

## THE EFFECTS OF EMPLOYEE SKILL SET IN INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEM ON SERVICE DELIVERY IN THE MINISTRY OF INTERIOR AND COORDINATION OF NATIONAL GOVERNMENT IN KENYA

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### ABSTRACT

**T**he introduction of the Integrated Financial Management system, Electronic Funds Transfer, the Pension system and the Public debt management systems among others, have been premised on the realization that government of Kenya can effectively leverage existing and emerging technology to enhance the pace of reforms. This research sought to determine the effects of employee skill set in IFMIS on service delivery. The target population for this study was the various staff in the ministry of interior and coordination of national government. The data collected was qualitative. Descriptive statistics was performed to provide simple summaries about the measures and represented in form of frequency tables. The study established that 44.1% of the respondents strongly agreed that the ministry employees lack proper training program on the use of IFMIS. The study concluded that IFMIS enables working to be interactive, extended, networked and autonomous. The study recommended that that the ministry of interior and coordination of national government should provide proper training program on the use of IFMIS and also recommended that the employees should be motivated on the use of IFMIS.

**Keywords:** Employee skills, Integrated financial management information system, Service delivery.

## 1. INTRODUCTION

A strong Public Financial Management system is a catalyst for economic growth and development. It ensures that the government and its Departments raise, manage, and spend public resources in an efficient and transparent way with the aim of improving service delivery. Sound systems, strong legal and regulatory frameworks as well as a competent and productive civil service are the cornerstones of an efficient PFM regime. Public Financial

Management reforms have been identified as the key drivers to efficient public service delivery and creation of wealth and employment. A strong financial management system aims at developing policies, frameworks, and relevant guidance on internal controls, and implementing risk management measures. It should fully assess internal control systems to identify and address weaknesses. By maintaining and enhancing internal controls, organizations become capable of responding to various risks that impede the achievement of their goals as well as risks of misstatements in financial reporting, thus enabling them to realize a well-rounded organizational management. IFMIS reengineering aims at continuously assessing and identifying risks throughout the period of reengineering to reduce potential adverse effects of any unforeseen occurrences that might interrupt the IFMIS implementation. This involves risk identification, analysis and mitigation (Rodin-Brown, 2008). Introduction of IFMIS involves more than simple automation of public finance tasks and processes. It implies both reforms and reforms that change existing procedures. They should therefore be seen as an organizational reform which deeply affects work processes and institutional arrangements governing the management of public finance. A USAID guide published in 2008 on IFMIS implementation identifies legal framework, business processes, budget and account structure and centralized treasury operations as some of the issues that commonly accompany IFMIS reforms. (USAID, 2008).

The Integrated Financial Management Information System (IFMIS) was first rolled out to government ministries in 2003 and to the county governments in 2013, while its re-engineering process began in 2011 in order to stabilize and enhance the IFMIS implementation (GoK, 2008). The low level of computer literacy must first be adequately addressed before such projects can be truly viable. The implementation of an IFMIS is a complex, risky, resource intensive process that requires major procedural changes and often involves high level officials who lack incentives for reform (Chene, 2009). It demands a commitment to change, change in technology, in processes and procedures as well changes in skills, responsibilities and behaviors (Rodin-Brown, 2008). According to Peterson, (1998) the commitment of senior managers is one of the most frequently cited factors deciding the success or failure of an information system.

## 2. Statement of the Problem

Among the areas that the IFMIS was introduced to address was preparation of accurate financial statements. However over the years the Treasury and ministries have been at loggerheads over the implementation of the systems with book keeping discrepancies worth billions of shilling being observed. In the seating of the Public accounts committee (PAC) reviewing the 2010/2011 expenditure the Ministry of Energy was asked to explain discrepancies of expenditures worth 12 billion shillings (2010/2011 PAC report). Evidence given showed that discrepancies resulted from errors in the IFMIS. The roll out of the IFMIS has taken an unduly long time.

Kenya having started developing the system in 1998 implementation did not start until 2003 and even up to now implementation is still lagging behind even after the launch of IFMIS re-engineering initiative in 2011. The government has not been able to fully train its staff on the use of IFMIS. The budget planning modules has to date not been integrated to the IFMIS and the allocations approved by parliament are captured manually an exercise that takes almost one month. This research aims at investigating the reasons for perennial problem of financial information discrepancies across various ministries with a focus on Ministry Interior and coordination.

It also aims at finding the causes of delay in full implementation process and why it has taken long to train the staff on the system as only five thousand staff had been trained as at January 2014 (IFMIS Times Issue 1, January 2014). This aimed to recommend solutions to the challenges relating to the implementing of an IFMIS that hamper the promotion of efficiency, effectiveness, accountability, transparency, security of data management and a comprehensive financial reporting as result delay service delivery.

### **3. Literature Review**

The effective implementation, operation and maintenance of an IFMIS require staff with the necessary knowledge and skills. Lack of capacity is regarded as one of the main causes for the delay in the implementation process experienced by Ghana, whilst the emphasis that was put on capacity building through training in Tanzania was one of the main contributors to their success. (Diamond & Khemani 2006:112). The lack of staff with IT knowledge and experience cannot be easily remedied by training and hiring. The salary structure and terms of employment in the public sector are usually not attractive enough to compete with the private sector and to incentivize candidates with the required IT-skills levels (Chêne 2009:4). Trained personnel also leave the government service, often for better job opportunities.

Brar (2010:55) argues that low capacity for system implementation at the sub-national level, such as provincial and regional governments, is one of the major challenges in the implementation of an IFMIS in developing countries. This aspect is especially relevant in the South African context with its nine provinces and the consequent demand that the duplication of efforts creates for skills and knowledge, of which a shortage already exists. Farelo and Morris (2006:11) contend that the human resource development issue within government needs prioritization, the education system needs to be aligned with the information and communication technologies (ICT) demands of the country and scarce ICT skills need to be attracted and retained particularly within government.

A range of skills and competencies will need to be developed in public-sector organizations in order to properly implement and manage Integrated Financial Management Information System (Settles, 2005). The skills required for IFMIS are not simply technical, as general managers also need broad skills to engage in the ICT decision- making process; necessary skills include a basic technical understanding (IT literacy), but also an understanding of information management and the information society. An emerging need seems to be the requirement for a new set of skills in the public service – both at the organizational and personal level – to cope with the structural challenges of modernization and transformation against the background of socio-economic considerations (EIPA, 2005). Leitner (2006) emphasized that apart from IT skills, the introduction of IFMIS invariably leads to new types of non-technology skills, in particular 'softer' personal, communication and organizational skills. Traditional management skills need to be updated and strengthened to deal with the impact of IFMIS, and additional competencies are needed in areas such as organizational change, co-operation and collaboration across departments, and public-private partnerships (Lau, 2003).

Khan *et al.* (2010) defined “Employee skills” as the set of skills, knowledge, and concepts that are needed for effective access, locate, operate, manage, understand, and evaluate Integrated Financial Management Information System initiatives in different stages. Electronic Government competencies are defined by Career Executive Service Board of Philippines (2010) as the requisite ability to set a broad Integrated Financial Management Information System vision and show commitment to that vision by: articulating the positive impact of IFMIS on efficiency, service quality, and customer service; and to identify the potential benefits of IFMIS and how to achieve them; and the qualifications of executives to effectively develop, implement and manage IFMIS programs and initiatives.

EPAN (European Public Administration Network) (2003) identified four sets of skills, both technical and managerial, as essential for Integrated Financial Management and Information Systems: Information Technology (IT), Information Management (IM), Information Society (IS), and updated management skills. While the borders of these skill sets are blurred, they provide a useful framework for analysis (Lau, 2003). IT skills are the technical skills which are necessary to implement e-Government, and this skills set include basic IT literacy for all employees, and technical skills for IT specialists to design and implement technical elements (hardware, software, communication) of IFMIS initiatives (Ojo *et al.*, 2007). IM skills span the deployment of knowledge resources within the public administration and the sharing of knowledge with partners and other stakeholders outside the organization, and this skills set are essential for coordination and collaboration within the organization in order to create a transparent image to the public (UK department for education, 2003).

IS skills include the ability to use ICT resources to implement an IFMIS strategy of an organization in accordance with its overall strategy, this skills sets involve understanding new technologies and their limits vis-à-vis the organization’s service strategy (Repo, 2003). Updated Management Skills: since Integrated Financial Management Information System has a significant impact on the structure and processes of public administrations, traditional managerial skills are insufficient for new organizational needs; managers need skills to manage organizational changes resulting from e-Government, and they also need to improve customer responsiveness, develop accountability frameworks, create incentives for cooperation and manage relationships with the private sector (Ojo *et al.*, 2007). Each skill set is composed of several specific skills, the classification of specific skills into each skill set are adopted from the classification done by EPAN (2003).

#### **4. Research Methodology**

The study in particular made use of questionnaires. Closed ended questions are accompanied by a list of all possible alternatives from the respondents who selected the answer that best describes their situation. The study used both qualitative and quantitative data. Descriptive statistics was applied to analyze both qualitative and quantitative data. Data obtained from the questionnaires was processed through editing and coding and then entering the data into a computer for analysis using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) version 21.0, which offers extensive data handling capabilities and numerous statistical analysis procedures that analyses small to very large data statistics (Bell, 2007). Qualitative data was analyzed using content analysis. The study used Pearson’s correlations to determine the relationship between the performance and the study factor variables.

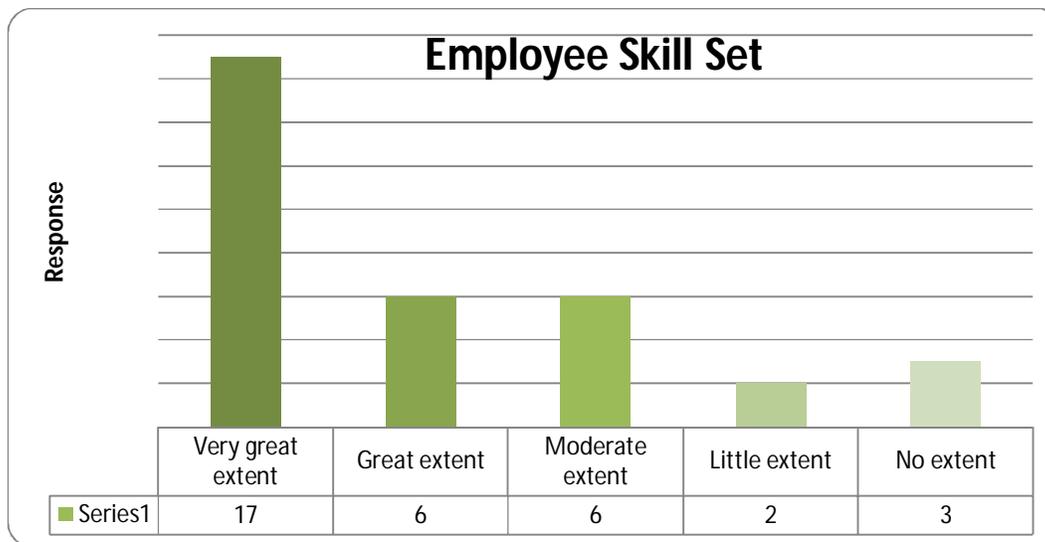
## 5. Findings

**Table 1. Influence of Employee Skill Set**

Statement	S.D		D		N		A		S.A		Total %
	F	%	F	%	F	%	F	%	F	%	
Ministry lacks proper IFMIS training program	5	14.7	4	11.8	2	5.9	8	23.5	15	44.1	100
Most employees resist IFMIS for fear of losing out control and jobs	4	11.8	5	14.7	6	17.7	6	17.7	13	38.2	100
System is resisted due lack of usage knowledge.	1	2.9	3		3	8.8	7	20.6	20	58.8	100
System installation stage failed to involve staff	12	35.2	4	11.8	4	11.8	3	8.8	11	32.3	100
There is general lack of interest in IFMIS among the employees	2	5.9	2	5.9	8	23.5	15	44.1	7	20.6	100
Top management lacks the drive to inspire the use of IFMIS	14	41.2	4	11.8	2	0	9	26.5	5	14.7	100
Ministry relies heavily on experts to run system	3	8.8	7	20.6	7	20.6	9	26.5	8	23.5	100
Most users lack accounting background	2	5.8	2	5.9	6	17.7	4	11.8	20	58.8	100
Phased roll out is to blame for fragmented training	19	55.9	3	8.8	4	11.8	5	14.7	3	8.8	100
ICT phobia is still an issue if IFMIS	4	11.7	1	2.9	8	23.5	3	8.8	18	52.9	100

From the findings above on employee skill set, it was established that majority of the respondents (44.1%) strongly agreed that the Ministry lacks proper training program for the use of IFMIS, 38.2% of the respondents strongly agreed that Most employees resist IFMIS for fear of losing out control and jobs. 58.8% of the respondents strongly agreed that the system is resisted due lack of knowledge on how to use it. This is consistent with the work of Brar (2010) who posited that low capacity for system implementation at the sub-national level, such as provincial and regional governments, is one of the major challenges in the implementation of an IFMIS in developing countries.

Regarding the statement as to whether the system installation stage ignored staff involvement, majority of the respondents (35.2%) disagreed with the statement, majority of the respondents were neutral (23.5%) on whether there is general lack of interest in IFMIS among the employees. On whether top management lacks the drive to inspire the use of IFMIS among employees, majority of the respondents (41.2%) disagreed with the statement. This is in line with the work of Settles (2005) who postulated that a range of skills and competencies will need to be developed in public-sector organizations in order to properly implement and manage Integrated Financial Management Information System. Majority of the respondents (26.5%) agreed that the Ministry relies heavily on experts to run the system, the study also found out that majority of users lack accounting background which is essential in the use of the system as shown with 58.8% of the respondents. 55.9% of those interviewed disagreed that the phased roll out is to blame for fragmented training in the use of the system. Majority of the respondents strongly agreed that The ICT phobia is still an issue if IFMIS is to effectively used. This is consistent with the work of Khan et al., (2010) who stated that employee skills are needed for effective access, locate, operate, manage, understand, and evaluate Integrated Financial Management Information System initiatives in different stages. The respondents were asked to rate the extent at which employee skill set in IFMIS affects the service delivery. The findings are distributed as shown in figure 1.



**Figure 1 Employee Skill Set**

From the findings, majority of the respondents (50%) agreed to a very great extent that employee skill set in IFMIS influence service delivery. 17.6% (6) of the respondents agreed to a great extent and to a moderate extent that employee skill set in IFMIS influence service delivery. 5.9% (2) of the respondents agreed to a little extent while 8.8%(3) of the respondents did not agree at all.

## 6. Conclusion and Recommendation

The study established that 44.1% of the respondents strongly agreed that the ministry lacks proper training program for the use of IFMIS, the study also revealed that 38.2% of the respondents strongly agreed that most employees resist IFMIS for fear of losing out control and jobs. 58.8% of the respondents strongly agreed that the system is resisted due lack of knowledge on how to use it. This is consistent with the work of Brar (2010) who posited that low capacity for system implementation at the sub-national level, such as provincial and regional governments, is one of the major challenges in the implementation of an IFMIS in developing countries.

In South Africa, Brar (2010) established that training equipped employees with the relevant skills set thereby smoothening IFMIS implementation. Regarding the statement as to whether the system installation stage ignored staff involvement, majority of the respondents (35.2%) disagreed with the statement, majority of the respondents were neutral (23.5%) on whether there is general lack of interest in IFMIS among the employees. The study revealed that the top management lacks the drive to inspire the use of IFMIS among employees. This is in line with the work of Settles (2005) who postulated that a range of skills and competencies will need to be developed in public-sector organizations in order to properly implement and manage Integrated Financial Management Information System. It was established that majority of the respondents strongly agreed that The ICT phobia is still an issue if IFMIS is to effectively used. This is in line with the work of Khan (2010) who stated that employee skills are needed for effective access, locate, operate, manage, understand, and evaluate Integrated Financial Management Information System initiatives in different stages.

The study concludes that there is a significant relationship between employee skill set in IFMIS and service delivery. The study concludes that the employees at the ministry lacks proper training program for the use of IFMIS, the study also concludes that the system is resisted due lack of knowledge on how to use it.

Regarding the statement as to whether the system installation stage ignored staff involvement, the study concludes that majority of the respondents disagreed with the statement. The study concludes that majority of the respondents were had divided opinion on whether there was general lack of interest in IFMIS among the employees. The study concludes that the top management lacks the drive to inspire the use of IFMIS among employees. The study concludes that the ICT phobia is still an issue if IFMIS is to be effectively used.

### **7. Acknowledgements**

I wish to acknowledge my supervisor Dr. Mouni Gekara, all my course lecturers and my friends for their moral support and patience while undertaking this research project. Most of all I would like to thank God for his Grace and faithfulness that enabled me to complete this worthwhile and taxing undertaking. Thank you and God bless you all.

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