ISSN: 2235 -767X

BUDGETARY ALLOCATION AND THE SUCCESS OF PUBLIC SECTOR MANAGEMENT IN CENTRAL PROVINCE, KENYA

Moses Gakuru¹ and Mungania A.² School of Business, Kenya Methodist University

ABSTRACT

he main objective of the study was to determine the effects of budgetary allocation on the success of public sector management in Kenya. The research design which was used in this study was descriptive survey targeting public sector in Kenya where a total of 15 government departments were selected as the unit of observation while the unit of analysis was managerial and supervisory staffs of these government departments of which by the use of multistage sampling method, formed a total of 93 respondents. The data was collected using questionnaires and personal interview schedules and by the use of SPSS for analysis, the study found out that there is a strong positive relationship between budgetary allocation and public sector management.

Keywords: Budgetary allocation, Success, and Public Sector Management

ISSN: 2235 -767X

1. INTRODUCTION

People relied on governments to effectively and appropriately manage public expenditure and develop beneficial policies in public sectors. The principal objective of public sector management practices was to promote public sector efficiency, transparency and accountability to improve the performance in public offices. According to Hood (1993), New Public Management was a management culture that emphasized the centrality of the citizen or customer as well as accountability for results. In Kenya, Public Sector Management Reform was initialized to assist the Kenyan government in creating a streamlined public sector with emphasis on performance, transparency and accountability. The aim was to provide support in addressing issues in public service reform and financial management in addition to legal and procurement reforms. In this research paper, we focused on key ministries in Kenya on the subject of management reforms aimed towards enhancing public service delivery. They included the ministry of Health, Ministry of Education, Ministry of Lands, Ministry of Finance and Ministry of Agriculture. Since independence the government had given high priority to the improvement of the health status of Kenyans. The Ministry of Health had the responsibility of ensuring the provision, improvement and promotion of health for all Kenyans. Different policy initiatives have had success. In 1994, the Ministry of Health produced Kenya's Health Policy Framework (KHPF) which was based on a comprehensive situational analysis of the various factors affecting the health sector and addressed broadly the Agenda for reform for policy implementation. The aim of the policy framework was to ensure that the health status of the Kenyan population was improved. This included strengthening of the central public policy of the Ministry of Health, adoption of an explicit strategy to reduce the burden of disease and definition of an essential cost effective care package. Challenges facing the management in the health sector were the decline in resource availability and mismanagement of resources which limited implementation of policy. The reform of health service employment conditions remained a sensitive issue. Dealing with issues such as pay and incentives in the public sector constituted some of the most challenging items even on the international health agenda, Bach (2000).

The department of lands created a strategic plan that its main objectives were to put in place structures that were geared towards achieving objectives such as; equitable and efficient access to land for Kenyans, harmonious and sustainable development of the land resource, equitable and efficient land taxation, efficient and effective provision of advisory and technical services, efficient and effective resolution of boundary and land disputes. A strategic plan was implemented and the key operations were undertaken in the department, amongst them was resolution of all pending boundary and land disputes and update existing records to enhance revenue and Appropriate in Aid (A.I.A) collection. The Ministry of Education for Science and **Technology** (MoEST) had the mandate of providing, promoting and co-coordinating lifelong education, training and research for Kenya's sustainable development. The overall strategic objectives in the sector were to ensure equitable access, attendance, retention, attainment and achievement in education, science, research and technology by ensuring affordability of services. MoEST sought to mobilize resources for sustainable and efficient delivery of relevant educational research, technological and other educational services. It ensured co-ordination of education and training for efficient delivery of services between government, donors, NGO'S and communities. The specific targets in the ministry included free primary education (FPE) by 2005 and education for all (EFA) by the year 2015. This new education strategic objective was important to enhance access, equity and quality in primary and secondary education supported through capacity building for education managers.

ISSN: 2235 -767X

Ministry of finance, Public Financial Management Reforms (PFMR) was intended to strengthen public financial management systems in a bid to enhance transparency, accountability and responsiveness to public expenditure policy priorities. The ultimate vision of the Programme was not only to improve provision of essential public services but also to ensure economic growth, poverty reduction and good governance to the people of Kenya. As much as this reform required responsiveness, there were quite a number of challenges limiting a functional public sector. Lack of sustained and committed political will to continue to drive the complex process and as a result the programme was not implemented fully. Poor and slow procurement procedures led to delays and frustration in the programme implementation. The core values of the Ministry of Agriculture were efficiency responsiveness and accountability. Policy reforms in this sector were continuously being undertaken to stimulate growth of the economy and to redistribute wealth with a focus to poverty reduction. The government through the ministry had committed itself to improve the livelihoods of all Kenyans through various policies under implementation like the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007(National report on Kenya, March 2006). Reform components of the sector comprised of Policy and institutional reform, Extension system reform, Research system reform and Farmer/client empowerment reform. The success of the sector reforms had also faced constraints which included poor infrastructure, poor governance, and poorly sequenced liberalization process, out dated legal frame work. Inconsistent policies and poor implementation by management had also compromised food security and employment opportunities. Owolu (1999) said efficient implementation of new public sector management required that the managers be given freedom in their performance so that they would be responsible for any default in the process of fulfilling public interest and provision of quality services to the public.

2. Statement of the Problem

There had been a general outcry from various stakeholders that managers were not performing as per expectation. The Controller and Auditor General had over the years been reporting that all ministries never spent over half of the funds approved by Parliament. Transparency International (TI) in their bribery index had continuously reported that corruption is still rampant in various public institutions. Farmers had complained of poor services offered by Agricultural extension workers resulting in low food productivity. Education had been on a downward trend with parents opting for private institutions especially at primary level. The lands registry had been accused of corruption with the public complaining of undue delays in the issuance of titles. This had led to various donor agencies threatening to withhold or cancel any assistance they had been giving. The public had resulted in taking the law into their own hands as they had no faith in the services offered by the security agencies. The public were also depending more on private security to protect their property. This study therefore sought to establish the effects of budgetary allocation and the success of public sector management in Kenya.

ISSN: 2235 -767X

3. Literature Review

Public sector in Kenya included the ministries, parastatals and ministerial departments. Management in these offices directly determined the quality of output it offered the public. The public had been pointing hands at the government due to cases of corruption, embezzlement of funds and inefficacy in these offices. A review of literature in this section showed the extent to which the government and other African countries have implemented new public management reforms. Their achievements, successes and challenges in the process of attaining reforms. For instance, a Project initiated on Institutional Reform and Capacity Building Technical Assistance Kenya aimed to strengthen public financial management systems to enhance their transparency, accountability and responsiveness to public expenditure policy priorities as well as to enhance public service delivery. Public Service Reform and Development Secretariat (PSR&DS) was established in the Office of President in September 2004 with the mandate to coordinate all public sector reforms and mainstream Results Based Management (RBM) in the Public Service. Among the policy priorities for PSR&DS were to develop and sustain capacity for transformative leadership and management of results for Kenyans and to deepen public sector reforms already established in the various departments in the government.

Past studies had shown that most strategies in Africa had not been implemented in full because public sector institutions had been afflicted by problems of corruption, nepotism, inefficiency, poor coordination, poor management and institutional capacity, non-existent salary policies and political interference. (Pollitt, 1993). In a paper written as a joint statement by development partners in Kenya (Nov 2003), recent developments had been effected by the government on key issues associated with public sector reform and capacity building. As noted in the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) paper, the public sector was both large and relatively inefficient. The ERSWEC took an approach to increase funding available for implementation of NPSM. The paper mentioned the priority reforms for the government to be civil service reforms, local authorities and public enterprise. The paper further argued that the challenge was to accelerate the implementation and result delivery of the reforms. They saw it essential that the public sector scale-down its size, to become more efficient and effective through privatization. Also long term solutions could be drawn to avoid political interference on key issues meant to improve well-being of the people.

Olowu (1999) and Therkilsede (2001) in their paper suggested that accountability should be a major reform objective. Managerial accountability should be practiced such that the managers carried out agreed tasks according to agreed criteria of performance. The interest in accountability within public sector reform was the desire to make public sector staff more accountable for their decisions and actions. According to Olowu and Therkilsede, Problems of accountability arose when firstly; tasks to be performed were so complex that implementation was difficult if not impossible. Secondly, some activities were hidden thirdly, corruption practices were widespread. Fourthly, political and personal loyalty were rewarded more that merit, and fifthly public participation in the running of public affairs was insignificant. Survey done on resource allocation in Uganda, Ghana and Honduras indicated that there were high levels of inefficiencies in the manner in which governments expend their funds. For instance, In Uganda it was found out that out of the per student non-wage funds distributed annually by the central government only 13 per cent reached schools, the remaining 87 per cent disappeared for either private gain or was used by for purposes unrelated to education. (Nafula 2004)

ISSN: 2235 -767X

A survey was done on effects of decentralization and devolution. 1n 1994 to 1996 following the assessment that was taken in the 9 municipalities in Kenya which included Kericho, Eldoret, Kitale Nyahururu, Kisumu, Nakuru Nanyuki Nyeri and Thika, it was recognized that if financial viability was to be attained financial autonomy from the council would be required. This resulted to the 9 local water authorities to have a general manager and commercial manager. This new management assisted a lot in improving operation and maintenance of water and sanitation. (MacDougall and Mwaura 1997). There emerged the need to increase access and equity on education in kenya which required an enabling legal framework and an efficient management. There existed conflicts in the current legal framework on education, training and research thus inhibiting effective promotion of access and equity, governance and management, maintenance of standards and quality and financing of the sector. The expected new laws on management sought to improve governance and management, quality, standards and financing of education, training and research. The creation of the authority was widely implemented in colleges and public universities to ensure independent management. Due to the apportionment of responsibilities it made it simple for the university managers to perform their duties independently. This also ensured efficiency and effective education. (Otieno 2007). One of the major developments in the provision of public services had been the introduction of user fees or charges. Charges to consumers for public utilities represent an attempt to diversify financing for public services and reshape public spending. These policies had assumed increased importance in developing countries, especially in Africa in the 1980s as governments faced slower economic growth and rising deficits that made public expenditure levels unsustainable. (Adams and Hartnet, 1996). For example education sector had adopted use of User fees and also introduced at different levels of education in Ghana, Kenya, Malawi and Uganda (Larbi, 1998).

Lewis (2008) studied the experiences of NPM in Africa by looking at performance management system in Botswana's major aim of adopting strategic plans on performance was to improve service delivery and productivity in the public service. The public sector was viewed as inefficient, underperforming and lacking in job accountability and ownership. It was felt that it was insensitive to the public in terms of service provision. Wastage of resources in ministries and departments and lack of proper planning and management of funds resulted in the need for extra funding. Inefficient management of human resources led to the creation of unnecessary posts in ministries and departments. To improve the quality of service delivered and satisfy customers and stakeholders, the government mandated the Directorate of Public Service Management (DPSM) to develop initiatives that could improve public service delivery. From 1994 to 1997 DPSM conducted investigations to see what steps could be taken to reform the public service. Changes such as Work Improvement Teams (WIT), a Performance Based Reward System (PBRS) and Decentralization were introduced, but the problem of poor service delivery remained. Government came up with the initiative of improving internal processes by introducing Business Process Reengineering whose recommendations included the introduction of PMS to ensure efficient and effective service delivery and the improvement and sustainability of high productivity at all levels. There were also case studies of attempts to implement new public management in African countries. Mutahaba and Kiragu (2002), in their paper focused on five African countries including Kenya. They had a view that each success on implementation of policy reform was a lesson for the next one. Similar reforms done by these countries with the help of donor funds were as follows. Firstly, they embraced devolution which was seen through support given to local governments and creation of autonomous agencies. Secondly, they emphasized on performance and overhauling of personnel management practice to focus more on individual performance. Thirdly, efforts were made to modernize budgeting, financial management systems and information technology. Hope

ISSN: 2235 -767X

(2002) gives the following suggestions that could help to solve the problems and strengthen the public sector management. Decentralization in government sector since the organization was very large and was in a dynamic environment in which decisions have to be made. Managers had to be willing to share power and responsibility for effective delivery. Moreover, delegating tasks to junior management would improve quality of output.

4. Research Methodology

The study used descriptive survey design where both primary and secondary data were used. Primary data was obtained using questionnaires and personal interview schedules while secondary data was found from the text books, journals, magazines and the internet systems. The study targeted public sector in Kenya where a total of 15 government departments were selected as the unit of observation while the unit of analysis was managerial and supervisory staffs of these government departments of which by the use of multistage sampling method, formed a total of 93 respondents. Regression analysis was then employed to determine the direction and strength of the relationship between the variables.

5. Findings

In table 1, 81.8 % of the sample population mentioned that the budgetary allocations were not adequate for successful implementation of New Public Management Strategies; only about 9 % of them said that the allocated resources were adequate. Most times the budgeted amounts had enormous difference with the actual spending in the public sector. About 40% of the respondents said that the cause of the big difference was fraud and embezzlement about 24 % mentioned that it was due to inflation while about 15 % said that it was due to lack of competent staff. **Table 1: Summary of adequacy of budgetary allocation**

Characteristics	Frequency	Percentage
Adequacy of budgetary allocation		
Completely inadequate	1	3.0
Inadequate	27	81.8
Indifferent	2	6.1
Adequate	3	9.1
TOTAL	33	100
Causes of difference in actual spending and budgeted spending		
Fraud and embezzlement	13	39.4
Inflation	8	24.2
Incompetence	5	15.2
Others	7	21.2
TOTAL	33	100

ISSN: 2235 -767X

6. Conclusion and Recommendation

the study revealed that the budget allocated to the managers' were not adequate to perform their tasks. There were also cases of corruption and looting of government funds which lead to poor service delivery to its clients. As more government organizations are forced to justify their existence and their ability to service citizens, pressure for government responsiveness can be seen across many service sectors Massive budget allocation to various sectors of the government should be accounted for by its managements. They should exercise responsibility in spending public funds to avoid fraud and embezzlement of funds meant to serve the public through infrastructure, hospitals, education and other services. Decentralization and devolution in public sector should be encouraged for effective allocation of resources throughout the country. The managers entrusted with government funds should sign performance contracts to exercise accountability and alleviate cases of corruption in public offices. The study therefore recommended that the Government should refocus on public-sector functions and intervening changes on budgetary allocations; decentralization and devolution; explicit standards and measure of performance; pay reforms and investing in information technology.

7. Acknowledgements

I thank the Almighty Father in Heaven for seeing me through and providing me with the necessary perseverance while carrying out this research project. I am grateful to my supervisor Dr. Mungania for his tireless and relentless support that he offered me in the process of carrying out this research project. I must admit that his invaluable guidance, encouragement, suggestions and positive criticisms are the ones that have led to the success of this research project. Lastly, I thank all the individuals who contributed to this research project. God bless you all.

European Journal of Business and Social Sciences, Vol. 4, No. 10, January 2016.

P.P. 151 - 158

URL: http://www.ejbss.com/recent.aspx-/

ISSN: 2235 -767X

References

- 1. Adams Arvil and Hartnett Teresa, (1996), *Cost Sharing in the Social Sectors of Sub-Saharan*, World Bank, Washington D.C
- 2. A National report on Kenya, (March2006). *Agrarian reforms and rural development*: new challenges and options for revitalizing rural communities in Kenya, presented at Port Alegre, Brazil.
- 3. Bedi A.S., (2004). User charges and Utilization of Health Services in Kenya, kippra.
- 4. Christohper Pollit, (1993), public Management Reform, Oxford.
- 5. Christopher Hood (1991). A public management for all seasons; public administration vol **69**: 3 -19.
- 6. Dele Owolu, (1999). *Introduction New Public Management*: an African reform paradigm, Africa development vol **27**: No.3 and **4**: 1-16.
- 7. Dr. Stephen Bach, (2000). *HR and new approaches to Public sector management*: improving HRM capacity, workshop on global health workforce strategy, Annecy, France.
- 8. Gelase Mutahaba and Kithinji Kiragu (2002). Lessons of interntional and African perspectives on PSR: example from five African countries, council for development of social science research in africa.
- 9. Hope K.R., (2002). *New public management –a perspective from Africa*, current trends and future prospects, London, New York.
- 10. Jonathan Boston et al,(1996). *Public Management*, the New Zealand model oxford university press, auk land, London
- 11. Joint Statement by Development Partners, (November 2003). *Public Sector Reform and institutional Capacity Building*, Nairobi, Kenya.
- 12. Klitgaard E., (1997). *Cleaning and invigorating the civil service*, public administration and development, vol **17:** No. 5.
- 13. Keeks R., (2002). Success and failure rates of E-government in developing countries, IDPM, University of Manchester, UK.
- 14. Larbi G., (1998). *Institutional constraints and capacity issues in decentralizing management in public services*: case of health in Ghana', journal of international development, vol **10**: No. 3.
- 15. Lewis B. Dzimbiri, (2008). *Experiences in New Public Management in Africa*: The Case of Performance Management Systems in Botswana, *Africa Development*, Vol. **33**: No. 4, pp. 43–58. University of Botswana, Gaborone, Botswana.
- 16. MacDougall N.A and Mwaura F.N., (1997). *Commercializing Local Government Water Departments*, 23rd WEDC conference, Durban, south Africa.
- 17. Nafula N.N., (2004). Budget mechanism and public expenditure tracking in Kenya, kippra.
- 18. P.M. Jackson and Price C., (1994). *privatization and regulation, Longman publishing*, New York, nay pp1-34
- 19. Samuel Otieno, (21st may 2007), the Standard Magazine, Kenya.
- 20. Shaw Paul R., (2004). *New trends in Public Sector Management in Health*: Applications in developed and developing countries, Health Nutrition and Population, World Bank.
- 21. Therkidsen O. (2001).' Efficiency accountability and implementation, public sector reform in East and Southern Africa, governance and human rights, paper 3.
- 22. United Nations Development Program (2001), Country Assessment in Accountability and Transparency (CONTACT).