THE RELATIONSHIP BETWEEN PARTICIPATORY BUDGETING AND PERFORMANCE OF LOCAL AUTHORITIES IN KENYA
(A CASE STUDY OF THE CITY COUNCIL OF NAIROBI)

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DECLARATION

I declare that this is my original work and has not been presented in any other University or College for Examination or Academic purposes.

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Date

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

Signature: __________________________                                                    ______________

Supervisor: DR. JOSIAH ADUDA
             Date
DEDICATION

This project is dedicated to my dear wife Ann, and my children; Jonathan, Elijah and Tirzah.
ACKNOWLEDGMENTS

It has been an exciting and instructive study period in the University of Nairobi and I feel privileged to have had the opportunity to carry out this study as a demonstration of knowledge gained during the period of studying for my master’s degree. Without these acknowledgments, it would be impossible to remember those who in one way or another, directly or indirectly, have played a role in the realization of this research project. Let me, therefore, thank them all equally.

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ABSTRACT

Much of the previous research into the relationship between participatory budgeting and organisation performance mechanism has concentrated generally on developed countries. Not much known local study has focused on relationship between participatory budgeting and organisation performance. This study therefore sought to fill the existing research gap by carrying out a survey study on the relationship between participatory budgeting and performance of local authorities in Kenya. This research was conducted through a survey study. The target population of this study was the sampled 44 respondents. This paper also utilized the firm’s financial statements and other data used in various previous research projects. This study collected descriptive data also.

The data received was analyzed by multiple regression analysis. From the findings, the study established, the direct path between budget participation (PART) and performance (PERF) modeled by Path A and described by hypothesis H1 is not fully supported by any of our CCN samples, p≥0.0538. Also the researcher found that, the indirect relationship between budget participation (PART) and performance (PERF) running through job relevant information (JRI) described by hypothesis H3 is fully supported by our full (combined) sample and Standardized coefficient sample, joint probability≤0.0489. That, the indirect relationship between budget participation (PART) and performance (PERF) running through job relevant information (JRI) described by hypothesis H3 is not supported by our unstandardized coefficient sample, joint probability=0.1009. This study therefore recommends that in order to avoid many impediments, CCN should make sure that its budgetary participatory strategies are sufficient to enable budget administration and management prudence and getting them advice promptly.
CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Participatory concepts examine the need of participation in development as applied to Kenyan local authorities. Makumbe, (2000) begins by setting the conceptual framework through a review of selected literature on the subject as well as providing a summary of costs and benefits of participatory development. Participatory development can be represented as a continuum of participation levels from passive participation, where donor or government initiated ideas are promoted, to active participation where the recipients are involved in all stages of a development participatory project, including the evaluation.

Participatory budgeting for instance focuses on institutions in Kenyan local authorities and their role as engines of local development. In particular, Abernethy (1991) reviews local government governances, political parties, co-operatives, and non-governmental councils (NGOs). Makumbe concludes that local government governance has failed to facilitate meaningful beneficiary participation in development. Similarly, he sees cooperatives as failures due to mismanagement and corruption. NGOs, on the other hand, are viewed quite positively as a means of promoting participatory development, despite their limitations.

Ballas, (1966) concludes that the group would need to get a price for the cattle that would equal the cost of the cattle and their feed, ignoring the start-up costs of the participatory projects. Although the financial and economic analyses of the case studies are weak, addresses the sociological issues as well as the impact of participatory projects on intra-household labor allocation, other household responsibilities and considers the acceptance of some participatory projects based on cultural values.

Budgeting plays a key role in any council. It moves the council from an informal reaction method of management to a formal controlled method of management. A budget can act as a motivator and communicator, as well as for functional co-ordination and performance evaluation of any council. Brownell, P. (1982), list four uses of a budget. First, it fine tunes the strategic plan; second, to help co-ordinate the activities of the several parts of the council; third, to assign responsibilities to managers; and last, to obtain a commitment that is a basis for evaluating a manager's actual performance. According to Garrison (1988) there are four major advantages of budgeting. First, it gives planning
top priority; second, it provides managers with a way to finalize their planning efforts; third, it overcomes potential bottlenecks before they occur; and last, it co-ordinates the activities of the entire council by integrating the plans and objectives of the various parts, Brownell, P. (1982),

In summary, there are four main aspects to participatory budget: the motivations aspect; the co-ordination of resources for their best use; setting benchmarks for performance; and as a cost control mechanism (Sheridan, 1987). Review of studies on participatory budgeting reveals that participatory budgets serve dual purposes of planning and control. The study also supported this dual role of budgeting. Moreover, argue that budgets can be used as a control mechanism to regulate the behavior by specifying the means to produce a unit of output.

Budgeting systems are universal and have been considered an essential tool for financial planning. These systems are meant to organize and encourage the performance of organisations Biwott E.J. (1987). Traditionally, budgets were seen as the primary planning document. They states that corporatisation and the application of the National Competition Policy (NPB) meant that finance council should operate under some commercial principles so as to become more economic, efficient and effective. Budgets are used to communicate organisation’s expectations to its clients. The budgets process provides for coordinated planning among different functional areas concluded that when production processes were relatively routine repetitive, budgets could be used effectively to achieve council coordination.

Most global studies on participatory budget practices have been conducted in the advanced countries. The study by Cheung (1986) into the Hong Kong situation of 35 managers revealed that operating budgets were widely used. Pike’s (1982) longitudinal survey of 150 manufacturing results from UK, reports on broad trends in the use of budgets. Lyne’s (1988 pp.195, 1992 pp.357-69) surveys of 13 UK results covered the issues relating to the managerial uses of budgetary information, the extent of participation by managers in setting their budgetary targets, and the sources of pressure to meet these budgetary targets.

Stroud, C. (2003), replicated Lyne’s study, with a larger sample of results from Malaysia. He reported Malaysian user-groups views on the role of budgets, budget pressure and participation, which were similar to Lyne’s findings. Srinivasan’s (1987) survey of 402 US results, which included
manufacturing, and service results revealed multiple roles and uses of budgets, especially in successful firms. Skinner’s (1990 pp.21-33) telephone survey of 114 Australian and New Zealand results was concerned with the managerial uses of budgetary information particularly profit data. Drury et al. (1993) studied management accounting practices in UK, and they reported the various uses of budgets by management. Armstrong et al. (1996) conducted a survey of budgetary control used in large manufacturing UK results, and they concluded that budgetary controls are intimately linked with considerations of labor controls.

Participation of entities in the process of budget preparation also motivates them to achieve budget goals. Srinivasan (1987) posits that budgets should be used to motivate subordinates to increase their output and efficiency by encouraging their participation during budget preparation. His study contains ample evidence that the association of extrinsic rewards with budgetary achievement is a powerful means to motivate managers. In their study found that bonus and promotion or new assignments are positively correlated with budget performance, while salary is not.

The topic of participatory budget participation has always received a considerable interest among researchers. There are conflicting findings on the significance of budgetary participation. Stedry (1960) and Cherrington and Cherrington (1973) reported negative relationship between participatory budget participation and performance as a challenge. On the other hand, Merchant (1987) and Brownell (1982) reported a positive relationship between them. Furthermore, Cress and Pettijohn (1985) found a good percent of the results have a significant role in both the initial and revision stages of participatory budget preparation. Shields and Young (1993) found that participative budgeting is used more frequently when lower level management and senior management within an organisation are linked to budget preparation and implementation.

1.1.1 The City Council of Nairobi

The City Council of Nairobi (CCN) was brought into being by a royal charter by King George the sixth. It was given status of municipal in 1935 and was elevated to city status in 1950. The city Council’s main function is to deliver services to the residents of Nairobi and maintain it. These services include water and sewerage, education, infrastructure, city planning and development
control, public and medical health services, social services, welfare, youth, markets, trading and housing services, roads, passages, street lighting services and environmental preservation.

The City Council of Nairobi derives its legal mandate from the Local Government Act, Cap 265 of the laws of Kenya amongst other acts of parliament that augment its diverse core functions and priorities. These priorities are contained in various policy and planning documents such as the national development plans, poverty reduction strategy paper and Economic Recovery Strategy (ERS) for wealth and employment creation in the medium term and Kenya’s vision 2030 and the Millennium Development Goals (MDG’s) in the long term (GOK 2007 Kenya vision 2030).

The possible challenges in the implementation of revenue collection strategies by the city council of Nairobi may include a number of things. First, the city council of Nairobi’s revenue base is often weak. Secondly, it has few own source of revenue, lack incentive to generate its own revenues and does not use the existing revenue potential from these sources. For example property taxes are difficult to administer and collect (Bird & Slank, 2004).

Thirdly, the City Council often has little or no control over the tax rates it can levy. Fourthly, there is the lack of computerization or any other technology thereof. Some departments of the City Council have not computerized its revenue collection function thus affecting its revenue strength. Fifthly, the organizational structure is not aligned to the objectives of the City Council. The success of participatory budget is affected by poor decision making, insecurity, lack of revenue staff, lack of participatory budget vehicles, lack of staff training, uncooperative community, corruption just to mention but a few.

The main factors that may contribute to an improved revenue performance are changes in tax legislation, tax administration and minimal tax evasion. Walt Dulaney (2004) conducted a longitudinal examination of business growth and cumulative revenue performance and he found that results with powerful business platforms outperformed peers in cumulative revenue growth over a 15 years period. He concludes that business platforms can be means for organizational renewal, continuum innovation and sustainable success.
The City Council of Nairobi has turned to the private sector to keep itself economically viable. An example of this would be approaching different private results to fund the landscaping of different areas in the municipality. The rationale for private involvement in the delivery of local public service is the lack of funds and the need to improve the efficiency and effectiveness of service delivery.

1.2 Statement of the Problem

A pivotal issue in democratic societies is the concept of accountability. The relationship between budgetary participation and performance has been examined in management accounting studies with conflicting results (Dunk, 1993; Liu, 1991; Nouri & Parker, 1996; Prendergast, 1997). This study adopts contingency perspective and argues the two contingent variables, performance uncertainty (including two sub-dimensions, i.e., performance difficulty and performance variability) and organizational affective commitment, may influence the relation. According to the theory presented in this paper, greater budgetary participation reduces the subordinate propensity to create performance only in situations of high performance uncertainty or high performance difficulty, but not in situations of low performance uncertainty or low performance difficulty. In addition, individuals with strong organizational affective commitment, budgetary participation and performance are inversely related; however, for individuals with weak organizational affective commitment, budgetary participation and performance are positively related.

In recent years, a growing number of authors and practitioners have offered civic engagement as the solution to the double crisis of states and markets in the developing world. This school of thought argues that market failure can be corrected through proactive consumers who search out alternative sources of private goods and altruistic social organizations that overcome the free-rider problem for public goods. In addition, it defends the position that state failure can be reconstructed through the action of an informed citizenry that knows its rights and requires the government to uphold them. Therefore PB is a standardize concept against which the actual performance can be compared and measured.

Cheung, L.K. (1986) conducted a survey to find out the relationship between principals extent of participation in budget, locus of control and job satisfaction. The data was analyzed through factor and multiple regressions. The result showed a significant relationship. Maeller in a study to determine
teacher participation in decision making showed that teachers experienced greater decisional deprivation in regard to managerial decisions. In a study to examine the budgetary process and allocation of resources among instructional support and administrative units Satori found out that most schools employed bureaucratic/political models when allocating resources.

Studies in participatory budget practices have also been done in Kenya. Ndiritu, (2007) studied the quality of participatory budgeting in public institutions, Kadoni, (2002) did a survey of participatory budgeting techniques used by results listed at the NSE. Muleri, (2001) carried out a survey of budgeting practices among the major British non-governmental organizations in Kenya, while Biwott, (1987) did a study on the participatory budgetary and the allocation process in public sector institutions. Kuria L.K (2007) conducted a research on budgeting process and financial management in public secondary schools in Thika District. In his research he found out that there was lack of involvement of all the stakeholders in the budgetary process and this was responsible for the financial mismanagement.

Nevertheless, as with all new concepts and intellectual fads, this study need to carefully analyze and evaluate the many meanings and practices embedded in this new current of thought. The present study attempts to fill the knowledge and research gap left of clarifying one aspect of the growing literature on civic engagement participatory budgeting and organization performance.

1.3 Objective of the Study

The objective of the study was to investigate the relationship between Participatory Budgeting and Performance at the City Council of Nairobi.

1.4 Significance of the Study

The study is invaluable to the following:

To the City Council of Nairobi: the study is invaluable to the local authorities in management in that it will provide an insight into the various approaches towards participatory budgeting and influence of participatory budgets to ensure efficient utilization of resources (performance).
To the government: the study is useful to the government in policymaking regarding taxation and other regulatory requirements of the City Council of Nairobi. This will enhance citizen participation and service delivery governance of the Council.

To the academicians: the study will provide a useful basis upon which further studies on budgeting in the public sector could be conducted. This research will make a contribution to the academic literature on the field of participatory budgets in Kenya where very little is known about its application. The findings of the study will provide some insights into the regulation of local authorities and the government at large on participatory budgets to enable making of timely and appropriate interventions to mitigate any risks.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are budgeting, budget planning and control, budget participation and rewards, participatory budget tools, and performance evaluation.

2.2 Theoretical perspective

The topic of participatory budget and organization performance has been widely discussed in the literature of organizational theory, agency theory, and management theory. In the managerial accounting literature, budget first emerged from early study of Argyris in 1952. Despite many subsequent researches focusing on budget, no single definition guides research. Merchant (1985) defined budget as the excess of the amount budgeted in an area over that which is necessary. In his experimental study, Young (1985) suggested that the amount by which subordinates understate their productive capacity when given the opportunity to select work standards against which their performance was evaluated. However, Waller (1988) regarded budget as the excess of resources over and above those required to complete a task. In the field study, Lukka (1988) referred to a budget as one in which the figure has been intentionally made easier to achieve in relation to the forecast. Dunk (1993) described budget as the express incorporation of the amounts in the budget to make it easier to attain. In this study, we define budget as the intentional underestimation of revenues and productive capacities and/or overestimation of costs and resources required to complete a budgeted task, which is the same as that of Nouri (1994), Prendergast (1997) and Dunk & Nouri (1998).

Participation can be defined as an organizational process whereby individuals are involved in and have influence on decisions (Brownell, 1982). For the last three decades, participation has been of great interest to researchers in management accounting. In the budgetary context, Caplan (1971) defined participation as allowing subordinates who fulfill budget to participate in budgetary goal setting. Subsequent studies, such as Collins (1978), Brownell (1981) and Kren (1992), further defined budget participation as the extent to which the budget executors have an opportunity to influence the responsible budget. Arnold & Sutton (1997, p. 7) referred to budget participation as the process by which managers have influence on the setting of their budget goals, even if they are subsequently...
evaluated on them. In this study, budgetary participation refers to the extent to which managers participate in preparing the budget and influence the budget goals of their responsibility unit. This definition is similar to that of Dunk (1993), Gul, Tsui, Fong and Kwok (1995), and Ni & Zhu (1998).

Barbato, M.B., Collini, P., Quagli, R. (1996), In organizational theory, task uncertainty has been used as one explanation variable for organizational structure and process (Withey, Daft and Cooper, 1983). Perrow (1967) characterized task uncertainty as two attributes by which inputs are transformed into outputs. There are task analyzability and numbers of exceptions. Task analyzability refers to the extent to which work can be reduced to programmable and mechanical steps. However, numbers of exceptions refers to the frequency with which unexpected and novel events occur in the planning and production processes. In modeling work-unit structure, Van de Ven & Delbecq (1974) perticipatoryized Perrow’s two dimensions and labeled them as task difficulty (analyzability for Perrow) and task variability (numbers of exceptions for Perrow). They clearly indicated that the two are independent dimensions, each with different theoretical consequences. The concept of task uncertainty in this study is defined as the difference between the amount of information required to perform the task and the amount of information already possessed. The construct is similar to that of Brownell & Dunk (1991), Gul, Tsui, Fong and Kwok (1995) and Chong (1996).

The concept of organizational commitment has been the topic of studies in the psychological and organizational behavioral literature. Different conceptualizations of organizational commitment have appeared in the literature (Meyer, Allen & Gellatly, 1990; Randall, 1990). Organizational commitment as defined by Porter, Steers and Mowday (1974) has three major components: (1) a strong belief in and acceptance of the organization’s goals, (2) a willingness to exert considerable effort on behalf of the organization, and (3) a definite desire to maintain organizational membership. Meyer, Allen and Gellatly (1990) use the terms of affective commitment and continuance commitment to discriminate three components of organizational commitment as defined by Porter, Steers and Mowday (1974). Based on mentioned-above definition, affective commitment is characterized by first two components of organizational commitment; however, continuance commitment refers to the third components, a definite desire to maintain organizational membership. Furthermore, they found that the two construct, affective commitment and continuance commitment, are independent and have different consequence on outcome variables. This study employs the affective commitment conceptualization of organizational commitment, and defines organizational affective commitment as
the acceptance of organizational goals and willingness to exert effort on the organization’s behalf, which is similar to that of Shields, M., Young, S.M. (1993)

There are three fundamental threats to the construction of good governance and the rule of law in the developing world, namely corruption, clientelism, and capture. All three of these phenomena refer to the use of public office for private gain and their impact goes far beyond the simple diversion of funds. Corruption, in addition to directly enriching individual bureaucrats, distorts markets and hampers service delivery (Rose-Ackerman, 1999). Clientelism, in addition to unfairly channeling public resources to specific client groups, alters the dynamics of political competition and leads to the ineffective provision of public services (Fox, 1994). Capture, in addition to providing rents to specific economic actors, also greatly alters markets and worsens the position of consumers, workers, and the environment in relation to corporations (Stigler, 1971).

It is generally accepted that the best way to combat this three-headed monster and thereby guarantee the public interest character of the state is by strengthening government “accountability.” But what exactly does this concept mean? In its most literal sense, the term accountability means little more than the “ability” or the “possibility” that someone or something can be “accounted for” or “counted up.” Under this minimalist understanding, all that the accountability of government would imply is the most basic form of bookkeeping (for example, this many miles of highway were built last year, this much money was spent, this number of students attended public schools, and so on). It might also require the existence of someone who could possibly view the accounts if he or she so wished, a principle of “minimal exposure” if you will, but not much else. Transparency, punishment, performance, corruption, external surveillance, the public interest, power, and principal-agent relationships are all left out of this basic understanding of the concept of accountability, Barbato, M.B., Collini, P., Quagli, R. (1996).

The study discusses the competing claims, theoretical and practical influence and proposes ways forward in the light of recent and current innovations in participatory methods. David, S. (1996) gives an overview of participatory methods and recent critiques. It is argued that use of participatory methods cannot be seen as an end in itself. Evidence indicates that participatory evaluation has potentially significant contributions to make to increasing the relevance and reliability of evaluations,
and to the pro-poor development process. At the same time participation also has potential costs as well as benefits for all concerned. Total participation by everyone at all stages of an evaluation is neither possible, nor desirable in terms of either empowerment or reliability of information. Importantly participation cannot be seen as an easy or cheap means for addressing (or circumventing) power relations, inequalities and conflicts of interest inherent in pro-poor development itself. Participatory processes do not substitute for institutional commitment to wider goals of pro-poor development which may or may not be key concerns of many participants. On the contrary, these goals need to determine the underlying and non-negotiable principles on which the participatory process is based.

2.3 Empirical review

This approach is based on significant conceptual, empirical, and policy-related work on why top-down development approaches alone are insufficient and why combined government and citizen effort can advance poverty reduction. For example, the World Development Report 2004: Making Services Work for Poor People investigates how countries can accelerate progress towards the Millennium Development Goals by improving service delivery for poor people. The report states that service provision falls short because of weak incentives for performance, corruption, imperfect, or non-existent monitoring, and administrative logjams. In many cases such failures are due to a lack of social accountability an approach towards building accountability which relies on civic engagement. The literature on performance organization has focused on the constraints posed by external factors (socioeconomic contexts, the rule of administration of law, etc.); empirical evidence has supported such contention; however, as Boyne and Walker say, “an approach based solely upon the external environment is misplaced. A growing number of studies show that management does indeed matter”(2005: 483).

Empirical analysis of the federal budget over the period 2000 to 2004 reveals some undesirable features which persisted in spite of the reform measures and prevented the budget from achieving the desired objectives. These include the dominance of recurrent over capital expenditure, lopsided structure of the budget both in terms of composition and functional distribution and deviation of actual budget from estimates, dependency on oil revenue and preponderance of debt-related
expenditure prior to 2005 when Local government was granted debt relief. Available data indicate that in 2002, the federal capital budget was N477.36 billion while actual expenditure was N321.4 billion. The deviation was 32.67%. In 2004, there was not only a decline in capital budget, but also there was considerable deviation. The capital budget stood at N349.8 billion while actually expenditure was N314.8 billion giving a deviation of about 10 %. Usually the slippages often observed in expenditure are often attributed to shortfall in revenue the magnitude of which was examined in the ensuing section, Ballas,. (1966)

Much of evidence on the importance of participatory budgeting for performance improvement in Government in the 1980’s and 1990’s was replete in case studies (Hou, et al, 2003). Such accounts prove being persuasive to many practitioners, who accept the assumption that energized and liberated managers could redirect the performance of an organization. However, as Hou, et al, (2003: 299) say “methodological flaws have been identified in much of this literature, particularly the assumption of transferability of management practices to entirely different contexts or levels of government and ex-post definitions of what constituted good management and performance”. Such assumption has to do with the idea of “One Size Fits All”. This is one of the reasons why recent research in participatory budgeting has instead used more formally elaborated theory to tackle the issue of how management matters to performance. As such formal theories are increased and tested, an empirical body of research is developing.

Since some years, Laurence J. O’Toole Jr. (University of Georgia, US) and Kenneth Meier (Texas A&M University, US, and Cardiff Business School) undertook to carry out an ambitious research agenda that pretends to support the idea that management matters in public organizations. To do this, they have borrowed from management theories and have used empirical models to test several hypotheses about the impact of management variables on performance of public organizations (O’Toole & Meier, 1999; Meier and Toole, 2002).

Recently, O’Toole and Meier (2008) have said that the most complex aspect of participatory budgeting that should matter for performance is, perhaps, the internal management of organizational operations (namely, from designing and operating information systems, including information technology, to managing financial resources, to motivating and leading cadres of public employees,
and much more). Therefore, one strategy for making progress is to isolate one of these aspects that are amenable to measurement and then estimate its effects on organizational outputs and outcomes (focusing on the human capital in public organizations and its relationship with organizational performance can be an instance of this way of approaching).

Another approach that stands out in the literature has been proposed by Rainey and Steinbauer (1999), who sketch elements of a theory of "effective government organizations". They consider features of leadership and other possible elements of participatory budgeting (like development of human resources) but do not model the relationship among any of these elements or between these elements and other variables.

2.3.1 Organisation Performance

As mentioned, performance analysis can be done at the level of individual employee or group, the program, and the organizational level. By accepting this assumption, and in the light of Rainey and Steinbauer’s approach, Brewer and Selden (2000) proposed a theoretical model of factors that affect organizational performance. Although the model was predetermined for US Federal Agencies, the study sheds light on what factor are positively more linked to better performance. For instance, authors concluded that: a) Leadership and supervision has little impact on organizational performance, although it is difficult separating leadership from culture when we want to explain factors associated with organizational performance; b) organizational culture is a powerful predictor of organizational performance; c) empowerment also matters: concluded that “performance is higher in agencies that empower employees, clients, and other stakeholders, and lower in agencies that rely on autocratic or top-down management strategies”. (Brewer and Selden, 2000: 706).

Other work that deserves to be mentioned in this section has been written by Lynn and Forbes (2005), entitled “How Does Participatory budgeting Affect Government Performance? Findings from International Research.” Drawing on the Lynn, Heinrich and Hill (2000) “logic of governance” analytical framework to literature on participatory budgeting and government performance Lynn and Forbes (2005) analyze international or non-North American evidence (193 research articles published in English) that let them to conclude that non-U.S. studies differ, methodologically, from U.S. studies.
in two ways: Empirical non-U.S. studies favour more linear managerial hypotheses, and there is a greater reliance on qualitative methods. The substantive findings suggest, however, more similarities than differences in participatory budgeting research between the United States and elsewhere.

The second stream of research has proposed that budget participation can bring about goal congruence between the subordinate and superior (Arnold & Sutton, 1997). These studies argued that participation leads to positive communication, in turn reduce manager’s pressure to increase. In such a view, budget participation and budget is inversely related, i.e., as budget participation increases, budget decreases. These contentions are supported by empirical results of Cammann (1976), Onsi (1973), and Merchant (1985).

However, several studies have reported results of no association between budget participation and budget as shown in Table 1, such as Collins (1978), Liu (1991), Tai (1995) and Prendergast (1997). The results of mentioned-above studies suggest that the relation between participation and may not be a simple direct one. Therefore, some researchers have adopted a contingent approach to the effects of participation due to these diverse empirical findings. For example, Dunk (1993) examined the contingent effects of budget emphasis and information asymmetry on the relationship between budget participation and budget. Survey results of Dunk (1993) indicate there are contingent effects of budget emphasis and information asymmetry on the relation of participation-, and that could be reduced from participation, except when budget emphasis is low. Replicating the Dunk’s study, Ni & Zhu (1998) provide additional evidence that both budget emphasis and information asymmetry have contingent effect on the relation of participation and. Other proposed moderating variables include organizational commitment (Nouri & Parker, 1996) and budget emphasis (Ni & Wu, 1996).

Under the research stream of contingency approach, this study proposes that other contingent factors, tasks uncertainty and organizational affective commitment affect the relationship between budget participation and budget. Subsequent paragraphs describe the hypotheses-derived procedure.

2.4 Participatory Budgeting

Participatory budget practice in Kenya has undergone many barriers during the process of introduction to implementation. Among them, three most critical constraints are exampled here such as: discretionary provisions of PB adoption and implementation, uniformed PB module and lack of
budgeting time. Article 39 of Local budget says that “The chief executive of localities may enact and execute the procedures for citizen participation in the local budget process as provided by the Presidential executive order.” The auxiliary word "may" does not force the local chief executive to act upon but rather to choose to do or not. This clause can give locality a discretionary power to decide whether or not to enact and introduce the PB for its own need. A survey for Kenyan PB shows that political leaders' interests and supports are the most critical factors to develop a successful PB (Kwack, 2007; Kwack and Seong, 2007). Another impact analysis also proves that the participation capacity of the political system is the most powerful factor for citizen participation (Kim and Kim, 2007).

The time schedule of the budget cycle from preparation, final budget proposal submission to the legislative body is vital. Another point is the local chief executive's responsibility of administration information disclosure. According to the Local Bylaw, the local chief officer may make an effort to release administration information. It means that the administration information disclosure is the discretionary power of the local chief officer. If he/she does not make an effort to do so, there exists no punishment mechanism. Another institutional weakness is the responsibility of local chief officer for information gathering instruments such as public hearings, policy seminars, on-and off-line survey, and the like. The local bylaw gives the local chief officer the discretionary power to do or not. Local opinions and information should be the essential ingredient of PB without which the genuine PB spirit is undermined seriously. Therefore, all clauses in Local Bylaw for PB should be compulsory, rather than discretionary or optional, changing the word, "may" to "must" or “shall”.

By the CCN's standardized Local Bylaw for PB, most localities adopt similar or regimental format without serious consideration of its demographic, economic, social, political, industrial characteristics, and even financial capacity of each locality. Most localities are neglecting to develop a suitable form to its own environment, simply imitating and modifying the Standard Local Bylaw for PB. For example, the urban localities should adopt a different type of PB from the rural localities, and the poor localities' PB should differ from the rich localities. There found not much of uniqueness in PB, and thus making each local authority a 'centralized locality' with little local voices.
The bottom-up participative budgeting is theoretically more time-consuming and expensive to develop and administer because of its iterative process for development and coordination. (Walther, 2008) The Participatory Budgeting is a typical bottom-up participative approach of budgeting, and PB in Kenya is not an exception in this regard. From March to April, the members of committee are scheduled to be recruited. Any citizen members of Regional, Main, or Joint PB Committee are unable to put their full time and energy into locality's budget affairs. In addition, unlike full-time local administrators, they are, in most cases, part-timers without high-level of budget knowledge.

2.5 Corporate Benefits of Participatory Budgeting in an institution

In budgeting practice, there are theoretically two exclusive approaches in general; top-down mandated approach and bottom-up participative approach. Among them, the bottom-up participative budgeting system is a budgeting system in which all budget holders are given the opportunity to participate in setting their own budgets. This approach is viewed as self-imposed, and thus enhances employee morale and job satisfaction. It fosters the participative management philosophy that is proven to be efficient and effective in modern councils (Walther, 2008). The Kenyan practice of PB is an example of this approach and bears its benefits as well.

**Enhancement of Participative Democracy.** PB in Kenya is the citizen-oriented budgeting system which improves the quality of life through active citizen participation. It is also the tool for the realization of direct democracy. Many researches proved that PB in Kenyan localities enhanced greatly the quality of democracy through direct and active citizen participation (Kwack, 2007; Kim and Kim, 2007; Rhee, 2005; An, 2005). Particularly, the impact analysis of early adopter in Bukgu district, Gwangju Metropolitan City shows evidently that the PB increased the opportunity of citizens' participation during budgeting, thus enhancing Kenyan participative democracy (Kwack, 2007).

**Increase in Administrative Transparency.** PB increases the administrative transparency of local finance, being contributed by active citizens' watching and budget waste reduction (Kwack, 2007). Local government office room is open to the public by local budget documentations. Government trust of today is in danger everywhere in the world, not to mention Kenya. With PB in Kenyan local authorities, the local residents become well aware of what governments are to do. Several studies
show that PB has greatly contributed to building the partnership between the government and residents through residents' better understanding of local policies (Kwack, 2007)

**Improvement of Administrative Efficiency.** In theory, the participatory budgeting should improve the government administrative efficiency and effectiveness. However, this has not yet been proved clearly in the Kenyan practice of PB. It is assumed that administrative efficiency and effectiveness are long-term results of PB, therefore the concrete improvements of these are expected in the future. Duncan (2004) Discusses dimensions of Participatory projects Success. He argues that in the same way that quality requires both conformance to the specifications and fitness for use, participatory projects success requires a combination of product success and participatory projects management success

Different stakeholders will use different measures. The health and safety officer wants no injuries. The manufacturing manager wants a product that is easy to build. The ISO compliance team requires complete documentation. Marketing was delighted if you get to market before your competition. (Duncan 2004)

Participatory projects teams are fond of defining schedule success as “on time”. However from a management perspective, there is a challenge in pegging time taken to either the baseline or original schedule. A governance format for developing participatory projects success criteria should be used. For example, identifiable success measures (one key success measure for this participatory projects is to have), measurable items (the completion date of every major milestone), comparison statement (within) or some number (one week of the baseline schedule date) Most participatory projects will have at least three measures of participatory projects management success, one each for cost, schedule, and stakeholder satisfaction. Larger participatory projects s may have more, but three is the minimum. (Duncan 2004)

Useful product success measures are often hard to define. Many of the potential measures such as revenue and cost savings are beyond the direct control of the participatory projects team and will not be measurable until long after the participatory projects is finished. When this is the case, the team must determine what it can influence. For example, with a consumer product, unit manufacturing cost may be key, for a web-based software application, 100% compliance with public standards might be
the target, on information technology participatory projects, training may be vital to user acceptance. (Duncan 2004)

Good participatory projects success measures should be complete (anything unmeasured is likely to be compromised), relevant (variances clearly indicate a need for corrective action), valid (measuring what you intended to measure), easy to understand (so that people will accept them), economical to obtain (know the value of the information) and timely (in comparison to the result measured). The bottom-line is this. Your participatory project was measured. Your stakeholders will decide whether it was well-managed. Someone will decide whether or not the participatory projects was a success. Do yourself, your team, and your council a service and get these measures documented and agreed to right from the start. (Duncan 2004)

In Summary, it has been seen that stakeholder participation is necessary in any participatory projects being undertaken. This participation, whether inform of holding discussions or constantly communicating with stakeholders, aids in ensuring participatory projects success or, at least, reducing resistance to the participatory projects being undertaken. It has also been seen that participatory projects that incorporate all stakeholders from the beginning to the end of the participatory projects, in all levels of the participatory projects lifecycle, tend to be more successful than where there is less stakeholder participation. Participatory projects success can be measured through various ways. The bases that can be used to determine the extent to which a participatory project is successful include whether the scope of the participatory projects has been reached, whether the participatory projects cost is within budget, whether the participatory projects schedule was adhered to and finally the extent of stakeholder buy-in.

2.6 Measurement of variables

The variables measured in the questionnaire will include budget participation, performance uncertainty, organizational affective commitment, and propensity to create performance.
2.6.1 Budget Participation

To measure budget participation, Milani’s (1975) six-item scale was used. This instrument attempted to assess the respondent’s involvement in and influence on the budget process. A sample item in the scale was: “The amount of influence I feel I have on the final budget.” The response scale was a seven point Likert-type scale ranging from one (very little) to seven (very much). Prior studies, such as Brownell (1982) and Mia (1988), have reported satisfactory reliability and validity for this scale. In this study Cronbach alpha coefficient was 0.74. Table 2 presents descriptive statistics for the measure.

2.6.2 Performance Uncertainty

Performance uncertainty was measured using the 14-item composite measure developed and used by Van de Ven & Delbecq (1974). The original instrument was designed to measure Perrow’s (1967) two-dimension construct: performance analyzability and numbers of exceptions. The analysis of Withey, Daft and Cooper (1983) suggested that this instrument be one of the better instruments for measuring Perrow’s technology variables and recommended its employment in future research. The instrument comprises the two sub-scales of “performance difficulty” and “performance variability”, which have been used in the assessment of performance uncertainty by adding their scores (Hirst, 1983). Each sub-scale of performance difficulty and performance variability has seven-item Likert-type-scaled instrument, ranging from one (very little) to seven (very much). The use of the measure yielded a Cronbach alpha coefficient of 0.62, which indicated satisfactory internal reliability for the scale (Nunnally, 1967). Descriptive statistics for the measure are presented in Table 2.
2.6.3 Organizational Affective Commitment

Organizational affective commitment was measured using the nine-item scale from Mowday, Steers and Porter (1979). Sample items in the scale include: “I found that my values and the organization's values are very similar” and “I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.” The response scale was a seven-point Likert-type scale ranging from one (strongly disagree) to seven (strongly agree). Prior studies report acceptable level of reliability and validity for this scale (Price & Muller, 1981; Blau, 1987). In this study, Cronbach alpha coefficient was 0.77. Table 2 presents descriptive statistics for the measure.

2.6.4 Propensity to Create Performance

To measure performance, the four-item Onsi’s (1973) instrument was used to measure a manager’s propensity to create performance. Because it is extremely difficult to measure actual performance within an organization’s budget, this study used propensity to create performance as a representative measure under the assumption that actual performance and manager’s propensity to create performance are highly correlated. The Onsi’s (1973) instrument has been used in prior accounting studies, e.g., Merchant (1985), Nouri (1994), and Lal, Dunk and Smith (1996). Sample items in the scale are: “in budget is good to do things that cannot be officially approved” and “To protect himself/herself, a manager submits a budget that can safely be attained.” The response scale was a seven point Likert-type scale ranging from one (strongly disagree) to seven (strongly agree).

2.7 Chapter summary

The role of budget in an economy cannot be overemphasized. A budget is an important instrument of national resource mobilization, allocation and economic management. It is an economic instrument for facilitating and realizing the vision of the government in a given fiscal year. If a national budget is to serve as an effective instrument for promoting growth and development of a country, there should be proper linkage and management of all the stages of budgeting.

As mentioned, performance analysis can be done at the level of individual employee or group, the program, and the organizational level. By accepting this assumption, and in the light of Rainey and
Setinbauer’s approach, Brewer and Selden (2000) proposed a theoretical model of factors that affect organizational performance. Although the model was predetermined for US Federal Agencies, the study sheds light on what factor are positively more linked to better performance.

For instance, authors concluded that: a) *Leadership* and *supervision* has little impact on organizational performance, although it is difficult separating leadership from culture when we want to explain factors associated with organizational performance; b) organizational culture is a powerful predictor of organizational performance; c) empowerment also matters: concluded that “performance is higher in agencies that empower employees, clients, and other stakeholders, and lower in agencies that rely on autocratic or top-down management strategies”. (Brewer and Selden, 2000: 706; see also, Selden, Brewer and Brudney, 1999; Selden and Brewer, 2000).

A budget has to be well-designed, effectively and efficiently implemented, adequately monitored and its performance well evaluated. With regard to Local government’s budgets over the years, there is a sharp contrast as expected, between participatory budgeting and budgeting and performance.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the methodology used to carry out the study is discussed including the research design, population, sample size and sampling design, data collection methods as well as data analysis.

3.2 Research Design

This study took the descriptive survey research design. This method was preferred as it allowed for prudent comparison of the research findings. Primary data was collected on qualitative data for comparison. The method has been used in similar studies. The purpose of the survey was to determine the level of involvement of stakeholders in the projects selected and to determine whether such involvement has any relationship with the level of performance.

3.3 Study Population

The study population was employees and stakeholders of the City Council of Nairobi.

3.4 Sampling size and Sampling Design

Using the Kth sample size calculation formula and the finite correction below, the sample size of 44 was calculated.

The sampling interval of Kth number was 5.

Kth total = number of cases of population was 260. The Desired sample therefore Kth is equal to number of total cases (260) divided by 5 to obtain 44.
3.5 Data collection method

The data was collected by administering the questionnaires to all available archivists. The researcher explained the purpose of the instrument to the respondents before the actual data collection. The filling of the questionnaires was done by the researcher himself. The questionnaires were collected after two weeks in order to give the respondents’ adequate time.

The interviews with the engineers and system users and operators enabled better exposure of the interviewees’ personal perspectives, and their deeper thoughts about the participatory budgeting. The less structured approach allowed the interviews to be much more like conversations than formal events with predetermined responses and this permitted the respondents unfold, rather that the predisposition of the researcher.

3.6 Data Analysis

Both descriptive and analytical approaches was utilised in data analysis. The researcher used analysis software such as Microsoft Excel and SPSS. The data to be collected from questionnaires was used to analyse the research questions. The researcher got a central measure of involvement levels of stakeholders and performance of the organisation. A multiple regression model was developed to describe the relationship between the dependent and independent variable. The regression equation assumed the following form:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

More specifically:

\[ y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

**Where:**

- \( y \) = Performance
- \( \beta_0 \) = Constant Term
- \( \beta_1 \) = Beta coefficients
- \( X_1 \) = Performance Uncertainty
- \( X_2 \) = Organizational Affective
- \( X_3 \) = Propensity to Create Performance
- \( X_4 \) = Involvement levels
- \( \epsilon \) = error term
Correlation analysis was used to check on the overall strength of the established regression model and also the individual significance of the predictor variables on each factor.

3.7 Instrument Reliability and Validity

A pilot survey was carried out to determine the changes that would need to be made in the instruments. Further, the questionnaires were sent to as many respondents as possible in order to reduce any bias.
CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION OF THE FINDINGS

4.1 Introduction
This chapter presents data analysis, and findings of the research. The findings are represented in tables. The study had one objectives, which was to establish the relationship between Participatory Budgeting and Performance of Local Authorities, primary data was collected through in-depth interviews with the authority’s. The data was analysed in relation to the study’s objective and the findings are presented in the various categories below.

4.2 Respondents Demography, profile of the respondents

TABLE 1: Demographics

<table>
<thead>
<tr>
<th>Sample</th>
<th>Full</th>
<th>%</th>
<th>Standardised (PART) coefficient</th>
<th>%</th>
<th>Unstandardized coefficient</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents:</td>
<td>71</td>
<td>54</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sex:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>68</td>
<td>96%</td>
<td>51</td>
<td>17</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>4%</td>
<td>3</td>
<td>0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Age:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 or less</td>
<td>1</td>
<td>1%</td>
<td>1</td>
<td>0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>25-29</td>
<td>1</td>
<td>1%</td>
<td>0</td>
<td>1</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>30-34</td>
<td>8</td>
<td>11%</td>
<td>5</td>
<td>3</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>35-39</td>
<td>25</td>
<td>35%</td>
<td>21</td>
<td>4</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>40-49</td>
<td>33</td>
<td>46%</td>
<td>26</td>
<td>7</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>50-59</td>
<td>3</td>
<td>4%</td>
<td>1</td>
<td>2</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>
TABLE 2: Comparison of Sample Means
The variables measured in the questionnaire include budget participation, task uncertainty, organizational affective commitment, and propensity in relation to performance. The questionnaire used to measure each variable as shown below.

<table>
<thead>
<tr>
<th>Education:</th>
<th>Sample</th>
<th>Unstandardized coefficient</th>
<th>t-statistic</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 9th grade</td>
<td>0</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>10th to 12th grade</td>
<td>4</td>
<td>6%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Come college</td>
<td>52</td>
<td>73%</td>
<td>38</td>
<td>14%</td>
</tr>
<tr>
<td>Post graduate</td>
<td>15</td>
<td>21%</td>
<td>12</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Standardised (PART) coefficient**

<table>
<thead>
<tr>
<th>Standardised coefficient</th>
<th>Unstandardized coefficient</th>
<th>t-statistic</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>53-54</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>PERF</td>
<td>47.85</td>
<td>50.06</td>
<td>-0.88</td>
</tr>
<tr>
<td>PART</td>
<td>30.72</td>
<td>28.47</td>
<td>1.02</td>
</tr>
<tr>
<td>JRI</td>
<td>17.24</td>
<td>19.71</td>
<td>-1.33</td>
</tr>
<tr>
<td>SAT</td>
<td>65.30</td>
<td>64.94</td>
<td>0.13</td>
</tr>
<tr>
<td>FYR</td>
<td>9.40</td>
<td>9.80</td>
<td>0.02</td>
</tr>
<tr>
<td>JYR</td>
<td>2.71</td>
<td>3.59</td>
<td>-1.21</td>
</tr>
<tr>
<td>SEX</td>
<td>0.94</td>
<td>1.00</td>
<td>na</td>
</tr>
<tr>
<td>SCH</td>
<td>16.15</td>
<td>16.41</td>
<td>-0.54</td>
</tr>
<tr>
<td>AGE</td>
<td>5.37</td>
<td>5.35</td>
<td>0.07</td>
</tr>
</tbody>
</table>

**Perf** - Performance measured using the Mahoney et al. (1963) eight-item scale.

**PART** - Budget participation measured as the sum of the six-item scale developed by Milani (1975).

**JRI** - Job relevant information measured as the sum of the three-item scale developed by Kren (1992).

**SAT** - Job satisfaction measured using a modified form of the Minnesota Satisfaction Questionnaire (Weiss et al. 1967).
FYR - Years with the company.
JYR - Years in current position.
SEX - Sex, where 1 equals male and 0 equals female.
SCH - Years of school.
AGE - Age reported in ranges, <20=1, 20-24=2, 25-29=3, 30-34=4, 35-39=5, 40-49=6, 50-59=7, and ≥60=8.

### TABLE 3: Simple Correlations

#### Panel A - Full (Combined) Sample N=71

<table>
<thead>
<tr>
<th></th>
<th>PERF</th>
<th>JRI</th>
<th>SAT</th>
<th>PART</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERF</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JRI</td>
<td>0.54405</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(&lt;0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>0.52559</td>
<td>0.39642</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(&lt;0.0001)</td>
<td>(0.0006)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PART</td>
<td>0.46768</td>
<td>0.47159</td>
<td>0.42467</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(&lt;0.0001)</td>
<td>(&lt;0.0001)</td>
<td>(0.0002)</td>
<td></td>
</tr>
</tbody>
</table>

#### Panel B - Standardised (PART) coefficient Sample N=54

<table>
<thead>
<tr>
<th></th>
<th>PERF</th>
<th>JRI</th>
<th>SAT</th>
<th>PART</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERF</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JRI</td>
<td>0.48880</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0002)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>0.53044</td>
<td>0.46874</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(&lt;0.0001)</td>
<td>(0.0004)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PART</td>
<td>0.48528</td>
<td>0.53125</td>
<td>0.48774</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(0.0002)</td>
<td>(&lt;0.0001)</td>
<td>(0.0002)</td>
<td></td>
</tr>
</tbody>
</table>

#### Panel C - Unstandardized coefficient Sample N=17

<table>
<thead>
<tr>
<th></th>
<th>PERF</th>
<th>JRI</th>
<th>SAT</th>
<th>PART</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERF</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JRI</td>
<td>0.73842</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0007)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>0.53617</td>
<td>0.13065</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0265)</td>
<td>(0.6172)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The correlations with p-values ≤0.05 are reported in **bold**.

**PART** - Budget participation measured as the sum of the six-item scale developed by Milani (1975).

**JRI** - Job relevant information measured as the sum of the three-item scale developed by Kren (1992).

**SAT** - Job satisfaction measured using a modified form of the Minnesota Satisfaction Questionnaire (Weiss et al. 1967).

---

### TABLE 4: Path Analysis Results

<table>
<thead>
<tr>
<th>Path Names, Path Descriptions, and Hypotheses Numbers</th>
<th>N</th>
<th>df</th>
<th>Sample Standardised (PART) coefficient</th>
<th>Sample Unstandardized coefficient</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full</td>
<td></td>
<td>Standardised coefficient</td>
<td>Unstandardized coefficient</td>
<td></td>
</tr>
<tr>
<td>A PART → PERF corr.</td>
<td>70</td>
<td>61</td>
<td>0.1750</td>
<td>0.2089</td>
<td>0.2243</td>
</tr>
<tr>
<td>H1 t-stat</td>
<td></td>
<td></td>
<td>1.62</td>
<td>1.54</td>
<td>1.81</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.0549</td>
<td>0.0658</td>
<td>0.0538</td>
</tr>
<tr>
<td>B PART → SAT corr.</td>
<td>70</td>
<td>53</td>
<td><strong>0.3066</strong></td>
<td><strong>0.3339</strong></td>
<td>0.1506</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.56</td>
<td>2.43</td>
<td>0.58</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.0065</td>
<td>0.0095</td>
<td>0.2890</td>
</tr>
<tr>
<td>C SAT → PERF corr.</td>
<td>70</td>
<td>17</td>
<td><strong>0.3164</strong></td>
<td><strong>0.3193</strong></td>
<td><strong>0.4167</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.06</td>
<td>2.45</td>
<td>3.53</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.0017</td>
<td>0.0092</td>
<td>0.0038</td>
</tr>
<tr>
<td>D PART → JRI corr.</td>
<td>70</td>
<td>53</td>
<td><strong>0.4716</strong></td>
<td><strong>0.5312</strong></td>
<td>0.3290</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>4.44</td>
<td>4.52</td>
<td>1.39</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.1005</td>
</tr>
<tr>
<td>E JRI → SAT corr.</td>
<td>70</td>
<td>17</td>
<td><strong>0.2504</strong></td>
<td><strong>0.2896</strong></td>
<td>0.0811</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.09</td>
<td>2.11</td>
<td>0.31</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.0204</td>
<td>0.0202</td>
<td>0.3814</td>
</tr>
<tr>
<td>F JRI → PERF corr.</td>
<td>70</td>
<td>17</td>
<td><strong>0.3357</strong></td>
<td><strong>0.2271</strong></td>
<td><strong>0.6102</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.16</td>
<td>1.69</td>
<td>4.97</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.0012</td>
<td>0.0489</td>
<td>0.0005</td>
</tr>
<tr>
<td>H2 PART → SAT → PERF joint prob.</td>
<td>70</td>
<td>70</td>
<td><strong>0.0082</strong></td>
<td><strong>0.0186</strong></td>
<td>0.2917</td>
</tr>
</tbody>
</table>

---
The path coefficient p-values are based on one sided tests and the difference p-values are based on two-sided test. The joint hypotheses p-values are based on joint probabilities. The path coefficients and differences in path coefficients with p-values ≤0.05 are reported in **bold**.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H3</td>
<td>PART→JRI→PE RF</td>
<td>0.0013</td>
<td>0.0489</td>
<td>0.1009</td>
</tr>
<tr>
<td>H4</td>
<td>PART→JRI→SA T→PERF</td>
<td>0.0221</td>
<td>0.0292</td>
<td>0.4457</td>
</tr>
</tbody>
</table>

**PERF** - Performance measured using the Mahoney et al. (1963) eight-item scale.

**PART** - Budget participation measured as the sum of the six-item scale developed by Milani (1975).

**JRI** - Job relevant information measured as the sum of the three-item scale developed by Kren (1992).

**SAT** - Job satisfaction measured using a modified form of the Minnesota Satisfaction Questionnaire (Weiss et al. 1967).

### 4.3 Presentation Budget Participation-Performance Results

The simple correlations between the four path variables, PART, JRI, SAT, and PERF, measured over the full (combined), Standardized (PART) coefficient, and Unstandardized coefficient samples are reported in Panels A-C of Table 3. The estimated path coefficients are presented in Table 4 for our two samples. The path model results are also reported graphically in Figures 2, 3 and 4. The path model coefficients are estimated by solving the system of equations in model (1) using the CALIS procedure (Covariance Analysis of Linear Structural Equations) provided by SAS (SAS Institute Inc. 1990, 292-365).

The simple correlations reported in Table 3 aid in our basic understanding of the interrelationships among our path variables. The path coefficients provide our tests of hypotheses H1-H4, the simple and complex **participation-performance relationships**. The joint hypotheses (H2-H4) p-values are based on the joint probabilities of the individual path coefficients. The correlations in Table 3, path coefficients and differences in path coefficients in Table 4, and the path coefficients in Figures 2, 3, and 4 with p-values ≤0.05 are reported in **bold**. The hypotheses H2-H4 joint p-values are reported at the bottom of Table 4.
As reported in Table 3, Panels A and B, all four path variables, performance (PERF), job relevant information (JRI), job satisfaction (SAT), and budget participation (PART), are highly correlated among our full (combined) and Standardized coefficient samples, \( p \leq 0.0006 \) and \( p \leq 0.0004 \), respectively. While, as reported in Table 3, Panel C, performance (PERF) is highly correlated with the other three path model variables, job relevant information (JRI), job satisfaction (SAT), and budget participation (PART), \( p \leq 0.0415 \), these three path model variables, job relevant information (JRI), job satisfaction (SAT), and budget participation (PART), are not significantly correlated with one another, \( p \geq 0.1972 \).

The study results established that, the direct path between budget participation (PART) and performance (PERF) modeled by Path A and described by hypothesis H1 is not fully supported by any of our CCN samples, \( p \geq 0.0538 \). Also the researcher found that, the indirect relationship between budget participation (PART) and performance (PERF) running through job relevant information (JRI) described by hypothesis H3 is fully supported by our full (combined) sample and Standardized coefficient sample, joint probability \( \leq 0.0489 \). That, the indirect relationship between budget participation (PART) and performance (PERF) running through job relevant information (JRI) described by hypothesis H3 is not supported by our Unstandardized coefficient sample, joint probability=0.1009. In contrast to any of LSM’s results, our combined and Standardized coefficient results support both the relationship between budget participation (PART) and performance (PERF) that runs through job satisfaction (SAT) described by hypothesis H2 and the more complex relationship between budget participation (PART) and performance (PERF) that runs through job relevant information (JRI and job satisfaction (SAT) described by hypothesis H4, joint probability \( \leq 0.0221 \) and joint probability \( \leq 0.0292 \), respectively.
The hypothesis H5 results regarding our prediction that the information aspect of the budget participation process would play a stronger role among the Participatory results, Standardised coefficient results as compared to the Participatory results, unstandardized coefficient results are mixed. While, as reported in the Combined column of Table 4, an incremental change in the level of job relevant information (JRI) has a significantly larger impact on performance among our Participatory results, Unstandardized coefficient results, p=0.0208, an incremental change in the level of participation (PART) has a smaller impact on the level job relevant information (JRI) among the Unstandardized coefficient sample. While the univariate difference in the participation (PART) to job relevant information (JRI) is not significantly different between the two samples, p=0.4650, the overall effect of the joint relationships connecting budget participation (PART) to performance (PERF) through job relevant information (JRI) described by hypothesis H3 is significant among the Standardised (PART) coefficient sample and not significant among the Unstandardized coefficient sample.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>S.D.</th>
<th>Theoretical range</th>
<th>Actual range</th>
<th>Cronbach α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget participation</td>
<td>26.090</td>
<td>7.669</td>
<td>6-42</td>
<td>6-42</td>
<td>0.737</td>
</tr>
<tr>
<td>Task uncertainty</td>
<td>48.818</td>
<td>8.551</td>
<td>14-98</td>
<td>26-59</td>
<td>0.6234</td>
</tr>
<tr>
<td>Task difficulty</td>
<td>22.325</td>
<td>5.415</td>
<td>7-49</td>
<td>7-36</td>
<td>0.6431</td>
</tr>
<tr>
<td>Task variability</td>
<td>26.050</td>
<td>5.414</td>
<td>7-49</td>
<td>13-43</td>
<td>0.6485</td>
</tr>
<tr>
<td>Organizational affective commitment</td>
<td>50.773</td>
<td>7.043</td>
<td>9-63</td>
<td>18-63</td>
<td>0.771</td>
</tr>
<tr>
<td>Propensity to create organisation performance</td>
<td>13.125</td>
<td>5.236</td>
<td>4-28</td>
<td>4-25</td>
<td>0.605</td>
</tr>
</tbody>
</table>
### TABLE 6: Correlation Matrix among Dependent and Independent Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>X₁</th>
<th>X₂₁</th>
<th>X₂₂</th>
<th>X₂₃</th>
<th>X₂₄</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget participation X₁</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task uncertainty X₂₁</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Task difficulty X₂₂</strong></td>
<td>-0.101</td>
<td>0.704*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task variability X₂₃</td>
<td>0.248*</td>
<td>0.776*</td>
<td>0.205</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Affective Commitment X₂₄</td>
<td>0.259*</td>
<td>-0.155</td>
<td>-0.324*</td>
<td>0.088</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Propensity to create organisation performance Y</td>
<td>-0.009</td>
<td>0.061</td>
<td>0.159</td>
<td>-0.043</td>
<td>-0.095</td>
<td>1</td>
</tr>
</tbody>
</table>

*: p < 0.01, n=144

### TABLE 7: Results of Fitting Equation (4) to Organization performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficients</th>
<th>Estimates</th>
<th>S. E.</th>
<th>t-statistics</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i = 1, task uncertainty)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>b₀</td>
<td>-0.2847</td>
<td>0.4658</td>
<td>-0.6112</td>
<td>0.5421</td>
</tr>
<tr>
<td>Budget participation (X₁)</td>
<td>b₁</td>
<td>-0.0021</td>
<td>0.0634</td>
<td>-0.0327</td>
<td>0.9740</td>
</tr>
<tr>
<td>Task uncertainty (X₂₁)</td>
<td>b₂</td>
<td>0.0836</td>
<td>0.0555</td>
<td>1.5052</td>
<td>0.1345</td>
</tr>
<tr>
<td>X₁ × X₂₁</td>
<td>b₃</td>
<td>-0.0198*</td>
<td>0.0074</td>
<td>-2.6814</td>
<td>0.0082</td>
</tr>
<tr>
<td>R² = 0.0526</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F₃,140 = 2.5890</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>p = 0.0550</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(i = 2, task difficulty)

| Constant                               | b₀           | -0.5700   | 0.4687| -1.2154      | 0.2263  |
| Budget participation (X₁)              | b₁           | 0.0302    | 0.0665| 0.4540       | 0.6505  |
| Task difficulty (X₂₂)                  | b₂           | 0.2192    | 0.0899| 2.4393       | 0.0160  |
| X₁ × X₂₂                               | b₃           | -0.0346*  | 0.0155| -2.2378      | 0.0268  |
| R² = 0.0575                            |              |           |       |              |         |
| F₃,140 = 2.8466                        |              |           |       |              |         |
| p = 0.0399                             |              |           |       |              |         |

(i = 3, task variability)

| Constant                               | b₀           | -0.1848   | 0.4800| -0.3849      | 0.7009  |

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TABLE 8: Locations of Inflection Point for the Moderating Variables of Task Uncertainty, Task Difficulty, and Organizational Affective Commitment

<table>
<thead>
<tr>
<th>Moderating variable</th>
<th>b1</th>
<th>b3</th>
<th>-b1/b3</th>
<th>Sample Mean</th>
<th>Inflection Point (sample mean - b1/b3)</th>
<th>Sample Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task uncertainty X21</td>
<td>-0.0021</td>
<td>-0.0198</td>
<td>-0.106</td>
<td>48.818</td>
<td>48.712</td>
<td>26 - 59</td>
</tr>
<tr>
<td>Task difficulty X22</td>
<td>0.0302</td>
<td>-0.0346</td>
<td>0.873</td>
<td>22.325</td>
<td>23.198</td>
<td>7 - 36</td>
</tr>
<tr>
<td>Organizational affective commitment X24</td>
<td>0.0247</td>
<td>-0.0208</td>
<td>1.188</td>
<td>50.773</td>
<td>51.961</td>
<td>18 - 63</td>
</tr>
</tbody>
</table>

4.4 Summary and interpretation of findings

The results of this study support the contingent effect of task uncertainty, task difficulty and organizational affective commitment on the relationship between budget participation and organisation performance. More specifically, based on this study, the following conclusions can be drawn:
Greater budget participation reduces the subordinate propensity to create organisation performance only in situations of high task uncertainty, but not in situations of low task uncertainty. The contingent effect between task uncertainty and budget participation in reducing organisation performance can attribute to the effect of task difficulty, instead of task variability. In another word, in the condition of high task difficulty, higher degree of budget participation can contribute to reducing organisation performance. However, the impact of budget participation on organisation performance is invariant whatever the degree of task variability may be. For individuals with strong organizational affective commitment, the relation between participation and slack is negative, while, for individuals with low organizational affective commitment, the relation is positive.

Although much of the earlier work in this area has tended to view the relation between budget participation and organisation performance in a universalistic sense, e.g., Onsi (1973), Merchant (1985) and Prendergast (1997), our results do not support this view. To reduce slack creation, the result of this study shows that high participation is needed only under high task uncertainty (or high task difficulty) conditions, or for individuals with strong organizational affective commitment.

The results suggest some implications. First, the design of participatory budgeting system ought to match variations of task characteristics. To mitigate the slack creation in the budgetary process, giving subordinates the high degree of budget participation would be effective in the situation of high task uncertainty or high task difficulty, but ineffective in the situation of low task uncertainty or low task difficulty. Hence minimum organisation performance can be achieved by varying budget participation to meet the degree of task uncertainty or task difficulty.

Second, senior management might adjust departmental budgets before finalizing the budget in participatory budgeting system. The results of this study show that the increase in both organizational affective commitment and budget participation of subordinate managers may reduce some agency
problems existing in the budgeting process, organisation performance. In the situation of high budget participation, subordinate with strong organizational affective commitment may reveal their private information about budget conditions, and may have no intention to create slack in their budget. Nevertheless, in the context of high budget participation, the superiors may adjust the subordinate’s budgets to avoid the slack creation by subordinate with weak organizational affective commitment. As Hopwood (1974, p. 63) noted “senior management write-downs of departmental budgets depend on estimates of the aspiration elements in each case.” Therefore, the higher adjustment may be made to the budgets of managers who have weak organizational affective commitment in highly participatory process.

Third, although the extent of budget participation is related to the design of budgeting system, but organizational affective commitment of employees is affected by firm’s personnel management policies. The company that considers organisation performance dysfunctional may use polices that increase the commitment of its managers to the company’s goals and values. To increase organizational affective commitment, Mowday, Porter and Steers (1982) recommend firms to: (1) select employees with a propensity to be linked to the organizational values and goals, (2) integrate employees into the organization’s social network, and (3) show sincere concern for their employees.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected the foregoing discussions, conclusions and recommendations were made. The response was based on the objectives of the study.

5.2 Summary

The objective of the study was to investigate and establish the relationship between Participatory Budgeting and Performance of Local Authorities; a case study of the City Council of Nairobi. The study found out that there is a positive significant relationship between budgetary participation and organisation performance.

The researcher established that the results of this study support the contingent effect of task uncertainty, task difficulty and organizational affective commitment on the relationship between budget participation and organisation performance. More specifically, based on this study, the following can be drawn:

Greater budget participation reduces the subordinate propensity to create organisation performance only in situations of high task uncertainty, but not in situations of low task uncertainty. The contingent effect between task uncertainty and budget participation in reducing organisation performance can attribute to the effect of task difficulty, instead of task variability. In another word, in the condition of high task difficulty, higher degree of budget participation can contribute to reducing organisation
performance. However, the impact of budget participation on organisation performance is invariant whatever the degree of task variability may be. For individuals with strong organizational affective commitment, the relation between participation and slack is negative, while, for individuals with low organizational affective commitment, the relation is positive.

Although much of the earlier work in this area has tended to view the relation between budget participation and organisation performance in a universalistic sense, e.g., Onsi (1973), Merchant (1985) and Prendergast (1997), our results do not support this view. To reduce slack creation, the result of this study shows that high participation is needed only under high task uncertainty (or high task difficulty) conditions, or for individuals with strong organizational affective commitment.

5.3 Conclusions

The results suggest some implications. First, the design of participatory budgeting system ought to match variations of task characteristics. To mitigate the slack creation in the budgetary process, giving subordinates the high degree of budget participation would be effective in the situation of high task uncertainty or high task difficulty, but ineffective in the situation of low task uncertainty or low task difficulty. Hence minimum organisation performance can be achieved by varying budget participation to meet the degree of task uncertainty or task difficulty.

Second, senior management might adjust departmental budgets before finalizing the budget in participatory budgeting system. The results of this study show that the increase in both organizational affective commitment and budget participation of subordinate managers may reduce some agency
problems existing in the budgeting process, organisation performance. In the situation of high budget participation, subordinate with strong organizational affective commitment may reveal their private information about budget conditions, and may have no intention to create slack in their budget.

The primary findings of this study are that while there are strong associations between budget participation and performance among all of our CCN managers, the causal mechanisms connecting budget participation with performance are slightly different for our two samples. Similar to the finding of Leach-López et al. (2007) (LSM), the overall information-communication connection between budget participation and performance appears to be more important for the Participatory results, Standardized (PART) coefficient.

While our findings corroborate the findings of LSM that the information-communication aspect of budget participation may become more important as the level of difficulty that managers face when communicating with their seniors results, becomes larger, our findings also substantiate the subtle differences that may exist in each location.

Although LSM did not find that job satisfaction played a significant role in the connection between budget participation and performance among their Standardized (PART) coefficient results in CCN, our results indicate that job satisfaction plays a significant role in the connection between budget participation and performance among our Participatory results, Standardized (PART) coefficient results in CCN.
5.4 Policy Recommendation

In the context of high budget participation, the superiors may adjust the subordinate’s budgets to avoid the slack creation by subordinate with weak organizational affective commitment. As Hopwood (1974, p. 63) noted “senior management write-downs of departmental budgets depend on estimates of the aspiration elements in each case.” Therefore, the higher adjustment may be made to the budgets of managers who have weak organizational affective commitment in highly participatory process.

Budget participation is related to the design of budgeting system, but organizational affective commitment of employees is affected by firm’s personnel management policies. The company that considers organisation performance dysfunctional may use policies that increase the commitment of its managers to the company’s goals and values. To increase organizational affective commitment, Mowday, Porter and Steers (1982) recommend firms to: (1) select employees with a propensity to be linked to the organizational values and goals, (2) integrate employees into the organization’s social network, and (3) show sincere concern for their employees.

5.5 Limitation of the study

Our study suffers from three common limitations found in all cross-sectional survey research: (1) the lack of temporal precedence between the independent and dependent variables; (2) any limitations imbedded in the scales used to measure our variables; and, (3) the generalizability of our samples. While the lack of temporal precedence between budget participation, job relevant information, job satisfaction, and performance precludes formal tests of causality, and while we cannot say that better
performers are not provided more job relevant information and allowed greater participation, the primary implications of our findings are largely unaffected by the direction of these relationships.

We also acknowledge the potential limitation of using self-reported measures of budget participation and performance. Locke et al. (1997) define these single-source measures as the percept-percept method. While the findings of both Greenberg et al. (1994) and Locke et al. (1997) suggest that the single source method may produce higher correlations than multi-source methods, both Locke et al. and Greenberg et al. find that the positive correlations persist in the multi-source studies. Self-reported levels of participation may be more relevant than external measures of participation because it should be the subject’s perception of budget participation that influences behavior. While external measures of performance have some documented benefits, self-reported measures of performance remain a common practice in the literature (e.g., Nouri and Parker 1998; Leach-López et al. 2007).

For example, the researchers can’t control over the non-response bias. In addition, the results should be interpreted in the common limitations of cross-sectional research. Second, the generality of the results to the other countries should be carefully done due to cultural difference. Finally, given the complexity of this topic, problems of omitted variables potentially exit.

Despite the mentioned-above limitation, this study has provided the evidence that the contingent effects of task uncertainty and organizational affective commitment on the organisation performance in participatory budgeting system.
5.6 Suggestion for further study

Even with the enumerated limitations, the findings of this study should have important implications for results employing management techniques in their operations. The findings of this study also suggest several avenues for future research. While the information provided by this study has implications for other national cooperation results Kenya, similar research may be warranted across a variety of locations.

Further research is needed to determine whether the findings of this study are driven by the uniqueness of the CCN managers in our study, managers who have “self-selected” to work for Standardized participatory coefficient results; or whether the information-communication aspect of budget participation may prove to be useful in other settings where communication difficulty is high.

A further research may be needed to isolate or confirm the influence of Information Technology Communication on both Participatory Budgeting and Performance.
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Appendix I: Letter of Introduction to Respondents

University of Nairobi
School of Business
P.O BOX 30197
Nairobi.
1st September, 2011

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a masters’ program student at University of Nairobi, School of Business. In order to fulfil the master’s program requirements, I am undertaking a Finance research on “relationship between participatory budgeting and organisation performance in the City Council of Nairobi”.

Your department has been selected to form part of this study. Therefore, I kindly request you to assist me to collect data by filling out the accompanying questionnaire on local authorities. The information provided was used exclusively for academic purposes and was held in strict confidence. Thank you.

Yours faithfully,

........................................       ........................................

David O. Gichana
APPENDIX II: QUESTIONNAIRE

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided.

Part A: General information

1. Department: ____________________________________________________

2. What is your designation? _________________________________________

3. What is your length of time in the council? _____________________________

4. What is the total number of employees in your department: Please tick appropriately

   - Less than 50 [ ]
   - 50 – 100 [ ]
   - Above 100 [ ]

Section 2: Factors influencing the implementation of participatory budgeting in CCN

This Sub-Section Focuses on Governance

Please indicate your level of agreement with the statements given below.

Where: 5 - Strongly Agree  4 - Agree 3 - Neutral
2 - Disagree  1 - Strongly Disagree.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The council governance of does not match the participatory budgeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The reporting relationships hinders effective implementation of the participatory budgeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tasks and responsibilities are not adequately defined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The CCN Governance’s acceptable to employees</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

52
Formal council governance often conflict with the informal social groups.

**This Sub-Section Focuses on Citizen Involvement**

Please indicate your level of agreement with the statements given below.

**Where: 5 - Strongly Agree 4 - Agree 3 - Neutral 2 - Disagree 1 - Strongly Disagree.**

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The citizen involvement is supportive of participatory budgeting implementation activities</td>
<td></td>
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<tr>
<td>The vision of the council is widely shared by citizen</td>
<td></td>
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<tr>
<td>Some of the institutional procedures and policies are not properly outlined</td>
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<tr>
<td>Teamwork and consultation is a way of life in the council</td>
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</tbody>
</table>

**This Sub-Section Focuses on Council capacity**

Please indicate your level of agreement with the statements given below.

**Where: 5 - Strongly Agree 4 - Agree 3 - Neutral 2 - Disagree 1 - Strongly Disagree.**

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The leadership Mayor of CCN Board is supportive of participatory budgeting implementation tasks and activities</td>
<td></td>
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</tr>
<tr>
<td>Managers allow information to flow freely either way</td>
<td></td>
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<tr>
<td>Decision making is participatory</td>
<td></td>
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<tr>
<td>Leadership is receptive to changes</td>
<td></td>
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<tr>
<td>Junior employees strive to achieve the goals of the council.</td>
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</tr>
</tbody>
</table>

**This Sub-Section Focuses on Council policies**

Please indicate your level of agreement with the statements given below.
Where: 5 - Strongly Agree 4 - Agree 3 - Neutral
2 - Disagree 1 - Strongly Disagree.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change threaten the existing balance of power</td>
<td></td>
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<tr>
<td>Coalition building is necessary for effective implementation of</td>
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<tr>
<td>participatory budgeting</td>
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<td></td>
</tr>
<tr>
<td>Political patronage interferes with performance of tasks and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>activities</td>
<td></td>
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<tr>
<td>Power struggles in the council stifle the implementation of</td>
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</tr>
<tr>
<td>participatory budgeting</td>
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</tbody>
</table>

This Sub-Section Focuses on Resistance to Change
Please indicate your level of agreement with the statements given below.

Where: 5- Strongly Agree 4-Agree 3-Neutral
2-Disagree 1-Strongly Disagree.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
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<th>4</th>
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</tr>
</thead>
<tbody>
<tr>
<td>There is resistance to implementation of the participatory</td>
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<tr>
<td>budgeting</td>
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<tr>
<td>Technical participatory budgeting causes disruptive social</td>
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<tr>
<td>change</td>
<td></td>
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<tr>
<td>There is a preoccupation with the technical aspects at the</td>
<td></td>
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<tr>
<td>expense of other aspects</td>
<td></td>
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<tr>
<td>Different descriptions of participatory budgeting is</td>
<td></td>
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<tr>
<td>responsible for resistance to change</td>
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<tr>
<td>There is no serious need for implementation of participatory</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>budgeting</td>
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</tbody>
</table>

Others factors that pose as an influence? Please explain……………..
.........................................................................................................................
Survey Instruments

Budget Participation

1. The portion of the budget I am involved in setting.

2. The amount of reasoning provided to me by a superior when the budget is revised.

3. The frequency of budget-related discussion with superiors initiated by me.

4. The amount of influence I feel I have on the final budget.

5. The importance of my contribution to the budget.

6. The frequency of budget-related discussions initiated by my superior when budgets are being set.

Performance Uncertainty

Performance Difficulty

1. To what extent is there a clearly defined body of knowledge or subject matter that can guide you in doing your work?*

2. To what extent is there an understandable sequence of steps that can be followed in doing your work?*

3. During the course of your work, how often do you come across specific difficult problems that you don't know how to solve immediately?

4. In general, how much actual thinking time do you usually spend trying to solve such specific problems?

5. If there is something that you don't know how to handle in your work, to what extent can you go to someone else for an answer to the problem?*

6. In some jobs things are fairly predictable. In others, you are often not sure what the outcome will be. What percent of the time are you generally sure what the results of your efforts will be?*

7. On the average how long is it before you know whether your work effort is successful?
Performance Variability

1. How much variety in cases, claims, clients, or things do you generally encounter in your working day?

2. Regardless of the variety of cases, claims, or clients, to what extent are the activities or methods you follow in your work about the same for dealing with categories of cases, claims, or clients? *

3. To what extent would you say your work is routine? *

4. People in this unit do about the same job in the same way most of the time. *

5. Basically, unit members perform repetitive activities in doing their jobs. *

6. In doing their jobs from day to day, unit members generally have to adopt different methods or procedures to do the work.

7. There are different types or kinds of work to do every day in this job.

(The symbol * represents the items reverse-scored.)

Organizational Affective Commitment

1. I am willing to put in a great deal of effort beyond that normally expected in order to help this organization be successful.

2. I talk up this organization to my friends as a great organization to work for.

3. I would accept almost any type of job assignment in order to keep working for this organization.

4. I found that my values and the organization's values are very similar.

5. I am proud to tell others that I am part of this firm.
6. This organization really inspires the very best in me in the way of job performance.

7. I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.

8. For me this is the best of all possible organizations for which to work.

9. I really care about the fate of this organization.

Propensity to Increase Performance

1. To protect himself/herself, a responsibility-center manager submits a budget that can safely be attained.

2. To be safe, the responsibility-center manager sets two levels of budgets: one between himself/herself and his/her subordinates and another between himself/herself and his/her superior.

3. In budget is good to do things that cannot be officially approved.

4. In good business times, your superior is willing to accept a reasonable level of in your budget.

Thank You.
# APPENDIX III: TIME PLAN

<table>
<thead>
<tr>
<th>Activity</th>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
<th>AUGUST</th>
<th>SEPTEMBER</th>
<th>OCTOBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal development</td>
<td></td>
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<tr>
<td>Approval</td>
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<tr>
<td>Data collection</td>
<td></td>
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<tr>
<td>Data analysis/ Project write up</td>
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<tr>
<td>Project submission</td>
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</tbody>
</table>
### APPENDIX IV: BUDGET

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal development</td>
<td>3,500.00</td>
</tr>
<tr>
<td>Stationery</td>
<td>12,700.00</td>
</tr>
<tr>
<td>Typing and printing proposal</td>
<td>4,000.00</td>
</tr>
<tr>
<td>Photocopy (proposal questions)</td>
<td>1,800.00</td>
</tr>
<tr>
<td>Transport</td>
<td>19,000.00</td>
</tr>
<tr>
<td>Miscellaneous expenses (15%)</td>
<td>3,300.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54,300.00</strong></td>
</tr>
</tbody>
</table>