THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Effect of Budget Implementation on Service Delivery in Selected County Governments in Kenya

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Abstract:
Budget implementation is a critical component of public financial management because it determines whether approved plans and budgetary allocations are translated into actual programmes, projects, and public services. In Kenya's devolved system of government, county governments are expected to implement budgets effectively in order to improve service delivery in sectors such as health, water, infrastructure, agriculture, and education. However, despite the existence of approved annual budgets and legal public financial management frameworks, many county governments continue to experience delayed procurement, low absorption of development funds, budget reallocations, pending bills, and stalled projects, all of which undermine service delivery. This study examined the effect of budget implementation on service delivery in selected county governments in Kenya. The study focused on Nyeri, Makueni, Nairobi, and Kitui Counties. It adopted a descriptive longitudinal survey design and targeted 144 officers drawn from finance, budget, procurement, accounting, internal audit, expenditure management, revenue, and economic planning departments. A sample of 106 respondents was selected using stratified random sampling, and 98 valid questionnaires were returned, representing a response rate of 92.5%. Primary data were collected using structured questionnaires, while secondary data were obtained from Controller of Budget reports, Auditor-General reports, and county financial documents for the 2021/2022–2023/2024 financial years. Data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis. The findings revealed that budget implementation had a positive and statistically significant effect on service delivery ($\beta = 0.337$, $t = 4.160$, $p < 0.001$). Correlation analysis also showed a strong positive and significant relationship between budget implementation and service delivery ($r = 0.782$, $p < 0.01$). The study concludes that counties that improve budget absorption, expenditure control, procurement efficiency, and project monitoring are more likely to enhance service delivery outcomes. The study recommends stronger expenditure monitoring, timely procurement planning, reduced budget reallocations, improved development budget absorption, and greater accountability in budget execution.

Keywords: *Budget implementation, service delivery, county governments, public financial management, devolution, Kenya*

1. Introduction

1.1. Background to the Study

Public financial management is central to the ability of governments to convert financial resources into development outcomes and public services. While revenue generation and intergovernmental transfers provide the resources required for government operations, implementing approved budgets determines whether those resources translate into actual expenditure, completed projects, and improved public welfare. In decentralized governance systems, budget implementation is particularly important because subnational governments are expected to finance and deliver essential services in response to local priorities and development needs.

In Kenya, devolution was introduced through the Constitution of Kenya (2010) with the expectation that transferring resources and decision-making closer to citizens would improve equity, accountability, and service delivery. County governments were assigned responsibility for a wide range of devolved functions, including county health services, agriculture support, trade development, local roads, water services, and early childhood education. County governments finance these functions using equitable share transfers, grants, and own-source revenue. However, the existence of approved budgets and financial resources does not automatically translate into improved public services. What matters is the extent to which counties are able to implement approved budgets efficiently and direct expenditure toward priority programmes and projects.

Budget implementation refers to the process through which approved budgets are executed by releasing funds, authorizing expenditure, procuring goods and services, implementing projects, and monitoring performance against

approved plans. Effective budget implementation ensures that public funds are used for intended purposes, projects are completed on time, and services are delivered efficiently. Weak budget implementation, on the other hand, leads to procurement delays, low budget absorption, cost overruns, incomplete projects, accumulation of pending bills, and poor service delivery outcomes. In county governments, such weaknesses directly affect the quality, timeliness, and accessibility of services in health facilities, water projects, road infrastructure, agricultural support programmes, and education facilities.

Oversight reports in Kenya have consistently highlighted weaknesses in county budget implementation. The Controller of Budget has repeatedly reported low absorption of development budgets, delayed implementation of projects, underutilization of funds, and frequent reallocations of approved budgetary resources. In FY 2023/2024, county governments recorded an average development expenditure absorption rate of about 57.5%, indicating that a significant proportion of planned development expenditure was not implemented. Delays in exchequer releases, procurement bottlenecks, weak project monitoring, and poor planning have been identified as some of the factors undermining effective budget execution in counties. These challenges suggest that budget implementation remains a major determinant of county service delivery performance and therefore deserves focused empirical investigation.

1.2. Statement of the Problem

County governments in Kenya were established to bring public services closer to citizens through devolved governance and localized decision-making. Despite this objective, many county governments continue to experience service delivery challenges in key devolved sectors such as health, water, roads, sanitation, education, and agriculture. These challenges persist even where counties have approved annual budgets and receive substantial transfers from the national government. One of the major reasons for this mismatch between planned expenditure and actual service delivery is weak budget implementation.

Budget implementation in many counties has been characterized by delayed procurement, low development budget absorption, delayed disbursement of funds to departments, pending bills, frequent budget reallocations, weak expenditure monitoring, and stalled projects. The Controller of Budget and the Office of the Auditor-General have repeatedly highlighted under-expenditure on development programmes, incomplete projects, and weak adherence to approved budgets across county governments. These weaknesses reduce the effectiveness of public spending and undermine the ability of counties to translate budgetary allocations into tangible services for citizens.

Although previous studies have examined public financial management and service delivery in county governments, much of the existing literature has focused on broad budgetary controls, single counties, or multiple financial management determinants without isolating budget implementation as a central explanatory variable. There is therefore limited comparative empirical evidence on the specific effect of budget implementation on service delivery across county governments in Kenya. This study sought to fill that gap by examining the effect of budget implementation on service delivery in selected county governments in Kenya.

1.3. Research Objective

The study was guided by the following objective:

To assess the effect of budget implementation on service delivery in selected county governments in Kenya.

1.4. Research Question

The study sought to answer the following question:

What is the effect of budget implementation on service delivery in selected county governments in Kenya?

2. Literature Review

2.1. Theoretical Review

The study was anchored on Agency Theory as advanced by Michael C. Jensen and William H. Meckling. Agency Theory explains the relationship between principals and agents, where one party delegates authority to another to act on its behalf. In the public sector, citizens are the principals, while elected leaders and public officials are the agents entrusted with managing public resources. The theory is relevant to budget implementation because county officials are expected to execute approved budgets in a manner that reflects public priorities and maximizes service delivery. However, when monitoring and accountability mechanisms are weak, agents may fail to implement budgets efficiently, divert resources to non-priority expenditures, delay projects, or pursue personal and political interests at the expense of the public good.

In county governments, budget implementation problems such as delayed procurement, budget reallocations, low development absorption, pending bills, and stalled projects can be interpreted through the lens of Agency Theory. These problems may arise where the officers responsible for budget execution are not adequately monitored, lack incentives for performance, or operate in institutional environments characterized by weak internal controls and low accountability. Agency Theory therefore provides a useful framework for explaining why approved county budgets do not always translate into timely and effective service delivery. Counties that strengthen monitoring, reporting, internal controls, and accountability mechanisms are more likely to implement budgets effectively and achieve better service delivery outcomes.

2.2. Empirical Review

2.2.1. Budget Implementation and Service Delivery

Budget implementation is widely recognized as a key determinant of public sector performance because it determines whether financial resources are translated into actual outputs and outcomes. Effective budget execution ensures that planned projects are financed on time, procurement is completed efficiently, and resources are utilized for intended purposes. In local governments and devolved units, strong budget implementation has been associated with higher project completion rates, better expenditure efficiency, and improved access to public services.

Empirical studies in Kenya have linked budget implementation to service delivery outcomes in county governments. Kariuki (2020) found that counties with stronger budget absorption and expenditure controls were more likely to achieve better service delivery outcomes. Mutua (2019) similarly reported that delayed procurement, weak project monitoring, and underutilization of development budgets contributed to stalled projects and weak county service delivery. Other studies on county public financial management have associated frequent budget reallocations, poor expenditure tracking, and weak implementation controls with delayed infrastructure development, accumulation of pending bills, and reduced citizen satisfaction with county services.

However, much of the available literature has focused on single counties, budgetary control generally, or broad public financial management systems without specifically isolating budget implementation as an independent determinant of service delivery across counties with different financial performance contexts. This study addressed that gap by focusing specifically on budget implementation and service delivery in selected county governments in Kenya.

2.3. Conceptual Perspective

In this study, budget implementation was conceptualized as the independent variable, while service delivery was the dependent variable. Budget implementation was operationalized through indicators such as timely execution of approved budgets, absorption of recurrent and development budgets, procurement efficiency, adherence to approved allocations, expenditure monitoring and control, and completion of planned county projects. Service delivery was conceptualized in terms of perceived improvement in the quality, accessibility, and timeliness of county services in devolved sectors such as health, water, roads, education, and local infrastructure.

3. Methodology

3.1. Research Design

The study adopted a descriptive longitudinal survey design. The descriptive component was appropriate because it enabled the researcher to examine budget implementation and service delivery as they naturally occurred in county governments without manipulating the variables. The longitudinal element allowed the study to incorporate evidence from multiple financial years (2021/2022–2023/2024), thereby providing a broader understanding of how budget implementation related to service delivery over time.

3.2. Study Area

The study was conducted in Nyeri, Makueni, Nairobi, and Kitui Counties. These counties were purposively selected to reflect differences in county size, financial management performance, budget absorption, administrative capacity, and service delivery outcomes. Nyeri and Makueni were selected because they had demonstrated relatively stronger financial management and service delivery performance, while Nairobi and Kitui had experienced recurring challenges in expenditure control, project implementation, and service delivery in some financial years. The inclusion of both relatively stronger and weaker performers provided a comparative basis for assessing the effect of budget implementation on service delivery.

3.3. Target Population

The target population comprised 144 county officers drawn from departments directly involved in county financial management and budget execution. These included officers from Finance, Budget, Procurement and Supply Chain Management, Accounting Services, Internal Audit, Expenditure Management, Revenue, and Economic Planning departments in the four selected counties. These officers were considered suitable respondents because they were directly involved in budget planning, expenditure authorization, procurement, financial reporting, monitoring, and implementation of county programmes.

3.4. Sample Size and Sampling Technique

A sample of 106 respondents was selected from the target population using stratified random sampling. Stratification was appropriate because the population was heterogeneous and comprised officers from different departments with distinct roles in county financial management. The population was first grouped into strata according to departmental categories, after which respondents were randomly selected from each stratum. This ensured adequate representation of the key departments relevant to budget implementation and service delivery.

3.5. Data Collection and Sources

The study relied on both primary and secondary data. Primary data were collected using structured questionnaires administered to the sampled county officers. The questionnaire contained statements on budget implementation and

service delivery, which respondents rated using a Likert scale. Budget implementation items assessed perceptions of the timeliness of budget execution, procurement efficiency, utilization of allocated funds, adherence to approved budgets, monitoring of expenditure, and completion of planned projects.

Secondary data were obtained from Controller of Budget reports, Office of the Auditor-General reports, and relevant county financial documents for the period 2021/2022 to 2023/2024. These documents provided contextual and corroborative evidence on county expenditure performance, development budget absorption, pending bills, project implementation, and service delivery-related financial trends.

3.6. Measurement of Variables

The independent variable in this study was budget implementation, while the dependent variable was service delivery.

Budget implementation was measured using the following indicators:

- Timeliness of budget execution;
- Absorption of recurrent and development budgets;
- Efficiency of procurement and project implementation;
- Adherence to approved budget allocations;
- Effectiveness of expenditure monitoring and control; and
- Completion of planned county projects and reduction of budget variances.
- Service delivery was measured in terms of respondents' assessment of the quality, accessibility, and timeliness of county services in devolved sectors such as health, water, roads, and education.

3.7. Data Analysis

Data were coded and analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics, including means and standard deviations, were used to summarize respondents' views on budget implementation and service delivery. Pearson Product-Moment Correlation was used to determine the strength and direction of the relationship between budget implementation and service delivery. Multiple regression analysis was used to establish the effect of budget implementation on service delivery. Although the broader thesis included other financial management variables in the regression model, this article focuses only on the budget implementation variable and its effect on service delivery.

The relevant regression model was specified as:

Y =beta_0 +beta_1X_1 + E

Where:

Y = Service delivery

beta_0 = Constant

beta_1 = Regression coefficient for budget implementation

X_1 = Budget implementation

E= Error term

4. Findings and Discussion

4.1. Response Rate

Out of the 106 questionnaires distributed to respondents, 98 were completed and returned, representing a 92.5% response rate. This response rate was considered adequate for analysis because it exceeded commonly accepted thresholds for survey-based studies and provided a strong basis for drawing conclusions on the relationship between budget implementation and service delivery.

4.2. Descriptive Findings on Budget Implementation

The descriptive findings indicated that respondents generally agreed that budget implementation positively influenced service delivery in their counties. The overall aggregate mean for budget implementation was 3.81, implying a generally positive assessment of county budget execution, expenditure monitoring, procurement processes, and implementation of approved projects. At county level, Nyeri recorded the highest aggregate mean (4.22), followed by Makueni (4.03), Nairobi (3.58), and Kitui (3.39). This pattern suggests that counties with stronger budget implementation systems were also perceived to perform better in service delivery.

Among the specific indicators, the highest-rated statements were that budget implementation improved completion of planned county projects and that timely utilization of approved funds enhanced service delivery, indicating that respondents strongly associated budget execution with actual service outputs. Respondents also generally agreed that stronger expenditure controls and regular monitoring of project implementation improved accountability and reduced misuse of public funds. However, relatively lower ratings were recorded for timely procurement processes and full absorption of development budgets, suggesting that procurement delays, underutilization of development allocations, and implementation bottlenecks remained significant challenges in some counties.

These descriptive findings imply that while county governments had made progress in implementing approved budgets, weaknesses in procurement efficiency and development budget absorption continued to limit the full realization of service delivery outcomes.

4.3. Correlation Findings

The Pearson correlation analysis showed that budget implementation had a strong positive and statistically significant relationship with service delivery ($r = 0.782$, $p < 0.01$). This finding indicates that improvements in budget implementation were associated with improvements in service delivery across the selected county governments. The positive coefficient suggests that counties that executed budgets more effectively, absorbed allocated funds more efficiently, and monitored expenditure more closely tended to report better service delivery outcomes.

The implication of this finding is that service delivery in county governments depends not only on the availability of financial resources but also on how effectively those resources are translated into actual expenditure, completed projects, and public services. Counties that execute budgets on time, strengthen procurement processes, and improve expenditure monitoring are more likely to deliver better outcomes in devolved services.

4.4. Regression Findings

Regression analysis revealed that budget implementation had a positive and statistically significant effect on service delivery ($\beta = 0.337$, $t = 4.160$, $p < 0.001$). This means that a one-unit improvement in budget implementation was associated with a 0.337-unit increase in service delivery, holding other factors constant. The null hypothesis that budget implementation has no statistically significant effect on service delivery was therefore rejected.

These findings imply that strengthening budget implementation systems can materially improve county service delivery. Counties that enhance adherence to approved budgets, improve procurement efficiency, strengthen expenditure control, increase development budget absorption, and monitor project execution effectively are likely to improve the quality, timeliness, and accessibility of devolved services.

4.5. Discussion of Findings

The findings of this study demonstrate that budget implementation is a critical determinant of service delivery in county governments. The descriptive results showed that respondents generally associated effective execution of approved budgets, timely utilization of funds, efficient procurement, and strong expenditure monitoring with better service delivery outcomes. The correlation analysis established that budget implementation was strongly and positively associated with service delivery, while the regression analysis confirmed that the relationship was statistically significant even when tested as part of the broader financial management model.

These findings are consistent with the argument that public expenditure only improves service delivery when approved budgets are translated into actual spending, completed projects, and functioning public services. Counties may prepare sound budgets and receive financial resources. However, if those budgets are poorly implemented through delayed procurement, low absorption, weak expenditure control, or stalled projects, the expected benefits of devolution are unlikely to materialize. The current findings therefore reinforce the central role of budget execution in converting fiscal resources into citizen outcomes.

The results also align with previous empirical studies. Kariuki (2020) found that counties with stronger budget absorption and expenditure controls were more likely to achieve better service delivery outcomes. Mutua (2019) similarly reported that delayed procurement, weak project monitoring, and underutilization of development budgets contributed to stalled projects and poor county service delivery. The present study supports these findings by demonstrating that counties with stronger budget implementation systems are better positioned to translate financial resources into public services.

The findings further support Agency Theory, which emphasizes the role of monitoring, accountability, and institutional controls in ensuring that public officials act in the public interest. In county governments, problems such as delayed procurement, budget reallocations, pending bills, low development absorption, and incomplete projects may arise when agents responsible for budget execution are not adequately monitored or held accountable. Counties that strengthen internal controls, implementation oversight, expenditure reporting, and performance accountability are therefore more likely to implement budgets effectively and improve service delivery outcomes.

The comparative pattern observed across counties also strengthens this interpretation. Nyeri and Makueni, which recorded stronger descriptive scores on budget implementation, appeared to reflect better service delivery performance than Nairobi and Kitui. This suggests that differences in county service delivery may partly be explained by differences in the effectiveness of budget execution systems, particularly in relation to procurement efficiency, expenditure control, and development budget absorption.

5. Conclusion

The study examined the effect of budget implementation on service delivery in selected county governments in Kenya. The findings showed that budget implementation has a positive and statistically significant effect on service delivery. Counties that execute approved budgets more effectively through timely utilization of funds, stronger expenditure controls, efficient procurement, and better monitoring of project implementation were more likely to report improved service delivery outcomes.

The study concludes that budget implementation is a critical determinant of county performance under devolved governance. Even where financial resources are available, weak budget execution undermines the ability of county governments to convert those resources into completed projects and quality public services. Strengthening county budget implementation systems is therefore essential for improving service delivery and enhancing the effectiveness of devolution.

6. Recommendations

Based on the findings, the study makes the following recommendations.

First, county governments should strengthen budget execution and expenditure monitoring systems to ensure that approved allocations are utilized in a timely and efficient manner. Departments should regularly track implementation of approved budgets and align expenditure with service delivery priorities.

Second, counties should improve procurement planning and contract management to reduce delays in project implementation. Annual procurement plans should be aligned with approved budgets early enough to avoid late commencement of projects and under-absorption of development funds.

Third, county treasuries should strengthen development budget absorption by ensuring timely release of funds to implementing departments and by closely monitoring project implementation throughout the financial year. This would reduce stalled projects and improve completion rates for county development programmes.

Fourth, counties should minimize frequent budget reallocations and weak expenditure control by strengthening internal controls, enforcing adherence to approved budgets, and enhancing accountability among officers responsible for budget execution.

Finally, county governments should strengthen project monitoring and performance reporting systems so that budget implementation is closely linked to actual service delivery outcomes. This would improve transparency, enhance accountability, and ensure that public resources are translated into visible improvements in health, water, roads, education, and other devolved services.

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