

**RESOURCE ALLOCATION STRATEGIES IN DEVOLVED  
SYSTEM OF GOVERNANCE IN SELECTED COUNTIES IN  
KENYA**

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## DECLARATION.

The research project is my original work and has not been submitted for examination award of degree in any other university.

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The research project has been submitted to the university of Nairobi for examination with the approval of Mr. Midikira Churchil Kibisu as the supervisor

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## DEDICATION.

I dedicate this research project to my late parents Mr Peter Keraro and Mrs Peris Kwamboka.

## ACKNOWLEDGEMENT

I would like to acknowledge my supervisor Mr. Midikira Churchil Kibisu for his guidance and patience towards the completion of this project.

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## ABBREVIATIONS

CRA; Commission on revenue allocation.

RBCA; Role based access control.

PAS; Resource allocation strategies.

RBV; Resource Based view.

SCA; Sustained Competitive advantage.

VRIN; Valuable, Rare, inimitable and none-substitutable.

ANOVA; Analysis of variance.

ADG; Allocation of resources in Devolved Government.

OAS; Objective based allocation strategy

PAS; Priority based allocation strategy.

PRAS; Priority based allocation strategy.

## ABSTRACT

Devolution involves the transfer of functions, resources and power to sub-national levels of governance. It is regarded as a means of achieving greater efficiency in a globalized environment. Successful devolved systems of governance include the United States of America and India. Previously Kenya was divided into eight provinces and over one hundred districts and executive power was largely vested in the central government headquartered in Nairobi. On March 4, 2010, the country's governance structure changed to be a devolved administration with forty-seven counties. Resource allocation strategies in the counties face challenges in mobilization and utilization even where the resources are available. The objective of the study was to establish resource allocation strategies in the devolved system of governance in selected counties. Different theories related to resource allocation strategies were reviewed. The theories include Economic and market based theory and devolution theories. Various strategies were also brought out. They included the objective based allocation strategy, policy based allocation strategy and priority based allocation strategy. The research methodology used was descriptive survey design where questionnaires were administered to the target population. The target population was drawn from departmental heads of 5 counties which were Nairobi, Kiambu, Kajiado, Nakuru and Machakos. The findings of the research reveal that resource allocation strategies are based on the need to optimize some objective function or objective in the county, thus maximizing efficiency and drawing the greatest benefit from the resource allocated meeting the set development objective. The findings also showed that allocation of resources is also based on strategic objectives arising from the changing environment and needs of the county. The county governments use various strategies to allocate resources to various operations like development projects. Resources are also allocated based on the government policy like long term projects rather than short term projects. The limitations of the study were inadequate cooperation from some respondents who were unwilling to provide full information for fear of being reprimanded by their superiors. The sample of the study comprised of only 90 respondents drawn from 47 counties. This sample is only a small proportion of the entire population of the target population. There is need for future research to explore other moderating effects of other variables. The present study was cross-sectional in nature. Longitudinal studies should be carried out in future to test the proposed model so as to re-evaluate directions of causality among the study variables.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Devolved governments involve the transfer of authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions. In a devolved system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of administrative decentralization that underlies most political decentralization.

The devolved system has pushed the need for rational resource allocation down through the administrative chain to the point at which services are delivered. This has forced managers at every level to focus on the Government's objectives, to prudently manage the risks and to become more responsive to the requirements of the recipients of their services. Kenya's devolution project is particularly ambitious as it is one of few in the world that shifts power from the centre to entirely new local administrations set up from scratch. Previously, the country was divided into eight provinces and over 100 districts, but executive power was largely vested in the central government. Now devolved governments are in charge of the new local administrations to oversee functions such as agriculture, health facilities, sanitation, transport and trade licences, as well as the responsibility to generate revenue for the county. The national government remains in charge of education, security, foreign policy, and national economic policy and planning.

The Commission on Revenue Allocation (CRA) developed a formula of sharing funds under the Equalisation Fund provided for in the Constitution to boost development in marginalised areas. A schedule CRA released on February 29 showed less than a third of the 47 counties will benefit from the Ksh3 billion (\$35.29 million) Equalisation Fund with Turkana taking the largest share in the next three years. CRA recommended that Ksh231 billion (\$2.6 million) be allocated to the county governments in the 2013/2014 fiscal year which began in July and counties to create other avenues to raise revenues.

### 1.1.1 Resource Allocation Strategies

A strategy can be thought of in either of two ways: as a pattern that emerges in a sequence of decisions over time, or as an institutional plan of action that is intended to move an institution toward the achievement of its shorter-term goals and, ultimately, its fundamental purposes (Nag, Hambrick & Chen, 2007). Strategy provides consistency and stability. It deals with irregularity in behaviour and reduces uncertainty about the operation of an institution. It ensures consistency which gives a sense of being in control to the management and relief from the anxiety created by complexity (Mulcaster, 2009). The input parameters to resource allocation strategies and the way of resource allocation vary based on the services, infrastructure and the nature of applications which demand resources.

Actual task execution time and preemptable scheduling is considered for resource allocation. It overcomes the problem of resource contention and increases resource utilization by using different modes of work capacities. But estimating the execution time for a job is a hard task for a user and errors are made very often. Since centralized user and resource management lacks in scalable management of users, resources and organization-level policy Based on role based access control (RBAC), resources are allocated to users based on organization policy

There are many proposals that dynamically manage by optimizing some objective function such as minimizing cost function, cost performance function and meeting objectives. The objective function is defined as utility property which is selected based on measures of response time, number of targets met and profit and allocating resources to meet objectives by first allocating requests to high priority needs and the utility function as a measure of application satisfaction for specific resource allocation.

Resource Allocation strategies are based on the nature of the applications, workflow applications in fact workflow representation of the application helps the user to estimate the exact amount of resources that will be consumed for each run of the application. Local (or at least sub-national) capacity is one of the most important factors creating a well-functioning decentralized civil service. In countries where local institutions already exist, the challenge will be to reinforce them institutionally

and legally as well as to strengthen their personnel management capacities. Generally, the allocation of resources criteria depend on the functions to be financed, and the complexity of services to be provided,

### **1.1.2 Devolved System of Governance**

Devolution involves the transfer of functions, resources and power to sub-national levels. These levels, for example local Government assume full responsibility and accountability for the specified functions (Omari, Kaburi & Sewe, 2012). Governance carries multiple connotations including decision making authority, resource allocation, financial probity, regulation, oversight (Thomsen, 2004). Governance is multi-form, multi-faceted and multi-level phenomenon. The multi-form element is recognisable in the variety of its manifestations such as integrated governance, corporate governance, and system-wide governance. Its multi-faceted aspect is recognisable in its usage for diverse purposes such as financial viability. Its multi-level nature is evident in the tiers of responsibility. Both devolution and good governance contribute positively to the processes of citizen participation and management which is effective, responsive and accountable to the stakeholders. This is because devolution policies enable citizens to take part in the decisions that affect their livelihoods. Good governance creates an enabling environment for sustainable development (Winchester & Storey, 2008).

Among the more prominent arguments for devolution is the issue of efficiency: Devolution is more than ever regarded as a means of achieving greater efficiency in a globalized environment (O'Brien, Pike & Tomaney, 2003). From this perspective, the greater the degree of autonomy, the stronger the scope for enhanced efficiency in public spending leads to efficient public service delivery. Indeed the expectation that decentralizing functions to the lowest feasible level of decision making and implementation will optimize information flows and reduce transaction costs (Winchester & Storey, 2008). Thus, a decision to devolve is often based on the failure of central government to deliver, such as in revenue collection or in service delivery. Devolution has further been seen as an avenue to democratic deepening within an enterprise, with constitutional or legal boundaries diminishing friction with the centre that could otherwise undermine the enterprise. Besides concern with efficiency in

service delivery, devolution can also resolve 'over-centralized misgovernance, its outcomes leading to greater consensus in decisions (Omari, Kaburi & Sewe 2012).).

This 'efficiency through devolution' argument is at the heart of recent devolutionist and 'new regionalist' discourses. The argument has been used in many different contexts. Ronald Reagan resorted to it in his 'new federalism' initiative as a way to justify transfers of powers to the states (Donahue 1997). The Northern Italian Leagues have founded their devolutionary discourse on the inefficiency of the Italian central government (Giordano 2000), as is increasingly the case with nationalist and regionalist parties in Spain (Keating 2001) or even, to a lesser extent with the Zapatista movement in Mexico (Morton 2002). The UK government is making use of the supposed greater economic efficiency of devolution as the main justification of a possible devolution to the English regions (Tomaney, 2002). Kenya's 2010 Constitution declares equity to be an underlying principle of governance in the country, which is consistent with its provision for devolution (Omari, Kaburi & Sewe. 2012).

The global arena is full of illustrations of successful and not so successful experiments in decentralization. Among the most notable successful experiences with devolution are the United States of America, with two centuries of experience, and India, with 60 years' experience, the Ethiopian constitution of 1994, which has a provision for secession that only its former province of Eritrea ever exploited. Among the most notable global devolution failures is that of the former Union of Soviet Socialist Republics where the 1980s political liberalization (glasnost and perestroika) opened a Pandora's box of ethnic grievances, resulting in the breakup of the union first into 13 separate countries, some of which subsequently divided up further (O'Brien, Pike & Tomaney, 2003).

### 1.1.3 Relationship between Resource Allocation Strategies and Devolved System of Governance

Resources are the assets at an organizational disposal that can be applied to managing productivity. Resources include revenues, human resources, equipment, materials, real estate, and corporate information. Resources consist of physical and virtual resources. The physical resources are shared across multiple requests through provisioning based on set criteria by Devolved units. The request for resources is described through a set of parameters detailing the processing and needs. Provisioning satisfies the request by mapping resources to physical ones. The complexity of finding an optimum resource allocation is exponential in devolved governments. Since resource demand and supply can be dynamic and uncertain, various strategies for resource allocation are essential.

Resource users' estimates of resource demands to complete a job before the estimated time may lead to an over-provisioning of resources. Devolved government units allocation of resources may lead to an under-provisioning of resources. To overcome the above mentioned discrepancies, inputs needed from both allocators of resources and users for resource allocation strategies. The offerings, resource status and available resources are the inputs required from the other side to manage and allocate resources by RAS. The outcome of any optimal RAS must satisfy the parameters such as throughput, latency and response time. Even though organization provides reliable resources, it also poses a crucial problem in allocating and managing resources dynamically across the applications.

From the perspective of the organization, predicting the dynamic nature of users, user demands, and application demands are impractical. For the users, the job should be completed on time with minimal cost. Hence due to limited resources, resource heterogeneity, locality restrictions, environmental necessities and dynamic nature of resource demand, there is need for an efficient resource allocation system that suits devolved governance environments.

Devolved units can allocate resources to projects according to plan, or by setting goals and letting lower levels of the organization make the resource allocation decisions. Top management must find a balance between these two allocation mechanisms.

Hierarchical organizations tend toward centralized control, while matrix organizations empower smaller organizational units to make decisions. Devolved units resource allocation decision-making gives results matching the overall strategy. Setting goals for implementation lower in the organization may result in project resource allocation. Devolved Governments provide services and other resources for a range of public policy purposes. It is a fundamental principle of public administration that these resources are delivered to those who are entitled to them on the basis of merit and equity and not for extraneous, irrelevant or improper reasons. Devolved government units control or manage public resources for allocation to applicants or clients based on the clients' individual needs, demographic characteristics or other predetermined criteria. Examples of these resources include public housing, child care or school places and disability services allocation more appropriate to the local situation.

#### **1.1.4 Overview of Devolution in Kenya**

On March 4, the country's governance structure transformed overnight, as significant control and executive decision-making was devolved to local administrations. All eyes, economists said, will be on the ability of the devolved structure to stem the country's widening inequalities in the provision of education, health, infrastructure, water and other crucial services across the counties as well as to fight poverty. A May 2012 report by the World Bank showed that Kenya's poverty levels have oscillated between 44 and 46 per cent over the past six years. However, this represents an improvement from 12 years ago when the poverty level stood at 56 per cent before falling to 46 per cent in 2005. Experts warned it will take time for Kenyans to understand how the new government will work, and without skilful management both at national and county levels, the central promise of the country's new Constitution could end up being stillborn.

Kenya's devolution project is particularly ambitious as it is one of few in the world that shifts power from the centre to entirely new local administrations set up from scratch. Previously, the country was divided into eight provinces and over 100 districts, but executive power was largely vested in the central government headquartered in Nairobi. Now, governors with their respective county assemblies will be in charge of the new local administrations to oversee functions such as agriculture, health facilities, sanitation, transport and trade licences, as well as the

responsibility to generate revenue for the county likely to be in the form of various taxes. The national government remains in charge of education, security, foreign policy, and national economic policy and planning.

According to a report by the World Bank, although devolution is seen by many as the “magic bullet” that will allow the country to correct historical patterns of neglect, it is by no means certain that it can radically alter these imbalances by itself. In fact devolution could even result in entrenching disparities if the right policies are not implemented. A rushed transition could set up counties to fail by giving them responsibilities before they have the capacity to carry them out as counties start from very different positions, however the immediate priority should be preserving existing service delivery

The Commission on Revenue Allocation (CRA) has drafted a formula of sharing funds under the Equalisation Fund provided for in the Constitution to boost development in marginalised areas. A schedule CRA released on February 29 showed less than a third of the 47 counties will benefit from the Ksh3 billion (\$35.29 million) Equalisation Fund with Turkana taking the largest share in the next three years. CRA said it considered its own internal survey of how counties were marginalised, came up with a County Development Index and analysed historical injustices to arrive at the 14 counties that would draw from the fund.

## **1.2 Research Problem**

Resource allocation is used to assign the available resources in an economic way. Resource allocation is the scheduling of activities and the resources required by those activities while taking into consideration both the resource availability and the project time. Resource allocation is a plan for using available resources in the near term to achieve goals for the future

According to Ritz (2005) the need for implementation of strategic management in the public sector is facilitated by the realization that any success in service delivery requires public sector managers who have shared view and vision to make a positive impact on institutional performance and on the environment where it operates. Hence strategy is needed to focus effort and promote coordination of activities. Without strategy the institutions becomes bunch of individuals, hence strategy is required to

ensure collective actions and concentration of efforts towards achieving institutional plans and objective

Counties in Kenya now face a challenge in resource mobilisation and utilisation even where the resources are available allocation has proved to be critical. Hence there have been poor resource allocation decisions with much of the resources being wasted or remaining unutilised. Unfortunately county institutions have been slower to respond. This is understandable, given dynamic environment, competitiveness, financial constraints and the bureaucratic process characteristic of most of these institutions. However, a new approach, which incorporates strategic allocation of resources, is necessary for most of these county government institution may it be at so as to achieve improved performance and overall service quality.

A number of authors have attempted to link strategic allocation of resources and devolved system of government. For instance In their study, Matheson, Scanlan and Tanner (2004) examined the view that government can manage itself strategically, in a similar manner to well-performing private sector organisations; Fozzard (2001) focused on approaches to resource allocation in the public sector and their implications for pro-poor budgeting ; Murphy and Paolo (2007) examined the determining Public Policy and resource allocation Priorities for mitigating natural hazards: A capabilities-based approach; Niels and Schiele (2013) reviewed the social capital determinants of preferential resource allocation in regional clusters. Mboga (2009) provide information and insight on local government matters; in a study on the economic (in) efficiency of devolution Rodríguez-Pose and Bwire (2003) assesses the horizontal link between devolution and regional economic growth in six national contexts, while Omari, Kaburi and Sewe (2012) focused on structural adjustment through devolution in Kenya. However there is limited information on the resource allocation strategies in the devolved system of governance. It is within this context that this study seeks to investigate the resource allocation strategies in devolved system governance in selected counties in Kenya. ~~The proposed study therefore attempted to answer the following question:~~ To what extend is objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy used in the devolved system of Governance in Kenya?

### **1.3 Research Objective**

To establish resource allocation strategies in the devolved system of governance in selected counties in Kenya.

### **1.4 Value of the Study**

In practice, this study will be of importance to county governments as they will be able to highlight the effects of application of strategic management in the devolved system of government and therefore be able to come up with viable policies and practices to strengthen the application of strategic management aspects in these institutions so as to promote efficiency in service delivery. The study will also be significant to the resource allocation policies of both central government, transitional authorities and the devolved governments as the information generated by this study will give more insight into management issues in the devolved units as it will give more information to the need and effect of application of strategic management in the devolved units.

In theory the study will be of value to academicians will benefit from the information of the study as the study will contribute to existing body of knowledge. This study will also open more areas, of future studies in the devolved units for scholars as it will facilitate them to identify gaps in the current research and carry out research in those areas. The study will further provide the background information to research institutions and scholars who will want to carry out further research in this area.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

In this chapter, literature, which was related to and consistent with the objectives of the study, was reviewed. Important theoretical and practical problems were brought out; relevant literature on the aspects pertaining to the resource allocation strategies in the devolved system of governance in selected counties in Kenya is discussed

### 2.2. Theoretical Foundation

Theories relating to resource allocation strategies are reviewed. Relevant literature on the aspects pertaining to the resource allocation strategies in the devolved system of governance in selected counties in Kenya is discussed.

#### 2.2.1 Devolution Theories

According to the instrumental theory (Parry, 1980), participation in decision-making is best viewed as the means to achieve some greater ends. It is an enabling strategy or action plan or a set of procedures that has been devised to implement a broader political principle or an administrative purpose. Participation should not be seen an end in itself. The "ends" may be those relating to the effective and efficient delivery of goods and services or to the realisation of values and principles such as freedom, equity, social justice and rights. Instrumental theories treat political participation as a means to some more restricted end such as the better defence of individual or group interests. The theory holds that the individual is seen to be the best judge of his own interests. The individual is self-determining with the capacity to make choices and it is presumed that he has, or ought to have, the opportunity to exercise his choices in an informed manner and without any coercion other than necessary in order to allow others the same freedom. It is assumed that political participation in decision-making by those affected by decisions would enable governments and organisations to secure cooperation from those who would be affected by the decisions. Such participants would be able to provide the kind of information required by the decision-makers to make sound decisions which would most likely be responsive to the participants' needs and the needs of their communities. (Parry, 1980)

The developmental theory, on the other hand, suggests that political participation may be viewed not as a means but as an end in itself. The purpose of political participation

in decision-making has not only to do with efficiency and effectiveness but more significantly with the creation of an educated and participatory community. Rizvi (1993) argues that participation may be seen as "a moral principle for organising social life". As such, it has two main purposes: first it is concerned with the creation of a "better" human society, and second it aims to mould a democratic citizen. Rizvi (1995) maintains: organisational relations should be equal, reciprocal and whenever possible direct and many sided, unmediated by representatives, leaders, bureaucrats and institutions, or by organisational codes or abstract rules. It highlights the distinctive principles of caring and sharing in a community where participatory structures facilitate a sense of common culture and citizenry.

Chandler (1962) describes strategy as the determination of the basic long-term goals and the objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Strategies define the organisational purpose, the competitive domain and the resource commitments needed to achieve and sustain competitive advantage. The very definition of strategy as a pattern in a stream of decisions suggests that consistency in resource commitment levels and types reveals a firm's realised strategy. Resource allocation lies at the heart of strategic management

### **2.2.2 Economic and Market-based Theories**

The allocation of resources is an economic theory concerned with the discovery of how nations, companies or individuals distribute economic resources or inputs in the economic marketplace. Traditional business inputs are land, labor and capital. Entrepreneurship or enterprise may also be included in this group since entrepreneurs or enterprises are usually responsible for the allocation of resources. The economic concept of private resource allocation is an important area of study in the free market system and the economic theory known as the invisible hand (Smith, 1776)

Many economists (Marglin, 2008; Rothschild, 2001) believe that the invisible hand theory is the driving force for allocating resources in the free market economic system. Under this theory, the allocation of resources is created through the self interest, competition and supply and demand of individuals and companies in the economic marketplace. Individuals and companies distribute resources through self

regulation by using only the inputs they need and selling or giving away their leftover economic resources or inputs. Through this allocation of resources, the economic market place grows and expands as more individuals and companies have access to resources.

Each economic resource or input has an important place in the economic marketplace. Historically, land includes natural resources, such as timber, wildlife, soil and rock. In modern terms, this economic resource includes buildings, equipment or other major assets owned by individuals and companies needed to produce consumer goods or services. Labor is the manpower companies use to transform raw economic resources into finished goods or services. Capital usually represents the money acquired or made from the sale of consumer goods and services produced by the other two economic resources. Economics is concerned with how these resources are allocated to determine the best use for a nation's natural economic resources and the labor of its citizens. Using the competitive advantage method for the allocation of resources can be a beneficial way to improve the quality of life of individuals living in the nation or working for private companies.

### **2.2.3 Resource-based theory**

The resource-based view (RBV) has become one of the most influential and cited theories in the history of management theorizing. It aspires to explain the internal sources of a firm's sustained competitive advantage (SCA). Its central proposition is that if a firm is to achieve a state of SCA it must acquire and control valuable, rare, inimitable, and non-substitutable (VRIN) resources (Barney, Wright & Ketchen, 2001)

A resource-based view proposes the other perspective on strategic alliances, and states that the valuable resources that firms do not own are the motive for strategic alliances. In past papers, there are many classifications of the resources provided the resources can generally be classified into tangible (financial and technological) and intangible (knowledge-based and managerial) resources (Barney, 2001). Additionally, heterogeneity is the reason why firms are distinctive, and is the basis of resource-based view. In order to acquire competitive advantage and the ability to respond

quickly to a dynamic environment, firms should consider how to construct and extend limited resources to develop a capability for sustainable competitive advantage (Barney, 1991)

For both constructing and extending a firm's resources, there are three ways (i.e. hierarchy, market, or alliances) to execute this. However, the assumption of heterogeneity across firms causes the cost of hierarchy or markets to be high. In the resource-based view, firms seek complementary resources to create synergies and acquire sustainable competitive advantage. In short, by way of strategic alliances, firms can gain their partners' complementary resources to enhance or reshape their internal processing to create synergies and competitive advantages within the market (Das & Teng, 2000).

### **2.3 Objective based allocation Strategy**

There are many organizations that manage resources by optimizing some objective function such as minimizing cost function, cost performance function and meeting objectives (Coen & Martan, 2010). The objective function is defined as utility resources which are selected based on measures of response time, number of targets met and profit (Poister, 2002a).

Based on targets and strategic approaches identified for each strategic objective, a relative resource indication will be provided across objectives by categorizing them as either requiring high, medium or low expected levels of resource relative to one another. This first step should be seen as a strategic, policy-driven and Organization-wide indication, corresponding to the programmatic perspective enunciated in the sixth guiding principle. This would serve both to better guide the development of strategic objectives and the more detailed costing of expected results, as well as to cross-check the outcome of results-based budgeting (Fezzard, 2001).

Results-based approach, where it is first decided what should be done, then cost implications and resource requirements to achieve the agreed objectives are derived (Poister, 2002b). This process is consistent with a needs-based approach, since objectives and associated resources logically aim to address areas of greatest need. Resources required for strategic objectives could be reviewed during subsequent biennial programme budgeting cycles to take into account changing circumstances

and emerging needs, and to ensure that the Organization remains responsive to country needs. Furthermore, a key to efficient and effective use of resources will be to find the right balance to ensure all of strategic objectives can be appropriately resourced. A high level of resources in one programme should not be seen as compensation for other programmes with insufficient resources. Determining resource requirements to meet the strategic objectives is an iterative process (McNeil, Tischler, DeBlasio, 2000).

Actual task execution time and preemptable scheduling is considered for resource allocation. It overcomes the problem of resource contention and increases resource utilization by using different modes of work capacities. But estimating the execution time for a job is a hard task for a user and errors are made very often. Resource allocation based on response time as a measure of utility function is proposed by considering communication resources (Matheson, Scanlan & Tanner, 2004)

#### **2.4 Policy based allocation strategy**

One of the resource allocation strategies in multi-cluster environment is policy based resource allocation. The most-fit policy allocates resources to clusters, which produces higher distribution, leading to the most number of immediate subsequent job allocations. It requires a complex searching process, involving simulated allocation activities, to determine the target cluster. Most-fit policy has higher time complexities but the time overheads are negligible compared to the system long time operation. This policy is practical to use in a real system (Murphy & Paolo, 2007).

In practice, analysts do not assess the relative cost-effectiveness of alternative inter-sectoral expenditure allocations in the manner proposed by Pradhan (1996). Instead, they apply the concept of relative effectiveness in a much degraded form by assessing whether interventions are consistent with government policy objectives. Indeed, consistency with policy objectives is often seen as the principal appraisal criterion for projects and programmes (Schick, 1998). Obviously, in the absence of quantitative measures of effectiveness it is impossible to assess the relative effectiveness of alternative interventions other than on purely subjective criteria. Furthermore, without clear exclusion criteria, appraisals of policy consistency can embrace virtually all initiatives.

Nevertheless, the criterion is sufficiently flexible and undemanding to have gained broad acceptance. Techniques have been developed to assist decision-makers assess the trade-offs between programmes where the government pursues multiple objectives. Multi-criteria appraisal, for instance, provides a framework for the assessment of trade-offs between programmes, accommodating the perspectives of different stakeholders. This creates opportunities for public decision making. However, these techniques give no guidance regarding the basis of appraisal, assuming that 'the analysis will arrive at good estimates of the impact of each alternative on all outcomes by the most reasonable means. Ultimately, therefore, the responsibility for determining allocation priorities is returned to the political arena with little guidance from technicians.

Where market failures are identified, political imperatives may compel Governments to intervene whether or not they have the means to do so effectively. This may lead to the situation described by Tanzi (1995) where Governments adopt cheap but inefficient policies in the sense of efficiency, where a modest change in policy leads to a significant change in outcome – rather than do nothing. Governments may, for instance, use regulatory controls rather than subsidies or direct provision, even though public spending on direct provision might lead to a more efficient allocation of resources.

### **2.5 Priority Based allocation Strategy**

There are some agencies that dynamically allocate resources to meet objectives by first allocating requests to high priority applications. Given the limited resources available to national, state, and local governments and agencies, policy- and decision-makers require a method for prioritizing the risks faced by society and selecting the most appropriate mitigation strategy. It is important to understand which factors should influence these decisions, or the basis on which priority should be given to a specific hazard or mitigation strategy. A decision-aiding approach provides a framework for understanding how to evaluate and respond to the information provided by risk analysis and how to combine such inputs with additional considerations regarding, for example, the fairness and moral justifiability of a mitigation strategy (Niels & Schiele, 2013).

Any decision-aiding approach, which specifies criteria for prioritization, will be based on and reflect specific value judgments. For example, many argue that proper allocation of resources should be concerned with avoiding the most likely hazards with greatest expected impacts before allocating resources for less likely and less detrimental hazards. Which hazards are prioritized depends on which losses are considered most significant. If, however, the greatest value is to be placed on the phenomena that involve the largest life loss in a single event, regardless of frequency, then priority would have to be given to major earthquakes, tsunamis, and hurricane wind/ storm surge occurrences. If the criterion is economic losses, then emphasis should be placed on wind hazards, flooding, and earthquakes priority should be given to the provision of pure public goods before mixed goods that generate substantial externalities such as public health services before those that generate substantial private benefits - such as tertiary health care (Fozzard & Mick, 2001).

Prioritisation should also take into account the public sector's capability; in terms of both the financial and human resources at its disposal. On this basis the 1997 World Development Report outlines a hierarchy of State functions, distinguishing: minimal functions, covering the provision of pure public goods and a safety net for the poor; intermediate functions, which include addressing externalities and other market failures; and activist functions, aimed at co-ordinating private sector activities and redistributing assets. As State financial and managerial capability increases, it may progress up this hierarchy of functions, so that all governments would provide pure public goods such as law and order, public health, rural roads and would accumulate and expand other functions such as education, agricultural research and extension as their financial and managerial capacity improves (World Bank, 1997). The hierarchy is more as a useful guide to prioritisation at the lower end of the spectrum of state capacity, where the state is debilitated by war or extremely low levels of resource mobilisation. However hierarchy is too broad a category to usefully guide the prioritisation of public expenditures.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter explains the methodology that was used in the entire study. It looked at study area, study design, target and study population, sampling techniques, research instruments, data collection, pilot test and data processing and analysis

### 3.2 Research Design

Research design provides the information that holds the research project together (Saunders, Lewis & Thom hill, 2007). A design is used to structure the research, to show how all of the major parts of the research project, the samples or groups, measures, treatments or programs, and methods of assignment work together to try to address the central research questions (Babbie, 2004).

The study used descriptive survey design to collect data from the target population. Welman and Kruger (2001) define survey as an attempt to collect data from an identified population in order to establish the current status of the population in respect to one or more variables. A descriptive survey was chosen because of its appropriateness to produce a representative sample from the large population and was suitable for obtaining information concerning the resource allocation strategies in the devolved system of Governance in Kenya and described what exists with respect to objective, policy and priority based allocation strategy in the devolved system of Governance

### 3.3 Target Population

Population refers to the entire group of individuals or objects in which the researcher is interested in to generalize his conclusions (Kothari, 2004). The target population of the study was drawn from five counties in Kenya (Nairobi, Kiambu, Kajiado, Nakuru and Machakos Counties). The choice of the counties was guided by the fact that they are easily accessible and economical on both time and cost.

### 3.4 Data Collection

Primary data was collected from counties using questionnaires because it was flexible and facilitated the capture of in-depth knowledge of the respondents, promoted respondent cooperation and allowed the interviewer to probe further for clarification of issues (Burns & Grove 2003). The study questionnaires consisted of closed ended

questions and according to Polit, and Beck (2003), this allows for intensity and richness of individual perceptions in responses. Secondary data was collected from written documents and reports on devolution and strategic management.

The Questionnaires were administered through personal delivery by research assistants. The research assistants made telephone calls and personal visits to follow up on the respondents to ensure that they completed the questionnaires. The respondents were informed of the purpose of the study, the procedures that would be used to collect the data, and assured that there will be no potential risks or costs involved and that confidentiality will be maintained.

Data was then drawn from eighteen (18) departmental heads who did not exceed ninety (90). The choice of the departmental heads was informed by the fact that they were involved in resource allocation in the counties.

### 3.5 Data Analysis

The variables of the study consisted of resource allocation strategies and devolved system of government. The application of resource allocation strategies were measured by general productivity, effective mobilisation and allocation of resources and effectiveness in service delivery, while devolved system of governance was measured by transparency and people participation, efficient and effective public services delivery and equitable allocation of resources for development.

Data, collected was cleaned and then tabulated. The study used descriptive and regression statistics with the aid of SPSS software to analyze the study variables. The study variables will be categorized into dependent and independent variables. The dependent variable of this study is devolved system of governance, while the independent variables include: objective based allocation strategy, policy based allocation strategy and priority based allocation strategy

The regression model below was used:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + \epsilon$$

Y = devolved system of governance

$\alpha$  = constant

$b_{13}$  = Regression Coefficient

$X_1$  = Objective Based Allocation Strategy

$X_2$  = Policy Based Allocation Strategy

$X_3$  = priority based allocation strategy

$\varepsilon$  = error term

Presentation of data will be in form of Tables

## **CHAPTER FOUR: DATA ANALYSIS & PRESENTATION**

### **4.1 Introduction**

This chapter presents the analysis of study findings on the resource allocation strategies in devolved system of governance based on the specific objective of the study which included the effect of objective based allocation strategy, policy based allocation strategy, priority based allocation strategy, on the allocation of resources in the devolved system of Governance in Kenya. This chapter analyses the variables involved in the study and estimates of the model presented in the previous chapter.

### **4.2 Findings**

#### **4.2.1 Response Rate**

Out of the 90 issued questionnaires, 79 questionnaires representing 87.8% of the total questionnaires distributed were returned fully completed, while 11 questionnaires were not returned representing 12.2% of the total questions distributed to the respondents. It can be inferred that the response rate was good. According to Mugenda and Mugenda (2003) a response rate of 70% and over is excellent for analysis and reporting on the opinion of the entire population.

#### **4.2.2 Respondent Profile**

The results below shows the demographic characteristics of the respondents. Based on the study majority, (51.9%), and (91.1%) of the respondents indicated respectively that they had a bachelors degree and that they were heads of departments

**Table 4.1 Respondent Profile**

Demographic factors	Categories	Frequency	Percentage
Level of education	Diploma	19	24.1
	Bachelors	41	51.9
	Masters	15	19.0
	Doctorate	4	5.0
Position in Organization	Head of Department	72	91.1
	Other	7	8.9

Source: Survey Data (2014)

#### 4.2.3 Indicators of Resource allocation

The study sought to determine the indicators for resource allocation in devolved system of governance.

**Table 4.2 Indicators of Resource allocation in Devolved System of Governance**

Statement	N	Mean	SD
Effective resource allocation in devolved system of governance facilitate increased development	79	2.27	.628
Efficient resource allocation in devolved governance ensures effective and efficient service delivery	79	2.02	.949
Devolved system of governance facilitate equitable allocation of resources for development	79	2.50	.699
Devolved system of governance facilitate participation of people in the allocation of resource	79	2.30	1.047

Source: Survey Data (2014)

Results shown on table 4.2 above indicated that most (Mean=2.50; SD=.699) of the respondents were of the view that devolved system of governance facilitate equitable allocation of resources for development, while the least (mean= 2.02 and SD= .628)

number of the respondents indicated that efficient resource allocation in devolved governance ensures effective and efficient service delivery

#### 4.2.4 Objective based Strategy

The study sought to determine the views of respondents on the effects of objective based Strategy on allocation of resources in devolved system of governance.

**Table 4.3 Objective based resource allocation strategy**

Statement	N	Mean	SD
Resources allocation is based on the need to optimize some objective function or objective in the county	79	2.39	1.030
Resource allocation is provided across objectives based on the level of need either high, medium or low, relative to each other	79	2.09	.925
Allocation of resources based on strategic objective should be an ongoing exercise because of the changing environment and needs	79	2.23	.961
Allocation and use of resources is based on the right balance to ensure all strategic objectives are appropriately resourced	79	2.43	.970

**Source: Survey Data (2014)**

Study Finding indicated on table 4.3 above shows that most of the respondents agreed that allocation and use of resources is based on the right balance to ensure all strategic objectives are appropriately resourced as evidenced by a mean of 2.43 and SD of 0.970, while the least number of respondents indicated by a mean of 2.09 and standard deviation of 0.925 acknowledged that resource indication is be provided across objectives based on the level of need either high, medium or low, relative to each other

#### 4.2.5 Policy based strategy

The study sought to find out whether policy based resource allocation strategy affects allocation of resources in devolved system of Governance.

**Table 4.4 Policy based resource allocation strategy**

Statement	N	Mean	SD
The most-fit policy allocates resources to areas which produces which are of greater strategic need or priority	79	2.39	1.039
Resource allocation is done to areas or functions that are consistency with policy objectives of the government	79	2.45	.099
Governments may allocate resources based on the standing policy which might be long term as opposed to short term and which is expected to leads to a significant change in outcome	79	2.43	1.043
Local governments may, use policy controls to allocate resources to areas where they are able to result in greater efficiency in use and outcome	79	2.14	.795

Source: Survey Data (2014)

The findings of the study shown on table 4.4 indicate that most (mean=2.45; SD=0.099) of the respondents agreed that resource allocation is done to areas or functions that are consistent with policy objectives of the government, while, the least (Mean= 2.14 and SD=.795) number of respondents indicated that local governments may, use policy controls to allocate resources to areas where they are able to result in greater efficiency in use and outcome

#### 4.2.6 Priority strategy

The study sought to determine how priority based resource allocation strategy influences allocation of resources in devolved system of Governance

**Table 4.5 Priority based resource allocation strategy**

Statement	N	Mean	SD
Some county agencies allocate resources to high priority applications, areas or development objectives	79	2.45	.112
Allocation of resources based on priorities take into account the public sector's capability; in terms of both the financial and human resources at is disposal.	79	2.07	.425

Hierarchy of priorities is more as a useful guide to allocation of resources based on the expected outcome or need	79	2.09	.236
Which area, objective or developments are prioritized depends on which losses or outcomes are considered most significant.	79	2.20	.344
Allocation of resources based on areas with the greatest expected impacts	79	2.48	1.151

Source: Survey Data (2014)

The findings of the study show that most (mean = 2.45 and S.D=.112) of the respondents agreed that Allocation of resources based on areas with the greatest expected impact, while the least (mean =2.07 and S.D. = .425) number of respondents agreed that allocation of resources based on priorities take into account the public sector's capability; in terms of both the financial and human resources

#### 4.2.7 Inferential Statistics

The study below determines whether the coefficients on the independent variables (objective based allocation strategy, policy based allocation strategy and priority based allocation strategy) is different from 0 so that they are having an effect on dependent variable (allocation of resources in devolved system of governance) or if alternatively any apparent differences from 0 is just due to random chance. The study used a significance level (alpha) of 0.05 (95%), Degrees of freedom (df) of 5, and two-tailed test.

Table 4.6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	df	Sig
1	.692 <sup>a</sup>	.479 <sup>a</sup>	.415 <sup>a</sup>	0.160	5	.007

a. Dependent Variable: Devolved System of Governance

Source: Survey Data (2014)

Results of the study on table 4.6 above show that the degree to which objective based allocation strategy, policy based allocation strategy, priority based allocation strategy is related to the allocation of resources in devolved system of Governance in Kenya is expressed in the positive correlation coefficient  $(r) = 0.692$ ,  $(r^2) = 0.479$  indicating that 47.9% probability of allocation of resources in devolved system of Governance in Kenya is influenced by objective based allocation strategy, policy based allocation strategy, priority based allocation strategy. In addition, the Adjusted R-square value of .415 implies that 41.5 % of the variance in the allocation of resources in devolved system of Governance in Kenya can be explained by the variations in objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy

The study sought to test the significance of the regression model as pertains to differences in means of the dependent and independent variables using Analysis of Variance

**Table 4.7 ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.622	5	1.189	2.519	.015a
Residual	5.241	30	.175		
Total	8.863	34			

a. Dependent Variable: Allocation of Resources in Devolved System of Governance

**Source: Survey Data (2014)**

Findings of the ANOVA test indicated on table 4.7 above shows a F-value of 2.519 which was significant at  $p=0.015$ . This depicts that the regression model is significant at 95% confidence level. That is, the model has a 0.15% probability of misrepresenting the relationship between allocation of resources in devolved system of governance and objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy. The variation in the independent

variables and dependent variable can be explained by the smaller significance value of the F values of 0.015 which is smaller than the significance level of 0.05 implying that there is a (statistically) significant relationship between allocation of resources in devolved system of governance and objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy hence the study model is significant

The study further sought to establish the significance of the relationship between dependent and independent variables by regressing Allocation of Resources in Devolved System of Governance in Kenya (ADG) as dependent variable against Objective Based Allocation Strategy (OAS), Policy Based Allocation Strategy (PAS), Priority Based Allocation Strategy (PRAS), as independent variables based on the regression model in chapter three.

**Table: 4.8 Coefficients<sup>a</sup>**

	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>
(Constant)	1.563	0.296		5.280	.000
Objective Based Allocation Strategy	1.153	0.575	0.334	2.005	0.016
Policy Based Allocation Strategy	1.241	0.608	0.137	2.041	0.013
Priority Based Allocation Strategy	1.419	0.708	0.306	2.001	0.040

Dependent Variable: Allocation of Resources in Devolved System of Governance

**Source: Survey Data (2014)**

The results of the study shown on table 4.8 above indicate:

$$ADG = 1.563 + 1.153 OAS + 1.24 PAS + 1.419 PRAS + \epsilon$$

The study further shows that objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy have positive coefficients, implying that these independent variables are directly proportional to allocation of resources in devolved system of governance. Therefore taking all independent variables (objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy) constant at zero (0) allocation of resources in devolved system of governance will be 1.563%. Therefore a unit increase in objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy will lead to 1.153, 1.241 and 1.419 unit increases in allocation of resources in devolved system of governance

The results of the study further indicates that p-value of = (0.016) for objective based allocation strategy, (0.013) for policy based allocation strategy and (0.040) for priority based allocation strategy are smaller than the significance level of 0.05. The

implication of these results is that there is a significant relationship between objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy and allocation of resources in devolved system of governance.

From the findings it can be observed that the computed t-value ( $t=2.005$ ) for objective based allocation strategy, ( $2.041$ ) for policy based allocation strategy and ( $2.001$ ) for priority based allocation strategy were smaller than the critical t-value ( $t= 2.157$ ). This then indicate that there is a significant relationship between the allocation of resources in devolved system of governance and objective based allocation strategy, policy based allocation strategy, and priority based allocation strategy

### **4.3 Discussion and Presentation of Findings**

The findings of the objective based strategy , policy allocation stratetgy, priority allocation strategy were measured and results showed different needs based on each strategy.

#### **4.3.1 Objective allocation based Strategy**

Results of the study reveal that resources allocation is based on the need to optimize some objective function or objective in the county such maximising efficiency and drawing the greatest benefits from the resources allocated while meeting the set development objectives. At the same time the resources are allocated across objectives based on the level of need which might be categorized as high, medium or low, relative to each other. The results of the study are in line with the observations of Fozzard, (2001) who indicated that resource allocation organizations are done based on targets and strategic approaches identified for each strategic objective, taking into consideration the importance attached to the specific objective in relation to the other and the focus of the organization.

In addition the findings shows that allocation of resources is also based on strategic objective arising from the changing environment and needs of the county and the right balance to ensure all strategic objectives are appropriately resourced and that these resources are efficiently and effectively used based on the established benchmarks of performance. These study findings concurs with the views of McNeil, Tischer and DeBlasio, (2000) who stated that determining resource requirements to meet the strategic objectives of an organization and the subsequent allocation is an on-going process in most organization

#### **4.3.2 Policy based Strategy**

Findings of the analysis indicates that the county governments may allocate resources to areas or functions that are consistency with policy objectives of the government which might be long term as opposed to short term and which is expected to leads to a significant change in both the operation and in the general improvement in the welfare of the citizenry. The findings support the findings of both Murphy and Paolo, (2007) and Pradhan (1996) that resource allocations in public institution are done in line with government policy objectives. Indeed, consistency with policy objectives is often seen as the principal resource allocation strategy for government projects and programmes

Results of the analysis showed that county governments may, use policy based strategy to allocate resources to areas where they are able to result in greater efficiency in use and outcome and which are of greater strategic need and impact. The study findings concurs with the views of Murphy and Paolo, (2007) that policy aligned allocation of resources target objectives functions and projects which produces higher positive outcome, leading to the most beneficial effect to the government and the citizens

#### **4.3.3 Priority strategy**

There are some agencies that dynamically allocate resources to meet objectives by first allocating requests to high priority applications given the limited resources available to county governments. The study findings supports the findings of Niels and Schiele, (2013) who established that some government agencies dynamically allocate resources to meet objectives by first allocating requests to high priority applications.

Results of the study analysis showed that county governments use priority strategy to allocate resources to high priority applications, areas or development objectives while taking into consideration the government capability; in terms of both the financial and human resources at its disposal. The results of the study enriches the views of Fozzard and Mick, (2001) that proper allocation of resources be concerned with functions and objectives with greatest expected impacts before allocating resources to areas with less likely impact.

In addition the study findings showed that the county government established hierarchy of priorities as a useful guide to allocation of resources based on the expected outcome or need and that the area, objective or developments to be prioritized in allocation of resources depends on which losses or outcomes are considered most significant. The study findings add to the observations of World Bank, (1997) that the prioritization hierarchy of functions objectives and development projects in governments is more important in situations where the state has low levels of resource available

## CHAPTER FIVE: SUMMARY, CONCLUSIONS & RECOMMENDATIONS

### 5.1 Introduction

The purpose of this chapter was to present summary, draw conclusions and recommendations on the findings of the main objective of the study which was to analyse the resource allocation strategies in devolved system of governance based on the specific objective of the study which included the effect of objective based allocation strategy, policy based allocation strategy, priority based allocation strategy, on the allocation of resources in the devolved system of Governance in Kenya

### 5.2 Summary

The study found out that allocation of resources is based on strategic objectives arising from the changing environment and needs of the county and the right balance to ensure all strategic objectives are appropriately resourced and that these resources are efficiently and effectively used based on the established benchmarks of performance

The study revealed that that the county governments may allocate resources to areas or functions that are consistency with policy objectives of the government which might be long term as opposed to short term and which is expected to leads to a significant change in both the operation and in the general improvement in the welfare of the citizenry. It also found out that county governments may, use policy based strategy to allocate resources to areas where they are able to result in greater efficiency in use and outcome and which are of greater strategic need and impact

The study established that county governments use priority strategy to allocate resources to high priority applications, areas or development objectives while taking into consideration the government capability; in terms of both the financial and human resources at its disposal. In addition the study found out that the county government established hierarchy of priorities as a useful guide to allocation of resources based on the expected outcome or need and that the area, objective or developments to be prioritized in allocation of resources depends on which losses or outcomes are considered most significant.

resources based on the expected outcome or need and that the area, objective or developments to be prioritized in allocation of resources depends on which losses or outcomes are considered most significant.

### **5.3 Conclusion**

The county governments use various strategies to allocate resources to the various government operations, development projects and functions among others this include objective based, policy based and priority based strategies. Some resources allocation decisions are based on objective strategy which seeks to optimize some objective function or objective in the county while at the same time allocating these county resources across objectives hinged on the level of need which might be high, medium or low, relative to each other. In addition the allocation of resources is also based on strategic objective arising from the changing environment in relation to needs of the county necessitating the need to strike the right balance to ensure all strategic objectives are appropriately resourced

The county governments also allocate resources based on the government policy hence resources are allocated to areas or functions that are consistency with the policies and objectives of the county government which might be long term as opposed to short term and which is expected to lead to a significant change in both the operation and in the general improvement in the welfare of the citizenry. County governments may, use policy based strategy in the allocation of resources to areas where it expects that the resources are able to result in greater efficiency in use and outcome and which are of greater strategic need and impact

The county governments also use priority strategy to allocate resources to high priority projects, functional areas or development objectives that it envisages that it will positively impact the government operations and the livelihoods or welfare the populace. However the allocation of these resources takes into consideration the government capability; in terms of both the financial and human resources at its disposal. In addition the county government has established hierarchy of priorities as a useful guide to the allocation of resources based on the expected outcome or need and that the area, objective or developments to be prioritized in allocation of resources depends on which losses or outcomes are considered most significant.

#### **5.4 Recommendation**

There is need to determine and categorize strategic objective based on the expected impact and resources in terms of time, financial and human resources required. This would serve both to better guide the efficient and effective allocation of resources necessary to achieve the county strategic objectives and act as basis of review so as to take into account changing circumstances and emerging needs in the county

There is need to establish clear policy allocation criterion that is sufficiently flexible and which has gained broad acceptance to assist government decision-makers assess the trade-offs between programmes where the government pursues multiple objectives accommodating the perspectives of different stakeholders so as to ensure good estimate of the impact of each alternative on all outcomes by the most reasonable means.

Given the limited resources available to county governments, policy and decision-makers require a method or framework for prioritizing needs and objectives of the county and thereafter allocating the required resources. It is equally necessary to understand the factors that influence resource allocation decisions, or the basis on which priority should be given to a specific project, programme or function.

#### **5.5. Limitation of the Study**

The present study has relied largely on quantitative methodology of data collection (though qualitative methodology was used to a limited extent) and is therefore restrictive. Therefore, more of qualitative methodology of data collection should be undertaken in future to provide wider perspective to the present study. For instance, the research design can employ case study methodology or content analysis to provide a holistic picture to the given subject.

The sample for the present study comprised of 90 respondents drawn from 47 counties. This sample is only a very small proportion of the entire population of the target population . Therefore, research studies with much larger sample size would be required to ensure appropriate generalization of the findings of the study

Since only self-report measures were used, common-method variance and response consistency effects may have biased the observed relationships. However, perceptions of usefulness and ease of use are not objective measures. Because perceptions are

necessarily self-reported, such measures are the most effective at measuring these cognitions.

There was lack of cooperation on the part of some respondents as there were some respondents who were unwilling to provide full information for fear of being reprimanded by their superiors' s for giving out information that they consider confidential. However the researcher assured the respondents of the confidentiality of the information that they provide and sought authority from the management to undertake research..

### **5.6 Suggestion for Further Studies**

In the present study allocation strategies were the independent variables while allocation of resources in devolved system of governance was the independent variable. However the study did not include the moderating or intervening variables effects. There is need for future research to explore moderating effects of other variables. The present study was cross-sectional in nature and given the corresponding drawbacks of the same, longitudinal studies should be conducted in future to test the proposed model so as to re-evaluate directions of causality among the study variables.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER



UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
MBA PROGRAMME

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P.O. Box 30197  
Nairobi, Kenya

DATE: 8/9/2014

TO WHOM IT MAY CONCERN

The bearer of this letter JOB MUGIRE MUMINDI

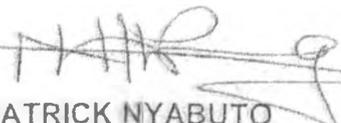
Registration No. DG1/63281/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

  
**PATRICK NYABUTO**  
MBA ADMINISTRATOR  
SCHOOL OF BUSINESS



## APPENDIX II:LIST OF THE 47 COUNTIES IN KENYA

- 1.Mombasa county
- 2.Kwale county
- 3.Kilifi County
- 4.Tana River County
- 5.Lamu County
- 6.TaitaTaveta county
- 7.Garissa County
- 8.Wajir county
- 9.Mandera County
- 10.Marsabit County
- 11 Isiolo County
- 12.Meru County
- 13.Tharaka-Nithi county
- 14.Embu County
- 15.Kitui County
- 16.Machakos County
- 17.Makueni County
- 18.Nyandarua County
- 19.Nyeri County
- 20.Kirinyaga County
- 21.Murang'a County
- 22.Kiambu county
- 23.Turkana County
- 24.WestPokot county
- 25.SamburuCounty
- 26.TransNzoia County
- 27.Uasingishu County
- 28.ElgeyoMarakwet County
- 29.Nandi County
- 30.Baringo County
- 31.Laikipia County
- 32.Nakuru County

33. Narok County
34. Kajiado County
35. Kericho County
36. Bomet county
37. Kakamega County
38. Vihiga County
39. Bungoma County
40. Busia County
41. Siaya county
42. Kisumu County
43. Homa Bay County
44. Migori County
45. Kisii County
46. Nyamira County
47. Nairobi County

## APPENDIX III :RESEARCH QUESTIONNAIRE

Please answer all the questions as best as you can.

### Respondent Profile

1. What is your highest level of education?

Secondary  College  University

Others  specify.....

2. What is your position in the project?

Head of Department - Specify  Other

### PART 1- Devolved System of Governance

1.3 Please tick the numeric value corresponding to your personal opinion for each statement

	Strongly agree	Agree	Neutral	disagree	Strongly disagree
Devolved system of governance will facilitate increased development					
governance will ensure effective and efficient service delivery					
Devolved system of governance will facilitate equitable allocation of resources for development					

devolved system of governance will facilitate participation of people in the allocation of resource and development resulting in increased resource productivity					
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**PART 2- Objective based Strategy**

2.3 Please tick the numeric value corresponding to each of the statement you either agree or disagree

	Strongly agree	Agree	Neutral	disagree	Strongly disagree
Resources allocation is based on the need to optimize some objective function or objective in the county					
resource indication will be provided across objectives based on the level of need either high, medium or low, relative to each other					
Allocation of resources based on strategic objective should be an ongoing exercise because of the changing environment and needs					
efficient and effective allocation and use of resources is based on the right balance to ensure all of strategic objectives can be appropriately resourced					

**PART 3- Policy based strategy**

3.3 Please tick the numeric value corresponding to your personal opinion for each statement

	Strongly agree	Agree	Neutral	disagree	Strongly disagree
The most-fit policy allocates resources to areas which produces which are of greater strategic need or priority					
Resource allocation is done to areas or functions that are consistency with policy objectives of the government					
Governments may allocate resources based on the standing policy which might be long term as opposed to short term and which is expected to leads to a significant change in outcome					
Governments may, use policy controls to allocate resources to areas where they are able to result in greater efficiency in use and outcome a					

**PART 6- Priority strategy**

6.3 Please tick the numeric value corresponding to your personal opinion for each statement

	Strongly agree	Agree	Neutral	disagree	Strongly disagree
some county agencies allocate resources to high priority applications, areas or development objectives					
Allocation of resources based on priorities take into account the public sector's capability; in terms of both the financial and human resources at is disposal.					
The hierarchy of priorities is more as a useful guide to allocation of resources based on the expected outcome or need					
Proper allocation of resources is concerned with avoiding the most likely hazards with greatest expected impacts relative to less likely and less detrimental hazards. Which area, objective or developments are prioritized depends on which losses or outcomes are considered most significant.					

THANK YOU