

**FACTORS AFFECTING EFFECTIVENESS OF BUDGETS OF NON-GOVERNMENTAL
ORGANISATIONS IN NAIROBI COUNTY**

BY

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MASTER OF SCIENCE IN COMMERCE (FINANCE AND INVESTMENT)

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
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DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere for award of a degree. I also declare that this contains no material written or published by other people except where due reference is made and author duly acknowledged.

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I do hereby confirm that I have examined the master's dissertation of

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And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed.

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ABSTRACT

Non-Governmental Organizations (NGOs) are behaving in unaccountable manner as regards their utilization of the fund budgeted by them owing to ineffectiveness of the NGO budgets. In fact, NGOs do not provide sufficient evidence on the use of the fund budgeted and allocated to them. In Nairobi County, NGO budget is so ineffective that it is not clear whether the budgeted funds are used for allocated purposes in the county. While the budgeted funds by the NGO in Nairobi County are not used for intended purposes, the projects do not benefit the local community as expected. The outcome is stalled project (failure of the project completion), projects failing to take off as proposed, budgeting for non-existent projects. The failure to use the fund as intended leads to projects not being started, uncompleted projects, doing shoddy jobs and/or stalled projects. Theories have shown that effectiveness of NGO budgeting may be influenced by; proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget Execution. This situation motivated the need for the present study to be conducted so to fill this knowledge gap. This research used the descriptive research design. The target population was the budgeting finance officer of 200 NGOs that are registered and operational within Nairobi County, Kenya. A sample size of 20% (i.e. 40 respondents) of the target population was obtained using stratified proportionate sampling, as well as systematic random sampling using a controlled questionnaire. This was analyzed using descriptive statistics as well inferential statistics. The study was aided by statistical package for social sciences (SPSS) to analyze the data. The study recommends that NGOs should; review their policies on budget staff recruitment, selection and retention, with co-operation of the NGO board should review or come up with policies on participatory budgeting, ensure that budget preparation is thorough and ensure that their budgets are carefully executed and budgets should be directed by set policies and procedures. The present study recommends further studies to establish what influences spending of NGO funds. The present study found that although NGOs were mainly ensuring that funds were spent according to budget allocation, budget was rarely complied with in most NGO projects. This draw questions whether the funds are used for the intended purpose. Effectiveness of NGO budget is explained by budget staff proficiency (p-value = 0.018), budget participation (p-value = 0.000), budget preparation (p-value = 0.046), and budget execution (p-value = 0.001).

Keywords; NGOs, donors, budget, preparation, execution, participation and proficiency

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DEDICATION

This dissertation is dedicated to my family, (wife- Lucy and offspring; Gad, Delvin & Kingsley) for their understanding and support during the study period.

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ACRONYMS AND ABBREVIATIONS

EC	European Community
GDP	Gross Domestic Product
Gok	Government of Kenyan
HIV/AIDS	Human Immuno-deficiency Virus/Acquired deficiency syndrome
LFA	logical framework approach
NASA	National Space Agency
NCB	NGOs Coordination Board
NGO	Non-Governmental Organization
PB	Participatory Budgeting
PFM	Public Financial Management
UN	United Nations
USAID	United States Aid for International Development
WFP	World Food Programme
YMCA	Young Men Christian Association
YWCA	Young Women Christian Association

OPERATIONAL TERMS AND DEFINITION

Budget Cycle describes a development of budget scheduling and managing which includes the events of developing a financial plan, comparing the fiscal plan to actual performance, and taking remedial action to bring imperfect performance into line with the plan.

Budget deficit: When the expenditure exceeds the income.

Budget Evaluation is the episodic assessment of a continuing or concluded project to find out its actual shock of the budget against the intended shock (planned goal or objectives for which it will be implemented) effectiveness and sustainability.

Budget Preparation is when the budget is conceived and based ahead of combination of past information and future financial projections. Throughout this period the budget staffs who handles the daily finances for a NGO provides information to board about past revenues, operating expense and transfers, and projected revenues.

Budget surplus is when the income exceeds the expenditure.

Budget is a proposal of how the NGO plans to spend their revenue or funds. A budget is a financial plan that sets out the resources essential to meet a set of goals, for a certain period of

time. The budget accounts for fiscal terms, reasonable goals for programs, staffing, and operations. Budget is a preparation of financial operation for a given period embodying an approximate of proposed expenditures and the proposed means of financing them.

Effectiveness is producing a decided, decisive or desired effect. This is the level to which the organization's main goals, are usually affirmed in the mission and strategy, are achieved, the degree to which key stakeholders are contented with the organization and its outcome, and the level to which the organization is able to draw resources to continue its activities.

Non-Governmental Organization is a lawfully constituted organization created with no participation or representation of any government. NGO maintains its non-governmental status and exclude government representatives from attachment in the organization. NGOs were founded and run by members of civil society within communities outside government to embark on social services, community development, and help communities fight urgent community problems.

Participation is the involvement of the interested parties and those intended to benefit from program activities in to the budgeting cycle. The participants include beneficiaries, citizens, customers, associates, communities or community-based organizations, families, marginalized groups and local government,

Projects in the background of this research is defined as temporary attempt to achieve an objective Temporary means the project has a time frame within which its objectives are achieved within a fixed budget, usually funded by a donor. Programme and project are used in interchangeably to mean the same thing in this dissertation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Chimulwa (2009), Non-Governmental Organizations (NGOs) in Kenyan engage in recreation of vital role in; social and economic growth, nationwide growth and Gross Domestic Product (GDP). This status of affairs has led to the Government of Kenyan (Gok) recognizing NGOS in the country to the extent that it has established platforms to work together with NGOs, NGOs funders, the needy and the vulnerable people in Kenya's society (Riddell, 1997; Wanjohi, 2010), and the entire public. More precisely, NGOs are treated as partners to the government, donors and other stakeholders in the social-economic development of Kenya, NGOs to emerge as agents of development (Lewa, 2004). In fact NGOs are operating over 15 per cent of the population concentrated within the 40 per cent people living below the poverty line (Wanjohi, 2010). Precisely, NGOs and their projects consequently reach about a third of the nation's poor line (Riddell, 1997).

Further, these NGO rely on funding from donors. According to the FERN (2001), donors provide development assistance to the poorest countries through governments and NGOs. This assistance and its global influence are considerably and growing. For instance, European Community (EC) provides financial assistance to indigenou peoples to the tune of an annual average of between Ksh 600 million to Ksh 700 million for direct projects and about Ksh 3 - 320 Billion for indirect projects. The donors prefer dealing with the NGOs financially rather than through the Government of Kenya (GOK), based on the assumption by the donors that NGOs give comparatively more value for money. Ideally, it is easier to control the NGOs budget and

ensure the money is not diverted into some private pockets rather than the case when the money is channeled through Government (Walsh & Lenihan, 2006))

When an NGO is to undertake a project, it must provide a proposal for the project to be undertaken before donors commit themselves to support the project financially (Besley & Brigham, 2005). Actually, the NGO must produce a document showing the viability of such a project and the influence to the civil society. Most donors' required well-presented proposal which include the budget and how this budget will be covered (Scopol & Theda, 2003). A budget well-presented will attract the donors' eye and be sponsored by such a donor (Peterson, 2010).

Budgeting is a vital tool to the NGOs; financial management when directing activities and efforts toward the NGOs' project goals (Covaleski *et al.*, 2003). The budget result communicates to the stakeholders the expectations of NGOs and the donors. The NGOs' operation regarding the stated projects is guided by budgeting, characteristics of the budgetary system (Merchant, 1981) in their use of the all funds. According to Lewis (2005), this renders budgets a special tool of directing and controlling the affairs of the NGOs. In which case, budget facilitates a platform for monitoring the NGOs' financial systems in ensuring the financial plan is effectively operationalized when economic and operating conditions change. This is on consideration that NGOs do not aim to make profits (Plas & Lewis, 2001; Tinofirei, 2011). The financial management system in the NGOs must therefore seek to prepare an effective budget accountable to the citizens (Plas & Lewis, 2001).

Empirical studies and theories have shown that effectiveness of NGO budget is influenced by proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget Execution. According to Lewis (2005), the crucial driver to availing these estimates, through effective budgets, is need to prepare the; NGOs; donors; as well

as other stakeholders and ensuring specialized skills deliver effective plans for use of funds. In which case; budgeting demands for the participation of all the stakeholders (Washington, 2003), to allow effective bottom-up reporting. Lack of participation would yield to failure of obtaining the proper information on expenditure and budget evaluation. Most NGOs run strategic budgeting which is carried out by the managers who do not involve the lower cadre. In this respect, the project funders are required to ensure that the fund's managers, i.e. NGOs, execute the budget according to the project objectives and in line with the budget plan (Washington, 2003; Covaleskiet *al.*, 2003; Peterson, 2010).

1.1.1 ***Background of NGOs in Kenya***

According to NGOs Coordination Board (NCB) (2004), NGOs in Kenya, such as Kavirondo Taxpayers' Welfare Association, were formed by church organizations early before Kenya became independence to address issues mainly on welfare. The most pronounced action that led to NGOs growth initiatives in Kenya was the harambee (which means pulling together for joint) motto (Wanjohi, 2010). Issues affecting Kenyan motivated communities to mobilize their resources and contribute towards social amenities including schools, cattle dips and education centers, acting as an entry point for many foreign relief agencies and voluntary organizations (NCB, 2004).

The NGOs in Kenya took roots and spread widely which called for proper financing hitch is from both local and financial sources. The total amount spent by NGOs by the end of the 1980s was about Ksh. 2.6 Billion (Riddell, 1997). Even after the rural-urban migration, where in 1975 27%, in 2000 40.2% and in 2014 53.2% of the population migrated to from rural areas (which were less developed regions) to urban areas (United Nations [UN], 2008); development

community through NGOs was growing. Nowadays, the work of NGOs in Kenya account for 15% of social work activities (Liston, 2014).

1.2 Statement of the Problem

Non-Governmental Organizations (NGOs) are behaving in unaccountable manner as regards their utilization of the fund budgeted by them (Koitaba, 2013) owing to ineffectiveness of the NGO budgets (Padilla, Staple & Morganti, 2012). In fact, NGOs do not provide sufficient evidence on the use of the fund budgeted and allocated to them (Wanyama, 2005; Koitaba, 2013). More specifically, the actual expenditure on the project does not match budget prepared by these NGOs, common effectiveness of NGO budget in Kenya (Koitaba, 2013). This is a common practice where the donors do not have direct representative and the funds are used as the donors only receive reports on expenditure (Odindo, 2009). In Nairobi County, NGO budget is so ineffective that it is not clear whether the budgeted funds are used for allocated purposes in the county (Wanyama, 2005; Thairu, 2014). When the budgeted funds by the NGO in Nairobi County are not used for intended purposes, the projects do not benefit the local community as expected (Wanyama, 2005). The outcome is stalled project (failure of the project completion), projects failing to take off as proposed, budgeting for non-existent projects (Koitaba, 2013; Thairu, 2014). For instance, according to Busiinge (2010) only 5 out of 15 project beneficiaries had been economically impacted up on by the donor-funded projects 10 out of 15 of project beneficiaries continued to struggle to realize economic effects due to ineffectiveness in NGOs budgeting. The failure to use the fund as intended leads to projects not being started, uncompleted projects, doing shoddy jobs and/or stalled projects. This has caused the donors to limit their funding to various project proposed by the local NGOs (Koitaba, 2013). Hence, delays in progress in development of the country, which would have the local community, suffer

immensely due to poor management of funds and financial constraints (Alin *et al.*, 2006). Theories have shown that effectiveness of NGO budgeting may be influenced by; proficiency of the budgeting officers (Wanyama, 2005; Alin *et al.*, 2006; World Vision Kenya, 2013), level of involvement of concerned parties (Washington, 2003), budget preparation (Chimulwa, 2009), and budget Execution (Secker, 2005; Chimulwa, 2009; Thairu, 2014).

Although studies on effectiveness of NGOs budgeting, as cited in the present study, have been conducted globally on (such as by; Markova, 1996; Paolo & Warren, 2007), regionally (such as by; World Food Programme [WFP], 2007; Chimulwa, 2009), and locally (such as by; Njenga, 2010; Koitaba, 2013; Thairu, 2014), there is scanty information addressing effectiveness of NGO budgeting in Nairobi County as being influenced by; proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget execution.. This status of affairs motivated the need to conduct the present study so as fill this knowledge gap and ensure the effectiveness of NGOs budgeting. Therefore the study adopted to assess the effectiveness of budget of NGOs as influenced by; proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget Execution with a view of giving recommendation of ways to enhance effectiveness of NGO budgeting in the county.

1.3 Objectives of the Study

1.3.1 General Objective

The objective of the study was to assess the factors affecting the effectiveness of budget of non-governmental organizations' in Nairobi County.

1.3.2 Specific objectives

Specific objectives of the study were to:

1. To assess the level of influence of proficiency of the budgeting officers on the effectiveness of budgets of NGOs in Nairobi County
2. To establish the extent to which the level of involvement of concerned parties (donor community and local community) affect the effectiveness of budgets of NGOs in Nairobi County.
3. To find out the extent to which budget preparation affects the effectiveness of budgets of NGOs in Nairobi County.
4. To establish the extent to which the budget Execution influences the effectiveness of budgets of NGOs in Nairobi County.

1.4 Research questions

The study answered the following research questions:

1. How much influence does proficiency of the budgeting officers have on the effectiveness of budgets of NGOs in Nairobi County?
2. What is the extent to which the levels of involvement of concerned parties affect the effectiveness of budget of NGOs in Nairobi County?
3. What is the extent to which budget preparation affects the effectiveness of budget of NGOs in Nairobi County?

4. How much influence does the budget Execution have on the effectiveness of budget of NGOs in Nairobi County?

1.5 Significance of the Study

The final results of this study would provide information on effectiveness of NGO budget in Kenya, challenges faced by NGOs in Kenya ensuring effective budget as well means of coping up with these challenges. It further recommended on ways of ensuring budget effectiveness. Additionally, the information in the study would be useful to policy makers (both in government and donors) as well as the local communities. The study provides empirical evidence on how the proposed budgets could be managed well and therefore enables donors to make up decisions on appointment, deployment, financial advisors, volunteers, NGOs and agencies. The study would assist in the co-ordination of NGO fund allocation and budget implementation. This would in event lead to efficient management of the NGOs and the fulfilment of the objectives and set goals. On the other hand, the expected beneficiaries would enjoy the availability of the NGOs to supplement the government.

Thirdly, the study opened opportunities for further research in the area of NGO budget in Kenya making the research beneficial to scientists and researchers. As such the study opens a window of research opportunities with regard to the operations and effectiveness of these NGOs and their place in the country's economy with a view of increasing development in the country. Lastly, since the study targets NGOs, it could be seen, that many NGOs would benefit in the area of budgeting by gathering information on how to ensure effectiveness in budgeting. The study findings proposed some measure to ensure effective budgeting by NGOs and ways of overcoming challenges faced in NGOs budgeting. Scholars would develop a dissertation topic from the concluded results of this study and use it as a reference point. The study was an eye

opener for further research in NGO budgeting and would provide knowledge in this area of public finance budgeting, making it useful to academicians.

1.6 Limitation and Delimitation of the Study

A major limitation in the research could be respondent's attitude towards the study, since it would be a major barrier to right information in that, the respondent might lack trust for the researcher thus wrong information may be obtained. To minimize this, the researcher choose NGOs (organizations) since most of the respondents could express themselves without fear of apprehension and also the researcher would understand the NGOs well and this would will help prevent biasness' of information.

1.7 Scope of the Study

The study assessed the factors affecting the effectiveness of budget of non-governmental organisations in Nairobi County. The Study was conducted across the geographical lines on different NGOs operating in Nairobi, Kenya. The study covered different classifications of NGO institutions in the country. Nairobi County was chosen owing to the diversity of NGOs in the county.

1.8 Basic Assumptions of the Study

The assumptions made in the study were:

1. The respondents freely gave the correct and accurate information
2. The sample population was a true representation of the whole population and the information given by the respondents was true.
3. Social, political and economic conditions remained the same during the period of the study
4. The NGO Act did not face an abrupt change and donor budget regulations remained the same

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter acquaints the reader with existing studies carried out by researchers in applicable areas. This chapter deals much on the past studies on NGO budget, highlighting the budget's previous studies on the findings by the various researchers. These present identified the gaps that empirical studies failed to fill, so that a solution for the same may be found and thereby establish the major bottlenecks in achieving benefits of effective budget management. The chapter therefore contains the theoretical literature, empirical review, summary of literature review and gaps to be filled by the present study. The theoretical literature helped the study to develop a conceptual framework. The chapter concludes with a conceptual framework.

2.1.1 NGO Budgeting

According to Stroud et al (2005), NGO budgets are useful in preparing information on the way funds will be used, by providing allocation to various expense units and areas. The information so prepared is the source of reference in future, during execution, implementation, and review. This makes budgets useful tool for controlling the utilization of fund allocated to NGOs. A budget therefore emerges as means of communication, a tool for clarification of authority and responsibility; and a kit for coordination of all financial aspects of the NGOs.

According to Lucey (2010), budgets establish performance goals in terms of expenditure and revenues. Budget aids in planning and controlling functions of management therefore compelling managers to think ahead. Ali (2005) indicated that an accurate budget is necessary

for good financial management. This is in order to know how much money is needed for the work. A budget is useful if only used carefully in forecasting on how the spending of the activities is expected. NGOs and stakeholder in the NGO projects find budget as being very essential, making understanding of the process of budgeting vital. They therefore need the understanding of a policy issue of understanding of the budget and budget process. They need an efficient method of monitoring and influencing policy decisions. Budget transparency and inclusive budget processes is a vital tool to the continuity of the NGOs.

Ali (2005) further noted that a budget goes through stages where the steps in formulating a budget as to include all objectives and how to achieve this goals and how you will do it; then plan how much they will cost and how much income they will generate. According to Shapiro (2008) budget has cycle consisting of four stages: budget formulation, enactment (implementation), execution, and auditing and assessment (review and accounting). Apparently, budget participation is crucial in each of these stages for effectiveness of NGO budget. Markova (2007) expresses that most NGOs have little access, experiences and skills on budgeting process. When this happens, the NGOs end up in a messy budget that are ineffective and do not reflect the current status of information. Shapiro (2008) explains that key decisions during NGO budget preparation are not exposed to all stakeholders such as civil society. However, the stakeholders access the quality of spending (i.e. policy goals associated with budget allocation are being met) when funds are being used efficiently.

2.2 Empirical study

The present study reviews various empirical studies, which were found very beneficial to it. These studies considered; effectiveness of non-governmental organisations' budgets, proficiency

of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget Execution in its preview.

2.2.1 *Effectiveness of Non-Governmental Organisations' Budgets*

World Food Programme [WFP] (2007) study reports clearly show that the donors should be directly involved in the budget system, leading to a strict adherence to the budget system. NGO must proof ability to sustain the donor requirement by proving sufficient professional support at the remote location. This would make NGOs that are not able to seek support from more established NGOs. This is a very good type of a control in that the donor assumes that the local representatives are faithful. The report does not say what happens to ensure that all loopholes are sealed. For example where the local representative colludes with the NGOs and diverts the funds. The NGO over rely on the donors to the extent they may not even learn about the budgetary system.

Shapiro (2008) reports touches widely on all key areas of the budget cycle emphasizing on the need for an effective budget. When the report is followed to the letter there would not be any issues arising out the budget system and all will go on smoothly. However he failed to give highlights on how the suggestions he gave should be implemented. For example in that there is need to, provide to training on the masses on budget system and to create zeal in the civil society to be involved in the budgetary system, who should do this and how should it be done. The implementation of the suggestion may not be real considering that the executive would always want to protect themselves and shield themselves from the civil society.

A study by Kagendo (2013) established that the organization structure of NGO, availability of financial resources and participation of stakeholder's influenced implementation

of NGO budgets on time. The study Kagendo (2013) recommends that to ensure effectiveness of budgets, the NGO should ensure stakeholders participation thereby increasing satisfaction and the level of effectiveness. Another recommendation by the study was that the NGO should recruit and select employees qualified in financial practice and train these staff adequately for service delivery. The main reason behind recommending for participatory budgeting was ensure reduction of the levels of resistance in an effort to promote budget implementation processes.

2.2.2 Proficiency of the Budgeting Officers

The study by Njenga (2010) sought to find out influence of stakeholders participation on NGO performance of rural based NGO in Mwingi District Eastern Kenya. The study by Njenga (2010) found revealed that NGO governance influenced of performance rural NGOS, staff proficiency affected budgeting in these NGOs, and the funding agencies affected the performance of rural based NGO. The study revealed that partnerships with all the stakeholders in the budgeting process immensely affected the NGO effectiveness budget. The study mainly recommended for; a review of NGO Coordination Act on the role of community stakeholders; decentralization of NGO board and NGO Council services; and establishment of a Kenyan NGO fund and an advisory service. Another study Nkrumah (2010) establishes that for sustainability of local NGOs in terms of funding, the NGO would need to prepare effective project proposals and ensure accountability over the funds. Nkrumah (2010) study recommends that the main consideration to ensuring sustainability is retaining and maintaining staff proficiency through staff training for local NGOs. Training institutions in programmes in NGOs is therefore very important role.

The study by Koitaba (2013) found out that the proficient skills of the NGO budget officer ensures good financial control practices. On the job training where the trainers were

indeed knowledgeable in the field of financial management contributed significantly to the equipping the NGO officials in the area with knowledge in financial controls. Study results also revealed that the financial controls of the NGOs in the study area were adequate and care was taken to ensure that no unauthorized financial transaction on behalf the NGOs took place. Majority of the NGOs operated on periodic budgets and as a result fewer NGOs in the area were experiencing high budget variances. Timely financial reports were prepared by NGOs although the quality of the reports could not be proved to be satisfactory since the users of those reports other than the officials did not take part in the research hence the complaint raised by WVK could not be verified. In addition to timely reporting, majority of the NGOs in the area regularly updated their accounting records. This variable was also found to be the most influential since other factors influencing financial controls in NGOs depended on it especially auditing. It was found that most of the NGOs in the area were audited annually although it is advisable that all such organizations needed at least an annual audit to track their performance. However, since most of the NGOs did not have the capacity to employ full time accounting staff they appointed supervisory committees to carry out the audit. It was revealed that effective budgeting skills and experience of NGO officials and auditing were significant factors influencing financial control practices.

2.2.3 *Level of Involvement of Concerned Parties*

Schneider and Gold frank (2002) studied the participatory budgeting (PB) initiatives in NGOs, the study concluded that participatory budgeting contributes to effective budgeting and therefore enhanced participation should be ensured for effectiveness of NGO budget. Ackerman (2004) study revealed that participatory budgeting of all stakeholders improves the (NGOs) capacity. The study found out those higher levels of participation lead to effectiveness of NGO

budget. This concurred with the study by Kaufmann and Bellver (2005) which argued that in NGOs budgeting enhances capacity; efficiency, effectiveness, and accountability.

Another study by Robinson (2006) found that participatory is increasingly becoming an important resource for development in a country or area. Robinson (2006) discovered the effectiveness of an NGO budget is shaped by; budget groups, stakeholders, nature and structure of the budget process. The status of affairs has exposed participatory budget as an emerging approach to ensuring effectiveness of NGO Budget. These findings were supported by the Philips and Stewart (2009) study the stakeholder plays a leading role to ensuring effectiveness of NGO Budget.

Goldfrank (2006) asserts that participatory budgeting (PB) in its various forms represents one of the most prominent state-led initiatives. Goldfrank (2006) provides a highly detailed review of recent PB initiatives in Latin America as well as a useful discussion of the origins of PB, which he defines broadly as a process by which citizens, either as individuals or through civic associations, may voluntarily and regularly contribute to decision-making over at least part of a public budget through an annual series of scheduled meetings with government authorities.

The study by Chimulwa (2009) findings revealed effectiveness of NGO budget was significantly related to donor participation. This is on consideration that budgeting is a significant determinant of efficient service delivery. Another study by Kagendo (2013) established that stakeholders' contribution affected project implementation at the NGO. The study recommended that the NGO to engage the stakeholders influenced the effectiveness of the strategies.

2.2.4 Budget Preparation

A study by Paolo and Warren (2007) on found that NGO budget participation played a very leading role in effective Public Financial Management (PFM) systems and strengthening NGO budget work. Participatory budget was found to significantly influence the effectiveness of NGOs budgets and the most effective budget are as a result of prudent budget preparation. . The study further found that effectiveness of NGO budget was influenced by staff proficiency, and budget literacy. So to ensure transparency, the NGOs should proper budget preparation, fostering a broader climate of transparency and accountability. The NGO stressed for the need of budget participation to support budget preparation for effective budgets and budget accountability. Lastly, the study recommended that the NGO should develop sound criteria for selecting NGO worthwhile proposals. Paolo and Warren (2004) report provided guideline effectively necessitate effective budget. The study insisted on transparency in the budgetary preparation to ensure this effectiveness. Another study by Busiinge (2010) found that budget preparation significantly influenced status of project success. The study found that most of project beneficiaries continued to struggle to realise economic effects mainly due to the budget preparation. Most of the projects were unlikely to be sustained.

2.2.5 Budget Execution

The study by Markova (1996) found that NGO budgets should execute their budgets according to objective criteria, which is transparent. The study shows that financial reporting is very essential in NGOs use of funds (budget execution). During budget execution the NGO should avail; annual reports of activities and funds spent; tax reports; reporting of sources of funds; and public

Goetz and Jenkins (2005) study revealed that budgets produced by most NGOs are normally supplied too late during the budget cycle to have an impact on spending allocations,

which demands that efforts to improve accountability are essential and NGOs do not generate evidence that can be used for enforcement of accountability. The study by Olken (2007) that monitoring NGO projects is very important in ensuring effective budget execution.

The study by Njoki (2012) reveals that show that budget preparation leads to a significant effectiveness of NGO budget. Budget execution, among other factors, significantly influences effectiveness of NGO budget. The study recommends that NGOs should maintain a good Budget execution process, which would help the NGOs monitor revenue and expense levels.

2.3 Theoretical Orientation

The present study reviews various theories on performance and budget workers' role in budgeting which will be found useful. The suggestions by the present study when reviewing these theories will be that the Nairobi County should ensure effectiveness of NGO budgeting after identifying factors that influence these budgets. Through the evaluation and understanding of these theories it is possible to overcome threats and challenges posed by ineffective budgets. Further, the theories will assist in construction of the study conceptual framework.

2.3.1 *NGO financial theory*

In economic theories one track is dealing mainly with the economic roles of non-profit organizations, the other is with the behaviours of these organizations. The NGO finance theory relies on two streams. The first relies mainly on economic theories approaching the role and behaviour of a non-profit organization in the economy. This applies the logic and techniques of micro economics and/or public economics/finance. The second stream focuses on the managerial questions of NGO finance, fundraising, budgeting, accounting, debt management, asset management etc. In the normative theory of non-profit finance, Young (2006) points out that *“any theory of non-profit finance must account for three basic issues – financing of current operations, financing of long term capital needs and the balance or mix*

among different sources of income for these purposes. It is clear even from this assertion that the theory focuses on the activities at NGO level centering on monetary questions...

Non-monetary issues could be part of the analysis if there is a chance to express them in money term. The solutions are similar to those applied in public finance for example valuing non-monetary phenomena in cost-benefit analysis. Financing current operations aims to find the ways how current operating costs are covered and how objectives are achieved in the short term. Capital financing seeks to ensure long term 'survival' of the non-profit organization by establishing capital resources. Balancing of different sources of income relates issues like ensuring solvency, risk management and administrative feasibility”.

2.3.2 Agency Theory

Agency theory explains, predicts, and confines the relationships among financial parties theoretically, desired executive performance as assured in exchange for compensation when they meet the needs of their organization as a financial steward. When the executive decides to manipulate the financial results through which managerial activity and that activity maximizes the return to the executive rather than financial return of an organization in the form of return to investment or equity as there is an agency problem (Foss, 2005; Bowie *et al.*, 2008; Foss, 2007).

2.3.3 Logical framework Approach

The logical framework approach (LFA) has come to play a central role in the planning and management of development and aid interventions. This is the most widely used approach. Its origins lie in a planning approach for the United States military, which was then adapted by the National Space Agency (NASA) before being adopted by USAID for development projects

over thirty years ago. It was adopted by European development organizations in the 1980s and by the end of the 1990s the LFA (or an adapted form of it) had become the standard approach required by many donors for grant applications (Kaplan and Garent, 2005). In fact most NGOs implementing HIV/AIDS projects use the logical framework approach in planning designing and aiding monitoring and evaluation of their projects. Despite the wide use and wide requirement by donors for adoption of LFA to aid, planning, management and the monitoring and evaluation amongst NGOs, it is not clear how skilled the NGOs are in the use of this approach. The inability to effectively be able to use this tool means that the NGOs cannot optimally benefit from it. The logical framework approach provides a structure for logical thinking in project design, implementation and monitoring and evaluation. It makes the project logic explicit, provides the means for a thorough analysis of the needs of project beneficiaries and links project objectives, strategies, inputs, and activities outputs and outcomes to the specified needs (NORAD, 1995). The logical framework approach also helps to clarify objectives of any project, program, or policy. It aids in the identification of the expected causal link in the following results chain: inputs, processes, outputs outcomes, and impact. It leads to the identification of performance indicators at each stage in this chain, as well as risks which might impede the attainment of the objectives. The approach is also a vehicle for engaging partners in clarifying objectives and designing activities. During implementation the Log Frame that results from the logical framework approach serves as a useful tool to review progress and take corrective action.

2.3.4 *Theory-based evaluation*

Theory-based evaluation allows an in-depth understanding of the workings of a programme or project. In particular, it need not assume simple linear cause-and effect relationships (Davidson, 2004). It applies a systems approach where the success of an intervention is affected

by other factors in the environment which should be identified and how they might interact, it can then be decided which steps should be monitored as the program develops, to see how well they are in fact borne out. This allows the critical success factors to be identified. And where the data show these factors have not been achieved, a reasonable conclusion is that the program is less likely to be successful in achieving its objectives (Uitto, 2004). The advantages of the theory based framework in monitoring and evaluation include; being able to attribute project outcomes to specific projects or activities; and being able to identify unanticipated and undesired programme or project consequences. Theory based evaluations enable the evaluator to tell why and how the programme is working (Weiss, 2003). However Theory based evaluations are not widely used by local NGOs.

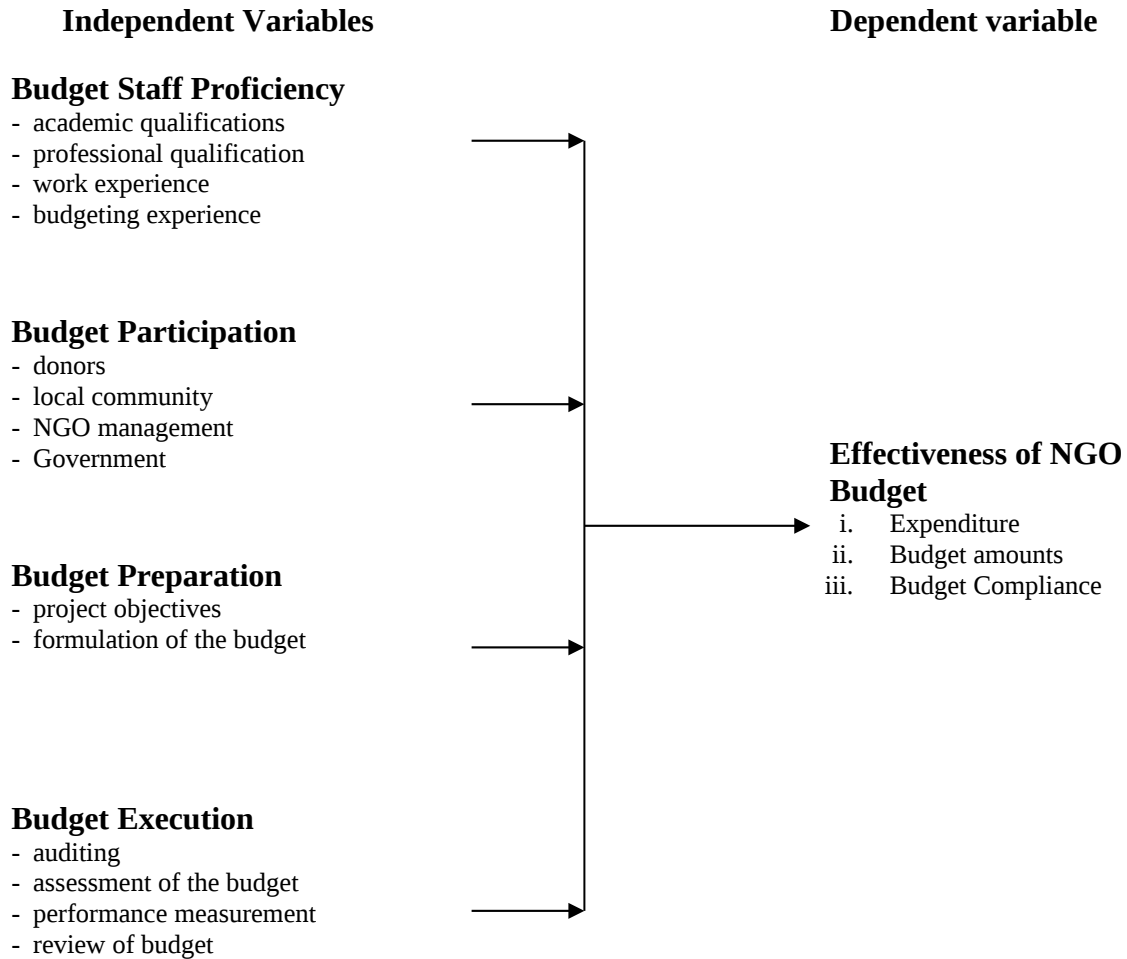
2.4 Conceptual Framework

The study developed a conceptual framework adopted from NGO financial theory (Young, 2006), Agency Theory (Bowie et al., 2008), Logical framework Approach (Kaplan and Garent, 2005), and Theory-based evaluation (Davidson, 2004). The study then proposed that effectiveness of NGO budgeting is influenced by; proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget Execution. This study regarded; proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget Execution as the independent variables and effectiveness of NGO budgeting as the dependent variable. The studies proposes that effectiveness of NGO budget is affected by incompetent budget team, lack of sufficient participation by concerned parties, inefficient budget preparation process and improper budget execution and challenges , Lack Managerial support and lack of effective control measures. The rationale behind selection of these factors is based on the fact that; the proficiency of staff or consultant who make budgets

determine the nature of the budget prepared (effectiveness), the level of participation of the concerned parties determines the quality of budget, efficiency of budget preparation affects direction to the expenditure and budget execution determine the performance of the budget.

FIGURE 1

Conceptual Framework



Source: Researcher (2014) Adopted from Young (2006), Bowie *et al.*, (2008), Kaplan and Garent (2005), and Davidson (2004)

According to the study the effectiveness of NGO budget is determined by the proficiency of budget staff, budget participation, budget preparation, and budget execution. Proficiency of budgeting staff is the capability of the staff in budgeting and revolves around skills, experience

and qualifications. The skills, experience and qualifications of the staff preparing and managing the budget greatly determine the kind of budget in place at any given time. It is the competence of the budget staff which will determine the quality and efficiency of the budget prepared. In fact, a highly qualified and experienced accounting staff produces a budget in line with the project being initiated. The proposition is that the higher the qualification and more experienced the budgeting staff, the more effective the NGO budget and when the budget are made by inexperienced staff who have low qualifications, such as budget are ineffective.

As regards budget participation, it is a requirement that all involved parties must participate in the budgeting cycle. When the NGO board of executive involves all concerned groups in the project to be done, an all involving budget is produced. With such participation it means there is wide consultation of the contents of the budget (items of importance, priority and necessity). The budget team would then be in position to identify the contribution of the local community and therefore arrive at proper expenditure requirements ensure all inclusive budget. This would mean that when all involved parties do not participate, then the budget would not be effective because there would be errors of omissions and commissions. In fact, donor participation would remove any doubt and create an atmosphere of transparency and accountability. The management must be willing to support the laid down budget otherwise it would not be of any use. The other factors is budget preparation where the proposition is that an effective realistic budget is arrived at when the proposal/project objectives are well defined, achievable, measurable, realistic and timely.. A good budget must prepare based on the objectives of the organization and that of the project being proposed. The specifics of the budget emerge from the project to be initiated.

The last determinant of budget effectiveness is the budget execution which involves implementation, monitoring and control. An effective budget implementation should be done with reference to the budget proposed and in line with the proposal. The donors would have confidence in the NGO and are therefore willing to support more projects even in their absence. Suitable controls need to be implemented to ensure that the budget passes through all the checks and balances. The NGO must have policies and procedures available to ensure budget controls. This ensures Donor confidence. The effectiveness of NGO budget is indicated by expenditures, revenue and budget amounts.

OPERATIONALISATION OF VARIABLES

TABLE 1
Operational Definition of Variables

Variable	Type of variable	Indicators	Measure	Scale of Measurement	Tool of Analysis
Effectiveness of NGO Budget	Dependent Variable	<ul style="list-style-type: none"> - expenditure, - budget amounts - budget compliance 	Effectiveness of NGO Budget	Ordinal using 5 point Likert Scale	Descriptive Regression
Budget Staff Proficiency	Independent Variable	<ul style="list-style-type: none"> - academic qualifications - professional qualification - work experience - budgeting experience 	Relationship between of Budget Staff Proficiency and Effectiveness of NGO Budget	Ordinal using 5 point Likert Scale	Descriptive Regression
Budget Participation	Independent Variable	<ul style="list-style-type: none"> - donors - local community - NGO management - Government 	Relationship between Budget Participation and Effectiveness of NGO Budget	Ordinal using 5 point Likert Scale	Descriptive Regression
Budget Preparation	Independent Variable	<ul style="list-style-type: none"> - project objectives - formulation of the budget 	Relationship between Budget Preparation and Effectiveness of NGO Budget	Ordinal using 5 point Likert Scale	Descriptive Regression
Budget Execution	Independent Variable	<ul style="list-style-type: none"> - auditing - assessment of the budget - performance measurement - review of budget 	Relationship between Budget Execution and Effectiveness of NGO Budget	Ordinal using 5 point Likert Scale	Descriptive Regression

Source: Researcher (2014) Adopted from Young (2006), Bowie *et al.*, (2008), Kaplan and Garent (2005), and Davidson (2004)

Effectiveness of NGO Budget is indicated by expenditure, budget amounts, and budget compliance. A budget will be ineffective when the expenditure deviate significantly from the amounts budgeted. Additionally, in an effective budget, the budget amount must be realistic to the project objectives. The data was measured using the Likert Scale using the measurement; strongly Disagree = 0, Agree = 2. Neutral = 3, Agree = 3; Strongly Agree =4

Indicators of Budget Staff Proficiency include staff academic qualifications, professional qualification, work experience and knowledge of NGO budgeting. A staff with high academic and professional qualifications, long experience in budgeting and long experience and knowledge of NGO budgeting would make efficient budget. The data was obtained from primary source and measured on Likert Scale using the measurements (Not at All = 0, Low = 1, Moderate = 2, High =3, Very High = 4) for each statement

Budget Participation include involvement of the stakeholders who include; donors, local community, NGO management and Government. The data was obtained from primary and measured on Likert Scale using the measurements (Not at All = 0, Low = 1, Moderate = 2, High =3, Very High = 4) for each statement

Budget Preparation considers the project objectives, and formulation of the budget. The indicators of budget preparation are formulation and enactment. Each of these indicators was measured on the Likert using statement to test how each of these process was done in that NGO measurements (Not at All = 0, Low = 1, Moderate = 2, High =3, Very High = 4). The respondent selected the level of agreement with the statement.

Budget Execution which mainly involves implementation of the budget, monitoring and control will have indicators; quality of spending, auditing, assessment of the budget by the civil society/donor, performance measurement and review of budget. The sub variables of budget execution included; Quality of spending, auditing, Assessment, performance measurement and budget review which was measured on the Likert using statement to test how each of these process were done in that NGO measurements (Not at All = 0, Low = 1, Moderate = 2, High =3, Very High = 4).

2.4 Summary and Research Gaps

This review stresses the need for an effective NGO budget and it will also be realized that most donors have a large presence in the NGOs operation causing them to fail to consider effects of ineffectiveness of the budget. Most of the researches are done to determine the effectiveness on the implementation of the projects ignoring the financial aspects. The donors are the only ones who seem to take some interest on carries out survey and only areas which seem affects them as of the said time. The NGOs are only interested on funding and put these funds into use. There is the need to do more research on effective of NGO budget so as to have solutions to the foreseen problems which may not be as biting as of now.

Shapiro (2008) report does not give direction on how an effective budgetary system can be ensured. It only highlights the element of sound budget, challenges and the process from the WFP (2007) report that failed to address to issue of training the NGO to prepare on handling budgetary system. There is over reliance on the donor to the satisfaction of the donor. When the NGOs change donors, they will fail to come up with effective budgets. Markova (1997) report was only concerned on environmental NGOs failing to draw conclusive recommendations which affect all NGOs. Paolo and Warren (2004) report did not touch on civil society training or

acquisition of skills on budgetary system. It only recommended on the need of having an all participating civil society failing to say when and where. The study by Njenga (2010) ailed to establish a firm solution to effectiveness of NGO budget.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the empirical model, measuring of variables, and the kind of study undertaken, the design to be used in the study, outline the targeted and sample population, data collection techniques and instruments, data analysis.

3.2 Area of Study

The study was assessing the factors affecting the effectiveness of non-governmental organizations' budgets in Nairobi County. The researcher recommended on how managing an effective, realistic, professional participatory budget for NGOs. The choice of Nairobi County was based on the diversity of NGOs in Nairobi. Nairobi has all type of NGOs, a factor not experienced in other counties.

3.3 Research Design

The present study used descriptive design to describe the factors affecting the effectiveness of non-governmental organisations' budgets in Nairobi County. In describing the characteristics of the phenomenon of effectiveness of non-governmental organisations' budgets, this study employed a descriptive survey. Descriptive survey was therefore used in soliciting information on the NGO budget in the area of research to enhance performance. Descriptive survey was employed following its ability to provide insights of defining, estimating, predicting and

examining associative relationships, hence describing the variables of interest. It answers questions on; who, what, when, and how.

3.4 Targeted Population

Although there are 8,503 NGOs operating within Nairobi County (NGO Bureau Database, 2013), only 200 are active (Liston, 2014). According to Wachamba (2014), these NGOs are registered and operational within Nairobi County in different sectors; have completed project between 2007 and 2012 and are in the process of monitoring and evaluating the project. The targeted population for this study was therefore 200 financial officers of these NGOs.

3.5 Sampling

A sample size of 20% of the population (40 NGO financial officers) was selected for the research. The choice of the 40 respondents was motivated by Kombo and Tromp (2006), who indicate that in a descriptive the sample population should at least be 30 elements to obtain favourable results and Mugenda and Mugenda (2003).Mugenda and Mugenda (2003) notes that a sample size of 10% is good enough for a survey research to obtain accurate results. The study therefore opted for 20% that meets the threshold of 30 for a descriptive study. The NGOs were stratified as per table 3.1 and then the study successfully employed stratified proportionate sample to determine the sample size from each category. This is where;

- i. The study used proportionate sampling to determine the number of NGOs to select from each category (classification) as respondents to make a total 40 NGOs financial officers as respondents. The study used proportionate sampling to determine the appropriate number of respondents from each category.
- ii. Finally, the study used simple random sampling to select the required number of respondents from each category making a total of 40 respondents.

The study unit of analysis was the NGO, represented by the financial officers. Each NGO had only financial officers as the respondent.

TABLE 2:
Target Population

Category	Population Size
Health	174
AIDS	17
Education	180
Water	50
Welfare	125
Population	27
Informal	48
Total	621
Non started	294
Total	327

Source: Liston (2014)

3.6 Data Collection

The study collected data from primary sources. The Primary data was collected using structured questionnaire, which had closed ended questions. The structured questions allowed the respondents to reply to the same questions in a defined manner and gave the respondents complete freedom of response. During data collection, the researcher provided guidance and clarifications on how to answer the questions. After receiving the questionnaire, the researcher confirmed and clarified issues arising during data collection, by conducting interviews (McNamara, 2009). Before data collection commenced, the researcher had sought permission from the various authorities. The study obtained a letter from KCA University to proceed with data collection. The sought authority to collect data from National Commission for Science, Technology and Innovation (NACOSTI) and was given a permit to carry on the research. It also sought authority to collect data from the entities such as Nairobi County government, which

made arrangements with the researcher on how the data would be collected. A cover letter from the researcher was attached to each questionnaire, to state the purpose of the research, encourage participation, assure the respondents of confidentiality and thank them for their cooperation. Confidentiality was assured to respondents and questionnaires collected for data analysis. In addition, in depth interviews were utilised to get the opinions and perceptions of the respondents concerning effectiveness of budget and performance.

3.7 Pilot testing

The study conducted a pre-test of the study tools (instruments) before administering these tools, where the study tested its instruments for reliability and validity to establish issues such as data sources, methods of data collection, time of collection, and presence of any biasness and the level of accuracy. Reliability tests established the extent to which results will be consistent over time and ensure reliability of the research tools with a view of correcting them. The study instrument was improved by reviewing or deleting items from the instrument. Internal consistency technique based the Cronbach Alpha test was used to test for reliability. In internal consistency test the study tool items were correlated. The scores obtained from one time with scores obtained from other times in the instrument. When the correlation coefficient exceeds 0.7m it is regarded as high coefficient. High correlation coefficient, also known as Cronbach Alpha, implies high internal consistency among the items. This study correlated items in the instrument and determines how best they correlates, where the coefficient is very low, then the item were reviewed.

Validity which is the accuracy and meaningfulness of inferences was measured using construct validity. Construct validity refers to degree to which the data obtained from the instrument meaningfully and accurately represents the concept. The study used the data collected

during pilot testing to test the validity of the tools used. The factors that affect effectiveness of NGO budgets were correlated to the signs of effectiveness of NGO budget. The test for validity was carried on these variables to establish whether they support the construct validity. In this case, it was possible to establish whether these correlations determine the growth of shareholders' wealth. It should however be noted that to use construct validity, there must be exist a theoretical framework regarding the concept. The data had construct validity if the measurements were consistent with the theoretical expectations.

3.8 Data Processing

After collecting the questionnaires from the respondents, the data was checked for completeness and only the ones completely and properly filled was considered for analysis. The checking was done to ensure the data was accurate, consistent with the facts gathered, uniformly completely and well arranged to facilitate coding and tabulation. A manual screening of the received questionnaires was done to check for completeness and exclude incomplete ones before further analysis.

3.9 Data Analysis

During data analysis, the results was classified, measured, analyzed and interpreted to establish how they affected the effectiveness of NGO budget. The analysis was based on the study objectives using both descriptive and content analysis techniques. Descriptive analysis provided a convenient way to produce the most useful statistics. This analysis was achieved using descriptive statistics which is the assessment of central tendency of dispersion. The data was then represented in form of tables and charts (Aneshensel, 2004). Descriptive statistics was used to summarize the data. This included means, percentages and frequencies. Tables, charts

e.g. pie charts, bar graphs and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis.

The study analysed data for the dependent and independent, which was collected using a 5 point Likert scale (0 - 4). A mean of these results was then obtained for each indicator in a variable and an overall mean for the variable eventually computed. Next, Multiple regression was carried out to estimate a model of effectiveness of NGO budgeting in terms of; proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget execution.

Equation 1

$$NB = \beta_0 + \beta_1 SP + \beta_2 PB + \beta_3 BP + \beta_4 BE + \varepsilon$$

Where:

β_0 = is a constant, which is the value of dependent variable when all the independent variables are 0

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients of independent variables or change induced by SP, PB, BP, and BE

ε = Error of prediction

NB = Effectiveness of NGO budgeting- Dependent variable

SP = Proficiency of the Budgeting Officers - Independent variable

PB = Level of Involvement of Concerned Parties- Independent variable

BP = Budget Preparation - Independent variable

BE = Budget Execution - Independent variable

The regression was achieved using multiple regression analysis, carried out after a bivariate analysis and used the means obtained earlier. The multiple regression analysis established

whether effectiveness of NGO budgeting could be predicted by; proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget execution. The mean thereby obtained were regressed to obtain the respective variables (Effectiveness of NGO budgeting) and independent variables (proficiency of the budgeting officers, level of involvement of concerned parties, budget preparation, and budget Execution, which were then used to estimate the study model. Quantitative analysis was done using Statistical Package for Social Science (SPSS)

3.10 Ethical Considerations

The study ensured confidentiality and security of data gathered from the respondents. In this regard, all the data collected was kept in safe custody. The respondents were not required to write their names on the questionnaire to avoid exposing who gave what information. A letter of request to participate in the study was addressed to the respondents. This was a show of courtesy to the respondents as well as a mechanism of ensuring informed consent to participate in the study.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

1.1 Introduction

This chapter contains an analysis, presentation and interpretation of the results obtained from the collected data. These results were presented by use of tables, charts and bar graphs for ease of understanding. The presentation of the results was guided by the study objectives and each presentation explained using a narrative. The study used quantitative analysis (originating from quantitative data) to explain the results which were obtained from descriptive statistics. The discussions were related to the literature reviewed in the theoretical literature and empirical studies.

1.2 Response Rate

The study sought to establish the response rate, which was measured against the sample population. The results obtained were recorded in Table 3.

**TABLE 3:
Analysis by Response Rate**

Respondents	Sample Population	Response	% Response
NGO Finance Officers	40	35	87.50
Total	40	35	87.50

Source: Research Data (2014)

The study total response rate showed 87.50% of the sample population. According to Mugenda and Mugenda (2003), a study response Rate above 69% is high and very good. This is to say that the study response for the present study was high and good. Mugenda and Mugenda (2003) indicate that such a high response would yield favourable results, which means going by

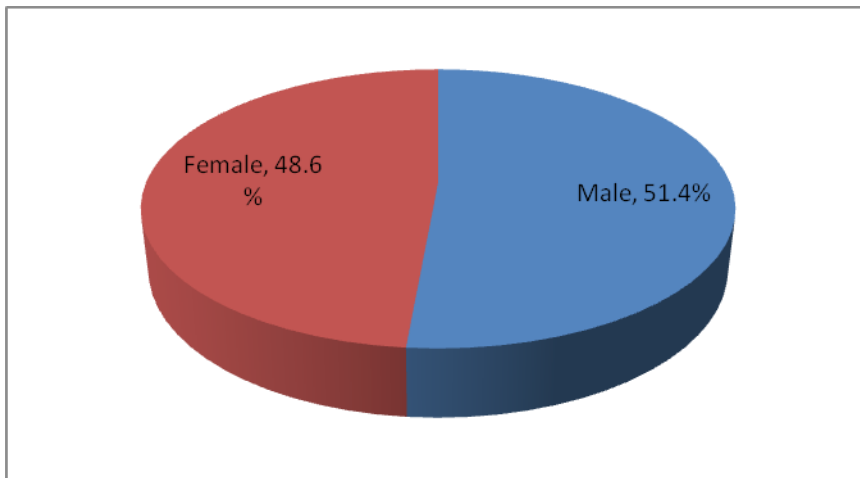
this, the results from the present study would be favourable and accurate. It should further be noted that the response rate exceeded 30 subjects and Kombo and Tromp (2006) indicate that in a descriptive survey the sample size should be at least 30 elements. Considering that the study response was 35, hence this was above the threshold.

1.3 Respondents' Personal Data

As regards, the study Personal Data, the study sought to establish the sex, age (years) and, the length of time they had been in the current NGO (years) and the results obtained recorded accordingly.

The results obtained on respondents' sex were then captured in figure 2.

FIGURE 3
Analysis by Respondents' Sex



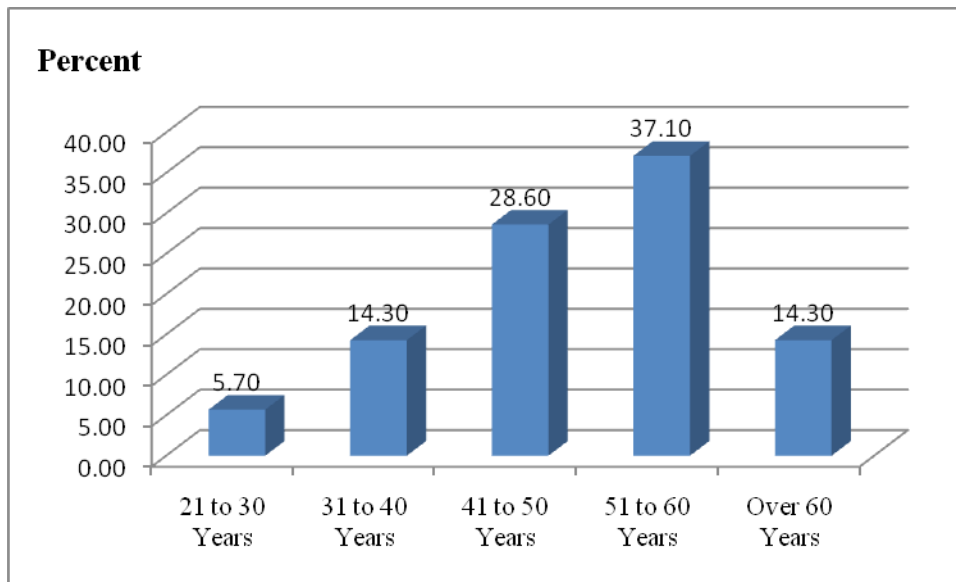
Source: Research Data (2014)

The results on age were recorded in Figure 3. From these results it was shown that 51.4% of the respondents, who were the majority, were male as 48.60% were female. This was an indication that most finance officer from NGOs were male and the rest were female. However, from the results, it was clear that the difference between the number of male finance officer and

the female counterparts was not very wide. In fact the number of male finance officer did not exceeds 2/3rd of the total number as the female were more than 1/3rd of the finance officers, a show of diversity as regards sex. It is possible to conclude that there is diversity in the employment of NGO finance staff.

Figure 3 contains results on respondents' age

FIGURE 4
Analysis by Respondents' Age

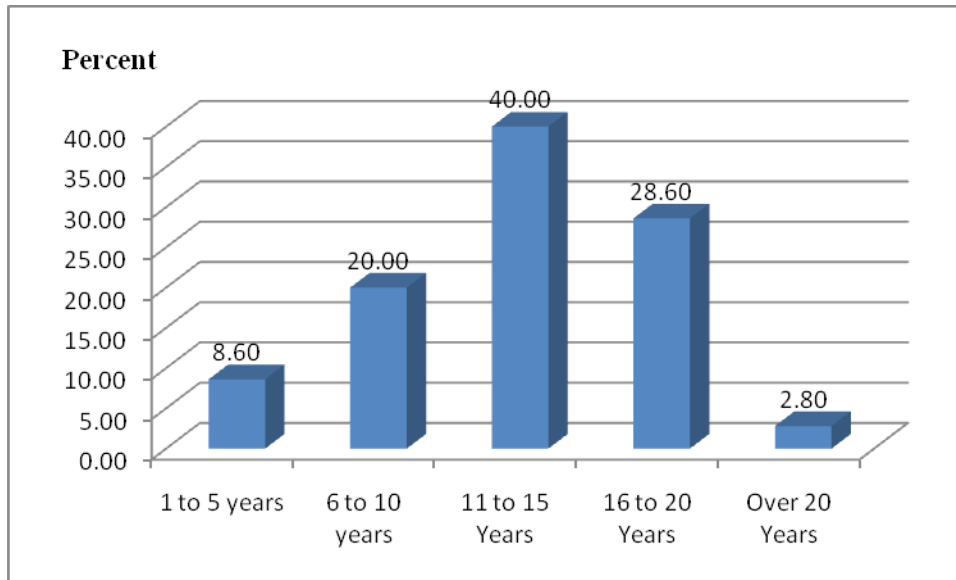


Source: Research Data (2014)

From figure 3, it the respondents indicated that they were of different age groups. Most of the respondents, who formed 37.10%, showed that they were between 51 and 60 years as 28.60% showed that they were between 41 and 50 years. Meanwhile, 14.30% showed that they were between 31 and 40 years and another 14.30% showed that they were over 60 years. However, 5.70% showed that they were between 21 and 30 years. The results indicated that there was a close even spread in ages of the NGO finance officer. From the results, it can be observed that

most of the respondents were adults, beyond the age of the youth. The results on the length of time they had been in the current NGOs was as recorded in figure 4.

FIGURE 5
Analysis by Length of Time Worked in Current NGO



Source: Research Data (2014)

From figure 4, most of the respondents, who formed 40.00% of the total response, showed that length of time they had been on the current NGOs was between 11 and 15 years. They were followed by those who showed that they had been with the NGOs for between 16 and 20 years, who made up 28.60%. Next were those who showed that they had been with the NGOs for between 6 and 10 years, who made up 20.00%. From the results, 8.60% showed that they had been with the NGOs for between 1 and 5 years as 2.80% showed that they had been with the NGOs for over 20 years. These results showed that most of the respondents had worked for NGOs for considerable time, an indication that they had sufficient knowledge of the process and the demands in financial matters. This is to say that they were expected to provide adequate response on finance and budgeting in NGOs to the study.

1.4 Analysis on Study Objectives

The study analysed the data collected to describe the study variables to assist in establishing the effects or influence of the independent on the dependent variable. This was based on the study objectives, which acted as the basis of analysis in the section. The data used in the analysis was from the response to the questionnaire, which was measured on a 5 point Likert Scale (0-4 where 0 - for Strongly Disagree/Not at All to 4 - Strongly Agree/Very High).

1.4.1 Analysis on Effectiveness of NGO Budget

The study assessed the Effectiveness of NGO Budget, which was the dependent variable and indicator, in an effort to establish its status. The study assessed the status of these indicators and overall status of the Effectiveness of NGO Budget and the results were recorded in Table 4.

TABLE 1
Effectiveness of NGO Budget

Indicator of Effectiveness of NGO Budget	Frequency	Percent
The expenditure always exceeds the budget		
strongly disagree	8	22.90
Disagree	5	14.30
Neither	18	51.40
Agree	2	5.70
strongly agree	2	5.70
Total	35	100.00
Fresh fund allocation are done after receiving Donor funding		
strongly disagree	3	8.60
Disagree	12	34.30
Neither	7	20.00
Agree	11	31.40
strongly agree	2	5.70
Total	35	100.00
Funds are spent according to need		
Disagree	3	8.60
Neither	1	2.90
Agree	18	51.40
strongly agree	13	37.10
Total	35	100.00
Funds are spent according to direction from the executive		
strongly disagree	6	17.10
Disagree	5	14.30
Neither	7	20.00
Agree	16	45.70
strongly agree	1	2.90
Total	35	100.00
Funds are spent according to Budget allocation		
strongly disagree	2	5.70
Disagree	11	31.40
Neither	1	2.90
Agree	21	60.00
Total	14	100.00
The budget is rarely complied to in most projects		
strongly disagree	5	14.30
Disagree	4	11.40
Agree	15	42.90
strongly agree	11	31.40
Total	35	100.00

Mean =2.45 Std. Deviation = 1.08

Source: Research Data (2014)

The study first analysed the indicators of effectiveness of NGO budget, the dependent variable. From the results in table 4, majority of the respondents, who formed 51.40%, indicated that they were neutral as “The expenditure always exceeds the budget”. This shows that these respondents were not sure whether the expenditure always exceeds the budget or not or they broke even on the issues of expenditure exceeding the budget or not. This was when 22.90% strongly disagreed that the expenditure always exceeded the budget; showing that according to this set of respondents, the expenditure did not exceed the budget at all. From the results, 14.30% just indicated that the expenditure did not exceed the budget. However, 5.70% indicated that the expenditure always exceeds the budget as another 5.70% strongly showed that the expenditure always exceeds the budget. From these results, then it can be found that in some NGOs expenditure always exceeds the budget as in other it did not.

Most of the respondents, who formed 34.30%, indicated that they disagreed with the statement “fresh fund allocation are done after receiving donor funding”, an indication that they showed that fresh fund allocation were not done after receiving donor funding. Those who showed that fresh fund allocation are done after receiving donor funding formed 31.40% as 20.00% were neutral on the statement “fresh fund allocation are done after receiving donor funding”. As 8.60% showed that they strongly disagreed with the statement “fresh fund allocations are done after receiving donor funding”, 5.70% strongly agreed to it. The indication in these results was that fresh fund allocations were not done after receiving donor funding

As regards funds spending, a majority of 51.40% of the total response showed that they agreed that funds are spent according to need and 37.10 strongly agreed with the statement that funds are spent according to the need”. From the results, 8.60% showed that they disagreed with

the statement “funds are spent according to need” as 2.90% were neutral on the statement “funds are spent according to need”. From these results, it can be observed that most of the respondents indicated that funds are spent according to need. This is to say that the respondents indicated that funds are spent according to need and this means that the funds were used for the intended purpose and rarely diverted to other utilisation other than the budgeted.

As 45.70% of the respondents indicated that funds are spent according to direction from the executive, 20.00% were neutral on the statement “funds are spent according to direction from the executive”. Although 17.10% showed that they were strongly disagreed with the statement “funds are spent according to direction from the executive”, 14.30% just showed that funds are not spent according to direction from the executive. However, 2.90% strongly showed funds are spent according to direction from the executive. This shows that the respondents indicated that the executive had a hand in the expenditure, which would mean that they could overrule the budget figures.

From the results in table 4, a majority of 60.00% showed that funds are spent according to budget allocation. As 31.40% indicated that funds are not spent according to budget allocation, 5.70% strongly showed that funds are not spent according to budget allocation and 2.90% were neutral on the statement “funds are spent according to budget allocation”. These results were an indication that the NGOs were mainly ensuring that funds were spent according to budget allocation.

The indicators “the budget is rarely complied with most of the projects” was equally assessed and the results showed most of the respondents, who made 42.90% of the total response, indicated that the budget is rarely complied with in most projects. From the results, 31.40% strongly indicated that the budget is rarely complied to most projects as 14.30% strongly

disagreed with the statement “the budget is rarely complied to in most projects” and 11.40% just disagreed with the statement ” the budget is rarely complied to in most projects”. From these results, there is an indication by the respondents that the budget is rarely complied in most NGO projects. However, the had earlier shown that NGOs were mainly ensuring that funds were spent according to budget allocation, which draws eye brows on this should happen when the funds were used for the intended purpose.

On overall, effectiveness of NGO budget was measured using mean where the study found that it was rated a being high (Mean =2.45 Std. Deviation = 1.08). From the Likert scale used in the study; 0 = Not at all, greater that 0 up to 1 means Low; above 1 and less that 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. Considering that the mean was 2.45, the results indicated that there was effectiveness of NGO budget.

1.4.2 Influence of Budget Staff Proficiency on Effectiveness of NGO budgeting

The study analysed results on objective 1 data to establish the budget staff proficiency influence the effectiveness of NGO budgeting in Nairobi County. This was in an effort to analyse objective 1 of the study; to find out the extent to which proficiency of the budgeting officers influence the effectiveness of NGO budgeting in Nairobi County. The results obtained were captured in Table 5.

TABLE 5

Analysis by Influence of Budget Staff Proficiency on Effectiveness of NGO Budget

Indicator of Budget Staff Proficiency	Frequency	Percent
Academic Qualifications		
Not at All	3	8.60
Low	7	20.00
Moderate	5	14.20
High	12	34.30
Very High	8	22.90
Total	35	100.00
Professional Qualification		
Not at All	4	11.30
Low	1	2.90
Moderate	3	8.60
High	12	34.30
very High	15	42.90
Total	35	100.00
Work Experience		
Not at All	5	14.30
Low	8	22.85
Moderate	10	28.55
High	12	34.30
Total	35	100.00
Experience in Budgeting		
Not at All	3	8.60
Low	4	11.40
Moderate	7	20.00
High	13	37.10
Very High	8	22.90
Total	35	100.00

Mean = 2.69 Std. Deviation = 1.10

Source: Research Data (2014)

The results on table 5 shows most of the respondents, who formed 34.30%, indicated that academic qualifications highly influenced effectiveness of NGO budget in Nairobi County as

22.90% showed that academic qualifications very highly influenced effectiveness of NGO budget. As 20.00% showed that academic qualifications had low influence on effectiveness of NGO budget in Nairobi County, 14.20% indicated that academic qualifications moderately influence on effectiveness of NGO budget in Nairobi County. However, 8.60% showed that academic qualifications lowly influenced effectiveness of NGO budget. These results showed that academic qualifications highly influenced effectiveness of NGO budget, which meant that academic qualification played a superior role in ensuring effectiveness of NGO budget in Nairobi County

Other results showed most of the respondents, who formed 42.90%, indicated that professional qualification very highly influenced effectiveness of NGO budget in Nairobi County as 34.30% indicated that professional qualification highly influenced effectiveness of NGO budget in Nairobi County. From the results, 11.30% showed that professional qualification did not influence effectiveness of NGO budget in Nairobi County at all as 8.60% showed that professional qualification did moderate influence effectiveness of NGO budget in Nairobi County. It was shown that 2.90% indicated that professional qualification lowly influenced effectiveness of NGO budget in Nairobi County. These results indicated that professional qualification very highly influenced effectiveness of NGO budget in Nairobi County, which according to these results was indication that there was need for proficient professional finance officers to handle budgeting there.

Most of the respondents, who formed 32.40%, showed that work experience very highly influenced effectiveness of NGO budget in Nairobi County and 29.40% indicated that work experience moderately influenced effectiveness of NGO budget in Nairobi County. As 23.50% indicated that work experience lowly influenced effectiveness of NGO budget in Nairobi

County, 14.70% showed that work experience did not influence effectiveness of NGO budget in Nairobi County at all. Here it is clear that work experience very highly influenced effectiveness of NGO budget in Nairobi County, showing that experience in handling finance affairs played a key role in NGO budgeting effectiveness.

The results showed most of the respondents, who formed 37.10%, indicated that experience in budgeting highly influenced effectiveness of NGO budget in Nairobi County as 22.90% showed that experience in budgeting very highly influenced effectiveness of NGO budget in Nairobi County, and 20.00% were of the indication that the influence of experience in budgeting on effectiveness of NGO budget in Nairobi County was moderate. It was shown that 11.40% indicated that experience in budgeting lowly influenced effectiveness of NGO budget in Nairobi County and 8.60% showed that experience in budgeting did not influence effectiveness of NGO budget in Nairobi County at all. It can be summarised that the results indicated that experience in budgeting highly influenced effectiveness of NGO budget in Nairobi County, which was in agreement with the previous results that showed that work experience very highly influenced effectiveness of NGO budget in Nairobi County. This is to say that work experience and more specifically, experience in budgeting were key ingredients on ensuring effectiveness of NGO budget in Nairobi County, showing the importance of experience in effectiveness of NGO budget in Nairobi County.

Overall, budget staff proficiency was shown to highly influence effectiveness of NGO budget in Nairobi County (Mean =2.69 Std. Deviation = 1.10). Considering that the Likert scale used in the study; 0 = Not at all, greater than 0 up to 1 means Low; above 1 and less than 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4

means very high. The mean was 2.69, then results indicated that there budget staff proficiency was shown to highly influence effectiveness of NGO budget in Nairobi County.

1.4.3 Effects of Budget Participation on Effectiveness of NGO Budget

Objective 2 of the study was to establish the extent to which the level of involvement of concerned parties affects the effectiveness of NGO budgeting in Nairobi County., which the study sought to analyse using responses from the questionnaire. The results obtained during the analysis were captured in Table 6.

TABLE 6**Analysis on Effects of Budget Participation on Effectiveness of NGO Budget**

Indicator of Budget Participation	Frequency	Percent
Donors		
Not at All	3	8.80
Low	8	23.50
Moderate	7	20.70
High	10	29.40
Very High	7	17.60
Total	35	100.00
Local Community		
Not at All	7	20.00
Low	15	42.90
Moderate	12	34.30
High	1	2.90
Total	35	100.10
NGO Management		
Not at All	6	17.10
Low	7	20.00
Moderate	6	17.10
High	16	45.70
Total	35	100.00
Government		
Not at All	3	8.60
Low	8	22.90
Moderate	4	11.40
High	14	40.00
Very High	6	17.10
Total	35	100.00
Managerial support		
Not at All	3	8.60
Low	9	25.70
Moderate	9	25.70
High	10	28.60
Very High	4	11.40
Total	35	100.00

Mean = 2.41 Deviation = 1.09

Source: Research Data (2014)

The results on Table 6 showed most of the respondents, who formed 29.40%, indicated that donor budget participation highly affected effectiveness of NGO budget in Nairobi County. It shown that 23.60% indicated that donor budget participation lowly affected effectiveness of NGO budget in Nairobi County and 20.70% showed donor budget participation moderately affected effectiveness of NGO budget in Nairobi County or not. As 17.60% showed that donor budget participation very highly affected effectiveness of NGO budget in Nairobi County, 8.80% indicated that donor budget participation did not affect effectiveness of NGO budget in Nairobi County. From these results it was clearly shown that donor budget participation highly affected effectiveness of NGO budget in Nairobi County.

Most of the respondents, who formed 42.90%, indicated that budget participation by local community lowly affect effectiveness of NGO budget in Nairobi County. As 34.30% showed that budget participation by local community moderately affected effectiveness of NGO budget in Nairobi County, 20.00% showed that budget participation by local community did not affect effectiveness of NGO budget in Nairobi County at all and 2.90% showed budget participation by local community highly affected effectiveness of NGO budget in Nairobi County. From these results it was shown that budget participation by local community lowly affected effectiveness of NGO budget in Nairobi County, where it can be said the participation of the local community in budgeting did not play any crucial role. It was an indication that budget participation by local community did not play any significant role and therefore was inconsequential.

Most of the respondents, who formed 45.70% of the total response, indicated that NGO management involvement in budget participation highly affected effectiveness of NGO budget in Nairobi County. It was shown that 20.00% indicated that NGO management involvement in budget participation lowly affected effectiveness of NGO budget in Nairobi County. As 17.10%

showed that NGO management involvement in budget participation did not affect effectiveness of NGO budget in Nairobi County at all, another 17.10% indicated that NGO management involvement in budget participation moderately affected effectiveness of NGO budget in Nairobi County. These results indicated that NGO management involvement in budget participation highly affected effectiveness of NGO budget in Nairobi County, which showed that the presence of NGO management was very essential in NGO budgeting and therefore ensured effectiveness. From these result, 40.00% of the total response, who were the most respondents, showed that Government budget participation highly affected effectiveness of NGO budget in Nairobi County. It was shown that 20.00% indicated that Government budget participation lowly affected effectiveness of NGO budget in Nairobi County. As 17.10% showed that Government budget participation very highly affected effectiveness of NGO budget in Nairobi County, 11.40% showed that Government budget participation moderately affected effectiveness of NGO budget in Nairobi County, and 8.60% showed that Government budget participation did not affect effectiveness of NGO budget in Nairobi County at all. Government budget participation was shown to highly affected effectiveness of NGO budget in Nairobi County, an indication of the vital role of government presence in NGO Budgeting.

Most of the respondents, who formed 28.60%, indicated that managerial support in budget participation highly affected effectiveness of NGO budget in Nairobi County. As 25.70% indicated that managerial support in budget participation moderately affected effectiveness of NGO budget in Nairobi County, another 25.70% showed managerial support in budget participation lowly affected effectiveness of NGO budget in Nairobi County. From the results, 11.40% showed that managerial support in budget participation very highly affected effectiveness of NGO budget in Nairobi County as 8.60% indicated that managerial support in

budget participation did not affect effectiveness of NGO budget in Nairobi County at all. It can be summarised that managerial support in budget participation highly affected effectiveness of NGO budget in Nairobi County

Overall, budget participation was shown to highly influence effectiveness of NGO budget in Nairobi County (Mean = 2.41 Std. Deviation = 1.09). Considering that the Likert scale used in the study; 0 = Not at all, greater than 0 up to 1 means Low; above 1 and less than 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. The mean was 2.41, and then results indicated that the budget participation was shown to highly influence effectiveness of NGO budget in Nairobi County.

1.4.4 Effects of Budget Preparation on Effectiveness of NGO Budget

The study collected and analysed data to evaluate the objective 3, which was to find out the extent to which budget preparation affects the effectiveness of NGO budgeting in Nairobi County. The results obtained from the response to questionnaire were captured in Table 7.

TABLE 7

Effects of Budget Preparation on Effectiveness of NGO Budget

Indicator of Budget Preparation	Frequency	Percent
Project Objectives		
Not at All	5	14.30
Low	3	8.60
Moderate	2	5.70
High	12	34.30
Very High	13	37.10
Total	35	100.00
Formulation of the Budget		
Not at All	5	14.30
Low	7	20.00
Moderate	3	8.60
High	12	34.20
very High	8	22.90
Total	35	100.00
Monitoring of the Implementation		
Not at All	2	5.70
Low	7	20.00
Moderate	9	25.70
High	11	31.40
Very High	6	17.10
Total	35	100.00
Budget Review		
Not at All	3	8.80
Low	6	17.60
Moderate	4	11.80
High	9	26.50
Very High	12	35.30
Total	34	100.00

Mean = 2.66 Deviation = 1.14

Source: Research Data (2014)

From the results in table 7 above, it was shown that most of the respondents, who formed 37.10%, indicated that the project objectives very highly affected effectiveness of NGO budgeting in Nairobi County. The results showed that 34.30% indicated that project objectives highly affected effectiveness of NGO budgeting in Nairobi County. Although 14.30% indicated that project objectives lowly affected effectiveness of NGO budgeting in Nairobi County, 8.60%

indicated that project objectives highly affected effectiveness of NGO budgeting in Nairobi County, and 5.70% showed that project objectives moderately affected effectiveness of NGO budgeting in Nairobi County.

From the results, 31.40%, who were the most respondents, indicated that formulation of the budget highly affected effectiveness of NGO budgeting in Nairobi County and 22.90% indicated that formulation of the budget very highly affected effectiveness of NGO budgeting in Nairobi County. It was shown that 20.00% indicated that formulation of the budget lowly affected effectiveness of NGO budgeting in Nairobi County, as 14.30% indicated that formulation of the budget did not affect effectiveness of NGO budgeting in Nairobi County at all, and 8.60% indicated that formulation of the budget moderately affected effectiveness of NGO budgeting in Nairobi County. It was shown that formulation of the budget highly affected effectiveness of NGO budgeting in Nairobi County.

Most of the respondents, who made 31.40% of the total response indicated that monitoring of the implementation highly affected effectiveness of NGO budgeting in Nairobi County as 25.70% of the respondents, showed that monitoring of the implementation moderately affected effectiveness of NGO budgeting in Nairobi County. It was shown that 20.00% indicated that monitoring of the implementation lowly affected effectiveness of NGO budgeting in Nairobi County. As 17.40% showed that monitoring of the implementation very highly affected effectiveness of NGO budgeting in Nairobi County, 5.70% showed that monitoring of the implementation did not affect effectiveness of NGO budgeting in Nairobi County. Monitoring of the implementation was shown to highly affected effectiveness of NGO budgeting in Nairobi County.

As concerns budget review, most of the respondents, who formed 35.30% of the total response, indicated that budget review very highly affected effectiveness of NGO budgeting in Nairobi County. It was shown that 26.50% indicated that budget review highly affected effectiveness of NGO budgeting in Nairobi County and 17.60% indicated that budget review lowly affected effectiveness of NGO budgeting in Nairobi County. As 11.80% showed that budget review very moderately affected effectiveness of NGO budgeting in Nairobi County, 8.80% showed that budget review did not affect effectiveness of NGO budgeting in Nairobi County. That budget review was shown to very highly affected effectiveness of NGO budgeting in Nairobi County, which rendered budget review a very essential tool for enhancing effectiveness of NGO budgeting in Nairobi County

Overall, budget preparation was shown to highly influence effectiveness of NGO budget in Nairobi County (Mean = 2.66 Deviation = 1.14). Considering that the Likert scale used in the study; 0 = Not at all, greater than 0 up to 1 means Low; above 1 and less than 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. The mean was 2.66, and then results indicated that the budget preparation was shown to highly influence effectiveness of NGO budget in Nairobi County.

1.4.5 Influence of Budget Execution on effectiveness of NGO budgeting

Table 8 contains results of the analysis on data collected to evaluate objective 4. The objective was to establish the extent to which the budget Execution influences the effectiveness of NGO budgeting in Nairobi County.

TABLE 8

Analysis on Influence of Budget Execution on Effectiveness of NGO Budget

Indicator	Frequency	Percent
Auditing		
Not at All	2	5.70
Low	10	28.60
Moderate	11	31.40
High	12	34.30
Total	35	100.00
Assessment of the Budget		
Not at All	4	12.10
Low	4	12.10
Moderate	9	27.30
very High	18	48.50
Total	35	100.00
Performance Measurement		
Not at All	5	14.30
Low	3	8.60
Moderate	2	5.70
High	13	37.10
Very High	12	34.30
Total	35	100.00
Review of Budget		
Not at All	3	8.80
Low	6	17.60
Moderate	7	20.60
High	10	29.40
Very High	9	23.50
Total	35	100.00

Mean = 2.67 Deviation = 1.14

Source: Research Data (2014)

The results obtained in table 8 above showed most of the respondents, who formed 34.30% indicated that auditing highly influenced the effectiveness of NGO budgeting in Nairobi County. It was shown that 31.40% indicated that auditing moderately influenced the effectiveness of NGO budgeting in Nairobi County as 28.60% indicated that auditing lowly influenced the effectiveness of NGO budgeting in Nairobi County and 5.70% showed that auditing did not influence the effectiveness of NGO budgeting in Nairobi County at all. These results are of the indication that auditing highly influenced the effectiveness of NGO budgeting in Nairobi County, which showed that auditing was important in ensuring the effectiveness of NGO budgeting in Nairobi County.

Most of the respondents, who formed 48.50% of the total response, indicated that assessment of the budget very highly influenced the effectiveness of NGO budgeting in Nairobi County. It was shown that 27.30% indicated that assessment of the budget moderately influenced the effectiveness of NGO budgeting in Nairobi County. As 12.10% indicated that assessment of the budget lowly influenced the effectiveness of NGO budgeting in Nairobi County, another 12.10% showed that assessment of the budget did not influence the effectiveness of NGO budgeting in Nairobi County. In summary, the results indicated that assessment of the budget very highly influenced the effectiveness of NGO budgeting in Nairobi County, which was an indication that assessment of the budget was very important in ensuring the effectiveness of NGO budgeting in Nairobi County.

As most of the respondents, who formed 37.10% of the total response, indicated that performance measurement highly influenced the effectiveness of NGO budgeting in Nairobi County, 34.30% showed that performance measurement very highly influenced the effectiveness of NGO budgeting in Nairobi County. It was shown that 14.30% indicated that performance

measurement did not influence the effectiveness of NGO budgeting in Nairobi County; 8.60% showed that performance measurement lowly influenced the effectiveness of NGO budgeting in Nairobi County and 5.70% indicated that performance measurement moderately influenced the effectiveness of NGO budgeting in Nairobi County.

Finally, the results in table 8 showed most of the respondents, who formed 29.40%, indicated that review of budget highly influenced the effectiveness of NGO budgeting in Nairobi County. It was shown by 23.50% that review of budget very highly influenced the effectiveness of NGO budgeting in Nairobi County as 20.60% indicated that review of budget moderately influenced the effectiveness of NGO budgeting in Nairobi County. From the results, 17.60% showed that review of budget lowly influenced the effectiveness of NGO budgeting in Nairobi County and 8.80% showed that review of budget did not influence the effectiveness of NGO budgeting in Nairobi County at all. The results on review of budget indicated that it highly influenced the effectiveness of NGO budgeting in Nairobi County, meaning that review of budget was very important for enhancing its effectiveness.

Overall, budget execution was shown to highly influence effectiveness of NGO budget in Nairobi County (Mean = 2.67 Std. Deviation = 1.14). Considering that the Likert scale used in the study; 0 = Not at all, greater than 0 up to 1 means Low; above 1 and less than 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. The mean was 2.69; the results indicated that the budget execution was shown to highly influence effectiveness of NGO budget in Nairobi County.

1.5 Inferential Statistics

4.5.1 Study Diagnostics

The study tested the data for normality using Shapiro Wilk test (numerical method) since the sample population was small (less than 50). The results obtained are in Table 9.

TABLE 9
Results of Normality tests on Study variables

Study Variables	Orientation	Shapiro-Wilk
Effectiveness of NGO Budget	Dependent Variable	0.059
Budget Staff Proficiency	Independent Variable	0.076
Budget Participation	Independent Variable	0.094
Budget Preparation	Independent Variable	0.581
Budget Execution	Independent Variable	0.255

Source: Research Data (2014)

The p-value for all each study variables was greater than 0.05 level of significance, indicating that the data was normally distributed. The Shapiro-Wilk p-values for; effectiveness of NGO budget was 0.059; budget staff proficiency was.076; budget participation was .094; budget preparation was.581; and budget execution was .255; which were all greater than .05. This was an indication that the data was normally distributed, since each p-value for all each study variables was greater than 0.05. The study tested existence of multi-collinearity and obtained the results in Table 10.

TABLE 10

Results of Multi-collinearity Tests on Independent variables

Predictor Variables	Tolerance(1-R ²)	VIF (Variance Inflation Factor)
Budget Staff Proficiency	0.403	2.481
Budget Participation	0.309	3.241
Budget Preparation	0.484	2.065
Budget Execution	0.746	1.34
N=35		

Source: Research Data (2014)

The tolerance for; budget staff proficiency was 0.403, budget participation was 0.309, budget preparation was 0.484, and for budget execution was 0.746. The values for tolerance each study variable was greater than 0.1. Since the tolerance for all predictor variables were greater than 0.1 or 10%, the study concluded that there is no problem of multi-collinearity among them. So the estimators computed were considered reliable

4.5.2 Regression Analysis

The study regressed effectiveness of NGO budget (the dependent variable) against budget staff proficiency, budget participation, budget preparation and budget execution (independent variables) in an effort to establish whether the independent variable explained the dependent variable. This was to assist estimate a model for explaining the effectiveness of NGO budget (the dependent variable) in terms of the independent variables; budget staff proficiency, budget participation, budget preparation and budget execution.

To achieve this, a multiple linear regression was done on budget staff proficiency, budget participation, budget preparation and budget execution as independent variables of the effectiveness of NGO budget. The assumption is that, mean of wealth index changes at a constant rate as the values of independent variables decreases or increases. The model used is given by;

Equation 2

$$NB = \beta_0 + \beta_1 SP + \beta_2 PB + \beta_3 BP + \beta_4 BE + \varepsilon$$

Where:

β_0 = is a constant, which is the value of dependent variable when all the independent variables are 0

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients of independent variables or change induced by SP, PB, BP, and BE

ε = Error of prediction

NB = Effectiveness of NGO budgeting- Dependent variable

SP = Proficiency of the Budgeting Officers - Independent variable

PB = Level of Involvement of Concerned Parties- Independent variable

BP = Budget Preparation - Independent variable

BE = Budget Execution - Independent variable

The results on regression are captured on Table 11.

TABLE 11
Regression Results of Dependent Variable against Predictor Variables

Predictor Variable	Coefficient	P-Values
Constant	-0.205	0.037
Budget Staff Proficiency	0.298	0.018
Budget Participation	0.557	0.000
Budget Preparation	0.242	0.046
Budget Execution	0.451	0.001
Size (N) = 35 R² = 0.913 Adjusted R² = 0.812 p-value 0.000		

Source: Research Data (2014)

Equation 3

The estimated equation is: $NB = -0.205 + .298SP + .557PB + .242BP + .451BE$

Table 11 shows that budget staff proficiency, budget participation, budget preparation, and budget execution have positive coefficients. This implies that the variables are directly proportional to the effectiveness of NGO budget i.e. an increase in any of these variables; budget staff proficiency, budget participation, budget preparation, and budget execution leads to an increase in effectiveness of NGO budget.

When considering of the effectiveness of NGO budget, table 11 shows 81.20% of variation in effectiveness of NGO budget is explained by budget staff proficiency, budget participation, budget preparation, and budget execution. Therefore, all the variable; budget staff proficiency, budget participation, budget preparation, and budget execution are strong determinants of effectiveness of NGO budget.

TABLE 12

Summary of Inferential Results Related Objectives

Objective	Result
Objective 1 To find out the extent to which proficiency of the budgeting officers influence the effectiveness of NGO budgeting in Nairobi County	p=0.018 which is less than 0.05.
Objective 2 To establish the extent to which the level of involvement of concerned parties affect the effectiveness of NGO budgeting in Nairobi County.	p=0.000 which is less than 0.05
Objective 3 To find out the extent to which budget preparation affects the effectiveness of NGO budgeting in Nairobi County.	p=0.046 which is less than 0.05.
Objective 4 To establish the extent to which the budget Execution influences the effectiveness of NGO budgeting in Nairobi County.	p = 0.001 which is less than 0.05.

Source: Research Data (2014)

Table 1 presents the results where the study made the following conclusions:

On objective 1 the study concluded that proficiency of the budgeting officers influences the effectiveness of NGO budgeting in Nairobi County.

On objective 2 the study concluded involvement of concerned parties affect the effectiveness of NGO budgeting in Nairobi County and was therefore an important task.

On objective 3 the study concluded budget preparation affects the effectiveness of NGO budgeting in Nairobi County and importantly leads to its effectiveness.

On objective 4 the study concluded budget Execution influences the effectiveness of NGO budgeting in Nairobi County.

1.6 Discussions on Findings

1.6.1 Effectiveness of Non-Governmental Organisations' Budgets

The present study established that effectiveness of NGO high and some NGOs expenditure always exceeds the budget as in other it did not. Further, funds were used for the intended purpose and rarely diverted to other utilisation other than the budgeted; the executive could overrule the budget figures and issues new directive on budgets. These NGOs were mainly ensuring that funds were spent according to budget allocation and the budget is rarely complied in most NGO projects; an indication that although the NGOs ensured that funds were spent according to budget allocation and budget is rarely complied in most NGO projects, then probably; the budget was underestimated; money was misused in these projects; or new issues cropped up in the projects, meaning ineffectiveness of the NGO budget. The findings were in agreement to study by Kagendo (2013 which established that the implementation of NGO strategies on time was influenced by several factors key among them the availability of financial resources to see the strategy implementation to the end. The study recommends that the NGO involves stakeholders in all its strategic management right from strategic formulation to strategic evaluation. This will reduce the levels of resistance hence promote strategy implementation processes.

1.6.2 Discussions on Proficiency of the Budgeting Officers

The present study established that budget staff proficiency highly influence effectiveness of NGO budget in Nairobi County. Academic qualifications highly influenced effectiveness of NGO budget as well as professional qualification, which very highly influenced effectiveness of

NGO budget. Other indicators of budget staff proficiency are; work experience which very highly influenced effectiveness of NGO budget, and experience in budgeting that highly influenced effectiveness of NGO budget. These findings complemented those in the study by Kagendo (2013) which established to employee should be enabled to deliver quality services. The study by Kagendo (2013) recommends that the NGOs should hire qualified staff and in addition, it train them to enable them deliver services optimally.

These findings confirmed those in the study by Njenga (2010), which revealed that staff skills and competencies affected budget planning and budget implementation heavily depend on staff knowledge and competencies. The study revealed that the staff proficiency influenced effectiveness of NGO budget as NGO effectiveness as the staffs' energy concentrated on programme implementation. The study findings captured those in the study by Koitaba (2013) that found out that the technical skills of the NGO officials in the area played an important role in upholding good financial control practices. On the job training where the trainers were indeed knowledgeable in the field of financial management contributed significantly to the equipping the NGO officials in the area with knowledge in financial controls and needed to be strengthened especially with regard to spending priorities. It was clear from these discussions that the budget staff proficiency was crucial in enhancing effectiveness of NGO budget

1.6.3 Discussions on Level of Involvement of Concerned Parties

It was found that budget participation highly influences effectiveness of NGO budget. The donor budget participation is an important involvement to enhancing effectiveness of NGO budget; budget participation by local community lowly affect effectiveness of NGO budget; and NGO management involvement in budget participation highly affected effectiveness of NGO

budget. Further, Government budget participation highly affected effectiveness of NGO budget and managerial support in budget participation highly affected effectiveness of NGO budget in Nairobi County. These findings agreed with the study by Njenga (2010) findings, which showed partnerships with government and other NGOs contributes immensely to NGO effectiveness as these partnerships brought resources, better coordination and skills that were not available within the NGO. The study by Njenga (2010) shows that the role of community stakeholders in governing their local NGOs since most NGOs in Kenya are not membership organizations and recommends the decentralization of NGO board and NGO Council services so that the organizations can offer the much needed advisory support to NGOs countrywide.

The study by World Food Programme [WFP] (207) study reports clearly show that the donors should be directly involved in the budget system, and this will lead to a strict adherence to the budgeting system, a findings in the current study. This is a very good type of a control in that the donor assumes that the local representatives are faithful, and this would to ensure that all loopholes are sealed. For example where the local representative colludes with the NGOs and diverts the funds. The NGO over rely on the donors to the extent they may not even learn about the budgetary system.

Kagendo (2013) study recommends that the NGO engages the stakeholders more to harmonize its goals and objectives with the aspirations of the stakeholders and reduce dissonance levels thereby effectiveness of NGO budget. The present study found that donor participation was essential in ensuring effectiveness of NGO budget. The study by Kagendo (2013) recommends that the NGO involves stakeholders in all its strategic management right from strategic formulation to strategic evaluation. This will reduce the levels of resistance hence promote strategy implementation processes. The findings in the present study also confirmed the

Schneider and Goldfrank (2002) study, which advocated for participatory budgeting (PB) initiatives from the government to the county level. It showed that the PB process did not hurt efficiency of public spending, and may have even improved it. They also find evidence that PB contributes to effective planning, enhanced participation and redistribution.

Ackerman (2004) showed that partnerships with non-governmental organizations (NGOs) may enhance effectiveness of NGO budget, which the present study established, and this supports the study by Robinson (2006) as well as that of Philips and Stewart (2009). Goldfrank (2006) study asserts that participatory budgeting (PB) in its various forms represents one of the most prominent state-led initiatives.

1.6.4 Discussions on Budget Preparation

The study found that budget preparation highly influence effectiveness of NGO budget and Project objectives very highly affected effectiveness of NGO budgeting in Nairobi County. Formulation of the budget highly affected effectiveness of NGO budgeting. Monitoring of the implementation highly affected effectiveness of NGO budgeting. Budget review highly affected effectiveness of NGO budgeting in Nairobi County. These findings were in agreement with the findings in the study by Paolo and Warren (2007), which found that there are crucial areas to necessitate effective budget. They gave very good guideline on how to ensure budget system work effectively. The reports emphasizes on the transparency in the budgetary system but failed to put a lot of weight on the civil society enlightening. The study by Robinson (2006) finds that the most significant impacts achieved by independent budget groups lie in improving budget transparency and budget awareness; he also finds evidence that groups have enhanced budgetary resources for existing programs and improved the efficiency of expenditure utilization. Enhancing the resources for development and ensuring that funds are spent well is clearly an important step toward achieving various development outcomes.

The research findings by Njoki (2012) show that a unit change in budget preparation will lead to a significant change in budget variance; a unit change in budgetary control will lead to a significant change in budget variance; a unit change in budget implementation will lead to a significant change in budget variance. Thus, budget preparation, budgetary control and budget implementation significantly influence budget variance. The study recommends that NGOs should maintain a good budgeting process as the process contributes a lot to their budget variance. This will help them to monitor revenue and expense levels. It also ensures that the cash outflows (payments) and inflows (receipts) remain at adequate levels.

1.6.5 Discussions on Budget Execution

It was found that budget execution highly influence effectiveness of NGO budget in Nairobi County. Auditing highly influenced the effectiveness of NGO budgeting. The assessment of the budget very highly influenced the effectiveness of NGO budgeting and performance measurement highly influenced the effectiveness of NGO budgeting. The review of budget highly influenced the effectiveness of NGO budgeting. The findings in the present study agreed with Koitaba (2013) findings, which found out that most of the NGOs in the area were audited annually although it is advisable that all such organizations needed at least an annual audit to track their performance. However, since most of the NGOs did not have the capacity to employ full time accounting staff they appointed supervisory committees to carry out the audit. It was revealed that Technical skills of NGO officials and auditing were significant factors influencing financial control practices while internal control systems and budgeting, and bookkeeping insignificant factors.

However, the Goetz and Jenkins (2005) study notes NGOs do not produce evidence that can be used for enforcement dimension of accountability. Olken (2007) study highlights the limits of increasing monitoring to reduce corruption, noting that in practice, the very individuals tasked with monitoring and enforcing punishments may themselves be corruptible. He also notes that monitoring public projects is a public good, which can lead to free-rider problems. Grassroots monitoring may also be prone to capture by local elites.

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of findings, and conclusions from the study findings as well as the recommendations based on the findings. It further highlights the research gaps the researcher felt should be filled by further research as well the limitations of the study. The summary, conclusions, and recommendations were based on the study objectives, to; find out the extent to which proficiency of the budgeting officers influence the effectiveness of NGO budgeting in Nairobi County; establish the extent to which the level of involvement of concerned parties affect the effectiveness of NGO budgeting in Nairobi County; find out the extent to which budget preparation affects the effectiveness of NGO budgeting in Nairobi County; and establish the extent to which the budget execution influences the effectiveness of NGO budgeting in Nairobi County.

5.2 Summary of Findings

5.2.1 *Findings on Effectiveness of NGO Budget - the Dependent Variable*

The study found that on overall, effectiveness of NGO was highly rated (Mean =2.45), considering that from the Likert scale used in the study; 0 = Not at all, greater than 0 up to 1 means Low; above 1 and less than 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. So, there was effectiveness of NGO budget. All the indicators of effectiveness of NGO budget showed that they were highly performing and measured highly. For instance some NGO had their expenditure always exceeding the budget and other did not have expenditure always exceeding the budget (51.40%). So, some NGOs expenditure always exceeds the budget as in other it did not. Further, the NGOs did not have fresh fund allocation being done after receiving donor funding (34.30%); indication

in these results was that fresh fund allocations were not done after receiving donor funding. The results are indicating that funds were spent according to need and this means that the funds were used for the intended purpose and rarely diverted to other utilisation other than the budgeted.

As indicated by 51.40%, who were the majority, the funds are spent according to need. The NGO budgeted funds were spent according to direction from the executive (45.70%), indication that the executive had a hand in the expenditure, which would mean that they could overrule the budget figures. Further funds are spent according to budget allocation (60.00%). These results were an indication that the NGOs were mainly ensuring that funds were spent according to budget allocation. The budget rarely complied with in most projects (42.90%), an indication by the respondents that the budget is rarely complied in most NGO projects. However, the earlier had shown that NGOs were mainly ensuring that funds were spent according to budget allocation, which draws eye brows on this should happen when the funds were used for the intended purpose and budget was rarely complied in most NGO projects. The results have an indication that although the NGOs ensured that funds were spent according to budget allocation and budget is rarely complied to in most NGO projects, then probably; the budget was underestimated; money was misused in these projects; or new issues cropped up in the projects, meaning ineffectiveness of the NGO budget.

Summary of Findings on Objective 1

The study found that the budget staff proficiency highly influence effectiveness of NGO budget in Nairobi County (Mean =2.69). Considering that the Likert scale used in the study; 0 = Not at all, greater that 0 up to 1 means Low; above 1 and less that 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. Academic qualifications highly influenced effectiveness of NGO budget in Nairobi County (34.30%). So, academic qualifications highly influenced effectiveness of NGO budget, which meant that academic qualification played a superior role in ensuring effectiveness of NGO budget in Nairobi County. Professional qualification very highly influenced effectiveness of NGO budget in Nairobi County (42.90%). These results indicated that professional qualification very highly influenced effectiveness of NGO budget in Nairobi County, which according to these results was an indication that there was need for proficient professional finance officers to handle budgeting there.

Work experience very highly influenced effectiveness of NGO budget in Nairobi County (32.40%), showing that experience in handling finance affairs played a key role in NGO budgeting effectiveness. Experience in budgeting highly influenced effectiveness of NGO budget in Nairobi County (37.10%), meaning that experience in budgeting highly influenced effectiveness of NGO budget in Nairobi County, which was in agreement with the previous results that showed that work experience very highly influenced effectiveness of NGO budget in Nairobi County. This is to say that work experience and more specifically, experience in budgeting were key ingredients on ensuring effectiveness of NGO budget in Nairobi County, showing the importance of experience in effectiveness of NGO budget in Nairobi County.

5.2.2 Summary of Findings on Objective 2

The study found that budget participation was shown to highly influence effectiveness of NGO budget in Nairobi County (Mean = 2.41). Considering that the Likert scale used in the study; 0 = Not at all, greater than 0 up to 1 means Low; above 1 and less than 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. The donor budget participation highly affected effectiveness of NGO budget in Nairobi County (29.40%), which means that the donor budget participation is an important involvement to enhancing effectiveness of NGO budget. The budget participation by local community lowly affect effectiveness of NGO budget in Nairobi County (42.90%), where it can be said the participation of the local community in budgeting did not play any crucial role. It was an indication that budget participation by local community did not play any significant role and therefore was inconsequential.

NGO management involvement in budget participation highly affected effectiveness of NGO budget in Nairobi County (45.70%). NGO management involvement in budget participation highly affected effectiveness of NGO budget in Nairobi County, which showed that the presence of NGO management was very essential in NGO budgeting and therefore ensured effectiveness. Government budget participation highly affected effectiveness of NGO budget in Nairobi County (40.00%). Government budget participation was shown to highly affected effectiveness of NGO budget in Nairobi County, an indication of the vital role of government presence in NGO Budgeting. Managerial support in budget participation highly affects effectiveness of NGO budget in Nairobi County (28.60%). It can be summarised that managerial support in budget participation highly affects effectiveness of NGO budget in Nairobi County.

5.2.3 Summary of Findings on Objective 3

The study found that budget preparation highly influence effectiveness of NGO budget in Nairobi County (Mean = 2.69). Considering that the Likert scale used in the study; 0 = Not at all, greater that 0 up to 1 means Low; above 1 and less that 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. Project objectives very highly affected effectiveness of NGO budgeting in Nairobi County (37.10%), which means that the project objectives were the guidelines to budget implementation. Formulation of the budget highly affected effectiveness of NGO budgeting in Nairobi County (31.40%), an indication that formulation of the budget highly affected effectiveness of NGO budgeting in Nairobi County and was very important in this exercise. Monitoring of the implementation highly affected effectiveness of NGO budgeting in Nairobi County (31.40%), so monitoring of the implementation highly affected effectiveness of NGO budgeting in Nairobi County. Budget review very highly affected effectiveness of NGO budgeting in Nairobi County (35.30%). That budget review was shown to very highly affected effectiveness of NGO budgeting in Nairobi County, which rendered budget review a very essential tool for enhancing effectiveness of NGO budgeting in Nairobi County

5.2.4 Summary of Findings on Objective 4

It was found that budget execution highly influence effectiveness of NGO budget in Nairobi County (Mean = 2.67). Considering that the Likert scale used in the study; 0 = Not at all, greater that 0 up to 1 means Low; above 1 and less that 2 means moderate, greater than 2 and not exceeding 3 means high; and greater than 3 and not exceeding 4 means very high. Auditing highly influenced the effectiveness of NGO budgeting in Nairobi County (34.30%), indication that auditing highly influenced the effectiveness of NGO budgeting in Nairobi County, which

showed that auditing was important in ensuring the effectiveness of NGO budgeting in Nairobi County.

The assessment of the budget very highly influenced the effectiveness of NGO budgeting in Nairobi County (48.50%). In summary, the results indicated that assessment of the budget very highly influenced the effectiveness of NGO budgeting in Nairobi County, which was an indication that assessment of the budget was very important in ensuring the effectiveness of NGO budgeting in Nairobi County. Performance measurement highly influenced the effectiveness of NGO budgeting in Nairobi County (37.10%). The review of budget highly influenced the effectiveness of NGO budgeting in Nairobi County (29.40%). The review of budget indicated that it highly influenced the effectiveness of NGO budgeting in Nairobi County, meaning that review of budget was very important for enhancing its effectiveness.

5.3 Conclusions

The study established that budget staff proficiency highly influences effectiveness of NGO budget in Nairobi County. The factors of budget staff proficiency which would influence effectiveness of NGO are; academic qualifications, professional qualification, work experience, and experience in budgeting.

It was revealed that budget participation highly influence effectiveness of NGO budget in Nairobi County and the main participation was through; donors, budget participation by local community, NGO management in budget participation, Government participation, and managerial support in budget participation.

It was established that budget preparation highly influenced effectiveness of NGO budget in Nairobi County Project Objectives. The indicators of budget preparation influence effectiveness of NGO budget to enhance it include; formulation of the budget, monitoring of the

implementation, and budget review. The study further established that budget execution highly influence effectiveness of NGO budget in Nairobi County and auditing, assessment of the budget, performance measurement, and review of budget were revealed as the indicators that enhance this effectiveness.

5.4 Recommendations

5.4.1 Policy Recommendations

The first recommendation is that, the NGOs should review their policies on budget staff recruitment, selection and retention. These policies should ensure that the finance staff is capable of handling the prescribed tasks of budgeting carefully and proficiently. These policies should set standards for minimum academic qualifications requirements, entry professional qualification and basic work experience requirement for the recruitment of the staff. There should be prescribed budgeting experience for the staff to be admitted. The NGOs should prepare proper and effective staff empowerment procedure and policies for their budgeting staff. The NGOs could be guided by the standard from other established institutions such as the governments and the private sector bodies.

Secondly, the NGOs with co-operation of the NGO board should review or come up with policies on including the stakeholder at all stages of NGO budgeting. All the stakeholders should be made to participate at every stage of budgeting without fail. The NGO board should come with the necessary framework that would compel the NGOs to incorporate all the stakeholders in budgeting. Thirdly, the NGOs should adopt effective budgeting procedure and process in budget preparation. The NGOs should ensure that budget preparation is thorough and in the right direction. The budgets prepared should be thoroughly reviewed. Lastly, the study recommends that NGOs should ensure that their budgets are carefully executed. The budgets should be

directed by set policies and procedures. To ensure that this happen, the NGOs should\ make sure that entire budgeting process complies with the budget policies and procedures.

5.4.2 Recommendations for further study

The present study recommends further studies to establish what influences spending of NGO funds. The present study found that although NGOs were mainly ensuring that funds were spent according to budget allocation, budget was rarely complied in most NGO projects. This draw questions whether the funds are used for the intended purpose.

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APPENDICES

APPENDIX I:

Letter to respondents

Enock Atunda
KCA University
Main Campus,
NAIROBI.

Dear Respondent,

RE: ACCEPTANCE LETTER

I am a student at KCA University undertaking a Masters Degree in Finance. I have chosen your ministry to participate in this research on the factors affecting the effectiveness of non-governmental organizations' budgets in Nairobi County. Your responses will be used for the research purpose only and your identity treated with a lot of confidentiality.

Kindly respond sincerely to the issues in the questionnaire. Please read and answer the questions by ticking the correct answer (choice) to the questions given.

Thanking you in advance of your response.

Yours truly,

Enock Atunda
KCA University

APPENDIX II:

Questionnaire

FACTORS AFFECTING THE EFFECTIVENESS OF NON-GOVERNMENTAL ORGANISATIONS' BUDGETS IN NAIROBI COUNTY

Instructions

Please take a few minutes to answer the questions as accurately as possible.

Tick the correct answer in the boxes provided against the questions where necessary.

Write brief answers where explanation is required.

You need not write your name on the questionnaire.

Information will be treated with confidentiality.

Section A: Personal Data

1. What is your sex?

Male Female

2. What is your age in years?

Under 21 years 21 to 30 years 31 to 40 Years

41 to 50 Years 51 to 60 Years over 60

3. How long have you been in the current NGO?

Less than 1 year 1 to 5 years 6 to 10 years

11 years to 15 Years 16 to 20 years over 20 years

SECTION B: Effectiveness of NGO Budget

4. Please indicate your level of agreement or disagreement with the following statements in regards to Effectiveness of NGO Budget. Please tick (√) the space corresponding to the correct answer in each question below.

Scale: Strongly Disagree = 0: Disagree= 1: Neutral = 2: Agree =3: Strongly Agree = 4

Effectiveness of NGO Budget Indicator	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The expenditure always exceeds the budget					
Fresh fund allocation are done after receiving Donor funding					
Funds are spent according to need					
Funds are spent according to direction from the executive					
Funds are spent according to Budget allocation					
The budget is rarely complied to in most projects					

Section C: Budget Staff Proficiency

5. Please indicate your degree of agreement or disagreement with the following indicators of Budget Staff Proficiency in enhancing Effectiveness of NGO Budget in your organization. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4

	Budget Staff Proficiency Indicator	Not at All	Low	Moderate	High	Very High
(a)	Academic Qualifications					
(b)	Professional Qualification					
(c)	Work Experience					
(d)	Experience in Budgeting					

Section D: Budget Participation

6. Please indicate the level of influence of each the following participants (Budget Participation) in enhancing Effectiveness of NGO Budget in your organization. For each indicator indicate the level of influence of the participant by ticking (√) on the space corresponding to the correct answer in each question below.

Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4

	Participants in Budgeting	Not at All	Low	Moderate	High	Very High
(a)	Donors					
(b)	Local Community					
(c)	NGO Management					
(d)	Government					
(e)	Managerial support					

Section E: Budget Preparation

7. Please indicate the level of influence of each the following indicators of Budget Preparation on ensuring the Effectiveness of NGO Budget in your organization. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4

	Budget Preparation Indicator	Not	Low	Moderate	High	Very
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		at All				High
(a)	Project Objectives					
(b)	Formulation of the Budget					
(c)	Monitoring of the Implementation					
(d)	Budget Review					

Section F: Budget Execution

8. Please indicate the level of influence of each the following indicators of Budget Execution on enhancing the Effectiveness of NGO Budget in your organization. For each indicator indicate the level of influence by ticking (√) on the space corresponding to the correct answer in each question below.

Scale: Not at All = 0; Low = 1; Moderate = 2; High = 3; Very High = 4

	Budget Execution Indicator	Not at All	Low	Moderate	High	Very High
(a)	Auditing					
(b)	Assessment of the Budget					
(c)	Performance Measurement					
(d)	Review of Budget					

Thank you for your co-operation. God Bless you