

# Effects of devolved governance on organizational performance: A case of Mombasa County Government

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**Abstract:** Democracy is the most suitable form of government and that it has seen many countries perform better through service provision to its citizens and thus improving their livelihood. Devolution of power can address the main challenges of underdevelopment in any government. In Kenya, the case is similar, there are 48 devolved governments and Mombasa County is one of them. This paper looks at secondary literature on the effects of devolution on the performance of an organization a case of Mombasa County. A desk analysis design was used to determine the effects of devolution on the performance of an organization. It was evident that devolution of powers, finances leads to greater performance of an organization. Employee's training, motivation and availability of funds in devolved governance improves the performance leading to provision of quality and better services to citizens.

*Key Word: Devolution, Motivation, training, Governance*

## I. INTRODUCTION

According to Porter (2001), Devolution is the transfer of political, administrative and fiscal management powers from central government to subnational (e.g. state, regional, or local) authorities. During the late 20th century, however, groups in both federal and unitary systems increasingly sought to reduce the power of central governments by devolving power to local or regional governments. For example, United States wanted to diffuse power away from Washington, D.C. towards state and local governments.

Devolution became a major political issue in the United Kingdom beginning in the early 1970s. Many people in Scotland and Wales began demanding greater control over their own affairs, a trend reflected in a rise in support for the Scottish National Party (SNP) and Plaid Cymru (Party of Wales). Devolution became one of the key issues in the build up to the 1997 election when the Labour Party promised devolution as one of its manifesto pledges and to introduce a devolved form of government for Wales, Scotland and Northern Ireland (though Stormont had already provided Northern Ireland with a degree of self-rule).

Devolution was adopted as an objective in the famous Safari Park national conferences in the 1990s. The Constitution of Kenya Review Act 2000 required the CKRC to consider people's participation through the devolution of power; respect for ethnic and regional diversity and communal rights including the right of communities to organize and participate in cultural activities.

Promulgation of the Constitution of Kenya 2010 on 27 August 2010 paved way for realization of the "dream" system of governance. Chapter Eleven (Cap 11) of COK 2010 - Devolved Government specifically provides for the setting up of the County Governments as cited by Gabriel Lubale (2012). The Constitution provided for, among others, enhanced checks and balances within the government, an enhanced role of Parliament and citizens, an independent judiciary, and a most progressive Bill of Rights. Notably, the Constitution provided for a major devolution not only of resources and functions, but also creating a whole new layer of county government.

According to the COK (2010) Article 176, elections in March 2013 marked the official launch of decentralization, as 47 new county governors and county assemblies' ward representatives were elected and began the challenging work of setting up new institutions, as well as a new national senate representing each county. Functions and funds have been transferred to the new counties, and new county institutions are gradually taking shape.

Further decentralization within Counties is mandated by County Government Act 2012 and Cities and Urban Areas Act 2012 that provide mechanisms for further decentralization within counties. The persons responsible at these units are to be appointed by the Governors and County Public Service Boards. They also need to be facilitated with enough resources to carry out their work.

The County Government of Mombasa is under the leadership of the Governor with a total of 13 departments as stipulated in the fourth schedule Part 2 of COK 2010 namely:- Executive, Treasury, Education, Health, Water, Environment & Natural Resources, Youth Gender & Sports, Transport & Infrastructure, Agriculture Livestock & Fisheries, Tourism Land Planning and Housing. Each function is under the management of an Executive Member assisted by Chief Officer, but the County Secretary heads Administration Department is the Chief Executive Officer and mandated to ensure that there is smooth operation of the County. The County Executive Committee is the executive organ of the 47 County governments. Members are nominated by the governor and vetted by the County Assembly before formal appointments. The County Assemblies/County parliaments can accept or reject the governor's nominees.

Currently the County has forty 46 Members of the County Assembly in the legislature department which acts as an oversight body and comprises of one Member being the Speaker, thirty elected and fifteen nominated by the Governor based on the Constitution of Kenya 2010. The 30 elected MCAs each are representing one of the 30 County wards (election area). Every County Assembly has a life span of five years, as explained in section 177 (4) of the Constitution.

Mombasa County Government comprises of three categories of employees, one group from Central Government, the defunct Municipal Council of Mombasa and Executive having different terms of scheme of service. The main objective of this government is to render better and quality services to the residents of Mombasa but the services have been compromised due to the fear of the unknown over their job security leading to high employee's turnover, absenteeism and low morale. According to Kirkpatrick (2001, 20-30), people may resist, welcome or have a mixed feeling towards change. This resistance is based on the fact that they might lose something (personal loss).

Kotters (1996) suggests that successful change of any magnitude should go through all the eight steps of his model. Establishing a sense of urgency is very crucial step to enable employees be driven out their comfort zones, but after the devolved system makes most of the employees tend to work in fear and anxiety because their future is unknown. According to Myrna (2009), change means acquiring new skills as well as new ways of thinking and behaving which the Government has failed to provide training and coaching to enable everyone to change effectively. Inadequate information on devolution and the roles of county governments and the elected representatives among the citizens is a worrying concern. Hence need for civic and political education is great and that could be an area of engagement too.

Despite of the National Government in conjunction with SRC efforts reviewing of allowances in the public services through several periodic circulars Ref. SRC/ADM/CIR/1/13 Vol. III, still panicking among the employees is still lingering in their minds making them to always expect the worse outcome hence leading to low performance. Most of the transferred and devolved

employees have not taken this change in a positive way because issues such organizational structures, values and cultures were not addressed appropriately by the Transition Authority to Devolved Government Act, 2012 which was mandated to spearhead this process.

According to Retirement Benefit Act No.3 of 1997 stipulates that organisations should submit both employer and employee contributions to the relevant statutory body. Mombasa County Government employees are not aware of what will happen to their contributions made towards the existing pension schemes. The newly recruited personnel are in dilemma in choosing among the existing pension schemes because the County Provident Fund is yet to be constituted.

The Public Finance Management Act 2012 is mandated to provide guidance on disbursement of revenue to the 47 counties. However, due to National Treasury delay in disbursement of funds and inadequate funding, According to the study Christopher et al 2013 the ability of counties, especially those with a weak resource base to raise enough revenues that will enable them perform the devolved functions and deliver services to the citizen. The equalization fund is likely to be so thinly spread hence the bigger burden of meeting the deficits will have to be through internal revenues. This is particularly as relates to the already weak capacities to generate and collect revenues that were witnessed in the former Local Government Units.

In a nutshell this study seeks to evaluate the effects of devolution system as a matter of offering solutions to the change dilemma witnessed through devolution in Mombasa County Government.

## **II. Objectives of the Study**

### **General Objectives**

The general objective of this study is to establish the effects of devolved governance on organizational performance.

### **Specific Objectives**

The specific objectives of this study were:-

- i) To find out the effects of employee's training in devolved governance on organizational performance.
- ii) To determine the effects of employee's motivation in devolved governance on organizational performance.
- iii) To establish the effects of availability of funds in devolved governance on organizational performance.

## **III. LITERATURE REVIEW**

### **Theoretical Review**

#### **a. Learning Theory as a Training Tool**

This theory was founded by DeSario (1994). He noted that training "refers to learning experiences designed to enhance the short-term and/or long-term job performance of individual employees". In this respect, training is viewed as part of an on-going developmental process. Training needs to be linked with the organizational mission (McConville et. al., 1999). So, when local governments plan their training activities, they need provide the link with the organizational mission and local budget and implementation.

McConville et. al., (1999), argue that training activities should be examined from the perspective of their ability to influence individual job performance, rather than isolated experiences that may or may not contribute to the organization's success. This principal appears to be implementable when it comes to devolution. Devolution requires training by motivated employees (Hall, 1998).

### b. Maslow's Hierarchy of Needs Theory

The theory of Maslow Hierarchy of Needs Theory categorized the human needs into five levels that satisfaction of one needs leads to another level. These needs are Physiological needs- basic survival needs, such as the need for food, water, air and shelter; Safety needs- the need to feel secure at work and at home, to be safe from physical and psychological harm; Social needs- the need to be loved and love, the need for affection and belonging; Esteem needs- the need for recognition and acknowledgement from others as well as self-respect and a sense of status or importance, prestige and strength; and Self-actualization needs-the need to develop to your fullest potential, to become the best one is capable of becoming (Nickels, 1999).

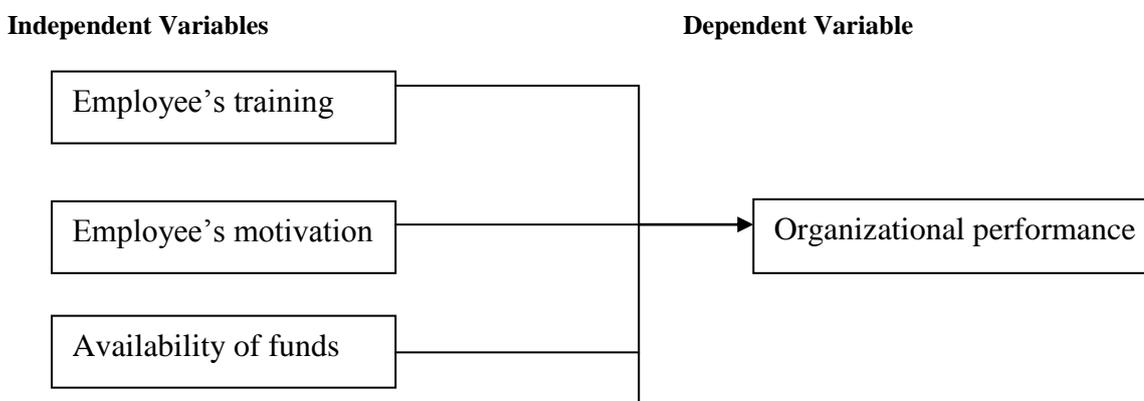
### c. Theory of Funds Rationing

The theory of funds rationing was brought about by Keeton (1979) who argued that funds rationing has been subjective by and large. The reason for this difficulty can be articulated using a basic demand-supply framework. Quite simply, if there is an excess demand for bank funds (ie more firms want loans than banks are currently prepared to supply at the governing market price) then theory implies that banks should raise loan price (the interest rate) to equate demand for loans with supply, thus increasing profits.

This argument is used by Lown (2006) who parallels Keeton's (1979) model to organisational or government related funds. He sees no difference in argument between the two and emphasizes on similar platform implementation. In devolved governance, funds rationing may be necessitated given the pressure of limited funds. This could like affect organizational performance.

## Conceptual Framework

Figure 1.1



Source: Researcher 2015

The independent variables employees training, motivation and availability of funds affect organizational performance which is dependent variable. The Management of County needs to ensure that the independent variables are addressed so that the working conditions of the employees are improved hence quality service delivery.

### **Employees Training**

Training and Development has a direct relationship with effectiveness of the devolution of counties in Kenya. When the county Executive and Assembly are well trained and thoroughly developed they will deliver the agenda of their respective County Governments and hence there exists this kind of relationship. Training may however be defined as the action of teaching a person or animal a particular or type of behaviour or may be defined as a learning process that involves acquisition of knowledge, sharpening of skills, concept, rules, or changing of attitude and behaviour to enhance the performance of employees. According to Kurt (2004) an individual's behavior is a function of the group environment, or 'field'. The field produces forces, tensions, emanating from group pressures on its members. According to the Group Dynamics School, the focus of change must be at a group level and should concentrate on influencing and changing the group's norms, roles and values.

Myrna (2009) says effective training is not an isolated event in an organisation. Training must be strategic in that it is designed to improve the knowledge, skills and abilities and abilities of employees to help them achieve the organisation's strategic plan. Effective training is therefore can't be designed until there is full understanding of the organisation. Training is an important tool of Human Resource Management to control the attrition rate because it helps in motivating employees achieving their professional and personal goals, increasing the level of job satisfaction thus leads to increased productivity. He further reiterates that it can only be achieved through SWOT Analysis and a proper understanding of the organisation's vision and hence creating a competitive advantage. Training Needs Analysis is also very important to know the training gaps between the employee's current performance and desired performance level

According to Sean (2010), training on the other side helps to identify and grow the personality and performance strengths that will make the organization's employees better and getting right person in the right job. Continuous training keeps employees at the cutting edge of industry developments.

### **Employees Motivation**

Among financial, economic and human resources, the latest are more essential and have the capability to endow a company with competitive edge as compared to others cites Rizwan et al (2010). Employee Performance fundamentally depend on many factors like performance appraisals, employee motivation, Employee satisfaction, compensation, Training and development, job security, Organizational structure and other, but the area of study is focused only on employee motivation as this factor highly influence the performance of employees.

Employee motivation is one of the policies of managers to increase effectual job management amongst employees in organizations (Shadare et al, 2009). A motivated employee is responsive of the definite goals and objectives he/she must achieve, therefore he/she directs its efforts in that direction. Rutherford (1990) reported that motivation formulates an organization more successful because provoked employees are constantly looking for improved practices to do a work, so it is essential for organizations to persuade motivation of their employees (Kalimullah et al, 2010).

Kalimullah et al (2010) further cites that research that reward causes satisfaction of the employee which directly influences performance of the employee Rewards are management tools that hopefully contribute to firm's effectiveness by influencing individual or group behavior. All businesses use pay, promotion, bonuses or other types of rewards to motivate and encourage high level performances of employees quotes Reena et al (2009).

To use salaries as a motivator effectively, managers must consider salary structures which should include importance organization attach to each job, payment according to performance, personal or special allowances, fringe benefits; pensions and so on suggest Adeyinka et al (2007).

### **Availability of Funds**

Fiscal decentralization involves the transfer of financial resources from the Central Government to autonomous local agencies. Hall and Torrington (1998) observed HR specialists were split both for and against financial devolution. At one hand some participants stated the importance of devolving both operational tasks and financial aspects to line, while many others were against devolving any budgetary controls. Both Keen (1994) and McConville and Holden (1999) argue that if line managers are not given budgetary control along with the responsibilities, this then becomes nothing but 'liability' for them. However, the counter argument is that, if line managers own budgetary control, then HR issues perhaps will be a likely causality of line manager short-termism, Marginson et al (1993).

According to Illes and Sutherland (2001) says that a large literature shows that, depending on circumstances, implementation can be frustrated by any of the following: internal conflicts and informal organisational process; occupational groups deflecting or obstructing the intended activities; attempting to introduce over-complex techniques too fast; lack of sufficient or correct resources; failure to motivate the actual implementers; and failure to communicate the knowledge and instructions necessary.

According to Jensen (2000), payment in form of fair remuneration is an important aspect of motivation of employees. This is because it helps them to meet their physiological, security and egoistic needs. In many organizations there exists persistent grievances concerning non-payment, underpayment and delayed payment

## **IV. Empirical Review**

Empirical evidence on the impact of devolution depicts mixed results and in some cases it is inconclusive. For example, a study of the federal state of India suggests that decentralisation promotes government responsiveness in service delivery, especially if the media is very active at the local level cites Besley et al (2002).

Another study of Italy indicates that devolution may exacerbate regional disparities in public spending and economic outcomes, Calamai (2009). Azfar et al (2001) finds that local officials have limited authority to influence service delivery while citizens' influence at the local levels is hampered by limited resources.

### **Critique of existing literature**

Barrett et al (2007), argues that if devolved systems are not properly designed and implemented it leads to translation of central government bureaucracies, inefficient utilization of resources and lack of accountability in any organisation. Other scholars such as Kimenyi (2002), argue that devolution could undermine national unity and could inflate ethnic, religious, cultural diversities

and greater marginalization thus affecting organizational performance. This seminar paper hence focussed on performance of Mombasa county government from the point of view of personnel training, staff motivation and funds availability.

## **V. METHODOLOGY**

The researcher used secondary sources to obtain information for the study. These consisted of written accounts of phenomena produced by others and cited in sources such as magazines, articles, government press release or circulars, newspapers, internet and books. A desk analysis design was used due to the nature of the research.

## **VI. CONCLUSION**

The training affects employee productivity and through the respondents they suggested that it refers to instruction and practice for acquiring skills and knowledge of rules, concepts, or attitudes necessary to function effectively and could also provide workers with ways to obtain added information about potential hazards and their control. Most of the County officers lack training both Technical and experiential since most of them have been brought on board as politically correct individuals hence it becomes hard to apprehend them in the event of failure to perform. (GoK 2012)

The motivated employees' works best in the interest of the organizations which leads them towards growth, prosperity and productivity. Thus the employee motivation and organizational effectiveness are directly related. This is also proven by the study conducted by Muhammad (2011) (0.287). So the organizations should work out and make such policies and organizational structures that support employee recognition and empowerment. A motivated and qualified workforce is essential for any company that wants to increase productivity and customer satisfaction.

Devolution of government is a new phenomenon in Kenya; the Government shall, therefore, need to take into consideration a number of factors in determining the basis for allocating among the counties the share of national revenue through a resolution every 5 years. People seek security and the underlying needs are fundamental to people's existence. After these needs are satisfied, people will focus more on job performance

## **VII. RECOMMENDATION**

1. Mombasa county government should consider job enlargement, job rotation, job enrichment, good quality training focusing on quality of communications. In devolved governance, these must preferably be given preference. Training and development needs to be administered to every staff in the county especially in the prevalence of the new devolved governance system. Relationship between the Mombasa county government as a devolved system of governance needs to be enhanced with the central government for organizations to better perform and services better delivered.
2. The role of County Government, relations with the national government is in delivering services to the county residents. It is therefore recommended that establishing training programs, employers must clearly define the employees to be trained and what subjects are to be covered in their training. Employers in setting up their training program will need to clearly establish the goals and objectives they wish to achieve with the training that they provide to their employees. The learning goals or objectives should be written in clear measurable terms before the training begins.

3. According to Hala (2011) also suggest that it's very important to adopt the right management strategies. These strategies are integrated, process-oriented conceptual framework consisting of three phases namely knowledge formulation, strategy implementation and status evaluation to overcome resistance.

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