

**DETERMINANTS OF SUCCESSFUL IMPLEMENTATION OF  
INTEGRATED FINANCIAL MANAGEMENT SYSTEMS BY  
COUNTY GOVERNMENTS IN KENYA**

**BY**

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## **DECLARATION**

This research project is my original work and has not been submitted to any other college, institution or university

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This research project has been submitted for examination with my approval as the university supervisor

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## **DEDICATION**

This project is dedicated to my family, in particular my daughter Ivy Ndunge, my son Kennedy Muithya and my elder sister Sabina Mitau for encouragement and motivation.

## **ACKNOWLEDGEMENTS**

It was not easy to complete this research project. It was not created by the author alone, but relied on the assistance of many unseen hands.

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# TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>DEDICATION.....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENTS .....</b>	<b>iv</b>
<b>LIST OF TABLES .....</b>	<b>viii</b>
<b>LIST OF FIGURES .....</b>	<b>ix</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>x</b>
<b>ABSTRACT.....</b>	<b>xi</b>
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Implementation of IFMIS .....	3
1.1.2 Determinants of Successful Implementation of IFMS.....	5
1.1.3 County Governments in Kenya.....	7
1.2 Research Problem.....	9
1.3 Research Objective.....	11
1.4 Value of the Study.....	11
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>12</b>
2.1 Introduction .....	12
2.2 Theoretical Review .....	12
2.2.1 The Technology Acceptance Model (TAM).....	12
2.2.2 The New Public Management (NPM) Model.....	13
2.3 Empirical Review .....	15
2.4 Conceptual Framework.....	19

2.5 Summary of the Literature Review .....	20
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>21</b>
3.1 Introduction .....	21
3.2 Research Design .....	21
3.3 Population.....	21
3.4 Data Collection .....	21
3.5 Reliability and Validity.....	22
3.6 Data Analysis .....	22
3.6.1 Analytical Model .....	23
3.6.1 Tests of Significance.....	24
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND INTERPRETATION ....</b>	<b>25</b>
4.1 Introduction .....	25
4.2 Response Rate .....	25
4.3 Reliability Statistics .....	25
4.4 Descriptive Statistics.....	26
4.4.1 Human Capital Capacity .....	26
4.4.2 IT Infrastructure .....	27
4.4.3 Change Management .....	28
4.4.4 Commitment by Top Management .....	29
4.4.5 Disclosure Index .....	31
4.5 Correlation Analysis.....	32
4.6 Regression Analysis .....	32
4.6.1 Model Summary.....	33

4.6.2 Analysis of Variance.....	33
4.6.3 Regression Coefficients .....	34
4.7 Interpretation of the Findings.....	35
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS</b>	<b>37</b>
5.1 Introduction .....	37
5.2 Summary.....	37
5.3 Conclusions .....	38
5.4 Recommendations .....	39
5.5 Limitations of the Study .....	40
5.6 Suggestion for Further Research .....	41
<b>REFERENCES.....</b>	<b>42</b>
<b>APPENDICES .....</b>	<b>47</b>
Appendix I: Questionnaire.....	47
Appendix II: IFMIS Implementation Checklist .....	50

## LIST OF TABLES

Table 4.1 Reliability Statistics .....	25
Table 4.2 Human Capital Capacity .....	26
Table 4.3 IT Infrastructure .....	27
Table 4.4 Change Management .....	28
Table 4.5 Commitment by Top Management .....	30
Table 4.6 Disclosure Index .....	31
Table 4.7 Correlations .....	32
Table 4.7 Model Summary .....	33
Table 4.8 ANOVA .....	33
Table 4.9 Coefficients .....	34



## LIST OF FIGURES

Figure 2.1 Conceptual Framework .....	19
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## **LIST OF ABBREVIATIONS**

<b>ERP</b>	- Entrepreneur Resource Planning
<b>GDP</b>	- Gross Domestic Product
<b>ICT</b>	- Information Communication Technology
<b>IFMIS</b>	- Integrated Financial Management Information System
<b>IPPIS</b>	- Integrated Personnel Payroll And Information System
<b>IT</b>	- Information Technology
<b>NPM</b>	- New Public Management Model
<b>PEOU</b>	- Perceived ease of use of a technology
<b>PFM</b>	- Public Financial Management Reforms
<b>PU</b>	- Perceived Usefulness
<b>SACCOS</b>	- Saving and Credit Cooperative Societies
<b>TAM</b>	- Technology Adaption Model

## **ABSTRACT**

In Kenya, County public finance management operations have largely remained manual, contrary to the public finance management act section 12(I) of 2012. The failure to adapt and fully implement IFMIS constraints transparency in financial reporting and management in county governments as envisaged by Article 226 of the Kenyan constitution. The objective of this study was to assess the determinants of successful implementation of integrated financial management systems by county governments in Kenya. This study used a descriptive research approach and all the 47 counties in Kenya formed the population of the study. Data was collected from the heads of treasury in the 47 counties. The study utilized data that was both secondary and primary where primary data was collected by use of a questionnaire that was semi structured while secondary data was obtained from the national treasury records to give an indicator of effectiveness in county governments fund usage with regard to accountability and audits. The analysis of data was accomplished through the use of descriptive statistics, regression and correlation analysis. Descriptive entailed the mean and standard deviations while correlation and regression analysis were used as inferential statistics to come up with conclusion on the relationship between the variables. The study found that top management commitment had a significant and positive relationship with the implementation of the Integrated Financial Management Information Systems. However, the results established that there was a negative and insignificant relationship between human capital capacity, change management and IFMIS implementation. The results also found that the relationship between IT infrastructure and IFMIS implementation by county governments was positive and insignificant. The study concluded that IFMIS implementation is significantly and majorly influenced by top management commitment. The study recommended that the administration of county governments should support the implementation of IFMIS in county governments.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The IFMIS, that is, the Integrated Financial Management Information Systems is among the most common financial management reforms practices introduced over the years targeting improvement of effectiveness, efficiency, transparency, accountability, comprehensive financial reporting and data management security (Hendricks, 2013). In most developing countries, the introduction of an IFMIS has been upheld as part of a long process of reforms. IFMIS introduction can be regarded as an organizational reform, with deep effects on work processes and institutional arrangements, which govern the management of public finance (Peterson, 2006). However, it is not a short-term implementation, charges millions of dollars and has a substantial recurring operating cost (Khemana & Diamond, 2005).

Chene, (2009) found that IFMIS introduction in financial reforms is a major component that tries to encourage efficiency, data management security and comprehensive financial reporting. In the today's world, uprising countries in Africa in reaction to the growing volumes of information and data that needs to be managed have been urged to reform their public expenditure management systems through computerization of the entire sectors (Otieno, Migiro & Mutambara, 2017). However, the level of use of IFMIS could still differ and be restricted to particular institutions at country-level like the Ministry of Finance. Generally, it is supposed to be used as a system that is common through institutions of the government, together with the more determined schemes for local, state and devolved governments (Chêne, 2009).

The Government of Kenya over the last decade has embarked on several public financial management reforms geared at improving transparency and accountability. The key systems of the PFM looked at are the formulation and implementation of the budget, internal and external audit, public procurement, parliamentary oversight, collection of revenue, pensions and payroll, guarantees and public debts, reporting and accounting, the macro-fiscal framework and management of cash (Odoyo, Adero & Chumba, 2014). Since 2005, the Government of Kenya enacted the IFMIS as its only system of accounting. This was because of the many benefits gotten from using it effectively (Njihia & Makori, 2015). The creation and implementation of IFMIS in Kenya marked a watershed moment in the development of the budget reforms; IFMIS was regarded as a bridge to effective and efficient management of budgets and by extension public finances (Njonde & Kimanzi, 2014).

The County Governments of Kenya came into being in 2013 following the implementation of Kenya's New Constitution of 2010. Department agencies and ministries presently use IFMIS for budgeting, financial planning, accounting, expense management and control, auditing as well as reporting (Miheso, 2013). The successful implementation of IFMIS has a myriad of benefits for county governments; it is not a solution for poor financial management. Some of the benefits of implementing IFMIS include improved processing and recording of financial transactions involving government (public) finances to ensure transparency and accountability (Were, 2017). IFMIs would ensure strong financial controls and provide an all-inclusive overview of budget management and execution, while also providing financial information that is

comprehensive to aid in better budgetary control and economic forecasting (Ministry of Finance, 2015)

### **1.1.1 Implementation of IFMIS**

IFMIS is a system of information, which tracks events of a financial nature and deals with financial information summarization. It leads to suitable management reporting, policy decisions, fiduciary responsibilities and the preparation of auditable financial statements (Hendriks, 2013). IFMS is also defined as the computerization of public expenditure management processes including budget formulation, budget execution, and accounting in conjunction with a fully integrated system for financial management of the line ministries and other spending agencies (Khemani & Diamond, 2005). Governments use an IFMIS as an instrument that can sustain financial control, planning and management. Through management of key set of financial data and processing this into management information, these three financial functions are supported (Peterson, 2006)

There are several of dissimilar methods in which public financial management can be enhanced by an IFMIS, though normally it tries to build budget credibility and confidence by more information transparency and comprehensiveness. Its aim is to enhance the execution and planning of budget by giving data that's accurate and timely for management of budget and making decisions (Chêne 2009). IFMIS can lead to rapid and effective contact to financial data that's reliable and help toughen financial controls of the government, bettering the government provision of services, increasing the budget process to accountability and transparency levels that are higher, hence expediting government operations (Odoyo, Adero & Chumba, 2014). A basic characteristic of the

IFMIS is the capability to interface with several existing and planned automated systems like Government Payments Solution and the Integrated Personnel Payroll Data (Njonde & Kimanzi, 2014).

A FMIS government wide implementation is an important administration activity. It's important to inform the participants fully of the importance of the activity (Khemani & Diamond, 2005). An IFMIS design is to control effectively financial data so that when it is entered; data is shared and stored securely with other dissimilar financial functions. Data management from the view point of the user is standardized with report formats and common input screens (Peterson, 2006). In FMIS development always make sure it caters for the needs of the management, that is, the central agencies plus line agencies. IFMIS should be seen as an important budget system reform part and not just to encounter current needs, but still support needs likely to rise as parallel budget reforms which are implemented (Khemani & Diamond, 2005).

In 2003 IFMIS software to Kenya government was contracted to oracle financials, which is an ERP created to bring together the core modules to all ministries (Njonde & Kimanzi, 2014). The Kenyan Treasury rolled out IFMIS both at the national and county level to improve public finance management; however, a recent survey shows that just over half (58%) of county funds were used well (Wanjala, 2016). The transparency envisaged in the implementation of IFMIS gives a dire outlook as well; for instance, the requirement to have budget estimates and implementation by the county governments be produced and availed on-line at the county government websites between July and December has been poorly adhered to (Were, 2017).

The implementation of IFMIS in the central government of Kenyan ministries and in the County governments started in 2013 and has been ongoing, with various levels of success. In early 2015, the national Treasury and IFMIS teams visited County Governments to provide insights and support to IFMIS users at the County level on various aspects of IFMIS, including budgeting, reporting, procurement, accounting, networks, and connectivity. The national teams also distributed advanced communication devices for networks and networking to enable fast access to the IFMIS system. One on one sessions were held with the National Government IFMIS teams to further learn about the system and how to operationalize its use in the County governments (My Government, 2015). Studies show that the level of adoption of IFMIS in Kenyan Counties, on average is above 50%, with some Counties achieving levels above 80%; this is with respect to managing all financial operations through the IFMIS portal (Miheso, 2013).

### **1.1.2 Determinants of Successful Implementation of IFMS**

There are factors that influence IFMIS success in implementation and development in countries that are still developing (Chêne, 2009). IFMIS are complex, with endeavors with a high probability of risks that are bigger than functionality and failures of technology. There are numerous challenges when implementing IFMIS programs not limited to project coordination that's ineffective; planning and design that's loose; technology that's not adequate; commitment that's not high level; resistance to change by the institution; and not enough sufficient capacities for IFMIS amongst the involved staff (Combaz, 2015). This study will focus on human capital factors, IT infrastructure, change management and commitment by top management.



Human capital is among the most important aspects of business success and as such, human capital development requires the creation of an enabling environment in which people can learn rapidly and effectively apply new ideas, skills, competencies, attitudes, and behaviors (Kahari, Gathogo & Wanyoike, 2015). IFMIS require considerable staffing and capacities entirely. Capacity building of the staff all over the government is therefore a huge aspect for success in implementation of IFMIS, mostly when IT capacities are restricted in the public segment (Combaz, 2015). Interactions of the technologies with the targeted users who lack sufficient technical skills and knowledge of the information technologies leads consequences that were not intended (Kasumba, 2009).

IT infrastructure factors entail the basic system functionality that includes both the software and the hardware of the IFMIS. The technical IT challenges that impede the accomplishment of IFMIS key objectives are numerous (Otieno, Migiro & Mutambara, 2017). For the selected technology to be effective it has to be flexible and robust. Small starting systems that slowly grew have a low chance of failure since risks associated to it can be managed better (Combaz, 2015). ICT infrastructure also entails the process of managing services, equipment and software; its goal is to use processes that have been proven and which are repeatable for seamless implementation of ICT projects (Gendron, 2013). In responding to change, institutions invest in expenditures that are capital intensive, such as technology or equipment (such as IFMIS and ICT infrastructure) in the hope of achieving specific benefits such as greater efficiency and productivity and reduced costs

Change management is among the central factors that determine the success of the IFMIS implementation in the public sector. Mostly, organizations implement new technologies

and systems to automate functions and achieve benefits such as higher productivity, increased efficiency, and cost savings ('Ernst & Young', 2015). IFMIS is more than a mere methodological modification directed at automation: they in fact include an organizational reform, since they upset the institutional arrangements and work procedures that oversee public finance management. The alterations in the information technologies, like IFMS, may reallocate the actors power relations in an organization (Kasumba, 2009).

IFMS demands a commitment by the top management; in procedures and processes; including skills, behavior and responsibilities changes (Chêne 2009). IFMIS is a complex and risky system requiring motivation to change so as to be implemented effectively. This requires both the top management and the staff to be willing and committed to change in the use of technology (Otieno, Migiro & Mutambara, 2017). The top management involvement is critical. In many cases, managers do not actively participate in the implementation of IFMIS programmes and some do not adequately take political will and the individual incentives role into consideration (Combaz, 2015). Thus, the effective implementation, operation and maintenance of the IFMIS require top management support and staff with the necessary knowledge and skills (Njihia & Makori, 2015).

### **1.1.3 County Governments in Kenya**

The County governments of Kenya is a creation of the 2010 Kenyan Constitution that is the actualization of devolved units of governance as envisioned in the Constitution, which created 47 County governments under Articles 191 and 192 in the fourth schedule;

further buttressed by the County Governments Act of 2012. The functions of the County governments include legislation, executive functions, and functions transferred from the national government, and staffing public servants. Further, the counties handle various devolved functions, including agriculture, health, advertising control, culture, education, childcare, animal control, transport, policy implementation, and coordination (Ngang'a, 2011).

The County governments collect revenue while also receiving revenue disbursements from the Central government as prescribed by the Commission for Revenue Allocation (Ngang'a, 2011). The central government, through The Treasury, rolled out the IFMIS to better public finance management, both at the national and county government levels. IFMIS is the computerization and automation of the public finance management process, entailing preparation of budgets and its execution to accountability and reporting, using an integrated system for public finance management (Ngang'a, 2011).

While ICT is a useful tool for transforming public finance management and how governments offer services; it must be acknowledged that emphasis must also be placed on cultural change, change management, organizational structure, higher degrees of commitment, and business processes in putting forth the business case for computerizing public finance management. This argument is given credence by findings that government initiated ICT project often fail because of a number of reasons, including portfolio management, business process complexity, and governance and risk management (Carlton, 2014) and (Walubengo, 2013). For Kenya, some of the reasons advanced include corruption and cultural issues. This paper proposes to research on the determinants of the successful IFMIS use and implementation among the Kenyan County

Governments; it seeks to establish why the envisaged benefits of IFMIS have not been fully achieved in public finance management among the County Governments of Kenya (Wang'ombe & Kibati, 2016).

## **1.2 Research Problem**

In most developing nations, governments have instituted systems and methods to advance and modernize public financial management more and more (Hendriks, 2013). However, in most of these processes of accounting and executions of budgets are either maintained by very old and not adequately managed software application or manual causing harmful consequences on the functioning of their public expenditure management systems which mostly are not appreciated adequately (Khemani & Diamond, 2005). This has resulted to unreliable and untimely revenue expenditure for budget planning, monitoring and control resulting to adverse budgetary output and poorly controlled commitment of government resources, misallocation of resources, hindering the effectiveness and efficiency of service delivery (Khemani & Diamond, 2005).

In Kenya, County public finance management operations have largely remained manual, contrary to the public finance management act section 12(I) of 2012. The failure to adapt and fully implement IFMIS constraints transparency in financial reporting and management as envisaged by Article 226 of the Kenyan constitution (Office of the Controller of Budget, 2014). According to Sigei (2013) despite the important tenets of IFMIS with regard to public finance management, the Controller of Budget quarterly reports on the counties have consistently pointed out on the failure of counties to effectively implement IFMIS in their financial and public resource management

operations. Thus, the need to assess the factors influencing the successful implementation of integrated financial management systems by county governments in Kenya.

Several researches have been carried on the implementation of financial management information systems mostly in developing countries. In their study, Khemani and Diamond (2005) investigated the reason behind the almost universal failure to implement and sustain financial management information systems in upcoming countries and revealed that the key factor were lack of incentives for reform, overestimating the information and failure to reengineer procedures. Hendriks (2013) examined the risks and challenges faced in IFMIS implementation in South Africa; he found that a number of challenges are involved in the implementation of an IFMIS. These studies indicate that the implementation of IFMS remains a challenge in most developing countries. However, the challenges are country specific and cannot be blindly generalized to all developing countries.

In Kenya, a study by Otieno, Migiro and Mutambara (2017) studied the impact on the implementation of IFMS in Migori County and established that IFMS not only improves transparency and efficiency through payments made direct to contractors and suppliers, but also results to reduce prices due to gains based on the time value of money. The study however did not investigate the factor influencing IFMS implementation. Odoyo, Adero and Chumba (2014) investigated the effect of IFMIS on cash management practices in the public service with the outcome that the reliability and flexibility of IFMIS positively affect cash management but the study did not focus on the factors affecting the implementation of IFMS. Majority of studies on IFMIS implementation focus more on the effects and roles of IFMS on performance of public sector institutions. Very few

authors have dedicated their efforts towards establishing the factor that affect IFMIS implementation by county governments in Kenya. This leads to the question, what are the determinants of successful implementation of integrated financial management systems by county governments in Kenya?

### **1.3 Research Objective**

To assess the determinants of successful implementation of integrated financial management systems by county governments in Kenya

### **1.4 Value of the Study**

The government through the National Treasury will benefit from this study in that it will increase an understanding of why IFMIS use has not fully achieved its envisioned goals and will be able to address the identified roadblocks of the system. It will point out to the Government the essence of formulating and enforcing legislation that facilitates transparency and accountability over procedures and regulations that are effective and a system of financial and accounting that's reliable. Academic researchers will be able to continue with further research in this area of an integrated financial system in government to address the gap left.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The section details out the existing theories regarding the study and supports new findings that have added to the existing knowledge. In this section, the researcher has reviewed cases from other countries that have implemented IFMIS. The chapter also looks at the methods that have been used in the ICT evaluation in the Kenya Public Sector including factors for IFMIS success and failure. Finally, the researcher reviewed empirical Literature on Factors Affecting IFMIS implementation including Staff Resistance, Complexity of the IFMIS System, Capacity and Technical skills and made conclusion from these studies.

### **2.2 Theoretical Review**

The theories discussed below were formulated to predict, explain, and understand the phenomenon that is the crux of this study; they sought to challenge existing knowledge and form the framework for understanding factors that impact the implementation and adoption of IFMIS in Kenya, within the limits of the expository bounding assumptions. The theoretical framework is meant to support the theory of this research and help meet the research objectives. This paper focused on two major theories; the technology acceptance model and the new public management model.

#### **2.2.1 The Technology Acceptance Model (TAM)**

This is a theory concerning systems of information that illuminates on how operators use and accept a new technology; the TAM posits that presented with a new technology,

users are affected by a number of factors that impact the way they (users) will utilize the technology and when they will utilize the same technology (Aminatu, 2014). The main factors, based on the TAM include the alleged effectiveness of the technology and the perceived ease of use of the technology. The perceived usefulness of the technology (PU) is the degree to which an individual believes using a particular technology or system will benefit their job performance. The PEOU, that is, Perceived ease of use of a technology is the level where an individual trusts that utilizing a certain technology or system would be free from extra/ additional effort (Osborne, 2002).

TAM seeks to explain the perceived usefulness in terms of intentions to use, experience, social influence, and cognitive instrumental processes. The TAM seeks to help in understanding how behavioral patterns of users determine the information system/ technology and how the attitudes of the user determine the behavioral pattern of the user in relation to the new information system/ technology (Aminatu, 2014). The users' attitudes are not the only factors that determine their use of the new information system/ technology; the impact on their job performance also determines adoption (Osborne, 2002). This theoretical model is suitable for this investigation as it will aid in understanding the factors that determine individual's' acceptance and use of IFMIS in the Kenyan public sector, specifically the Counties.

### **2.2.2 The New Public Management (NPM) Model**

The NPM is a theoretical approach to how public service organizations run and was introduced by scholars from Australia and the UK ('management Study Guide,' 2017). The NPM at its inception was an attempt to infuse business-like concepts in managing the



public sector to enhance Government efficiency in service delivery and public management. The NPM emphasizes the central position of citizens who are the public sector customers. It posits for a decentralized resource control in the public sector and exploring other models for service delivery that can lead to better results. The central themes of the NPM model include a strong focus value for money, financial control, and increased efficiency (Osborne, 2002). It's also premised on a command and control approach to identifying and setting targets as well as continuous performance monitoring and handing power to senior management for effective controls.

Another pillar of the NPM is greater responsiveness to customers and increasing the scope of the roles that nonpublic sector providers play. It also seeks to deregulate the labor market, using individual rewards to replace collective agreements at senior management levels; in combination with short contracts for such senior staff (Aminatu, 2014). The financial measures associated with the NPM model are commonly known as the NPFM (New Public Financial Model); it is a spirit of reform aimed at enhancing financial awareness in decision making in the public sector, making it an integral part of reforms in the public sector, an endeavor for which the Kenyan Government has put considerable effort in the past decade. The NPFM has five main dimensions that include budgets devolution, changing financial reporting systems, costing and pricing systems that are market based, performance based auditing, and performance measurement approach (Barzelay, 2001). This model is relevant for this study as it will provide a basis for understanding why IFMIs is important in the enhancement of resource management and service delivery in Kenyan counties and what is to be expected from the public reform process.

## **2.3 Empirical Review**

Oyinlola, Folajin and Balogun (2017) in his study examined the IFMIS effectiveness on public sector performance in Nigeria. The research employed a descriptive design and sampled respondents from finance, budgeting, procurement and internal audits departments. The outcome of the study showed existence of an optimistic relation amid IFMIS effectiveness on public financial management and financial reporting, internal controls, projects managements and budgeting. It was established that a relation amidst IFMIS in public finance and financial reporting, internal control, budgeting and government projects existed as the study independent variables accounted for 72.4 percent of the IFMIS effectiveness.

In Tanzania, Laizer and Suomi (2016) did a study to assess IFMIS in local Tanzanian authorities. The study conducted a desk review through reviewing documents that related to analysis of processes of business, user acceptance tests, functional requirements, government-vendor contracts, project charter, systems produced reports, and other documents connected to IFMIS. The study furthermore did interviews with users that were not the same to check their involvement and IFMIS use. The study findings were that the main challenges of IFMIS were linked to systems proliferation, interoperability, automated systems in parallel and running manual, lacking of policies of IFMIS, lacking of principles and standards.

Aminatu (2014) also examined the effect of IFMIS on Ghana's economic development. This focused on impact of IFMIS by making use of both qualitative and quantitative data. The research used the regression model for data analysis. This explored the impact of

IFMIS on Ghana's economic development by looking at gross domestic product (GDP), economic growth, and resource allocation to major sectors of the economy. The study found that some sectors of the economy contribute immensely to GDP growth whereas other sectors have an adverse effect. The analysis showed that integrated financial management system does not have a direct impact on economic growth.

In Kenya, Dimba, Iravo and Kibet (2017) explored the role of IFMIS on performance organizations, in West Pokot a Kenyan County. The study used questionnaires and sampled 70 respondents from different departments of the county. The study established that the IFMIS system helped organizational performance to effectively and efficiently deal with cash management, budgeting, financial reporting contributed and effective procurement. The study concluded that cash management, budgeting, financial reporting contributed and effective procurement had a positive effect on organizational performance.

In Uganda, Kasumba (2009) investigated the embrace and enactment of the IFMS in Ugandan local governments. The study used the local government of Kampala in Uganda as a case study. The findings established that IFMS implementation in the area was due to socioeconomic reasons that included: struggles of power; designs of information technologies that were unsustainable and inappropriate; lack of sufficient information technology skills and knowledge; and attitudes of negative users.

Haruna, Adaja and Audu (2015) in Nigeria studied the impacts of ghost workers syndrome and how IPPIS could deal with this public service menace. The investigators used both secondary and primary sources of data. Analysis was done by use of simple

percentage, spearman rank order correlation technique, frequency tables and the mean score. It was concluded that the syndrome mostly occurs in the public service hence, suggests that the IPPIS should be used in the public service to guarantee an economy that's virile through productivity that's enhanced.

Kinyua and Jagongo (2015) examined the impacts of IFMIS on getting credit midst Nyeri SACCOS. This research used a descriptive survey research and sampled 30 respondents among them managers and the head of IT department. The study collected data using questionnaires and the data analysis was done through descriptive statistics and regression analysis. The research established that IFMIS facilitating organizational structure and internal control mechanism, affected acquisition of credit to a large extent among SACCOs. The research concluded that IFMIS facilitating internal control mechanism affects Sacco's credit scoring among and that processing of info, collecting it, its timeliness, accuracy verification and transaction completeness and its transparency affects the SACCOs credit scoring capabilities.

Lundu and Shale (2015) studied the implementation impacts of IFMIS on the Nairobi County Government supply chain management performance. The research used a descriptive research design and targeted the management staff at the top, finance, ICT and staff from the procurement department in the Nairobi County Government. A questionnaire semi-structured was used to collect Data. The study using regression analysis established that competence of staff and their skills, top management support, policies and technological infrastructure in IFMIS implementation affected the performance of supply chain management in the County Government of Nairobi. The

research also revealed that the implementation of IFMIS affects effectiveness, efficiency, functionality of Nairobi County Government supply chain management.

Njihia and Makori (2015) studied the performance determinants of IFMIS in Kenyan public sector using a situation of National treasury. The research adopted descriptive survey and sampled 80 respondents and data collected with the use of questionnaires. The study employed correlation and regression analysis to analyze data. The findings revealed that ICT Infrastructure had the strongest positive influence on Performance of IFMIS while the strategy of implementation, government policy and human resource capacity were correlated to IFMIS Performance in the organization positively.

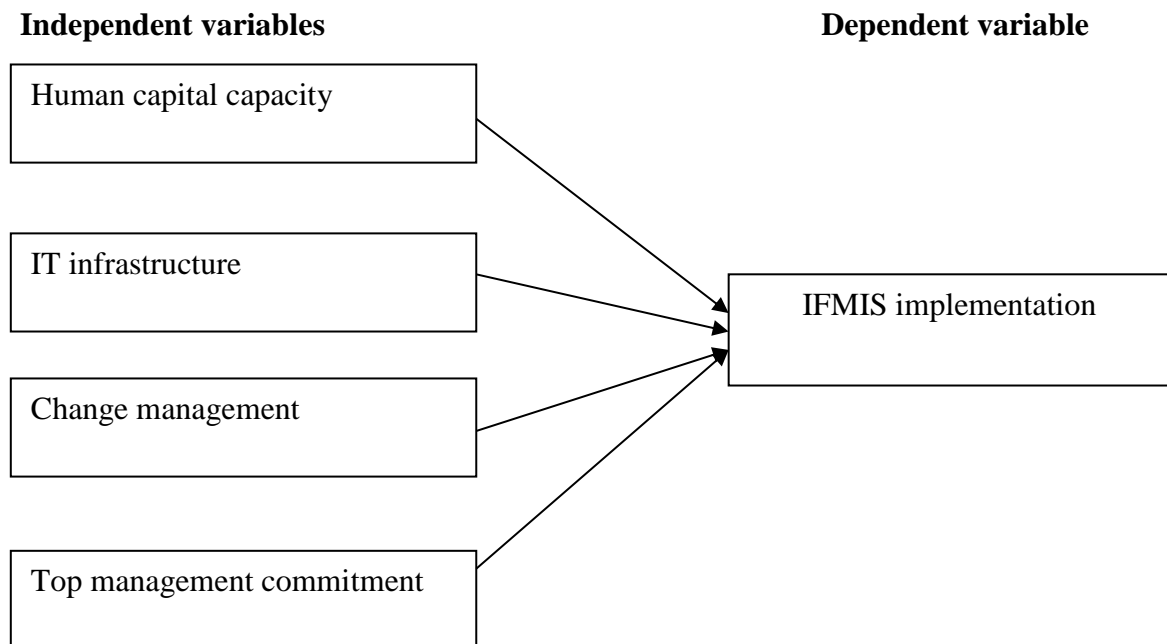
Kimanzi and Njonde (2014) studied the integrated financial management information system effectiveness on performance of Kenyan public sector. The study used descriptive research, sampled 150 employees from Nairobi County Government and used questionnaires to collect data. The findings established that IFMIS has been efficient in internal controls and budgeting, government projects implementation plus financial reporting, though there were problems encountered in internal controls. The research showed existence of a optimistic relation amid IFMIS effectiveness on public financial management and internal controls, budgeting, implementation of projects and financial reporting.

Makhokha, Ujunju and Wepukhulu (2013) examined the impacts of re-engineering business process on execution of Kenyan financial management systems public Universities. This research used a descriptive design of survey and sampled 115 staff drawn from five functional areas at Masinde Muliro University of Science and

Technology. Data was collected by Questionnaires and analysis was carried out using descriptive statistics and correlation. The findings revealed 85% of implementation of financial management systems was because of integration of accounts payable, budgetary accounting, general ledger module, payroll systems and accounts receivable.

## 2.4 Conceptual Framework

This is used to depict the relationship amid the research variables diagrammatically. The independent variables of this study include human capital factors, IT infrastructure, change management and commitment by top management while the dependent variable is the effectiveness of IFMIS implementation determined through the quality of financial reports. This study was based on the following framework;



**Figure 2.1 Conceptual Framework**

## **2.5 Summary of the Literature Review**

This paper identified the technology acceptance model and the new public management model as the most relevant theories to help determine the issues hindering effective IFMIS execution in Kenyan County Governments. The literature review has established widespread adoption and implementation of IFMIS by various developing nations including Tanzania, Ghana, Uganda, and Ethiopia with varying levels of success. These nations experienced challenges to implementation, including lack of system consolidation, poor control levels, poor integration with other systems, lack of sufficient human capacity, and insufficient infrastructure. Among the important factors that affect technology implementation in the public sector include how change is managed, human capital development, management commitment, and the requisite infrastructure for running the technology. The review established a research gap in the Kenyan context in which focus has been placed mostly on human factors, ignoring other structural, cultural, and technical factors

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This section outlines the design used to research, the study population, method of collecting the data, reliability and validity and the method to be used to analyze the data.

### **3.2 Research Design**

This study used a descriptive research approach that involves using both quantitative and qualitative tactics using primary research techniques. This method has been chosen to ensure research validity and reliability; primary research will accurately depict participants and describe the factors that have hindered the effective IFMIS implementation and how they have impacted its implementation. The descriptive research utilized a primary survey method using pretested questionnaires formulated on the basis of the conceptual framework.

### **3.3 Population**

According to Mbokane (2009), a research population must precisely represent and possess the characteristic that the study is concerned about. All the 47 counties in Kenya formed the population of this study and data was collected from the heads of treasury in the 47 counties.

### **3.4 Data Collection**

This research study utilized data that was both secondary and primary. The latter was gathered by use of a questionnaire that was semi structured which obtained data on the



factors influencing the successful implementation of IFMS. The questionnaires was administered online via emails and to the selected respondents who were given a week so as to provide them with ample period to deal with the questions at a time that's suitable to them. Secondary data was obtained from the national treasury records to give an indicator of effectiveness in county governments fund usage with regard to accountability and audits. Effectiveness of IFMS implementation is determined by metrics of the financial reporting quality, in terms of relevance, understandability, faithful presentation and comparability.

### **3.5 Reliability and Validity**

Reliability relates to the degree where the instrument yields similar results if given repeatedly to the same respondents while validity is the level to which a research tool measures what it reasons to be measuring. Validity of the questionnaire will be determined using expert opinions and other professionals who are conversant with the study topic. The questionnaire reliability was established using the Cronbach alpha coefficient with a Cronbach alpha value of 0.7 and above being considered an indication of reliability

### **3.6 Data Analysis**

Analysis of data was accomplished through the use of descriptive statistics, regression and correlation analysis. Descriptive entailed the mean, variance, percentages and standard deviations. Correlation and regression analysis were used as inferential statistics to come up with conclusion on the relationship between the variables. The analyzed data was presented using tables.

### 3.6.1 Analytical Model

The following multi-linear regression model was used for the analysis

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \mu$$

Where;

Y = IFMIS implementation, which was measured using an International Public Sector Accounting Standards (IPSAS) Weighted Disclosure Index (WDI) computed from quality of financial reports, which comprises of relevance, faithful representation, comparability and understandability using a scale rate of 1-4

$\beta_0$  = the regression coefficient,

$\beta_1, \beta_2, \beta_3 \& \beta_4$  = the slopes of the regression equation,

$X_1$  = Human capital capacity

$X_2$  = IT infrastructure

$X_3$  = Change management

$X_4$  = Commitment by top management

$\mu$  = error term

### **3.6.1 Tests of Significance**

The tests of significance were evaluated using the  $R^2$  to measure the extent the variation of the variables that are independent impact effective IFMIS implementation and the degree of significance in the relationships tested using the F-statistic.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND INTERPRETATION**

### **4.1 Introduction**

This chapter presents the response rate, the reliability statistics, descriptive statistics, correlation, regression analysis and the findings interpretations.

### **4.2 Response Rate**

The study targeted the 47 counties in Kenya but managed to obtain complete data from 39 counties. This made up a response rate of 83%, which was considered adequate to carry out the research.

### **4.3 Reliability Statistics**

The questionnaire reliability was tested using the Cronbach alpha coefficient. Table 4.1 shows the reliability statistics.

**Table 4.1 Reliability Statistics**

Variable	Cronbach's Alpha	N of Items
Human capital capacity	.798	5
IT infrastructure	.750	5
Change management	.980	5
Commitment by Top Management	.837	5

**Source: Research findings**

The reliability statistics on table 4.1 shows that all the Cronbach alpha coefficient are more than the recommended value of 0.7. This indicates that the questionnaire was reliable hence could be used for the study.

#### 4.4 Descriptive Statistics

This comprises the descriptive statistics on the independent variables, which include human capital capacity, IT infrastructure, change management, commitment by top management and the disclosure index.

##### 4.4.1 Human Capital Capacity

Table 4.2 indicates the obtained results

**Table 4.2 Human Capital Capacity**

	Mean	Std. Dev	Skewness	Kurtosis
County government employees lacks a proper training program on the use of IFMIS	2.44	1.273	.796	-.412
County government have adequate human capacity who are conversant with IFMIS usage	2.64	1.112	.290	-1.080
Most users are not properly trained to use all functionalities of IFMIS	2.56	1.188	.635	-.567
Users do not have an accounting background to effectively use the IFMIS system	2.72	1.255	.316	-.875
IFMIS was rolled out in fragmented phases hence training, adoption, and use is not effective	2.72	.999	.277	-.715

**Source: Research findings**

The descriptive results on human capital capacity indicated that the mean value of whether county government employees lacks a proper training program on the use of IFMIS was 2.44 which corresponds to the scale value of 2 on the Likert scale of 2 which means agree. The results also show that all the mean values correspond to the scale value of 2 which indicates agree. Thus, the respondents agreed that county government have

adequate human capacity that are conversant with IFMIS usage and most users are not properly trained to use all functionalities of IFMIS. The respondents also agreed that users do not have an accounting background to effectively use the IFMIS system and IFMIS was rolled out in fragmented phases hence training, adoption, and use is not effective. The kurtosis and skewness values lie within the range of -1 and +1 which indicates that the data was normally distributed. This indicates that the respondents agreed that human capital capacity impacts the use and implementation of IFMS by county governments.

#### 4.4.2 IT Infrastructure

Table 4.2 indicates the results

**Table 4.3 IT Infrastructure**

	Mean	Std. Dev	Skewness	Kurtosis
Technical IT challenges that impede the accomplishment of IFMIS key objectives are numerous	2.08	.900	.442	.683
Adequate IT infrastructure is vital to the successful implementation of IFMS	1.92	1.133	.188	.461
Up to date IT infrastructure provides greater efficiency and productivity and reduced costs	2.08	1.036	.038	.677
County government lack the IT capacity for effective promotion and support for using IFMIS	2.36	1.203	.398	-.059
Lack sufficient IT technical skills and knowledge of the information technologies affect the implementation of IFMS	2.33	1.034	.075	.844

**Source: Research findings**

The findings on table 4.3 indicates that the respondents agreed and strongly agreed that technical IT challenges that impede the accomplishment of IFMIS key objectives are

numerous and adequate IT infrastructure is vital to the successful implementation of IFMS as indicated by the mean values of 2.08 and 1.92 which stands for agree and strongly agree respectively. The findings also indicate that the respondents agree that up to date IT infrastructure provides greater efficiency and productivity and reduced costs, county government lack the IT capacity for effective promotion, and support for using IFMIS as indicate by the mean values of 2.08 and 2.36 respectively. Finally, the respondents agreed that lack sufficient IT technical skills and knowledge of the information technologies affect the implementation of IFMS as indicated by a mean value of 2.33. The kurtosis and skewness lie within the recommended range hence the conclusion that the data is normally distributed. This finding indicates that the respondents agreed that IT Infrastructure impacts the use and implementation of IFMS by county governments.

#### 4.4.3 Change Management

**Table 4.4 Change Management**

	Mean	Std. Dev	Skewness	Kurtosis
Most county governments employees have a negative attitude towards changes brought about by IFMIS implementation	2.92	1.133	-.415	-.921
Country administrator and managers believe that IFMIS makes work more complex and prefer manual systems	2.69	1.360	.199	-1.236
Before IFMIS was introduced, you were officially made aware of it and how it would affect your work	3.05	1.317	.120	-1.254
Administrators and seniors staff ask employees their opinions on IFMIS before its introduction and subsequent changes	2.79	1.301	-.051	-1.465
All county governments employees have proficient knowledge on IFMIS usage and encourage it usage	3.00	1.414	-.118	-1.372

**Source: Research findings**

The change management results on table 4.4 show that the respondents agreed that most county governments employees have a negative attitude towards changes brought about by IFMIS implementation and country administrator and managers believe that IFMIS makes work more complex and prefer manual systems as indicated by mean values of 2.92 and 2.69 respectively. The respondents were also indifferent on whether before IFMIS was introduced, they were officially made aware of it and all county governments' employees have proficient knowledge on IFMIS usage and encourage its usage as shown by mean value of 3.05 and 3.00, which corresponded to the Likert scale value of 3 which stand for neutral.

Finally, the respondents agreed that administrators and senior staff asked employees their opinions on IFMIS before its introduction and subsequent changes as indicated by a mean value of 2.79. The kurtosis and skewness lie within the recommended rang hence the conclusion that the data is normally distributed. This finding indicates that the respondents agreed that change management impacts the use and implementation of IFMS by county governments.

#### **4.4.4 Commitment by Top Management**

The results are shown in table 4.5 as follows



**Table 4.5 Commitment by Top Management**

	Mean	Std. Dev	Skewness	Kurtosis
Top county managers believe IFMIS is an excellent system and praise its values and its use	2.36	1.063	.598	-.338
A majority of seniors and top management are committed to IFMIS application	2.62	1.042	.118	-.610
Most senior managers and administrators in county governments are not interested in IFMIS usage and application	2.82	1.211	-.012	-.880
County managers and administrators encourage and advice you and colleagues on using IFMIS	2.79	1.128	.195	-1.007
Most seniors and top management at the county government are well versed with IFMIS	3.10	1.252	-.203	-.970

**Source: Research findings**

The results on top management commitment indicate that the respondents agreed that top county managers believe IFMIS is an excellent system and praise its values and its use and a majority of seniors and top management are well versed with IFMIS and are committed to its application as indicated by the mean values of 2.36 and 2.62 respectively. The results also show that the respondents agreed that most senior managers and administrators in county governments are not interested in IFMIS usage and application and county managers and administrators encourage and advise them and colleagues on using IFMIS as indicated by the mean values of 2.82 and 2.79 respectively. The results finally revealed that the respondent were indifferent on whether most seniors and top management at the county government are well versed with IFMIS as indicate by the mean value of 3.10. The kurtosis and skewness lie within the recommended range hence the conclusion that the data is normally distributed. This finding indicates that the

respondents agreed that commitment by top management impacts the use and implementation of IFMS by county governments

#### 4.4.5 Disclosure Index

**Table 4.6 Disclosure Index**

Mean	2.1864
Median	2.2500
Std. Deviation	.48489
Skewness	.278
Kurtosis	.250
Minimum	1.36
Maximum	3.56

**Source: Research findings**

A Weighted Disclosure Index (WDI) was computed from quality of financial reports, which comprises of relevance, faithful representation, comparability and understandability using a scale rate of 1-4. The results on table 4.6 indicate that the average value of the weighted disclosure index was 2.1864 with minimum and maximum values of 1.36 and 3.56 respectively.

## 4.5 Correlation Analysis

Table 4.7 shows the correlation results

**Table 4.7 Correlations**

	Weighted disclosure index	Human capital capacity	IT infrastructure	Change management	Top management commitment
Weighted disclosure index	1				
Human capital capacity	.120	1			
IT infrastructure	.019	-.051	1		
Change management	-.085	.110	-.236	1	
Top management commitment	.448**	.371*	-.118	.304	1

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

\* . Correlation is significant at the 0.05 level (2-tailed).

### Source: Research findings

The correlation results on table 4.7 indicate that the correlation between the weighted disclosure index has a weak and positive correlation with human capital IT Infrastructure and top management commitment. The results also indicate that the correlation between the weighted disclosure index and change management is weak and negative respectively.

## 4.6 Regression Analysis

The regression model entails the model summary, the analysis of variance (ANOVA) and the regression coefficients.

#### 4.6.1 Model Summary

**Table 4.7 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.508 <sup>a</sup>	.258	.170	.44168	1.627

a. Predictors: (Constant), Top management commitment, IT infrastructure, Change management, Human capital capacity

b. Dependent Variable: Weighted disclosure index

**Source: Research findings**

The model summary results indicate that the independent variables explain 25.8% of the variation in the dependent variable as indicated by the coefficient of determination of 0.258. The Durbin Watson values indicate that there is no autocorrelation since the value of 1.627 lies between 1 and 3.

#### 4.6.2 Analysis of Variance

**Table 4.8 ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.302	4	.575	2.949	.034 <sup>b</sup>
	Residual	6.633	34	.195		
	Total	8.934	38			

a. Dependent Variable: Weighted disclosure index

b. Predictors: (Constant), Top management commitment, IT infrastructure, Change management, Human capital capacity

**Source: Research findings**

The ANOVA results on table 4.8 indicate that the regression model is significant and a good predictor of the relationship between the research variables as indicated by P value of  $0.034 < 0.05$ .

### 4.6.3 Regression Coefficients

**Table 4.9 Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.656	.563		2.943	.006		
Human capital capacity	-.046	.135	-.054	-.342	.735	.862	1.160
IT infrastructure	.032	.201	.024	.157	.877	.942	1.062
Change management	-.155	.103	-.239	-1.503	.142	.867	1.154
Top management commitment	.403	.123	.544	3.270	.002	.790	1.265

a. Dependent Variable: Weighted disclosure index

**Source: Research findings**

The regression coefficients indicate that top management commitment has a significant and positive relationship with the implementation of the Integrated Financial Management Information Systems. However, the results indicate that there is a negative and insignificant relationship between human capital capacity, change management and IFMIS implementation. The results also show that the relationship between IT infrastructure and IFMIS implementation by county governments is positive and

insignificant. The Variance inflation factors are less than 10 thus an indication that there is no multicollinearity.

#### **4.7 Interpretation of the Findings**

The findings revealed that there is a significant and positive relationship between top management commitment and IFMIS implementation among county governments in Kenya. This indicates that commitment by top management significantly affects the implementations of IFMIS among county governments. Njihia and Makori (2015) support that the effective implementation, operation and maintenance of the IFMIS require top management support and staff with the necessary knowledge and skills.

The findings revealed that there is an insignificant and positive relationship between IT infrastructure and IFMIS implementation among county governments in Kenya. This finding indicates that there is no significant relationship between IT infrastructure and IFMIS implementation among county governments in Kenya. Otieno, Migiro and Mutambara (2017) the technical IT challenges that impede the accomplishment of IFMIS key objectives are numerous

The findings revealed that there is an insignificant and negative relationship between human capital capacity and IFMIS implementation among county governments in Kenya. This finding indicates that there is no significant relationship between human capital capacity and IFMIS implementation among county governments in Kenya. Combaz (2015) however supports that IFMIS require considerable staffing and capacities entirely hence capacity building of the staff all over the government is therefore a huge aspect for

success in implementation of IFMIS, mostly when IT capacities are restricted in the public segment.

The findings revealed that there is an insignificant and negative relationship between change management and IFMIS implementation among county governments in Kenya. This finding indicates that there is no significant relationship between change management and IFMIS implementation among county governments in Kenya. Kasumba (2009) however supports that change management is among the central factors that determine the success of the IFMIS implementation in the public sector.

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

### **5.1 Introduction**

This chapter summarizes the findings of the study, the conclusion and recommendations for the research. The findings further provide the limitations of the study and finally suggest new areas for further research.

### **5.2 Summary**

The aim of this study was to assess the determinants of successful implementation of integrated financial management systems by county governments in Kenya. The independent variables of this study will include human capital factors, IT infrastructure, change management and commitment by top management while the dependent variable will be effectiveness of IFMIS implementation determined through the quality of financial reports. The study targeted the 47 counties in Kenya but managed to obtain complete data from 39 counties. This made up a response rate of 83%, which was considered adequate to carry out the study.

The reliability statistics established that all the Cronbach alpha coefficient are more than the recommended value of 0.7 hence the questionnaire was reliable. The descriptive results revealed that respondents agreed that human capital capacity and IT Infrastructure affects the implementation of IFMS by county governments. The descriptive results also revealed that the respondents agreed that change management and commitment by the top management affect the implementation of IFMS by county governments. The findings



established that the average value of the weighted disclosure index was 2.1864 with minimum and maximum values of 1.36 and 3.56 respectively.

The correlation results established that the correlation between the weighted disclosure index had a weak and positive correlation with human capital capacity, IT Infrastructure and top management commitment. The results also established that the correlation between the weighted disclosure index and change management is weak and negative respectively. The model summary results established that the independent variables explained 25.8% of the variation in the dependent variable as indicated by the coefficient of determination of 0.258 respectively.

The results of ANOVA established that the regression model is significant and a good predictor of the relationship between the research variables as indicated by P value of  $0.034 < 0.05$ . The regression coefficients indicate that top management commitment had a significant and positive relationship with the implementation of the Integrated Financial Management Information Systems. However, the results established that there was a negative and insignificant relationship between human capital capacity, change management and IFMIS implementation. The results also found that the relationship between IT infrastructure and IFMIS implementation by county governments was positive and insignificant.

### **5.3 Conclusions**

The findings established that there was a significant and positive relationship between top management commitment and IFMIS implementation among county governments in Kenya. Based on this finding the study concludes that commitment by top management

significant affects the implementations of IFMIS among county governments. The findings revealed that there was an insignificant and positive relationship between IT infrastructure and IFMIS implementation among county governments in Kenya. Based on this finding the study concludes that there is no significant relationship between IT infrastructure and IFMIS implementation among county governments in Kenya.

The findings revealed that there was an insignificant and negative relationship between human capital capacity and IFMIS implementation among county governments in Kenya. Based on this finding the study concludes that there is no significant relationship between human capital capacity and IFMIS implementation among county governments in Kenya. The findings revealed that there was an insignificant and negative relationship between change management and IFMIS implementation among county governments in Kenya. Based on this finding the study concludes that there is no significant relationship between change management and IFMIS implementation among county governments in Kenya.

#### **5.4 Recommendations**

The study concluded that commitment by top management significantly affects the implementations of IFMIS among county governments. The study therefore recommends that the administrative staff of county governments in Kenya should support and commit their efforts towards IFMIS implementation.

The research concluded that there was no significant relationship between IT infrastructure and IFMIS implementation among county governments in Kenya. The study however recommends that the management of county governments should have

adequate IT infrastructure since IFMIS implementation and usage is based on information technology.

Based on this finding the study concludes that there is no significant relationship between human capital capacity and IFMIS implementation among county governments in Kenya. The study however recommends that the management of county governments in Kenya should ensure they have adequate and well-trained staff to ensure effective implementation of the IFMIS system.

Based on this finding the study concludes that there is no significant relationship between change management and IFMIS implementation among county governments in Kenya. The study however recommends that the administration of county governments in Kenya should ensure that they prepare their staff for any changes and also institute change management strategies to reduce the incidences of change resistance.

## **5.5 Limitations of the Study**

This only managed to obtain data from 39 counties in Kenya thus the research did not get 100% response rate. The findings and conclusion are therefore based on data collected from the 39 counties in Kenya. In addition, IFMIS implementation is carried but several countries across the world however implementation challenges vary in most countries. The findings thus may not be generalized in other countries, which use the IFMIs system.

The study concentrated on human capital capacity, change management, IT infrastructure and commitment by the top management. Therefore, the findings are based on these findings and not any other factors, which may be hypothesized to influence the successful implementation of IFMIS by county governments in Kenya.

## **5.6 Suggestion for Further Research**

The regression summary results revealed that the considered variables, which include human capital capacity, change management, IT infrastructure and commitment by the top management, account for 25.8% of the variation in successful IFMIS implementation. This is indication that there are other factors, which affect the implementation of IFMIS successfully by county governments in Kenya. This study therefore recommends an additional research on the other factors, which might affect IFMIS implementation.

This study was based on qualitative factors, which affect the implementation of IFMIS, by county governments in Kenya. This study recommends an additional research on the quantitative factors that affect IFMIS implementation such county budget allocations, amount of funds collected by funds, implementations and set up costs, county allocations towards IFMIS infrastructure.

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# APPENDICES

## Appendix I: Questionnaire

### Part A: Background Information

1. County \_\_\_\_\_

### Part B: Human Capital Capacity

2. Evaluate the following statements on human capital capacity and IFMIS implementation in county governments in Kenya. Use the following scale where appropriate

1-Strongly agree    2- Agree    3 – Neutral    4- Disagree    5- Strongly Disagree

Statement	1	2	3	4	5
County government employees lacks a proper training program on the use of IFMIS					
County government have adequate human capacity who are conversant with IFMIS usage					
Most users are not properly trained to use all functionalities of IFMIS					
Users do not have an accounting background to effectively use the IFMIS system					
IFMIS was rolled out in fragmented phases hence training, adoption, and use is not effective					

### Part C: IT Infrastructure

3. Evaluate the following statements on IT infrastructure and IFMIS implementation in county governments in Kenya. Use the following scale where appropriate

1-Strongly agree    2- Agree    3 – Neutral    4- Disagree    5- Strongly Disagree

Statement	1	2	3	4	5
Technical IT challenges that impede the accomplishment of IFMIS key objectives are numerous					
Adequate IT infrastructure is vital to the successful implementation of IFMS					
Up to date IT infrastructure provides greater efficiency and productivity and reduced costs					
County government lack the IT capacity for effective promotion and support for using IFMIS					
Lack sufficient IT technical skills and knowledge of the information technologies affect the implementation of IFMS					

#### **Part D: Change Management**

4. Evaluate the following statements on change management and IFMIS implementation in county governments in Kenya. Use the following scale where appropriate

1-Strongly agree    2- Agree    3 – Neutral    4- Disagree    5- Strongly Disagree

Statement	1	2	3	4	5
Most county governments employees have a negative attitude towards changes brought about by IFMIS implementation					
Country administrator and managers believe that IFMIS makes work more complex and prefer manual systems					
Before IFMIS was introduced, you were officially made aware of it and how it would affect your work					
Administrators and seniors staff ask employees their opinions on IFMIS before its introduction and subsequent changes					
All county governments employees have proficient knowledge on IFMIS usage and encourage it usage					

**Part E: Top Management Commitment**

5. Evaluate the following statements on top management commitment and IFMIS implementation in county governments in Kenya. Use the following scale where appropriate

1-Strongly agree    2- Agree    3 – Neutral    4- Disagree    5- Strongly Disagree

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Top county managers believe IFMIS is an excellent system and praise its values and its use					
A majority of seniors and top management are committed to IFMIS application					
Most senior managers and administrators in county governments are not interested in IFMIS usage and application					
County managers and administrators encourage and advice you and colleagues on using IFMIS					
Most seniors and top management at the county government are well versed with IFMIS					

**Thank you**

## Appendix II: IFMIS Implementation Checklist

This checked the quality of financial reports produced by the county government in terms of relevance, faithful presentation, understandability and comparability. The following scales will be used

1- Excellent

2 - Good

3- Average

4-Poor

County \_\_\_\_\_

<b>Relevance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
a. Financial reports provide information that is helpful forming expectations about the future of the county government				
b. Financial measurements have been presented based on their fair values				
c. Both financial and non-financial information is presented				
<b>Faithful Presentation</b>				
a. Disclosures on corporate governance				
b. The financial reports have balanced management discussion and analysis of the annual report that presents a balanced highlight of positive as well as negative events				
c. Financial reports presents valid arguments in support of management assumptions and estimates				
<b>Understandability</b>				
a. The generated reports conform to the PSASBK template				
b. The financial reports are understandable in terms of language and technical jargon				
c. The financial reports use of graphs and tables to clarify financial information				
<b>Comparability</b>				
a. Comparability of Entity's report to the information provided by other PSEs				
b. The adjustment of previous accounting period's figures for the effect of the implementation of a change in accounting policy or revision in accounting estimates				