

Organization Development Interventions on Procurement Practice and Budgetary Control at Nakuru Municipal Council in Kenya, Africa

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Abstract

The research sought to determine the effects of Organization Development Interventions on Procurement Practice and Budgetary Control in Municipal Council of Nakuru. A comparative study was used to determine the organizational problems and the significance of OD Interventions on procurement practice and budgetary control in Municipal Council of Nakuru. The research study was conducted at municipal council of Nakuru, a local government authority that has the mandate to collect, budget and spend the revenues independently. The research participants included the Town clerk, Heads of Departments, The assistant Heads of Departments, Section Heads, Principal Administrative Officer, Administrative officers and the procurement officer. An action research case study was used by use of Organization Development Interventions in order to improve procurement practices and the budgetary control in the Nakuru municipality. The total target population was 59 and 50% of the population was used to make a sample size of 30 respondents through random sampling. A pre-test assessment was done and indicated that income and expenditure variations existed. A post-test exercise was carried out after OD Interventions with the same respondents. Questionnaires were self administered. A research instrument was adopted from the original tool of Kustuv Ray (2003) Internal Control Questionnaire. It contained six control values. A paired t-test was used to test the significant difference in ratings after the implementation of the organization development interventions. The p-values were tested at 0.05 alpha levels. The results indicated improvement on contingency planning and budget control measures. New internal control systems were put in place and employees were able to participate fully in budget setting exercise. The study indicates that the OD Interventions administered to improve the budgetary control values had a great significance on maintaining the income and expenditure variations. Therefore the organizational analysis showed that the procurement practice and budgetary control could improve by conducting interventions to master the budgetary assessment internal controls.

Key Words: Organization Development Interventions, Budgetary Control

Introduction

Municipal council of Nakuru is one of the local authorities in which the procurement and disposal act has been enforced since the year 2005. The task of Nakuru Municipality is to collect revenue from Land rates, License, House rents, Car-park, Market cess, Advertisement billboards and Government disbursement through Ministry of Local Government. The revenue collected is then budgeted for and disbursed to various departments for use. Municipal Council has the mandate to collect, budget and spend the revenue collected. The Nakuru Municipality through Treasurer’s department prepares an annual budget. The Finance Committee is responsible for the process of budget preparation. The Provincial Local Government office approves the budget which is finally forwarded to the Permanent Secretary in the Ministry of Local government for approval. It is in this stage that the approved budget starts to be legally operationalized. In the year 2009 the municipal council of Nakuru was experiencing income and expenditure discrepancy and almost all departments had problem with their operations. Through an ocular survey, the procurement practices and budgetary control were not congruent hence the income and expenditure had a variation.

To confirm the organization problem a pre-test survey was done to determine the status of the Local Authority. The target population was 59 with a 50% sample size making it thirty (30) research respondents. The results of the study indicated that, the council had inadequacies in planning, responsibilities, budget setting, information, variances and managing information.

Table 1

Internal control Questionnaire Values	Mean	Description
Planning	2.31	Fair
Responsibility	2.24	Fair
Budget setting	2.28	Fair
Information	2.31	Fair
Variances	2.48	Fair
Managing information	2.52	Fair
Average mean	2.36	Fair

The pre-test results in table 1 average response scores were 2.36 which was lower than the recommended score of 3. This means that the organization require immediate and special attention.

Theory

Churchil (1997) Budgets serve the organizations basic needs and therefore they are prerequisites to the procurement plan. When budgets are set they act as a guiding tool to all departments and also the entire organization. The probability of procurement being effective depends on the strength of the budgets. This leads to control of funds used in all operations in procurement. A main impediment in the development of budgetary theory is determining the rationale behind legislative decision making. Key (1940) maintains that individual values are the driving force behind many budgetary decisions, especially when revenues are lacking. An effective budget should consist of variables that reflect the needs of an undertaking. The time frame of activities are well spelled and willingness of the management to support. If the organization activities are well coordinated, the execution of plans will be timely and this will reduce the probability of inefficiencies to arise, Scott (1970).

Purpose of the Study

The study sought to analyze effects of Organization Development Interventions on Procurement Practice and budgetary control at Nakuru Municipal Council, Kenya.

Research Methods Used

A descriptive comparative study was used to determine the existing organizational problems and the significance of OD interventions in the Municipal council regarding procurement practice and budgetary control.

Research Instrument

The research instrument was adopted and modified to fit the study from Kustuv Ray 2003 Internal Control Questionnaire (ICQ). It contained six control values.

Data Gathering Procedure

A mini assessment ocular survey was conducted by the researcher to gather baseline data and noticed that the MCN was undergoing crises and accelerated changes in almost all operations. The mini assessment sought to determine the unique nomenclature and characteristics of the internal client system in the municipality. With a clear view of the vision, mission and goals, the researcher verified the problem and discussed with the Chief Executive Officer. A questionnaire was used to gather data in order to justify the problem and use it as baseline data. Thereafter, Organization Development Intervention schedule was drafted after discussion with the top officials of MCN. Upon approval by the panel at Graduate school in CDU, the ODIs were implemented in two months and monitored in six (6) months. Post-intervention was conducted using the same instrument on the same subjects who participated in the pre-intervention assessment. The pre- and post-test data were statistically analyzed using mean and t-test done with p-values tested at 0.05 alpha levels.

Table 2

ICQ Values	Pre- ODI	Post-ODI	Mean Diff
a) Planning	2.31	3.64	1.33
b) Responsibility	2.24	3.70	1.46
c) Budget Setting	2.28	3.71	1.43
d) Information	2.31	3.85	1.54
e) Variance	2.48	3.56	1.08
f) Management Information	2.52	3.42	0.90

Table two show the pre- and post-intervention data and mean difference.

Findings

The results show that there was significant change in the internal control questionnaire values. All the t-test values had a p-value less than 0.05 alpha levels. Hence were regarded significant and the null hypothesis was rejected. The analysis of pre- and post-intervention data showed improvement, an indication that the OD introduced were good and healthy to MCN. In the monitoring period the following outcomes were observed; New contingency plan cascaded from the organization mission statement, New Departmental structures were put in place by introducing a software which linked the departments in a local area network, capital budget was agreed by the heads of department in line with the new Micro internal control system put in place. Improved communication systems, automatic reporting systems were introduced for counter checking anomalies.

Conclusion

The study indicated that organizations can be initiated to change especially when there is clear diagnosis of the organization problem. Individuals must be involved in the interventions from the initial stage to the end and agreement must be arrived at as a team.

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