool for managers to exchange ideas and it is a motivator to all staff. The budgeting process helps in quantifying expression of a proposed plan of action by county administrator and governors for a future time period and is an aid to the coordination and implementation of the plan.

Budget utilization, project output, demographic pressures reduction and overall emerging developmental agenda successes pose as indicators of performance by particular counties. Proper elected leadership and institutional structuring provides ample endeavour into continuity in service delivery. The Kenyan budget system is annual with a period of 1st July of one year to 31st June of the other year. In this case, the National Government does the Ministerial Expenditure Review as the Auditor General conducts overall National Government and County Government expenditures for ineligibles and accountabilities.

Budget utilization in Kenya has never had systematic progress as bureaucratic procedures are involved and slows the utilization with much set for utilization is refunded to the National Treasury for next period of year funding (Kagiri, 2014). This slows the growth and implementation of projects and facilitates more impropriations by governments that may need to spend without following the relevant stages set in the law. This is common with the procurement of itemized contents for project implementation in the budget. It too creates loopholes for reallocations that may not have been due to excessive utilization in one budget line than the other.

## **1.2 Problem statement**

Budget is a vital expenditure and planning tool for any institution. The budget line utilizations provide a lead on the target and expected output's evaluation. Effective application of budgeting methodologies and execution of the same has been attributed to bear positive impact on the listed budget lines. In this case, the expected performance of finance management and improvement of the development through anchoring enterprises establishments does play critical role in utilization of set resources and paying back with high margin of benefits.

The Kenyan Government has also been facing the challenges of providing increased services to the citizens while embracing stakeholder participation, organizational accountability and effectiveness as per the new constitutional and public finance acts requirement. Budgeting has succeeded in many countries including New Zealand, Australia, Singapore, Netherlands, Norway, Sweden, USA, Canada, Mauritius, Rwanda and South Africa but also failed in others like Sri Lanka and Thailand (Sach,

2008). In Canada for example, even where there is strong leadership and clear accountability, full implementation resulting in a real change in management culture requires seven to ten years (GOK, 2006).

The county governments have experienced poor corporate governance throughout the country and this is coupled with fraudulent acts and other major malpractices which has affected the county government investment. They include irregularities in accounts, non-compliance with law, nepotism, non-merit based system and exploitation of minority shareholders (Karanja and Kirimi, 2014). County governments have also had their share in corporate frauds and scandals. However the national government has taken strides to reduce such malpractices and their effects on corporate environment of County government. The national government through the ethics institutions in place are encouraging county government to be accountable, fair, transparent, and responsible and maintaining overall fairness about their organization operations in order to enhance their investment.

Rotich & Ngahu (2015) conducted a research focusing on factors influencing budget utilization Kericho county government in Kenya. The high refund of cash to the National Treasury signifies poorly managed budgets or not prioritized budget lines with less observation of the timelines thus creating room for slow economic and County Government performances and County progress. However, the current study sought to find out influence of corporate governance on budget utilization of county government in Kenya: Case of Isiolo County Government.

### **1.3 Specific Objectives**

The study was guided by the following objectives;

- i. To determine the influence of organizational policies on budget utilization of Isiolo county government.
- ii. To determine the influence of Managerial accountability on budget utilization of Isiolo county government.
- iii. To find out the influence of stakeholder support on budget utilization of Isiolo county government.

#### **1.4 Research Questions**

- i. To what extent does organizational policies influence budget utilization of Isiolo county government?
- ii. How does managerial accountability influence budget utilization of county of Isiolo county government?
- iii. To what extent does stakeholder support influence budget utilization of county of Isiolo county government?

#### **1.5 Assumptions of the study**

This study assumed that:

- i. Organizational policies influence budget utilization of Isiolo county government.
- ii. Managerial accountability influence budget utilization of county of Isiolo county government.
- iii. Stakeholder support influence budget utilization of county of Isiolo county government

#### **1.6 Justification and Significance of the Study**

It was anticipated that the study was to inform those charged with budgeting in the County Government Department of finance in the factors affecting budget utilization in Kenya. Scholar, authors and other researchers in the field will find its study as a reliable point of reference

The results of this study were very important to other public organization in Kenya that is currently in the process of transformation. This is demonstrated by addressing the gaps in corporate governance and budget utilization. The ministry of devolution might find this research useful since there are recommendations on how corporate governance can help the county government in budget utilization.

#### **1.7 Scope and Limitations of the Study**

The study focused on the effects of corporate governance on budget utilization of county government in Kenya; a case of Isiolo County government. The study targeted Isiolo county government in Isiolo County. The key limitation that was experienced is

that respondents feared to give information since they did not know why the information was required but the researcher confirmed to them that the study was purely for academic purposes. The researcher also assured the confidentiality through not writing their names.

## **CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

### **2.1 Introduction**

This chapter covers other related works by different scholars, assessed so as to give a theoretical and empirical foundation to the study. It also discusses the variables in order to give the study a more detailed understanding of how the variables influence of budget utilization.

### **2.2 Review of Related Literature**

#### **2.2.1 Organizational Policies and Budget Utilization**

Good organization is important because it facilitates administration; it makes growth and diversification possible; it stimulates independent, creative thinking and initiative through well-defined areas of work and it provides for the optimum use of technological improvements (Wehrich, 2008). Chandra (2006) states that an organization can be divided into two parts; formal and informal. Formal organization refers to the intentional structure of roles in a formally organized enterprise. The informal organization is a network of interpersonal relationships that arises when people associate with one another.

Managers could each make their own decision believing that they are working in the best interests of the organization but sometime this may not be the case.(Drury,1992) agree that budgeting compels managers to examine the relationship between their own operations and those of other department and in the process, identify and resolve conflict.

Deutschman (1990), Hardy (1992) and O'Reilly (1994) posit that the general environment currently facing public organisations is one of reduced funding where a reduction in external funding (general funding provided by the government) translates to a reduction in internal funding; funds distributed within public organisations. According to Mullins (2007) describe the structure of an organization as the pattern or relationships between roles in an organization and its different parts. They see the purpose of this structure as serving to allocate work and responsibilities in order to

direct activities and achieve the organization's goals. Therefore, structure enables managers to plan, direct, organize and control the activities of the organization. Mintzberg (2002) defines organization structure as "the sum total of the ways in which it divides its labour into distinct tasks and then achieves coordination between them.

According to Wehrich et al (2008) states that a good organization structure should be dynamic and capable of changing in accordance with the situations or conditions. Thus, while designing the organization structure, due attention should be paid to the principles of sound organization. Organization structure helps in the efficient functioning of concerns on account of the following reasons: it allocates authority and responsibility; it lays down the pattern of communication and coordination; it creates power balancing of activities; it facilitates growth of the enterprise and it is adaptable to changes. Since an organization structure is an indispensable means for the goal seeking activities, a wrong structure will seriously impair business performance and may even destroy it. It is therefore essential, that an organization structure is created after a careful and comprehensive analysis of the needs of the proposed organization.

Three kinds of analysis have been proposed by Bennett (2008). Activities analysis-the aim of activities analysis is to find out what activities are needed to accomplish the goals of the organization. While making this type of analysis, it should be determined as to what activities can be grouped together and how each activity needs to be emphasized in the organization structure; Decisions analysis-decisions analysis is required to determine the number of levels in the organization. At this stage it is determined as to what kinds of decisions will need to be made, where or at what level these decisions will have to be made and how each manager will be involved in them; Relations analysis-relation analysis is an examination of the various types of relationships that develop within the organization. These relationships are vertical, lateral and diagonal.

To enable effective decision making, budgeting and financial management systems in an organisation should be evolved and integrated to provide timely, accurate and comprehensive information for all tiers of management. To be effective, performance

measurement must be thoroughly integrated into a government's budgetary process. The introduction of performance budgeting has been linked to broader efforts to improve expenditure control as well as public sector efficiency and performance, (Ustawi, 2013).

It has been reported by many authors that public and private sector organization has high power, authority and responsibility variations. Thompson, (2011) studies indicate that Organizations in high power distance cultures also tend to maintain tight control mechanisms and implement hierarchical, bureaucratic structures. Individuals in high power distance cultures will have less freedom and autonomy to make bold decisions, since high levels of control tend to encourage conservatism within organizations. Many studies have further observed that in public and private sector organizations, the delegation of authority is varied considerably. Moddie, (2008) found that, in both private and public sectors the managers favor delegation of authority to him not so much from him to a subordinate.

### **2.2.2 Managerial Accountability on Budget Utilization**

The purpose of budgeting is to provide a forecast of revenues and expenditures, that is, construct a model of how business might perform financially if certain strategies, events and plans are carried out and enable the actual financial operation of the business to be measured against the forecast, (Srinivasan, 2000). The budget is an important instrument that every government uses to define the direction of its national policy, the cost implications of government programmes, and the possible sources of revenues during a fiscal year. The basic functions of the budget therefore entail: collection and allocation of scarce resources to priority sectors; provision of public goods and services by government; and re-distribution of incomes (Klammer, 1999).

Though the concept of the budget as an indicator of performance is relatively new in many developing countries, it is steadily gaining ground with the advent of an increasing demand for transparency and accountability in government action plans, (Flamholtz, 1983; Ramsey and Ramsey, 1985).

Though there is a universal phenomenon, this is operative more strongly in organizations because they have to work in authoritarian culture. Thus inadequate delegation starts right from the top and flows through the various levels of the organizations. Delegates love for authority has been identified as a major source for inadequate delegation in organizations. They further that there is moderate degree of delegation of authority both in private and public sector, and the degree of delegation is higher in the later. Further, in both sectors, there is high degree of technical delegation and lowest degree of financial delegation. Lotia, (2001) indicates that in business organizations, there is lack of adequate delegation authority to various managerial levels. In public sector enterprises delegation of authority is not always for the whole job.

In most of the enterprises, due to its bureaucratic or semi-governmental nature delegation is not enough to enable the manager to execute his duties with confidence and convenience. Weber used the term bureaucracy to describe an organization ordered by rules, laws, and regulations, and indicated that bureaucracies possess hierarchies with systems of super- and subordination. The management of the modern ureaucracy is based on written documents, such as standard operating procedures, which are more or less stable, exhaustive, and which can be learned (Mintzberg, 2002).

Employees contract to receive wages in exchange for submitting to rules, regulations, and supervision, which in turn help employees handle the uncertain future from day to day. However, such a system is ineffective when employees are widely dispersed and direct supervision is not possible. It is also less effective in controlling behavior variability in organizations with a high percentage of tasks with substantial complexity (Wilkins & Ouchi, 2009).

Even where there is strong leadership and clear accountability, full implementation resulting in a real change in management culture requires seven to ten years (GOK, 2006).

These findings clearly indicate that a paradigm shift from the present authoritarian style of leadership and managerial approaches to democratic and supportive style of approach to be practiced in order to develop a culture of employee cooperation and contribution at work. While looking upon the negative consequence of ineffective delegation of authority and thereby to develop a culture of high performance, following steps to be recommended for Managers. Over the past decade or more, significant developments have occurred in thinking about the participation of followers in leadership and the exercise of power in organizations. Concepts of empowerment and power sharing reflect a shift in focus from a leader-dominated view to a broader one of follower involvement in expanding power (Burke, 2009).

This development has been affected by the greater attention to groups and team effort in the workplace attributable in part to Japanese management practices which had precursors in the "human relations" approach. Accordingly, there now is a context of thinking encouraging the value of participative leadership, at least in organizational psychology. Leadership clearly depends on responsive followers in a process involving the direction and maintenance of collective activity. Central to this process are one or more leaders who are the primary actors serving vital functions, especially defining the situation and communicating it to followers. Other leadership functions are such roles as problem solver and planner, adjudicator of conflict, advocate, and external liaison. Because the leader cannot do everything alone, these functions need to be dispersed and involve sharing power and engaging others' talents through empowerment (Kanter, 2008).

Leadership is therefore a system of relationships with constraints as well as opportunities. System constraints include not only task demands but also the expectations and commitments of followers. Power is not the same as leadership, but often is seen as a feature of it (Maccoby, 2008). Power in organizations has three identifiable forms, which often exist together as a result of an individual's position in a time and place, as well as his or her personal qualities. The most familiar form is power over, which is explicit or implicit dominance. Clearly, leadership in organizations involves such power in varying degrees. But Freud (1960), for one, compared dominance unfavorably with leadership, and Cowley (1928) called such

authority-based power "headship." A leader's dependence on this kind of power has costs in undermining both relationships with followers and goal achievement (Kipnis, 2002). A second form is power to, which gives individuals the opportunity to act more freely within some realms of organizational operations, through power sharing, or what is commonly called empowerment. A third form is power from, which is the ability to resist the power of others by effectively fending off their unwanted demands. High status carries the potential for all of these power forms, while lower status participants may at best have one or two of the latter forms available to them.

Both leadership and followership can be active roles, given the reality that hierarchical organizations require both at every level. The traditional view of the follower role as mainly passive is misconstrued. Although leaders command greater attention and influence, there is more awareness now of follower influence on leaders, especially in so far as follower expectations and perceptions affect the process of leadership (Hollander, 1985, 2009; Lord & Maher, 2010). Robbins and Barnwell further argue that the environment also influences the type of structure that organizations tend to adopt. The uncertainty and complexity of the firm's environment determines the appropriateness of organizational structures. A landmark contribution comes from Burns and Stalker (2001). The latter argue that an organization should be mechanistic in a stable environment and organic when the environment is turbulent. Discussing correlations, Robbins (1990) suggests that formalization and environmental uncertainty are inversely related, environmental complexity and decentralization are positively related, and that hostility in the environment leads to centralization.

Robbins and Barnwell (2012) further suggest that in terms of the power-control view, those in power select organizational structure that will, to the maximum degree possible, maintain and enhance their control. According to them, power can be in hands of management, those who control scarce resources that are important in the organization, by holding hierarchical authority as well as having a central position in the organization. They argue that management can be but one of those with power who tend to influence structure, since they are not the only group that can have power.

Miller and Friezen (2010) show a relationship between structure and managerial variables such as entrepreneurship, leadership style, and type of variables into a high/low management preference for micro-involvement. High involvement is compatible with low complexity, high formalization and high centralization. Geeraerts (2009) finds that relationships between the sizes of organizations and their structure are modified by the status of the management of the firm.

Although the above contingencies are presented separately, it is obvious that many interrelations may exist. For example, in small businesses the organization is more likely to be structured in accordance with the owners' or managers' preferred problem-solving strategies than in large corporations (Miller and Toulouse 2009). Various authors have developed this idea and proposed configurations, or typologies of organizational structures.

### **2.2.3 Stakeholder Support on Budget Utilization**

Chikati (2009) says that involving stakeholders in a participatory analysis and decision making around community and project development issues is an important operational method. Stakeholders may have varied level of interest, involvement, and influence on the project. It is extremely important to identify all the stakeholders and manage them as they can have negative and positive influence on the project. The stakeholders can include customer, end users, sponsor, program manager, portfolio manager, project manager and the project team.

According to Makgoshi & Maliwichi (2010), implementation of government projects fails due to poor stakeholders support. The success of a government project implementation will be measured by support accorded by the stakeholders. The duty of the stakeholders is to oversee, guide and direct public sector movement in terms of human resource. The stakeholders of public organizations comprises of the community and other public organisations and the same stakeholders team with the primary responsibility of ensuring implementation of the projects. Specific stakeholders practices have been found to improve corporate performance;- three dimensional strategy comprise exploration of new horizons, selectivity and drive, making wisdom contagious by empowering independence, interaction and communication among employees, focussing on group performance rather than

individual performance, external processes which include benchmarking, systems for feedback both from suppliers and customers and continuous innovation based on internal and external evaluation.

Nicholas (2011) found that stakeholders in a project have an activity which includes managing, planning, to organize, and to coordinate the project. Success of any project implementation will be based on actions of top stakeholders. He also recommended that members, when electing office bearers, including delegates, should ensure that they elect trustworthy persons. Success and hence performance depends on the calibre of the officials that they elect. Corporate governance seeks to find appropriate mechanisms for governing relationships for constituent groups with the company so as to generate a long term value. It also seeks to reduce conflict of interests among the stakeholders by making sure that right people make the decisions. Corporate governance is to create and implement internal organisation of the company and define more closely and represent more pressing interests to which the stakeholders should respond and goals towards which they should strive. Therefore it implies that corporate power is exercised in the best interest of the society.

Samuel & Tom (2010) argue that the focus of corporate governance is on the systems by which companies are directed and controlled. Corporate governance is the process by which organisations are directed, controlled and held accountable. Corporate governance is at the heart of corporate success and it can have a significant influence on the country's development. Effective corporate governance will ensure long-term strategic objectives and plans are established and that proper stakeholders' structure is in place to achieve those objectives while at the same time making sure that the structure functions to maintain the company's integrity, reputation and accountability to its relevant constituencies. The right systems of checks and balances should be on the basis of merit or any corporate governance system.

According to Ibrahim (2012), a good governance system is one that respect and follow the due process of organizational policies and procedures. It should have checks and balances, and there must be segregation of duties. Good governance does not favor concentration of functions on one individual, it encourages cut off points where each employee respects the limits of his or her authority in the organization. As

far as organizational governance is concern, finance and administration are two separate functions, and separation must come into play, else there is no separation or segregation of duties, one person is executing or strongly influencing the functions of human resource and of administration.

#### **2.2.4 Politics on Budget Utilization**

According to Gordon et al., (2010), most of government projects are politically influenced and this influences their implementation. Expenditure items are normally county governments is divided according to department to departments and the various activities undertaken within each department. Governments have been accused of incurring expenditures in ways that bear little relationship to their ability to raise the revenues required to finance the expenditure commitment and fail to result in improved or expanded service delivery which is influenced politically. The Local Authority Transfer Fund requirements for publication of information is helping to build local accountability: national publication in the press of county allocations and allocation formula local publishing of available resources as part of the county governments process and local publishing of both the planned and actual use of resources (IEA 2013).

Bozzo (2010) noted that the process which government acquires funds to implement projects is political through informing citizens of the resources available and involving them in prioritization of expenditures, helps to build local accountability for actual resource use, since those who have participated can be expected to demand to know what actually happened to the money. Government also requires, as a condition for part of the transfer to produce abstracts of accounts for auditing. Before this was introduced, hardly any County governments were producing accounts; now, as a result of county conditions, all County government are producing abstracts of accounts and submitting them to the Controller and Auditor-General. However, it remains to be seen whether there is the capacity for these accounts to be properly audited (IEA 2011).

Budgetary control is the process by which performance is evaluated and adjusted to help ensure the realization of pre-determines targets. This process is facilitated by

monthly, quarterly or other short interval reports from each departmental head and the treasurer in not politically influenced. These reports should indicate how closely actual performance matches budgetary projections and it should evaluate deviations and their causes as a basis for developing corrective action programs. Is such efforts are to succeed; the reports must be prepared immediately after the end of the reporting period. This process is therefore depended on the prompt recording of financial transactions and the maintenance of up-to-date accounts. The treasurer in collaboration with the departmental heads is required to report and explain to the appropriate standing committee any variances (Pandey 2009).

Ramanathan (2011) did a study and found that there are factors which are beyond an elected leader's cost may increase or revenues may fall unexpectedly. Inflationary trends, abolition of a revenue source control since costs by central government, natural catastrophes, droughts and diseases are some of the factors affecting the ability of local authority to implementation its budget as planned. If a Council learns that its original budget estimates are no longer tenable, it has to revise them and come up with a supplementary budget. It is important to remember that the budget is only as good as the local manager using it. If the manager ignores the budget, then it serves no useful purpose in improving the performance of a local authority in meeting the needs of its constituents.

It was found by Basel, Williams & Klak (2011) that for government projects to succeed, there is need to have political support. They noted that government leaders identified the interference of local politicians and civic leaders as a major hindrance to projects implementation. Where government public organizations are involved in sensitive issues, such as land disputes, local leaders can threaten government public organizations with de-registration. Politicians are not aware that the board - and potentially the Council are there to protect them from such intimidation. Program evaluation or outcome assessment data is one tool that can speak to important questions of whether progress is being made on key agency objectives.

## **2.3 Theoretical Framework**

### **2.3.1 Agency theory**

The Principal-Agent (Agency) theory also supports development of budgeting. The classic agency theory concept was developed by Berle and Means in 1932. The theory explains why conflicts exist between principals (shareholders/owners) and their agents (managers) leading to agency costs. It aims at reducing information asymmetry so that both the principal and agent read from the same script through the threat of sanctions and the possibility of incentives. Agency theory is developed around the concept of contractual relationships between two groups with conflicting objectives, i.e. principals and agents. The objective in agency theory is to structure the contractual relationship between these groups so that agents take actions to maximize the welfare of principals. This is based on standard principal-agent models involving supervision (Kofman & Lawaree, 1993 & 1996; Khalil & lawaree, 2006). The Ministry of Finance (MOF) has control of line ministries and is supposed to represent the public interest.

In this study, the principals are the management of the county government who acts on behalf of community. The agency theory assumes both the shareholders and the agents re motivated by self-interest. Thus, if both parties are motivated by self-interest, management is likely to pursue self-interested objectives that deviate and even conflict with the goals of the shareholders. Yet, agents is supposed to act in the sole interest of their shareholders. It is the responsibility of management to ensure that members are able to access to wildlife facility in order to earn interest that shareholders can use to pay divided and also to expand the operations of the enterprises. The problem of performance of the county government budget utilization can be attributed to the management which is county government not acting in the best interest of shareholders which is the community since they should come up with a strategies that will help to improve the performance of budget utilization.

### **2.3.2 Commitment-Trust Theory**

This theory proposed was proposed by Morgan and Hunt (1994). The commitment-trust theory of relationship marketing says that two fundamental factors, trust and commitment, must exist for a relationship to be successful.

The commitment-trust theory proposes that trust and commitment are key constructs that function in an organization. They propose that trust is enhanced when partners share similar values and when partners communicate. Trust is decreased when partners are perceived to engage in opportunistic behavior. Shared values, which were already described as antecedent to commitment, are also antecedent to trust. Perceptions of shared values between partners increase the perceived ability of partners to predict the other's motives and behavior and, therefore, increase trust. Communication is the sharing of meaningful and timely information between partners. Professors who communicate with students about what to expect in a course and on exams might enhance student trust. Additionally, communication between professors and students can prevent misunderstandings and allow the resolution of conflicts. Opportunistic behavior is a violation of implicit or explicit role behaviors. Trust affects every outcome either directly or indirectly in the Commitment/Trust Model. Trust has direct effects on cooperation, functional conflict, and decision-making uncertainty and indirect effects on acquiescence and propensity to leave through its effect on commitment.

The theory is significant to the study since there must be cooperation in which two parties must work together to achieve a common goal. Morgan and Hunt (1994) state that cooperation results in outcomes that exceed what would be achieved in a relationship. Functional conflict is a disagreement that leads to an improvement in a relationship. Disagreements can have a way of strengthening relationships because they can lead to opportunities to communicate and readjust expectations. In this study, there is need for county government to ensure there is trust since trust encourages partners to treat conflicts as functional and find win-win solutions. Decision-making uncertainty is the extent to which partners perceive they have sufficient information to make decisions with confidence. This will have a direct effect on commitment between management and the employees. Trust permits partners to take a long-term view of relationships. The relationship itself becomes a goal instead of the result of each transaction between partners.

It can be concluded that this theory will be of significance to the county government officials who work in county government utilization. The good relationship among the workers will enhance proper budget utilization.

### **2.3.3 Stakeholder Theory**

Stakeholder theory was developed in 1984 by Edward Freeman. Stakeholder theory is even more important in the new global economy. An organization needs to be mindful not only of those who hold stock in the company, but also of those who work in its stores, those who work and live near its factories, those who do business with it, and even of competitors, as the company may shape the landscape in its industry

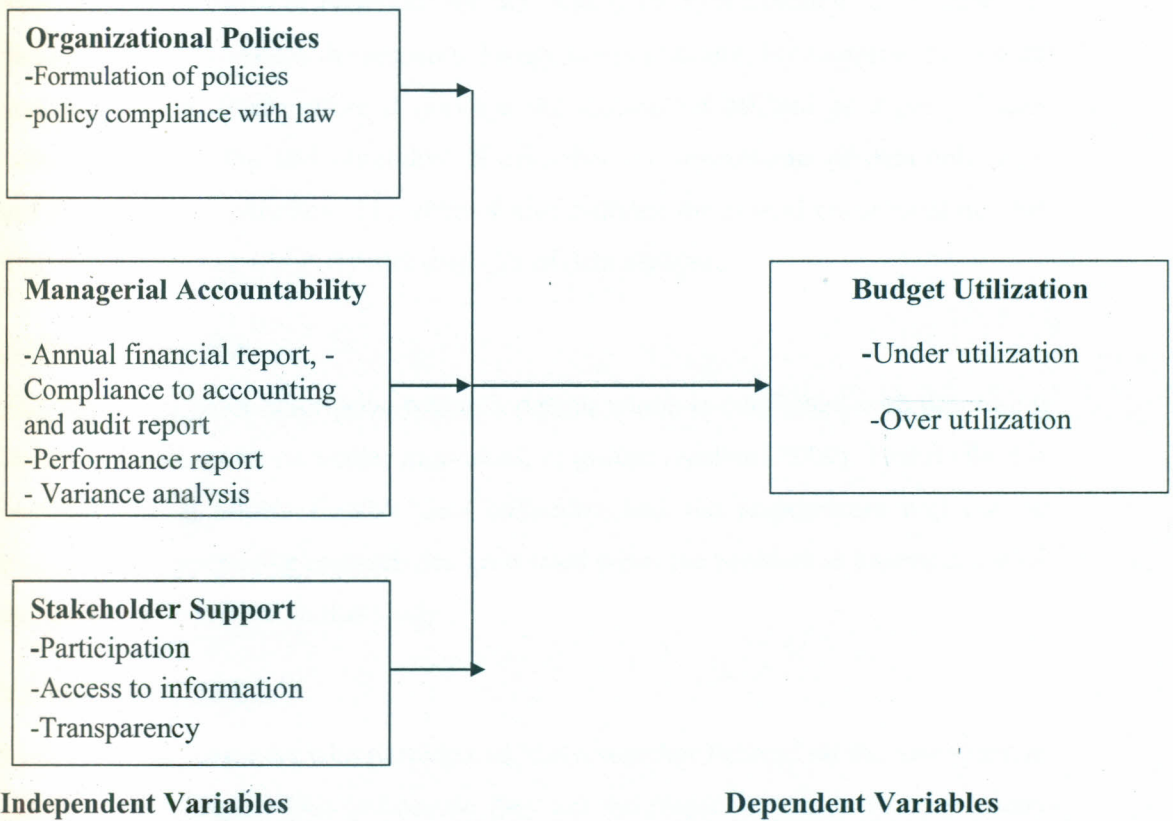
Consistent with those views by Blair to provide voice and ownership like incentives to critical stockholders (Porter, 1992) recommended to us by policy makers that they should encourage board representation by financial advisers, employees and community representatives. (Porter, 1992) also recommended that corporations seek long term owners and give them a direct voice in governance.

From an analytical perspective, a stakeholder approach can assist managers by promoting analysis of how the company fits into its larger environment, how its standard operating procedures affect stakeholders within the company (employees, managers, stockholders) and immediately beyond the company (customers, suppliers, financiers). Freeman suggests, for example, that each firm should fill in a "generic stakeholder map" with specific stakeholders. General categories such as owners, financial community, activist groups, suppliers, government, political groups, customers, unions, employees, trade associations, and competitors would be filled in with more specific stakeholders. In turn, the rational manager would not make major decisions for the organization without considering the impact on each of these specific stakeholders. As the organization changes over time, and as the issues for decision change, the specific stakeholder map will vary (Chiivakal et al., 2008).

Again, the contrast with Friedman's view should be evident: if the corporate manager looks only to maximize stockholder wealth, other corporate constituencies (stakeholders) can easily be overlooked. In a normative sense, stakeholder theory

strongly suggests that overlooking these other stakeholders is (a) unwise or imprudent and/or (b) ethically unjustified. To this extent, stakeholder theory participates in a broader debate about business and ethics: will an ethical company be more profitable in the long run than a company that looks only to the "bottom line" in any given quarter or year? Those who claim that corporate managers are imprudent or unwise in ignoring various non-stockholder constituencies would answer "yes." Others would claim that overlooking these other constituencies is not ethically justified, regardless of either the short-term or long-term results for the corporation.

## 2.4 Conceptual Framework



Source; Author (2017)

Figure 2.1 Conceptual Framework

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter explains the methodology that was used in conducting the research. It distinguishes and explains the research design, the population, the sampling procedure and sample size. Furthermore it portrays the instrument utilized as a part of data collection, its validity and reliability. It describes the instruments of data collection and procedures of sampling. The chapter also outlines the ethical considerations that was observed during the study and methods of data analyses.

### 3.2 Research Design

This study adopted a descriptive research design which is concerned with describing the characteristics of a particular individual, or groups (Kothari 2009). This method is suitable since it allows flexible data collection and the respondents will not be manipulated. Descriptive research design is used when the problem is known and well designed as it is evident in this study

### 3.3 Target Population

In choosing the members who participated, the researcher focused on the management and heads of sections. This is because they are the major players in the day-to-day operations in the governance and budget utilization. There are 50 management employees of Isiolo county government and these are the study respondent's.

**Table 3.1 Target Population**

Category	Frequency	Percentage %
County Executive Committee	10	20
County Directors	25	50
MCA	15	30
Total	50	100%

Source; (Isiolo County government 2018)

### **3.4 Sample Design and Sample Size**

The study adopted a census design which allows use of a sample size of 50 respondents. This is due to the fact that the target population is manageable and the respondents were within county systems which can be accessed easily. According to Kothari (2010), census is a complete enumeration of all items in the population. It is presumed that in a census inquiry, all the respondents are covered and there is no element of chance which is left and the highest accuracy is obtained especially when the population is manageable.

### **3.5 Research Instruments and Data Collection Procedures**

Data were collected through questionnaire. The questionnaire had both open ended and closed ended questions. According to Orodho (2004), a questionnaire is the most commonly used method when respondents can be reached and are willing to cooperate. It is a means of eliciting the feelings, beliefs, experiences, perceptions of attitudes of some sample of individuals. The questionnaire was divided into four parts where the first part was used to obtain data on the respondents' background information while the other sections were used to obtain data on the research variables.

### **3.6 Reliability and Validity**

Reliability explains that the result is the same even if the research is carried out by another researcher on a different occasion. Furthermore it should not be subject to bias, and it should not have any subject error (Lewis, 2008). Test- retest was used to measure reliability where questionnaires were given to respondents in Meru county government, and after 2 weeks this was repeated again. The data was subjected to correlation coefficient in order to ascertain the reliability coefficient. According to Kothari (2010), a correlation coefficient of 0.7 is desirable for newly developed questionnaires.

Validity is refers to the degree to which the tools used to measure what was intended to be measured. In this study, the questionnaires were piloted to enhance their correctness and consistency. The pilot study was conducted in Meru county

government headquarters in Meru town using management teams. Information obtained from the pilot study was used to adjust the questionnaire.

### 3.7 Methods of Data Analysis

In all the research questions, the data from the questionnaire was examine code and organize into relevant values, and entered it into the computer system. Once coded and entered, the data were assessed for consistency and relevance before the actual analysis is done. Data were analyzed quantitatively and qualitatively. Quantitative data were analyzed using descriptive statistics such as frequency and percentages and presented using tables. Qualitative data were evaluated, classified into logical thematic categories based on the objectives and then it was coded. The analysis of the structured items was done by using the Statistical Package for Social Sciences (SPSS). The analyzed data were presented using tables.

This study adopted a linear multiple regression model for the measurement of the variables of the study. The model is essential in providing the relationships (magnitude and path) of the variables through relevant coefficients. The following regression model was adopted:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

**Y** is the Utilization of budget by County Government.

The  $\beta$  is the slope;

The  $\alpha$  is the constant

Whereas, **X** being a set of county budget utilization indicators to be measured against the audit outcomes in the county governments.

In this case,

**X<sub>1</sub>** – organization policies

**X<sub>2</sub>** – Managerial accountability

**X<sub>3</sub>** – Stakeholder support

The  $\varepsilon$  is the error of estimation.

### **3.8 Logistical and Ethical Considerations**

Researcher sought a research permit from the National Commission for Science, Technology and Innovation (NACOSTI) before the actual study. The researcher also sought permission from the County Education Office in order to carry out research. The consent forms informed the respondents on the nature and purpose of the study was academic. Asking participants not to write their names on the questionnaires during the research also helped ensure anonymity. Respect for intellectual property was guaranteed by giving proper acknowledgement or credit for all contributions to this study and did not engage in plagiarism.

## CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

### 4.1 Introduction

The following chapter presents the findings that were obtained after analyzing the collected data. The interpretations and pertinent discussions have also been addressed as per research objectives. The data analysis was mainly descriptive using frequency tables and percentages, graphs and logistic regression analysis to determine the relationship between independent and dependent variables.

### 4.2 Response Rate

Response rate is defined as the proportion of the appropriately filled and returned questionnaires out of the total number of questionnaires issued to the respondents (Nulty, 2008). In this study, the researcher issued a total of 50 questionnaires to the respondents which were equivalent to the sample size. Table 4.1 shows the distribution and return rates of respondents for this study

**Table 4.1 Distribution and return rates of respondents**

<b>Targeted Category</b>	<b>Number targeted</b>	<b>Number responded</b>	<b>Return rate%</b>
County Executive Committee	10	9	90
County Directors	25	20	80
MCA	15	11	73.3
<b>Total</b>	<b>50</b>	<b>40</b>	<b>80%</b>

The study targeted 10 County Executives, 25 County Directors and 15 MCAs representing 90%, 80% and 73.3% responded respectively. The overall response rate was 80%, which is acceptable for this kind of study. This response rates were sufficient and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This commendable response rate was due to extra efforts that were made via personal calls, appointments

booked and visit to respondents 'offices to remind them to fill-in and return the questionnaires.

### 4.3 Demographic data of the respondents

This section involved presenting the findings of the demographic factors likely to influence of corporate governance on budget utilization of county government in Kenya. The findings were presented in frequency tables.

#### 4.3.1 Gender

The study sought to establish the gender of the respondents 'participating in the study. The findings are shown in Table 4.2.

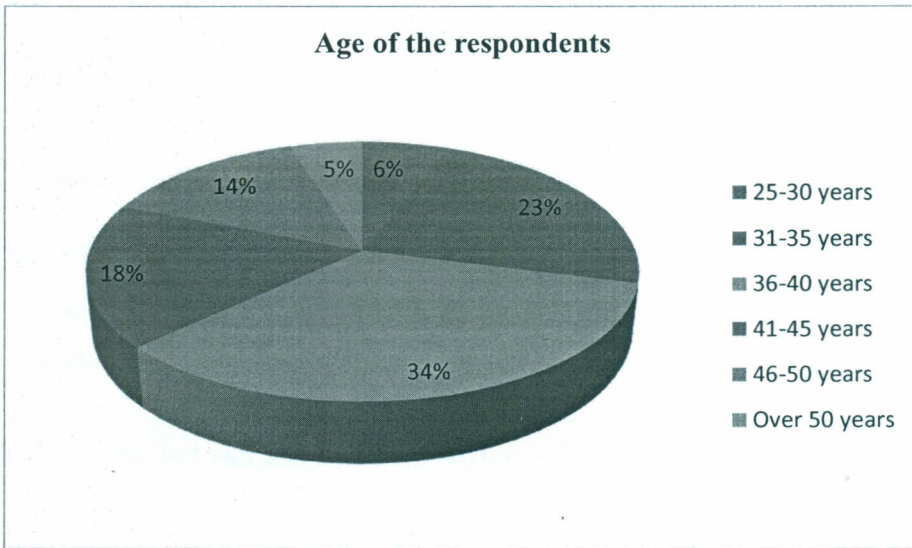
**Table 4.2 Gender distribution**

<b>Targeted Category</b>	<b>Frequency</b>	<b>Percentage %</b>
Male	26	65
Female	14	35
<b>Total</b>	<b>40</b>	<b>100</b>

Out of the 40 interviewed, 26 which represent 65% were male and 14 which represented 35% were female. The findings presented in Table 4.2 indicate that majority of the county government officials and elected members are male although the constitutional threshold of not having more than two-thirds of either gender is not being violated in the county.

#### 4.3.2 Age of the respondents

The ages of respondents would show the energy level and the importance attached to the utilization of county budget. The respondents indicated their ages as shown in the Figure 4.1.



**Figure 4.1 Distribution of the age of the respondent**

The researcher wanted to establish the age bracket of the county officers serving in the government corporate and utilization of county budgeting whereby the respondents indicated that at 6% are 25-30 Years, at 23% are 31-35 years, at 34% are 36-40 years, at 18% are 41-45 years, at 14% are 46-50 years and at 5% are over 50 years. This implies that the counties have mature and experienced personnel able to handle the budgeting in the counties which experience incomes inflow.

#### 4.3.2 Respondent level of education

The study sought to find the highest academic qualifications of the respondents. The findings are shown in Table 4.3

**Table 4.3 Distribution of the respondent by education level**

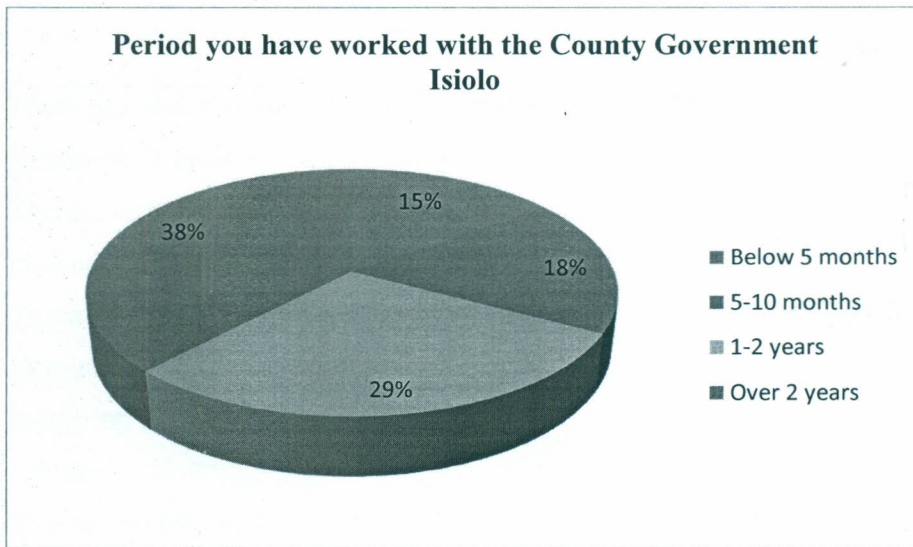
Level of education	Frequency	Percent
Diploma	18	45.0
Degree	13	32.5
Master and above	9	22.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

The findings from Table 5.3 show that 22.5% of the respondents had attained masters' degree and above, 32.5% of the respondents had attained bachelors' degrees, 45% of

the respondents had diploma. The study therefore revealed that the appointed and elected officials working for the County government of Isiolo have the necessary and requisite academic qualifications to discharge their duties and to meet the skills demands required for the budgetary positions.

#### 4.3.4 Period worked with the county government of Isiolo

Figure 4.2 represents the distribution of the respondents and the period they have worked for the County government of Isiolo.



**Figure 4.2 Distribution of respondents by period they have worked with the County Government Isiolo**

From the findings in Figure 4.2 majority of the respondents (38%) have worked with the county government of Isiolo for more than 2 years. This is because the county government functions started operations after the 2013 general elections when constitution came into force.

#### 4.4 Organization Policies

The study sought to establish the influence of organizational policies on budget utilization of county government of Isiolo. The study sought to explore the opinions of the respondents on organizational policies. The respondents were asked to rate their

degree of agreement or disagreement with statements that relate to a wide range of these aspects. A likert-scale was used where an agreement had a weight of 1, a neutral had 1, and a disagreement had 3. The averages were then computed as shown in Table 4.4

**Table 4.4 Response on organization policies**

Statement	A		U		D		Average
	f	%	f	%	f	%	
There are several policies regarding budget utilization in Isiolo County government	18	45	13	32.5	9	22.5	3.65
There are policies that support budget utilization in Isiolo County government	10	25	19	47.5	11	27.5	3.61
There are policies that describes how members of the organization interact during budgeting to enhance utilization in Isiolo County	8	20	23	57.5	9	22.5	3.74
The current organization policies ensure fair treatment for employees during budgeting for effective budget utilization in Isiolo County government	14	35	20	50	6	15	3.78
The organization policies are compliance with the law	17	42.5	16	40	7	17.5	3.75

The results shown in Table 4.4 reveal that majority of respondents 45% agreed that there are several policies regarding budget utilization in Isiolo County government with an average of 3.65. Additionally, 25% of the respondents agreed that there are policies that support budget utilization in Isiolo County government with an average of 3.61. The organization policies should be dynamic and capable of changing in accordance with the situations or conditions.

Additionally, 20% of the respondents agreed that there are policies that describe how members of the organization interact during budgeting to enhance utilization in Isiolo County with an average of 3.74. Also, 35% of the respondents agreed that the current organization policies ensure fair treatment for employees during budgeting for effective budget utilization in Isiolo County government with an average of 3.78. The findings collaborate with Thompson (2011) findings which indicate that organizations in high power distance cultures also tend to maintain tight control mechanisms and implement hierarchical, bureaucratic policies. Individuals in high power distance cultures will have less freedom and autonomy to make bold decisions, since high levels of control tend to encourage conservatism within organizations.

Also, 42.5% of the respondents agreed that organization policies are compliant with the law. The findings concur with Mullins (2007) who noted that organization policies of an organization as the pattern or relationships between roles in an organization and its different parts. They saw the purpose of policies in an organization as to allocate work and responsibilities in order to direct activities and achieve the organization's goals.

Moreover, effective organization policies enhance efficient functioning of concerns on account of the following reasons: it allocates authority and responsibility; it lays down the pattern of communication and coordination; it creates power balancing of activities; it facilitates growth of the enterprise and it is adaptable to changes, it makes growth and diversification possible; it stimulates independent, creative thinking and initiative through well-defined areas of work and it provides for the optimum use of technological improvements.

Further, the study sought to find out whether the respondents are you satisfied with the current organization policies in regard to effective budget utilization in Isiolo County government. The findings were presented in Figure 4.3.



**Figure 4.3 Degree of satisfaction with current organization policies**

Figure 4.3 shows that 36% of the respondents were highly satisfied with current organization policies, 23% satisfied, 22% neutral, 14% dissatisfied and only 5% highly dissatisfied. There was still a feeling that there are serious capacity gaps that are yet to be addressed. The stakeholders recognize the right of access to equity capital is particularly important development. The results coincide with Samuel and Tom (2010) findings revealed that corporate governance is on the systems by which companies are directed and controlled. Very person has right to express his or her own opinion regarding the county budget utilization process.

#### **4.5 Managerial Accountability**

The study sought to establish the influence of managerial accountability on budget utilization county government of Isiolo. The study sought to explore the opinions of the respondents on managerial accountability. The respondents were asked to rate their degree of agreement or disagreement with statements that relate to a wide range of these aspects. A likert-scale was used where an agreement had a weight of 1, a neutral had 1, and a disagreement had 3. The averages were then computed as shown in Table 4.5

**Table 4.5 Response of managerial accountability**

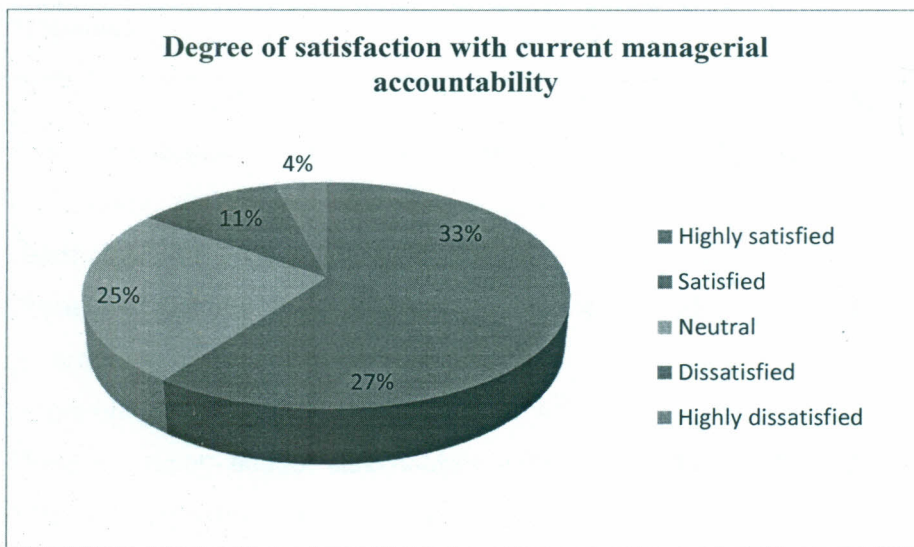
Statement	A		U		D		Average
	f	%	f	%	f	%	
Management practices promote transparency when planning for budget to enhance budget utilization in Isiolo County government	22	55	10	25	8	20	3.62
Managers have the power to determine who participates in budget committee to enhance budget utilization in Isiolo County	15	37.5	21	52.5	4	10	3.54
The management teams explains the process used to pick those who participate in budgeting to enhance budget utilization in Isiolo County government	13	32.5	19	47.5	8	20	3.55
Management delegates more to employees during budget meetings in order to enhance budget utilization in Isiolo County government	16	40	18	45	6	15	3.62

The findings from Table 4.6 reveal that majority of respondents 55% agreed that management practices promote transparency when planning for budget to enhance budget utilization in Isiolo County government with an average of 3.62. 52.5% of the respondents were neutral on managers having the power to determine who participates in budget committee to enhance budget utilization in Isiolo County with an average of 3.54. Additionally, 47.5% of the respondents were neutral on the management teams explains the process used to pick those who participate in budgeting to enhance budget utilization in Isiolo County government with an average of 3.55 while 45% were neutral on management delegates more to employees during budget meetings in order to enhance budget utilization in Isiolo County government with an average of 3.62.

As a result of county government bureaucratic nature, there is inefficiency and ineffective execution of duties by county budget managers. Also, the appointment of

non-professionals-bureaucrats and in many cases, politicians also works against the adequate delegation of authority. Moreover, in many public sector organizations, there is always a lack of job clarity, which affects the delegation adversely. The findings concur with Elhance and Agarwal (2002) findings which indicate that there is an inherent desire for withholding of authority on the part of superiors because of the love for authority.

Additionally, the study sought to find out whether the respondents were satisfied with the current managerial accountability in regard to budget utilization in Isiolo County government. The findings were presented in Figure 4.4.



**Figure 4.4 Degree of satisfaction with current managerial accountability**

The findings from Figure 4.4 revealed that 33% of the respondents were highly satisfied with current managerial accountability in regard to budget utilization, 27% satisfied, 25% neutral, 11% dissatisfied and only 4% highly dissatisfied. There was still a feeling that there are serious capacity gaps that are yet to be addressed. This implies service delivery is yet to meet the expectation of the respondents. This means that the budget utilization needed to be aligned so as to meet the population expectations. The research findings agreed with Lotia (2001) findings which revealed that lack of adequate delegation authority to various county government influence accountability.

#### 4.6 Stakeholder Support

The third objective of the study was to find out what extent does stakeholder support influence budget utilization of county government Isiolo. The study sought to explore the opinions of the respondents on stakeholder support. The respondents were asked to rate their degree of agreement or disagreement with statements that relate to a wide range of these aspects. A likert-scale was used where an agreement had a weight of 1, a neutral had 1, and a disagreement had 3. The averages were then computed as shown in Table 4.6

**Table 4.6 Response on Stakeholders support**

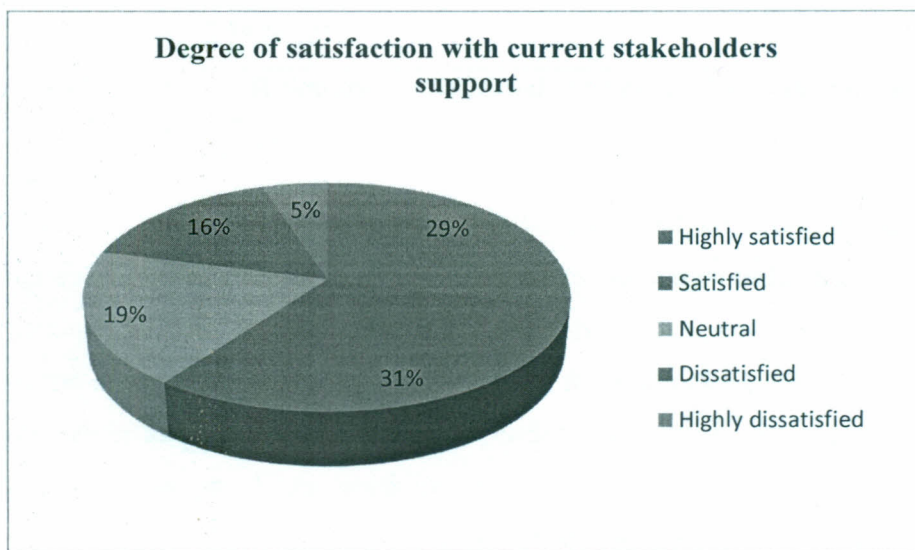
Statement	A		U		D		Average
	f	%	f	%	f	%	
There is constant communication between the county government and the budget stakeholders for proper budget utilization	21	52.5	12	30	7	17.5	3.67
There is no conflict between county government and budget stakeholders for proper budget utilization	4	10	12	30	24	60	3.59
There are many budget stakeholders with different budget interests for proper budget utilization	18	45	8	20	14	35	3.63
There is less conflict between budget controller in the national government and budget controller county government for proper budget utilization	12	30	6	15	22	55	3.65

The results from the Table 4.6 showed that majority of respondents 52.5% agreed that there is constant communication between the county government and the budget stakeholders for proper budget utilization with an average of 3.67, 60% of the respondents disagreed that there is no conflict between county government and budget stakeholders for proper budget utilization. The stakeholders of public organizations comprises of the community and other public organisations and the same stakeholders

team with the primary responsibility of ensuring implementation of the projects. The stakeholders support encourage active co-operation between county government budget staffs in creating jobs, and the sustainability of financially sound enterprise. It also enhances integrity, which in turn is essential for county government budget committees that need access to equity capital for long term investment.

Further, 45% of the respondents agreed that there are many budget stakeholders with different budget interests for proper budget utilization and 55% disagreed that there is less conflict between budget controller in the national government and budget controller county government for proper budget utilization with an average of 3.65. The implementation of government projects fails due to poor stakeholders support. The study agreed with Nicholas (2011) findings which revealed that stakeholders in a project have an activity which includes managing, planning, to organize, and to coordinate the project. Success of any project implementation will be based on actions of top stakeholders.

Also, the study sought to find out whether the respondents are you satisfied with the current stakeholder's support in regard to budget utilization in Isiolo County government. The findings were presented in Figure 4.5.



**Figure 4.5 Degree of satisfaction with current stakeholders support**

The findings from Figure 4.5 shows that 29% of the respondents were highly satisfied with current stakeholders support, 31% satisfied, 19% neutral, 16% dissatisfied and only 5% highly dissatisfied. Stakeholders may have varied level of interest, involvement, and influence on the project. Corporate governance creates and implement internal organisation of the company and define more closely and represent more pressing interests to which the stakeholders should respond and goals towards which they should strive. The study findings concur with Ibrahim (2012) findings which noted that a good governance system is one that respect and follow the due process of organizational policies and procedures. Good governance does not favor concentration of functions on one individual, it encourages cut off points where each employee respects the limits of his or her authority in the organization.

#### 4.8 Regression Analysis

Regression analysis was carried out to determine the relationship between corporate governance and budget utilization of county government: Case of Isiolo County government. The statistical package for social sciences (SPSS) was used to code, enter and compute the measurements of the multiple regressions for the study. The findings are presented in the subsequent sections.

**Table 4.7 Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712 <sup>a</sup>	.507	.468	1.11599

Table 4.7 shows a model summary of regression analysis between four independent variables on influence of corporate governance on budget utilization in Isiolo county government. The value of R was 0.712, the value of R square was 0.507 and the value of the adjusted R square was 0.468. From the findings 71.2% of change in budget utilization attributed to the four independent variables in the study (organizational policies, managerial accountability and stakeholders support). However, for any organization to perform creditably, budget and budgeting should facilitate effective utilization of available funds, improve decision making, provide a bench mark to measure and control performance, increase general communication and analysis within the organization and establish understanding between managers about goals

and objectives. The results collaborate with Modiel (2011) findings which noted that budget utilization process is vital process and should be implemented with full incorporation of all members. This enhances coordination.

**Table 4.8 ANOVA Statistics**

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	65.340	4	16.335	13.116	.000 <sup>b</sup>
	Residual	63.517	51	1.245		
	<b>Total</b>	<b>128.857</b>	<b>55</b>			

ANOVA statistics in table 4.8 indicate that the overall model was significant. This was supported by an F statistic of 13.116 and p value of 0.000. The probability value of .000 which is less than 0.05 indicates that the regression relationship was highly significant in predicting how organizational policies, managerial accountability and stakeholder support influenced budget utilization process.

**Table 4.9 Regression Coefficients**

Model		Unstandardized		Standardized		Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta	t	
1	(Constant)	.963	1.733		4.479	.000
	Organizational policies	.752	.051	1.003	4.631	.001
	Managerial accountability	.797	.154	1.389	6.473	.000
	Stakeholders support	.660	.129	.079	.463	.002

$$Y = 7.763 + 85.2 X_1 + 0.9971 X_2 + 0.66 X_3 + 0.686 X_4$$

Where Y=Budget utilization,  $X_1$  = Organizational policies  $X_2$ = Managerial accountability

The results shown above implied that a change of 1 unit in budget utilization was subject to a change of 0.752 unit in organizational policies, 0.797unit in managerial accountability and 0.660unit in stakeholders support while at the same holding other

factors (0.963) constant. All the variables were significant as the p-values were less than 0.05 which indicates that all the factors considered were statistically significant. The finding concurs with Kagiri (2014) finding which revealed that underlying factors contributing to failure of county governments' projects are policies of organization, management accountability, stakeholders' supports among others. Therefore, there is a need to anticipate their occurrence and continually design appropriate strategies and mechanisms to overcome or minimize their potential. Budget holders are doing reviews and make necessary adjustments to the budget to cater for the realities on the ground which is only realized during implementation period.

Inadequate delegation of authority starts from the government. Delegate's lack of confidence in the subordinates to use the authority properly and effectively and his own reluctance to use the authority in the discharge of his responsibility for fear of criticisms for mistakes are also factors in inadequate delegation of authority. The duty of the stakeholders is to oversee, guide and direct public sector movement in terms of human resource. The stakeholders of public organizations comprise of the community and other public organisations and the same stakeholders team with the primary responsibility of ensuring implementation of the projects. It was also revealed that improving corporate governance could have resulted in significant improvement in budget utilization of Isiolo county government.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter covers a summary of the study findings. It also presents the conclusions drawn from the findings and, more so, the recommendations suggested. These sections are presented in line with the objectives of the study. The last part of the chapter outlines areas recommended for further studies.

### **5.2 Summary**

The study noted that all the four variables considered (organizational policies, managerial accountability and stakeholders support) has significant positive influenced on budget utilization. The variable with the highest influence was managerial accountability, followed closely by organizational policies.

The findings revealed that 45% agreed that there are several policies regarding budget utilization in Isiolo County government with an average of 3.65. Additionally, 25% of the respondents agreed that there are policies that support budget utilization in Isiolo County government with an average of 3.61. The organization policies should be dynamic and capable of changing in accordance with the situations or conditions. Individuals in high power distance cultures will have less freedom and autonomy to make bold decisions, since high levels of control tend to encourage conservatism within organizations. Additionally, 20% of the respondents agreed that there are policies that describe how members of the organization interact during budgeting to enhance utilization in Isiolo County with an average of 3.74. Also, 35% of the respondents agreed that the current organization policies ensure fair treatment for employees during budgeting for effective budget utilization in Isiolo County government with an average of 3.78. Also, 42.5% of the respondents agreed that organization policies are compliant with the law. The aim of structure is to allocate work and responsibilities in order to direct activities and achieve the organization's goals. Therefore, structure enables managers to plan, direct, organize and control the activities of the organization.

Further, majority of respondents 55% agreed that management practices promote transparency when planning for budget to enhance budget utilization in Isiolo County government with an average of 3.62. 52.5% of the respondents were neutral on managers having the power to determine who participates in budget committee to enhance budget utilization in Isiolo County with an average of 3.54. The appointment of non-professionals-bureaucrats and in many cases, politicians also works against the adequate delegation of authority. Moreover, in many public sector organizations, there is always a lack of job clarity, which affects the delegation adversely.

Also, majority of respondents 52.5% agreed that there is constant communication between the county government and the budget stakeholders for proper budget utilization with an average of 3.67, 60% of the respondents disagreed that there is no conflict between county government and budget stakeholders for proper budget utilization. The stakeholders support encourage active co-operation between county government budget staffs in creating jobs, and the sustainability of financially sound enterprise. It also enhances integrity, which in turn is essential for county government budget committees that need access to equity capital for long term investment.

Moreover, 39% of the respondents noted that politics highly influence the budget utilization process of Isiolo county government, 33% slightly influences while 28% were neutral. The budgeting process is carried out by county officials who might be influenced by politics.

Regression analysis was carried out to determine the relationship between corporate governance and budget utilization of county government: Case of Isiolo County government. The value of R was 0.712, the value of R square was 0.507 and the value of the adjusted R square was 0.468. From the findings 71.2% of change in budget utilization attributed to the four independent variables in the study (organizational policies, managerial accountability and stakeholders support). =The results implied that a change of 1 unit in budget utilization was subject to a change of 0.752 unit in organizational policies, 0.797unit in managerial accountability and 0.660unit in stakeholders support while at the same holding other factors (0.963) constant. All the variables were significant as the p-values were less than 0.05 which indicates that all the factors considered were statistically significant.

A good organization is important because it facilitates administration; it makes growth and diversification possible; it stimulates independent, creative thinking and initiative through well-defined areas of work and it provides for the optimum use of technological improvements.

### **5.3 Conclusion**

From the summary of findings, the researcher came up with various conclusions basing on the study variables. It was concluded that organizational policies is important aspects in determining the budget utilization of Isiolo county government. This was demonstrated by the positive correlational between organizational policies and budget utilization with a P-value less than 0.05.

To ensure complete and proper utilization of budget efficient and effective managerial accountability should be enhanced. The also revealed that there is transparency during budget planning as management teams explain the process of budget implementation and methods used in choosing the participants. The study show that there is positive correlational between managerial accountability and budget utilization with a P-value less than 0.05

The study revealed that stakeholders support and budget utilization is statistically significant with P-value less than 0.05. Stakeholders support plays significant roles in proper budget utilization through constant communication between the county government and budget stakeholders. Stakeholders enhanced proper planning because all the priority sectors and timelines are well documented. It also fosters accountability. The general public and employees need to be actively involved in the budget utilization.

### **5.4 Recommendations**

The study recommended the following:

The researcher recommended that the county government should enhance its organizational policies through decision makers in the budget implementation and utilization process. However, these decision makers should operate without any

political persuasions and work as per the government guidelines and aim to utilize all the funds allocated in any given period.

The implementation of the new constitution provides an opportunity for public entities to break from the past practices of inefficiency, corruption and insensitivity to key stakeholders, the county government should seize the opportunity to change course, by providing clear strategic direction and policies that can enhance governance. The shift can only be achieved if the county governments are also willing to adopt reform programs that ensure county governments have the right people, structures and systems.

County government should critically examine the structures and systems of serving customers to address and accommodate governance changes that have come forth with the new constitution 2010 to ensure customer responsiveness and progressive approaches. This is done through reducing level of bureaucracy present in approvals.

The promulgation of the new constitution has shifted political, economic, technological and cultural opportunities and challenges; this means there is need to develop models of corporate governance that addresses the transformations.

### **5.5 Suggestions for further studies**

There is need to focus on the capital composition of the county and the influence they have on the utilization of the budget in the county. Also, more research on influence of County Government budgetary processing period on the performance of the Isiolo County with consideration of the evaluation outcome activities.

## REFERENCES

- Basel, Williams & Klak (2011). *Transformational Leadership: An Examination of Cross-national Differences and Similarities. Leadership and Organization Development Journal.*
- Bennett (2008). *Creating Leadership Organizations: How to Bring out Leadership in Everyone.* San Francisco, CA: Berrett-Koehler.
- Bowie et.al. (1992) *Scale Development: Theory and Applications.* Sage Thousand Oaks, CA
- Bozzo, F. (2010). *Best practice budgeting insights: how controllers promote faster, better decisions. Vol. 18, 16-18.*
- Burke, H. (2009). *Management Challenges for the 21st Century* Butterworth- Heinemann, Oxford.
- Burns and Stalker (2001). *Management and Cost accounting* (3rd edition). Chapman & Hall Publishers.
- Chiivakal et.al. (2008). *The Role of Consultants in Public Finance Management Reform E.U. Commission Report.* June
- Chikati, E. (2009). *Critical Factors in developing automated accounting and financial management systems;* US Printing office.
- Cowley (1928). *The budget as theatre – the formal and informal institutional makings of the budget process in Malawi, Final Report, Bergen* (Norwegian): Michelsen Institute, Mimeo.
- Donalson, M. (2011) *Centralization vs. Decentralization in Organization the controllership Department.* New York: Controllershship Foundation.
- Duke & Kankpang, (2011). *Towards a Meta Theory of Accounting Information Systems” Accounting, Organizations and Society 24 (1999) 317-331.*
- Elhance and Agarwal, (2002). *Essence of Leadership (Global Manager).* London: Thomson Learning.
- Freud (1960). *Managing the Civil Service: Reform Lessons from Advanced Industrialized Countries.* World Bank Discussion Paper No. 204.
- Geeraerts, A. (2009). *Beyond the charismatic leader: Leadership & organizational change.* California Management Review.
- Gomper, W. (2013). *Creating Leadership Organizations: How to Bring out Leadership in Everyone.* San Francisco, CA: Berrett-Koehler.

- Gordon et al., (2010). *The New Public Management: Context and Practice in Africa*. International Public Management Journal, Vol. 4 No. 2.
- Hollander, W. (2009). *Social Control of Civil Service Systems*. Bloomington: Indiana University Press.
- Ibrahim, H. (2012), *Budgeting and budget Preparation*. Zaria: Unpublished handout. Department of Library and Information Science, ABU. P.3.
- IEA (2013). *Public Finance Performance in Nigeria: A report presented at African Budgeting Seminar Organized in Collaboration with the Scientific Committee of the University of Essex*. United Kingdom on the 5th of June
- Kagiri, H, (2014). *The challenges of budget implementation in public institutions: A case study of University of Nairobi*. Unpublished MBA Project, University of Nairobi.
- Kakar, E. (2002). *Leadership styles and public finance performance*. UMI Dissertation Publishing, ProQuest LLC, East Eisenhower Parkway.
- Kanter, D. (2008). *Leading organizations from the inside out: Unleashing the collaborative genius of action-learning teams*. New York: Wiley.
- Kipnis, G. (2002). *Missing Links in Understanding the Relationship between Leadership and Organizational Performance*. International Business & Economics Research Journal.
- Lotia, A. (2001). Leadership and organizational learning: An evaluative essay. *Leadership Quarterly*.
- Lord, B. & Maher, T. (2010). *Participation, satisfaction and productivity: A meta- analytic Review*. Academy of Management Journal
- Lucey, F. (2013). *Introducing financial management information systems in developing Countries*. OECD Journal on Budgeting, 5(3), 97-132.
- Maccoby, (2008). *Organizational culture and information systems implementation: A Structuration theory perspective*. Sprouts: Working Papers on Information Systems.
- Makgoshi&Maliwichi (2010). *CEO Transformational Leadership & Organizational Outcomes: The Mediating Role of Human-Capital-Enhancing Human Resource Management*. The Leadership Quarterly.
- Mawathe (2005). Kenya Economic Survey. Ministry of Finance, Nairobi, Kenya.
- Miller and Friezen (2010). *Government budgeting and expenditure controls: Theory and Practice*. Published by International Monetary Fund.
- Mintzberg, (2002). *Emerging tools for Managerial Accounting*. N.A.A. Bulletin, October, 31.

- Moddie, E. (2008). Power in the resource allocation process; the impact of rational systems; *Journal of Higher Education Policy and Management*, Vol. 22, 127-137
- Modiel (2011). *Financial and management accounting, an introduction*; Edinburgh; FT Prentice Hall.
- Morgan and Hunt (1994). *Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view*. J. Management.
- Muleri, W. (2001). *Challenges of budget implementation in public sector organizations, a Case study of the Commissioner of Higher Education in Kenya*. Unpublished MBA Project, University of Nairobi, School of business.
- Mullins, B. (2007). *Budgeting and budget Preparation*. Zaria: Unpublished handout. Department of Library and Information Science, ABU. P.3.
- Nicholas, K. (2011). *Survey of budgeting practices among the major British Non-Governmental Organizations in Kenya*. Unpublished MBA Project, University of Nairobi.
- Onyango (2013). *Time and cost overruns in power projects. A case study of Kengen Ltd*. Unpublished MBA Project, University of Nairobi.
- Owuori, F. (2010). *Budget reforms and the medium term expenditure framework in Kenya*. Kippra working paper No. 7.
- Pandey, G. (2009). *Fairness of formal budgetary procedures and their enactment: Relationship with managers' behaviour*". *Group & Organizational Management*, Vol.27 (2), pp.209.
- Parker, D (2010). *Determinants of Commitment to Information Systems Development: A Longitudinal Investigation*, MIS Quarterly, vol. 20, no. 1, 43-47.
- Ramanathan (2011). *Strengthening Government Finance and Accounting Functions*. Consultant Report prepared by KPMG Nairobi.
- Robbins, T. (1990). Transformational leadership and work-related attitudes: The moderating effects of collective and self-efficacy across cultures. *Journal of Leadership & Organizational Studies*,
- Robbins and Barnwell (2012). *Government budgeting and expenditure controls: Theory and Practice*. Published by International Monetary Fund.
- Samuel & Tom (2010). *A contemporary approach to public expenditure management*. World Bank Institute.
- Schick, B. (2008). *Management and cost accounting* (5th edition). Thomson Learning Business Press, London.

- Suberu, M. (2010). The people's budget" and budget effectiveness: The case of local governments in Uganda. *Journal of Science and Sustainable Development Vol.3 (1)*.
- Thomas, S. (2010). *Diagnosing and changing organizational culture: Based on the competing values framework. The Jossey-Bass business & management series*. San Francisco: Jossey-Bass.
- Thompson, (2011). *Managerial accounting concept for planning control decision Making*, McGraw hill/Irwin.
- Weetman, G. (2006). *Best practices in fiscal reform and economic governance*. Introducing integrated financial management information systems.
- Weihrich E. (2008). *Adjustment policies and current account behaviour*. Empirical evidence from Nigeria. *Global Journal of Social Sciences*, Vol 9 (1)
- Wilkins & Ouchi, (2009). *Financial and management accounting, an introduction*; Edinburgh; FT Prentice Hall.
- Zimmerman, J (2003). *Accounting for decision making and control, (4th edition)*. McGraw-Hill, New York, NY.

## **APPENDIX I: INTRODUCTION LETTER**

**ABDULLAHI MUHAMUD HALAKE**

**P.O. BOX 295**

**ISIOLO**

Dear Sir / Madam.

### **RE: DATA COLLECTION INSTRUMENT**

I am a student of Kenyatta University pursuing a Master Degree. I am currently carrying out a research study I am therefore kindly requesting you to provide me with information concerning the research work. Respondent will be treated with utmost privacy and confidentiality and data collected will be used for nothing else but education purposes only.

Thank you.

Yours Faithfully,

**Abdullahi Muhamud**

## APPENDIX II: QUESTIONNAIRE FOR THE RESPONDENTS

### SECTION A: GENERAL INFORMATION :

By means of a tick (√) kindly indicate an option that best describes:

#### 1. Your gender

- a) Male ( )
- b) Female ( )

#### 2. Your age:-

- a. Below 25 years ( )
- b. 25-30 years ( )
- c. 31-35 years ( )
- d. 36-40 years ( )
- e. 41-45 years ( )
- f. 46-50 years ( )
- g. Over 51 ( )

#### 3. Your level of education:-

- a. Secondary education (O level) ( )
- b. Diploma ( )
- c. Degree ( )
- d. Masters & Above ( )

#### 4. Period you have worked with the County Government Isiolo

- a) Below 5 Months ( )
- b) 5-10 Months ( )
- c) 1- 2 years ( )
- d) Over 3 years ( )

## SECTION B: ORGANIZATION POLICIES

5. In each phrase given below tick the number that best describes your responses in relation to organization policies for proper budget utilization.

Tick:

1. Agree.
2. Neutral.
3. Disagree

There are several policies regarding budget utilization in Isiolo County government	1	2	3
There are policies that support budget utilization in Isiolo County government	1	2	3
There are policies that describes how members of the organization interact during budgeting to enhance utilization in Isiolo County	1	2	3
The current organization policies ensure fair treatment for employees during budgeting for effective budget utilization in Isiolo County government	1	2	3
The organization policies are compliance with the law	1	2	3

6. How are you satisfied with the current organization policies in regard to effective budget utilization in Isiolo County government?

- a. Highly satisfied ( )
- b. Satisfied ( )
- c. Neutral ( )
- d. Dissatisfied ( )
- e. Highly dissatisfied ( )

**SECTION C: MANAGERIAL ACCOUNTABILITY**

**8. In each phrase given below tick the number that best describes your responses in relation to effective budget utilization in Isiolo County government.**

**Tick:**

- 1. Agree.
- 2. Neutral.
- 3. Disagree

Management practices transparency when planning for budget to enhance budget utilization in Isiolo County government	1	2	3
Managers have the power to determine who participates in budget committee to enhance budget utilization in Isiolo County	1	2	3
The management teams explains the process used to pick those who participate in budgeting to enhance budget utilization in Isiolo County government	1	2	3
Management delegates more to employees during budget meetings in order to enhance budget utilization in Isiolo County government	1	2	3

**9. How are you satisfied with the current managerial accountability in regard to budget utilization in Isiolo County government?**

- a. Highly satisfied ( )
- b. Satisfied ( )
- c. Neutral ( )
- d. Dissatisfied ( )
- e. Highly dissatisfied ( )

**SECTION D: STAKEHOLDER SUPPORT**

**10. In each phrase given below tick the number that best describes your responses in relation to budget utilization in Isiolo County government?**

Tick:

- 1. Agree
- 2. Neutral
- 3. Disagree

There is constant communication between the county government and the budget stakeholders for proper budget utilization	1	2	3
There is no conflict between county government and budget stakeholders for proper budget utilization	1	2	3
There are many budget stakeholders with different budget interests for proper budget utilization	1	2	3
There is less Conflict between budget controller in the national government and budget controller county government for proper budget utilization	1	2	3

**11. How are you satisfied with the current stakeholder's support in regard to budget utilization in Isiolo County government?**

- a. Highly satisfied ( )
- b. Satisfied ( )
- c. Neutral ( )
- d. Dissatisfied ( )
- e. Highly dissatisfied ( )

**SECTION E: POLITICS**

**12. How would you rate the influence of politics in the budget utilization in Isiolo County government?**

- a) Highly influences ( )
- b) Neutral ( )
- c) Slightly influences ( )

**13. List political declarations issued by county leaders which you think may influence the budget utilization in Isiolo County government?**

.....  
.....

**14. In your own opinion what does it take for the county government for proper budget utilization in Isiolo County government? Please put a tick in the box against the response you feel is most important.**

- a) To develop effective proper budget utilization policy on implementation and follow-up mechanisms
- b) To involve national government in proper budget utilization by county governments

## APPENDIX III: APPROVAL OF RESEARCH PROPOSAL



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 810901 Ext. 4150

### Internal Memo

FROM: Dean, Graduate School

DATE: 8<sup>th</sup> June, 2018

TO: Abdullahi Halake  
C/o Public Policy and Administration Dept.

REF: C153/OL/CTY/26547/2015

### SUBJECT: APPROVAL OF RESEARCH PROPOSAL

This is to inform you that Graduate School Board at its meeting on 30<sup>th</sup> May 2018 approved your proposal for the MPPA.Degree entitled "Influence of Corporate Governance on Budget Utilization of County Government In Kenya : The Case of Isiolo County government ."

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

  
ANNBELL MWANIKI  
FOR: DEAN, GRADUATE SCHOOL

C.c. Chairman, Department of Public Policy and Administration

Supervisors:

1. Dr.David Minja  
C/o Department of Public Policy and Administration  
Kenyatta University

am/lmn



# APPENDIX IV: KENYATTA UNIVERSITY RESEARCH AUTHORIZATION LETTER



## KENYATTA UNIVERSITY GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 8710901 Ext. 57530

Our Ref: C153/OL/CTY/26547/2015

DATE: 8<sup>TH</sup> June, 2018

Director General,  
National Commission for Science, Technology  
And Innovation  
P.O. Box 30623-00100  
NAIROBI

Dear Sir/Madam,


RE: RESEARCH AUTHORIZATION FOR ABDULLAHI MUHAMUD HALAKE- REG. NO. C153/OL/CTY/26547/2015

I write to introduce Mr. Abdullahi Halake who is a Postgraduate Student of this University. He is registered for M.PPA degree programme in the Department of Public Policy and Administration.

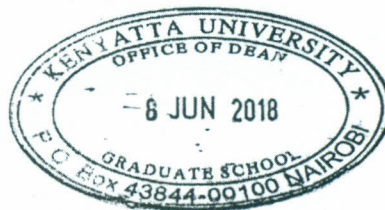
Mr. Abdullahi intends to conduct research for a M.PPA Project Proposal entitled, "Influence of Corporate Governance on Budget Utilization of County Government in Kenya: The Case of Isiolo County government"

Any assistance given will be highly appreciated.

Yours faithfully

  
MRS. LUCY N. MBAABU  
FOR: DEAN, GRADUATE SCHOOL

am/lrn



## APPENDIX V: NACOSTI RESEARCH AUTHORIZATION LETTER



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/32514/23556**

Date: **26<sup>th</sup> July, 2018**

Abdullahi Muhamud Halake  
Kenyatta University  
P.O. Box 43844-00100  
**NAIROBI**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *"Influence of corporate governance on budget utilization of county government in Kenya; the case of Isiolo County Government"* I am pleased to inform you that you have been authorized to undertake research in **Isiolo County** for the period ending **25<sup>th</sup> July, 2019**.

You are advised to report to **the County Commissioner and the County Director of Education, Isiolo County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

  
**BONIFACE WANYAMA**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Isiolo County.

The County Director of Education  
Isiolo County.

*National Commission for Science, Technology and Innovation, P.O. Box 30623-00100, Nairobi, Kenya*

# APPENDIX VI: NACOSTI RESEARCH PERMIT

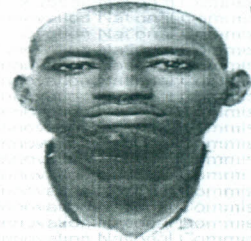
THIS IS TO CERTIFY THAT:  
**MR. ABDULLAHI MUHAMUD HALAKE**  
of KENYATTA UNIVERSITY, 438440-100  
Nairobi, has been permitted to conduct  
research in *Isiolo County*

Permit No : NACOSTI/P/18/32514/23556  
Date Of Issue : 26th July, 2018  
Fee Received :Ksh 1000

on the topic: **INFLUENCE OF  
CORPORATE GOVERNANCE ON BUDGET  
UTILIZATION OF COUNTY GOVERNMENT  
IN KENYA; THE CASE OF ISILO COUNTY  
GOVERNMENT**

for the period ending:  
**25th July, 2019**

.....  
**Applicant's  
Signature**



.....  
**Director General  
National Commission for Science,  
Technology & Innovation**

## CONDITIONS

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
6. This Licence does not give authority to transfer research materials.
7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.



REPUBLIC OF KENYA



**National Commission for Science,  
Technology and Innovation**  
**RESEARCH CLEARANCE  
PERMIT**

Serial No.A 19755

**CONDITIONS: see back page**