INFLUENCE OF CORPORATE GOVERNANCE PRACTISES ON SERVICE DELIVERY IN COUNTY GOVERNMENTS: A CASE OF COUNTY GOVERNMENT OF NAKURU KENYA.

BY

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A Research Project submitted in Partial Fulfillment of the Requirement for the Award of a Master of Arts Degree in Project Planning and Management of the University of Nairobi

2018

DECLARATION

This research project is my original work and has not been presented for a degree or any other award in any other university.

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DEDICATION

This Research Project is dedicated to my Partner Linah, Son DeAndre, Daughter Malia, Sister Jackie and loving and caring parents, who through their timeless efforts and encouragement saw me achieve the dream of Education.

ACKNOWLEDGEMENT

In the process of writing this research project, many people have provided me with invaluable help and support. First of all, I would like to express my greatest gratitude to my supervisor Professor Harriet Kidombo. Thanks for taking on the role as my supervisor in 2018 and for generously giving of your time to provide me with in-depth and constructive comments, and in particular for keeping me on track during the current phase of the research proposal writing. I also thank Dr. John Ouru Nyaegah, the research lecturer who through his input and guidance made it possible for the research process to be inculcated in my learning process. Besides, I am also grateful to him for investing his time and effort in my research project by regularly reading through and discussing with me numerous drafts, providing suggestions for improvements and constructive comments during my project

A special thank you also goes to The University of Nairobi for offering me the scholarship to pursue the this programme in addition to providing a conducive environment and learning facility at my current location. The Nakuru Learning Centre teaching and nonteaching staff and especially those important retrieval sections provided the needed help in the literature review process, which facilitated the process and my sincere gratitude goes to them. It also goes without saying that the other parties who included Joseph Kiuna the CEC Finance and Economic Planning and Jacinta Mwangi the Ag Chief Officer of Finance County Government of Nakuru for their moral and material support.

I also wish to acknowledge the contribution made by all the lecturers at the Learning Centre in Nakuru who took us through the various core units and especially Mr. Masinde the statistics lecturer for having made the unit enjoyable and at the same time inculcating the critical statistical knowledge which will prove relevant during the research data analysis, My gratitude goes to you all and may you continue serving knowledge to the future generations.

My gratitude also goes to my colleagues at master class of 2017/18 who through their encouragement, teamwork and support made life and learning enjoyable during the programme duration. Special thanks go to various group members for their worthy contributions and my colleague Mr. Salano for his critical synopsis and willingness to share learning materials to advance the course God bless you.

Finally, my work could not be what it is without the ICT officer Mr. Samson Mwawasi whose expert knowledge in IT enabled the compilation of various segments of the research proposal and lastly, I acknowledge the contribution of the typist who assisted in the typing of this work. My sincere Gratitude to all who have contributed to this course God bless.

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ABBREVIATIONS AND ACRONYMS

CARA	County Allocation of Revenue Act
CBEF	County Budget and Economic Forum
CEC	County executive member
CG	County Governments
CGA	County Government Act
CGN	County Government of Nakuru
CIC	Commission for the Implementation of the Constitution
CRA	Commission on Revenue Allocation
ICPAK	Institute of Certified Public Accountants Kenya
IEA	Institute of Economic Affairs
MCA	Member of County Assembly
NACOSTI	National commission for science and technology and innovation
OCOB	Office of the Controller of Budget
OECD	Organization for Economic Cooperation and Development
PFM	Public Finance Management

ABSTRACT

The adoption of devolved system of governance in 2013 presented the County Governments with the opportunity to enhance service delivery at the local level however to date many Counties continue to experience increasing demands from its citizenry for provision of better services in a fair and transparent manner. This coupled with increased transfer of funds to devolved unit calls for accountability in use of public resources. The purpose of the study was to assess the corporate governance practices by County government of Nakuru as a requirement for effective management of a public institution. The study explored the following aspects disclosure and accountability systems, stakeholder's participation in decision making, leadership structures and management qualification and compensation and how these variables of corporate governance practices affect service delivery. Literature was reviewed on theories that informs and explains the corporate governance practices. The study was conducted within Nakuru County. This study used descriptive survey design to enable the gathering of quantifiable information that can be used for statistical inference on the target population through data analysis. The target population was derived from County budget and economic forum, elected Members of County assembly, workers union, county executive members and stakeholders groups by applying random sampling. The constitution office holders who include the controller of budget and commissioner of revenue allocation representative were all be purposively sampled. The researcher used questionnaires as instruments of collecting data from respondents in addition to analysis of external and internal policy documents to collect information on reporting. The researcher relied on questionnaires and interview guide in collecting data. The Data collected was processed and analyzed through use of both descriptive and correlation analysis. The study established that all the five variables i.e transparency, Stakeholder's participation, adherence to law and fiscal responsibility, management practices and leadership roles and responsibilities had a positive correlation with service delivery. An increase in good corporate governance practices leads to improved service delivery. The study recommended a need for the county government to come up with its calendar of events on its activities to improve transparency, Need for the county government to encourage stakeholders to participate by incorporating their views in governance processes, implementation of the laws that the county government uses to improve its fiscal policy, stream lining of the public service board to ensure equal employment opportunity is offered to all citizens and lastly the county to come up with a communication policy that defines and elaborates the roles and responsibilities of each individual in leadership position. The study was envisaged to benefit the following groups; the management County government of Nakuru on best corporate governance practices, the residence of Nakuru county on corporate governance practices, and county governments on workable solutions from a global perspective on best corporate governance practices. Further research in this area should do correlation studies of governance structures in different counties and share the success stories and learning points to counties that are lagging behind in terms of devolution and governance structures.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The nature of relationships that govern rules and regulations in institutions defines governance practices. It looks at processes in a system, procedures and practices that need to be adhered to. For one to maintain a vibrant change equality in society and order, delivery of goods and services, efficient production, use of power in an accountable way, human rights protection and ensuring their freedoms are met and maintaining a framework that allows citizens to solve their problems through sharing, a governance structure should be in place for all these to be achieved Private sector corporate governance trust (2002).

According to the ASX Corporate Governance Council (2007) organizations are directed and controlled through a framework that ensures relationships, systems and processes are followed. Mwanzia and Wong (2011), continues to state that, stakeholders can direct and control the process of governance through accountability frameworks. Cooperate governance frameworks help public institutions achieve stability, security and efficiency (Clarke, 2007). The manner in which a cooperation's power is executed in towards safeguarding an organization's assets and resources with the intention of meeting it's cooperate mission through increasing stakeholders value and satisfaction can be termed as cooperate governance.

Corporate governance plays a significant role towards social progress and economic development. Corporate Governance has become an issue of worldwide importance as it plays vital role in promoting economic development and social progress. The efficiency and accountability of the corporation is now a matter of both private and public interest, and governance has, thereby, come to the head of the international agenda. From an international perspective the powers of transnational corporations, separation of ownership from control, viability of corporations and link between corporate governance and productivity are the drivers in the local scene the poor performance of state corporations coupled with rampant corruption, nepotism and decline in economic growth are the drivers toward corporate governance.

According to Ludvigsen (2010) since the late 1990s, the corporate governance of state-owned companies has moved to the forefront of the political agenda in several Western European countries and elsewhere. Triggered by large corporate scandals, international corporate governance developments, and the recurring criticism of state ownership administration, which has seen political attempts to cope with issues of firm monitoring and control

In the African context, Asiimwe (2015) opines that corporate governance became widely used in public organizations, since the year 2000, The popularity of corporate governance in public institutions resulted from a growing realization that they need managers to run them and management boards to ensure that the institutions are run effectively and in the right direction (Adams, 2002). Hence, corporate governance has become popular in the non-profit-making institutions in Africa, because it is seen as a strategy for promoting good performance of institutions by preventing poor governance from taking root. Monks and Minow (2004) argue that the worldwide concern for transparency and accountability in all types of human endeavors has solidified the popularity of corporate governance in public institutions. The concern for public institutions to have practices and procedures that enable them to achieve their objectives and meet stakeholder expectations has enabled corporate governance to find a firm grounding in city governance (Clarke, 2007).

The global pressure for Africa cities to meet international city performance has motivated cities to try governance structures that will improve service delivery. This in addition to concerns among stakeholder for devolved units to provide more efficient services (Asiimwe, 2015) Performance of municipal levels of government is receiving renewed emphasis especially in developing countries owing to recent moves to promote countries owing to recent moves to promote efficiency and redistribution of resources in urban areas. According to grusky (1963) interest in performance of cities began in the 1950s, when central government began funding large portions of city budgets. The goal of local governments were then perceived as providing the services efficiently and cost effectively with high level of accountability to the tax payers. This can be attributed to corporate governance practices which impacts on effective service delivery.

In the 1990s, East African countries started adopting decentralization and most cities became local government units with Kenya adopting and implementing a more robust system of devolved government in 2013 under the new constitution of 2010.Therefore the role on the central and national government in the management of cities and in the context of devolved units changed. The national government role in County government becomes that of ensuring that prudent choices and actions are made regarding the use of public resource .This is due to increased level of funding by national government to the devolved units. In this context a complex bottom up-up inclusive approach to devolved units governance became operative as dictated by provision in constitution and other legislations. Kenya’s devolved system of governance presents county governments with the opportunity to enhance service delivery at the local level and citizens in the devolved units with numerous opportunities to engage in governance process (Nguti & Oduor , 2015).

Corporate Governance is therefore fundamental in promoting fair, efficient and transparent administration of corporations to meet well-defined objectives, the systems and structures of operating and controlling corporations with a view to achieving long-term strategic goals that satisfy the owners, suppliers, customers and financiers while complying with legal and regulatory requirements and meeting environmental and society needs. It also ensures an efficient process of value-creating and value-adding and the means by which the entity acquires other resources.

County Governments in Kenya are independent legal entities with administrative and legal powers delegated by the Kenyan constitution and County Government Act 2013. The constitution of Kenya 2010 and CGA 2012 among other legislation, envisage a situation where citizens are actively engaging in governance at various levels. Leaders whether elected nominated or appointed should therefore facilitate participation of citizens in governance process. The senate in Kenya which is considered the upper house (legislative body) is tasked with ensuring that County Governments have the institutional and policy framework systems and capacity to effectively provide the required local services in a responsive, efficient accountable and transparent manner.

The Kenyan constitution further empowers the president to dissolve a County and appoint a commission if it is in violation of provision of governance in the constitution including its inability to in perform its core function of service delivery while the Act empowers the Controller of budget to approve County Governments revenue sources, budgets. The County Public Service Board’s, a County Government entity undertakes recruitment of County Governments executive while the Governor appoints individuals from the list provided. The list is then forwarded to the County Assembly for vetting and approved or otherwise. The senate and other constitutional bodies that include OCOB, National treasury, CRA exercises oversight and control of the devolved units in Kenya.

The study focused on County Government of Nakuru which was created by the Constitution of Kenya 2010 under article 176. It is the fourth largest county in Kenya in terms of population and it covers an area of about 2,328.8Km^2. The population of the county had about 1,603,325 based on the 2009 Kenyan census report. Nakuru has 11 sub-counties that include Nakuru Town West, Nakuru Town East, Bahati, Rongai, Subukia, Kuresoi North, Kuresoi South, Gilgil, Naivasha, Njoro, and Molo and 55 wards (CGN, 2013). It is governed by the executive made up of the Governor and Deputy Governor and the executive committee member and the legislative wing made up of Elected MCAs under the leadership of County Assembly Speaker.

County government (Devolved units) is therefore the sphere of government closest to the people they are elected by citizens to represent them and are responsible to ensure that services are delivered to the community. The County Governments undertakes the collection of levies in-order to provide services to citizens within their localities. Effective corporate governance can help Devolved units to transform their local areas into a better place to live and work. Despite the fact that County residents and members of the community know what services they would like to have in their area many Devolved units, were unable to deliver services to residents. This might have be because of poor leadership, lack of proper management and lack of accountability which is a major impediment to efficient and reliable services delivery by County governments.

1.2 Statement of the Problem

In Kenya the aspect of governance has undergone significant changes since the promulgation of the new constitution in 2010 with introduction of two levels of Government at the National and County level. The adoption of devolved system of governance in 2013 presented the County Governments with the opportunity to enhance service delivery at the local level and the citizens in the devolved units with numerous opportunities to engage in governance processes (Nguti & Oduor, 2015). Despite much progress, in the last five years of devolution it has been noted that many county governments in Kenya continue to ranks poorly in terms of service delivery.

County Governments' in the current environment continue to experience increasing demands from its citizenry for provision of better services in a fair and transparent manner. The citizens have a high expectation with Kenya devolution touted as among the most ambitious in the world, transferring key functions and financing of at least 15% of National revenue to the devolved units. With Devolved units collecting over Kshs 150 billion cumulatively in form of local revenue in last five years from its residents the expectation is that it will be used to provide services such as health services, improved housing, safe drinking water, feeder roads, market, basic sanitation and street lighting. This is in addition disbursement to County government from national government with the 2017/2018 estimate of Kshs 302 billion (CARA, 2017) and proposed increase to Kshs 314 billion in 2018/18(CARA, 2018). The above calls for accountability in the use of public resources whereas Report by auditor general has arraigned the County governments for the failure to prudently use public resources with instances where some counties have failed to comply with existing financial laws and other fiscal responsibility principles. This has led to an expectation gap between what the citizen demands and what is provided. The gap could be attributed to noncompliance with existing laws, corruption, Inefficacy, misappropriation of funds and gross mismanagement.

Concerns continue to be raised on the capacity of counties to operate effective financial management systems and adopt the principles of transparency and accountability in their operations. The concerns are particularly around the expenses of County Assemblies, use and application of resources by County executives and adherence to public procurement laws (Mwatu,

2018) In this respect a strategic perspective on corporate governance which is important for improved performance of County governments and enhanced service delivery in many instances has been overlooked with reference to accountability and transparency on resource usage.

The provision of services to residents of a County is the responsibility of the Governor and his/her executive the operational wing whose role is policy making and implementation and the county Assembly the political wing whose role is oversight and legislation. The second term of the county governments have also seen new county administrations mistreating, harassing, negative profiling and intimidating of county employees which has been threating service delivery (Muasya, 2018). This being aspect corporate governance will be investigated with reference to productivity and service delivery.

Lack of cohesion among County leadership continue to herald the headlines with regular reports of delays in approving legal documents which include annual budgets and constituting executive committee, in addition to threats of impeachment of county executive within devolved units. According Odhiambo (2018) In article “Rasanga dilemma as row over cabinet persist” points to a continued tense and strained relationship between the county executive and county assembly which constitute the county leadership a variable that has positive or negative effect on public service delivery. The article bring to fore the delays by MCAs in Siaya County to vet and approve the nominees for cabinet positions This being a variable of study the research will seek to establish the nature of relations between the leadership of the Nakuru county , how they play their roles and the effect on service delivery.

The success of devolution and the ability of devolved governance to enhance public service delivery at county level is determined by factors such as the level of transparency and accountability by those in leadership, prudent use of public funds, adherence to laws and an informed and actively engaging citizenry (Nguti & Oduor, 2015). In this respect, concern of the study was to establish whether CGN fulfills its corporate responsibilities with no such studies having been undertaken on devolved governments. This created a knowledge gap that the study intended to fill. It was therefore vital to carry out the research to assess the influences of cooperate governance practices on service delivery by CGN.

1.3 Purpose of the study

The purpose of the study was to establish how the existing corporate governance parameters influence the county core responsibility of service delivery. The outcome of would be used by the County to model its corporate governance practices so as to remain accountable and meet its constitutional obligation on devolved functions.

1.4 Objectives of the study

The study sought to achieve the following objectives;

1. To establish the extent to which transparency system adopted by County Government of Nakuru influence service delivery.
2. To assess the level of stakeholder participation in the operation of County Government of Nakuru and how it influence service delivery.
3. To examine the level of compliance with financial laws and fiscal responsibility principles by County Government of Nakuru and its influence on service delivery
4. To assess the influence of Management practices service delivery in Nakuru County.
5. To assess the extent to which County Government of Nakuru leadership structure influence service delivery.

1.5 Research Hypotheses

1. **H*o*:**$\mu_1=\mu_2$Transparency systems adopted by County Government of Nakuru does not influence service delivery.
2. **H*o*:**$\mu_1=\mu_2$ Stakeholder's participation in the operations of County Government of Nakuru does not influence service delivery.
3. **H*o*:**$\mu_1=\mu_2$Compliance with the financial laws and fiscal responsibility principles in the operations of County Government of Nakuru does not influence service delivery.
4. **H*o*:**$\mu_1=\mu_2$Management practices of County Government of Nakuru do not influence service delivery.
5. **H*o*:**$\mu_1=\mu_2$The leadership structure of County Government of Nakuru does not influence service delivery.

1.6 Significance of Study

It is hoped that the findings of the study would be of importance because it demonstrated the need for ideal governance practices through the improved financial reporting system, focused leadership, adherence to existing laws and fiscal responsibility and involvement of stakeholders. It is set to investigate how the compositions of the County leadership and management and their impact on governance. This would serve to inform the County of the improvement needed for effective service delivery. The study therefore address the need for a change in approach in governance to ensure constant course corrections in line with public expectation of improved services and demand of charter 6 of the new Constitution on governance. This study was also of importance to County management as it would render several tools for improving the ability to make informed decisions on corporate governance. Effective use of these tools would enable the community to be informed on aspect of management of CGN hence demand for better services in addition buy-in of County decision through participation. The local elected leaders would be informed on corporate governance as they undertake their oversight and legislation roles.

1.7 Limitations of the Study

The ongoing and delayed reorganization of the county executive committee affected the nature of responses especially the responses that were delegated to junior employees. The loss of questionnaires by the MCAs who were involved in frequent movement reduced the response rate. Time was another limitation, especially when it came to getting enough time to get responses especially from the MCAs and the CECs who were always busy and hardly found time to respond to questionnaires and attend interviews. There was also a delay in receiving NACOSTI permit.

1.8 Delimitations of the Study

The study was conducted within County government of Nakuru. The population sampled was derived from the oversight bodies, stakeholder groups within the County, MCAs, and County departmental heads. The study was conducted in April 2018. The study intended to use a single county, Nakuru, rather than many counties. The findings from the selected county would be a basis of comparative studies to other forty-six (46) counties in Kenya in future. The study was also delimited to respondents from new county executive who aimed at bringing new form of management in Nakuru County. In addition, the research applied descriptive design to investigate and explain corporate governance practices in Nakuru County the phenomena of the study. This may not be used to explain the situation in other counties

1.9 Basic Assumptions of study

The study initially made assumptions on getting truthful and honest answers to the items being studied. Further, it was assumed that the participants in the study gave accurate responses and all the selected participants were accessible and were willing to participate in the study. The data collection instruments that were used ensured the validity of the study hence measured and helped in measuring the desired constructs.

1.10 Definitions of Significant Terms

Important terms used in the research were "defined operationally", exactly the way they were intended and used in the study

Corporate governance is the process by which institutions are directed, controlled and held to account

County Assembly County legislative body /entity comprising of Elected and nominated MCAs peoples representative and headed by a County speaker

County Executives- Top Management of the Devolved unit comprising of the Governor and deputy governor and appointed county committee members heading technical departments e.g. trade, health, finance

Participatory governance is the extent to which views of stakeholders are incorporated in the process decision-making by the devolved units

Devolved units 47 County governments as provided in the Kenyan constitution

Leadership roles entails providing direction, instructions and guidance to citizens for purposes of achieving a certain goal

Management Practices formal systems devised for dealing with human resource in the organization

Shareholders/stakeholders- this are individuals who have interest, and exert power and influence over the affairs or running of organizations

Sustainability – it is the policies strategies or development programs that meets the needs of a present generation without compromising the ability of future generations to meet their own needs

Service Delivery - Entails provision the devolved functions as provided in the constitution and other statutes in a timely cost effective and efficient manner to meet the expectation of the public

Transparency Government's obligation of sharing information with citizens by providing necessary information so that so that people can make informed decisions concerning an entity

1.11 Organization of the study

The research project is organized in five chapters. Chapter one of the proposed study, outlines the background information on corporate governance the topic of study from international, regional and local perspective. Various definition of the concept of study had been given to gain an understanding of the study from the onset. The chapter also outlined the statement of the problem which had compelled the study to take place. The chapter further highlighted the purpose of study and its significant outcome to targeted beneficiaries in addition to laying out the objectives of the study. Finally the chapter laid out limitations of the study and how they were managed, delimitations were also highlighted, and assumptions of the study as well as the description of abbreviations were presented.

The second section of this study entailed review of literature on corporate governance practices and enumerates the variables of the concepts under study. Several relevant theories were reviewed to explain and explore the corporate governance practices. The literature provided a framework for study, through analogy of the methodology used in previous studies. In addition this chapter reviewed the existing knowledge and research on corporate governance to establish knowledge gaps and avoid redundancy. The conceptual framework which clearly outlined the independent and dependent variables, moderating and intervening variables were developed and discussed.

Chapter three presented the research methodology. This chapter dealt with elucidation of the methods applied in carrying out the research study. It was organized under the following sub-sections, research design, target population, sample and sampling procedure, research instrument, reliability of the research instruments, validity of the research instruments, data collection procedure, data analysis technique. These are the techniques which the study adapted to achieve results.

Chapter four presents analysis and findings of the study as set out in the research methodology. The results were presented on the influence of corporate governance practices on service delivery in county government in Kenya. The research sought to establish the objectives of transparency, stakeholder participation, adherence to laws, leadership roles and management practices and how they influence service delivery.

Chapter Five is the last section which presents the summary of findings, discussion and conclusions drawn from the findings and recommendations made. The conclusions and recommendations drawn focus on the purpose of the study

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter looks at the corporate governance practices and enumerates the variables of concepts under study. Several relevant theories have been reviewed to explain and explore the corporate governance practices. The literature will provide a framework for study, through analogy of the methodology used in previous studies. In addition this chapter will review existing knowledge and research on corporate governance to establish knowledge gaps and avoid redundancy.

2.2 Service Delivery

Through effective Governance County governments can undertake their constitutionally mandated functions and achieve effective public service delivery. Governance has become a recurring theme in the sphere of public administration (Morse 2010). According Asiimwe (2015) "Good Corporate Governance ensures that the operating environment is fair and transparent and that devolved units can be held accountable for their actions". The alternative state which Asiimwe asserts would lead to corruption, waste and mismanagement of resources. While Corporate Governance has emerged as a way to manage modern corporations and listed companies it has become equally important in state-owned enterprises and devolved governments. This therefore implies that irrespective of the type of venture, Good Governance ensures delivery of sustainable business performance and effective service delivery with respect to county government

The Kenyan Constitution provides for that Devolved units with the responsibility of public service delivery to enable all citizens satisfy their basic needs. Devolved units should therefore ensure that residents in their areas receive basic services needed. Schedule four of the Kenyan constitution provide function of devolved units and as a result Counties and its residents understand the services expected. There are various services to be provided by devolved units, which are vital of these includes, water reticulation and supply, sewage disposal, refuse removal, County roads , drainage system, street lighting , recreation services, County health services among other devolved functions.

Public services impact directly on the quality of the lives of the citizens in a given county. Lack of essential services clean water and uncollected garbage, contribute to unhealthy and unsafe living environments. Poor services limits the abilities of counties to attract and business or industry in their areas area hence reducing job opportunities and income for their residents. However the nature of services may differ depending on weather the area is rural or urban area (Municipal service delivery, 2004)

The prudent use of public fund which is an aspect of fiscal responsibility and sustainability determines success of devolution and the ability of devolved governance to enhance public service delivery at local level. The level of transparency and accountability by those in leadership and decision making positions at various level of governance also enhances public service delivery. This is in addition to actively engaging citizenry and promoting the welfare of staff through desirable human resource management practices

2.3 Best International Corporate Governance Practices

The corporate governance process has five major subsystems which include disclosure and transparency, adherence to laws and fiscal responsibility stakeholder's participation, transformative leadership and effective management.

These subsystems have very different control objectives. For example, the Financial Reporting Subsystem should reduce resource wastage through accountability and transparency on its use. The stakeholder subsystem, on the other hand, ensures that there is a buy in on decisions undertaken Therefore, compatibility and coordination between subsystems is necessary for corporate objectives to be met. The overriding objective is the success of an organization as it focuses on business sustainability that is short term and long-term in addition to increasing value to the customers, shareholders as well as stakeholders (Obura, 2012).

According to Corporate Governance practices and principles bring into county governance fiscal responsibility, adherence to laws, stakeholder participation, leadership collaboration, good management practices and high level of transparency and openness aspects that promote good governance for effective service delivery. These are among the major recommended practices for managing and improving on corporate governance:

2.3.1 Transparency and Service Delivery

The tenets of disclosure and transparency on public financial matters include integrity, accountability and openness. Integrity entails objectivity and honesty and public funds and stewardship. This is reliant on both individual's professionalism personal standards within entity and control framework and as such is replicated in quality of financial and performance reporting and decision-making procedures. Accountability is a method in which entities and individuals within them are responsible for their actions and decisions, including public funds and performance stewardship achieved though roles and responsibilities clarity. It is a proactive way by which public officials justify and inform their plans of their behavior, action, this calls for a proper sunctioning of their results (Ackerman, 2014) Honesty makes stakeholders confidence in making decision, and entities action in the individuals responsible.

The financial reporting objective of County Governments relates to providing valuable information for, political, economic, and social decisions making that would show stewardship and accountability. Exercise Financial Leadership Communications for people who lacks financial background is a sign of transparency. An instinctive financial data presentation creates a healthier organization's financial position understanding and gives the financial officer a credibility in leading financial strategies. Irvine City County in U.S.A, for example, uses its analysis to effectively monitor projects funds available outside strategic business plan of the city. The method has assisted in restraining political environment tendency to add special projects outside those initially anticipated in the budget. (Kavanagh & Swanson, 2009) The departments are more apt to use the city's analysis to communicate to relevant boards and the public, thereby infusing financial information into decentralized decision making, as found by Irvine.

2.3.2 Stakeholders Participation and Service Delivery

Development policy participation is a key democratic and open society’s element. Governance Participatory is gradually becoming indispensable to performance of the city in this context the County government presentation. Fielden (2008) said that governance participatory is where diverse stakeholders are engaged in the planning, process of decision-making and an institution implementation process.

According to OECD (2015) Effective participation and general shareholder meetings voting opportunity should be given to shareholders and should be given rules of voting, including voting procedures, that guide such meetings: They have right to timely and sufficient information concerning the meeting’s agenda, location and date. Shareholders should also receive complete and timely information about issues that will be agreed upon at the meeting. General shareholder meeting procedures and Processes should allow for all shareholders equitable treatment. Procedures of the company should not make it expensive or unduly difficult to cast votes. Aking the board questions is the right of shareholders, including annual external audit questions, to place the general meetings agenda items, and subject to reasonable limitations, propose resolutions. Many jurisdictions have improved the ability of shareholders to place items on the agenda through a simple and clear process of filing amendments and resolutions, and to submit questions in advance of the general meeting and to obtain replies from management and board members to encourage shareholder participation in general meetings. Shareholders too should ask external audit report questions.

Constitution of Kenya, call for openness, accountability and public participation in development matters together with provisions of the 2012 Act, Public Finance Management of the County Government Act 2012. In light of the above many devolved units and elected leaders takes an excuse of being elected to represent the people in order not to involve them in the decision making -process. They argue that efforts to refer any matter to the public for a decision amount to expression of loss in faith, integrity and ability of the elected County. In organizing public consultations in matters financial and concerning public welfare the devolved units should ideally work through organized citizen groups, including constituent groups within the forum i.e. women, business, youth professional, labour etc. (C.R.A, 2017) Stakeholder participation is the key to local delivery – local activists and ward committee members should understand County finance and budgets so that they can engage County officials on the bigger debates about spending and development priorities potential changes to the appropriate finance officials in a timely manner.

One risk in devolved governance is by moving allocation from central government to county government, devolution faces greater levels of corruption and mismanagement of resources. This is likely to the case in situations where community members lack awareness on their roles and capacity to execute them (Nguti & Oduor, 2015). The variable of stakeholder involvement play a critical role of performance appraisal for effective service delivery in most case.

2.3.3 Sustainability, Adherence to Law and Fiscal Responsibility and Service Delivery

Corporations including devolved units by statute of a particular jurisdiction as in the case of this study assume legal status as legal entities. The assumption of legal person status as conferred by laws and regulations in different jurisdictions is fundamental for operations of corporations and devolved units. This includes perpetual existence, ability to hold property in its own right and ability to sue and be sued in its own name this is without reference to any particular real person. The constitution in Kenya and other statutes which includes the company act grants existence to devolved units and corporations respectively. The devolved units and corporation apart from being subjected to the statutory laws of the relevant jurisdiction, may also be affected by international and common law in some countries, and various laws and regulations affecting their practices. Devolved units in Kenya and other corporations are guided or have a constitution that provides individual rules that governs them while authorizing or limiting its decision-making. This constitution is which is the supreme laws of a country of corporation is also referred to as Corporate Charter or the Memorandum and Articles of Association in English speaking jurisdictions.

The County Governments in Kenya are a creation of the constitution with their operation governed by statute including CGA and PFM. Their function is clearly stipulated in the fourth schedule of the constitution and are subject to transfer from the National government subject to fulfillment of the laid down conditions which include infrastructure, ability and legal frameworks, they collect levies and provide services to citizens within their localities as provided in article 209 of the constitution. The role of senate in Kenya is to ensure that County Governments have the institutional and policy framework, systems and capacity to provide the constitutionally mandated function and public services in a responsive, efficient accountable and transparent manner while reforming is the systems and enacting complimentary legislations to assist them in this endeavor. Section 117 of PFM Act 2012 outlines the fiscal responsibility principle that is supposed to be adhered to be devolved units which included management of debt at sustainable level, minimum levels of development expenditure and expenditures on personnel emoluments. This is in addition to submission of various documents which include the County budget and review outlook paper, CFSP, Quarterly Budget review report as stipulated by law. The County is also required to publish its budget summary in a simplified format for its citizenry.

The devolved unit in the above contexts have in the recent past been accused of noncompliance with above principle case in point is incurring of huge debts which affects service delivery. ICPAK has cited the declining revenue collection and accumulated pending bills as a serious threat to liquidity in the devolved units while calling for measures to reserve the trend (Mulwa, 2018). This fact points to the threat on sustainability and lack of fiscal responsibility a variable to be investigated. The community and the county assemblies in Kenya undertake monitoring of the activities of the County executive, to ascertain that it they adhere to provisions of the laws.

2.3.4 Human Resource Management Practices and Service Delivery

Corporate governance is a means that leads to improve the service delivery of public institutions from a critical viewpoint to prevent them from falling into crisis because of the weak management that can worsen the financial and administrative corruption. According to (Samia & Athmen, 2016) corporate governance appeared as a new method of management based on a set of principles and procedures that govern the public administration on one hand, and the parties of the deals on the other hand. Article 1 of the Kenyan constitution in this respect state that all sovereign power belongs to the people of Kenya it further states that people may exercise this sovereign power either directly or indirectly through their democratically elected representatives. All of this is for the sake of giving the citizens their due importance in order to maximize their confidence in the members of the county executive/administration through reliance on constant control for accountability. It has been noticed from the previous studies that investigate the subject of corporate governance that many of them were limited to the financial side (accounting disclosure, financial performance, increasing the capital of the companies) at the expense of the human side (HR, labour, the human resources performance). In the hindsight the basics of the theory and the models of corporate governance are all based on human resources as its most important aspect and target (Samia & Athmen, 2017). Human resources urge the commitment to the ethics and values of the job to create the organizational value, since that can only be achieved through the factors of training, motivation, job satisfaction and participation

Many Devolved units, however, are unable to deliver services to residents. This might be because of ineffective management or lack of capacity to provide a good service at an affordable price. (Municipal service delivery South Africa, 2010) One way in which Devolved units can overcome this is by employing qualified personnel and ensuring that management is adequately remunerated for work they perform. (Wafula, 2018) sight the existing pay structure in counties as a hindrance to devolved units in attracting high caliber employee and for this reason policy papers are wanting in some counties and many governors lack quality advisory services this affects service delivery. People are happiest in relationship where the give and take are equal. In this respect corporate governance which is about fairness advocates, equal opportunities for advancement fairness in treatment and of the remuneration of the management for the required qualification for the work.

2.3.5 Leadership Structure and Roles

The leadership structure refers to the hierarchical order in the organization. An important element of leadership devolved units is the participatory level of elected leaders' i.e. members of county Assembly in legislation and oversight and the executive in policy making and implementation. In this respect the two set of leadership though distinct in their role dynamic have a point of convergence which remains serving the public by ensuring effective service delivery Hence collaboration in this between the leadership is vital. Collaborative leadership is a growing topic within the system of devolved governance. (Morse, 2010) defines leadership collaboration as networked relationship between two or more governmental administrative agencies or entities to form mutual comprehension of a greater singular goal of collaborative action. Collaboration therefore entails cooperation to achieve common goal based on value of mutual reciprocity. The constitution of Kenya 2010 provides for collaboration between the National and County government and by extension the various arm of government in order to achieve the national goals as espoused therein. Chapter six of the Kenya constitution on leadership and integrity call for dedication to serving the public by state officers who include elected leaders. The perception of citizens with respect to leadership in the devolved units is therefore equally important in as far as the operations of the county government meeting the citizens' expectations.

Collaboration by leaders result in synergy and effective service delivery while contrary situations usually result in conflicts manifested in threats of impeachments, tensions, engagement in power struggles and constant frictions. The dysfunctional aspects of the conflicts will include wastage of time and resource, mental fatigue which in the end result in poor public service delivery at the expense of the tax payers. According to (blair, 2010) collaboration among city leaders in Soweto, South Africa and Dareslam Tanzania guarantees autonomy and effective employee participation in leadership, which leads to effective service delivery by devolved units. A study by Pierre (2005) shows that collaboration among city leaders reduces conflicts and promotes cordial relationship

Morrison (2007) argues that successful collaboration between agencies should be based on effective communication where individual from different disciplines talk together. Morse (2010) argues that cooperation among county government leadership with joint working teams on a case to case basis is crucial to attaining the common goals. Coordination involving more formalized joint working. According to Salomon (2002) coalition may call for sacrifice of autonomy for joint identity to be attained. Horwath and Morrison (2007) however note that collaboration developed out of political mandates tend to fail an aspect to be investigated in the study with respect to county government of Nakuru

Effective governance can therefore help Devolved units to transform their local areas into a better place to live and work. This can be realized through dream of the ideal community (vision) by leadership of the devolved units. One of a County greatest responsibilities is approving and regularly monitoring a devolved unit's budget that provides money to implement the visions. This work should be done in consultation and co-operation with the ward committees. The community should be involved as much as possible in deciding what should be the spending priorities for the area they live in. There should be a close working relationship between the two arms of county government that is the county executive and county assembly. This should be done without usurping the roles spelt out in the various statute or the provision as stipulated in the constitution. However this has not been the case in many county governments in Kenya as evidenced in the documented cases of impeachment and threatening of governors and county executive heralded the initial county government (C.I.C, 2014) The research will seek to establish the trend with respect to County government of Nakuru with respect to prevalence conflicts between the county leadership including impeachment motions as a corporate governance issue and its effect on service delivery.

2.4 Theoretical Review

The study focused on corporate governance which is a fundamental practice that enables entities meet the goals of positive economic and social responses. Corporate governance practices combine key elements that include honesty, trust, integrity, openness, responsibility and accountability, mutual respect and commitment to the organization. The rights of and equitable treatment of stakeholder is also a fundamental aspect of corporate governance. This process must comply with existing laws and regulations, both Local and state, and applicable professional and ethical standards. Organizations should respect the rights of stakeholder and help them exercise those rights, by effectively communicating information that is understandable while encouraging them to participate in the general meetings. Parties included in corporate governance include the governing/ regulatory body, the chief executive, the board of directors and stakeholders who include suppliers, employees, creditors and community at large (citizens). The principle (stakeholder) delegates decisions to agent (management) to act in the former best interest. The separation of ownership from control implies loss of effective control by stakeholders over executive decisions.

From a theoretical perspective, the question of what happens to governance decisions in the case of state ownership relates to the motivation of key decision-makers (i.e., incumbent politicians and corporate executive). Probing the political economics and corporate governance literatures on this very issue, the research proposal distinguishes between three models of government owner motivation: Politicians care about creating a favorable reputation as professional representatives of shareholder welfare (reputation motive); maintaining their popularity among voters so as to keep their positions (re-election motive); or implementing their preferred party-policy (ideology motive). In a similar vein, corporate executive care about their reputation as competent representatives of the shareholder electorate (reputation motive), but also their prospects of being re-elected to current board seats (re-election motive). Moreover, I add to these models some institutional features and firm characteristics, which makes for a more realistic picture of governance decision-making.

2.5 Theories of Corporate Governance

There are various theories of corporate governance that are relevant to public institution like cities county government which include the Political theory, the stakeholder theory, Agency theory and stewardship theory. The main theory adopted for the study will be the agency theory due to the fact that it provides an explanation and its principles relates to the variables conceptualized in the study. The other theories adopted however provide detailed insight on specific variable under the study.

2.5.1 Agency Theory

According to Nyaga and Nzulwa (2017) Agency theory is also referred to as the Principal-Agency Theory was pioneered by Stephen Ross and Barry in 1973. The theory was adopted by Batley (2004) and Kayode et al (2013) who examined organizational relationship as tension between the" Principal" who demand a service and the "Agent" who provides it. The model assumes that actors are motivated by rational self-interest. The thrust of the "principal-agency theory is about the relationship between the principal agent and its effect on services on the demand-side"

This theory therefore applies to the governance of county governments as it defines "the relationship between the principals, who are shareholders (county assembly) and agents who are the county executives. In devolved units, the stakeholders are represented by the legislative wing, the speaker and the MCAs. The county executives, headed by the Governor and the Deputy Governor who happen to elected by the masses are the bureaucrats who perform the technical and management functions of the devolved units on behalf of the stakeholders The theory suggests that stakeholders in institutions should have significant powers in the operations of the institutions in order to have an effect on the running of the institutions (Mallin, 2010). In order for county governance to function effectively, these representatives of the people (county assembly) should collaborate well with the bureaucrats (county executive).

The theory is seen as problematic since it is particularly salient on the demand-side of public service delivery, "which arises from the fact that clients, politicians and frontline providers have divergent interests compounded by the fact that multiple principal-agent problems result in the delivery chain" (Hyden & Olowu, 2010). The political leaders who include MCAs on one hand and the office of the Governor and his deputy Governor both elected but representing the different arm of the County establishment have significant powers in the running of the county. Hunger and Wheelen (2010) argue that governance problems are likely to arise in institutions because agents (county executives) are not willing to bear responsibility for their decisions unless they own a substantial amount of interests in the institution. In this respect the theory presents the leadership structure and the challenges in service delivery in devolved units. The agency theory also advocates the setting up of governance rules and incentives to align the behavior of managers to the desires of stakeholders (Hawley & Williams, 1996)

In this theory, shareholders who are the owners or principals (MCAs) of the devolved units, vets and approves the county executive committee members to perform work. Principals delegate the running of business to the county executive committee members, who are the shareholder's agents. The agency theory shareholders expect the agents to act and make decisions in the principal's interest. On the contrary, the agent may not necessarily make decisions in the best interests of the principals. In agency theory, the agent may succumb to self-interest, opportunistic behavior and falling short of congruence between the aspirations of the principal and the agent's pursuits. Even the understanding of risk defers in its approach. Indeed, agency theory can be employed to explore the relationship between the ownership and management structure. However, where there is a separation, the agency model can be applied to align the goals of the management with that of the owners. This theory prescribes that people or employees are held accountable in their tasks and responsibilities. Employees must constitute a good governance structure rather than just providing the need of shareholders, which maybe challenging the governance structure.

According to Nyaga and Nzulwa (2017) the devolved units (County Governments) in Kenya continue to experience problems of service delivery. This problem arises not just from conflict of interest but also from the privilege access of the agents to information and resources. The agent who has been employed to provide services to the electorate have tended to use their superior knowledge and access to resources to divert benefits in their own direction. This theory describes the situation and is relevant since it shows that the electorate (principal) is not powerless as is the public opinion but can indeed dictate the way the services are delivered. Constitutional avenues like the recall clause can be applied.

The theory into focus several variables of the study in respect to Principal (County electorate) and the Agents (county government officials and county executive) which include relation between the two set of leadership , transparency and accountability , stakeholders involved , and adherence to rules and laws of engagement. This is for the purpose of managing the self-interest of those empowered to act on their behalf so that it will be aligned with the purposes of efficient service delivery to the public (the principal) as envisaged in the constitution.

2.5.2 Political Theory

Political theory brings the approach of developing voting support from shareholders, rather by purchasing voting power. Hence having a political influence in corporate governance may direct corporate governance within the organization. Public interest is much reserved as the government participates in corporate decision making, taking into consideration cultural challenges (Pound, 1993). The political model highlights the allocation of corporate power, profits and privileges are determined via the governments' favor. The political model of corporate governance can have an immense influence on governance developments. Over the last decades, the government of a country has been seen to have a strong political influence on firms. As a result, there is an entrance of politics into the governance structure or firms' mechanism (Hawley and Williams, 1996). The political theory seeks to explain the leadership structure as source of power which gives credence to corporate governance with its effects on service delivery due to powers of resource allocation.

2.5.3 Stakeholder Theory

According to Asiimwe (2015) the stakeholder theory sheds light on who has the opportunity to participate in county government decision-making processes. This theory argues that stakeholders can be instrumental in devolved unit's performance if they are given their moral and legal rights to contribute to the management of county governments (Ulrich, 2008). Freeman and Reed (1983) assert that, the term “stakeholder” can include public interest groups, employees, customers and the stakeholder theory sheds light on who has the opportunity to participate in government decision-making processes. Stakeholders can also include key government agencies and particular financial institutions. This theory advocates participatory governance. Participatory governance is the extent to which stakeholders take part in institutional decision-making (Blair, 2000). The theory further asserts that stakeholders who have more attributes (i.e. power, legitimacy and urgency) and higher levels of the attributes would be more salient than those with fewer and lower levels of these attributes (White, 2009).

Stakeholder theorists suggest that managers in organizations have a network of relationships to serve this include the suppliers, employees and business partners and it was argued that this group of networks is important other than owner-manager-employee relationship as in agency theory (Freeman, 1999). On the other end, stakeholder theory attempts to address the group of stakeholders deserving and requiring management’s attention. Whilst, Donaldson and Preston (1995) claimed that all groups participate in a business to obtain benefits. Nevertheless, Clarkson (1995) suggested that the firm is a system, where there are stakeholders and the purpose of the organization is to create wealth for its stakeholders. The network of relationships with many groups can affect service delivery with reference to devolved units as stakeholder theory is concerned with the nature of these relationships in terms of both processes and outcomes for the county government and its stakeholders. Donaldson and Preston (1995) argued that this theory focuses on managerial decision making and interests of all stakeholders have intrinsic value, and no sets of interests is assumed to dominate the others

2.5.4 Stewardship Theory

Stewardship theory has its roots from psychology and sociology. Stewards are county executives and managers working for the shareholders (citizens), protects resources and provide effective and efficient public services. Steward protects and maximizes shareholders wealth through firm performance, because by so doing, the steward’s utility functions are maximized”. In this perspective, unlike agency theory, stewardship theory stresses not on the perspective of Individualism but rather on the role of top management being as stewards, integrating their goals as part of the organization. The stewardship perspective suggests that stewards are satisfied and motivated when organizational (county) success is attained.

2.6 Conceptual Framework

Corporate Governance Practices

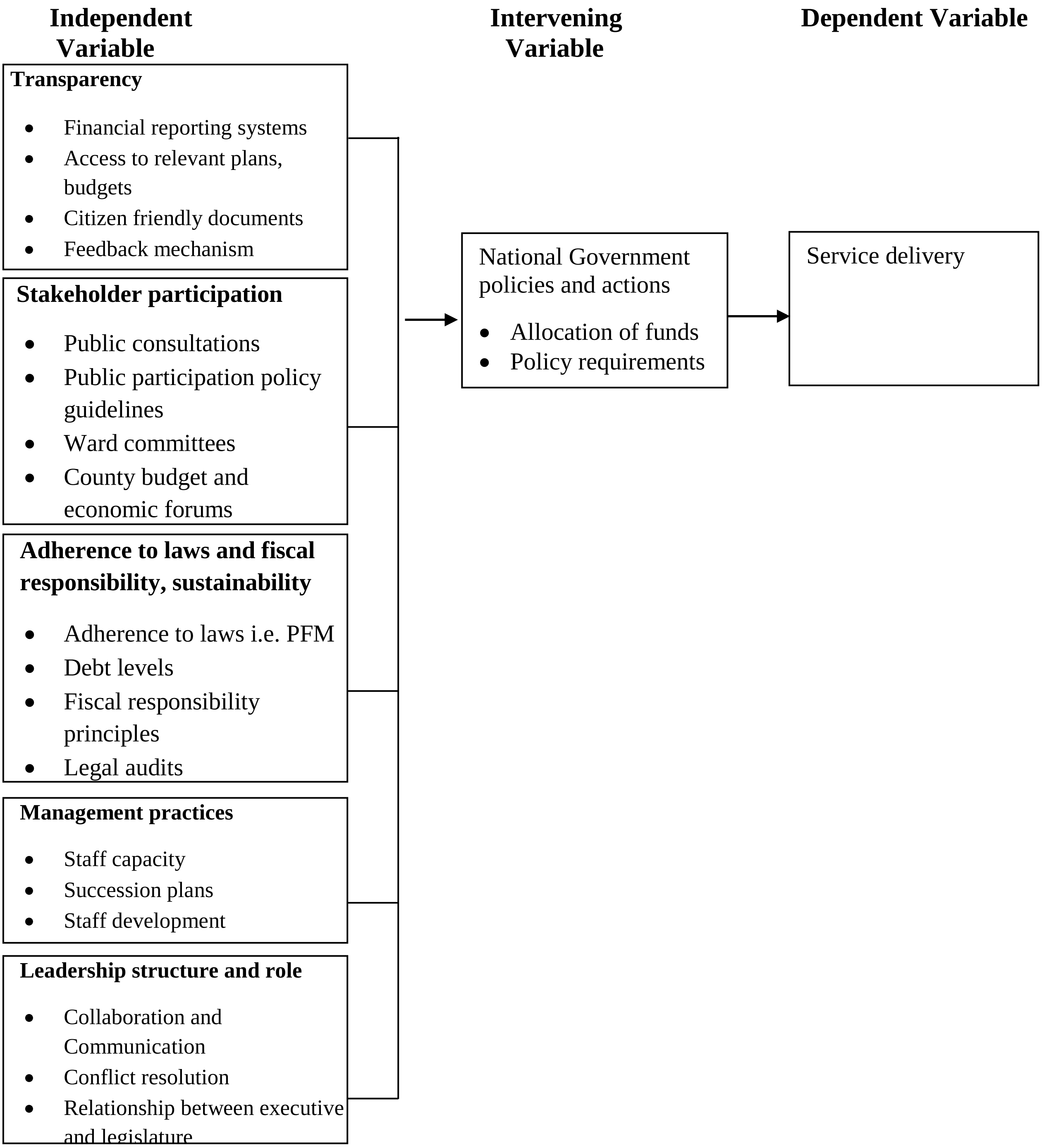

Figure 2.1: Conceptual Framework

Figure 2.1 gives a graphical conceptual representation of the variables of study and how they relate to one another. The independent variable is corporate governance practices while the dependent variable is effective public service delivery. The intervening variable is that variable with direct influence on both dependent and independent variable. In this study the National government policy direction on personnel will affect that of county government in addition financial practice which includes the debt level at national level will reflect the practices at county level with respect to sustainability and debt management and consequently the service delivery. According to the diagram above, disclosure and transparency, leadership structure and roles, stakeholder participation, sustainability, adherence to law and fiscal responsibility and human resource management practices governance practices that could cause differences in the citizen expectations on public services and the services delivered by devolved units.

Public service delivery as a dependent variable will be influence by factors such as the level of transparency and accountability by those in leadership and decision making positions at various level of governance prudent use of public fund which is an aspect of fiscal responsibility and sustainability, in addition to actively engaging citizenry and promoting the welfare of staff through desirable human resource management practices.

2.7 Empirical Studies

According to Brouwer (2009) on "*Investigation into Corporate Governance at Moorabool Shire Council* Bring to focus the role of elected leaders in local governments/County governments. Brouwer recommended that Councilors should not be involved in day-to-day operations of the Council, nor should the Council adopt practices which limit transparency and accountability. It is important that there is no, nor any perception of, Councilors Involvement in matters where they have an interest whether pecuniary or not. He posited that the Council has robust governance processes in place but needs to ensure that its policies and procedures are consistent and not contrary to good governance and transparency. Ongoing review of governance arrangements and policies is critical to ensure currency and compliance by all Shire staff and Councillors, and it is incumbent on the Mayor and CEO to set appropriate standards, to monitor adherence and performance and to counsel those who fail to meet the agreed arrangements.

In Kenya Atieno (2005) did as assessment of corporate governance practices in selected non-governmental organizations in Kenya, where she found that the financial reporting was done annually the internal audit was functional there were written code of corporate governance and the non-governmental organization were transparent in their operations.

According to Asiimwe (2015) Radical political and economic reforms sweeping through developing countries are forcing them to rethink local governance and adopt structures that promote effective public service delivery. A recent study done by Thang *et al.* (2015) in Vietnam compared the relationship between stakeholder participation and city performance across cities. The findings revealed that the contribution of stakeholder participation to city performance was better in large cities than in small cities. Owing to the fact that stakeholders in small cities were poorer and had insufficient empowerment, they participated less in planning and decision-making and city managements were not able to effectively meet their needs. While stakeholders in larger cities were seen to more organized and presented a unified voice and were able to demand accountability in terms of services from city management. This increased their access to basic public services. While the study showed that stakeholder participation, especially by citizens, had major significance in the management of current cities in developing countries, it was done among cities with centralized governance. Kampala and Kigali (Kigali City Development Plan, 2015; KCCA Act, 2010) operate in decentralized settings and it is not clear how this affects the quantity and quality of stakeholder participation with regard to demands for better service delivery by city management.

Samia and Athmen (2017) did a study on importance of human resource management practices on corporate governance and concluded that corporate governance affects human resources through several factors, the most important of which is the systems of remuneration and compensation that contribute to create the added value and to realize the professional satisfaction. This interest also realizes one of the very important aspects of social responsibility, which has become recently one of the criteria of competitiveness, which is improved when the administrative board is well managed to properly exert its responsibilities and make the best strategic decisions through the consultation with its human resources. This can realize the achievement of better performance and increased productivity that lead to the increase in profits, which means realizing advantages for all interested parties, including stakeholders and shareholder.

Behrens (2014) did a study on the influence of collaboration on city performance. Her findings revealed that collaboration among city leaders is relatively new and did not substantially contribute to city performance. She found that while collaboration produced harmonious integration, it resulted into negatively perceived agency capitulation. She suggests the need to clearly operationalize collaboration as a goal or as an objective for groups if it is to significantly contribute to better city performance

2.8 Knowledge Gap

Most of the studies done in this area have been done in the outside mainly in America, Europe and Asia. Governments in the world have developed corporate governance practices In Kenya the County Governments have complete autonomy in all aspects financial management. Corporate governance is the neglected by County Governments “little brother” of accountability and transparency often seen as less urgent, significant costs to implement well, benefits broader than just lower cost. Studies exist on corporate governance in developed countries in both public and private sector. In Kenya reference of such studies are restricted to commercial entities none has been found to have covered devolved units

2.9 Summary of Literature Review

The literature review establishes an increasing emphasis on corporate governance as an organizational function. This chapter has reviewed existing literature on the influence of corporate governance practices on service delivery. The relationship between corporate governance practices which include delivery leadership role, stakeholder participation, disclosure and transparency, management practices (independent variables) and service delivery (dependent variable) forms the conceptual framework. The conceptual framework form the basis of research from which the study objectives reviewed. A modified taxonomy of corporate governance theories have been reviewed to provide a theoretical framework for the research and explain the concept of corporate governance. Lastly the chapter establishes the existing knowledge gap hence reducing possibility of duplication and redundancy on the topic of study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter dealt with elucidation of the methods applied in carrying out the research study. It is organized under the following sub-sections, research design, target population, sample and sampling procedure, research instrument, reliability of the research instruments, validity of the research instruments, data collection procedure, data analysis technique.

3.2 Research Design

A research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research questions. Ogula (1995) says research design provides a framework for planning and conducting a study. The study used descriptive survey design; this design is conclusive in nature as opposed to exploratory. This means that descriptive research gathers quantifiable information that can be used for statistical inference on your target audience through data analysis. As a consequence, this type of research takes the form of closed ended questions. This information through this method can be used by an organization to make better decisions. Mwiria (1995) describing survey says that a survey collects data about variables or subjects as they are found in a social system or society. Survey design for this study involved the collection of quantifiable information from the samples.

3.3 Target Population

Mugenda and Mugenda (1999) define population as an entire group of individuals, events or objects having common observable characteristics. Cooper and Schindiler (2003) stated that, a population involves a group of individuals, objects or items from which samples are taken for measurement. In other words, population is the aggregate of all that conforms to a given specifications. The target population for the study consisted of 1 representative from Office of the Controller of Budget and Commission on Revenue Allocation, 36 officials of County Workers union, 550 Stakeholder groups representing customers who receive County services, 10 Heads of Departments, 11 Non state actors who are members of County Budget and Economic Forum and 74 elected and nominated MCAs in Nakuru county who are part of county leadership which constitutes variable of study.

3.4 Sample Size and Sample Selection

A sample is the segment of the population that is selected for investigation. It is also small group taken from a larger population composed of members being studied. Yamane (1967) provided a simplified formula to calculate sample sizes as:

$$n = \frac{N}{1 + Ne^2}$$

Where n – sample size,

N – sampling population,

e – level of significance

Given a population of 684 and significance level of 10%, then the sample size can be calculated as: $n = \frac{684}{1+684\ (0.1)^2} = 87.03$ Therefore with a confidence level of 90% and a margin of error of 10%, the sample size will constitute 87 respondents.

Table 3.1: Sampling Frame

Population	Sampling Frame	Sample size	Sampling method
Stakeholder groups	550	40	Multi stage Random
County budget and Economic Forum	10	5	Random
Head of departments	11	5	Random
MCAs	74	26	Stratified/random
Controller of budget	1	1	Purposive
County Workers Union	36	8	Stratified /random
Clerk to county assembly	1	1	
C.R.A.	1	1	Purposive
TOTAL	**684**	**87**	

The sampling frame consisted of a total of 11 heads of heads of department who are involved in management practices. The County MCAs who provide leadership with a with a sampling frame of 74 members, 10 members of CBEF representing the public with non -state actors comprising of 11 members, 550 stakeholder groups representing the 11 sub-counties sampled replicated from existing list. Representative of the office of controller of budget and commission of revenue allocation in the County and the Clerk to County assembly.

The research applied both the probability and non-probability sampling techniques. The probability technique was used for the selection of MCAs, CBEF members, stakeholder groups. Using the technique, the researcher used random sampling as a basis of identifying the departments whose respondents the research instruments were administered. MCAs were stratified into Sub-counties and randomly sampled while the stakeholders were selected using multi stage sampling technique. The purposive sampling a non-probability sampling technique was applied to the clerk to county assembly OCOB and CRA due to their constitution oversight mandate. Both census and Quota sampling was applied by the researcher in choosing the period of reviewing of publication of requisite legal documents and analysis of documents.

3.5 Research Instruments

Due to the types of samples dealt with and the different scenarios they presented to the research process. The researcher used questionnaires and interview guide as instruments of collecting data from respondents with regard to policies and procedures of corporate governance. The researcher also applied analysis of county information platforms for review of the disclosure and transparency system. The researcher relied on document analysis in collecting data county government with regard to adherence to laws and fiscal responsibility principle on debt, wages and development levels as set out in the Public Finance Management Act 2012(PFMA) and PFM Regulations 2015

3.5.1 Piloting of the Study

A pilot study is a small scale preliminary study in order to evaluate feasibility, time cost, and adverse events and improve upon the study design prior to performance of a full scale research project (Hazzi & Maldaon (2015). A pilot study was conducted in the neighboring Narok County which share a boundary with Nakuru with three its sub-counties/constituencies of Naivasha, Gilgil, Njoro and Molo which are some main urban areas. A pilot test was conducted on the instruments and procedure of data collection. The pilot testing was to ensure that the instruments were valid and reliable and that the participants responded in accordance with the instructions. The pilot study also tested the best way to handle unanticipated problems, and gauge how long the respondents would take to fill in the questionnaire.

3.6 Reliability and Validity of the Instruments

3.6.1 Reliability of Instruments

The reliability of a measure indicates the extent to which is without bias and ensures consistent measurement across time and various items. It is a measure of stability and consistency with which instruments measures concepts (sekaran, 2003) Mugenda and Mugenda (1999) define reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trial. To ensure that the questionnaire was reliable the use of split half reliability test was undertaken. The cronbach alpha value was .814 which was very high hence indicated high reliability. According to George and Malley (2003) a value of below 5 is unacceptable, 5 is poor, 6 in questionable, 7 is acceptable, 8 is good while 9 is excellent. The split half coefficient was .593 which further indicated the questionnaire was reliable.

Table 3.2 Reliability Statistic

Cronbach's Alpha	Part 1	Value	.541
		N of Items	29[a]
	Part 2	Value	.814
		N of Items	28[b]
	Total N of Items		57
Correlation Between Forms			.529
Spearman-Brown Coefficient	Equal Length		.692
	Unequal Length		.692
Guttman Split-Half Coefficient			.593

3.6.2 Validity of Instruments

Mugenda and Mugenda (1999) define validity as the accuracy and meaningfulness of inferences, which are based on the research results. In other words, validity is the degree to which the results obtained from the analysis of the data actually represents the phenomenon under the study. To enhance validity of the instruments, a pre-test was conducted on a population similar to the target population. A content validity test was used to establish validity of the instrument by administering the questionnaire to experts and the supervisor. This was done to assess the clarity of the instrument items and those found to be inadequate for measuring the variables were discarded or modified to improve the quality of the research instruments thus increasing its validity. During the pre-test, after each respondent completed filling the questionnaire, each item was discussed with him/her to determine its suitability, clarity, and relevance for the purpose of the study. The researcher sought assistance of research experts, experienced graduates, lecturers and experienced supervisors in order to improve validity of the instruments.

3.7 Data Collection Procedure

The first phase of the study involved a literature review with the objective of building a list of topics and any new parameters deemed relevant for the corporate governance practices in devolved units. Some of which were generic while some were unique to Kenyan situation. Data was collected by use of questionnaires and analysis of legal framework and disclosure platforms. The respondents were contacted through a covering letter explaining the questionnaire which gave assurance on confidentiality. The questionnaire were attached to the covering letter and returned after one week. This was after obtaining a research permit from the county commissioner and permission from the County secretary who is the head of public service in the county government. Distribution and collection was done by a research assistant. The researcher applied a preliminary questionnaire to pilot the survey in face to face interview with experts. Pilot was intended to refine the instruments to overcome any lack of clarity and ambiguity. The research employed the use closed ended questions on a Likert scale in addition to open ended ones to tap into different type of responses that could not be implemented in direct questions.

3.8 Data Analysis Techniques

Data collected was processed and analyzed through use of both descriptive and correlation analysis. A software statistical package (SPSS) aided in data analysis. The researcher used varied instruments in collecting of data; this included Analysis of financial statements interviews and questionnaires. This was presented as numeric values as per the Likert scale in the questionnaires in additional to the textual form when analyzing the policy documents. Each variable studied therefore was represented in a different from depending on the category. Corporate governance variables were presented in numeric numbers with data collected being related, descriptive statistics such as frequency tables, pie charts and percentages were applied to describe each variable. Correlations analysis was used to check the relationship and strength of the different variables in comparison to service delivery. On the other hand, qualitative data collected were expressed in textual form where the researcher used non-statistical techniques. Data was discarded to develop logic and finally categorized according to the developed relationship and explanations made. Possible solution to each variable collected from the tools was discussed against each variable of the research.

3.9 Ethical Considerations

Research ethics is acceptable behavior of persons involved in the conduct of research with reference to the norms of society (Zikmund, 2010). This research factored several ethical issues in the process. The included pre-research activities which required seeking of permission from NACOSTI a body authorized to regulate the research practices in Kenya. This is in addition to seeking consent of respondents including the county Government of Nakuru while giving explanation and the purpose of the study. The respondents were also assured of confidentiality and anonymity through the transmittal letters. The researcher discussed the planned data collection period with the management of the county government before the commencement of instrumentation. Permission to conduct the research was obtained from the respective organs in the county and national government. Participation in the research was free of duress and undue influence, with research participants at liberty to withdraw from the process.

The respondents were briefed on how risks would be managed and the benefits to accrue thereon in the study before the research commenced while addressing their questions and concerns in the conduct of the study. The researcher ensured that there was adequate time for the respondents to respond to the instruments administered to eliminate duress. The respondents were not rewarded with financial consideration to participate in the study .The issue of ethics was therefore an important consideration in conducting research that involved human subjects (Cooper & Schindler, 2010).

3.10 Operational Definition of Variables

Table 3.3: Operationalization of variable

Objectives	Variables	Indicator (s)	Measurement of Indicator(s)	Measurement Scale	Data Collection instruments	Data Analysis
To establish the extent to which transparency system adopted by County Government of Nakuru influence service delivery.	Disclosure and transparency	Access to information Functional audit committee Financial report	Website view, No comments No of reports issued by audit committee Date report posted received by county assembly	Nominal Ratio	Questionnaires Document review	Descriptive
To assess the level of stakeholder participation in the operation of County Government of Nakuru and how it influence service delivery.	Stakeholder participation	Stakeholder Communication policy	Published policy Document Stakeholder documentation in eleven sub-counties	Nominal	Questionnaire and guided interview	Descriptive
To examine the level	Sustainability,	Level of debt	20% of total	Rational	Questionnaire	Inferential

Objectives	Variables	Indicator (s)	Measurement of Indicator(s)	Measurement Scale	Data Collection instruments	Data Analysis
of compliance with financial laws and fiscal responsibility principles by County Government of Nakuru influence service delivery	compliance with laws , fiscal responsibility	Level of personnel budget Audit on legal compliance Budget allocation	revenues 35% of total budget Rate of compliance with laws Ratio to total budget		Review of documents	Descriptive
To assess the extent to which County Government of Nakuru Management practices and influence service delivery.	Management practices	View on remuneration received Adverts Employment opportunity Promotion policy Succession plans Type of reinforcement on failure by employees	Satisfaction level Reservations on 30% marginalized number of complains on victimization, transfers common form of reinforcement	Nominal Ratio	Questionnaire Guided interview	Descriptive

Objectives	Variables	Indicator (s)	Measurement of Indicator(s)	Measurement Scale	Data Collection instruments	Data Analysis
To assess the extent to which County Government of Nakuru leadership structure influence service delivery.	Leadership structure and roles	Communication policy Consultative meeting Motion on impeachment Joint working committee Induction programme	Existing communication policy No of consultative meeting No of impeachment Established working committee	Nominal and ordinal	Questionnaire guided interviews	Descriptive

CHAPTER FOUR

DATA ANALYSIS, PRESENTATIONS AND INTEPRENTATIONS

4.1 Introduction

This chapter presents analyzed data on the influences of corporate governance practices on service delivery in county governments basing its case in Nakuru County. The data has been analyzed using both qualitative and quantitative techniques. Qualitative data analysis entailed using themes to present the findings of the study while quantitative techniques utilized percentages, frequencies and descriptive summaries. Correlation statistics has been performed to check on the strength and relationship of the variables used. The chapter has been presented as per the objectives of the study.

4.2 Response Rate

Out of the 87 questionnaires issued, 73 were filled and returned back. Two of the questionnaires were incomplete hence 71 were recorded as completely filled. This represented a response rate of 81% which was considered as adequate enough.

Table 4.1: Response Rate

Issued Questionnaire	87
Returned Questionnaires	71
Response Rate	78%

4.3 Back Ground Information

To have a clear understanding of the study, there was need to undertake a background analysis. This section looks at gender, occupation and level of education of the respondents.

Table 4.2: Background Information

Gender of Respondents	Frequency	Percentage
Male	42	59.2
Female	29	40.8
Age of Respondents	**Frequency**	**Percentage**
18-30	11	15.5
31-40	27	38.0
41-50	22	31.0
Above 50	10	14.1
Highest Level of Education	**Frequency**	**Percentage**
K.C.E	8	11.3
KCSE	9	12.7
KACE	2	2.8
Diploma	12	16.9
Degree	30	42.3
Others	9	12.7

There were slightly more males represented in the study than female as indicated by 59.2%. The difference between the genders was significant as the number of female respondents were less than 50%. These findings implied that the county government of Nakuru needs to improve when it comes to balancing of gender at the work place.

Majority of the respondents were between the ages of 31-40 as depicted by 38%. This was closely followed by 31% who were between 41-50 years. Those who were between 18-30 years were represented by 15.5% while only 14.1% indicated they were above 50 years. It can be deduced that majority of who formed part of the study were considered youthful. This further indicate that they could be objective enough while providing data for corporate governance practices on service delivery in Nakuru county.

On level of education, the study established that a great majority (42.3%) had an undergraduate qualification. 16.9% had diplomas while 12.7% had a secondary qualification. Those who indicated 'other' as their level of education further revealed that they had a postgraduate qualification. A very small proportion (2.8%) revealed that they had attained KACE. Having an academic qualification gave the impression that the respondents could read and writer. Additionally they had the ability to interpret the contents of the questionnaire and give the most appropriate response.

4.4 Transparency and Service Delivery

The first objective sought to establish extent to which transparency systems adopted by county government of Nakuru influences on service delivery. The respondents were required to give nature of information provided by the county government. Table 4.3 presents the findings of the study.

Table 4.3 Access to Information

	Responses	
	N	Percent
Budget preparation and validation for projects	13	18.3%
Financial statements	10	14.6%
List of all project undertaken	10	14.3%
Audit reports	10	13.4%
List of all applications for County executives and their qualification	9	12.9%
Budget implementation reports	8	10.9%
List of all tender awarded to contractors	6	8.6%
Others (state)	5	7.1%

The study established that budget preparation and validation of project had the most accessible information as presented by 18.3%. Financial statements and provision of a list of all projects undertaken followed respectively 14.6% and 14.3%. The least provided information was provision of list of all tenders awarded to contractors. Further, there were others who cited other means of accessing information such as notice boards, road shows, Facebook page, publications and official county websites. From these findings, it can be deduced that there is need for the county government to improve on ways that information can be made accessible to the members of the public.

On whether the information provided by the county was understandable, the responses were tabulated as follows;

Table 4.4 Understanding Information Provided

		Frequency	Percent
	Yes	51	71.8
	Dont Know	9	12.7
	No	8	11.3
	Total	68	95.8
Missing	System	3	4.2
Total		71	100.0

A great majority (71.8%) were of the view that the information provided was understandable, only 11.3% indicated it was not while 12.7% did not know if the information was understandable. It could be deduced that the information provided by the county was understandable.

There was further need to understand the form of media that the county government uses to facilitate public communication. The findings are presented on Table 4.5.

Table 4.5 Form of Media for Public Communication

	Responses	
	N	Percent
Public meeting	14	20.1%
Community Radio	13	18.2%
Newspapers	13	17.8%
Website	17	17.5%
Television	10	14.2%
Information communication centres (Huduma Centres)	6	7.9%
Others (state)	3	4.3%
Total	71	100.0%

It was established that public meetings were majorly used as a form of communication (20.1%). This was closely followed by community radios (18.3%) and newspapers (17.8%). Those who indicated 'other' as a form of communication cited social media such as facebook, twitter and whatsap as common channels used to reach out to the masses. From the findings, it is clear that there are several channels used to reach out to the public. This implies that communication can be received by different individuals using different medium for the good of the county.

Measures adopted by the county government were looked at. The respondents were required to indicate their feeling on each. Responses ranged from 'strongly disagree' to 'strongly agree'. The results are presented on Table 4.6 as follows.

Table 4.6 Measures Adopted by County Government

	Mean	Std. Deviation
The financial reports are prepared on a timely basis and submitted to the county assembly and relevant state organs	2.99	1.234
The county executive has constituted an audit committee independent from internal functions as per PFM Act	2.79	1.284
The executive reports in the annual financial statement on the going concern status	2.79	1.226
The county has put in place a policy of disclosing gifts issued to its employees in the course of service delivery	2.34	1.102

From the findings of the study, it was revealed that financial reports were towards a moderate extent prepared on a timely basis and were submitted to the county assembly and other relevant state organs (Mean =2.99, SD 1.234). Further, it was noted that there is a constituted audit committee by the county executive (Mean=2.79, SD 1.284). Annual financial statements give a report on ongoing concern status (Mean 2.79, SD 1.226). A policy on disclosing gifts issued to its employees was not effective as presented by a mean of 2.34 and a standard deviation of 1.102. All the standard deviations presented indicated 1 point scatters which implied the responses were varied. Equally, the means were towards moderate and small extent which further meant that the measures adopted were not effective towards better service delivery.

4.5 Stakeholders Participation and Service Delivery

The second objective sought to assess the influence of stakeholder's participation on service delivery in Nakuru. The respondents were required to either 'agree or disagree' on the given statements. Table 4.7 presents the findings of the study.

Table 4.7 Stakeholders Participation and Delivery

	Mean	Std. Deviation
Stakeholders actively participate in making decisions concerning the running of the county	2.99	1.198
County management has empowered stakeholders groups to identify their needs	2.93	1.121
County leadership fully implement relevant views of stakeholders	2.87	1.203
County management has put in place avenues for stakeholders groups to freely consult group members on their needs	2.86	1.146
The county has established ward committees which challenges CGN on wastage of money to keep down costs of providing services	2.74	1.315
Stakeholders participate in monitoring service delivery by county government	2.63	1.206

It was revealed that stakeholders towards a moderate extent actively participated in decision concerning the running of the counties (Mean =2.99, SD=1.198). Further, the county government towards a moderate extent had empowered stakeholders groups to identify their needs. Relevant views of the stakeholders were implemented by the county government (Mean 2.87, SD 1.203). Lastly with a mean ranging towards a smaller extent, it was established that stakeholders participated in monitoring of service delivery (Mean =2.63, SD= 1.206). From the findings, it could be deduced that stakeholder's participation had not yet reached the desired levels as there was minimal participation, stakeholders had not been empowered to participate; relevant views of stakeholders were not being implemented. Further, there were few ward committees that could challenge the county government in case of wastage of money.

4.6 Adherence to Law and Fiscal Responsibility

There was further need to examine the levels of compliance with principles of financial laws and fiscal responsibilities. Statements with responses ranging from 'strongly disagree' to 'strongly agree'

Table 4.8 Adherence to law and Fiscal Responsibilities

	Mean	Std. Deviation
The county assembly approves the financial and planning documents submitted in time	3.89	1.210
The county prepares budgets, development plans and financial statements in time	3.73	1.307
Inadequate local revenue mobilization enabling frameworks affect service delivery	3.61	1.333
The county adheres to legal deadline for submission of statutory document	3.07	1.322
The county executive ensure that laws, rule and regulations applicable to the organization have been identified documented and observed	2.87	1.284
The county has established ward committees which challenges CGN on wastage of money to keep down costs of providing services	2.74	1.315
The county recruits new employees while considering approved budgetary provisions	2.66	1.453
The county carries out internal legal compliance audit annually and implements it recommendation	2.65	1.211
The policy on risk management and key risk to which the organization is exposed is disclosed in annual report	2.62	1.238

The study established that financial and planning documents done on time are approved by the county assembly (Mean=3.89, SD= 1.210). This implies that the county assembly is efficient if work and documentation process is done in a timely manner. Further, the study revealed that the county prepares budgets, development plans and financial statements in time (Mean= 3.73, SD=1.307). This finding also attributes to better service delivery since early preparation and planning can be equated to better services. Further, it was revealed that inadequate local revenue mobilization enabling frameworks affect service delivery (Mean= 3.61, SD=1.333). This implies that there should be adequate revenue mobilization that can be used in the process of ensuring better services are availed to citizens. On a moderate extent, it was established that the county adheres to legal deadline for submission of statutory document (Mean=3.07, SD= 1.322). Failure to adhere to the process can be detrimental towards service delivery as sanctions are usually placed. Non adherence to the given deadlines can be used to explain why service delivery has not reached the expected margins. It was further reported that laws, rules and regulations applicable to organizations were yet to be identified and documented as shown by a mean raging towards a small extent (2.87). Ward committees to challenge wastage of money at the county government are yet to be established (Mean=2.74). Internal legal compliance audits and implementation of the recommendation is done at minimal levels (Mean =2.65) and risk management policy and documentation on annual reports is yet to be effective (Mean=2.62). From the study, it can be deduced that apart from county assembly approving plans and financial documents that are submitted in time, and preparation of budgets and financial statements in time, a lot needs to be done in terms of adherence to law and fiscal responsibilities at the county government of Nakuru.

4.7 Management Practices and Service Delivery

The fourth objective sought to assess the influence of management practices on service delivery. To this effect, the respondents were given statements to reflect their feeling and opinion on management practices. The findings have been presented on Table 4.9

Table 4.9 Management Practices

	Mean	Std. Deviation
The county personnel are not assured of the current position with a change of county administration	3.15	1.459
The county maintains accountability among its employees	3.14	1.264
The county has put in place a succession plan for personnel for continued service delivery	3.03	1.403
County management has suspended staff in the past without following due process	2.91	1.334
The county public service board has put in place a formal transparent recruitment and promotion policy for employees	2.88	1.452
The county provides equal opportunities for employment and promotion which enhance service delivery	2.82	1.424
Remuneration received is considered fair pay for all workers at county government of Nakuru	2.79	1.366
The promotion policy has been approved by the workers union and county executive	2.53	1.134

It was established that the county personnel are not assured of the current position with a change of county administration (Mean= 3.15, SD=1.459). This implies that they fail to give their best when it comes to service delivery due to transition fears that come with new regimes. After the elections in 2017, the new governor came up with structural changes where administrators and other employees were taken on compulsory leave. This diminished the moral of county workers. However, the study also revealed that it maintains accountability among its employees (Mean =3.14, SD=1264). Succession plans for personnel for service delivery have been put in place (Mean =3.03, SD=1.403). This implies that service delivery is usually planned and mechanism for its implementation done through management practices. Further, it was noted as presented by a mean ranging towards a moderate extent (Mean 2.91) that the management rarely suspends staff without following due process. Although, formal transparent recruitment and promotion policy for employees by the county service public board is yet to be effected (Mean 2.88). Having a policy guideline in recruitment and promotion will ensure best individuals are employed which translates to better service delivery.

It was further revealed that equal opportunities for employment and promotion are yet to be achieved (Mean=2.82). Not having equal employment and promotion opportunities translates to poor service delivery as individuals with better skills might be rendered useless due to poor management practices. Lastly it was noted that the promotional policy had not been approved by the workers union and the county executive as presented by a mean of 2.53 and a standard deviation of 1.134. All the scatters as presented by the deviations indicated dispersals that were 1point away. This implied the responses were moderately dispersed. From the above findings, it can be deduced that the management practices in Nakuru need to improve as the personnel are not assured of their current positions, there is evidence of staff being suspended in the past without due process being followed. Formal transparent ways of recruitment and promotion is yet to be effected by the County public service. Equally opportunity for employment and promotion is yet to be achieved and the promotion policy has not been approved by the workers union and the executive.

There was need to understand the measures taken when employees fail to attain performance contracting targets. The findings are presented on Table 4. 10 as follow.

Table 4.10 Measures Taken for Failure of Performance Contracting

	Responses	
	N	Percent
Transfer	22	31.5%
Reprimand	21	29.6%
Demotion	17	24.1%
None of the above	9	11.1%
Reduction in pay	3	3.7%
Total	71	100.0%

Transfers were mostly used as a measure for sanctioning against nonperformance (31.5%). This was followed by reprimanding the employees (29.6%) while 24.1% indicated nonperformance is met by demoting the officers. 3.4% indicated there was reduced payment for non-performance. It is clear from these results that the county government has put in place measures that can be implemented when employees fail to meet their target. However, there is need to understand the effectiveness of the given sanctions and how they further translate to improved service delivery.

4.8 Leadership Structures

The last objective of the study sought to assess the extent to which county government of Nakuru leadership structure influences on service delivery. The findings are presented as follows.

Table 4.11 Leadership Structures

	Mean	Std. Deviation
County Executive have faced threat of impeachment which has affected service delivery	3.49	1.421
The County has put in place a formal induction program for new executive members.	3.41	1.034
There is a joint working committees between the county executive and assembly to solve conflict for service delivery	2.67	1.146
There is a collaboration on a case to case basis on all county operation issues	2.59	1.155
County leadership do not interfere with each other role	2.64	1.124
County leadership have put in place communication policy that covers all key stakeholders to enhance effective service delivery	2.54	1.017

The study established that threats of impeachment by county executive have greatly affected the county (Mean =3.49, SD=1.429). Constant threats delays provision of service delivery as it comes with its setbacks. It was further noted that formal induction programme for new executive members had been put in place (Mean= 3.41, SD=1.034) this helps to ensure that each individual ensures they understand the nature of their work and what is expected of them. Having each executive understand their work enables effective service delivery. The collaboration on a case by case basis on all county operations was minimal as depicted by mean of 2.59, SD=1.155. Further, it was noted that there was interference of each other's roles by county leadership (Mean =2.64, SD=1.124. Communication policy to enhance effective service delivery was cited by the respondents as nonexistence. These findings indicate that the leadership structures put in place is not as effective as envisage. Thus they cannot guarantee delivery of good services at the county. Communication policy that covers all key stakeholders to enhance effective service delivery have also not yet been effected (Mean=2.54, SD=1.017). It can be deduced that leadership structure in Nakuru has not yet reached the desired threshold.

4.9 Service Delivery

The dependent variable for the study was service delivery. The respondents were required to rate service delivery in a scale of 1-10. This scale represented ‘not effective’ to ‘very effective’. The responses are presented in Table 4.12 as follow:

Table 4.12 Service Delivery

	N	Minimum	Maximum	Mean	Std. Deviation
Service delivery	71	1	10	4.65	2.021

The findings indicated that service delivery at the county was rated at a mean of 4.65 which could be deduced as relatively small. The County is yet to reach its expectations; a lot needs to be done for the citizens to feel that they are benefitting from the services offered by the county.

The interviews conducted indicated that participation of individuals in county affairs does not translate to better service delivery. Respondents indicated that their inputs were ignored and the citizens were of the opinion that programs are usually pre- selected hence public participation is just a formality. The areas that are considered as not sustainable in terms of service delivery were hospitals, roads, agriculture and infrastructure. The wage bill was cited to be too high, disaster management and response also was done haphazardly. On areas of improvement, it was noted that all the 10 devolved units needed an overhaul as they had failed when it comes to service delivery. Further, it was felt that openness while tendering should be prioritized, human resource management should be looked at and customer service should be taken with utmost seriousness. A mechanism for improving staff accountability should be developed.

4.10 Correlation Analysis

A correlation analysis was thus undertaken to check whether there was a relationship and the strength of the relationship between the independent and dependent variable. A presentation of the correlation matrix is presented in Table 4.13 as follows:

Table 4.13 Correlation Analysis

		Transparency	Stakeholders participation	Adherence to law and fiscal Responsibility	Management Practices	Leadership Structures and Roles
Transparency	Pearson Correlation	.626**				
	Sig. (2-tailed)	.000				
	N	71				
Stakeholders participation	Pearson Correlation	754**				
	Sig. (2-tailed)	.000				
	N	71	71			
Adherence to law and fiscal Responsibility	Pearson Correlation	. 554**	.654**			
	Sig. (2-tailed)	.001	.000			
	N	71	71	71		
Management Practice	Pearson Correlation	558**	458**	. 648**		
	Sig. (2-tailed)	.000	.000	.002		
	N	34	34	34	34	
Leadership Structures and Role	Pearson Correlation	658**	.052	-.026	.402*	
	Sig. (2-tailed)	.001	.002	.000	.000	
	N	71	71	71	71	71

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

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

On transparency and service delivery, the results indicated r=.626 indicating a positive strong correlation between transparency and service delivery. Further the relationship was significant at p= 0.00<α (0.05). The implication deduced is that transparency in county governments has an influence on service delivery. An increase in levels of transparency increases better and efficient service delivery. This led to the rejection of the null hypothesis, it was thus concluded that transparency systems adapted by the county government had an influence on service delivery.

On stakeholders participation, it was established that $r=.754$. Indicating a positive strong correlation between the two variables. The relationship was significant at $p = 0.00 < \alpha$ (0.05), implying increasing stakeholders participation has a positive influence on service delivery. The null hypothesis was rejected and the alternative hypothesis adapted. It was concluded that stakeholders participation has an influence on service delivery in Nakuru county. Stakeholder's participation enables the citizens to be involved and further encourages ownership of projects which improves the relationship of the government and the citizens.

There was a moderate positive correlation between adherence to law and fiscal responsibility and service delivery with $r=554$ which was significant at $p = 0.01 < \alpha$ (0.05). The null hypothesis was rejected and the alternative hypothesis adapted that fiscal responsibility has an influence on service delivery. This implied that the more the county government adhered to the set laws, the better the services would be experienced by the citizens. Noncompliance to the law leads to misplaced priorities and further encourages unethical behaviors which translate to poor services.

On management practices, the study established $r=.558$ indicating a positive moderate correlation between the two variables. This was significant at $p = 0.00 < \alpha$ (0.05), an improvement in management practices leads to better service delivery at the county. The study rejected the null hypothesis and the alternative hypothesis was adapted indicating management practices had a significant influence on service delivery in Nakuru County.

Lastly, there was a positive strong correlation between leadership structure and roles and service delivery, $r=658$ which was significant at $P=0.01 < \alpha$ (0.05). Improved leadership structures with defined roles leads to better services in the county. The findings led to the rejection of the null hypothesis and the alternative hypothesis was adapted indicating leadership structures had an influence on service delivery.

Table 4.14 Summary of Hypotheses

Hypothesis	Accepted α Values	Computed p-values for variables	Conclusion
H*o*: $\mu_1=\mu_2$ Transparency systems adopted by County Government of Nakuru does not influence service delivery.	α = 0.05	0.00	Null hypothesis rejected
H*o*: $\mu_1=\mu_2$ Stakeholder's participation in the operations of County Government of Nakuru does not influence service delivery.	α = 0.05	0.00	Null hypothesis rejected
H*o*: $\mu_1=\mu_2$ Compliance with the financial laws and fiscal responsibility principles in the operations of County Government of Nakuru does not influence service delivery.	α = 0.05	0.01	Null hypothesis rejected
H*o*: $\mu_1=\mu_2$ Management practices of County Government of Nakuru do not influence service delivery.	α = 0.05	0.00	Null hypothesis rejected
H*o*: $\mu_1=\mu_2$ The leadership structure of County Government of Nakuru does not influence service delivery.	α = 0.05	0.01	Null hypothesis rejected

4.11 Review of Documents and Websites

The level of development projects, debt and wage level were determined through looking at documentary evidence from the controller of budget. The findings have been presented in Table 4.14 as follows.

Table 4.15 Development Level

PFM Level %	2013/14	2014/15	2015/16	2016/17	2017/18
30%	11%	20%	30%	31%	13%
AMOUNT (KSH)	779,563,778	1,674,345,534	3,255,870,968	3,654,688,902	2,073,774,963

Source (OCoB Report 2014, 2015, 2016, 2017)

Table 4.16 Debt Level

PFM level %	2013/14	2014/15	2015/16	2016/17	2017/18
20%	14.5%	13.6%	24.7%	26%	25.1%
AMOUNT (KSH)	1,204,903,631	1,510,431,498	2,018,836,502	2,558,448,669	3,068,988,781

Source (OCoB Report 2014, 2015, 2016, 2017)

Table 4.17 Compensation to Employees Levels

PFM Level %	2013/14	2014/15	2015/16	2016/17	2017/18
35%	33%	41.2%	35.8%	34.5%	38.4%
AMOUNT (KSH)	3,357,663,211	4,369,173,012	4,919,199,048	5,097,456,997	6,007,518,408

Source (County budget 2013/14, 2014/15, 2015/16, 2016/17, 2017/18)

Table 4.18 County Fiscal Effort (Actual local revenue to target)

CARA	2013/14	2014/15	2015/16	2016/17	2017/18
2%	58%	78%	79%	61%	73%
AMOUNT (KSH)	1,799,390,228	2,100,997,038	2,295,462,842	1,960,883,758	2,280,522,614

Source Control of Budget Report

On development level, there has been an increase and decrease over the years. Financial year 2016/ 17 experienced a 30% increase in the development level. Increased development at times translates to improved service delivery. 2017/18 experienced a major development decrease and this could be attributed to the electioneering period that led to stalled development activities.

The debt level in the year 2013 – 2014 had recorded steady low levels. There has been a gradual increase from 2015 to 2018. An increase in debt level can be translated in two ways; debt level can increase if debts are used for developmental activities which might imply increased service delivery. An increase in debt on the other hand might imply a county is not able to sustain itself hence has to incur a lot of debts which might hamper service delivery.

Compensation to employees has remained steady over the years with slight increase from the set 35%. 2014/15 experienced more employees being compensated; this was followed by 38.4% in 2017/18. Compensation to employees indicate employees welfare is taken care of which can translate to better services. Further, it points to better management practices in the County.

The actual revenue collected from 2013 has had a steady increase from 58% to 73% in 2017/18. With increased revenue collected, it is expected that better services should be availed to citizens.

The study established that the county government of Nakuru has a mission and vision statement. Further, there are statutory documents such as date paper, budget estimates and county fiscal strategy paper. The job adverts are present in the website. Availability of all the information on the website indicates there is disclosure and accountability at the county government.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter presents the summary of analysis undertaken in chapter four, a conclusion of each objective is given and recommendations are presented. Further, suggestions for future studies have been presented.

5.2 Summary of Findings

There were more male respondents (59.2%) than female (40.8%). Majority of the respondents were between 31-40 years picked from different job cadres and categorization as presented in chapter three of this study. Different people had different educational attainment but a bachelor's degree was the most common qualification among the respondents.

On Transparency at the county government, it was established that there are a number of ways that are used to access information. Budget preparation and validation of projects was the major channel that citizens could use to access information. It was believed that the citizens understood the information provided by the county government. Use of public meetings was the most common channel of media that transmitted public communication. Other forms included community radio, newspapers, websites, T.Vs, Huduma centres and other social media channels such as the county facebook page.

The financial reports are not prepared on a timely basis for submission to the county assembly and other organs, an audit committees as per the PFM Act is either not in place or not effectively implemented, ongoing concerns by the executive on annual financial statements are not effectively reported. A policy for disclosure of gifts has not been effectively put in place by the county government.

There was moderate stakeholder's participation in decision making concerning the county, additionally, the stakeholders had been moderately empowered to identify their needs. The views of the stakeholders were never fully implemented and avenues for stakeholder groups to fully consult had not been put in place. Ward committees that could be used to challenge the county government on wastage of resources are not effectively operational and monitoring of service delivery by stakeholders is not a common phenomenon.

One way of adhering to law and fiscal policy was through approvals of financial and planning documents done on time by the county assembly. It was also established that budgets were prepared on time. Legal adherence to statutory deadlines was moderately undertaken while laws and regulations were not timely identified, documented and observed. Further, budgetary approvals for recruitment of new employees were not considered at the county government.

Personnel at the county were not assured of retaining their current positions in case of changes in the county government. The negative aspects of management practices included lack of equal opportunity for employment and promotion, remuneration received was not considered fair to all and the promotion policy had not been approved by the workers union and county executive. On the positive, there were at least succession plans for personnel for service delivery. It was also noted that the county maintains accountability among its employees. Staffs are also rarely suspended without following due process. Failure for the employees to meet the stated goals for performance contracting resulted to their transfers to other departments.

There have been threats of impeachment by the executive which affects how services are delivered in the county. The joint working committees between the assembly and the executive have not been effectively constituted. Collaboration on case by case basis has not yet reached the desired levels. This is coupled with noted cases of interference on different roles. Communication policy for the county has not been effected which affects the leadership structures and roles. However, on a positive note, the county has put an induction programme for all new executive to prepare them for their new roles.

5. 3 Conclusions

Transparency has a strong positive correlation with service delivery. The more a government is seen to be transparent the better its service delivery is perceived to be. The government has set mechanisms that can ensure transparency although it has not yet reached the desired levels.

Stakeholder’s participation has a strong positive correlation with service delivery. The more the stakeholders participate the better services they receive. Stakeholders in Nakuru moderately participate in key decision making processes as they have not been empowered to participate.

Adherence to law and fiscal responsibility has a moderate positive correlation with service delivery. Budgets in Nakuru County were slightly prepared on time, further there was moderate adherence to statutory deadlines.

There was a positive moderate correlation between management practices and service delivery. Management practices in Nakuru has not yet reached the desired levels as there are lack of equal opportunities for employment, unfair remuneration and promotion policy is yet to be standardized. There are improved levels of accountability coupled with presence of succession plans for service delivery.

On leadership structure, there was a positive strong correlation between leadership structure and their roles on service delivery. Defined roles for leaders and their ability to work independently translate to better services. There have been noted interferences in Nakuru County that has had a negative impact on service delivery. Leadership structure in Nakuru has not yet reached the desired threshold.

5.4 Recommendations

There is need for the county government to come up with its calendar of events on its activities. This should be availed to all the citizens at the beginning of a financial year. This will help in proper planning of its activities and ensure timely submissions of statutory requirements to both the county assembly and other organs. A calendar of events will help in promoting transparency and accountability in the county. Other ways to promote transparency is by allowing for social audit by the citizens, involving the public through a proper public participation, setting a disclosure policy of gifts among others.

The county government should encourage stakeholders to participate by incorporating their views in governance processes. Public participation should be a forum that is used to reach as many stakeholders as possible and allow them to air their views. The county needs to adopt an open door policy where stakeholders will feel valued for their contribution. A feedback mechanism should also be delivered where stakeholders are informed of the process of their participation and the key decisions that result from the participation. Further, ward committees should be put in place that acts as watchdogs on governance matters. These committees should be independent so as they are not compromised.

There is need for the county government to implement the various laws it uses. The county government has been on the fore front of developing laws, regulation and policy framework yet Implementation of the same has not been effective.

The county government should stream line its public service board to ensure equal employment opportunity is offered to all citizens. A detailed promotional plan should be put in place and each employee should be aware of the promotional practice. There is further a need to standardize remuneration especially for employees of former county council, new devolved units and those who have been seconded from the national government. This will motivate employees towards better service delivery.

Come up with a communication policy that defines and elaborates the roles and responsibilities of all individuals in leadership position. The county government needs to encourage its employees not to interfere with roles and responsibility of others.

5.5 suggestions for Future Research

1. There is need to do a correlation studies of governance structures in different counties and share the success stories and learning points to counties that are lagging behind in terms of devolution and governance structures.

2. Additionally, there is need to understand the effect of work transfers on service delivery in Nakuru County.

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APPENDICES

Appendix i: A Letter of Transmittal

THE COUNTY SECRETARY

COUNTY GOVERNMENT OF NAKURU

P.O. BOX 2810
NAKURU

Dear Sir/ Madam,

I'm a Post Graduate student at the University of Nairobi. I'm undertaking a research study on influence of corporate governance practices on service delivery in County Governments in Kenya. Your County has been chosen to participate in this study. I would be grateful if you could fill the questionnaire attached. Your name should not appear anywhere in this questionnaire. The information you give will be treated with confidentiality and for the purpose of the research only.

Your cooperation will be highly appreciated.

Yours faithfully

CHARLES O. LWANGA

Appendix ii: Letter from University of Nairobi

UNIVERSITY OF NAIROBI
Open, Distance & e-Learning Campus
SCHOOL OF OPEN AND DISTANCE LEARNING
DEPARTMENT OF OPEN AND DISTANCE LEARNING
NAKURU LEARNING CENTRE

Tel 051 – 2210863
Our Ref: *UoN/ODeL/NKRLC/1/12*

P. O Box 1120, Nakuru
06th June 2018

To Whom It May Concern:

RE: CHARLES LWANGA OMONDI – L50/9305/2017

The above named is a student of the University of Nairobi, Nakuru Learning Centre, Pursuing a Masters degree in Project Planning Management.

Part of the course requirement is that students must undertake a research project during their course of study. He has now been released to undertake the same and has identified your institution for the purpose of date collection on **"Influence of Corporate Governance Practices on Service Delivery in County Governments. A Case of County Government of Nakuru Kenya."**

Any assistance accorded to him will be highly appreciated.

Yours Faithfully

UNIVERSITY OF NAIROBI
COORDINATOR
06 JUN 2018
P. O. Box 1120
NAKURU
NAKURU LEARNING CENTRE

DR. JOHN OURU NYAEGAH
COORDINATOR NAKURU LEARNING CENTRE

Appendix iii: Questionnaire

The purpose of this survey is to establish the influence of Corporate Governance Practices on service delivery in County Governments in Kenya. Any information gathered will not be deviated to any other use and will be treated with confidentiality.

SECTION A: GENERAL

a) Gender? Male ☐ Female ☐

b) Age? 18-30☐ 31-40 ☐ 41-50☐ Above 50☐

c) What is your Current Position/occupation? ....

d) Highest level of education?

i. K.C.E ☐ ii. K.C.S.E ☐ iii. K.A.C.E ☐

iv. Diploma ☐ v. Degree ☐

vi. Others (specify) …………………………………………………………………………...

SECTION B: Transparency and Service Delivery

1. The County Government of Nakuru provides access to the following information on the running its affairs? **(Please tick where applicable)**

Nature of Information	Tick (✓)
Budget preparation and validation for projects	
List of all applications for County executives and their qualification	
List of all project undertaken	
List of all tender awarded to contractors	
Audit reports	
Budget implementation reports	
Financial statements	
Others (state)	

2. In your opinion is the information provided by the County understandable in case of 1 above?

Yes ☐ Don't know ☐ No ☐

Comment (if any)

____

____

3. Which of the following mechanism in form of media does the County Government of Nakuru use facilitate public communication access information? Tick where applicable

Media Mechanism	**Tick (✓)**
Television	
Information communication centres (Huduma Centres)	
Website	
Community Radio	
Public meeting	
Newspapers	
Others (state)	

4. Indicate the extent to which you are Agree or Disagree with the following measure adopted by County government of Nakuru to ensure transparency? (tick one)

Strongly Disagree (1) Disagree (2) Don't Know (3) Agree (4) Strongly Agree (5)

Measures to ensure transparency	**1**	**2**	**3**	**4**	**5**
The county executive has constituted an audit committee independent from internal functions as per PFM Act					
The financial reports are prepared on a timely basis and submitted to the county assembly and relevant state organs					
The executive reports in the annual financial statement on the going concern status					
The county has put in place a policy of disclosing gifts issued to its employees in the course of service delivery					

SECTION C: Stakeholders Participation and Service Delivery

5. Indicate the extent to which you are agree or disagree with the following measure to ensure stakeholders involvement in County Government of Nakuru affairs? (tick one)

Strongly Disagree (1) Disagree (2) Don't Know (3) Agree (4) Strongly Agree (5)

Stakeholder Involvement	**1**	**2**	**3**	**4**	**5**
County leadership fully implement relevant views of stakeholders					
Stakeholders actively participate in making decisions concerning the running of the county					
County management has empowered stakeholders groups to identify their needs					
County management has put in place avenues for stakeholders groups to freely consult group members on their needs					
Stakeholders participate in monitoring service delivery by Nakuru County Government					
The county has established Ward committees which challenges County Government of Nakuru on wastage of county money to keep down costs of providing services					

SECTION D: Sustainability, Adherence to law and fiscal responsibility and service delivery

6. To what extent do you agree with or disagree with the following statements with reference to practices by County Government of Nakuru and adherence to laws.

Strongly Disagree (1) Disagree (2) Don't Know (3) Agree (4) Strongly Agree (5)

Sustainability and adherence to laws	**1**	**2**	**3**	**4**	**5**
The county prepares budgets, development plans and financial statements in time					
The County Assembly approves the financial and planning documents submitted in time					
Inadequate local revenue mobilization enabling frameworks affect service delivery					

Sustainability and adherence to laws	1	2	3	4	5
The County adheres to legal deadline for submission of statutory documents					
The county recruits new employees while considering approved budgetary provisions					
The County Executive ensure that laws, rule and regulations applicable to their operations have been identified, documented and observed					
The county carries out internal legal compliance audit annually and implements it recommendation					
The policy on risk management and key risk to which the County is exposed is disclosed in annual reports					

SECTION E: Management practices

7. Indicate the extent to which you are agree or disagree with the following management practices with respect to County government of Nakuru employee's performance and welfare? (tick one)

Strongly Disagree (1) Disagree (2) Don't Know (3) Agree (4) Strongly Agree (5)

Management Practices	1	2	3	4	5
The County maintains accountability among its employees					
Remuneration received is considered fair pay for all workers at County Government of Nakuru					
The county provides equal opportunities for employment and promotion which enhance service delivery					
The county public service board has put in place a formal transparent recruitment and promotion policy for employees					
The promotion policy has been approved by the workers union and county executive					
The county has put in place a succession plan for personnel for continued service delivery					

Management Practices	**1**	**2**	**3**	**4**	**5**
The county personnel are not assured of their current positions with a change of County administration					
County management has suspended staff in the past without following due process					

8. Failure to attain performance contracts targets has led to the following action by concerned County Department

	ACTION	**Tick (✓)**
A	Reduction in pay	
B	Demotion	
C	Reprimand	
D	Transfers	
E	None of the above	

SECTION F: Leadership Structure and Roles

9. To what extent do you agree with or disagree with the following statement on county leadership and service delivery. (tick one)

Strongly Disagree (1) Disagree (2) Don't Know (3) Agree (4) Strongly Agree (5)

Leadership Practices	**1**	**2**	**3**	**4**	**5**
County leadership have put in place communication policy that covers all key stakeholders to enhance effective service delivery					
County leadership do not interfere with each other role					
There is a collaboration between leadership on a case to case basis on all county operational issues					
There is a joint working committee between the County Executive and Assembly to resolve conflict affecting service delivery					
County Leadership have faced threat of impeachment which has affected service delivery					
The County has put in place a formal induction program for new executive members					

Appendix iv: Interview Guide-Service Delivery

1. Service delivery is affected because service providers and Contractors do not receive planned funds when they are needed?
2. Stakeholder feedback or report is used by the County Government Nakuru to draw development decisions and improve service delivery?
3. In a scale of 1-10, with 1 being not effective while 10 is very effective, how do you rate the County leadership in terms of service delivery in your area(s)?

   1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ] 6 [ ] 7 [ ] 8 [ ] 9 [ ] 10 [ ]
4. Does your participation in County affairs lead to improvement and effective service delivery?
5. What areas are not sustainable in terms of service delivery in the context functions devolved to County Government of Nakuru?
6. The County Government employees are accountable to the public in terms of service delivery?
7. What area(s) of Service delivery needs to be improved?

Appendix v: Review of Financial Document and Websites

1. Determine the level of Development project, debt and wage level from controller of budget reports and influence on service delivery.

2. Development level

PFM Level %	2013/14	2014/15	2015/16	2016/17	2017/18
30%					

Source (OCoB Report 2014, 2015, 2016, 2017)

3. Debt level

PFM level %	2013/14	2014/15	2015/16	2016/17	2017/18
20%					

Source (OCoB Report 2014, 2015, 2016, 2017)

4. Compensation to employees level

PFM Level %	2013/14	2014/15	2015/16	2016/17	2017/18
35%					

Source (County budget 2013/14, 2014/15, 2015/16, 2016/17, 2017/18)

5. County Fiscal Effort (Actual local revenue to target)

CARA	2013/14	2014/15	2015/16	2016/17	2017/18
2%					

Source CRA

6. Review County website for evidence on disclosure and accountability on the following

- County mission and vision statement
- Statement of policy on corporate governance
- Statutory documents
- Job s adverts

Appendix iv: NACOSTI Authorisation Letter

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471, 2241349,3310571,2219420
Fax:+254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/31978/23746**

Date: **1st August, 2018**

Charles Lwanga Omondi
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Influence of corporate governance practices on service delivery in county governments: A case of County Government of Nakuru Kenya"*** I am pleased to inform you that you have been authorized to undertake research in **Nakuru and Narok Counties** for the period ending **30th July, 2019.**

You are advised to report to **the County Commissioners and the County Directors of Education, Nakuru and Narok Counties** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nakuru County.

The County Director of Education
Nakuru County.

The County Commissioner
Narok County.

The County Director of Education
Narok County.

Appendix v: NACOSTI Permit

THIS IS TO CERTIFY THAT:
MR. CHARLES LWANGA OMONDI
of UNIVERSITY OF NAIROBI, 2870-20100
Nakuru,has been permitted to conduct
research in *Nakuru* , *Narok* *Counties*

Permit No : NACOSTI/P/18/31978/23746
Date Of Issue : 1st August,2018
Fee Recieved :Ksh 1000

on the topic: ***INFLUENCE OF CORPORATE GOVERNANCE PRACTISES ON SERVICE DELIVERY IN COUNTY GOVERNMENTS: A CASE OF COUNTY GOVERNMENT OF NAKURU KENYA.***

for the period ending:
30th July,2019

....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation

CONDITIONS

1. **The License is valid for the proposed research, research site specified period.**
2. **Both the Licence and any rights thereunder are non-transferable.**
3. **Upon request of the Commission, the Licensee shall submit a progress report.**
4. **The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.**
5. **Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.**
6. **This Licence does not give authority to transfer research materials.**
7. **The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.**
8. **The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.**

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No.A 19808

CONDITIONS: see back page

Appendix v: Originality Report

INFLUENCE OF CORPORATE GOVERNANCE PRACTISES ON SERVICE DELIVERY IN COUNTY GOVERNMENTS: A CASE OF COUNTY GOVERNMENT OF NAKURU KENYA.

ORIGINALITY REPORT

11%	8%	1%	6%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

MATCH ALL SOURCES (ONLY SELECTED SOURCE PRINTED)

1%

★ journals.sagepub.com

Internet Source

Exclude quotes	Off	Exclude matches	Off
Exclude bibliography	Off		