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## **Effect of Public Participation on Effective Implementation of Performance Based Budgeting in Devolved Government of Meru County**

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# Effect of Public Participation on Effective Implementation of Performance Based Budgeting in Devolved Government of Meru County

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## Abstract

Kenya's devolution entailed creation of new political and administrative units simultaneously. This was perceived to be the best governance system that can ensure more equitable model of sustainable economic development for most Kenyans. However, the implementation of devolution system of governance has been affected by constant debates raging on whether funding from national treasury is sufficient or not. Despite the existence of public financial management reforms such as performance-based budget which was adopted under the new constitution in Kenya, wastage of public funds is still a problem. The objective of the study is to establish the effect of public participation on implementation of performance based budgeting in devolved government of Meru County. Public participation is the process by which public or an organization concerns, needs, as well as values are incorporated into government decision making through consulting interested or affected individuals, organizations, and other government. The target population of this study was 10 County Executive Committees, 35 Meru county government directors and 69 Members of County Assembly. Questionnaire was employed to gather data and analyzed by utilizing SPSS Version 25.0. Public participation explained 44.8% of the performance based budgeting in devolved government of Meru County Kenya. Pearson correlation indicated that public participation, has a significant association with the performance based budgeting in devolved governments. Regression of coefficients showed that public participation and implementation of performance based budgeting in devolved government have a positive and significant relationship ( $\beta=.604$ ,  $p=0.000<0.05$ ). It was concluded that public participation is essential in budget making and implementation process. The study recommends for a specifically tailored civic education and awareness programme for the members of the public regarding public participation in the implementation of performance based budget. There is the need to improve the level of awareness to the public participation on the budget implementation through seminars, workshops and trainings.

**Keywords:** *Public participation, performance based budgeting, devolved government, Meru County*

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## **1.0 Introduction**

Performance based budgeting enables the management team to make future plan through implementation of goals to check whether they conform to the set objectives (Nick & Mears, 2012). The performance-based budget (PBB) was adopted to improve transparency, accountability and good governance in the counties. PBB is based on four major elements which include defining objectives, developing measures of performance, linking spending decisions to results and accountability based on outcomes (Hager & Hobson 2001). Sufficient execution of performance based budgetary is a critical step in the effective implementation of budget in the organization (Mwaura, 2010). This makes the organization achieve its targets and goals within the planned time frame. The presence of performance based budget enables the organization to make a good budget as a basis for performance management and standards. This can be done on a regular basis in order to compare actual performance with the budget and analyze differences in the results and take corrective measures, which entail the process of budget implementation, evaluation and control (Marcormick & Hardcastle, 2011).

The decision as to how to allocate limited financial and non-financial resources, in an effective and efficient manner, is a significant function in all county governments thus project undertaking will be nearly impossible without performance based budgeting (Orina, Obwogi & Nasieku, 2019). Some of the problems arise from inadequate data to formulate and implement a proper budget; and non-existence of well-defined structure, which leads to overlapping of duties, embezzlement of public resources and accountability (Abdallah, 2018). Ineffective implementation of performance based budgeting hinders effective service delivery and provision of essential services to the people. In addition, late approval of budgets delays financing of developmental projects in county government which result to ballooning of pending bills.

Management and organizations implement performance based budgets in order to prevent losses resulting from theft, fraud and technological malfunction (Julia, 2010). Implementation of the budgets is critical to the achievement of any firm entity, based on its business reputation, customer services and progress in the profit making. The systematic paradigm for attaining effective management performance is attained by implementing performance based budgeting (Arsidna, Khairul, & Endah, 2017). The decision making process is largely based on budget making in any organization. With the execution of execution based planning, proficiency and target objectives can be accomplished inside an association (Horvath & Seiter, 2009). A decent budget implementation procedure ought to guarantee that the expected government arrangements and needs are accomplished, operational productivity, swift service delivery, transparency and disposal of corrupt deals (Shard & David, 2010).

In Kenya, devolution was adopted in the year 2010 following the declaration of the new constitution. The 2010 constitution created two levels of government; National government and the 47 county governments with senate as the oversight angle for devolution in the counties. The two levels of governments have their well outlined functions and powers. These counties are funded by the national government through the exchequer for them to carry out various functions and achieve various goals as specified in the Constitution. These include promoting social development, economic development and the provision of accessible services throughout the country (Odhiambo-Mbai, 2003).

As Kenya enters the eight year of devolution, it is time to start examining the degree to which we are meeting the spirit and the letter of the law with respect to transparency and public participation in the devolved system. The 2010 Constitution and the 2012 Public Finance Management (PFM) Act require greater public disclosure and engagement in financial accountability than in the past. Many counties have at least partially fulfilled the legal requirement to consult with the public when preparing their budgets during the first six years of devolution. However, the quality of public forums depends to a great extent on the information available to members of the public when they participate in them (Government Accountability Office, 2004).

The IBP (2016) report revealed the information of 47 county budgetary proceedings in checking whether County Integrated Development Plans, Annual Development Plans, County Budget Review and Outlook Papers, County Fiscal Strategy Papers, Budget Estimates (Proposed Budgets), Approved Estimates (Enacted Budgets) as well as Quarterly Implementation Reports; Budget documents had been published online. Despite the Constitution of Kenya and Public Finance Management Act (2012) requirement that each of Kenya's 47 counties should publish budget information during the formulation, approval, implementation, and audit stages of the budget cycle. As of January 2015, only three counties (Baringo, Kitui, and Meru) had published the FY 2015/16 ADPs on their websites. Besides, it reviewed County Budget Review and Outlook Papers (CBROPs) which are a review of budget implementation during the previous year that set provisional ceilings to allow sectors to prepare their proposals for the upcoming budget. Markedly, the law requires that CBROPs be in the Assembly by late October, and published as soon as possible, thereafter. However, only Baringo and Nyamira had published CBROPs for financial year 2014/15 online (IBP, 2015).

From the above statistics, it is clear that most counties in Kenya have partially adhered to the performance-based budget (PBB). This extensively affects transparency, accountability and integrity in the counties which in turn ruins the main objective of devolution. This has necessitated the study on the determinants of effective implementation of performance based budget in devolved government in Kenya.

### **1.1 Statement of the Problem**

Kenya devolved government was implemented in 2013 with establishment of 47 devolved county government units. The aim was to enhance distribution of national resources and achieve equitable growth in all regions in the country. To achieve this, PBB was stipulated has a mechanism for effective budgetary implementation in county government (PFM, 2012), Technically, PBB was designed to strengthen the linkage between inputs and outcomes so as to improve efficiency in public expenditure (Hager, Hobison, Wilson & Kentucky, 2001).

However, implementation of devolution in Kenya has been affected by inefficiency implementation of performance-based budget (Orina, Obwogi & Nasieku, 2019). Indeed, management of the devolution funds in the counties has also been marred by controversies such as unnecessary foreign trips, inflated tender and payment of ineligible project and pending bills despite the existence of public financial management reforms such as performance-based budget.

According to OAG (2019) the amount of pending bills for Meru county presented for special Audit as at 30<sup>th</sup> June 2018 was Kshs 2,265,112,691 in which eligible Pending Bills was Kshs



1,845,545,178, and ineligible Pending Bills stood at Ksh 419,567. As at 18th December 2019 eligible Pending Bills stood at Ksh 1,121,694,626, outstanding eligible pending Bills stood at KSh 723,850,552 and the overall outstanding Pending Bills stood at Kshs 143,418,065.

The success of devolution in Meru County is dependent on proper implementation of performance-based budget. However, very little attention has been given to PBB as a tool for achieving targets in the public sector (Kiringai & West, 2002). For instance, the yearly spending execution audit report from Controller of Budget for FY 2014/2015 demonstrated that Meru County neglected to transmit the privately gathered income to the County Revenue Fund account as stipulated in Section 109(2) of the PFM Act, 2012. As indicated in report, Meru County government raised Kshs. 539.24 million from nearby sources against an objective of Kshs 588.04 million while in FY 2013/2014 the income were Kshs 499.78 million against the objective of Kshs 525.36 million. Problems can be traced to complex budget design, inadequate capacity to implement and inadequate public participation in budget making and implementation (Altmay, 2006). Therefore, the main objective of the study is to establish the effect of public participation on implementation of performance based budgeting in devolved government of Meru County.

## **1.2 Objective of the Study**

To establish the effect of public participation on effective implementation of performance based budgeting in devolved government of Meru County.

## **2.0 Literature review**

### **2.1 Theoretical review**

#### **2.1.1 Legitimacy Theory**

Participation's potential benefits are realized when the process goes well, but often it does not. Despite a great deal of practical knowledge and research, stories abound of participation failures. Legitimacy is one of the most contested features of public participation, typically portrayed in terms of the adequacy of participation or representation, the technical or political workability of the decision outcomes and the procedural fairness of the process. When public participation is not seen as legitimate, it can alienate the public from government and disrupt the implementation of policy decisions (Innes & Booher 2004; Ozawa, 2012). How legitimacy is accomplished and evaluated can be viewed through multiple theoretical lenses. One commonly used in discourse about deliberative democracy is about the quality of the exchange, namely that legitimate participation requires that the participants explain themselves clearly, use logical arguments and utilize valid criteria for evaluating options and outcomes (Gastil, 2000; Jacobs, Cook & Carpini, 2009).). Indeed, one of the compelling reasons for public participation is to ensure that government policy and program choices are legitimate in terms of being acceptable to and addressing the needs of the public (Fung, 2006). Another theoretical lens for understanding legitimacy relates to the quality of the process. Procedurally just and procedurally rational processes are likely to be high in quality.

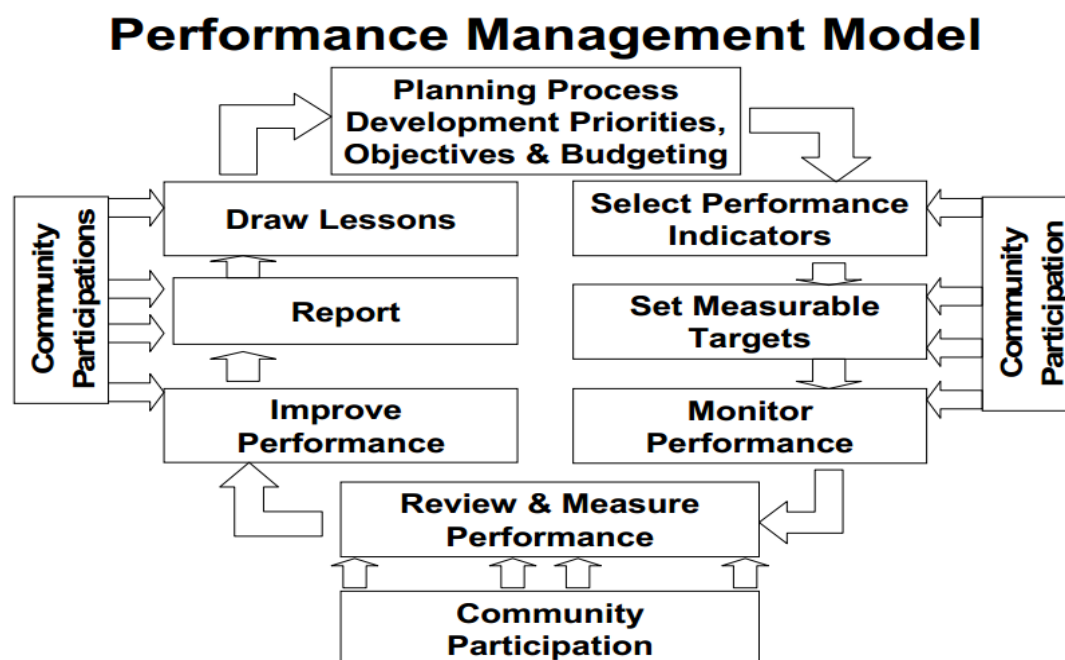
Procedural justice refers to whether, or the extent to which, the process embodies democratic values such as fairness, transparency, attentiveness to stakeholders' concerns and openness to public input. Process legitimacy is also connected to trust. Trust is problematic in any process involving people with diverse interests and levels of power, however, when diverse voices are

included and power is managed so that potentially marginalized groups do influence outcomes, there are strong payoffs for the legitimacy of the process, the quality of decisions and effective decision implementation (Huxham & Vangen, 2005). Stakeholders are more likely to accept a decision that they believe was produced in a procedurally just manner, even when it is not their individually preferred outcome (Tyler & Degoey, 1996).

### **2.1.2 Performance Based Budgeting Model**

Many state and local governments are currently struggling with fiscal stress, in some cases, the worst they have experienced in decades. Painful decisions are required regarding spending and service reductions or tax and fee increases (Surianti & Dalimunthe, 2015). This appears to be an important time for citizens to play a role in helping elected officials to determine the best solutions for government and the community especially in states that have devolved their governance functions (Hager, Hobson, Wilson & Kentucky, 2001). Performance-based budgeting also referred to as outcome budgeting is the practice of developing budgets based on the relationship between funding and expected results. PBB improves cost-efficiency and manages effective budgeting outlays, increasing visibility into how government policies translate into spending and making systematic use of performance information (IBP, 2015).

It is important to understand the key determinants of performance budgeting arise from the inputs, outputs and expected outcomes. In the performance information chain, inputs (resources) link to outcomes (macro goals) via change from the goods or services of those outputs (deliverables) (Lu, 2007). Performance-based budgeting targets to enhance the swiftness and effectiveness of public expenditure by linking the funding of public sector organizations to the results they deliver, making systematic use of performance information (Hager, *et al.*, 2001). There are a number of models of performance-based budgeting that use different mechanisms to link funding to results. Some have very sophisticated features and require the support of correspondingly sophisticated public management systems, while others focus more on the basics. For instance, the government of Andhra Pradesh has employed a performance management system framework which can be of significant use to management of Kenya County government. Figure 2 presents a performance management system model (Melkers & Willoughby, 1998).



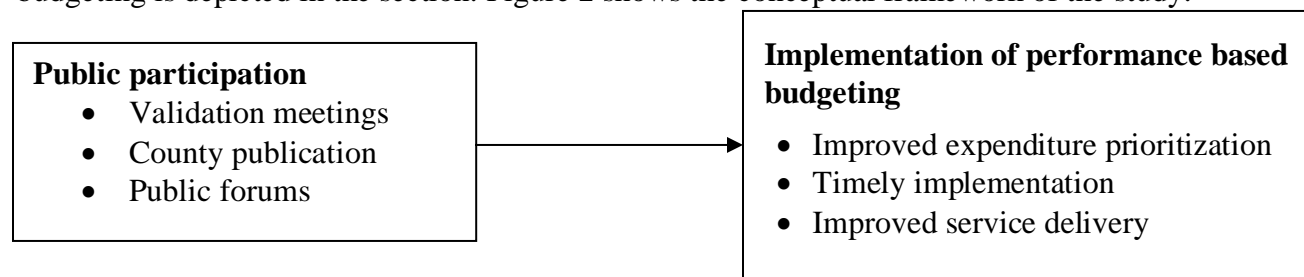
**Figure 1: A performance Management Model**

Source: (Hager, Hobison, Wilson & Kentucky, 2001)

Performance measurement refers to analysis and measurement of results in terms of performance indicators and targets (Lu, 2007). Performance-based evaluation is a systematic assessment aimed to achieve the set objective as planned, an ongoing process. The aim of evaluation is to minimizing cost of obtaining resources (Lu, 2007). The performance management system links development goals, policies, priorities, plans, programs, projects, budgets, action plans and performance towards achieving the desired Objectives. On other hand, Performance-based review involves periodic review to identify broad trends and assess the likelihood of outcomes being achieved; whether the programmers or projects are “on track”. It aims at effecting correction mechanisms to ensure that programs or projects do not deviate from the central goals and objectives for which they were created (Altmay, 2006)

## 2.2 Conceptual Framework

The relationship between public participation and Implementation of performance based budgeting is depicted in the section. Figure 2 shows the conceptual framework of the study.



**Figure 2: Conceptual Framework**

Public participation is basic in budget making and execution process. The Constitution of Kenya, 2010 highlights the significance of involving public in budget making. It advances democratic values by furnishing the rights holders with the chance to partake in basic leadership forms involving county governance and development processes. Section 11 of the constitution, defines devolved governments explicitly by illuminating the significance of native interest in the issues of government. Article 196 of public engagement stipulate that the devolved government should encourage open participation, contribution in the administrative and management of public affairs (Government of Kenya, 2010). Various components of public participation should be set up in every county government (Quick & Bryson, 2016). These instruments incorporate open discussions and gatherings, and approval of budget spending as required by the County Governments Act, 2012, the Public Finance Management Act, 2012, and resident gatherings as required by the Urban Areas and Cities Act, 2011. All counties should have practical sites to communicate with the public to enhance public participation (Institute of Social Accountability, 2010).

Effective public participation requires public institution to play its role in actualizing public participation by providing the appropriate infrastructure, including legislation, information and the actual mechanisms of participation (Innes, Judith & David, Booher (2004). In this context, the county governments should devise mechanisms for citizens to participate directly in formulating and implementing budget processes. Public participation is a fundamental part of the county governance. All individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates (Innes & Booher, 2004). The organization should communicate the outcome of budget decisions to all relevant staff. Budgets have an important part to play in the communication of objectives, targets and responsibilities throughout the government. Participation assures full co-operation and commitment for making budgets successful. Participation also makes budgets realistic and workable (Simiyu, 2002). To make sure that the process of implementing the budget is achieved the county government and the public need to work in collaboration to ensure that the interests of the county are fully represented when making key decisions involving budgetary allocations in key projects.

Tjandra (2006), performance-based budgeting is a systematic approach to improve government's responsibility to the tax payers by integrating the funding to the performance and production. Performance based budgeting is a budgeting system that is oriented towards organizational output and is closely related to the organization's vision, mission and strategic plan (Friyani & Hernando, 2019). Performance-based budgeting and performance-based management try to find out how to change the focus of the budget, management, and accountability in which the previous system focused budget, management, and accountability only on input (Karacan & Yazici, 2015). Performance-based budgeting aims to improve the efficiency and effectiveness of public expenditure by linking the funding of public sector organizations to the results they deliver, making systematic use of performance information.

Performance-based budgeting aims to improve the efficiency of resource allocation and the effectiveness of its use in accordance with the plans set by the local government so that with the



performance-based budget it is expected that the budget can be used optimally to improve community welfare and can support increased transparency and accountability in sector management public (Surianti & Dalimunthe, 2015). Performance-based budgeting is the answer to be used as a tool for measuring government performance accountability. Performance based budgeting demands synchronization between the programs and the fund and promotes accountability through proper budget planning and budget reporting. According to Arsidna, Khairul and Endah, (2017), factors that influence the implementation of performance-based budgeting are environmental factors (social, culture, economy, politics), resource planning, the advancement of the system, the development of information and technology, and funding.

### **2.3 Empirical Review**

Wacera (2016) conducted a study on the effect of citizen participation on budget implementation in Kenyan counties; the case study of Nyandarua County. The study adopted descriptive survey design. From the research findings, it was evident that most of the residents that go to public participation fora hail from the headquarters, Ol'Kalou, followed by Ol' Ojoro Orok Sub County revealing that public participation in Ol'Kalou Sub County is higher than in Kinangop despite the high gap in population. From the regression analysis it was clear that citizen participation was significant in predicting budget implementation.

Siala (2015) conducted a study to analyze factors that impact public participation in budget formulation in Nairobi County government. The examination embraced descriptive research plan. The discoveries of the investigation on what decentralization variables impact open cooperation uncovered that both tokenism and non-interest impact open support in spending detailing. Non participation was spoken to by a critical negative affiliation while tokenism was spoken to by huge positive weak association.

Mugambi and Theuri (2014) conducted a study on the challenges encountered by county governments in Kenya during budget preparation. The study adopted descriptive design. It was discovered that budget preparation strategies are set up at the sub county and being clung to, in any case, political impact and open cooperation influenced the spending readiness process, and to turn away this, the specialist suggested that open support be improved at the ward level by presentation of viable open interest frameworks. Publicity ought to be upgraded and endeavors made to join the perspectives on general society in the financial backing, just as improving limit working inside the area treasury staff, as the national government attempts endeavors to connect with spending technocrats to help the counties in budget preparation.

Ronoh (2017) conducted a study to evaluate public participation process in the devolved system of governance in Kenya. The study was conducted through analytical survey approach. The study established that lower level public participation process such as information dissemination and public consultation has been adopted by county governments but they have failed to adopt higher levels of public participation processes such as public involvement, collaboration and empowerment.

Kaseya and Kihong (2016) conducted a study on factors affecting the effectiveness of public participation in county governance in Kenya, the case of Nairobi County. The study employed descriptive research design. From the findings of the study it was evident that civic education plays a major role on the effectiveness of public participation in the County Government. When the residents are enlightened on their rights of participation in the affairs of the County Government, they tend to participate more and demand for their rights.

### **3.0 Research Methodology**

The study employed census. The major purpose of census is to reach the key player based on researcher judgments. The target population of this study was 10 County Executive Committees, 35 Meru County government directors and 69 Members of County Assembly (MCA) (Meru County Government Report, 2016). Stratified random sampling technique was used to sample 8 Meru County executive committees, 27 Meru County directors and 54 members of Meru County assembly. The study employed structured questionnaires to collect primary data. Quantitative data was collected by use of questionnaires was entered into SPSS version 23 for analysis. The statistics to be generated included both descriptive statistics and inferential statistics. The regression model technique was used to show the relationship between public participation on effective implementation of performance-based budgeting in devolved government of Meru County;

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where;

Y = Effective Implementation of Performance Based Budget

X<sub>1</sub> = Public participation

In the model,  $\beta_0$  = the constant term while the coefficient  $\beta_1$  measures the sensitivity of the dependent variable (Y) to unit change in the predictor variables X<sub>1</sub>. The error ( $\epsilon$ ) term capture the unexplained variations in the model.

### **4.0 Research Findings and Discussions**

The number of questionnaires that were administered was 89 and a total of 55 questionnaires were properly filled and returned but some of the respondents returned the questionnaires half-filled while others did not return them completely despite the follow up. Out of the 89 questionnaires administered 55 were filled and returned representing 61.8 percent. This response rate is considered satisfactory to make conclusions for the study. Bailey (2000) stated that a return rate of 50% is satisfactory while a reaction rate more noteworthy than 70% is excellent. This suggests dependent on this affirmation, the reaction rate in this case of 61.8% is therefore very good. The data collection procedures used attributed to this high response rate. These included use of competent research assistants, pre-notification of respondents and voluntary participation by respondents; drop and pick of questionnaires to allow for ample time to fill; assurance of confidentiality and anonymity and follow up calls to clarify queries from the respondents.

#### **4.1 Descriptive results for Public participation in the Implementation of Performance Based Budgeting in Devolved Governments**

Descriptive analyses for public participation were generated. A likert scale with options of strongly disagree, disagree, don't know, agree and strongly agree were presented to respondents. The results

were presented in form of mean and standard deviations. The results of this study are as depicted in Table 1.

Table 1 showed that majority of respondent agreed that county always conduct public participation before preparation of Budget, with mean score of 3.7 and standard deviation is 1.2 inferring that lion's share of respondents were consenting to the announcement. The outcomes additionally demonstrated that lion's share of the respondents concurred that the area structure accommodates instruments for open support in spending planning and usage with mean score of 3.5 and standard deviation is 1.1 implying that majority of respondents agreed to the statement. The results also showed that majority of the respondents did not agree that members of the public attends public participated for budget preparation in the county with mean score for place is 2.2 and standard deviation is 1.0 implying that majority of respondents did not agree to the statement.

**Table 1: Public participation and Implementation of performance based budgeting in devolved governments**

Statement	Mean	SD
County always conduct public participation before preparation of Budget	3.7	1.2
The county framework provides for mechanisms for public participation in budget preparation and implementation	3.5	1.1
Members of the public attends public participated for budget preparation in the county	2.2	1.0
All the county departments' representatives are actively involved during budget preparation	3.6	1.1
There is access to the relevant materials (publications) for public participation (i.e. draft budgets, bills) for your perusal.	3.5	1.2
The county government gives timelines and venues for public participation meetings in advance	4.0	0.9
Public views are involved during budget preparation.	2.2	1.2
Members of the public are involved during budget implementation	2.1	1.0

Further, respondents agreed that all the county departments' representatives are actively involved during budget preparation with mean score for place is 3.6 and standard deviation is 1.1 implying that majority of respondents agreed to the statement. The study established that majority of the respondents agreed that there is access to the relevant materials (publications) for public participation (i.e. draft budgets, bills) for your perusal with mean score for place is 3.5 and standard deviation is 1.2 implying that majority of respondents agreed to the statement. Majority of the respondents agreed that the county government gives timelines and venues for public participation meetings in advance with mean score for place is 4.0 and standard deviation is 1.0 implying that majority of respondents agreed to the statement.

Further, the respondents did not agree that public views are involved during budget preparation with mean score for place is 2.3 and standard deviation is 1.3 implying that majority of respondents did not agree to the statement. On the statement that members of the public are involved during budget implementation, most of the respondents didn't concur with mean score for spot is 2.1 and standard deviation is 1.0 inferring that dominant part of respondents didn't consent to the

announcement. Further the examination looked to rate open cooperation during spending usage. The aftereffects of the examination are introduced in Table 2.

**Table 2: Rate public participation during budget implementation**

Rate public during budget implementation	Frequency	Percent
Very bad	5	9.1
Bad	12	21.8
Dont know	4	7.3
Good	33	60.0
Very good	1	1.8
Total	55	100.0

Results indicate that public participation during budget implementation in Meru County was good. Public participation is essential public in budget making and implementation process. These mechanisms include public forums and meetings, budget preparation and validation meetings as well as town hall meetings as required by the County Governments Act, 2012. In the open ended questions, majority of respondents indicated there is need for clear framework in involving public in the implementation of implementation of performance based budgeting in devolved government. One respondent indicated,

*“.....there is need for a clear framework to guide public participation in the implementation of implementation of performance based budgeting in devolved government. Public participation is essential in budget making and implementation process. These mechanisms include public forums and meetings, civic education, communication through media including radio and television and validation meetings as well as town hall meetings.”*

Effective public participation requires a public institution to play its role in actualizing public participation by providing the appropriate infrastructure, including legislation, information and the actual mechanisms of participation. The results are in line with Siala (2015) who led an examination to look at components that impact open cooperation in spending plan in Nairobi County government and set up that decentralization variables impact open interest uncovered that both tokenism and non-support impact open investment in spending definition.

#### **4.2 Descriptive results for Implementation of Performance Based Budgeting in Devolved Governments**

The study sought to determine the extent of Implementation of performance based budgeting in devolved governments in Meru County. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was don't know. The results of this study are as depicted in Table 3.

**Table 3: Implementation of performance based budgeting in devolved governments**

Statement	Mean	SD
County projects are always completed within the stipulated time.	2.3	1.1
The quality of project implemented in the county project reflects amount budgeted.	3.5	1.1
The county projects are implemented at the right cost.	2.3	0.9
The performance of county project is entirely based on budget allocated.	3.6	0.9
Enforcement of budgets implementation as planned as been achieved effectively.	2.4	1.0
County departments spend the budget allocated effectively	2.3	0.8
There is improved expenditure prioritization in the county.	3.5	0.8
There is improved service delivery in the county.	3.6	0.8

Table 3 showed that majority of respondent did not agree that county projects are always completed within the stipulated time, with mean score of 2.3 and standard deviation of 1.1 indicating that majority of respondents agreed to the statement. The results also showed that majority of the respondents agreed that the quality of project implemented in the county project reflects amount budgeted with mean score of 3.5 and standard deviation of 1.1 indicating that majority of respondents agreed to the statement. The results also showed that majority of the respondents did not agree that the county projects are implemented at the right cost with mean score for place of 2.3 and standard deviation of 0.9 indicating that majority of respondents did not agree to the statement.

Further, respondents agreed that the performance of county project is entirely based on budget allocated with mean score for place of 3.6 and standard deviation of 0.9 indicating that majority of respondents did not agree to the statement. The study established that majority of the respondents did not agree that enforcement of budgets implementation as planned as been achieved effectively with mean score of 2.4 and standard deviation of 1.0 indicating that majority of respondents did not agree to the statement. Majority of the respondents did not agree that county departments spend the budget allocated effectively with mean score of 2.3 and standard deviation of 0.8 indicating that majority of respondents did not agree to the statement. The study further indicated that there is improved expenditure prioritization in the county with mean score of 3.5 and standard deviation of 0.8 indicating that majority of respondents agreed to the statement. It was also established that majority of the respondents agreed that there is improved service delivery in the county with mean score of 3.6 and standard deviation of 0.8. Further the study sought to rate the implementation of performance based budget in Meru County. The results of the study are presented in Table 4.



**Table 4: Rate implementation of performance based budget in this county**

Rate the implementation of performance based budget in this county	Frequency	Percent
Bad	8	14.5
Dont know	7	12.7
Good	37	67.3
Very good	3	5.5
Total	55	100.0

Results indicated that the implementation of performance based budget in Meru County were good. Performance based budgeting enables the management team to make future plan through implementation of goals to check whether they conform to the set objectives. The PBB is adopted to improve transparency, accountability and good governance in the counties. Effective implementation of performance based budgetary is an important guarantee for the effective implementation of budget in the organization. This makes the county achieve its targets and goals within the planned time frame. The presence of performance based budget enables the county government to make a good budget as a basis for performance management and standards. This can be done on a regular basis in order to compare actual performance with the budget and analyze differences in the results and take corrective measures, which involve the process of budget implementation, evaluation and control.

### 4.3 Correlation Analysis

Pearson's product-moment correlation coefficient ( $r$ ) was used to examine the extent of correlation between the variables of study and to show the strength of the linear association between the variables in the regression. The results of correlation analysis are presented in Table 5.

**Table 5: Correlation Coefficients Matrix**

	Implementation of performance based budgeting	
Implementation of performance based budgeting	Pearson Correlation	1.000
	Sig. (2-tailed)	
Public participation	Pearson Correlation	.670**
	Sig. (2-tailed)	0.000

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

Results in Table 5 indicated that there was a strong significant and positive association between public participation and implementation of performance based budgeting in devolved government of Meru County Kenya ( $r=.670$ ,  $p<0.01$ ). Public participation is essential public in budget making and implementation process. The Kenya 2010 Constitution provides prominence significance to public participation; it enhances democracy by advocating the rights holders with the opportunity to take part in decision making processes touching county governance and development processes. The results are in line with Wacera (2016) conducted a study on the effect of citizen participation

on budget implementation in Kenyan counties and established that citizen participation was significant in predicting budget implementation.

#### 4.4 Model Regression

This section contains inferential analysis for public participation and performance based budgeting in devolved government of Meru County Kenya. Inferential statistics in this section include model fitness, ANOVA tests and regression coefficients. The results presented in Table 6 present the fitness of model used of the regression model in explaining the study phenomena.

**Table 6: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.670 <sup>a</sup>	.448	.446	.43378

a. Predictors: (Constant), public participation

Public participation was found to be satisfactory in explaining performance based budgeting in devolved government of Meru County Kenya. This is supported by coefficient of determination also known as the R square of 44.8%. This means that project performance based budgeting in devolved government of Meru County Kenya explain 44.8% of performance based budgeting in devolved government of Meru County Kenya. The ANOVA results are presented in Table 7.

**Table 7: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	36.090	1	36.090	191.798	.000 <sup>b</sup>
1	Residual	44.408	236	.188		
	Total	80.498	237			

a. Dependent Variable: implementation of performance based budgeting

b. Predictors: (Constant), public participation

Table 7 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that public participation, is a good predictor of performance based budgeting in devolved governments in Kenya. This was supported by an F statistic of 191.798 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. The findings for F calculated (191.798) was also compared against the F critical value ( $F_{1, 236}$ ) of 5.6281calculated from the F tables. Since the F calculated was greater than F critical ( $191.798 > (5.6281)$ ), the model is significant. Regression of coefficient results is presented in Table 8.

**Table 8: Regression of coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.086	.150		7.230	.000
	public participation	.604	.044	.670	13.849	.000

a. Dependent Variable: implementation of performance based budgeting

### **Regression Model ;**

$$Y = 1.086 + .604X_1$$

Where

Y = Implementation of performance based budgeting in devolved governments

X<sub>1</sub> = Public participation

The results also revealed that public participation and implementation of performance based budgeting in devolved governments have a positive and significant relationship ( $\beta = .604$ ,  $p = 0.000$ ). Public participation entails a process whereby individuals, governmental and non-governmental groups play a major role of influencing decision making. The public also influence decisions of oversight and development. It is a two-way interactive process where the duty bearer communicates information in a transparent and timely manner, engages the public in decision making and is responsive and accountable to their needs. Section 11 of the constitution, which locations degenerated governments explicitly explains the significance of open cooperation in the issues of government. Article 196 on open interest and district gathering forces, benefits and insusceptibilities plainly stipulate that government should encourage open support and association in the authoritative and different business of the region and bring together and its boards of trustees. The results are also in line with Wacera (2016) conducted a study on the effect of citizen participation on budget implementation in Kenyan counties and established that citizen participation was significant in predicting budget implementation.

### **5.0 Conclusions**

Based on research finding it can be concluded that public participation affects the implementation of performance based budgeting in devolved government of Meru County Kenya. Public participation is essential in budget making and implementation process. These mechanisms include public forums and meetings, budget preparation and validation meetings as well as town hall meetings as required by the County Governments Act, 2012. Effective public participation requires a public institution to play its role in actualizing public participation by providing the appropriate infrastructure, including legislation, information and the actual mechanisms of participation.

### **6.0 Recommendations**

Based on the results of the findings and the conclusions drawn from the study, the various recommendations for the county administration were made. The recommendations are based on the study findings of the study. The study will benefits county administration in the implementation of performance based budgeting in devolved governments. Though public participation in budget making is clearly stipulated in the County Governments Act, 2012, public involvement in implementation of performance based budgeting remains very low. The study recommends for specifically tailored civic education and awareness among the public regarding the valuable contribution in the making of performance based budgeting. There is the need to improve the level of awareness to the public participation on the budget implementation through seminars, workshops and trainings to be organized not only to the current office bearers including accounting

officers, accountants, budget officers, internal audit, clerks and members of public account/investment committee but all other stakeholders involved in budget making/execution.

Public participation is another important issue since it reflects the degree of consensus and ownership from the person involved. This calls for political goodwill in encouraging and facilitating public participation in the implementation of performance based budgeting. Further, there should be clear channels to incorporate public opinions and views regarding the implementation of performance based budgeting. The county governments should devise mechanisms for citizens to participate directly in formulating and implementing budget processes. Public participation is a fundamental part of the county governance. All individuals responsible for achieving results should be consulted in the formulation of budgets. No system of budgetary control can succeed without the mutual understanding of superiors and subordinates. The organization should communicate the outcome of budget decisions to all the relevant staff. Budgets have an important part to play in the communication of objectives, targets and responsibilities throughout the government. Participation assures full co-operation and commitment for making budgets successful.

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