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Angela Mucece Kithinji
University of Nairobi, Kenya.

Correspondence:
Angela Mucece Kithinji
University of Nairobi, Kenya.

Public Policy Analysis and Government Spending in Kenya

Angela Mucece Kithinji

Abstract
Spending by governments more so in developing countries is inevitable because of the need to finance the many activities of government that are put on the pipeline every financial year. Appropriate public policies are required to ensure that there is a government plan to chart the way forward in terms of how her resources are going to be utilized to benefit its citizens. While not downplaying the many demands of government monies and which is not even enough to finance all its activities having a spending plan in form of public policies is essential. This study had the objective of finding out whether public policies have any effect on government spending in Kenya. Descriptive statistics and regression model were used to analyze the data for Kenya from 2018 to 2022. The findings were that there is a positive relationship between public policy and government spending as portrayed by the percentage of 9.8% and a significant effect of public policy on government spending as 8.9% of government spending is explained by public policy. This is to say that public policy is important when charting a spending plan by government of the day to ensure transparency and accountability of public resources.

Keywords: Public policy, Government spending, Policy structuring, Type III error.

Introduction
Policy analysis seeks to answer questions about the purpose of policies, the objectives (public, national, state, societal and personal levels) that it is designed to attain, the methods for attaining them and the tools for measuring their success or failure. Research intended to inform policy is carried out in a wide variety of institutions and in many academic disciplines. For example, researchers are affiliated with national government, state or county governments, government departments and municipalities in the areas of education, public policy, psychology, economics, sociology, and human development. Additionally, sociology, political science, economics, and law are all disciplines that can be used to better understand how economic systems function, what their impacts are, and how policies might be changed for different conditions. Public policy tends to have implications on economics, politics, social and sometimes technology (Hawkesworth, 1988; Vickers, 1965).
Although public policy analysis is based on scientific methods, it is also rests on processes of art, craft and persuasion and it is essentially problem oriented. Real world problems come in knowledge from single complex bundles that are political, social, economic, administrative, legal, and ethical among others (Dunn & Rita, 1992). Multidisciplinary policy analysis focuses on ends and means which requires continuing tradeoffs among competing values as equity, efficiency, security, liberty and democracy all focusing on the public sector. In policy analysis of multidisciplinary dimension, the issue is "the problem is not to do what is right but to know what is right" (Ackoff, 1974). Policy relevant information addresses information about policy problems, policy performance, expected policy outcomes, preferred policies and observed policy outcomes. Policy problems entails knowledge of what problem to solve (such as school dropouts as a cause of unemployment) and information about valued ends (such as safe schools or wages for livelihood) whose achievements may lead to solving the problem. Information about policy problems plays a critical role in problem analysis, because the way a problem is defined shapes the search for available solutions. Faulty information can lead to the solving the wrong problem (Vickers, 1965). Information about the

circumstances that gave rise to a problem is essential for producing information about expected policy outcomes. Analysts must therefore be concerned about the expected policy outcomes that are not given by the existing situation and to produce such information may require creativity, insight, and the use of tact and knowledge (Ian & Thomas, 1974; Campell, 1988).

Policy performance is often incomplete, because problems are rarely solved and mostly are resolved, reformulated or even unsolved. Information about observed policy outcomes as well as information about the extent to which these outcomes contribute to the attainment of the unrealized values or opportunities for improvement that originally gave rise to a problem. A problem contains information about one or more among preferred policies, observed and expected outcomes and the values of these outcomes (Kaplan, 1964). This affects which policies are preferable, which outcomes should and should not be investigated which values are appropriate and inappropriate as criteria of policy performance and which potentially predictable outcomes warrant or do not warrant attention. The error that usually arise in policy analysis is a Type III error which entails solving the wrong problem (Dunn, 2008; Ian & Thomas, 1974).

The methods of policy analysis which are descriptive, prediction, appraisal, prescriptive and definitional all involve judgments of different kinds such as judgment to accept or reject an explanation, to affirm or dispute the rightness of an action, to select or not to select a policy to accept or reject a prediction or even to define a problem in one way rather than another. These procedures in technical language are referred to as monitoring, forecasting, evaluation, recommendation and problem structuring (Hawkesworth, 1988). If a study for example reveals that national defense expenditures is an increasing percentage of Goss Domestic Product (GDP) over time the interpretation might be as evidence of increasing national security (more of the budget is allocated to defense) while another could be an indication of declining social welfare (less of the budget is allocated to social services). Problem structuring overally governs the production, interpretation, and representation of information produced by the other methods. Essentially, sometimes it is possible to monitor past policies without first monitoring them. To select a preferred policy requires that analysts have already monitored, evaluated, and forecasted the outcomes of the said policy (Allison, 1971; Fischer & John, 1993).

Research Problem

Public policy is important for guiding economies of activities that should be undertaken to benefit the citizens while being cautious of the many spending units of government. Spending by governments needs to be geared towards activities that increase productivity and increase employment in line with the Sustainable Development Goals (SDGs). An economy has a whole range of activities to spend on such as agriculture, health, infrastructure, education, security and social protection, water and irrigation, power supply and payment of national (public) debt among others (Vickers, 1965). Spending to correct the degradation of the environment and cleaning cities such as Nairobi city are additional expenditures necessitated by failure to adhere to ethics on preserving the environment. Government does not only therefore spend on what is planned for but also for what is not planned for as necessitated by misbehavior of public servants and failure by implementers of public and private projects to adhere to the guidelines on dumping and procurement (Thomas, 1974).

It is very difficult for countries to spend within their budget limits necessitating them to present supplementary budgets to ask for additional monies to enable them to finance the activities that are left pending after utilization of budgetary amounts. Policies governing government spending donot appear to be stringent enough or if stringent they seem not to be monitored. This research links public policies with government spending in Kenya. Is there a correlation between public policies and government spending in Kenya and is the effect of public policy on government spending significant?

Materials and Methods

Public policy was measured using a likert scale of between 1 and 5 (1- very poor, 2-poor, 3-good, 4-very good and 5-excellent). Composite analysis was used to aggregate the sub-variables of public policy which were process of policy analysis, policy structuring, policy expected outcomes, policy performance and communicating the policy. These sub-variables had also sub-variables which were also composited for analysis. Government spending was measured using government expenditure to GDP. Data was collected for the period 2018 to 2022. Descriptive statistics and correlation analysis was employed to measure the magnitude and the association of the study variables. Regression model was used to establish the effect of public policy on government spending. Tests of significance were done at 95% confidence level.

The regression model that was fitted was of the form

$$GovSpdg = \alpha + \beta_1 PubPol \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 1$$

Where GovSpdg is government spending measured as total government expenditure to GDP, PubPol is public policy, β_1 is the coefficient and α is the constant term.

Research Findings

Table 1: Descriptive Statistics of Policy Analysis and Government Spending.

	Min	Max	Mean	StdDev	skew	kurt
Government Spending	0.28	0.313	0.294	0.35	-1.17	0.454
Process of Policy Analysis						
Information	1.34	4.57	1.38	2.55	-0.98	0.78
Analytical Models	0.98	3.88	2.45	3.44	-0.87	1.29
Public Discourse	0.56	4.55	2.15	2.67	-2.37	0.18
Composite	1.055	4.36	1.74	2.433	1.30	0.76
Policy Structuring						
Key Variables	2.00	2.00	2.00	3.59	1.56	1.96
Errors of Type III	1.65	1.65	1.67	5.89	1.78	1.961

Composite	1.83	1.83	1.84	4.74	1.67	1.961
Policy Expected Outcomes						
Forecasting	0.16	4.43	4.14	2.05	1.87	0.89
Monitoring	0.05	3.49	3.57	2.07	1.69	0.71
Composite	0.094	3.66	3.80	2.06	1.76	0.78
Policy Performance						
Standards	0.70	1.37	1.32	1.23	-1.32	2.37
Formality	1.60	4.76	2.30	2.17	-0.73	1.27
Decision Tree	0.26	2.07	1.34	0.97	2.03	0.09
Composite	0.77	2.46	1.49	1.31	-0.01	1.12
Communication of Policy						
Documentation	1.02	4.72	3.16	3.54	1.04	2.43
Oral Presentation	2.04	3.59	2.87	2.52	2.89	1.67
Policy Briefs	3.14	4.05	2.98	1.77	2.74	1.05
Composite	1.85	4.13	3.01	2.78	2.12	1.85
Composite of Composites	1.12	3.29	2.37	2.67	1.37	1.29

Source: Researcher, 2023

The descriptive statistics in table 1 show that government spending was around 30% of GDP with a minimum of 0.28 and a maximum of 0.313 over the five-year period. The mean of this variable was 0.294 with a standard deviation of 0.35, skewed to the left (-1.17) and kurtosis value of 0.454 showing that the data follows a normal distribution. As for the independent variables a 5 level likert scale was used to measure the variable. The sub-variables here were process of policy analysis, policy structuring, policy expected outcomes, policy performance and communication of policy. These sub-variables were further subdivided into other sub variables which were then composited for ease of discussion. The process of policy analysis had three sub-variables (information, analytical models and public discourse). When the sub-variables were composited the variable process of policy analysis had a minimum of 1.055, a maximum of 4.36, a mean of 1.74 and a standard deviation of 2.433. The data of policy analysis was skewed to the right (skew = 1.30) and was normally distributed (kurt = 0.76). The sub-variable policy structuring which sought to determine the way the public policies are structured had the sub-variables of key variables (whether the policy has included the main variables in its formulation) and errors of type III (the likelihood of solving the wrong problem). When these two sub-variables were composited as policy structuring component the minimum was 1.83, the maximum was the same at 1.83 while the mean and the standard deviation were1.84 and 4.74 respectively. The data for policy structuring was skewed to the right (skew =) and the data was not normally distributed (kurt = 1.961). Policy expected outcomes was the third sub-variable of the independent variable and had two sub-variables which were forecasting policies and monitoring of these policies. The statistics were a minimum of 0.094, maximum of 3.66, a mean of 3.80 and a standard deviation of 2.06. The statistics reveals the data is skewed to the right (skew = 1.76) and follows a normal distribution (kurt = 0.78) which is greater than -1.96 and less than +1.96. The fourth sub-variable was policy performance which was measured using the set standards, formality and use of decision tree in evaluating policy performance. When aggregated the composite values of policy performance were a minimum of 0.77, a maximum of 2.46 and a mean of 1.49. The standard deviation was 1.31 with the data skewed (skew = -0.01) to the left and normally distributed (kurt = 1.12) which is greater than -1.96 and less than +1.96. Communicating policy is essential as an aspect of public policy analysis. The sub-variables of communicating policy in this study were policy documentation, oral presentations and policy briefs. The composite values of this sub-variable were calculated and were a minimum of 1.85, a maximum of 4.13, a mean of 3.01 and a standard deviation of 2.78. The data observations were skewed to the left (2.12) and were normally distributed (1.85) which is greater than -1.96 and less than +1.96.

Table 2: Summary Descriptive Statistics of Government Spending and Public Policy.

Statistics	Min	Max	Mean	Std Dev	Skew	Kurt
Government Spending	0.28	0.313	0.294	0.35	-1.17	0.454
Public Policy (Composite)	1.12	3.29	2.37	2.67	1.37	1.29

Source: Researcher, 2023

When we focus on the two grand variables (with composited public policy) the statistical values for government spending are Min (0.28), Max (0.313) means (0.294), Standard deviation (0.35) with a skewness (-1.17) and normal distribution (kurt =0.454). The deviation of the data is not too much as it is 0.35 while the data on government spending is skewed to the left but portrays normal distribution (-1.96 < 0.454 <+1.96). As for the public policy component the composite of composites displays a minimum of 1.12, max (3.29), mean (2.37), a standard deviation of 2.67 with data skewed to the right (skew=1.37) and normally distributed (-1.96<1.29<1.96).

Correlation Analysis

Table 3 gives a summary of correlation analysis and shows that there is a strong and significant relationship between public policy and government spending. This can be used to infer whichever public policies are put in place they do influence government spending singnificantly.

Table 3: Correlation Matrix.

		GovSpdg	PubPol
GovSpdg	PearsonCorrelation Sig. (2-tailed)	1	.4371* 0.5131
	N	5	5
PubPol	PearsonCorrelation	.4371	1
Sig.(2-tailed)		.5131	
N		5	5

*. Correlation is significant at the 0.05level (2-tailed).

Essentially for government to keep its expenditure under control there is need to formulate appropriate policies which when adhered to will keep government spending in check especially when accompanied by stringent measures of transparency and accountability in the policy analysis process.

Regression Analysis

Public policy was regressed against government spending as shown in table 4. The model shows that there is a positive relationship between public policy and government spending as portrayed by 9.8%. Additionally, 8.9% of government spending is explained by public policy and is significant (F=38.773, p=000). The model reveals that 91.1% of government spending is explained by other factors other than public policy. This is to mean that when planning for spending by government other aspects other than public policy are worthy consideration for public resources to be put in good use.

Table 4: Public Policy Analysis and Government Spending.

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.098[a]	.089	.087	1.4922
a. Predictors: (Constant), Government Spending				

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	64.752	1	74.661	38.773	.000[b]
	Residual	29.545	4	2.193		
	Total	94.297	5			
a. Dependent Variable: Government Spending						
b. Predictors: (Constant), Public Policy						

Coefficients[a]								
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**95.0% Confidence Interval for B**	
		B	**Std. Error**	**Beta**			**Lower Bound**	**Upper Bound**
1	(Constant)	-.187	.697		-.268	.791	-1.652	1.278
	Public Policy	14.933	2.342	.833	6.376	.000	10.012	19.853

a. Dependent Variable: Government Spending

The constant term is -0.187 which is in itself insignificant (p=0.791) because it is greater than 0.05. This can be interpreted to mean that even when no public policies are in place the government will have negative spending but insignificantly. The coefficient of public policy in the model is 14.933 which mean that a unit change in government spending is caused by 14.933 units of public policy. Additionally, the effect of public policy on government spending is significant (p=0.000). Therefore, government needs to put in place good and workable policies to ensure that its spending is channeled to areas that give value to its citizens.

Conclusions and Recommendations

Every government puts in place public policies to determine how and where its resources are to be utilized to meet the economic agenda. This research which was aimed at determining whether public policy has an effect on government spending has shown that there is a positive relationship between public policy and government spending. Additionally, there is a significant positive effect of public policy on government spending. Therefore, to be able to spend resources of government in areas that add value to the citizens it is import to formulate and implement the right public policies while adhering to public accountability and transparency in spending the monies paid by citizens as taxes or as debt to be paid by future generations.

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