CORPORATE GOVERNANCE AND 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 evaluate the corporate governance influence on the performance of county governments in Kenya. More so, the research intended; to determine the influence of inclusiveness of employees, functions of regulatory bodies, consensus orientation practices and stakeholders' participation 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 study used a positivist research philosophy. According to the principles of positivism, the philosophy depends on quantifiable observations that lead themselves to statistical analysis. This aspect of positivism is relevant to this study as the researcher only based the findings on data collected from county governments. 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 researcher observed respondents' rights to privacy and safety. The study established that stakeholder's participation, inclusiveness, consensus orientation, regulatory bodies and political environment 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 also concluded that regulatory bodies positively and significantly influences performance of county governments in Kenya. The study further concluded that consensus orientation influences performance of county governments in Kenya. The study again concluded that stakeholder participation influences performance of county governments in Kenya positively. The study also concluded that political environment as a moderating variable influences county performance in the country positively. The study thus concluded that regulatory bodies had the greatest effect on the performance of county governments, followed by inclusiveness, and then stakeholders' participation while consensus orientation had the least effect on their performance. 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. Since it was found that regulatory bodies have a positive and significant influence on county governments' performance in Kenya, there is a need for county governments to set effective regulations through the Public Procurement Regulatory Authority so as to regulate and shape the county's procurement procedures. This will ensure that no financial resources are unaccounted for. More studies need to be conducted to investigate corporate governance and performance of the central government in Kenya.

Key Words: *corporate governance and performance of county governments in Kenya*

INTRODUCTION

This study aimed to evaluate the effects of corporate governance 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. Governance defines roles, responsibilities and accountability within an organization according to Dunphy, Griffiths and Benn (2013). Governance according to Sisulu (2012) is the act of establishing policies, through continuous monitoring of proper implementation, by the executive in power of the governing body of an organization. Corporate governance, according to Mankins and Rogers (2010), is operationalized as the means of human development that is achieved from managing of social and economic resources by empowering others.

In the current political pluralism, corporate governance has been of critical importance (Reenen, 2011). It is an essential and crucial factor that is mainly used in maintenance of an active balance between equality in society and the need for order (Boyd, 2015). Other elements that come handy with corporate governance include: having and maintaining a corporate framework that is well organized that allows citizens to make a contribution and come up with creative means for solving existing challenges, use of power that is accountable and maintaining and protecting human freedom and rights according to the law (Clarkson, 2015).

Good governance has eight elements or characteristics, according to Tauringana and Chamisa (2014). The characteristics include transparency, participation, rule of law, accountability, being responsive, effective and efficient, consensus oriented and inclusiveness. This means that corporate governance should have a regulatory body guided by the rule of law where it has fair legal frameworks that protect stakeholders fully. Second is transparency, where information is supposed to be provided in easily understandable media forms. The information pertaining to the institution should be directly and freely accessible to those impacted by governance practices and policies. Third is responsiveness, where governance requires that the organizational design and processes be designed for the best interests of all stakeholders within a manageable timeframe. Consensus orientation is the fourth element. To reach a broad consensus, consultation is required from all the stakeholders. This consensus ensures prudent and sustainability of planned processes within an organisation. The fifth element is inclusiveness. Institutions that ensure fairness and guide their stakeholders in decision-making have a high chance of maintaining and enhancing effective corporate governance. The sixth element is effectiveness and efficiency, which is the end result of any organisation's goal (Karamanou and Vafeas, 2015).

In public sectors or organizations owned by the government, poor governance standards have negatively impacted the economy; a case in point is the financial crisis of the East Asian countries (CMA, 2016). Due to the fact that sole proprietors and the greatest shareholders dominate control in Asia, corporations have a tendency of following the 'insider' model (Mankins and Rogers, 2015). For example, in Malaysia and Asian countries, the wearing down of shareholder confidence was found to be one of the main aspects that worsened the financial crisis. Majority of the analysts, for example Punch (2016); Cubbin and Leech (2016) and; Johnson and Mitton (2013) indicated that the wearing down of shareholder's confidence in Malaysia was as a result of the state's poor governance principles and a public funds management policy without transparency. A report by World Bank (2012) shows that the adoption of corporate Governance by Nigeria and Ethiopia became a relevant issue due to its great impact on the growth and development of those countries.

Corporate governance is therefore an important strategic issue for county governments to facilitate their operation, through enabling the Governors to assign all the stakeholders their roles so as to ensure the success of the counties. Counties are devolved systems of governments, which have been established in most countries across the globe (World Bank, 2012). The people are involved directly in governance through transfer of resources and authority form higher to lower levels of the devolution responsibilities by the principles appointed by the people themselves (Ojo, 2013).

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). To avoid the mistakes of the past and insulate devolution from bad governance, the Constitution of Kenya 2010 made very elaborate good governance provisions to ensure openness in the running of public affairs relating to accountable exercise of power, separation of powers, integrity, public finance and oversight (KPMG, 2017).

To operationalize them, Parliament enacted several pieces of legislation to give full effect to the Constitutional provisions. The Leadership and Integrity Act 2012, Public Finance Act 2012, Public Officer Ethics Act 2003 and County Government Act 2012 which provide a strong legal framework on good governance in Kenya at the County level (World Bank, 2015). They have specific provisions to ensure inter alia accountability and transparency, high levels of integrity for public officials, consultation and public participation, and institutions and structures to support implementation of decisions.

It is however, important to note that besides the efforts made to ensure good governance in devolved system of government in Kenya, the system has not identified the necessary factors that promote good governance in the counties. The county governments have continued to experience challenges, which have derailed their public performance and administrative operations (Mwongozo, 2017). Governance in the counties is based on a comprehensive understanding of the county's operations (Mankins and Rogers, 2015). This includes having an understanding of responsibilities, roles and clarified accountability. This requires organization wide knowledge, which is delivered by a business process-based approach (Ntoiti, 2013).

The approach to governance provides stakeholders with a clear understanding of the structures thus enhancing a manager's competent views on how to run the counties. Governance thus offers an added advantage on employee action, counties accounting variables, impacts of new projects and other important factors.

STATEMENT OF THE PROBLEM

Major strategic decisions concerning corporate resources allocation and utilization are the very investments basis that can result in sustainable 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 favored 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.

PURPOSE OF THE STUDY

The general objective of the study was to evaluate corporate governance and performance of county governments in Kenya.

SPECIFIC OBJECTIVES

1. To examine the influence of inclusiveness of employees on performance of county governments in Kenya
2. To evaluate the functions of regulatory bodies on performance of county governments in Kenya
3. To assess the influence of consensus orientation practices on performance of county governments in Kenya
4. To establish the influence of stakeholders' participation on performance of county governments in Kenya

HYPOTHESES

Ho_1: Inclusiveness of employees has no significant influence on the performance of county governments in Kenya

Ho_2: The functions of regulatory bodies' have no significant influence on performance of county governments in Kenya

Ho_3: Consensus orientation practices have no significant influence on performance of county governments in Kenya

Ho_4: Stakeholders' participation has no significant influence on performance of county governments in Kenya

Ho_5: Political environment has no moderating effect on corporate governance and performance of county governments in Kenya

THEORETICAL REVIEW

Stewardship Theory

Davis, Schoorman and Donaldson first advanced the theory of stewardship in 1991 (Caplan, 2014). They argued that a steward's main duty is shareholders' wealth protection as well as maximizing via the performance of public institutions, since only then can the steward's utility functions be maximized. This view therefore treats the public entities managers like stewards functioning on behalf of the government and should therefore always seek to ensure that the institutions perform as they are intended to for the interest of the public. The theory obtains that stewards as such can only derive their satisfaction and motivation from the achievement of the county governments (Mwirichia, 2013). This theory is therefore built on the knowledge that it is important to put in place structures that vest a lot of power on the steward while at the same time giving him/her maximum autonomy derived from trust. It emphasizes that employees or executives must always act independently in order to ensure the desired public trust and performance.

The basics of stewardship theory are borrowed from psychology, which centers on the conduct of administrators (Ho, 2015). The steward's conduct is expected to be in favor of the institutions entrusted to them, and the public enjoys from their self-serving conduct and the steward's conduct won't deviate from the concerns of the public needs given that he tries to achieve the goals of the institution entrusted to them. Where public wealth is boosted, the steward's utilities likewise gets augmented since the institution's achievement will cater for most prerequisites and the role of the stewards will be in the open. Stewards adjust pressures between the various recipients and the members of the public. Subsequently, the theory is a contention advanced in the performance of the public entities that fulfills the prerequisites of the invested government resources bringing about dynamic performance, which results in better administration (Kapopoulos and Lazaretou, 2011).

On the other hand, it is also upon the members of county assemblies to shield their name as the people who make decisions in county government. They therefore are obliged to operate in such a way that the public coffers from both the national and county are well utilized (Labie and Périlleux, 2008). Only in this way, is it possible for the county's performance to have a direct effect on the perceptions of the public needs. Executives also have a duty to manage their careers, as they need to not only be but also seen to be effective stewards of public funds. Another school of thought held by Kapopoulos and Lazaretou (2011) however insists that stewards usually return benefits to the government entities so they can create a favorable name that will aid their re-entry into the market in future in benefit of the careers. According to the theory, the government institutions' management acts as the stewards for the public and in the greatest wellbeing of the principals (Abdullahi, 2000). The ideal of man in stewardship theory is established on the fact that the management decides on the wellbeing of the public, ensuring that collectivist choices are put above own choices. Doing the right thing for the public encourages these types of people, as they believe that they will benefit in the end when the public needs are satisfied.

Stewardship theory emanated from Morck, Shleifer and Vishny (2015) as presented in figure 2.1 whereby the management acts as the stewards for the public institutions and in the greatest wellbeing of the principals. The ideal of man in stewardship theory is established on the notion that the management decides on the wellbeing of the public organization, ensuring that collectivist choices are put above own choices. This type of people are encouraged by doing the right thing for the public, as they believe that they will benefit at the end when the community succeeds. The steward management increases the organization's performance that works under the principle that the principals will benefit from well-founded public entities (Leuz, Lins and Warnock, 2010).

In comparison with the panels in place with the agency theory, the principal who supports stewardship theory will encourage the steward who holds information, the tools and the power to ensure great decisions are made for the organization (Khan and Awan, 2012). Thus the principal allows the steward to perform in the best interest of the public, believing that the steward will make decisions that ensure performance of the public organizations bestowed on them. Actually, putting up control measures on stewards will greatly de-moralize the steward and lead to decreased production to the organization (Jose, Lancaster and Stevens, 2014). The figure below presents the stewardship theory model, which shows the relationship between the principals and managers choices:

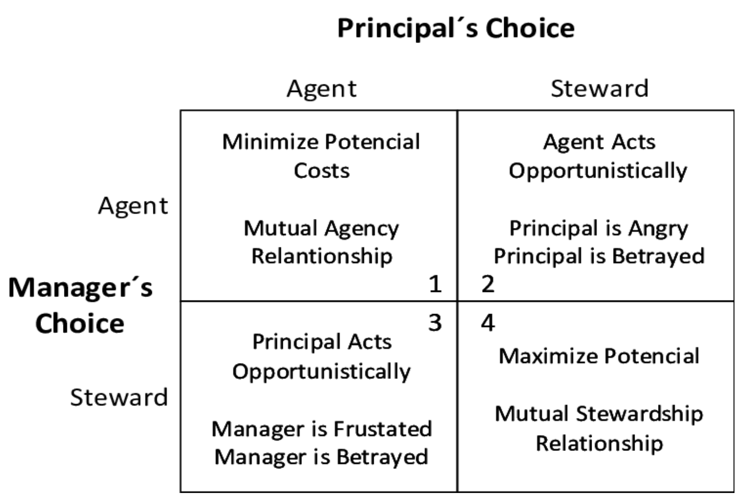

Figure 1: Stewardship Theory Model

Source: Weir et al., (2012)

Stewardship theory allows the steward to perform in the public's best interest, believing that the steward will make decisions that ensure lasting performance for the public organization. The parts it recommends ought to stay public ensuring that the results of securing secure a key part of performance as a result of entrusted trust by the county managers; the quality and power of official authority. Apparently, the essential commitment of stewardship theory is on its scrutinizing of public sector hypotheses' cynical presumptions about human instinct.

Like Jiraporn, Singh and Lee (2014) differentiation between hypothesis X and hypothesis Y supervisors, it recommends that the issue of administration may not be in the self-enthusiasm of the official but in the suppositions that removed others. The risk it highlights is that negative speculator suspicions may unintentionally bend or debilitate the administration of an organization. Hambrick and Finkelstein (2014) critiques stewardship theory for assuming that stakeholders' best needs can be conceded or balanced on one another in the implementing stage of corporate governance. As argued by Klein (2016), this is a result of its stress on mediation as the main kind of sustainable performance for tackling conflict on shareholders' interests. Miller-Millesen (2013) suggested dialogue as a substitute and this led him to protect 'patriotic' fact of the corporation as a substitute to that connected with the theory of stewardship.

Hillman and Daniel (2012) state that stewardship require management and employees of any institution to be responsible over the results that come out from the organization's efforts and projects without trying to control the employees or try to be mindful of them. The best method to take this step is to ensure that powers and privileges are redistributed as required, choices and resources are moved to all corners of the organization through effective inclusiveness. Cascio, (2014) posits that a team leader willing to adopt stewardship theory should be willing to say that though he/she may not know what is best for every employee and to ask them what they think and listen to what they have to say. This inclusiveness is key to ensuring counties are governed as desired and performance is achieved. This argument thus brings our first hypotheses test that is inclusiveness of employees has no significant influence on the performance of county governments in Kenya.

The Agency Cost Theory

The second theory that underpinned the study was Agency Cost Theory. This theory supports the second objective, which is regulatory body influence on performance. Jensen and Meckling propounded the agency cost theory in 1976 (Alchian and Demsetz, 2002). Agency theory deals with the association amongst the public and the county management acting as their representatives. The major concern of this theory is whether it is practically possible to institute measures in the public sector that would ensure managers take actions that would result in maximization of benefits for the public of especially in cases where there is a demarcation between the public and public sector managers. The agency cost theory views the county government as a governance structure and a nexus of contracts. According to the theory, the government institutions management acts as the agencies for the public and in the greatest wellbeing of the principals (Turnbull, 2014). The ideal of man in agency cost theory is established on the fact that the management decides on the wellbeing of the public, ensuring that collectivist choices are put above own choices. Doing the right thing for the public encourages these types of people, as they believe that they will benefit at the end when the public's needs are satisfied. This theory emphasizes on ensuring that resources are distributed to the people fairly through formation of a public organization, which ensures that resources are directed through specific marketing costs by the county government. The theory postulates that a principal (P) allots another person referred to as agent (A) to act on his behalf that is to transact and decide on his behalf in order to ensure that P's utility preferences have been maximized. In this sense problems are bound to arise if: P and A's goals are different, P and A employ different measures in the evaluation of the performance of A, P and A have conflicting set of data regarding managerial decisions to be made by A while representing the interests of P; or P and A have diverse risk aversion degrees (Cascio, 2014).

The theory postulates that a principal allows another person referred to as agent to act on his behalf; that is to transact and decide on his behalf in order to ensure that principal's utility preferences have been maximized (Klapper and Love, 2014). In this sense, problems are bound to arise if: Principal and agent have varied goals; principal and agent employ different measures in the evaluation of agent's performance; principal and agent have conflicting sets of information regarding managerial decisions to be made by Agent while representing the interests of the principal; or principal and agent have diverse degrees of risk aversion. The most prominent agency problem is the inability of the principals to keep an eye on the agents, perfectly or without additional costs (Jensen, 2013).

Agency theory recognizes and offers an array of plans that can be used by the public stakeholder to safeguard taxpayers and public investments from the self-interested motivations of those in charge with management of the institutions appointed to hold. Fraser, Zhang and Derashid (2010) assert that to have checks and balances there must be rules that govern the institution in order to achieve its mandate. Designed managerial benefit agreements, control of the management, the board and the public project control are some of the examples. The main traits of a successful corporate governance structure acknowledged by Lev and Sunder (2012) are possession, boards of directors, CEO and compensation of directors, reviewing and statistics, and the market for corporates. Organizations need to embrace the code of model governance (rules and regulations) and emphasize the advantages of these control strategies (Lipczynski and Wilson, 2011).

According to Ebaid (2011), in order for the regulatory body to ensure the implementation of rules there will be need to bring about organization costs, costs that emerge from the need of making motivating forces that adjust the interests of the county official with those of the stakeholders and expenses brought about by the need of observing official directly to keep them from mishandling public interests. Note that office hypothesis is deductive in its procedure. Here it is crucial to recognize outside, performance-based administration instruments and rules implementation methods. First on the list is performance for public interest, which is the ability of takeovers to teach administrators by giving an instrument, whereby ineffectual official groups can be dislodged by more viable official groups. The second the administrative work showcase works at an individual level; poor official execution will undermine an individual's future public interest while great execution will have positive reputational and henceforth vocation improving impacts. Choi, Park and Yoo (2014) depict that the performance of the public sector is considered by the difference of possession and power, and to categorize the aspects that assist this existence. This study is concerned with the regulatory bodies that govern the public sector in which important decision making by the public entrusted officials ensure it comes at a cost in the implementation process and was supported by Cascio (2014) model shown in figure 2.

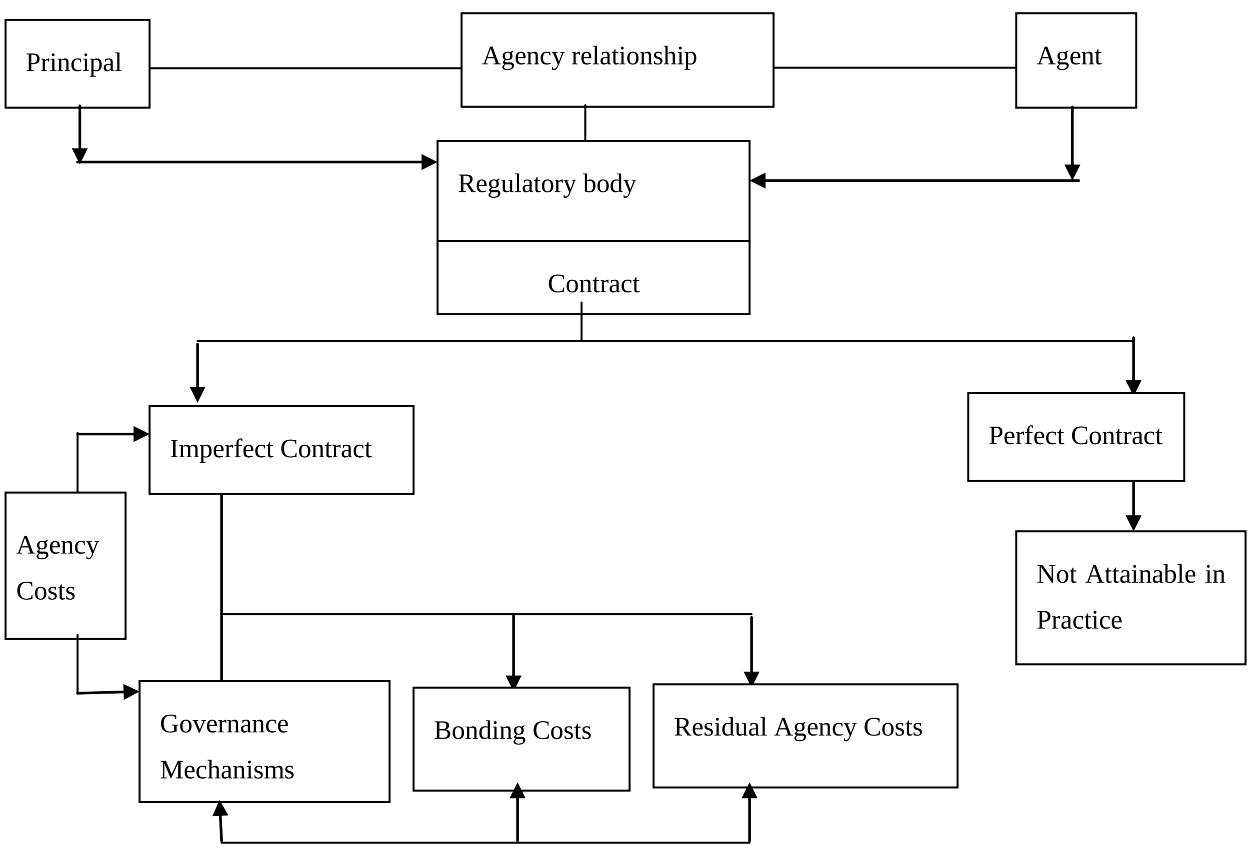

Figure 2: Agency Theoretical Perspective

Source: Cascio (2014)

According to the model, the agency link between principals (public) and agents (public entity managers) is dissatisfied by conflict. The agency challenge comes mainly from the public yearning to ensure the regulatory body implements the rules, which are cost demanding. To some extent the funds management objective may not be achieved as a result of self-interested agents attempting to expropriate funds, which is against the set rules (Fan, Wei and Xu, 2011). Agreements mostly deal with this misalignment of interest. In an intricate public entity condition, agreements are not properly achieved due to covering up of inevitabilities. So as to control and operate outside management systems, the inward and outward systems normally rely upon standards when they fail to attain public satisfaction. The main strategies that lead to rise of organizational costs are upholding and composing of contracts together with public management operations. Additionally, the characteristic loss arising from the operator does not contribute to add stakeholders' public wealth but increases the cost of agency (Gertner and Kaplan, 2010).

The relationship between the administration and the beneficiaries is characterized by the principals' connection with the specialists to perform benefits for their sake (Sun and Cahan, 2015). As connected to public administration, the theory recommends a basic issue for missing or far off public administrators/stakeholders who utilize proficient administrators to follow up for their benefit. The root suspicion educating this theory is that the operator is probably going to act naturally intrigued and crafty. This raises hopes that the public official, as the operator, will take care of their own advantages as opposed to those of the administrator central (Ward, 2015).

Agency costs for corporate governance incorporate checking consumptions which include; reviewing, planning, control and remuneration structures, holding uses by the specialist and remaining misfortune because of difference of interests between the vital and the specialist, leftover misfortune because of uniqueness of interests between the principal and the agent (Xu and Wang, 2014). Usually, tax paid by members of the public (principal) reflects such agency costs. To ensure sustainable performance of the counties, one must therefore maximize on agency costs. Kearney (2012) asserts that corporate governance is the only promising solution to mitigate the agency problem and increase the efficiency of the county operations and expand the chances of economic advancement without rules to govern the operation of the counties. No nation can create employment or wealth if it does not have a proper regulatory body to govern tax expenditures, and in such scenario, counties will stagnate and collapse. If counties will not achieve the desired goals of devolution, economic growth will not be achievable; employment, taxes will not be paid and there will be zero development in the country. Counties therefore need well-governed and well implementation of the set rules through the Constitution to attract investments, and create jobs for the public. A good regulatory body is thus seen as a prerequisite for national economic development.

Scholars who adopted this theory in their research present a similar point of view that is corporate governance centered on the immediate link that exists between funds management and governance though the discoveries are varied. Johnson and Mitton (2013) found there exists a positive connection between regulatory body and corporate governance through the agency cost principle, whereas Yawson (2016) analyzed the endogenous connections between corporate governance guidelines and funds management and found a slight connection between the two. Chen and Jaggi (2014) found the corporate governance standards and funds management relationship to be low and this raised questions regarding the clear legitimacy of agency theory.

Nenova (2013) indicates that reviews have neglected to locate any persuading association between the principles in corporate governance and county government performance. The above studies proposed that it is essential to test the informative estimation of option ideal models to the organization-based models. Kim (2010) recommended that so as to see the impact of a regulatory body on funds management it is important to analyze the association components like culture, which may have an intervening impact.

To date, such studies have demonstrated altogether obscure regarding the relationship between great rules administration, agency cost and public institution performance (Padgett and Shabbir, 2016). As reviewed and critiqued by Mitchell (2014), agency theory has been profoundly compelled in molding the change of corporate administration frameworks. Agency theory subsequently gives a hypothetical foundation to corporate governance tools and perhaps discloses the balanced connections that exist between the development of corporate governance and public sector performance, which indicates that there is weakness in its engagement level of legitimacy when agency cost is barred. This results from the many government strategies by county or public entities operations, and in addition the theory of organization does not clearly shed light to the relations that exist between corporate governance systems and sustainable performance (Shleifer and Vishny, 2015).

Agency cost theory was relevant for this study as corporate governance and socially responsible management decisions advocate for ethics in management and decision-making where higher risks, such as increased litigation and regulation must be reduced. As a tool for the development of a positive finance theory of public organizations, agency cost theory was important as it helped in generating how individuals behave towards their governance and how they respond to the activities they are invited and required to participate in in the structure of public organizations in this case that of the county governments. The significance of the agency cost theory in this study was that it highlighted the key issues that guide management decisions in the county governments. This study thus tested the second hypothesis (*Ho_2: Regulatory body has no significant influence on performance of county governments*) to ascertain whether the same findings apply in the public sector with special focus on county governments.

Transaction Cost Economics Theory

Consensus orientation practices which is the third variable of the study objective was linked to transaction cost theory of economics. This theory was advanced by Williamson (1988) and recognizes the need to govern exchange agreements given that transaction costs are positive, the forms of governance depends on the transactions to be organized (Ellstrand, 2016). Transaction costs are seen to be positive since individuals cannot effectively and adequately plan for the future as they have limited requisite knowledge for accurate predictions. Equally, it is difficult to engage them in a public project contracts to talk about their plans since they can hardly agree on a mutual understanding on the states of the world anticipated as each party has little prior experience. Further, it is frequently difficult for contracting parties to define their plans in a manner that an unfamiliar third party such as a court could have the ability to enforce them. This makes all public contracts to be actually and effectively incomplete thus attracting positive transaction costs (Sonnenfeld, 2012).

The transaction cost economic theory identifies that there is a cost attributed to anticipating all the different contingencies that can come up in the course of the contractual relationship and imagining ways of dealing with them (Byström, 2012). Similarly, there is the cost of negotiating with others concerning the plans and ultimately there is the cost of putting to paper the plans such that they are enforceable by a third party. The presence of these transaction costs limits the ability of the parties to write complete contracts. In the presence of incomplete contracts and agency problems structures are put in place so that there is a mechanism for arriving at decisions that are not necessarily included in the original contract. These structures are used to allocate lasting rights to control the government non-human assets. Governance structures are thus used to minimize the agency cost resulting from incomplete contracts (Ross, 2015).

The theory suggests that use of technology is predominantly driven by the public need to reduce transaction cost (Villalonga and Amit, 2010). Therefore, the reduction in transaction cost further stimulates the ripple effect of adopting a given digital strategy recognized in terms of improved service like the adopted Integrated Financial Management System (IFMIS) system in the control of government finances use. The motive of adopting digital strategy is to reduce the transaction cost and therefore the theory explains that when well executed, digital strategy enhances efficiency. Transaction cost theory explains the public financial expenditure decisions, considering the relative merits of conducting intra public transactions in contrast to government to county transactions (Stulz, 2015).

Transaction cost theory assumes that county governments always try to limit their expenses of transacting assets with the environment, and that they attempt to scale down the bureaucratic expenses of expenditure on public projects (Khanna and Palepu, 2015). The theory treats institutions and the adopted IFMIS systems as types of sorting out and planning monetary exchanges. If transaction costs are more than the public needs and internal bureaucratic costs, the public entity develops, as long as the organization is able to perform all its functions at a lower cost, than if such functions were performed by the national government. But, if such expenses for public expenditure are more, then the national government will pull back and source for other sources of financing. This is usually the rationale behind the adoption of online strategies where the online service provider bears some the costs that would have been borne by the county managers and ensure the public's needs are met (Weir and Laing, 2010).

Tariff (2012) demonstrates that TCE can be connected to the investigation of public administration. Curiously, this approach looks at singular ventures and differentiates them with regard to their asset specificity attributes. In this association, cases of non-particular resources for the most part allude to redeploy able ventures, for example, investing in general purpose and public projects. Then again, cases of particular resources typically comprise of non-redeployable undertakings (Koh, 2015). In relation to this perspective, debt is much the same as public projects needs in that it is the best way to back ventures in terms of costs, especially that which include non-particular resources, and value is like the cross breed in that it is most conservative for speculations that involve particular resources. In this application, nevertheless, the various leveled method of association drops out due to the fact that the county government can't possess its own finances according to the deficits identified.

To empower the contention, it is accepted at first that ventures must be financed with debt, an administrative structure that works predominantly out of rules (Haniffa and Hudaib, 2015). As indicated by such principles, inability to make arranged installments brings about bankruptcy, where debt holders can reclaim their assets in extent to the degree that the public assets being referred to are re-deployable. Since debt holders can expect that the qualities that they would have the capacity to recoup in case of liquidation decrease as the public assets turn out to be less redeployable, TCE predicts that the terms of such financing are balanced on a need basis (Harris and Raviv, 2016).

The critics of TCE contend that remedies from this model are probably going to be wrong as well as hazardous for corporate administrators due to the assumptions and rationale on which it is based. Associations are not insignificant substitutes for organizing efficient transactions when the budget given to the county falls short; they have favorable circumstances for administering certain sorts of monetary exercises through a rationale that is altogether different from that the finances the national government can offer. Despite the fact that persuading in its present plan, the TCE theory needs to incorporate extra hypothetical treatment in regards to the capacity of administration to dig in itself in charge (Serrasqueiro and Nunes, 2008). Specifically, it is imperative for the theory to reassess the effect of antitakeover arrangements on the adequacy of the consensus orientation practices in details in relation to corporate controller in compelling overinvestment.

Furthermore, an analysis of the influence of the corporate governance as a practice is currently lacking and should be addressed. In equity's case, an analysis of bilateral dependency openly needs an additional examination of the forces needed (Hambrick and D 'Aveni, 2015). For instance, if it is seen that public organization performance does not depend on corporate governance performance, it is important that further research is done to get insights into the practices that lead to such an outcome. Finally, the TCE does not look like considering the option that, because to some extent, the public sector performance may not be achieved if the set corporate practice conflicts with the county operation policy guidelines. This thus leads to the test of the third hypothesis: *Ho3: Consensus orientation practices have no significance influence on performance of county governments*.

Stakeholder Theory

Stakeholder theory was applied to tie with the fourth objective, which is stakeholder participation. Edward Freeman put the stakeholder theory forward in 1983. The theory is biased towards corporate management and business ethics that address moral issues in the management of firms (Hillman and Daniel, 2012). The stakeholder theory identifies and creates groups referred to as the stakeholders of an organization describing and recommending ways in which administrators can recognize and be guided by the interests of concerned groups. It caters for the internal and external stakeholders of the organization. Internal includes the employees, managers and owners of the organization, whereas the external stakeholders include society at large, government, creditors, stakeholders, suppliers and customers, trade associations and competitors.

The theory clearly defines the specific stakeholders examining the conditions under which managers treat the parties in today's dynamic organizational environment (Gregory, 2012). The major critique of this theory is the application of concepts borrowed from the political circumstances with regard to social contract and applying it to business ventures. Stakeholder theory is deemed to undermine the principles that establish and maintain market economy. It has succeeded in becoming famous beyond the business ethics fields (Jensen, 2013). The stakeholder theory currently is being pursued and uses strategic management to ensure that the strategies of the organization are achieved as per the planned strategies objectives (Klapper and Love, 2014). Stakeholder theory has succeeded in challenging the usual analysis frameworks such as management and human resource by ensuring that stakeholders' needs are at the heart of any move.

The application of theory into public sector improves organizations performance on bureaucratic activities eliminating and replacing modern systems such as the ISO standard Quality Management systems, well monitored, documented and controlled audits for the continuous improvement in quality of services rendered achieving customer's satisfaction and performance in the organization (Ingley and Walt, 2012). The shareholder point of view has its underlying foundations in the law of private property rights, which is the establishment of free enterprise (Gürsoy and Aydogan, 2012). The customary knowledge is that private possession is key to social request and monetary proficiency. The shareholders' interests are expected to be obliged by the enterprise as an expansion that is legitimate according to this outlook.

The use of free markets, effectiveness in finances and implication of profits have been advocated in the past decade as a way shareholders use to deal with their properties and the company (Owusu-Ansah, 2015). There is guarantee in financial exercises when private property is possessed by individuals to seek after their own self-interest. The value of shareholders should be raised through expansion of benefits which they claim as this is the logic augmentation that partnerships should ensure (Cascio, 2014). Every organization should ensure that it delivers its products and services according to its policy and they should be according to the market rule as shareholder benefits need to also be created. Stakeholders, according to the stakeholder theory, do not essentially own the business enterprise, as it does not support this factor. All the workers, clients, providers, and the locals should be served equally by the enterprise either singularly or collectively. The principle of free market is greatly upheld by the shareholder theory together with issues concerning free riders, moral dangers, and imposing business model power, which the government comes to support, the free market factor at large (Lev and Sunder, 2012).

In the stakeholder perspective, partnerships cannot advance the shareholders' interests to the detriment of the different stakeholders since doing so is neither good nor financially efficient. Henceforth, the cases of clients, providers, representatives, and local groups must be considered. However, as a rule they might be subordinated to the cases of shareholders. Freeman (1984) is also a supporter of the stakeholder theory; he recognized the perception of developing stakeholders as an essential aspect if the firm is to continue being profitable. He also makes recommendations on the importance of a supervisor-worker relationship and also illustrates on different groups of stakeholders. Hillman and Daniel (2012) indicated that for a firm to be more powerful, it needs to focus on all factors for example motivation, not only those that affect or influence the profitability of an organization. Therefore, the aspect of stakeholder means that it is an even minded idea. This therefore indicates that a successful firm, apart from the aspect of motivation needs to focus on all relationships that are important to the firm (Gregory, 2012).

Stakeholder theory provides a strategy that decides the plan and system of operations around the firm that are effective to the members who contribute their ideas once in a while (Holderness, 2014). Kocenda and Svejnar (2014) also propose that stakeholder theory efforts to look at the topic of which groups of stakeholders are successful and need the consideration of the administration. Edwards and Weichenrieder (2010) provided a diagram that represents the stakeholder model, as presented in Figure 3. This diagram clearly shows the groups interested with the organization. This model explained that all groups that had genuine interests of the organization to attain profitability and that there was no means that any of the individual or group was advantaged over the other.

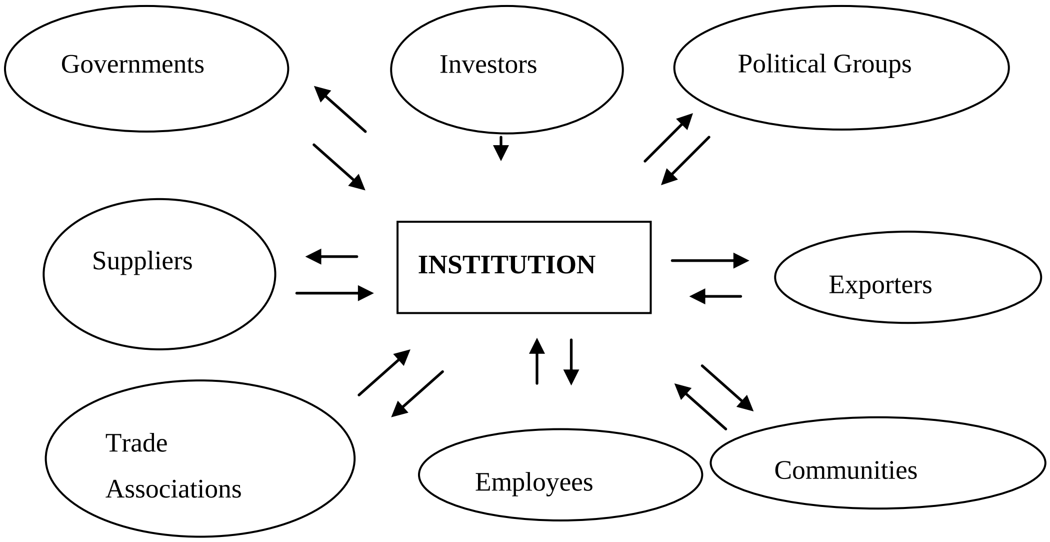

Figure 3: The Stakeholder Model

Source: Donaldson and Preston (1995: 69)

Studies done on stakeholders' participation on performance show mixed results. A study by Erkens, Hung and Matos (2012) shows that, devolution, as a type of administration could be viewed as a method through which governments can give quality administrations that native's esteem; for increasing administrative self-governance, especially by diminishing focal regulatory controls; for making responsiveness to competition and liberality all this is enhanced through the stakeholders' participation. Florackis, Kostakis and Ozkan (2015) application of the theory shows that it is generally a basic instrument of management. The study findings showed that the main attributes that defined government project stakeholders were power, legitimacy and urgency. A study by Kirkpatrick, Parker and Zhang (2015) argued that if the moral interests of stakeholders were to be legally served, power and urgency must be attended to by the managers. An application was carried out of Nicholson and Kiel's study of (2011) on stakeholder theory that much work had been on identifying the major influence of stakeholders in a firm as they influence performance among the key stakeholders where government officials and the members of the public audited government funded projects. Nevertheless, Himmelberg, Hubbard and Palia (2011) posit that there was rejection of null hypothesis where the stakeholder's model and theory was applied in the study by measuring stakeholder's participation as a factor under corporate governance. Moreover, the authors contend that experimental proof supporting the relationship present between stakeholder theory and the performance of the organization is inadequate.

The performance of a firm and the role that stakeholders play in public institutions has been slightly examined. The factor of who is involved is viewed as performance of county has gotten little consideration but then, especially developing country's public sector most especially in Kenya. Thus, the forth-null hypothesis, which was tested, which was political environment has no moderating effect on Kenya's county governments and how corporate governance affects their performance.

EMPIRICAL REVIEW

Organizational Performance on Performance

Sustainability refers to a term that defines a set of structural changes that affect corporate performance and strategy (Jensen, 2013). The most popular measure of performance in both public and private institutions is the balance scorecard (BSC). According to Franks and Mayer (2014) BSC is used to measure customer satisfaction in an organization and in the public sector BSC measures members of the public satisfaction. The key elements that the balanced scorecard measures include cost, time, quality, internal processes and performance. BSC also measures internal processes of the organization, learning wherewithal that may improve the skills of employees, innovation. According to Dvorák (2014) BSC places the whole organization in a single strategic framework by resource allocation and selection of initiatives. It aligns everyone to strategy in a single framework and measurement processes.

BSC makes public organizations measure their performance through allocating resources in a world where changes are being experienced on daily basis through rational budgeting by anticipating future outcomes thus Jensen (2015) terms BSC as fact-based management replaces intuition. Whatever is happening, whatever changes need to be made, the best practices that need identification and identification of innovation opportunities are raised by the BSC. In light of BSC and performance of public sector Haniffa and Hudaib, F. (2015) posit that BSC helps in alignment of mission success which include best practices, enhances productivity through efficiency and value. Taxpayers also benefit by being recipients of feedback and customer/ public satisfaction is enhanced. According to Korczak and Korczak (2013) the BSC cause-effect increased finances through great satisfaction from customers. Customer satisfaction can also be increased through improvement of work processes. Employees can be improved how they work through enhancing their skills and empowering them. Besides BSC is also important to stakeholders as it facilitates feedback, supports accountability and raises visibility of government activities.

Klapper and Love (2014) assert that a strategy-based balanced scorecard system incorporates the collective development of public sector performance focus that points out the connection between: - sustainability performance, efficient processes, market and financial outcomes, customer value, organizational capacity and stakeholder satisfaction. Four strategic perspectives guide the balanced scorecard as shown in Figure 4. According to the figure, public organizational strategy is guided by complementary but different lenses for considering performance which include: - the management of internal processes and employees duties so as to effectively use resources to get outputs that can merit the needs of the public; capacity should be founded on; knowledge and skills, culture, tools and technology, physical infrastructure, delivery of services and information systems required to design, plan, and to members of the public and stakeholders participation; investors and analysts see the public sector as a financial source of returns on their investments and the stakeholders' regard the rendered services as a means of meeting their needs (Ingley and Walt, 2012).

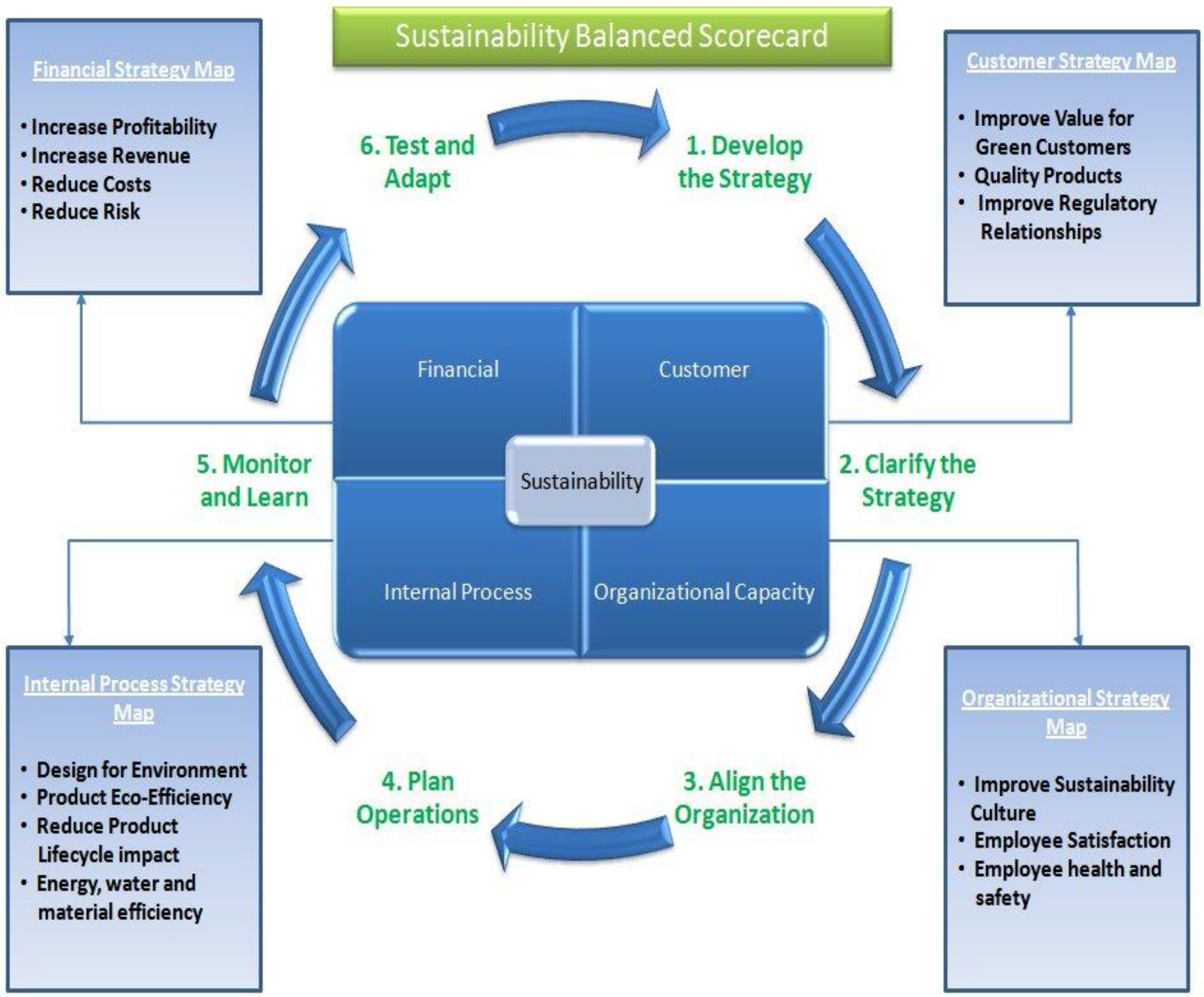

Figure 4: Sustainable balance scorecard

Adopted from Klapper and Love (2014)

The above figure thus, shows best practices adoption in the corporate governance have enacted a strong basis for them through positively impacting on the measures of managements' well as public sector enhancements all over the world in varied economies (Gregory and Simms, 2013). Hence, most of the decisions made for the public sector and firm operational aspects are exerted with the greater promoters' family influence as well as groups over the functioning and management. These affairs mean that investors are comfortable getting a return on their investment. This further keeps the members of the public interests, employees and the society as part of the groups that make the stakeholders in a composed form (Gürsoy & Aydogan, 2012).

Kocenda and Svejnar (2014) argue that performance strategy can be realized if the sector is accurately mapped onto the environment in which it operates. The strategy is based on conservation for the benefit of stakeholders, investing in the environment improvement and reducing the number of complaints from the public. The findings were moderated by operational policies, which were the practices and instruments by which public sector rationalize and continuously improve the efficiency of services offered. These policies include decision structures, standards, team synergy, systems, procedures and methods through circumstances that change from time to time that eventually lead to high performance.

Inclusiveness of Employees on Performance

Corporate governance has turned into a significant overall issue in light of the disappointment of organizations (Farrar, 2008; Du Plessis et al., 2011). Consequently, distinctive nations and markets have utilized the essential regular rules of the OECD Principles to realize great codes of corporate governance actions. Good governance is the little removal of corporate resources by administrators or the control of shareholders to enhance assignment of assets. Additionally, great corporate governance assumes an adjusting responsibility regarding speeding up performance of companies in both advanced and developing states. Conversely, there are various differences in social and financial factors in different states; structures of corporate governance vary according to every country. This leads to differences in comparison of the relationship that exists between corporate governance and the performance of public sector for both developed and developing economies (Lipton and Lorsch, 2015).

According to Haniffa and Hudaib (2015) in order to ensure the desired public institution performance there is need to have inclusiveness of employees in order to assign them different roles. This results to able to address of customer needs and complaints quickly and equally to all residents, employees are provided with the best place to work and that staff develop skills that make performance of their work easy. Tihanyi, Johnson, Hoskisson and Hitt (2013) assert that responsibilities assigned depend with employee skills and competences. Responsibilities are assigned from the management level to subordinate or support staff according to the organization structure and needs. The most skilled employees depending on their qualification are believed they can handle the management level cascading to the support staff level.

Lins (2013) posits that inclusiveness of employees requires setting of structures which include; having fair recruitment procedures, training structure that are enhanced to ensure participation of all stakeholders and adopted capacity building programs directed at ensuring employees have the same goals. The study also shows that inclusiveness of employees has a significant positive influence on performance of public sector. According to Oyserma (2013) structures set within a public organization are key as they ensure good governance practices are operational at all levels. Structures that ensure effective coordination within the organization ensures the desired performance and outcome that are favorable to the public.

Mang'unyi (2011) explored governance mechanisms and their impact on sustainable performance of firms inside Nairobi, Kenya with reference to business banking sector. 40 bank managers drawn from state-claimed, privately possessed and outside possessed managing an account organization taken an interest in the review. The findings demonstrated no significant connection between possession and performance, and between banks proprietorship structure and corporate governance forms. Additionally, it uncovered that there was critical contrast between inclusiveness and budgetary performance of banks. Conversely, remote claimed banks had some preferable performance over locally owned banks.

Wachudi and Mboya (2012) investigated the effect of inclusiveness of employees on performance of manufacturing firms in Kenya. The study targeted all the 32 commercial manufacturing firms. They used descriptive research design. Data was collected using self-administered questionnaires. Data was analyzed using correlation. The study found that inclusiveness in the firms had no impact on the performance of those firms.

Regulatory Bodies on Performance

The second pillar is regulatory bodies, which govern how public organizations operate. Regulatory bodies' role including; implementation of guiding ethics, protection of stakeholders' rights focusing on citizen interest as the top most and how communication cascades from the management to the members of the public. For the regulatory bodies to be effective and efficient they require checks at all stages and rules of implementation This results to leaders who manage the assets in the best way, primarily so as to attain the best results. This consists of rules so as to attain the firm's long term aims, which mainly is within the communication processes as put down by the administration in understanding the image of the organization (Andrade and Kaplan, 2014). These results to the governance aspects put forward that impact performance of firms and are significant to the conceptual structure as an aspect that influences funds management which is in line with the agency theory.

According to Franks and Mayer (2014) regulatory bodies are tusked with three main functions that are ethics implementation, protection of stakeholders' rights and ensuring effective communication procedures. According to Mwongozo code of conduct, National Treasury, County Public Service Board and county executive committee are some of the bodies that are entitled with regulatory functions of the county operations in Kenya. Besides, regulations set by the Public Procurement Regulatory Authority regulate and shape the county's procurement procedures. These bodies oversee the control, administration and management of the county operations with the purpose that promote objectivity (Onyango, 2014).

In enhancing county government performance ethics implementation according to Korczak and Korczak (2013) is through ensuring the county has performed well in fund management compared to other counties, ensuring risk management is adhered to minimize the same and ensuring checks and balances at all stages of public funds utilization set regulations. Shleifer and Vishny (2016) point out that when employees abide by the set corporate governance ethics performance is assured. This benefits both the organization and the beneficiaries who include members of the public. Protection of stakeholders' rights is key in enhancing public sector performance according to Dvorák (2014). This is through networking with other like-minded public organizations so as to satisfy the public needs, the regulatory bodies enhance market openness and this creates fair working conditions that favor investment and trade. According to Lins (2013) if stakeholders' rights are protected then the desired vigor from them is seen which ensure oversight and public interest is as well achieved.

Mang'unyi (2011) found that communication procedures by the regulatory bodies are vital while conduction the governing functions. To ensure performance of the public entities there is need for effective communication procedures from the managing team to the members of the public and have well set regulatory conditions that are set to motivate co-ordination within the public sector. This enhances performance and ensures. Bektas (2013) points out that corporate governance rules ensure minority stakeholders or shareholders are protected from exploitation by managers or controlling shareholders. Corporate governance rules are partially a function of the quality of management, with given agency problems within the firm, will be a function of the quality of governance structures within the firm. Observable factors related with governance structure, for example, the responsibility for administration and the top managerial staff, the compensation package of top administration, and the creation of the directorate will differ in ways so that organizations with specific sort of structures deliberately outflank firms with other administration structures (John and Senbet, 2015). Having a successful powerful regulatory body is an expanding capacity of enhanced governance quality among firms with high free income.

Kiplagat (2012) researched on how internal audits promoted corporate governance in public companies and came to conclusion that audits play a great role in ensuring effective corporate governance is enhanced. So as to ensure long-term level of good corporate governance, the managers ought to offer the required support and enhance status in the role of internal audit. According to a study done by Nambiro (2014) of the Nairobi Securities Exchange companies on the relationship that exists between profitability and corporate governance. It was found that all the companies studied had ensured the implementation of CMA guidelines on performance and corporate governance which were influenced by the use of the guidelines, size of the board, proportion of all groups of directors and the annual meetings held.

Consensus Orientation Practices on Performance

The third pillar of corporate governance contains consensus orientation practices which is a central pillar that requires the management to exercise agreements that ensure all resources can be accounted for (Klapper and Love, 2014). All members and stakeholders are protected through the all-inclusive approach, which also recognizes their rights. Competence, diligence, honesty, faithfulness and transparency are the factors that assist in exercising of stewardship on the resources that are entrusted upon the management are key when ensuring public disclosure of information. Having the appropriate skills and being competent helps those entrusted with enhancing the firm performance to be able to manage the resources in a reasonable way without misusing or mishandling so that the company can realize its goals. The company can only retain its sustainability by how serious it undertakes its management of the resources given to them (Jensen, 2013).

According to Mangena and Tauringana (2015) to enhance public sector performance there is need for consensus-oriented practices. To have an effective service delivery county government there is need to have consensus oriented practices elements of the employees who are skilled and competent, operate with fairness and ensure public disclosure and transparency with the employees circle and the public. Skills and competencies of employees are vital in ensuring performance of county government. According to Caplan (2014) measures of effective skills and competencies can be measured by if the county government management through the County Executive Committee (CEC) has resulted in fair and equitable funds-use resulting to a decrease in the risk of fraudulent exercises, County directors work in consultation with other stakeholders and if the employees plays a valuable role in the implementation of the county strategic plan.

In ensuring fairness in public sector there is need for county administrators to adopt good governance practices that include; recognizing and protecting the rights of all residents and stakeholders and ensuring funds use information is displayed publicly for all to access and question where need be. It is also important for managers to involve non-supervisory level employees through practices that offer a better understanding of the county performance mission (Vafeas and Theodorou, 2011).

Miniga (2015) did a study on the performance of Regulatory State Corporations in Kenya to find out the relationship that exists between their sustainable performance capacity and corporate governance. The corporate governance practices included employee skills and fairness in service administration. The researcher used a descriptive correlation research design to connect corporate governance and performance and find out the relationship that exists between them. In the work of Muriithi (2015) on state corporation's financial performance and corporate governance with a basis of New KCC revealed that the board adopted good governance practices that are revised and enhanced over time and resulted to an enhanced success. Various practices of corporate governance that were identified were; skill and competence of the employees, commercial communication, and board performance assessment, stakeholders' responsibility, social and environmental responsibility. Okwiri (2016) studied the determinants of Kenyan companies in the yearly reports on voluntary disclosure. The general and strategized, capital, looking forward and information from the board were the factors that the study accessed that were linked to voluntary disclosure for Kenya from the year 2012-2015. The main theory outlined in the study was the transaction cost theory.

Stakeholders Participation on Performance

Stakeholder's participation links the three aspects and requires responsible leaders as well as the beneficiaries with a capability and competence of steering the firm to better heights. They have an ability of providing an enabling environment through which the citizens are able exercise their oversight functions and contribute innovative solutions to shared problems (Reenen, 2011). Accordingly, Boyd (2015) posits that the corporate governance structure ought to perceive the privileges of stakeholders set up by law or through common understanding and support dynamic collaboration amongst companies and stakeholders in making riches, occupations and the manageability of financially stable enterprises.

According to Kapopoulos and Lazaretou (2011) stakeholders' participation is vital in ensuring performance of a public entity. Mechanisms and control of the daily operations are vital and this is done through stakeholder's participation. The enhancement of participation is by ensuring members of the public are provided with a platform to exercise their oversight functions, ensuring innovative solutions are shared in solving development challenges and by ensuring that both individuals and groups of people are given responsibilities to that will enhance the success of identified projects.

Tamer (2015) highlights oversight functions by stakeholders enhances public sector performance. The study show that members of the public in budgeting gives strategic insight on what needs attention with priorities. This is by ensuring effective communication to ensure the public understands the set point of action. To ensure that the members of the public participate fully in development then there is need therefore to conduct civic education units to educate citizens on their rights in the area development. Tan (2012) further points out that there should be consultations on issues affecting project performance in the county.

Project monitoring and evaluation by stakeholders also ensures performance of the county government according to Kapopoulos and Lazaretou (2011). The county administration should ensure that stakeholders who include the members of the public, investors, national government and other interested parties are encouraged to participate in the county development plans. Thus, Farrar (2008) posits that implementation, monitoring and evaluation of county operations are a collective responsibility that involves all stakeholders. A study by Du Plessis et al., (2011) on stakeholder's participation on performance of public sector found a positive significant relationship between Stakeholder's participation the two factors. The factors that were highly correlated with the effects were control mechanism by stakeholders and their influence to monitor and evaluate public projects.

Corporate governance has gotten more stress both in action and in academic research. This stress is expected, to some extent, to the pervasiveness of exceptionally exposed and deplorable financial revealing frauds, for example, Enron, WorldCom, Aldelphia, and Parmalat, a remarkable number of profit repetitions and cases of obtrusive income control by corporate administration (Knoeber, 2014). Further, academic research has discovered a relationship between limitations in governance subsequently of stakeholders none inclusion and poor public funds management, income control, financial explanation extortion, and weaker inside controls (Schoorman and Donaldson, 2011).

Kosehun (2014) sought to find out the influence of stakeholder participation in government projects in India. He identified nine projects in Mumbai. Data was collected using questionnaires and interviews. Data was analyzed using correlation. The study found that full participation of stakeholders in both the design and implementation of projects is the key to their success. Stakeholder participation through stakeholder analysis in the design phase gives local people control over how project activities affect their lives, which is essential for sustainability.

A study by Shleifer and Vishny (2015) in Yugoslavia manufacturing firms point out that stakeholder's involvement as an element of corporate governance gives top notch accounting information in the commercial center ensuring tenable financial records. The study findings additionally demonstrate that the impact of governance systems on financial information quality had a positive solid connection between firm structure and the financial revealing nature of firms. Mangena and Tauringana (2015) conducted a study in Zimbabwe health sector. The findings show that there is a major connection between corporate governance and cost of value capital. They found that organizations with more grounded governance decrease the cost of value capital through a diminishment in office issues and data asymmetry and subsequently of stakeholders' association. This finds that great corporate governance prompts a lower level of data asymmetry, in this way enhancing financial specialist trust in the revealed information on accounting.

Locally, Miring'u and Muoria (2011) examined how corporate governance affects performance in commercial state corporations in Kenya. The results were based on a sample of 30 respondents out of 41 commercial state corporations. The findings were that the board estimate mean for the sample was observed to be ten while at least three outside directors are required. The study revealed that there was a positive relation between Return on Equity and board size and board pieces of all state corporations.

Githinji (2013) sought to find out the factors that affect the sustainability of government projects in Kitui County. He carried out a case study. Data was collected through questionnaires and interviews. Data was analyzed using regression and correlation analysis. The study found that participation of the stakeholders in the project influences the success of the development projects; when stakeholders are involved at the initial stages to up to a point when they can manage the project themselves; the project is more likely to perform better.

Political Environment Moderating Effect on Corporate Governance and Performance of Governments

In a study to evaluate whether political environment had a moderating effect on corporate governance and performance of governments, Lindsey (2014) evaluated service delivery among federal governments in Germany during the electioneering period. He targeted the federal government staff. The study used descriptive research design. The study used questionnaires to collect data to find out whether there was client satisfaction and commitment by the staff. Data was analyzed using linear regression analysis. The study found no moderating effect of the political environment on the performance of the federal governments, as there was no difference in service delivery among the staff during and after elections.

To test the moderating effect of political environment on corporate governance and performance of governments in Nigeria, Adeyemo (2014) evaluated service delivery among regional governments. The study used correlational statistics to compare service delivery among elected officials in an election year and after the elections. The study used descriptive research design. The study used questionnaires to collect data to find out whether there was satisfaction among the public with the services provided before and after elections. Data was analyzed using linear regression analysis. The study found that during the electioneering period service delivery by the regional government staff was negatively affected compared to normal times. This was attributed to the uncertainty as to whether such staff would be retained in the next government. The clients reported that they were less satisfied with the services during the electioneering period compared to ordinary times.

Merkeley (2015) studied the moderating effect of political environment on corporate governance and performance of governments in the USA. He evaluated service delivery among federal governments during the electioneering period. He targeted the federal government staff. The study used descriptive research design. The study used questionnaires to collect data to find out whether there was client satisfaction and commitment by the civil servants. Data was analyzed using correlational analysis to compare service delivery before and after the period. The study found no moderating effect of the political environment on the performance of federal governments.

RESEARCH METHODOLOGY

Research Philosophy

This study adopted a positivist research philosophy. Truth and objective reality are established through positivism, which is the one, and only way it can be established scientifically which is also called logical positivism. True knowledge according to positivism can only be found through science. The social world is only investigated through methods, techniques and procedures that hold science naturally (Cooper and Schindler, 2013). Kibua and Mwabu (2016) used metaphysics or theology to distinguish between empirical knowledge and knowledge as sought in his study; metaphysical speculation when not deprived, represented truth more compared to scientific knowledge. Kotler (2010) opined that this philosophy is established on information from positive confirmation of know experience instead of introspection or intuition. This study therefore applied this philosophy to evaluate the corporate governance effect on county governments' performance in Kenya in relation to positivist research philosophy.

Research Design

This is the manner in which a study is designed, is what Cooper and Schindler (2013) termed as a research design. To ensure triangulation different methods and designs were used. According to Nyororo (2006), triangulation is used to increase the wider and deep understanding of the study phenomenon by enhancing the study accuracy. 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. Other scholars (Ndonga, 2016 and; Kibua and Mwabu, 2016) have utilized cross-sectional survey and viewed it suitable and dependable to examine same studies. This method was multipurpose because corporate governance in strategic leadership and performance of the firm is a non-concrete concept that was best studied using a survey.

Population

A collection of items, objects, subjects or individuals that forms the source of a sample is referred to as a population (Kadam and Bhalero, 2010). The unit of analysis was the 47 county governments in Kenya and was drawn from the Auditor General report (GoK, 2016) as presented in Appendix V. 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).

Sampling Design

Officer responsible for Human Resource administration in every district gave it by use of inscribed authorization carrying out the study. This sampling frame assisted the investigator to draw a sensibly sufficient sample, in which all individuals from the interested population had an equal shot of being chosen. Population that represents the actual targeted population is what Mugenda and Mugenda (2009) term as a sample population. The Israel (2000) formula was adopted for this study. A confidence level of 95% was adopted.

$$n = \frac{N}{1+Ne^2} = \frac{3058}{1+3058\,(0.05)^2} \; n = 354$$

Where: n = Sample size; N = Population; e = Significance level

As per Yin (2003), a sample of 300 guarantee sufficient data that allows bivariate and multivariate analysis measures of performance measures. 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. The scholar utilized simple random sampling technique for selection of the sample for the study. This indicates that there is an equal chance of selection for each individual within each target population strata. The population was categorized into strata and then simple random sampling technique was applied in each stratum within.

Data Collection Methods

Questionnaires were used in data collection of the study, which were distributed to staff members in the county as study participants. The questions were designed to test hypothesis and provide answers to specific objectives with qualitative questions included to allow participants provide detailed explanation on their responses where applicable (Mugenda and Mugenda, 2009). The data was collected using questionnaires on the dependent variable performance. The questionnaire was divided into seven (7) parts: Section A captured the demographic information; Section B was on inclusiveness process. The third (section C) solicit information on regulatory body. Section D and E which are the 4^{th} and 5^{th} section contain questions on consensus orientation practices and stakeholder's participation respectively while the 6^{th} section (F) sought information on the moderating factors which are political environment and eighth section (G) was on the counties' performance.

Data Analysis Methods

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. For further analysis of the data, basic features of data collected were provided. Qualitative data was arranged according to objectives of the research and the responses analyzed in themes and integrated with the findings from quantitative data in discussions. For ensure further data analysis triangulation, various statistical methods were applied including; factor analysis as well as descriptive analysis. The descriptive statistics employment enabled for the data reduction and summary and items of variables analysis in order to offer better understanding as to the features of the sample. The study used regression models for testing the association amongst the variables of the study. As specified below was the regression model applied for this study:

$$Y= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \text{ ......} \textit{Model (i)}$$

$$Y= \beta_0 + \beta_1 X_1 M + \beta_2 X_2 M + \beta_3 X_3 M + \beta_4 X_4 M + \varepsilon \text{ ......} \textit{Model (ii)}$$

Explained as: Y = Dependent variable (Performance of county governments); X = Independent variables (Effective corporate governance); β_0 = Constant term; X_1= Inclusiveness of employees; X_2 = Regulatory bodies functions; X_3 = Consensus orientation practices; X_4 = Stakeholder's participation; M = Moderator (Political environment); e = Error term (standard error)

The study used the moderated multiple regression (MMR) for testing the political environment moderating influence. To compare the political environment moderating effect, MMR analysis was used where analysis and interpretation of the models R-squared change was obtained from the model summaries with a focus of testing the hypothesis that the association between corporate governance and performance of county governments was moderated by the government policies. Testing for normality for all the variables being investigated was conducted by use of Q-Q plots. Tables, pie charts and graphs were used for data presentation. Analysis of qualitative data was done using content analysis. Structural equation modeling (SEM) involves generation of path analysis and diagrams that show interrelationships among the study variables. This study used absolute fit indices and incremental fit indices since they are the most commonly used in SEM (Hair et al, 2010). Incremental fit indices measure the extent to which the estimated model fit to a baseline model assuming that all the observed variables are uncorrelated (Ping, 2004) while the absolute fit indices measure how well the researcher's theory is represented by the observed values of the sample data (Hair et al, 2010). Earlier studies have employed AMOS for SEM and proven that SEM is appropriate in cross section research (Mohdsuki, 2011; Mohdsuki & Ramayah, 2010). Model analysis was done using the Structural equation-modeling (SEM) model (Schumacker & Lomax, 1996), which was also used in this study's testing for hypothesis relationship. These were the null hypotheses that inclusiveness of employees, functions of regulatory bodies, consensus orientation practices and stakeholders' participation where Kenyan county governments performance was found not to relate and the also Kenyan county governments' corporate governance and performance were found to have a null hypothesis on its political environment. The problems of estimation and hypothesis are tested through SEM, which is an easier method to find out the extent, at which they lie, problems that were initially thought to only be solved by statisticians (Bhattacharyya, 2011). The regression, factor analysis, simultaneous equations, and analysis of variance are subsumed by SEM, which is a multivariate analysis technique as standard methods. Measurement errors are corrected through SEM which has the most powerful ability of computation errors correction. Flexibility is also another factor that drives SEM. SEM is made easy by the software of Analysis of Moment Structures (AMOS). The variables were linked through AMOS which constructed conceptual model in the study.

RESEARCH RESULTS

The study explored the corporate governance effect on Kenya's County Governments' performance. The reviewed corporate governance aspects affecting the County Governments performance were inclusiveness of employees, regulatory bodies, consensus orientation practices and stakeholders' participation and political environment. An explanatory and descriptive cross-sectional survey design was used. Gathering of data was done using pretested questionnaires that were administered on 354 respondents. All the completed questionnaires were entered into SPSS version 24.0 statistical software and data analyzed for descriptive statistics and inferential statistics. Results were presented in tables showing the frequencies, percentages, means, standard deviation as well as coefficient of variation.

Influence of Inclusiveness of Employees on Performance of County Governments

From the regression analysis, it was found that a unit change in inclusiveness would lead to 1.581 units change in performance of county governments Pearson correlation findings. The study also found that performance and inclusiveness had a positive and significant association as shown by r= 0.497 and p-value=0.00. Further from the descriptive statistics, the study found that county governments have adopted capacity building programs directed at ensuring employees have the same goals and that the county ensures fair recruitment procedures. Moreover, county staff have developed skills that make performance of their work easy and that their training structure is enhanced to ensure participation of all stakeholders. In addition, employees are provided with the best place to work and they train their employees on technical skills and self-improvement so as to enhance productivity. Further, the counties regularly review their employees' welfare to incorporate cultural diversity and ensure gender balance to promote equality. However, employees are not able to address customer needs and complaints quickly and equally to all residents.

Functions of Regulatory Bodies on Performance of County Governments

From the regression analysis, the study found that if regulatory bodies change by one unit then there would be 2.247 units change in county governments' performance in Kenya. The correlation results showed that performance of county governments in Kenya and the regulatory bodies were strongly, positively and significantly correlated as shown by r= 0.691 and p-value=0.00. Further, from the descriptive statistics, the study indicated that the regulations set by the Public Procurement Regulatory Authority regulate and shape the county's procurement procedures and that county governments have checks and balances at all stages of public funds utilization and that they have created effective communication procedures from the managing team to other members. Again, the results indicated county governments that have created fair working conditions that favor investment and trade have performed well in fund management compared to other counties, and their regulatory bodies enhance that market openness. Further, the results of the study indicated that the set regulations enhance networking with other like-minded counties so as to satisfy the public needs of the county and that regulatory conditions are set to motivate co-ordination with other counties. Finally, the study established that regulatory bodies rarely create a risk in managing the county and that counties have created effective communication procedures from the managing team to the members of the public.

Influence of Consensus Orientation Practices on Performance of County Governments

From the regression analysis, the study found that an increase in consensus orientation would lead to a 2.151 increase in county governments' performance in Kenya. The correlation results also found that performance of county governments in Kenya and the consensus orientation were strongly, positively and significantly correlated (r= 0.654 and p-value=0.00). Further from the descriptive statistics, the study found that county governments input plays a valuable role in the implementation of the county strategic plan and that a governor communicates priorities to his/her subordinates. Moreover, the results indicated that county governments ensure that the public understands the county's priorities and that the county recognizes and protects the rights of all residents and stakeholders. Further, it was revealed that county workforce work together to promote increased commitment from all stakeholders and that the counties have realized that high involvement at all work levels lead to greater individual efficiency thus, greater overall performance. In addition, the county directors work in consultation with other stakeholders and that funds use information is displayed publicly for all to access and that managers involve non-supervisory level employees through practices that offer a better understanding of the county performance mission. Further, the findings show that the county government management through the County Executive Committee (CEC) has not resulted in fair and equitable funds-use resulting to a decrease in the risk of fraudulent exercises.

Influence of Stakeholders' Participation on Performance of County Governments

From the regression analysis, the study further found that increase in stakeholder's participation would lead to a 2.982 increase in the county governments' performance in Kenya. The correlation results also revealed that county governments performance in Kenya and the stakeholder participation were strongly, positively and significantly correlated (r= 0.866 and p-value=0.00). Further from the descriptive statistics, the study found that there are consultations on issues affecting project performance in the county and that members of the public are provided with a platform to exercise their oversight functions. Moreover, the county encourages investor participation in county development plans and the County Government ensures effective communication to ensure the public understands the counties' next point of action and that implementation of new projects is a collective responsibility that involves all, that innovative solutions are as a result of stakeholder involvement to share in solving development challenges facing the county, that civic education units have been established for educating citizens on their rights in county, and that monitoring of county operations is a collective responsibility that involves all stakeholders. The study finding further showed that the county government ensures that both individuals and groups of people are given responsibilities to ensure the success of identified projects within the county but rarely do members of the public take part in budgeting.

Moderating Effect of Political Environment on Corporate Governance and Performance of County Governments

From the regression analysis, the study further found that a unit change in political environment would lead to 0.869 units change in performance of county governments. From the correlation findings, it was clear performance of the county governments and political environment werestrongly and positively correlated (r=0.856 and p-value=0.00). Further from the descriptive statistics, the study found that the governor has a good working relationship with the county, that their county's legislative bodies are neutral and ensure awareness raising is done to attract investors, and that county executives ensure that development is distributed equally throughout the county regardless of political pressures. On the same, the study revealed that county governments ensure professional associations with other counties despite their varied political attachment and that the county prioritizes developments based on public interest rather than political pressures. Also, trade associations have not increased as a result of the county's political activities and that the county's political affiliation with the National government influences budget authorization. The findings indicated that the political setting barely influences control of revenue to county governments' preferred areas and that the political setting does not influence planning and development while the political setting does not lead to a mismanagement of finances in the county leading to a decrease in investors and investment. Nevertheless, county's legislative bodies are neutral and ensure awareness measures are created so as to attract investors.

CONCLUSIONS

Influence of Inclusiveness of Employees on Performance of County Governments

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.

Functions of Regulatory Bodies on Performance of County Governments

The study also concluded that regulatory bodies positively and significantly influenced performance of the country's county governments. The study deduced that regulations set by the Public Procurement Regulatory Authority regulate and shape the county's procurement procedures and that most counties have checks and balances at all stages of public funds utilization. It was also deduced that most county governments have created effective communication procedures from the managing team to the members of the public and fair working conditions that favor investment and trade. The study also deduced that counties have performed well in fund management and regulatory bodies enhance market openness. The set regulations enhance networking with other like-minded counties so as to satisfy the public needs of most of the counties.

Influence of Consensus Orientation Practices on Performance of County Governments

The study further concluded that consensus orientation influenced performance of county governments in Kenya. This was as a result of county officials input playing a valuable role in implementation of the county's strategic plan and the Governor communicating priorities to his/her subordinates. It was also as a result of counties being able to ensure that the public understand the county's priorities, recognizing and protecting the rights of all residents and stakeholders and county's workforce working together to promote increased commitment from all stakeholders. It was also as a result of the fact that county directors work in consultation with other stakeholders and ensure that funds use information is displayed publicly for all to access.

Influence of Stakeholders' Participation on Performance of County Governments

The study again concluded that stakeholder participation influences performance of county governments in Kenya positively. It was deduced that consultations on issues affecting project performance in the counties took place where members of the public are provided with a platform to exercise their oversight functions as well as encouraging investors' participation in county development plans. The study also deduced that County Governments ensure effective communication to ensure the public understands the counties' next point of action where implementation of new projects required collective accountability involving all stakeholders. Innovative solutions are the result of stakeholder involvement to share in solving development challenges facing the county where county government ensures that both individuals and groups of people are given responsibilities to ensure the success of identified projects within the county.

Moderating Effect of Political Environment on Corporate Governance and Performance of County Governments

The study finally concluded that political environment as a moderating variable influences county performance in the country positively. It was deduced that most governors have good working relationship with the county assembly and that the county executives ensure that development is distributed equally throughout the county regardless of political pressures. The study also deduced that the county prioritizes developments based on public interest rather than political pressures and that trade associations are increased as a result of the county's political activities.

RECOMMENDATIONS

Influence of Inclusiveness of Employees on Performance of County Governments

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.

Functions of Regulatory Bodies on Performance of County Governments

Since it was found that regulatory bodies have a positive and significant influence on county governments' performance in Kenya, there is a need for county governments to set effective regulations through the Public Procurement Regulatory Authority so as to regulate and shape the county's procurement procedures. This will ensure that no financial resources are unaccounted for. The county governments also need to create fair working conditions that favor investment and trade, which will enhance market openness and co-ordination between counties hence allowing and encouraging foreign investments.

Influence of Consensus Orientation Practices on Performance of County Governments

The study found that consensus orientation affect the performance of county government significantly. The study also recommends complete implementation and enforcement of corporate governance guidelines in the counties at all times. The study also suggests a need for the county governments to organize regular business management skills training for the county officials and staff. This improves the level of expertise within the counties.

The study also recommends appropriate division of work between national and county governance bodies to eliminate uncalled for conflicts. This can be achieved by emphasizing meritocracy over political rightness in hiring of staff. The study also recommends that county financial administrators should strictly monitor financial dealings in the counties. Financial impropriety should be punished and stakeholders should be given the right to participate in the running of the affairs of the counties.

Influence of Stakeholders' Participation on Performance of County Governments

Further, the study found that stakeholder's participation affects the affect the performance of county government significantly. Hence the study also recommends that county governors need to sensitize county directors to work in consultation with other stakeholders to ensure that all of them feel part of the development agenda for the county.

The county governments need to also ensure that the public understands the county's priorities so as to reduce leadership conflicts that may derail progress. Further, counties need to be educated on how best to apply practices of corporate governance to improve their operational and financial performance. Good governance has a positive economic impact on their county government performance over time on a wide range of areas. This can be done through corporate governance forums and trainings for counties' officers

Moderating Effect of Political Environment on Corporate Governance and Performance of County Governments

Lastly, the study revealed that political environment has a significant moderating effect on how corporate governance is related to performance of county government. Therefore, the county governments need to provide members of the public and political leaders with platforms to exercise their oversight roles. This includes being consulted on what projects need to be done within the county. This will make them feel part of the development projects and therefore give the needed support.

The county governments need to also encourage investors' participation in county development plans and adopt effective communication to ensure the public understands the counties' next point of action. The county officials, through the ward and village administrators, need to ensure that implementation and monitoring of county operations and projects is a collective responsibility that involves all stakeholders by ensuring that common Mwananchi is involved in the development projects decision making as well as implementation.

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