International Journal of Economics, Commerce and Management
United Kingdom Vol. IV, Issue 10, October 2016
http://ijecm.co.uk/ ISSN 2348 0386

INFLUENCE OF BUDGETARY CONTROLS ON SERVICE DELIVERYIN COUNTY GOVERNMENT OF NAKURU IN KENYA

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Abstract

In spite of collecting revenue from their jurisdictions, none of the county governments is financially autonomous. They have to rely on the disbursements from the central government. The general objective of this study was to evaluate the influence of budgetary controls on service delivery in the County Government of Nakuru in Kenya. Of specific focus was the influence of revenue maximization and performance adjustment on service delivery. A cross-sectional survey research design was adopted. All the 121 employees working with accounts/finance department of Nakuru County Government comprised the accessible population. Stratified random sampling technique was adopted to draw a sample of 66 respondents from the accessible population. This study used a self-administered, structured questionnaire to collect data. A pilot study was conducted before carrying out the main study. The collected data was analyzed with the aid of the Statistical Package for Social Sciences. Data analysis captured both descriptive and inferential statistics. The results of the analysis were presented in form of tables. The study revealed that budgetary controls influenced service delivery in the County Government of Nakuru. Performance adjustments were found to be the most important in influencing service delivery. The study inferred that the county government has been striving to maximize revenue collection. Revenue maximization and performance adjustments were concluded to be important parameters in improving service delivery. The *study recommends that the county government ought to seal all loopholes that funds may be lost while automating revenue collection. These county governments are further advised to be flexible enough in order to adjust their budgets in the wake of unforeseeable macroeconomic effects.*

Keywords: Budgetary controls, county governments, performance adjustments, revenue maximization, service delivery

INTRODUCTION

Revenue generation is asserted to be a major source of revenue. However, its stability can be in question due to weak controls in the systems of revenue generation and attitude of the workforce (Alao&Alao, 2013).Sandberg (2001) pinpoints three strategies that can be employed to maximize revenue generation. These strategies include planning of the available resources, framework of revenue collection from internal to external coverage in order to maximize collection revenue with minimum input and framework to safeguard revenue collected up to designated account. According to Alao and Alao (2013) successful revenue generation is subject to revenue control that ensures timely collection of government revenue. That is, ensuring that amount of revenue due is collected, in addition to ensuring that revenue generated is deposited to government coffers without delay.

It is posited that the implementation of performance measures have increased the efficiency and effectiveness of various government programs. PBB has enhanced efficiency and effectiveness of state governments (Qi &Mensah, 2012). It is stated that fiscal adjustments are examined in the context of responses to shocks. Shocks are measured as deviations from budgeted current surplus, and they motivate adjustments of tax rates and current expenditure in order to avoid fiscal imbalance. Some devolved governments respond to shocks by compensating adjustment of tax rates and expenditures (Qi &Mensah, 2012).

Globally, organizations use budget controls as a means of corporate internal control and more so lays a platform for efficient and effective allocation of resources. Organizations can use budget control to forecast the firm’s future revenue and expenditure (Epstein &McFarlan, 2011). According to Scarlett (2008) budgetary controls entails the principles, procedures and practices designed to achieve certain objectives. To achieve budgetary control, actual performance must be measured against the budgeted target at regular intervals with the aim of assessing and evaluating performance. The controls are vital for a country’s economy. This is because budgetary controls permit planning expenditure and therefore facilitate systematic spending (Margah, 2005)

The performance of a business entity or an institution hinges on the budgetary control systems or techniques (Ngozika, 2013). Lack of the same predisposes entities to indiscriminate use of resources especially financial resources which may have ripple effect on the operations, performance and service delivery of a given entity. Indeed, Ngozika (2013) observed that budget and budgetary control not only affect the quality of service delivery in government entities in Nigeria but also improves management efficiency and high productivity. However, for the budgetary control to be effective, it is noted that it requires concerted efforts in participation, co-operation and understanding of top management, middle and lower level management (Ama, 2003).

With the new Constitution of Kenya promulgated in 2010, offices and government institutions have been established in regard to management of public funds. The Public Audit Act of 2003 and the Public Finance Management Act of 2012 entails the major government institutions responsible for monitoring of public funds. The independent office of the controller of budget among other functions carries out oversight role in the implementation of national and county government budgets. As such the controller monitors the use of public funds and reports to the National Assembly on the usage of funds. More so, the controller exercises budget control role in authorizing withdrawals from public coffers as per the stipulations of the constitution. The office of the Auditor General ensures that the accounts of all funds and authorities of the national and county governments and the accounts of the national and county governments are audited and reported to the parliament (Transparency International Kenya, 2015).As such it can be ascertained whether public funds has been used effectively.

The county government of Nakuru is under the office of the governor, deputy governor, county commissioner, senator, members of the national assembly, members of the county assembly and women representative. The county government in its integrated development plan for 2013/17 anticipates to mobilize funds from the national government allocations, locally generated revenue, donor loans and grants an also public-private partnerships in order to finance developments that require in excess of Ksh 102 billion. The projects and development initiatives are in line with the medium term expenditure framework as required by the National Government (CIDP, 2013).

Statement of the Problem

The devolved governments in Kenya were incepted in April, 2013 after the General Elections and as provided for by Constitution of Kenya 2010(Ondigi, 2013). Majority of centralized government functions have so far been devolved to the County Governments. However, in spite of collecting revenue from their jurisdictions, none of the county governments is financially autonomous and thus they rely on the disbursements from the central government. It has been stated in some quarters that these governments lack the requisite capacity to run the operations devolved to them as they lack the necessary skills to develop budgets that optimally reflect their revenues and expenditures (Ondigi, 2013).

Poor allocation of funds exemplified by massive finances being channeled to recurrent expenditure manifests misplaced priorities by those in charge of formulating county budgets according to Transition Authority (TA, 2015). Poor or lack of budgetary controls have led to stalled projects, delayed projects, strikes and go-slows amongst employees who draw their remuneration from county governments. There has been hue and cry from the members of the public premised by poor service delivery while at the same time county staffs allocate themselves massive allowances every financial year (TA, 2015).

There are a number of studies that have been carried out in respect of budgetary controls. Torome (2013) examined the revenue mobilization-performance relationship in local authorities in Kenya. Kahianyu (2013) analyzed the effect of integrated financial management system on service delivery in government ministries. Kipkemboi and Okelo (2016) studied the effect of internal control system on financial management in county government of Baringo. However, none of the studies examined the influence of various facets of budgetary controls on service delivery in county governments. This study, therefore, intended to fill these pertinent gaps.

General Objective

The general objective of the study was to evaluate the influence of budgetary controls on service delivery in county government of Nakuru in Kenya.

Specific Objectives

i. To analyze the effect of revenue maximization on service delivery in the County Government of Nakuru
ii. To determine the effect of performance adjustments on service delivery in the County Government of Nakuru

Research Hypotheses

H_{01}: There is no significant effect of revenue maximization on service delivery in the County Government of Nakuru.

H_{02}: There is no significant effect of performance adjustments on service delivery in the County Government of Nakuru.

THEORETICAL REVIEW

This section covers a review of theories on revenue maximization, performance adjustment, and institutional service delivery. The theories reviewed include revenue maximizing theory, goal-setting theory, and theory of everything in operations.

The Theory of Revenue Maximizing

The revenue maximizing theory was put forward by Sant'Ignazioin 2004. The theory states that, in a strict analysis, a revenue maximizing firm in equilibrium equates the average product of labour to the wage rate. In a dynamic analysis, the maximization rule becomes the balance between the rate of marginal substitution between labour and capital, and the ratio of the wage rate over the discount rate. When the firm satisfies this rule, it grows endogenously at the rate of return on capital. The idea of revenue maximization as opposed to profit maximization was suggested by Baumol (1962) and further advanced by Cyert and March (1963), and Williamson (1966) amongst other theorists.

In line with the theory, it is noted that the separation of ownership and control in the public sector creates a deviation of management form pure profit maximization principle and provides a considerable degree of decision-making autonomy to managers (Sant'Ignazio, 2004). Each institution may set up its own goal, and the choice to maximize revenue or profit depends on the real interests of the managers, and is also influenced by the corporate culture and institutional arrangements of the country where the entity operates (Sant'Ignazio, 2004). The revenue maximizing theory is very relevant to county governments in that, these devolved governments aim to maximize their revenues in order to fund their budgets. Presently, county governments have failed to be autonomous in financing their budgets, a challenge which stems from their failure to collect sufficient revenue. Therefore, the management of the devolved governments should essentially find ways and mechanisms of maximizing revenue (income) they collect from households and businesses within their jurisdictions.

Goal-Setting Theory

The goal-setting theory was invented by Locke and Latham in 2002. The theory states that conscious goals affect action, in which case goals are considered the object or action. The implications of goal-setting theory transcend individual to organizational performance level. It is argued that this theory is one of the most effective motivational theories. The goal-setting theory was formulated premised on empirical research carried out over a period of approximately four decades. According to Locke (2004) the theory is effective for any task where individuals have control over their performance.

The theory emphasizes on the important relationship between goals and performance. The theory holds that there ought to be alignment between individual and organizational goals in order to maximize performance by reducing conflict (Locke & Latham, 2002). It is averred that the most effective performance seems to be realized when goals are specific and challenging, when they are employed to evaluate performance and linked to feedback on results, and create commitment and acceptance (Lunenburg, 2011). In the context of county governments, the goal setting theory can be employed to illustrate how it should be ensured that the employees' goals are in congruent with government's goals. The employee performance should be adjusted in such a way that it will be in cue with institutional performance.

The Theory of Everything in Operations

The proponent of the theory of everything in operations was Kearney in 2011. The theory holds that in order to achieve operational excellence, organizations must not only improve performance within functions but also promote collaboration across functions. The theory seeks to achieve operational excellence through interoperability and improved functions. The theory of everything in operations aims to link existing approaches for enhancing operational excellence by evaluating performance in two crucial dimensions. These are functional excellence and interoperability. The former is highly emphasized while interoperability is much neglected.

The sphere of functional excellence has been there since time immemorial while interoperability is largely new. In line with functional excellence, mapping the current and desired positions on the functional excellence axis is relatively easy, and requires understanding two things. These are the current performance of the function and its potential for improvement; and the desired level of excellence necessary to align with the overall strategy. Interoperability is the ability to operate in synergy in the execution of assigned tasks. Interoperability has seven dimensions. These include operations strategy, business systems, relationship management, implementation management, performance management, information and knowledge management, and culture and people management. It is posited that these interoperability dimensions are key success factors in many of today's leading organizations (Kearney, 2011). The theory of everything in operations can be employed in explaining service delivery in county governments. These governments have various departments and functions. The two dimensions of the theory; functional excellence and interoperability are highly applicable. The county governments need to understand their present level of service delivery and also the desired level; the latter according to their strategic plans. The interoperability can enable these devolved governments to spend less time, finances, and human resources as they pursue to deliver superior services to the members of the public in their respective jurisdictions (Kearney, 2011).

EMPIRICAL REVIEW

This section puts into perspective review of past empirical studies on budgetary controls and service delivery particularly in devolved governments.

Revenue Maximization and Service Delivery

A study by Alam, Noore, Nastiti and Nur (2012) in Indonesia indicated that local governments mainly obtained financial resources from the central government and more so, despite the fiscal power granted to local governments on revenue mobilization, political and contextual factors undermined the efforts of local governments in maximizing their revenue. As such, it was noted that local government were highly dependent on national government.

The theme of strategic control and revenue generation was put into perspective (Oladimeji & Monisola, 2013).The study sought examine how the application of strategic control and balanced scorecard can be used to enhance overall organization goals in local government in Nigeria. The study employed a descriptive research design and used secondary data from government papers, accounting standards and journals. The study noted that to enhance revenue generation in local government, the whole system in local government needed to be overhauled through strategic controls and balanced scorecard in order to appraise system for staff performance and furthermore link it with organization goals.

It is observed that revenue mobilization by local governments in Ghana particularly the metropolitan, municipal and district assemblies has been poor, a condition that has necessitated the local government to entirely rely on allocation from the national government (Akorsu, 2015). The study evaluated the effectiveness of revenue mobilization in Cape Coast Metropolitan Assembly in Ghana. The findings indicated that the institution was unable to mobilize sufficient funds due to the fact that traditional methods were used to collect funds. One of the recommendations of the study was that there ought to be a reliable data base for all businesses and properties and more so sensitization of the public on the payment of taxes in order to enhance revenue for the local government.

Locally, Torome (2013) embarked on the revenue mobilization-performance nexus in local authorities in Kenya. The study purposed to establish the relationship between revenue mobilization and service delivery in local authorities. Descriptive research design was adopted.

A total of 35 local authorities were used. Data was obtained from secondary sources. The study established that revenue mobilization positively influenced performance of surveyed local authorities. As such, it was imperative for local governments to strategize on ways to improve local revenue collection in order to provide quality service delivery. One of the recommendations of the study was to privatize revenue collection through warding tenders to corporate entities to collect revenues, enforce measures and penalties on non-payment of taxes in order to increase revenue for the government.

Kondo (2015) analyzed the effect of revenue enhancement strategies on financial performance. The focus was on Kenya Revenue Authority. The study used descriptive research survey and relied on secondary data. The study findings indicated that the revenue maximization strategies influenced financial performance of the institution. Specifically, it was noted that computerized operations and staff training adversely and significantly influenced financial performance of the entity. The study recommended training on staff to improve their skills, knowledge and professional capacity in order to enhance performance of the institution.

Performance Adjustment and Service Delivery

A study on the financial performance adjustments was conducted (Arcas & Marti, 2016). On focus were English local governments. The study intended to establish the specific accruals that were used to achieve it. The study findings indicated that abnormal accruals were used by the local governments in order to report surplus or deficits close to zero or to avoid reporting big deficits. In addition, it was noted that depreciation and impairment expense of fixed assets were majorly used in abnormal accruals. As such it was noted that local governments that employed more debt or otherwise were highly leveraged used more of income-decreasing accounting policies.

A study by Kilonzi (2014) examined the decentralization of government operations and service delivery performance by county governments in Kenya. The objective of the study was to establish the relationship between decentralization of operations and the performance of county governments. In particular, the study focused on the operations that had been decentralized, effect of decentralizing operations on performance, and challenges facing operations decentralization. The study adopted exploratory research design. The study revealed that there was lack of resources for service delivery to match the operations decentralized to county governments.

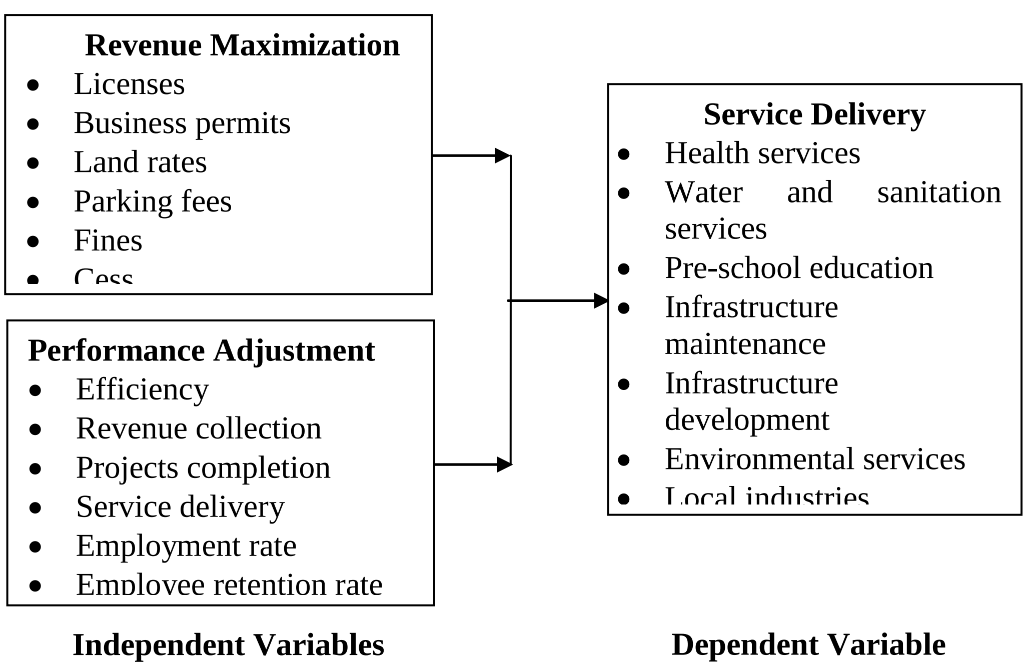
In Kenya, Waweru and Nduruhu (2015) assessed financial constraints on operations of county governments. Their study focused on Nakuru County Government. The study contended that there are many functions that have been devolved to the 47 county governments in Kenya since their inception in early 2013. The study also noted that there have been claims by the Council of Governors that the funds disbursed by the national government are insufficient to run the operations at county levels. Besides this, there are other constraints that have been hampering the operations of county governments. The study revealed that financial management skills play a significant role in the operations of county governments.

A recent study by Onyango (2015) focused on operations strategy and service delivery by the County Government of Kisumu, Kenya. The primary objective of the study was to examine the relationship between operations strategy and service delivery and performance. In particular, the study concentrated on operations that have been devolved, effect of decentralizing operations on performance, and constraints facing service delivery in the county government. The study adopted exploratory descriptive survey design. The study revealed that there was an overlap on the role of national government and county government in delivery of service in some functions. This led to conflict in service delivery which has affected performance of county governments in Kenya.

Conceptual Framework

In the present study the independent variables comprises of revenue maximization and performance adjustments. On the other hand, service delivery in county governments constitutes the dependent variable.

Figure 1: Conceptual Framework



METHODOLOGY

Research Design

A research design is defined as the systematic procedure of carrying a research study. The appropriateness of a research design determines the success of the entire research study (Kothari, 2008). In respect to this study, a cross-sectional survey research design was adopted. Cross-sectional surveys are part of descriptive studies and seek to put into perspective the views of respondents participating in a study over a specific point in time or over a given period of time (Kothari, 2008). These attributes justified the choice of cross-sectional research design for this study.

Population

Generally, in research population is the entire universe relevant to a given study. Population can be categorized into three: target population, accessible population, and sample population. Target population refers to all members of a universe sharing similar or related characteristics. Accounts and finance officers working with county governments in Kenya constituted the target population. The accessible population refers to the population to which the study can be feasibly carried out. All the 121 employees working with accounts/finance department of Nakuru County Government comprised the accessible population.

Sampling Technique and Sample Size

The sample is derived from the accessible population and is as such a subset of the study population. Given that the accessible population was relatively large (121), a representative sample was determined using Nassiuma's (2008) formula as shown.

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where;

n represent sample size

N represents accessible population

C represents coefficient of variation ((21% ≤ C ≤ 30%), and

e represents degree of error (2% ≤ e ≤ 5%)

Therefore;

$$\mathbf{n} = \frac{121\ (0.3)^2}{0.3^2 + (121-1)0.025^2}$$

$$\mathbf{n} = 66 \text{ respondents}$$

The sample size, therefore, comprised of 66 respondents. Given that the 11 sub-counties and the head offices of the County Government of Nakuru did not have equal number of accountants and finance officers, stratified random sampling technique was adopted. The method ensured that the sample was drawn from each of the sub-counties and head offices depending on the number of accounts and finance staff working there.

Research Instrument

A research instrument is a tool that is used to collect data. The choice of a research instrument is premised on the kind of data to be collected, the kind and distribution of respondents and research design adopted (Kothari, 2008). This study used a self-administered structured questionnaire which was self-designed to collect data. This was primarily based on the fact that respondents were geographically disbursed. Importantly, the instrument was structured in a way that enabled collection of data that objectively addressed all study variables.

Pilot Testing

A pilot study was conducted before carrying out the main study. The aim of the pilot study was to determine whether or not the instrument contained any potential weaknesses in terms of clarity of questions therein and also in addressing the study objectives (Kothari, 2004). This was determined through both reliability and validity tests. The research questionnaire was pilot tested since it was the tool that was used to collect primary data. The pilot study was carried out in the County Government of Uasin Gishu. Besides having similar functions including budgetary functions with the County Government of Nakuru, the two counties border each other.

Validity Testing

Validity test is necessary to determine whether or not the research instrument measures what it purports to measure. A valid instrument must meet the reliability threshold (Kimberlin & Winterstein, 2008). This study focused on content validity which was determined through expert opinion of the university supervisor. None of the items in the research questionnaire was removed or altered after determination of the instrument's content validity.

Reliability Testing

Reliability is described as a measure of consistency of a research instrument or data collection tool. A reliable instrument implies that it can be administered on similar populations and return consistent results. This study employed the Cronbach alpha coefficient which is the most widely used and recommended test of reliability. Using the Cronbach alpha coefficient, reliability ranges from 0 to 1 with higher values indicating greater reliability. The reliability threshold is alpha coefficient 0.7 for each study construct (Kimberlin & Winterstein, 2008). As indicated in Table 1, all the five study constructs returned alpha coefficients greater than 0.7 which implied that the entire research questionnaire was reliable.

Table 1: Reliability Test Results

Study Constructs	Test Items	Alpha Coefficient
Revenue Maximization	7	0.86
Performance Adjustment	6	0.81
Service Delivery	8	0.83

Data Collection Procedure

Before embarking on collecting data, consent of the University followed by consent of the senior administration of the County Government of Nakuru was sought. The questionnaire was issued to the respondents by the researcher in person. The entire period of data collection did not exceed five working days.

Data Processing and Analysis

The collected data were analyzed with the assistance of the Statistical Package for Social Sciences (SPSS) Version 24 software. Data analysis captured both descriptive and inferential statistics. Descriptive statistics included frequencies, percentages, means and standard deviations. Inferential statistics included Pearson's correlation and multiple regression analysis. The t-test was used to test the significance of the relationship between each of the independent variables against the dependent variable. The significance was tested at 0.05. More so, the coefficient of determination (r^2) was employed to determine the contribution of the independent variables towards service delivery. The results of the analysis were presented in form of tables. The following multiple regression model was used.

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon}$$

Where:

Y	represents	Service Delivery
β_0	represents	Constant
X_1	represents	Revenue Maximization
X_2	represents	Performance Adjustment
ε	represents	Error term
β_1, β_2	represent	Regression coefficients of Independent variables.

FINDINGS AND DISCUSSIONS

Response Rate

Response rate is defined as the number of questionnaires that are filled completely and returned or collected against the questionnaires that are issued to the respondents. To this effect, the 52 questionnaires completed as per expectations out of the 66 issued represented 78.79 per cent response rate which is way above the accepted questionnaire return rate of 70 per cent (Nulty, 2008).

Descriptive Findings and Discussions

This part illustrates descriptive findings and discussions relative to study objectives. The findings are presented in measures of central tendencies (means) and measures of variation or dispersion (standard deviations). The analysis of the collected data was in line with the following five-point Likert scale. 1, 2, 3, 4 and 5 represents “strongly disagree”, “disagree”, “neutral”, “agree”, and “strongly agree” respectively.

Revenue Maximization and Service Delivery

It was important for the study to determine whether the County Government of Nakuru maximized revenue collection and how the same was realized. Table 2 shows the respondents views regarding revenue maximization in the county government.

Table 2: Descriptive Statistics for Revenue Maximization

	n	Min	Max	Mean	Std. Dev
County government maximizes revenue obtained through licenses	52	1	5	3.23	1.308
County government ensures that all business operate with valid permits	52	1	5	3.90	1.125
County government has put measures of maximizing income from land rates	52	1	5	3.87	1.155
County government has enhanced revenue collection from parking fees by automating the process	52	1	5	3.94	1.195
County government has laid down mechanisms of optimally collecting levies	52	2	5	4.02	1.019
County government ensures that all offenders pay the requisite fines	52	2	5	3.65	1.027
County government ensures that every cess is paid at the point of entry/exit to/from the county	52	2	5	3.65	1.027

The findings revealed that respondents admitted (mean ≈ 4.00; std dev > 1.000) that the county government ensured that all businesses operated with valid permits, and that the government had laid down mechanisms of optimally collecting levies. It was further agreed (mean ≈ 4.00; std dev > 1.000) that the county government had put in place measures of maximizing income from land rates and also that it enhanced revenue collection from parking fees by automating the process. The foregoing findings departed from the findings of study by Akorsu (2015) which had noted that revenue mobilization by local governments in Ghana has been poor, a condition that has necessitated the local government to entirely rely on allocation from the national government. In addition, respondents agreed (mean ≈ 4.00; std dev > 1.000) that the county government ensured that all offenders paid the requisite fines and that every cess is paid at the point of entry/exit to/from the county. It was, nevertheless, not certain (mean = 3.23; std dev = 1.308) whether the county government maximized revenue obtained through licenses or not. To some extent these findings agreed with recommendations made by Torome (2013) to enforce measures and penalties on non-payment of taxes in order to increase revenue for the government.

Performance Adjustment and Service Delivery

The views of finance officers concerning performance adjustments in the County Government of Nakuru were also sought. The respondents' opinions are indicated in Table 3.

Table 3: Descriptive Statistics for Performance Adjustment

	n	**Min**	**Max**	**Mean**	**Std. Dev**
The county government adjusts its efficiency to suit its budget	52	1	5	3.52	1.000
Revenue collections are often adjusted upwards to address budget gaps	52	1	5	3.44	1.018
The project completion timelines are adjusted depending on budgetary allocations	52	1	5	3.08	1.064
The level of service delivery is subject to budgetary allocations	52	1	5	2.87	1.138
The county government hires employees in line with budgetary allocations	52	1	5	2.81	1.085
The budget determines the kind and number of employees retained by county government	52	1	5	2.83	1.133

The respondents were found to admit that the county government adjusted its efficiency to suit its budget (mean = 3.52; std dev = 1.000). It was, however, not clear whether revenue collections were often adjusted upwards to address budget gaps (mean = 3.44; std dev = 1.018). In addition, respondents were non-committal on the views that project completion timelines were adjusted depending on budgetary allocations and that the level of service delivery was subject to budgetary allocations (mean ≈ 3.00; std dev> 1.000). The findings mirrored observations made in a study by Waweru and Nduruhu (2015) on financial constraints on operations of county governments. The study had found that there have been claims by the Council of Governors that the funds disbursed by the national government are insufficient to run the operations at county levels. As such, these governments are supposed to adjust their performance in the wake of funds inadequacies. The propositions that the county government hired employees in line with budgetary allocations and that budget determined the kind and number of employees retained by county government elicited mixed opinions (mean ≈ 3.00; std dev >1.000).

Service Delivery

Moreover, the study analyzed the opinions of the respondents in respect to service delivery by the County Government of Nakuru. The relevant results are illustrated in Table 4.

Table 4: Descriptive Statistics for Service Delivery

	n	**Min**	**Max**	**Mean**	**Std. Dev**
The county government provides health services	52	1	5	3.54	1.179
The county government provides water and sanitation services	52	2	5	3.96	.766
Pre-school education is facilitated by the county government	52	2	5	3.65	.837
Maintenance of roads and other infrastructure within the county is the mandate of the county government	52	1	5	3.63	.929
The county government is mandated to develop roads and other infrastructure within the county	52	1	5	3.75	.926
The county government ensures the environment is clean through frequent garbage collection and clean-up exercises	52	1	5	3.63	.929
The county government facilitates the operations of local public industries	52	1	5	3.50	.939
The county government manages the operations of tourist attraction sites	52	1	5	3.33	.964

As shown in Table 4, respondents admitted that the county government provided health services and that it also provided water and sanitation services (mean ≈ 4.00; std dev ≈ 1.000). In addition, finance officers agreed that pre-school education is facilitated by the county government (mean = 3.65; std dev = 0.837). It was further concurred that maintenance of roads and other infrastructure within the county is the mandate of the county government and that the county government is mandated to develop roads and other infrastructure within the county (mean ≈ 4.00). Furthermore, respondents admitted that the county government ensures the environment is clean through frequent garbage collection and clean-up exercises and that the county government facilitated the operations of local public industries(mean ≈ 4.00;std dev <1.000). It was not clear, however, whether the county government managed the operations of tourist attraction sites (mean = 3.33; std dev = 0.964). The latter observation mirrored the views made in a study by Onyango (2015) on operations strategy and service delivery by the County Government of Kisumu. The study had observed that there was an overlap on the role of national government and county government in delivery of service in some functions.

Inferential Findings and Discussions

This section puts into perspective the results and related discussions regarding correlation and multiple regression analyses. First, the relationship between each of the budgetary control parameters (revenue maximization and performance adjustment) and service delivery was examined. This was followed by an assessment of the influence of the aforesaid independent constructs on service delivery.

Revenue Maximization and Service Delivery

The relationship between revenue maximization and service delivery was examined. The pertinent correlation results are as shown in Table 5.

Table 5: Correlation between Revenue Maximization and Service Delivery

		Service Delivery
Revenue Maximization	Pearson Correlation	.361**
	Sig. (2-tailed)	.009
	n	52

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

As indicated in Table 5, the study observed that there was a positive, weak and statistically significant relationship between revenue maximization and service delivery ($r = 0.361$; $p < 0.05$). This implied that revenue maximization enhanced service delivery to a small extent. As income was maximized the delivery of services to the public was improved and as the income was minimized the service delivery was negatively affected. The efforts by the county government to implement measures of maximizing revenue collection such as automating the collection of parking fees and more so blocking loopholes for loss of funds ensured that adequate funds were available for delivering services to the public.

Performance Adjustment and Service Delivery

Lastly, the study examined the relationship between performance adjustment and service delivery in the County Government of Nakuru. The results of correlation analysis are outlined in Table 6.

Table 6: Correlation between Performance Adjustment and Service Delivery

		Service Delivery
Performance Adjustment	Pearson Correlation	.624**
	Sig. (2-tailed)	.000
	n	52

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

The study as shown in Table 6 established that a positive, moderately strong and statistically significant relationship existed between performance adjustment and service delivery ($r = 0.624$; $p < 0.05$). The results of the correlation analysis indicated that as the government adjusted its performance the service delivery to the public was likely to be improved and as the performance continued to be rigid service delivery was bound to be negatively affected. Performance adjustments could be argued to greatly influence service delivery in the County Government of Nakuru. The county government working within the budget and adjusting accordingly with availability of resources was crucial in enhancing service delivery.

Influence of Budgetary Controls on Service Delivery

The study ascertained the influence of budgetary control as represented by revenue maximization and performance adjustment on service delivery in the County Government of Nakuru. The results in relation to the foregoing are illustrated in Tables 7, 8 and 9.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655[a]	.429	.380	.48843

a. Predictors: (Constant), Revenue maximization, Performance Adjustment.

As illustrated in Table 7, the relationship between budgetary controls and service delivery was established to be positive and moderately strong. This meant that delivery of services was likely to be improved with better budgetary controls. The $R^2 = 0.429$ shows the variation of the dependent variable (service delivery) in respect to the changes in the independent variables (revenue maximization and performance adjustment). This implied that 42.9% of the changes in service delivery in Nakuru County Government were as a result of budgetary controls.

Table 8: ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.413	4	2.103	8.816	.000[a]
	Residual	11.212	47	.239		
	Total	19.625	51			

a. Predictors: (Constant), Revenue maximization, Performance Adjustment

b. Dependent Variable: Service Delivery

The findings indicated in Table 8 shows that the association between budgetary controls and service delivery was positive and statistically significant ($F = 8.816$; $p < 0.05$). Therefore, budgetary controls investigated were fundamental in service delivery by the County Government of Nakuru. The results also indicate that the model was statistically significant.

Table 9: Regression Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	1.420	.448		3.166	.003
Revenue Maximization	.037	.158	.048	.234	.816
Performance Adjustment	.426	.158	.441	2.700	.010

a. Dependent Variable: Service Delivery

The interpretation of the findings is shown in the following regression models.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

$$Y = 1.420 + 0.037X_1 + 0.426X_2$$

Table 9 shows that the influence of budgetary controls (revenue maximization and performance adjustments) on service delivery was significant ($t = 3.166$; $p < 0.05$). Revenue maximization did not have a significant effect on service delivery in the county government ($t = 0.234$; $p > 0.05$). This implied that the first null hypothesis failed to be rejected. Indeed, performance adjustment significantly influenced service delivery ($t = 2.700$; $p < 0.05$) in the County Government of Nakuru. The foregoing resulted in rejection of the second null hypothesis. Performance adjustment was the most critical parameter of budgetary controls that enhanced service delivery. Furthermore, it was noted that a unit increase in service delivery would require 0.037 unit increase in revenue maximization, and 0.426 unit increase in performance adjustment.

Summary

The study revealed that respondents admitted that the County Government of Nakuru ensured that all businesses operated with valid permits and that it had laid down mechanisms of optimally collecting levies. It was also agreed that county government had put measures of maximizing income from land rates and that it enhanced revenue collection from parking fees by automating the process. In addition, respondents agreed that county government ensured that all offenders pay the requisite fines and that every cess is paid at the point of entry/exit to/from the county. The relationship between revenue maximization and service delivery was established to a positive, weak and statistically significant.

The sampled finance officers admitted that the county government adjusted its efficiency to suit its budget. It was however not clear whether revenue collections were often adjusted upwards to address budget gaps. In addition, respondents were non-committal on the views that project completion timelines were adjusted depending on budgetary allocations and that the level of service delivery was subject to budgetary allocations. The views that county government hired employees in line with budgetary allocations and that budget determined the kind and number of employees retained by the county government were also inconclusive. The study established that a positive, moderately strong and statistically significant relationship existed between performance adjustment and service delivery.

It was admitted that the county government provides health services and that it also provides water and sanitation services. In addition, respondents agreed that pre-school education is facilitated by the county government. It was further concurred that maintenance of roads and other infrastructure within the county is the mandate of the county government and that the county government is mandated to develop roads and other infrastructure within the county. Furthermore, the study indicated that the county government ensures the environment is clean through frequent garbage collection and clean-up exercises and that the county government facilitated the operations of local public industries. It was not clear whether county government managed the operations of tourist attraction sites. The study further indicated the association between budgetary controls and service delivery was positive and statistically significant. The influence of budgetary control on service delivery was found to be significant. Performance adjustment was noted to significantly influence service delivery in the County Government of Nakuru. Moreover, performance adjustment was established to be the most important parameter of budgetary control relative to enhancing service delivery.

CONCLUSIONS

Revenue maximization was found to be critical in ensuring that funds are available for executing projects, programs and more so delivering much needed services to the public. It is noted that there have been concerted efforts in the county government of Nakuru to maximize revenue collection to perhaps supplement the allocations from the national government for improved service delivery in the county. Such efforts range from ensuring all businesses within the county have valid permits, measures and policies on land rates, automation of collection of parking fees to instituting heavy fines for non-compliance with the law. Revenue maximization was, therefore, inferred important in enhancing service delivery.

The County Government of Nakuru is mandated to ensure efficient service delivery in education sector, health, and transport among others. Since resources are always limited, the county government adjusts various parameters to suit resource allocation for enhanced service delivery among other functions. The study concluded that performance adjustments (adjustment of effectiveness and efficiency in service delivery, prioritizing projects, revenue collection adjustments) were indeed crucially important in enhancing service delivery in the county.

RECOMMENDATIONS

The study recommends that county governments should seal all loopholes through which the governments lose funds and potential revenue. Moreover, the governments should ensure that they collect revenue from all avenues available. In addition, revenue collection ought to be fully automated with the newest technology in the market. The county governments should also come up with other sources of income such as income generating projects and industries from which they can maximize their revenue.

The study recommends that county governments should be flexible enough relative to their budgets. It is important for these governments to adjust the pre-set performance expectations in the wake of unforeseeable circumstances such as inflation and other macroeconomic effects. The foregoing would enable them to operate and finance their projects and other expenditures within the stipulations of the budget.

LIMITATIONS OF THE STUDY

The study was confronted by a couple of challenges. Given the sensitivity of the topic, some respondents did not feel at ease divulging information touching on the county government. The researcher had to assure them that there were ethics that were to be put into consideration including ensuring that the identity of the participants was never to be disclosed to third parties and the information gathered was exclusively for academic purposes. The research instrument was limited to close-ended questions, a fact that deterred respondents from giving their open views regarding budgetary control. In view of this challenge, it was ensured that the questionnaire was structured in such a way that it enabled collection of data pertinent to all study objectives.

SUGGESTIONS FOR FURTHER RESEARCH

The study suggests that an assessment of the performance of county governments be carried out in Kenya. In addition, a study on the effectiveness of budgeting and budgetary control on service delivery should be extended to the National Government. The role of budgetary control in enhancing financial management in county governments in Kenya is worth investigating. In addition, budgeting and budgetary control should be investigated and its effect on accountability in government corporations ascertained.

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