

Influence of Inclusiveness of Employees on Performance of County Governments in Kenya

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Abstract: The devolved system of governance was adopted to ensure development in all regions and effectiveness in service delivery for all Kenyans. This purpose of the study was to examine the inclusiveness of employees on performance of county governments in Kenya and further evaluate the moderating effect of political environment on corporate governance and performance of county governments in Kenya. The design methods used include the descriptive and explanatory cross-sectional survey method. The unit of analysis was the county governments. The counties in which data was collected helped in generalization of findings to all the Kenyan 47 counties. The unit of observation was county officials who included Governors, deputy Governors, County executive committee members, County secretaries, deputy County secretaries and MCAs. For this study, a sample of 354 was arrived at. Simple random sampling method was adopted for the selection of the study participants. The study used a questionnaire for collection of primary data. Data analysis was done with the help of a statistical analysis program. Frequencies and descriptive statistics were obtained for the study's variables and this information was presented in graphs and frequency tables. Both descriptive and inferential statistics were used. Inferential statistics included regression analysis that was used to test the significance between dependent and the independent variables. The study established that inclusiveness had a significant influence on the performance of county governments in Kenya. The study concluded that inclusiveness influences the performance of county governments in Kenya significantly and positively. The study recommends that Governors need to sensitize county directors to work in consultation with other stakeholders to ensure that all feel part of the developmental agenda for the county.

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I. Introduction

This study aimed to evaluate the effects of inclusiveness of employees on performance of county governments in Kenya. In developing countries where there are fewer resources, the governments have a challenge of providing and improving service delivery to their citizens in the most effective and efficient way. To enhance devolution, counties in Kenya have adopted corporate governance practices to ensure public funds are managed with accountability to spur development.

Good governance creates the conditions in which managers and service providers are more likely to exercise leadership in health services organization. When managers and service providers are empowered, they deal with change effectively, seek and create opportunities, provide a vision, motivate, inspire, and energize people and develop more leaders like them. Good governance provides purpose, resources, and accountability in support of management, enabling organizations to achieve strategic objectives (Kibua and Mwabu, 2016). One's ownership, commitment, level of empowerment, power of imitativeness, level of professionalism, motivation levels and morale are what great organizational autonomy is comprised of (Hubbard, Samuel and Heaps, 2014).

Counties have been introduced in developing nations in Africa to ensure that development of the economy is brought closer to the citizens and to ensure they benefit from the government's services (Walls, Berrone and Phan, 2012). East African counties also help the countries to refrain from misuse of the power and resources by the national government. In countries where devolution has been successful, development has increased as compared with those, which are yet to introduce the county government (Boyd, 2015).

Kenya has not been left behind with the introduction of county governments being achieved after the promulgation of the 2010 constitution in order to keep abreast with other developed countries (CMA, 2016). Kenya has 47 counties, which were agreed upon by the Independent Electoral and Boundaries Commission (IEBC) as per every region's population. The Kenyan constitution (2010) under chapter six shows that for effective initiative of corporate governance to be established, there is need to be guided by a well formulated and developed code of best practice for Kenyan corporate governance; Co-ordinate corporate governance

developments in Kenya with other East African, African, the Commonwealth and global projects, and also seek ways to come up with a national apex body, which is the foundation in the national corporate sector for the promotion of corporate governance (KIPPRA, 2015). Therefore, the purpose for which these guidelines are formulated are set to serve if every Kenyan corporate entity evaluates the practices that it uses on its governance, otherwise enhances its own governance practices and/or improves what needs to be improved.

The new Kenyan governance system, which is the county government has been empathized and structured to enhance citizen participation in governance (Wafula, 2013). Most of the county governments have facilitated the sharing of vision between people in governance positions and citizens of that particular county (Thompson & Martin, 2015). The county government has improved the societal confidence of many of its citizens that are part of the governance process (RoK, 2015). In the spirit of devolution, the Kenyan constitution (COK 2010) has allocated 25% of the total revenue to the development of the counties, which has been assigned, to the governors who are the county managers (KIPPRA, 2015).

Kenya's historical over-concentration of power in one center resulted in underdevelopment and marginalization characterized by unequal access to state resources and services by all the regions and communities in Kenya (World Bank, 2015). Through the years, development and access to public services have been mired mainly by poor governance policies manifesting themselves in patronage, accountability in public expenditure, participatory governance, lack of transparency and lack of democratic (Ntoiti, 2013).

To check on manifestations of bad governance, through the Constitutional review process, it was appropriate then for Kenyan to change the design, structure and system of governance from a centralized one to a devolved one, where power and resources are shared between National and County Governments (Finkelstein and Hambrick, 2015). Devolution enhances service delivery and development at the County level by bringing resources close to the people and enhancing the right to self-governance. Good governance therefore, is recognized as an essential element of devolution (Ahmed, 2016). Kenyans were excited that decentralization of governance from the national level to the County level would lead to good governance through equitable distribution of development projects, opportunities, increased oversight on expenditure and regular public participation in decision making. This was thus aimed to reduce corruption among other factors (Copeland, 2015).

Major strategic decisions concerning corporate resources allocation and utilization are the very investments basis that can result insustainable performance and development (Ngumi, 2016). These strategic decisions regarding corporate governance are inclusiveness, effective regulatory body and consensus orientation, and the extent of stakeholder's participation in the county's endeavors (Okwiri, 2016). Okiiya, Kisiangani and Oparanya (2015) posit that for a country to have the capacity to achieve sustainable prosperity, there is need to have measures that will ensure public funds are well managed.

A few studies have been done on corporate governance. A study by Lins and Miller (2014) done in France shows that corporate governance has an effect that is significant to the performance of firms thus affecting organizational service delivery in public institutions. The study, however, did not address the cultural aspects of corporate governance. Mak and Li (2010) study done in Singapore focused more on the influence of culture on organizational corporate governance. According to this research, culture of compliance has a significant influence on corporate governance. Cannella (2014) study in Bosnia and Herzegovina evaluated how practices of corporate governance influenced financial management of listed companies. The study found that stakeholders have a role to enhance corporate governance through building a consensus in favor of fair regulations, the right policy and effective corporate reform.

The reviewed studies did not address the existing link between corporate governance and performance and how corporate governance in Kenya's county governments affected performance. Performance was found to be affected by corporate governance according to local studies done but their focus was on private firms and public owned corporations. A study by Wafula (2013) established that the local authorities which were in charge of governance at the local level had failed to offer quality services to their citizens since they did not have appropriate consensus orientation practices. The above aspects had a significant connection with the performance of the county governments. Gitari (2015), using the New KCC as a case study, sought to investigate if there is any association between financial performance and corporate governance. According to the research findings, the Board of KCC made use of inclusiveness of good corporate governance.

These were reviewed and continuously improved, which led to better performance. From the above review, none of the studies evaluate inclusiveness, regulatory bodies, consensus orientation practices and stakeholder participation on performance of county governments in Kenya.

According to Auditor General Report (2016) over Kshs.10 billion cannot be accounted for by the county governments and the same report mentions lack of corporate governance framework as a catalyst that has triggered the vice. A number of the documented evidence include; lack of inclusiveness of employees in policy making of which the policies are adopted as they are from the national government, functions of regulatory bodies are not flexible to the management bodies in the counties, consensus orientation practices to bring all

stakeholders on board on the county's performance are not well stipulated in the counties reducing stakeholders' participation.

Public funds management is further affected by the political environment where those affiliated to the ruling party seem to be more favoured as compared to those in the opposition (Ndegwa, 2016). This has slowly led to the deterioration of the county performance affecting even the country's GDP growth index from 7% in 2009 to 5.8% in 2016 (Kihara, 2016). From the foregoing, corporate governance best practices are therefore, important for counties in order to stir the required development standards, which the county managers seem to be having a deficiency in. Besides, there is little, if any, research done on how performance was affected by corporate governance of county governments in Kenya exposing an empirical gap, which this study also aimed to address. The research goal was to fill the current knowledge gaps identified in the performance of county governments.

II. Objectives And Hypotheses

The objective of the study was to examine the influence of inclusiveness of employees on performance of county governments in Kenya. The study tested the hypothesis that inclusiveness of employees has no significant influence on the performance of county governments in Kenya

III. Methodology and Results

This study adopted a positivist research philosophy. Both explanatory and descriptive cross-sectional survey design were used. Basis for explanatory design is that through probability sampling biasing is reduced as well as increase in the data collected reliability. Descriptive cross-sectional survey design helps explain and establish association among the variables. The unit of analysis was the 47 county governments in Kenya and the unit of observation was 3,058 county officials who included; Governors, Deputy Governors, County Ministers, County Secretaries, Deputy County Secretaries and Members of County Assembly (MCAs). A sample of 354 was arrived at for this study. The study adopted stratified random sampling for the counties so as to have a representative sample. The strata arrived was 5 Governors, 5 Deputy Governors, 75 County ministers, 5 County secretaries, 5 Deputy County secretaries and 257 MCAs.

Questionnaires were used in data collection of the study, which were distributed to staff members in the county as study participants. The study used drop and pick later method with a time lapse of two weeks for responding. The exercise was conducted between 1 to 2pm as well as 4 to 6 pm - the day's regular break times. The researcher expected the data collection exercise took one-month period so as to get the required information. Cleaning of the data was then done that involved checking of errors. To facilitate data entry, the collected questionnaires were indexed and content coded. A statistical analysis programme was used in the analysis of the data. Frequencies and descriptive statistics were done for all variables and the data obtained presented in tables and graphs in frequency form. Descriptive and inferential statistics was used.

From the findings, the respondents agreed that they have adopted capacity building programs directed at ensuring employees have the same goals as expressed by a mean of 4.396; that the county ensures fair recruitment procedures as expressed by a mean of 4.385; that county staff have developed skills that make performance of their work easy as illustrated by a mean of 4.381 and that their training structure is enhanced to ensure participation of all stakeholders as indicated by a mean score of 4.363.

Participants also agreed that employees are provided with the best place to work as expressed by a mean of 4.356; that they train employees on technical skills and self-improvement so as to enhance productivity as indicated by a mean of 4.299; that they regularly review employee welfare to incorporate cultural diversity as illustrated by a mean of 4.083 and that they ensure gender balance to promote equality as shown by an average of 3.968. They also disagreed on the fact that their employees are able to address customer needs and complaints quickly and equally to all residents as expressed by a mean of 1.558. Further as shown by a coefficient of variation there was a consensus that employees are provided with the best place to work.

Table 1: Statements on Inclusiveness

	Mean	Std. Dev.	COV	Rank of COV
Our employees are able to address customer needs and complaints quickly and equally to all residents	1.558	0.572	0.367	9
Employees are provided with the best place to work	4.356	0.556	0.128	1
County staff have developed skills that make performance of their work easy	4.381	0.652	0.149	3
The county ensures fair recruitment procedures	4.385	0.641	0.146	2
Our training structure is enhanced to ensure participation of all stakeholders	4.363	0.742	0.170	5
We have adopted capacity building programs directed at ensuring employees have the same goals	4.396	0.712	0.162	4

We train our employees on technical skills and self-improvement so as to enhance productivity	4.299	0.811	0.189	7
We regularly review our employee welfare to incorporate cultural diversity	4.083	0.724	0.177	6
We ensure gender balance to promote equality	3.968	0.771	0.194	8

Correlation Analysis

The findings show a correlation between inclusiveness and performance was shown by 0.497 correlation factor. The $p=0.00$ which is less than 0.05 imply a statistically significant relationship. Hence any positive change in inclusiveness would increase the performance of county governments in Kenya.

Table 2: Correlation Analysis

		Performance	Inclusiveness
Performance	r	1	
	Sig. (2-tailed)	-	
Inclusiveness	r	.497**	1
	Sig. (2-tailed)	.000	-

** Correlation is significant at the 0.01 level (2-tailed).

Test of Hypothesis

The study sought to test hypothesis which is “Inclusiveness of employees have no significant influence on performance of county governments in Kenya”. From the findings, the adjusted R square was 0.245 meaning 24.5% of the variation in performance of county governments in Kenya is explained by inclusiveness.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497 ^a	.247	.245	6.57304

a. Predictors: (Constant), Inclusiveness

The ANOVA results shows that relationship between the performance of county governments in Kenya and inclusiveness was significant since the $F\text{-calculated}=90.765$ was $> F\text{-critical}= 3.89$ and the p value $=0.00$ was <0.05 .

Table 4. 4: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3921.503	1	3921.503	90.765	.000 ^b
	Residual	11924.540	276	43.205		
	Total	15846.043	277			

The regression equation obtained from the outcome was: -

$$\text{Performance} = 92.024 + 1.581 \text{ Inclusiveness} + e \dots \dots \dots \text{equation (1)}$$

From the findings, the study found that if inclusiveness was held constant, then the county governments performance in Kenya will be 92.024 which is significant since $p=0.000$ is less than 0.05. The study further found that a unit change in inclusiveness changes would lead to 1.581 units change in performance of county governments in Kenya. This shows that the null hypothesis one was not accepted meaning that inclusiveness had significantly influenced county governments’ performance in Kenya.

Table 5: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	92.024	5.953		15.459	.000
	Inclusiveness	1.581	.166	.497	9.527	.000

a. Dependent Variable: Performance

IV. Discussion

The study finding showed that there is a strong correlation coefficient between performance and inclusiveness where a unit change in inclusiveness changes would lead to units change in performance of county governments. This is consistent with the view of Karamanou and Vafeas (2015) who suggest that the implementation of inclusiveness strategic priorities involves establishing a widespread understanding of, and commitment towards, these priorities. Effective inclusiveness strategies enhance performance by ensuring employees are able to address customer needs and complaints quickly and equally to all residents, employees are provided with the best place to work, staff develop skills that make performance of their work easy and this is as a result of the organization ensuring they practice fair recruitment procedures.

In addition, the study found that county governments have adopted capacity building programs directed at ensuring employees have the same goals. This is in line with Punch (2016) who explained these factors include training structure aimed to ensure participation of all stakeholders, adopting capacity building programs directed at ensuring employees have the same goals, training employees on technical skills and self-improvement so as to enhance productivity, regularly review of employee welfare to incorporate cultural diversity and ensuring gender balance to promote equality.

The finding shows that the county ensures fair recruitment procedures. This is similar to Manyuru and Mutisya (2012) who elaborated that fair recruitment procedures are the main indicator in the Nairobi Securities Exchange listed performance of the firm. It was revealed the association between the funds management and corporate governance was positive. According to the findings managerial discipline, annual board meetings and the shares proportion that top shareholders are holding were found to considerably and positively affect performance of firms. Moreover, county staff have developed skills that make performance of their work easy. This is coherent to Ongore and K'Obonya (2011) study on incentives in principal-agent relationships that examined the interrelations of the employee operations and director attributes and firm funds management in fifty-four firms listed at the NSE. Governance was measured as far as possession focus, proprietorship personality, board viability and administrative efficiency; while financial performance was measured using ROA, ROE and DY. They found a huge positive connection between foreigner, insider, institutional and differing proprietorship structures and performance.

In contrast the connection between representative operations and government, and performance was altogether negative. The responsibility of the board was observed to be of next to no esteem, predominantly because of an absence of adherence to the company structure. Managerial discretion and performance were found to be positively significant. Similarly, the findings show that training structure is enhanced to ensure participation of all stakeholders. This is according to Mizruchi and Stearns (2013) who conjectured that, the act of profit administration is methodically identified with the training structure of interior top managerial staff, trustees, inward review work and the decision of outer reviewer.

In light of a wide cross-sectional example of 434 recorded Australian firms, for the money related year finishing off with hypothesized that, the act of profit administration is methodically identified with the quality of interior CG instruments, such as top managerial staff, review of trustees, inward review team and the decision of outer reviewer. In light of a study of 434 recorded firms in Australia in 2010, they found that the presence of a majority of none official directors on the board and on the review advisory group to be connected with a lower profit administration. In addition, employees are provided with the best place to work. This is in line with Cubbin and Leech (2016) who suggests that employee involvement and welfare, played an important dimension on performance and organization's business execution. Finding indicates that county governments train their employees on technical skills and self-improvement so as to enhance productivity. This is in conjunction with Karamanou and Vafeas (2015) who found out that in every effective market, stakeholders would redact the wanted price that a portion of the company is willing to pay and the needed stage of administrative agency costs. This was much affirmed that for a company's corporate governance they need to improve its returns to organizations stakeholders, and also the stock market ought to be adequate so that the share prices reproduce major value. This was emphasized that for an organization's corporate governance actions to have an impact on the value of market, two factors must be applied. Increasing of returns is the first factor to the company's stakeholders and the stock market ought to be effective so as to share prices reveal important aspects.

Further, they regularly reviewed their employee's welfare to incorporate cultural diversity, which is in line with Lins, and Miller's (2014) study that tested if inclusiveness proprietorship as a strategy of corporate governance supported by the best practice programs is efficient in enhancing performance. Also, county governments ensure gender balance to promote equality. This corresponds to Tauringana and Chamisa (2014) study on evaluating the influence of inclusiveness in enhancing performance. The study found that effective inclusiveness strategies enhance performance. However, the study finding shows that employees are not able to address customer needs and complaints quickly and equally to all residents. Tam and Tan (2016) studied the ownership, governance and performance in Malaysia by sampling ninety-three firms quoted on the Malaysia Stock Exchange for between 2009 and 2014. The findings were that the inclusiveness process was significantly positively related to performance.

V. Conclusion

The study concluded that inclusiveness influences the performance of county governments in Kenya significantly and positively. This was attributed to the county governments' adoption of capacity building programs directed at ensuring employees have the same goals, ensuring fair recruitment procedures and having county staff that have developed skills that make performance of their work easy. This significant influence could also be attributed to the fact that most counties have training structures that are enhanced to ensure

participation of all stakeholders where employees are provided with the best place to work and are trained on technical skills and self-improvement so as to enhance productivity.

VI. Recommendations

It was revealed inclusiveness positively and significantly influences the county governments' performance in Kenya. Therefore, the study recommends that county governments need to come up with effective inclusiveness strategies that will ensure that engagement of all the employees in their respective counties in making decisions on anything that concerns a county's development. This will enhance performance by ensuring employees are able to address customer needs and complaints quickly and equally to all residents and that the employees are provided with the best place to work where they can develop skills that make performance of their work easy.

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