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To many Kenyans, devolution, the newly adopted form of governance system in Kenya presents an opportunity to address the diversity of local needs, choices and constraints. It carries the promise of a more equitable system of sustainable economic development for the nation. Forty seven (47) new counties were established by the new constitution through which governance will be executed in the country. The degree of preparedness of the new counties to be strategically managed to guarantee self sustainability is, however, a subject of much concern for Kenyans who argue that poor preparation might frustrate their dreams of improved livelihoods. This study sought to establish the role of governance systems in the formulation and execution of strategy in the strategic management of counties in Kenya. Scholars, researchers, students of management, national and county policy developers are expected to be among the key beneficiaries of the results of the proposed study. The study adopted exploratory and descriptive research design, which required in depth analysis on the role of governance systems in the strategic management of counties in Kenya. The population of the study was the forty-seven (47) counties in Kenya. Cluster and purposive sampling techniques were employed in the study. Questionnaire instruments were used in the collection of data. Qualitative and quantitative data collected from this study was analysed using the Statistical Package for the Social Sciences (SPSS). A major result of the study was that resources endowments, both natural and human play a significant and deterministic role of the level of economic growth achievable by any government. County governance systems, therefore, have an imperative and important role of starting with the taking of stock and identification of the levels of resource endowments within their counties. Ascertaining these levels will pave way for proper planning, development and management of the resources for the economic growth of the counties. Human resource capacity, in particular, has a direct and significant impact on the strategic management of counties. Early establishment of training institutions to fill identified skill gaps is an imperative role for the county governance systems. Another result was that corruption has for long beleaguered the Kenyan economy for a very long time. Establishing and implementing strong and stringent anti-corruption laws, therefore, has direct influence on the economic development of counties.

Key words: Strategy, strategic management, governance, sustainability, public sector, county, subsidiarity, devolution, resources, competitiveness, internal controls.

INTRODUCTION

In the early 1990s, good governance became a common vocabulary in the development discourse across the developing world which promised to bring about fundamental changes in the political, administrative and economic structures of the developing world (UNDP, 1997a). Under the good governance agenda, the vital role of the state is to create a political environment that is conducive to development by redefining the role of government in the economy; creating political commitment to economic, political and social
restructuring; decentralizing and democratizing government; and strengthening the financial and administrative capacities of local government (UNDP, 1997b).

UNIDO (2010) looks at governance systems as processes and interactions by which an organization engages and consults with its stakeholders and accounts for its achievements. Governance characterizes how things are decided and realized within an organization, be it a government or a private institution. Governance is, thus, a relevant strategic matter for devolved counties as it determines how they are directed, administered, or controlled. Devolution, as an advancement of the good governance theory is a form of decentralization that has been successfully practised by many countries across the world (World Bank, 2012). It has been adopted in a number of countries as a guarantee against discretionary use of power and resources by central government elites as well as a way to enhance the efficiency of social service provision, by allowing for a closer match between governance of public institutions and the desires and needs of local people. Countries that have successfully implemented devolved governance systems in the western world include Britain, Germany, United States of America, Canada and Australia. In Africa, good examples of countries where devolution has been successfully practised over the years include South Africa, Nigeria and Ethiopia. When well managed, devolved governance systems result into several benefits to the citizenry of a country as demonstrated in the succeeding sections of this paper.

In establishing whether there is a positive relationship between devolution and good governance, Hueglin (2010) argues that this should be viewed from four specific angles, namely: transparency, accountability, responsiveness and human rights. Hueglin presents the idea that devolution would strengthen these goals and values but does not guarantee good governance in itself. Kulshreshtha (2008) observes that good governance systems are epitomized by predictable, open, and enlightened policy making; a bureaucracy imbued with professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs and all operating under the rule of law. Devolution is associated with greater participation in key decisions by members of society; a greater sense of shared vision and mission; an improved societal confidence and support based on greater knowledge and involvement (World Bank, 2011 and 2012). A greater organizational autonomy is linked to an increased sense of ownership, commitment, empowerment, initiative, professionalism, motivation and morale. Devolution can only set the scene but it is the performance of the key actors which determines the results.

Fenton (1996) observes that there are many recent literature records that place claims of positive outcomes of devolution. Some of these claims are tentative, modest and at times based on findings of research while others are sweeping and largely unsubstantiated. Fenton further observes that with the quality of management, greater organizational autonomy leads to more effective and efficient management, the alignment of responsibility, authority and accountability, and a greater concern for people. Examining devolution from the angle of structures and processes, Fenton (1996) concludes that organizational self-management transforms the patterns of authority positively and improves the process of communication, planning, decision making, problem solving, resource allocation, staff relationships, supervision, evaluation, feedback and system wide accountability.

Barcan (1992) supports these arguments by saying that despite all the positive claims about devolution, it is worth recognizing that in itself, devolution does not and cannot guarantee increased effectiveness and efficiency, better planning, decision making, resource allocation, evaluation or accountability. He observes that devolution is a form of governance system that is merely a management devise that moves the discretion, authority, responsibility and accountability for some decisions from the central arm to an individual unit of government (subsidarity). Transfer of power provides the opportunity for quality of organizational decision making and action to benefit from knowledge of local wishes, needs, resources and opportunities. Finn (1986) adds that the positive or negative consequences of devolution depend more on a range of other associated factors than on the fact of devolution itself, that is, the political and industrial climate in which devolution takes place, the change processes proposed, the readiness of the leadership, professional development availability, the nature and level of ongoing system support and the organizational climate.

According to Sarkar (2003), devolution, as a form of governance could be seen as a means; through which governments are able to provide high quality services that citizen’s value; for increasing managerial autonomy, particularly by reducing central administrative controls; for creating receptiveness to competition and open-mindedness. This is aimed at encouraging other actors such as the private sector and civil society organizations to participate in providing goods and services; and for empowering citizens through their enhanced participation in decision making, development planning and management (Hope and Chikulo, 2000). In recent years, devolution has received much attention from those concerned with third world development. Among academicians, it has become the latest fashion in development administration (Esman and Uphoff, 1988). Perhaps, it would be difficult to find any developing state without experience of devolution in one form or another. Devolution is and should be associated with principles of local self-reliance, participation and accountability, adaptation of programs to local environments; improved
communication; resource mobilization; utilization of local expertise; better utilization and maintenance of facilities and services; and cooperation.

While Turner and Hulme (1997) uphold the positive attributes of devolution as demonstrated by other scholars, they observe that the flipside of devolution is that it may lead to disunity among the small administration units, promote ethnicity, and enhance corruption, lead to excessive taxation and rise in nepotism. Therefore, in order to optimise on the many benefits of devolution as a form of governance discussed in the preceding sections of this thesis and to avoid its noted pitfalls, one may conclude that institutionalizing effective governance systems in all the Kenyan counties is imperative. Only then shall the newly established counties be strategically managed towards competitive sustainability.

The problem
Devolution, as a form of governance embraces the principle of subsidiarity which advocates for the transfer of responsibilities and decision making powers from the central government to the local governance units. According to the World Bank (2012), devolution has been successfully practiced in, among world countries, the United States of America, Canada, Britain and Australia. In Africa, it has been practiced in South Africa, Nigeria and Ethiopia. In most of these countries, devolution is seen as a process of giving political autonomy to administrative units that are already in place. The World Bank (2012) observed that, in contrast, Kenya’s devolution entails creating new political and administrative units all at once. Based on the 2010 constitution, this new governance system carries the promise for a more equitable model of sustainable economic development for most Kenyan. Through devolution, it is hoped that historical injustices and spatial inequities will be addressed. The World Bank (2012) further argued that management of the state through the central and local authorities in Kenya over the past fifty years of independence has experienced a myriad of challenges. Kenyans have witnessed dismal performance by successive governments due to weak governance systems across the nation. Most of the new counties may lack effective governance systems necessary to enable them to be managed strategically and independently. Article 203(2) of the 2010 Kenyan constitution stipulates that counties will get a minimum of 15% of total national revenue. As of today, the Kenyan Government adopted a 15% allocation as the amount to distribute to all the counties. This figure have has elicited sharp reactions from the County Governors. Being that the 15% allocation through CRA is meant to be supplementary, with the counties expected to generate the bulk of the wealth locally for their sustainability, it may call for county leaders to engage strategic management practices in order to attain sustainable economic status. Devolution, being a new phenomenon in Kenya, the level of preparedness of the counties to face up with the identified challenges and potential complexities to ensure that they are managed strategically is a major concern. A study to offer guidance and solutions to the challenges and potential complexities identified was necessary.

Literature Review

Human resources development
The development of human capital and talent in both public and private sector organizations has become critical in an increasingly knowledge-based globalizing economy. In particular, human resource capacity building for public service delivery has been recognized by developed, transitioning, and developing economies under the notion of the “new public management (NPM)” reform (Taylor, 2001).

Generally, decentralization is commonly accepted in both theory and practice as a means to ensuring good local governance and the delivery of effective public service by increasing “allocative” and “productive” efficiency. However, this assumption of great promise is contingent on its design, and the institutional, technical and human resource development (HRD) capacity arrangements governing its implementation (Analoui, 2002).

The strategic importance of identification and development of human resource capacity was first raised at the African Leadership Forum on June 21, 1990 in Nigeria. At that meeting, Robert McNamara, the former President of the World Bank emphasized “the imperative of building local African capacities” as the cutting edge of Africa’s strategic development agenda. In his view, the lack of “necessary human skills and well-managed public and private institutions for long term, sustainable economic growth was a priority to be included in every development activity in Africa, because of its implications for improved development management and good governance” (World Bank, 2000). The bank further noted that:

“Africa’s future lies in its people. Indeed, Africa must solve its current human development crisis if it is to claim the twenty-first century. Africa’s future economic growth will depend less on its natural resources, which are being depleted and are subject to long-run price declines, [...] and more on its labour skills and its ability to accelerate a demographic transition”.

The Bank’s observation is underscored by the reality that the most valuable and critical organizational resource is its people (Analoui, 2002). It a fact that people conceive, plan, and execute all tasks, coordinate and organize inputs and produce outputs. It should thus be safely assumed that endeavours would succeed or fail because of the people involved (Powell, 2001). As Analoui and Antwi (2008) observed, decentralization has the potential to improving local public service delivery and ensuring good governance. Both Tewfik (2010) and Analoui and
Antwi (2008) stated that in the short term, while establishing training institutions to develop the needed manpower, outsourcing of the critically needed skills is a welcome option. To realise the dream decentralization, therefore, several HRD policy actions and interventions are required, including: establishing functional, well-retooled and professional HRD institutional structures at all levels of local government administration.

Tewfik (2010) established that Ethiopia faced several challenges at the outset of the implementation of the devolved governments. Key challenges experienced included the maintenance of peace and order, the establishment of government structures throughout the country and the resuscitation of the economy, which at the time was in bad state. The other most important challenge faced was how to rebuild and sustain an efficient and productive civil service. During the transitional period, in spite of the significant redeployment of civil servants from the central government to regional governments, all the regional governments suffered a scarcity of skilled personnel and poor capacity for the implementation of their policies and programmes. Hence, the public service delivery was largely inadequate and civil service performance continued to be constrained by a lack of skilled and qualified personnel.

Tewfik (2010) further stated that to address the scarcity of skilled personnel in all the regional states, and to build the capacity for both the federal and regional governments, the Ethiopian Civil Service College was established. This autonomous higher education institution was tasked to identify and build human resource capacity through the provision of education and training for all civil servants. The education and training offered by the college helped to alleviate the severe shortage of skilled human resources that the regional governments were confronted with. Jarvalt and Randma-Liv (2010) avowed that strategic human resource management (HRM) is crucial in public organizations in order to adapt to the changing role of government and of those who work in the public service. They argue that comprehensive human resource strategies are needed to exploit new opportunities and to ensure that all public service functions are carried out according to the highest professional standards. Political environment may influence the implementation of strategic HRM since successful HRM in the public sector requires not only support from top managers but also political support (Storey, 1989).

Natural resources endowments

Economies endowed with vast natural resources world over have reported high economic growth rates, experienced unequaled inflows of capital and grown their investments and infrastructure a great deal (Kitonyo, 2012). However, if these resources are not carefully identified and strategically managed, natural resource endowments could easily become a curse rather than a benefit to an economy, as has been witnessed in oil rich Nigeria, South Sudan, Angola, the Democratic Republic of the Congo and large parts of the oil rich Arab world. In some of the natural resource rich, particularly oil rich economies that have experienced high growth rates, the benefits of the oil resources have not trickled down to the general citizenry of those economies. There are high expectations that Kenya’s discovery of oil will improve its balance of payments position by cutting down on oil imports, thus reducing inflation as well as reduce the cost of living for the common man. To achieve this and, thus avoid the “curse”, governance systems must be sound and strong and strategic management systems efficient and effective at the country level.

Empirical evidence shows that natural resource abundant countries in Africa have not done that well in terms of economic and human development indicators (Palley, 2003). Citing the Nigerian example, again, Nigeria’s economy has been in doldrums with increasing poverty among its population in spite of the huge inflow of oil revenues (Human Rights Watch, 2005). The notion of a negative relationship between natural resource and socio-economic development does not sit well with many; that instead of being a blessing, natural resources can become a curse for some countries, a phenomenon that Karl (1997) described as the “paradox of plenty”. In most of the countries that have experienced this phenomenon, natural resources are viewed as lootable resources that provide the impetus for instability and conflict (Collier and Hoeflffler, 2004).

The resource curse syndrome or the “Dutch Disease” as it is also called is a phenomenon that describes the inability of natural resource abundant countries to derive full benefits from their natural resources (Soros, 2007). It epitomizes the fact that the resource which is a blessing becomes a curse due to some intervening factors. These intervening factors which are economic, political and social underpin the phenomenon of the resource curse. Humphreys, Sachs and Stiglitz (2007) argued that the Dutch disease is a shift from the hitherto productive sectors such as agriculture and manufacturing to the non-tradable sectors such as resource export and construction industry. The term is attributable to the 1960s economic downturn of The Netherlands with regards to the manufacturing sector and the North Sea natural gas discovery. Pick and Thein (2010) submitted that the growth of countries rich in natural resources ultimately depends on the quality of institutions. Institutions with sound governance systems as well as effective and efficient strategic management approaches provide the ambient environment for optimal operational performance and vice versa.

Public financial management, budgeting and procurement systems

According to Mortimer (2001), government financial managers, often, are responsive to a series of challenges...
in operations from those in private, such; a) the public official serves a government that is a creature of law and that can do only what the law provides, unlike in private sector where an organization can do virtually anything the law does not prohibit, b) there is a general fear of visibility, that is, the government official is more comfortable in obscurity, c) there is resistance to change by the government official, d) top echelons of government are composed of fixed-term appointed or elected officials. While this is the reality in public financial management, modern management practises discourage this trend and encourage more of the private sector approach that is geared towards increasing assets base of the government and profits as is often the case in private sector.

In an attempt to improve public financial management systems, the Republic of Kenya (2011), introduced an MTEF budgeting process with the aim of addressing the following objectives:

a) To provide a comprehensive and realistic framework for the planning and management of public expenditure,

b) To increase the predictability of resources through a structural budget planning process that provides more reliable estimates of revenues and expenditures over a three year period,

c) To better link resources allocation processes to government policy and programme priorities,

d) To restructure and rationalise resource allocation so that priority areas receive adequate funding,

e) To improve the basis of the budget by moving away from the incremental approach to estimating the actual costs of government activities in delivering goods and services and integrating the preparation and presentation of the recurrent and development budget and,

f) To introduce a forward or medium term perspective in the planning of policies, expenditures and revenues.

In the same year, 2011, the government, in further effort to strengthen its public financial management reforms, introduced a manual on Programme-Based budgeting, as part of the MTEF Process. The manual provides clear guidance during the budgeting process to ensure that monitoring of desired results is made simple. The manual also assists with easy reporting on progress and feedback mechanism that informs policy and decision making.

The government, through its strategy paper on public financial management (Republic of Kenya, 2012) recognized that there are problems related to the transformation of political priorities into the annual budget allocations, and the full implementation and credibility of the recurrent and development budgets. Tracking of public expenditure reveal that service providers seldom fully receive the intended resources. Further, equality, accuracy and timeliness of financial reports and accounting are still poor. The roll-out of government management information systems is hampered by problems related to the communication infrastructure. Pension record system is manual and unreliable thus creating problems for pensioners. The paper further recognizes that efforts to mobilize public resources often encounter problems with tax evasion and poor collection and accounting of non-tax revenue.

The public financial management strategy paper, therefore, is a bold decision by government to facilitate the provision of essential public services to the people of Kenya. The strategy paper provides a clear direction on how the government needs to efficiently mobilize resources through the revenue and tax systems and channel the resources to the most needed and politically prioritized areas of service, such as education, health, security and justice, infrastructure for roads and water provision, etc. The system emphasizes equity and transparency in the use of public funds and advocates efficient measures in place for control, payments, reporting and efficient financial management at both service delivery and oversight levels.

**METHODOLOGY**

This study adopted an exploratory and descriptive research designs which required in depth analysis on the role of governance systems in the strategic management of counties in Kenya.

**RESEARCH FINDINGS AND DISCUSSIONS**

The issue of resources development and management is quite important to the counties because each and every county holds unique resources, some of which have been discovered and exploited while others have not. The issue becomes even more complicated of the different levels of ownership for instance some are owned by the national government, others by international firms and others by the county governments. Deriving of benefits from those resources within counties by the county residents regardless of the ownership is the big challenge for the county governments. Based on the reviewed literature relevant to this study, it is argued that economies endowed with vast resources world over, if well managed, have reported high economic growth rates, experienced unequalled inflows of capital and grown their investments and infrastructure a great deal.

This study sought to determine the extent to which governance systems influences resources development and management for the strategic management of counties in Kenya. Frequency and percentage distributions from the findings of study are presented in table 1 and figures 1 and 2. These results show a convincing majority of over 64% of the respondents affirming that resources development and management is important for the strategic management of counties in Kenya.

A detailed presentation and interpretation of the findings and results obtained from the study are discussed in sections to (a) to (i) below.
Table 1: Frequency results on resource development and management

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
<td>f</td>
<td>%</td>
</tr>
<tr>
<td>Resource identification</td>
<td>4</td>
<td>2.8</td>
<td>5</td>
<td>3.5</td>
<td>23</td>
<td>16.1</td>
</tr>
<tr>
<td>Training Institution</td>
<td>2</td>
<td>1.4</td>
<td>7</td>
<td>4.9</td>
<td>22</td>
<td>15.4</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>3</td>
<td>2.1</td>
<td>6</td>
<td>4.2</td>
<td>31</td>
<td>21.7</td>
</tr>
<tr>
<td>Anti-corruption</td>
<td>17</td>
<td>11.9</td>
<td>23</td>
<td>16.1</td>
<td>26</td>
<td>18.2</td>
</tr>
<tr>
<td>Labour</td>
<td>15</td>
<td>10.5</td>
<td>18</td>
<td>12.6</td>
<td>26</td>
<td>18.2</td>
</tr>
<tr>
<td>Financial management</td>
<td>13</td>
<td>9.1</td>
<td>17</td>
<td>11.9</td>
<td>36</td>
<td>25.2</td>
</tr>
<tr>
<td>Revenue Allocation</td>
<td>10</td>
<td>7.0</td>
<td>10</td>
<td>7.0</td>
<td>30</td>
<td>21.0</td>
</tr>
<tr>
<td>Professionals</td>
<td>11</td>
<td>7.7</td>
<td>26</td>
<td>18.2</td>
<td>32</td>
<td>22.4</td>
</tr>
<tr>
<td>Governance Systems</td>
<td>14</td>
<td>9.7</td>
<td>28</td>
<td>19.6</td>
<td>43</td>
<td>30.1</td>
</tr>
</tbody>
</table>

Figure 1: Average percentage of resource development and management

Figure 2: Frequencies for resource development and management

a) Taking stock and identifying resources
The results presented on table 1 indicate that 77.7% of the total respondents were of the view that taking stock and identifying resource endowments (human and others) is an important starting point for their counties. Of these, 30.1% strongly agreed while 47.6% agreed. The
results further show that 16.1% maintained a neutral position, 3.5% disagreed while 2.8% strongly disagreed. Table 2 presents mean and standard deviation results showing that a mean of 3.99 and a standard deviation of 0.927 were achieved.

These findings concur with a study conducted by Kitonyo (2012) who observed that economies endowed with natural resources world over have reported high economic growth rates, experienced unequalled inflows of capital and grown their investments and infrastructure a great deal. Kitonyo (2012), however, cautioned that if the resources are not carefully identified and strategically managed, they could easily become a curse rather than a benefit to an economy. The results concur with a Wold Bank (2000) study which stressed that identification and development of human resource capacity was of great strategic importance and imperative for building local African capacities as the cutting edge of Africa’s strategic development agenda. The World Bank further observed that development of the necessary human skills and well-managed public and private institutions for long term sustainable economic growth was a priority to be included in every development activity in Africa, because of its implications for improved development management and good governance. The results also support the findings by empirical Tewfik (2010) who stated that to address the scarcity of skilled personnel in all the regional states, the Ethiopian Civil Service College was tasked to identify and build human resource capacity through the provision of education and training for all civil servants.

Based on the findings of this study, it is imperative that all counties in Kenya start with taking stock and identification of the existing resources within their county borders (both human and natural). Going by recent debates in the media originating from the counties and the transition authority, it is clear that there is some level of confusion on what resources exist at county levels. It is not even clear whose responsibility it is to take up this task of identification of what exists at the various counties, with the Transition Authority caught in the cross-fire. Each county should take full responsibility in identifying, development and strategically managing their resources for the economic good of the county residents.

<table>
<thead>
<tr>
<th>Categories</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taking stock and identifying resources</td>
<td>143</td>
<td>1</td>
<td>5</td>
<td>3.99</td>
<td>.927</td>
</tr>
<tr>
<td>Training institutions</td>
<td>143</td>
<td>1</td>
<td>5</td>
<td>4.19</td>
<td>.964</td>
</tr>
<tr>
<td>Outsourcing of Labour</td>
<td>143</td>
<td>1</td>
<td>5</td>
<td>3.84</td>
<td>.869</td>
</tr>
<tr>
<td>Anti-corruption systems</td>
<td>143</td>
<td>1</td>
<td>5</td>
<td>3.38</td>
<td>1.326</td>
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<tr>
<td>Managing existing resources</td>
<td>143</td>
<td>1</td>
<td>5</td>
<td>3.34</td>
<td>1.132</td>
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<tr>
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<td>5</td>
<td>3.31</td>
<td>1.077</td>
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<tr>
<td>CRA revenue allocation</td>
<td>143</td>
<td>1</td>
<td>5</td>
<td>3.59</td>
<td>1.050</td>
</tr>
<tr>
<td>Professionals to manage resources</td>
<td>143</td>
<td>1</td>
<td>5</td>
<td>3.51</td>
<td>1.321</td>
</tr>
<tr>
<td>Governance Systems</td>
<td>143</td>
<td>1</td>
<td>5</td>
<td>3.26</td>
<td>1.293</td>
</tr>
</tbody>
</table>

b) County will benefit from developing appropriate training institutions

Asked whether their counties will benefit from the development of appropriate training institutions that will fill identified resource gaps, a total of 78.4% of the respondents agreed and strongly agreed. They felt that development of appropriate training institutions will help fill identified resource gaps within counties in order to ensure the strategic management of their counties. 15.4% of the respondents took a neutral position while 4.9% and 1.4% disagreed and strongly disagreed respectively. Further study revealed that the a good number of the 15.4% undecided respondents tended to agree that this is important except that it is a time consuming exercise and will require a lot of resource allocation. Responses to this question achieved the highest mean score of 4.19 in this variable with a standard deviation of 0.964. A study conducted by Tewfik (2010) concluded that in order to address the scarcity of skilled personnel in all the regional states of Ethiopia, and in order to build the capacity for both the federal and regional governments, the Ethiopian Civil Service College was established. This autonomous higher education institution was tasked to build human resource capacity through the provision of education and training for all civil servants. Further studied conducted by Analoui and Antwi (2008), the World Bank (2000), Jarvalt and Randma-Liiv (2010) and Taylor (2001) observed that decentralization has the potential for improving local public service delivery and ensuring good governance. For this dream to materialize, several HRD policy actions and interventions are required, including: establishing functional, well retooled and professional HRD institutional structures at all levels of local government administration.

The results achieved clearly demonstrate the fact that counties recognise that for devolution to work, centres of excellence must be created to help train the required skills identified through the human resources audit plan discussed. For this to succeed, Storey (1989) argued that political environment will be critical in influencing the implementation of strategic HRM since successful HRM in the public sector requires not only support from top managers but also political support.
c) Counties should outsource human resource expertise

Table 2 shows that a mean of 3.84 with a standard deviation of .869 was achieved in this study indicating that a reasonable majority (72%) agreed and strongly agreed that outsourcing human resources is good option for the counties, especially in the early stages as they develop their own capacities. Of these results, 20.3% strongly agreed while 51.7% agreed to the need for outsourcing. 21.7% were unsure as to whether outsourcing is a strategically good thing. This is not surprising at all given the generally strong tribal tendencies exhibited by most Kenyans across the nation. 4.2% of the respondents disagreed while 2.1% strongly disagreed that outsourcing is the way to go.

These findings are a strong statement on the need to outsource needed human resources as contained in studies conducted by Tewfik (2010), Analoui and Antwi (2008) and Annaloui (2002) who stressed that, in the short term, while establishing training institutions to develop the needed manpower, outsourcing of the critically needed skills is a welcome option. These scholars argued that that to realise the decentralization dream, several HRD policy actions and interventions are required, including: establishing functional, well re-tooled and professional HRD institutional structures at all levels of local government administration. Theoretical literature by Thompson and Martin (2010), Thompson et al (2010), Pearce I and Robinson (2011) and other scholars pointed out that outsourcing is a strategic decision to allow one or more of an organization's value chain operations to be performed by experts that are able to focus all their skills and on the operations. A World Bank (2000) report quoting the words of a former American president, Robert McNamara who was attending a meeting in Nigeria in 1990, stated that; “Africa’s future lies in its people. Indeed, Africa must solve its current human development crisis if it is to claim the twenty-first century. Africa’s future economic growth will depend less on its natural resources, which are being depleted and are subject to long-run price declines, [...] and more on its labour skills and its ability to accelerate a demographic transition”.

There are a number of benefits associated with outsourcing of skilled labour, particularly in the short-term as the counties embark on the establishment of appropriate capacity building institutions. Among the key benefits are; a) access to superior level of expertise from outside the county, time savings on administering staff benefits and related costs, increased employee privacy e.g. outsourcing allows employees to maintain a sense of privacy, which can lead to less animosity in the workplace, reduction of potential liability as the outsourced skills are independently employed. Outsourcing skilled labour will jump-start county development efforts, especially in the early stages up to the medium term. This is, thus, something the counties may have to consider strongly as expressed by the reasonable majority of the respondents in this study.

d) Development of anti-corruption laws will avoid the “resource curse” syndrome

Table 1 show that responses to this statement received a 23.8% strong agreement and 30.1% agreements, totalling to 53.9% of those that agreed. This is a small percentage when considering the fact that cases of corruption are a feature that is commonly reported on in Kenya by the media almost on a daily basis. The table further shows that 18.2% of the respondents maintained a neutral stand, another sign that Kenyans do not necessarily see corruption as a bad thing. 16.1% and 11.9% of the respondents disagreed and strongly disagreed. These results achieved a mean score of 3.38 with a standard deviation of 1.326 as presented in table 2.

The results concur with observations by a number of authors whose literature has been reviewed in this study. Cases of “resource curse” have been experienced in economies endowed with abundant natural resources. The results agree with observations by Palley (2003) that there is empirical evidence showing that natural resource abundant countries in Africa, particularly, have not done that well in terms of economic and human development indicators due to huge levels of corruption and blunder. Collier and Hoeffler (2004) argued that in most of the countries that have experienced this phenomenon, natural resources are viewed as “lootable” resources that provide the impetus for instability and conflict, an argument that is in tandem with the even ratings between those who are in favour and those against the development of anti-corruption laws at the county governments. The resource-based theory by Wernerfelt in 1984 pointed out organization’s competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1991). The resource based theorists, thus argue that resources owned by firms have the potential to generate competitive advantage and eventually superior organizational performance (Ainuddin, Beamish, Hulland and Rose, 2007).

Development and implementation of effective anti-corruption laws is a sure way to avoid “resource curse” syndrome that most resource rich countries have experienced in the past. One would have expected that responses to this question would receive a high approval rate, beyond the 53% recorded. One reason that may explain this low approval response is that transparency and public accountability in the management of national resources is a subject that continues to receive mixed responses. There are those that feel that they do not need additional anti-corruption laws and that what is needed is enforcement of the existing ones. Others argue that anti-corruption laws have been in place all along but they have failed.

e) County has ability to manage existing resources

Respondents were asked whether they were confident
that their counties have the ability (human and systems) to manage existing resource endowments efficiently. 50.3% agreed while 8.4% strongly agreed with the statement, 18.2% maintained a neutral position, 12.6% disagreed while 10.5% strongly disagreed. These results are not surprising because Kenyans have witnessed heated debates on why counties across the country cannot be effectively managed due to lack of local resources and huge disparities in development levels. A mean score of 3.34 was recorded in this question with a standard deviation of 1.132.

The need for counties to develop human resource capacity to manage internal resources in order to enhance institutional performance has been strongly emphasised by all the empirical studies by Tewfik (2010), Analoui (2002), the World Bank (2000) and Analoui and Antwi (2008) and others. These authors have emphasised that decentralization has the potential for improving local public service delivery and ensuring good governance. For this dream to materialize, several HRD policy actions and interventions are required, including: establishing functional, well-retooled and professional Human Resources Development institutional structures at all levels of local government administration.

The observations reviewed above are strongly supported by the empirical findings from this study which have demonstrated lack of sufficient confidence in the current capacity to manage existing resources at county levels. These low approval rates, therefore, are a strong indication of the urgent need to acquire and develop the needed skills for managing existing resources for faster economic growth to be achieved.

f) Development and management of financial resources is critical for county
This question sought to obtain feedback from the respondents on how they valued the aspect of generating and managing their own local financial resources. The question also sought to know whether this was urgent and critical for the county. Table 2 shows that 7.7% strongly agreed, 46.2% agreed, bringing the total of those in agreement to 53.9%. An observation made in this case is that most of the respondents felt that the responsibility of providing financial largely rested on the national government. This argument is reinforced by the 25.2% of the respondents that maintained a neutral position while 11.9% disagreed and 9.1% strongly disagreed. A mean score of 3.31 and a standard deviation of 1.132 were recorded as shown in table 2.

These findings, to a good extent show a weak understanding of the spirit of article 203(2) of the Kenyan constitution 2010 which envisaged that begged county revenue allocation from national government at around 15% of total national revenue, roughly five (5) billion Kenya Shillings annually. The national allocation was perceived to be supplementary, with the counties expected to create the bulk of their wealth locally to sustain them. According to SID (2011, 2012), Charbit (2011) and Esman and Uphoff, 1988), devolution is and should be associated with principles of local self-reliance, participation and accountability, adaptation of programs to local environments; improved communication; resource mobilization; utilization of local expertise; better utilization and maintenance of facilities and services; and cooperation.

The small majority (53.9%) that strongly agreed and agreed was a weak approval statement from the respondents that counties need to engage in the generation of additional financial resources for the realisation of faster economic growth of their counties. Based on these findings, the implied expectations that national government will finance the development activities of counties to the level of attaining economic prosperity is misplaced and destined to fail. County governments, must therefore, develop strategies of raising their own finances to supplement the allocations from the national government. In the recent past, Kenyans have witnessed cases where counties pushed for additional allocations of up to 40% but this is not practical given that there hardly enough that would be shared to the level that would guarantee country financial sustainability.

g) Counties to rely on revenue allocation from national government
The question of whether the respondents’ counties can sufficiently rely on revenue allocation from the national government through Commission for Revenue Allocation received a majority of the respondents agreeing. Table 1 presents the results of this study and shows that 50.3% and 14.7% (a total of 65%) of the respondents agreed and strongly agreed that reliance on national allocations through the CRA was the most ideal way to develop their counties. The table further shows that 21% were neutral, while a total of 14% of the respondents either disagreed or strongly disagreed. These results achieved a mean score of 3.59 with a standard deviation of 1.050 as presented in table 2.

These results, just like those of the preceding section revealed that county residents do not quite understand the financial limitations of national government to fully finance the operations of all the counties. These findings mirror those of the foregoing section and a possible conclusion can be drawn that a majority of the respondents viewed revenue allocation as the role of the central government, possibly because of the weak county structures and systems to generate sufficient own resources. The other reason could be that county governments are unsure of how the local financial systems should work since devolution is at its infancy.

h) Management of resources is the responsibility of professionals
The question on whether management of resources in the counties should be the responsibility of professionals’ results in to a total of 32.9% strongly agreed and 18.9%
agreed responses, totalling to 51.8% approval rating as presented in table 2. The results further show that 22.4% of the respondents were neutral, 18.2% disagreed while 7.7% strongly disagreed. A mean score of 3.51 and a standard deviation of 1.321 were recorded.

Based on the findings of this study, the neutral position maintained by 22.4% of the respondents could be assumed to be a statement that professionals have been used in the past in key strategic positions but their performance has not yielded much positive result. However, the 51% majority approval rating obtained could be taken to suggest that professionals have better skills and the technical know-how of providing the desired management skills at the county levels compared to politicians. County governance organs should thus craft policies that allow for the responsibility management of county resources placed in the hands of professionals. The county governments must ensure that issues of nepotism have no place in the management of the county resources for the counties to realise sustained economic growth.

i) Management of resources is the role of county governance system

Asked whether effective management of resources endowments for the county is the role of the county governance systems, 24.5% of the respondents strongly agreed, 16.1% agreed to this statement, 30.1% were unsure while 19.6% and 9.8% disagreed and strongly disagreed.

The 40.6% of the respondents that are in agreement is a weak approval rating of the statement that management of resources is the role of the county governments. The results contradict arguments by UNDP (1997), Charbit (2011), Kulshreththa (2008), Pick and Thein (2010) that governance systems are responsible for the creation of strong non human resource management systems (including management of natural resource endowments). The results also counter observations by Sarkar (2003) that devolution, as a form of governance is a means through which governments are able to provide high quality services that citizen’s value and for increasing managerial autonomy.

These findings contradict the findings of the reviewed which demonstrates that county residents have issues with their county governance systems in the management of their resources. One is able to make an observation that most of the leaders appointed are not trustworthy based on the historical conduct and that county residents would be conformable with the oversight role of the national government. This is a cry from the residents for leaders that earn the full respect and confidence of the public. The question is how can this be achieved? How can the country’s electoral systems be of help? What mechanism can be used to ensure that the ethical standards clearly spelled out in chapter six of the country’s constitution are observed? Table 2 presents a summary of the descriptive statistics discussed above.

The results in table 2 were presented in the form of weighted mean scores. The highest score on resource development and management was recorded on the establishment of appropriate training institutions within the counties to fill the gap of skilled manpower with a mean score of 4.19 and a standard deviation of 0.964. This was followed by the development of a human resources plan with a mean of 4.08 and a standard deviation of 0.868. Based on these results, therefore, one may conclude that resources development and management is another critical factor that contributes to the strategic management of counties in Kenya (figure 3).
Table 3: Coefficients of resource development and management

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>10.453</td>
<td>-</td>
<td>5.431</td>
<td>.000</td>
</tr>
<tr>
<td>Resource development and management</td>
<td>.335</td>
<td>.477</td>
<td>6.450</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 4: Correlation Coefficients on Resource Development and Management

<table>
<thead>
<tr>
<th>Strategic Management of counties</th>
<th>Resource development and management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>.477</td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>143</td>
</tr>
</tbody>
</table>

Table 2 shows a positive beta coefficient of .477, meaning that resources development and management has a positive influence on the strategic management of counties in Kenya. Tables 2 and 3 also show that the regression model on resource development and management has a significant p-value = .000. This study at 95% confidence level, thus solved the third research question that there is a significant positive relationship between resources development and management and the strategic management of counties in Kenya.

Pearson correlation for resources development and management

Tables 3 and 4 show a 47.7% positive correlation between resources development and management and the dependent variable, the strategic management of counties in Kenya. These findings agree with observations by Kitonyo (2012) that economies endowed with vast resources world over, if well managed, have reported high economic growth rates, experienced unequalled inflows of capital and grown their investments and infrastructure a great deal. The results also confirm discussions by Pick and Thein (2010) who submitted that, in addition to the resources, the growth of countries rich in natural resources ultimately depends on the quality of institutions with sound governance systems as well as effective and efficient strategic management approaches that provide the ambient environment for optimal operational performance and vice versa. The findings also agree with observations by Kenya’s Cabinet Secretary for devolution (DN, 22 November 2013) that “we need a clear understanding of the risks and how to safeguard against the grabbing of county resources”. The Cabinet Secretary argued that more attention should be paid to oversight and accountability by putting in place laws that would strengthen county assemblies and boost public participation and inclusiveness. The Secretary noted that different counties had varied natural resources and economic potential; therefore, some were inevitably likely to generate more revenue than others.

Scatter plot and line of best fit for resource development and management

To determine how well the model on resources development and management fits the data in question, it was thought necessary to draw the line of best fit because of its importance as a key indicator of the predictive accuracy of the model (Anderson et al. 2002). Figure 4 shows that there is, generally, a positive linear correlation between management structures and processes and the strategic management of counties in Kenya.

Regression analysis on resource development and management

Table 5 presents results of a regression analysis that was carried out on resources development and management to determine whether the variable could be relied on in explaining the change in the dependent variable, strategic management of counties in Kenya. The findings show a 47.7% positive correlation (R) between resource development and management and the strategic management of counties in Kenya. The coefficient of determination statistic ($R^2$) derived suggested that resources development and management can explain up to 22.8% of the change in the strategic management of counties in Kenya. This means that counties require to develop and manage their own local resources efficiently so as to achieve their strategic management goal.

ANOVA for resource development and management

Results of the ANOVA test performed on the resource development and management variable are presented in Table 6. This table shows that the variable has an F statistic of 37.016 and a P value equal to .000, thus
Figure 4: Scatter plot and line of best fit on resources development and management

Table 5: Model fitness for resources development and management

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.477</td>
<td>.228</td>
<td>.222</td>
<td>4.09727</td>
</tr>
</tbody>
</table>

Table 6: ANOVA for resource development and management

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>637.446</td>
<td>1</td>
<td>637.446</td>
<td>37.016</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>2428.106</td>
<td>141</td>
<td>17.221</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3065.552</td>
<td>142</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 7: Regression model for resource development and management

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>10.453</td>
<td>1.925</td>
<td>5.431</td>
<td>.000</td>
</tr>
<tr>
<td>Resource development and management</td>
<td>.335</td>
<td>.052</td>
<td>.477</td>
<td>6.450</td>
</tr>
</tbody>
</table>

demonstrating that the model is statistically significant considering that the P value is less than .05 at the 95% level of confidence.

Table 7 presents data for regression model on resource development and management. Using this data, a linear regression model was fitted as shown in equation (The regression model on resource development and management) below:

Equation: \( Y = 10.453 + 0.335X_3 + \mu \)

**SUMMARY**

The study established a positive linear relationship between resource development and management and the strategic management of counties in Kenya but this relationship was also weak. It was established that governance systems influence to a good extent (63%) the relationship between resources development and management and the strategic management of counties in Kenya. The findings indicated that taking stock and
identifying county resources, establishing strong training institutions to help fill the skill gaps identified should be given priority. The findings also indicated that skill gaps identified within the short term and medium term by the counties could be filled through outsourcing of experts from across the nation where such relevant skills are in abundance. The findings revealed that development and management of financial resources is an urgent and critical role for the counties to compliment allocations from the national government through CRA. It was further established that counties recognise the critical role of professionals in managing county resources for the strategic management of counties. There was however a concern that the development of anti-corruption policies to avoid counties experiencing the “resource curse” syndrome was not highly favoured with and argument that laws and policies have existed for long and what is needed is enforcement and oversight by the national government.

CONCLUSION
Resources endowments, both natural and human play a significant and deterministic role of the level of economic growth achievable by any government. County governance systems, therefore, have an imperative and important role of starting with taking stock and identification of the levels of resource endowments within their counties. Ascertaining these levels will pave way for proper planning, development and management of the resources for the economic growth of the counties. Human resource capacity, in particular, has a direct and significant impact on the strategic management of counties. Therefore, early establishment of training institutions to address the required skills is an imperative role for the county governance systems. As was argued by Tewfik (2010), for Ethiopia to address the scarcity of skilled personnel in all her regional states soon after devolution, the Ethiopian Civil service college had to be established. Establishment of similar institutions of training will significantly address the labour gaps and this will position counties in the best path towards economic growth and sustainability. Storey (1989) argued that political environment will be critical in influencing the implementation of strategic HRM since successful HRM in the public sector requires not only support from top managers but also from the political systems. Corruption is considered a vice that reverses and decimates the growth of any economy or institution. Corruption has ravaged the Kenyan economy for a very long time. Therefore, establishing and implementing strong and stringent anti-corruption laws therefore has direct influence on the economic development of counties. One of the biggest fears and risks of devolution process is that corruption will be devolved to all the forty seven counties across the country. Development and implementation of effective and enforceable anti-corruption laws is the only way to avoid the “resource-curse syndrome” that has in the past afflicted countries endowed with natural resources. Palley (2003) and Collier and Hoeffler (2004) argued that there is empirical evident which shows that natural resource abundant countries in Africa, in particular, have not done well in terms of economic and human development due to the levels of corruption blunder. The management of county resources is the role of skilled professionals with the technical knowhow of management. County governance system provides the platform on which this is made possible. Professional management of the county resources is a sure way to get counties on the path to economic development.

Recommendations
Corruption is a vice that reverses and decimates the growth of any economy of institution. Corruption has ravaged the Kenyan economy for a very long time. County governance systems should ensure that adequate resources are allocated to the development of effective and implementable anti-corruption laws that would help curb the potential of drifting into a “resource curse” syndrome that has been witnessed in other countries, around Africa. The management of county resources should be tasked to qualified professionals in respective disciplines in order for the counties to realise the full benefits of devolution. The responsibility of developing the whole range of infrastructure should be a shared one between the county governments and the national government.

REFERENCES
Collier P (2007). The Bottom Billion; Why the Poorest Counties are failing and what can be done about it. Oxford University Press, New York, NY.


