Abstract

The modern world is a highly complex one. It is moreover in a constant state of change. As testimony to these facts, one need only take a glance at the complexities and changes of today's demographics, economies, technologies, and environmental surroundings. Governments are highly aware of these intricate and mutable realities and are striving, as best they can, to keep in step. Public budgeting is one area in particular that governments are giving attention to in order to respond to a changeable world. To do this, governments are attempting to provide reliable and complete information to budgeters and policy-makers alike so that substantive budget choices can be made.

The aim of the study was to investigate the impact of performance budgeting on management of Parastatals in Kenya. The research design that was employed in this study was descriptive survey method. The population of study was a census study of the Parastatals in Kenya. Data in this study was collected using semi structured questionnaires. The drop and pick later method was used in administering the research tool. The data was analyzed by use of descriptive statistics (mean score and percentages) and regression analysis.

The study concludes that performance information utilized, use of performance targets in budgeting and performance evaluations and spending reviews are significant in explaining the variations in the management of Parastatals in Kenya. The study recommends that a standard element of the "strategic human resources management" component of managing for-results should be geared towards the introduction of stronger performance-based extrinsic incentives (rewards and sanctions) for public officials. Typically, this should be accompanied by greater flexibility of employment, including greater capacity to sanction or dismiss poor performers, and greater ease in transferring or terminate employees in programs which the government is eliminating or cutting back.