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The Joint Effect of Budgeting Practices, Public Participation and Automated Revenue Collection System on Financial Performance of County Governments in Kenya

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The Joint Effect of Budgeting Practices, Public Participation and Automated Revenue Collection System on Financial Performance of County Governments in Kenya

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Abstract

Purpose of the Study: *The purpose of this study was to examine the combined effect of budgeting practices, public participation and automated revenue collection systems on the financial performance of county governments in Kenya.*

Methodology: *The study employed a pragmatic research philosophy and an ex-post facto research design. The target population consistent of 47 county go governments in Kenya. A questionnaire was used to survey the controllers of budget from 45 county governments in Kenya. The research employed both inferential and descriptive statistics, performing both regression and correlation analyses.*

Findings: *The findings revealed that the joint effect of budget practices, public participation, and automated revenue collection systems on the financial performance of county governments in Kenya was significantly greater than the individual effect of budget practices (R2 = 0.566, F= 37.384, p<0.05), with an R squared greater than that of the relationship between budget practices and financial performance alone (0.437).*

Conclusion: *Based on these findings, the study concludes that a comprehensive approach incorporating budget practices, public participation, and automated revenue collection can significantly improve the financial performance of county governments.*

Recommendations: *The study recommended that the adoption of suitable budgeting practices, the encouragement of public participation, and the implementation of automated revenue collection systems in county governments.*

Keywords: *Budgeting Practices, Public Participation, Automated Revenue Collection System, Financial Performance, County Governments in Kenya*

1. Introduction

The financial performance of public sector organizations like county governments is a critical factor in the delivery of essential services, promotion of economic development, and overall welfare of the population. County governments in Kenya, which were established as per the revised constitution in 2010, are tasked with several critical responsibilities, such as collecting revenues, providing health services, infrastructure development, and more (Constitution of Kenya,

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2010; Waikenda, Lewa & Muchara, 2019). However, the ability of these county governments to effectively fulfill their duties and improve the living standards of their constituents largely depends on their financial performance. The financial performance of an entity is commonly evaluated using indicators like profitability, budget absorption rate, and return on equity, among others (Pervan & Visic, 2012; Abbasi & Malik, 2015; Reed, 2015; Omondi-Ochieng, 2020). One of the major components that influences the financial performance of these county governments is their budgeting practices. Good budgeting practices are key to ensuring the efficient use of resources and enhancing accountability within the organization (Pere et al., 2015; PBO, 2017).

However, poorly defined budgeting practices have been reported in many county governments in Kenya, resulting in issues such as delays in paying suppliers, stalled projects, and low budget absorption rates (Chepkorir et al, 2021). Public participation in the budgeting process is another crucial factor that affects the financial performance of these entities. It allows stakeholders to influence the decisions that directly impact them, which can lead to better governance and improved financial outcomes (Beuermann & Amelina, 2014). However, many county governments have been inconsistent in offering opportunities for public participation in the budget making process, leading to negative impacts on financial performance (KIPPRA, 2015). Automated revenue collection systems can significantly increase the efficiency of revenue collection, reduce the incidence of fraud and corruption, and improve overall financial performance (Asimiyu & Kizito, 2014). Unfortunately, many county governments in Kenya have faced challenges in implementing effective automated revenue collection systems, leading to revenue leakage and poor financial performance (IBP, 2016; Mandala, et al., 2020).

1.2 Research Problem

County governments in Kenya are tasked with crucial responsibilities, such as providing essential services and promoting economic development. The effective fulfillment of these tasks is largely dependent on the financial performance of these county governments. Despite the critical role that financial performance plays in the delivery of services and economic development, many county governments in Kenya continue to grapple with financial performance challenges. Budgeting practices have been identified as key components in enhancing financial performance. However, poorly defined and implemented budgeting practices have led to a myriad of problems in these governments, including delays in paying suppliers, stalled projects, and low budget absorption rates (Chepkorir et al, 2021). In addition, public participation in the budgeting process has been inconsistent, despite its role in promoting better governance and improving financial outcomes (Beuermann & Amelina, 2014; KIPPRA, 2015). The lack of active public participation in the budgeting process inhibits accountability and obstructs the optimization of resources.

Moreover, the efficiency of revenue collection systems, particularly automated systems, significantly influences the financial performance of these county governments (Asimiyu & Kizito, 2014). Many county governments in Kenya, however, have faced challenges implementing effective automated revenue collection systems, leading to revenue leakages, fraud, and overall poor financial performance (IBP, 2016; Mandala, et al., 2020). Existing literature presents inconsistent findings and knowledge gaps concerning the relationship between budgeting practices, public participation, automated revenue collection systems, and financial performance. For instance, studies like Serem (2013); Speer (2012); Ng'wasa (2017); Kaguri (2015) and Inkoom (2011) found no link between these factors and financial performance in public entities. This study, therefore, sought to bridge these gaps by establishing the joint effect of budgeting practices, public participation and automated revenue collection systems on the financial performance of county governments in Kenya. The question thus remains: What is the relationship between these factors and the financial performance of county governments in Kenya?

1.3 Objective of the Study

To establish the joint effect of budgeting practices, public participation and automated revenue collection system on financial performance of County Governments in Kenya.

2. Literature Review

The literature review section of this study provides an overview of the existing research on the relationship between budgeting practices, public participation, and automated revenue collection systems (ARCS) on financial performance. The review begins with a theoretical framework, followed by an empirical review and a conceptual framework.

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2.1 System Theory

The anchoring theory of the study was the System Theory. The first call for a general systems theory came from Ludwig von Bertalanffy's study in the 1940s-50s (Gibran & Sekwat, 2009). The systems theory is an interdisciplinary study of systems on how they relate to one another within a larger more complex system. The key concept of systems theory, regardless of which discipline it's being applied to, is that the whole is greater than the sum of its parts (Alexander and Stanley, 1998). The main assumption of the systems theory is that a complex system is made up of multiple smaller systems, and it is the interactions between these smaller systems that create a complex system as it is known (Scott, 1985). This theory seeks to explain and develop hypotheses around characteristics that arise within complex systems that seemingly could not arise in any single system within the whole easily explained or rationalized when looking singularly at any one of its systems (Gibran & Sekwat, 2009). According to system theory, subsystems, entities and subcomponents are designed in manner that they are interdependent and thus the functionality of the entire system is a collaborative responsibility of the subsystems (Chih & Sapphire, 2017).

The system theory assumes certain underlying concepts and principles that can be applied universally in different fields, even if these fields evolved separately. This assumption is a crucial factor in systems theory because it is this reasoning that enables people like social workers and psychologists to employ systems theory in a way that benefits those they are assisting (Hammond, 2013). Users of this theory must identify the parameters of the larger system itself, its subsystems and the whole system operational environment (Scott, 1985). Robert et al. (1978) argued that the system theory tends to promote love for power among technocrats with little concern for the majority (Hammond, 2013). Accordingly, systems thinking tend to exalt much technology ignoring institutional virtues. Hammond, (2013) further criticized the theory for being sceptical regarding its function in regards to governance planning and management. Hoos (2018) also criticized the system theory for being over reliant on quantitative models which is not always the case in reality. According to Hoos (2018), the system theory tends to ignore the role of human intervention in the functionality of a system.

Despite these weaknesses, the social systems theory is important to social work and helps practitioners reach a better understanding of those they work with. In the context of an organization, departments are what forms a whole system of the organization and the performance of the departments contribute to overall performance of the organization (Chih et al., 2017). The system theory was used in this study to indicate how budgeting and county governments' regulatory system and formwork models guide the allocation of public funds to address the needs of the public. In this context, the county governments are the system of interest for budgeting practices. The county governments as a system incorporate subsystems such as departments, sections, wards and the office of the governor (Chih et al., 2017). The systems theory was also applied in this study to establish the nature, structure and operations of county governments as a system and explain how the sub- systems of automated system influence each other and in turn influence performance of the county governments (Chih & Sapphire, 2017).

2.2 Empirical Review

Focusing at local government in Kyrgyzstan, Kasymova, (2014) carried out a research entitled implementing participatory budget process by employing the mixed methods approach. He found out that budget hearings improve efficiency of service delivery in government entities in Kyrgyzstan. This process of budgeting may differ from county budgeting in Kenya since there exists a contextual gap between the two studies. Focusing at Muranga County government Kenya, Kibunja (2017) investigated the effect of budgetary making process on financial performance using explanatory descriptive research design. It was found that inefficiencies feature a lot in the county budget making because of inadequacy of system automation, oversight, monitoring, controls and issuance of supplementary budgeting on time. There is need for enhanced public participation in budget monitoring, budget making and implementation.

Karanja, Muathe and Thuo (2014) studied budgeting as an aspect of productivity change in the manufacturing industry in Kenya. Their findings disclosed that from 2001 to 2005, the industry tape-recorded an adverse growth in productivity. Nevertheless, the research finding never revealed whether the unfavorable development was as a result of budgeting controls, market competence or efficiency of the intermediary. The study found that budgeting indeed affected productivity through other aspects or intermediaries. Ambetsa (2020) investigated the influence of budgeting techniques on the performance of commercial airlines at Wilson Airport terminal, Nairobi. The study findings disclosed that the inadequate performance was as a result of poor cooperation in the budgeting process, absence of leading monitoring support, and inadequate skills on spending plan examinations. It was also disclosed that business performance in airline company market was planned implemented and evaluated by utilizing budget plan. The study concluded that all services need preparation by utilizing budgets. Budgeting is official and methodical in some services while in others it is informal. Normally all business has some budgeting control processes and hence the vital worry was just how to prepare a reliable spending plan.

Muthoni (2016) studied the influence of budgeting on SMEs credit report accessibility and performance in Nairobi, Kenya. The study planned to expose the link between the variables basing it on the incomplete information theory. The study relied on secondary data from economic documents of ventures from 2008 to 2012 using a detailed study design. The results indicated that budgeting had a considerable impact on credit report availability and return on investments for SMEs. Nevertheless, the study depended on secondary data and likewise was carried out on SMEs and commercial banks. This was a study gap that needed to be filled up by the current study. Egbide et al. (2022) checked out budgeting control and its effect on performance of little markets in Nigeria. The study targeted 16 small markets in Nigeria and deployed the descriptive survey design. A simple random sampling was used to select eighty business owners in these sectors. The findings disclosed that budgeting affected efficiency of SMEs in Nigeria.

Muhura (2012) studied budgeting capabilities and the performance of Airtel Kenya. The study used descriptive research design. The results indicated that budgeting capacity affected firms' efficiency and further disclosed that the telecommunication firm performed much better because of great budgeting in the field of human resource, physical facilities and distribution of network. Via budgeting, the company had the ability to integrate technology, market research as well as workforce development. Lilly and Juma (2014) studied tactical capabilities and its impact on performance of public universities. The study used semi-structured questionnaire using a detailed research study design. It concluded that budgeting as an ability to positively affect performance of public universities. Nevertheless, the research study only focused on different theoretical concepts and talked about budgeting as an ability.

Kessy (2020) found that e-payment positively resulted to increased revenue collection, monitoring of revenue sources, and financial reporting. The study solely focused on the impact of e-payment on revenue collection. In the study, e-payment was the independent variable as compared to the current study where automated revenue collection was used as the moderating variable leading to a conceptual gap. The automated system includes: ICT infrastructure including physical IT assets; communication technologies; shareable technical platforms and databases that have a significant influence of organizational operations. The elements of automated system are computer technologies, internet connectivity, reliable power supply, ease of use by the staff, and ICT policy documents.

Kirimi (2015) used online payments, online receipt methods and online processes and online response to measure automated revenue collection systems. In this study, automated revenue collection system was assessed in terms of the number of users, the frequency of reports, the timeliness of production of financial reports, the network connectivity and the capacity of human resource. Gachithi (2010) looked into the obstacles of implementing budgets in public organizations. The outcomes of the study showed that budget plans are essential in anticipating the future of a company thus need of good for preparation, regulating and communicating the performance to all departments of the company. However, research exposed that budgeting is not the key incentive for good performance of staff members. The findings also exposed that insufficient allotment of funds in the divisions was the key challenge hindering implementation of spending plans in public organizations.

Kipyego and Wanjare (2017) state that spending plans are necessary tools for economic management utilized to direct and manage the affairs of large multifarious institutions. They are utilized not just by governments, where budgeting had its beginnings, but in various other public bodies, in industry, commerce and private family members. In this study, a budget functioned as a tool for preparation and regulating the use of scarce financial resources in the success of area governments' goals as outlined in County Integrated Growth Program. The county budget was an important aid in preparation, developing policy and in keeping examine its execution. It states which tasks and programs must be actively looked after, highlighted or ignored in the period under scope, considering the restricted funds available to the organization. Any good budget plan procedure requires to achieve 3 vital goals, particularly, upkeep of fiscal self-control, achieving allowance efficiency and functional or technical performance.

Kimunguyi et al. (2015) observed that there were numerous past investigations into the relationship between participatory budgeting and organization efficiency mechanism in industrialized countries. The study sought to load the existing research gap by performing a survey research study on the relationship between participatory budgeting and efficiency of regional authorities in Kenya with a target population of experienced 44 respondents. The study made use of the firm's economic statements and various other data that had been used in numerous previous study tasks. It was found out that there is a positive correlation between monetary engagement and organization performance. It was further established that the results of the study sustained the contingent effect of task unpredictability, job difficulty and organizational affective dedication on the connection between spending plan involvement and organisation efficiency. The study therefore, recommended that in order to avoid many impediments, the County Council of Nairobi was to ensure that its monetary participatory approaches suffice to make it possible for budget plan management.

Gituma (2017) investigated whether economic planning has an influence on the economic efficiency of the companies in the auto market in Kenya using the descriptive study design. Primary data was collected via sets of questions to randomly selected workers of the selected firms. The results showed that the economic preparation measures such as earnings prior to rate of interest and funding utilized consisting of fixed properties and functioning funding had an impact on the monetary performance of the firm gauged by return on funding employed (ROCE). The study revealed that there was solid connection between monetary preparation and monetary efficiency of a company. Hence, the success of any company depends upon the manner the financial plans are formulated. Pimpong and Laryea (2016) analysed the influence of budgeting on firms' efficiency of non-bank financial institutions in Ghana. The study embraced a quantitative study approach. Primary information was accumulated by the use of questionnaires in order to identify the relevance of budgets as a monetary management device among non-bank banks. The study applied the step-wise method to generate the models. Furthermore, regression analysis was used to measure the degree and extent of the partnership between budgeting and firm performance.

Further, the findings of the study revealed that spending plan control has a statistically considerable modest favourable connection on firm efficiency.

Dubat (2020) sought to discover the effects of financial administration methods on performance of Garissa County government. The purposes of the study were; to find out the result of budgeting methods on financial efficiency of Garissa County, to analyse the result of inner control methods on monetary efficiency of Garissa County, to establish the governance practices on monetary performance of Garissa County and to establish the effects of public purchase methods on financial efficiency of Garissa County. The study employed a descriptive survey research design with a target of 120 respondents selected from the area as the sample populace. The results found that the public purchase process is still facing numerous challenges. The study concluded that there was a statistically considerable positive relationship between budgeting techniques and region efficiency. In addition, it has actually been established that policy makers ought to obtain recognition of the complexities of the financial industry and take the appropriate actions and that buying successful inner control devices causes far better efficiency from the area governments. The study recommended that the area federal governments take into consideration carrying out sound budgeting methods as stipulated in the appropriate legal structure and also particularly the PFM Act. This will allow the monitoring to develop an all-natural understanding that can be leveraged to influence stakeholders and make notified decisions concerning region federal government results.

According to Klotz (2022), there are no legal requirements for participatory budgeting in Hungary since the planning and application of the state budget are commonly done based upon budget plan chapters that fit the jobs of the ministries. Although a new law on public funds was embraced in 2011, it does not consist of arrangements for involving residents in the budget plan planning procedure. Additionally, in the past few years, there has actually been a decrease in the openness of financial processes and a boost in the federal government's room for applying the spending plan. However, unlike these processes, there are numerous local governments that are making an old college try to implement participatory budgeting in practice, especially after the 2019 neighbourhood political elections. Today research study evaluations these procedures and also presents the concrete results attained so far, in addition to the impact on the participation of local governments.

Cantador et al. (2020) proposed a computational approach that uses information mining methods to analyse the person participation taped in an on-line electronic system. In a different way to previous work, the approach exploits outside knowledge removed from the Open Federal Government as a result of the analysis, we acquire a number of understandings as well as final thoughts of rate of interest and worth for both citizens and federal government stakeholders in choice and policy production tasks. To name a few, we show that proposals targeting problems that affect huge bulks tend to be sustained by people and is ultimately implemented by the common council, yet leave aside other really vital concerns influencing minority teams. This study discloses that many questionable, likely pertinent, troubles do not constantly receive enough attention in e-participation. In addition, it identifies numerous kinds of disputes related to ideological, socioeconomic aspects, and political mind sets.

Acharya (2018) aimed at resolving a significant research study question: to what degree do city governments apply the constitution given special and simultaneous legal rights to transform the regional areas? Which issues of administration shift from government to governmentality? The research showed that even more capacity is needed to institutionalize the restructuring procedure of neighborhood governance, the rise in citizen involvement in neighborhood governance system, construct new collaborations in changing context, improve technical, management, and monetary ability for reliable solution delivery, and finally create the crucial regulations, acts, and laws. However, some major arguments such performance of neighborhood autonomy, political distinctions mostly identity based concerns, effective function of outsiders, and democratization of bureaucratic assertiveness have remained to be addressed.

Birskyte (2019) sough to gather evidence on whether Lithuanian communities make use of new modern technologies to reveal all relevant spending plan details in a prompt, systematic, and comprehensive way. The write-up produced a spending plan transparency index for every municipality using requirements from concept in previous studies then afterwards develop an empirical design to determine what factors make the spending plan procedure extra clear in some districts than in others. The results showed that the percentage of populace living in backwoods yield at neighborhood political elections and are adversely connected to budget plan openness while the level of financial obligation is favorably related to the degree of transparency. The findings also provided proof that profits per head and degree of intergovernmental give are negatively related to spending plan openness. The study contributed to the existing literature by adding Lithuania to the reasonably tiny set of nations that have established budget plan openness indices for subnational federal governments.

According to Secinaro et al. (2022), citizens' demand for engagement and involvement in the general public management is one problem area for research and practice. Most lately, the vital function of e-participation tools in making it possible for the stipulation of information cultivating person involvement is acknowledged. The CONSUL application that is utilized by 100 establishments, is the most prevalent ICT device on the planet utilized to enable the active engagement. By the use of the systematic incorporating technique and based upon an abductive procedure, the study evaluates the case of Madrid (Spain) with the aim of adding to the concept of the participatory platform on involvement, responsibility, and transparency. Despite the fact that general resident participation is still far away, the outcomes of the study revealed emphasis areas with ramification for study and practice. The study demonstrates that socio-demographic variables and assistance given by available economic and non-financial info has to underpin future growths in e-participation as well as participatory governance.

2.3 Conceptual Framework

The conceptual framework shows the relationship between the study variables.

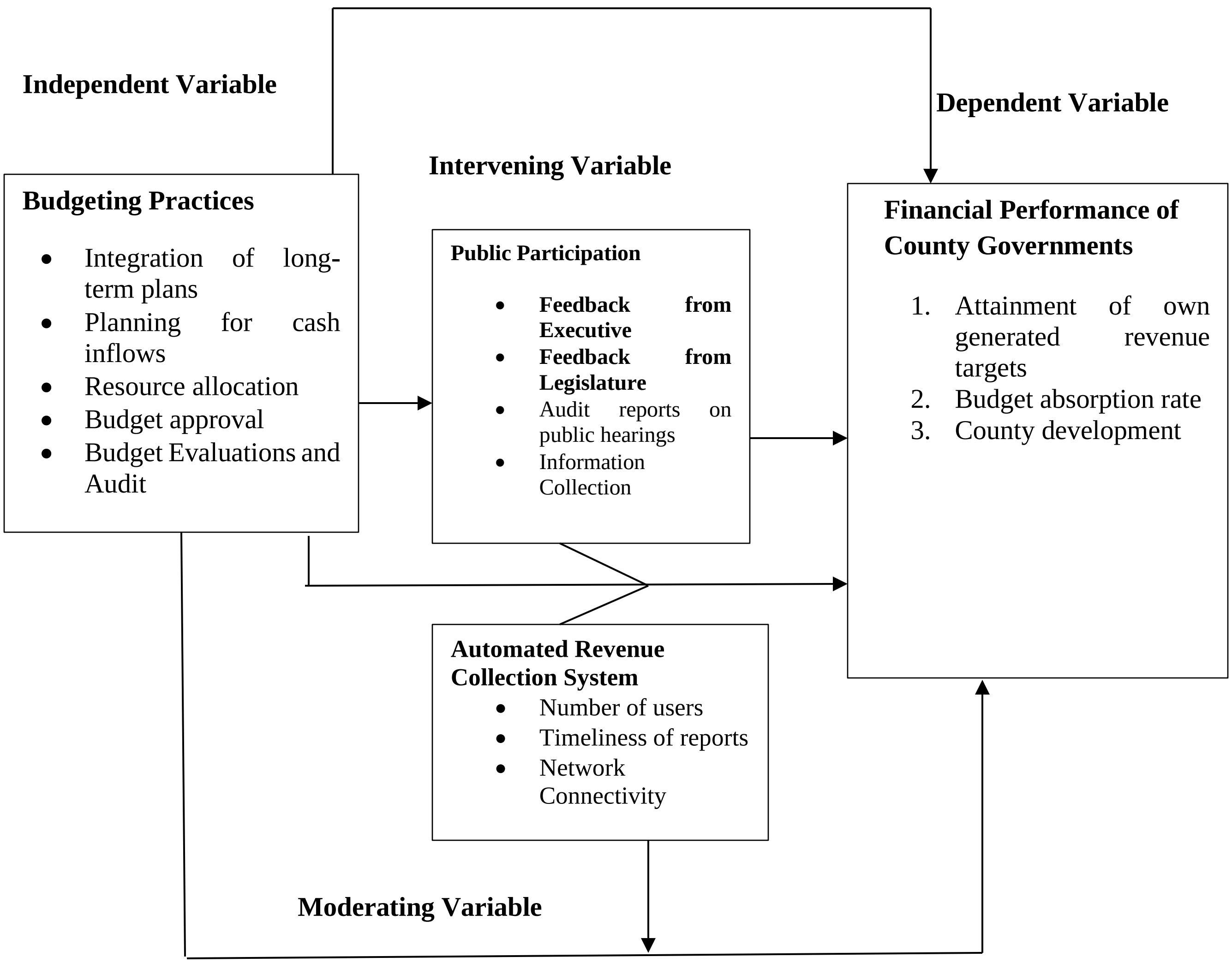

Figure 1: Conceptual Framework

3. Research Methodology

The study adopted an ex-post facto research design. The target population for the study was all the 47 county governments in Kenya. The sample of the study was 45 county governments in Kenya. The study used both primary and secondary data to collect data. Semi structured questionnaires were used to facilitate the collection of primary data. The secondary data was obtained from counties financial performance reports and revenue collection reports. The collection of secondary data enabled a comparative analysis of revenue collected in counties from 2014 to 2020 in Kenya shillings. Qualitative data was transcribed, coded, classified and findings summarized in relation to research questions of this study and analyzed using content analysis. Quantitative data collected via questionnaire was analyzed utilizing SPSS. Simple regression analysis was used to determine the joint effect of budgetary practices, public participation and automation of revenue collection systems on the performance of county governments in Kenya.

4. Presentation and Discussion of Findings

The findings of the study were presented in this section which include the correlation analysis and the regression analysis.

4.1 Correlation Analysis

Correlation analysis was conducted to determine whether there is a relationship between budgeting practices, public participation, automated revenue systems and financial performance of county governments. Table 1 shows the results of the correlation analysis.

Table 1 show that there is a strong, positive and significant association between budget practices and financial performances, ($r=.586$, $p=0.000$). The findings of the study were in line with those of Siyanbola et al., (2013) who established that budget practices had a positive effect on the finance performance of manufacturing firms in Nigeria. The findings were also in line with Okotchi, et al (2020) who established that budgetary control and process led to county governments' financial performance. The findings also show that public participation positively and significantly impacted financial performance at the county governments ($r=.555$, $p=0.000$). These findings are in line with those of Su (2018) who established that public participation helps to ensure accountability and therefore, improves performance. Moreover, the study also backs the findings of Kipyego and Wanjare (2017) as well as Gichure and Magani (2018) who found that public participation has a positive and significant effect in the implementation of budgets.

Table 1: Correlation Analysis

		Financial Performance	Budget Practices	Public Participation	Automated Revenue Collection System
Financial Performance	Pearson Correlation	1.000			
	Sig. (2-tailed)				
Budget Practices	Pearson Correlation	.586	1.000		
	Sig. (2-tailed)	0.000			
Public Participation	Pearson Correlation	.555	.374	1.000	
	Sig. (2-tailed)	0.000	0.000		
Automated Revenue Collection System	Pearson Correlation	.303	0.073	.366	1.000
	Sig. (2-tailed)	0.004	0.494	0.000	

Finally, the results of the correlation results also showed that automated revenue collection systems had a positive and significant effect on the financial performance of county Governments in Kenya (r=.303, p=0.000). The findings are in tandem with Alshubiri et al, (2019) who established that ICT has contributed to enhancing the efficiency of electronic transactions, leading to improved performance. In addition, the findings of the study are in line with Kessy (2020) who found that e-payment positively resulted to increased revenue collection, monitoring of revenue sources, and financial reporting.

4.2 Regression Analysis

In the regression equation, performance of county governments was the dependent variable, budget practices, public participation and automated revenue collection systems were the predictor variables. To establish the joint effect, the performance of County governments in Kenya was regressed on budget practices, public participation and automated revenue collection systems. The results were presented in Table 2, 3 and 4.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.661a	0.437	0.431	0.42345
2	.752a	0.566	0.551	0.37624

The regression results presented in Table 2 depict that the effect of budget practices on the financial performance of county governments in Kenya is significant ($R2= 0.437$, $F= 68.428$, $\beta= 0.826$, $t= 8.272$, $p<0.05$). The results imply that 43.7% of the change in performance of county governments in Kenya is accounted for by budget practices. The model summary results for the regression of financial performance on budget practices, public participation and automated revenue collection systems are shown in Table 2. The results indicate that the model is significant, with an R-squared value of 0.566. This means that 56.6% of the variance in financial performance can be explained by the three independent variables.

Table 3: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.27	1	12.27	68.428	.000b
	Residual	15.78	41	0.179		
	Total	28.05	42			
2	Regression	15.876	3	5.292	37.384	.000b
	Residual	12.174	39	0.142		
	Total	28.05	42			

The ANOVA results for the regression of financial performance on budget practices, public participation, and automated revenue collection systems are also shown in Table 3. The results indicate that the model is significant, with an F-statistic of 37.384 and a p-value of <0.05. This means that the independent variables together have a significant effect on financial performance.

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Table 4: Regression Coefficients

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**		
		B	**Std. Error**	**Beta**	**T**	**Sig.**
1	(Constant)	0.378	0.376		1.006	0.317
	Budget Practices	0.826	0.1	0.661	8.272	0.000
2	(Constant)	-0.563	0.407		-1.382	0.171
	Budget Practices	0.617	0.101	0.494	6.129	0.000
	Public Participation	0.267	0.083	0.285	3.238	0.002
	Automated Revenue Collection System	0.203	0.09	0.177	2.247	0.027

The coefficients result for the regression of financial performance on budget practices, public participation, and automated revenue collection systems are also shown in Table 4. The results indicate that budget practices, public participation, and automated revenue collection systems all have a significant positive effect on financial performance. The coefficient for budget practices is 0.826, which means that a one-unit increase in budget practices is associated with a 0.826-unit increase in financial performance. The coefficient for public participation is 0.452, which means that a one-unit increase in public participation is associated with a 0.452-unit increase in financial performance. The coefficient for automated revenue collection systems is 0.594, which means that a one-unit increase in automated revenue collection systems is associated with a 0.594-unit increase in financial performance.

5 Conclusion

The study concluded that the combined effect of budgeting practices, public participation, and automated revenue collection on the financial performance of county governments in Kenya is greater than the individual effect of budgeting practices. The study found that the following factors have a significant positive effect on financial performance: County governments that have better budget practices tend to have better financial performance. This is because better budget practices help to ensure that county governments are able to allocate their resources efficiently and effectively. County governments that have more public participation in the budget process tend to have better financial performance. This is because public participation can help to ensure that the budget is aligned with the needs of the community. County governments that have more automated revenue collection systems tend to have better financial performance. This is because automated revenue collection systems can help to reduce fraud and corruption, and they can also help to make the revenue collection process more efficient. The study also found that the combined effect of budgeting practices, public participation, and automated revenue collection is greater than the individual effect of budgeting practices. This means that county governments that have all three of these factors in place tend to have the best financial performance.

6. Recommendations

Based on the findings, the study made the following recommendations:

(i) County governments should adopt the right budgeting practices, including budget planning, budget coordination, budget evaluation, and budget reporting.

(ii) County governments should encourage public participation in the budgeting process.

(iii) County governments should adopt automated revenue collection systems.

The study recommended that budget practices, public participation, and automated revenue collection systems can work together to improve financial performance.

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