

# Effect of Financial and Political Decentralization on Service Delivery in County Governments in Kenya

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## **Abstract**

In devolution, financial decentralization and political decentralization have been advocated as powerful means for improving the service delivery in many developing countries. This study attempted to examine the association between financial decentralization, political decentralization and service delivery. The data used was derived from 275 government officials drawn from 8 county governments in Kenya. Service delivery was measured by accessibility of services, efficiency of services, quality of services and citizen satisfaction in relation to water, health, rural roads, and sewer services. Using regressions analysis (enter method), the study found significant positive relationship between financial decentralization and service delivery in county governments in Kenya. In addition, the study also revealed that political decentralization significantly and positively influences service delivery in county governments in Kenya. Based on the finding, the paper concluded that financial decentralization and political decentralization positively influences service delivery. This paper recommends that for improved service delivery in a devolved government, there is need to enhance political and financial decentralization. The paper further recommends that there was need for central governments to increase funding to the county governments in order to enhance service delivery.

**Keywords:** *Decentralization, E-Government, Devolution, Financial, Political, Service Delivery.*

## **1. Introduction**

Worldwide, decentralization has given local government's greater discretion to respond to the preferences and needs of their constituents. Their flexibility to respond to local needs has

increased due to their greater political power to draft policies, fiscal power to collect and use revenue and administrative power to provide services (Brucker, Kubica, Kway, Sizomu, and Teti, 2011). Decentralization, offers significant opportunities to improve government accountability. It creates the possibility of exerting stronger pressures on government performance both from below (the demand side) and from above (the supply side). Decentralization reshapes power relations among the local residents, local governments, producers of local government services, and higher levels of government (including central government). It sets new rules of the political game, helping new local leaders to emerge in the political competition. It thus redefines the interactions between local leaders and their constituencies (Yilmaz, Beris, and Serrano-Berthet, 2008). Globally, decentralization is widely lauded as key component of good governance and economic development. In recent past, decentralization policies have been implemented on a large scale throughout the developing world (Mitchell and Bossert, 2010). Conceptually, although devolution is a form of decentralization, in contemporary research the term devolution and decentralization are used interchangeably. Devolution involves a rescaling of responsibilities or powers from the national to the regional political organization (Lobao, Martin, and Rodriguez-Pose, 2009). The actual form and politics of such rescaling vary substantially between states, however, amounting to a radical transfer of powers and resources in some cases and a more modest and rhetorical shift of responsibility and service delivery in others (Cox, 2009).

In broad terms, decentralization has three fundamental dimensions of decentralization namely financial, political and administrative decentralization (Muriu, 2012; Triesman, 2007). Financial decentralization is said to exist when sub-national governments have the decision-making power to raise revenues and perform spending activities (Kim, 2008). Elsewhere, Akorsu (2015) contends that financial decentralization is a set of policies designed to increase the revenues or fiscal autonomy of sub-national governments. Fiscal decentralization is the most traceable type of decentralization as it is directly linked to budgetary practices. It necessitates the transfer of powers to raise and retain financial resources to fulfill assigned responsibilities to local level political and administrative organizations. It entails the assignment of functions and responsibilities regarding revenue collections and spending to sub-national government institutions (Yusoff, Sarjoon, Awang, and Efendi, 2016) Rodríguez-Pose and Krøijer (2009) summarize arguments in favor of fiscal decentralization. They claim it promotes higher efficiency, better public service, greater transparency and, eventually, economic growth. It is often argued that decentralization increases economic efficiency because local governments are better positioned than the national government to deliver public services as a result of proximity and informational advantage. This proximity is particularly important in low-income countries or emerging markets where in absence of market opportunities, vulnerable populations rely heavily on state action for their survival. This study focused on four dimensions of financial decentralization namely revenue decision making, expenditure decision making, local revenue generating capacity and national borrowing. These dimensions were chosen as the study postulated they would have closer relationships with service delivery.

In contrast, political decentralization aims to give more authority to citizens and their elected representatives in decision making and public administration. Political decentralization support democratization by providing more opportunity for citizens and their elected representatives to affect the creation and implementation of policies (Ozmen, 2014). According to Akorsu (2015) political decentralization is a set of constitutional amendments and electoral reforms designed to open new, or activate existing but dormant or ineffective spaces for the representation of sub-national politics . It aims to give more authority to citizens and their elected representatives in decision making and public administration. Thus, political decentralization involves the transfer of political authority to the local level through the establishment of elected local governments and political parties. Faust and Barbers (2012) posits that political decentralization reflects whether sub-national governments are directly elected and thus share in the political functions of governance. Devolution is considered by many theorists and experts as the best form of political decentralization. In contemporary discourse and practice, political decentralization is often perceived as the only true mode of decentralizing government, bringing with it such benefits as local democracy, participation in local affairs and accountability of local officers. The proponents of political decentralization argues that bringing citizens closer to government and allowing them to hold elected officials accountable, are an important foundation of achieving a better local government and public services (Grindle, 2007). In this study, political decentralization is constituted as legislative powers, political competition and civil liberties.

All in all, improving service delivery through increased accountability has been a significant implicit motivation behind the trend towards decentralization in developing countries (Hasnain, 2010). The standard theoretical argument for the transfer of responsibilities to lower tier of government is that the closer proximity of local policy-makers to citizens increases the flow of information and better enables the public to monitor, and to hold to account, government officials. Conversely, elected local policy-makers, responding to this greater citizen vigilance, focus on improving service delivery in order to get re-elected (Hasnain, 2010). Service delivery is an essential function in the relationship between government and citizens (Abe and Monisola, 2014). Government performance is measured through service delivery to the people (Eigema, 2007). A government is expected to deliver better services to its people, and the indices of measuring service delivery to the people include low inflation, better education, provision of improved health care at affordable rates, provision of clean water, provision of good roads and good road networks to the rural areas for the transport of agricultural products and raw materials (Abe and Monisola, 2014). Elsewhere, Carlson et al. (2005) depicted service delivery as the relationship between policy makers, service providers and poor people. Service delivery encompasses services and their supporting systems that are typically regarded as a state responsibility. These include social services (primary education and basic health services), infrastructure (water, sanitation, roads and bridges) and services that promote personal security (Carlson et al., 2005). In this study, service delivery is conceptualized as accessibility of services, efficiency of services, quality of services and citizen satisfaction in relation to water, health, rural roads, and sewer services

In Kenya, devolution form of decentralization has raised citizen's expectations for quality service from the county governments. Devolution allows the devolved governments to develop policies that are tailored to the needs of their areas, encouraging policy divergence, although this is countered by pressures to ensure that devolved approaches do not contradict those of the central state, promoting convergence. Through devolution of fiscal power, political power and administrative power, Kenyan citizens expected county governments to deliver quality services, improve efficiencies and responsiveness. The county governments were established in 47 counties (based on the 1992 Districts of Kenya), after the general elections in March 2013. The constitution of Kenya also provides that each county will have a government consisting of the county assembly and county executive. The services whose delivery has been devolved in Kenya includes county health services, solid waste disposal, county transport, including county roads; street lighting; traffic and parking, water conservation, and social welfare (Constitution of Kenya, 2010). County governments are better placed than the national government to deliver social services because of their local knowledge to the local problems facing the people. Unlike other countries where the devolution process of the three powers has been sequentially attained, in Kenya the experience has been a 'big bang' where the three types of decentralization were achieved at once with the ratification of the constitution (Kobia and Bagaka, 2014).

## **2. Problem Statement**

A range of empirical studies have attempted to evaluate the impact of financial and political decentralization on service delivery (Freinkman and Plekhanov, 2009; Masanyiwa, Niehof, and Termeer, 2012; Obicci, 2014; Olatona and Olomola, 2015; Shen and Zou, 2015; Sow and Razafimahefa, 2015; Sujarwoto, 2012). However, despite growing literature, evidence on the impact of devolved governance (financial and political decentralization) on service delivery is mixed and inconclusive. One strand of the literature revealed that decentralization leads to improved service delivery (Balunywa, Nangoli, Mugerwa, Teko, and Mayoka, 2014; Freinkman and Plekhanov, 2009). In contrast, other studies found that decentralization negatively influenced service delivery (Elhiraika, 2007; Olatona and Olomola, 2015). These mixed conclusions created the need to carry out a study from a Kenyan context to establish the effect of financial and political decentralization on service delivery in county government. Additionally, the constitution of Kenya (2010) established 47 county governments to improve efficiency in service delivery. The transition from a central to devolved government has not been smooth as several challenges such as inter-governmental relations, turf of wars among leaders, corruption and strikes among others have threatened devolution. At present, research also indicates that over 53 % of citizens are dissatisfied with service delivery of county governments in Kenya (Transparency International, 2014). However, the influence of financial and political decentralization on service delivery in the context of Sub-Saharan Africa, specifically Kenya is scarcely explored. The local studies available are mainly qualitative and only help to understand merits and demerits of devolved governance (Abdumlingo and Mwirigi, 2014; Kobia and Bagaka, 2014). The magnitude of the impact of devolution on services delivery in Kenya remains largely non quantified. The limited character of empirical evidence in this area

also suggests there is need to carry more empirical work to establish the effect of financial and political decentralization on service delivery.

### **3. Objectives and Hypotheses of Study**

The general objective of the study was to establish the effects of devolved governance on service delivery as moderated by e-government in county governments in Kenya. Specifically, the study sought to establish the effect of financial decentralization on service delivery in county governments in Kenya and to evaluate the effect of political decentralization on service delivery in county governments in Kenya. In order to address the above objectives, the following null hypotheses were tested.

**H01:** There is no relationship between financial decentralization and service delivery in county governments in Kenya.

**H02:** Political decentralization is not related to service delivery in county governments in Kenya.

### **4. Theoretical Perspective**

This paper discusses the sequential theory of decentralization upon which the study is anchored.

#### **The Sequential Theory of decentralization**

The Sequential Theory of decentralization was proposed by Falleti (2004). The theory contends that decentralization is a set of state reforms. As such, decentralization does not include transfers of authority to non-state actors. Akorsu (2015) cited Falleti (2004) and noted decentralization reforms may take place in authoritarian as well as democratic contexts, which means that the concepts of decentralization and democratization should not be conflated. Notably, (Falleti, 2004; Falleti, 2005) opined that sequential theory of decentralization classifies territorial decentralization into political, administrative, and fiscal dimensions. Awortwi (2011) avers that Falleti's sequential theory of decentralization is based on three propositions: First, Institutional design of decentralization policies is highly dependent on when those policies take place within the sequence of reforms. According to Falleti (2004), political and fiscal decentralization policies that take place early in the sequence tend to increase the power of local government actors, whereas early administrative decentralization reforms tend to negatively affect their power. Secondly, a set of preferences of national and sub-national actors with regard to types of decentralization. National politicians and executives prefer administrative decentralization (A) to fiscal decentralization (F), which in turn is preferred to political decentralization (P). Lastly the origin or the state context in which the decentralization process takes place and the timing of each reform are crucial (Awortwi, 2011). The sequential theory of decentralization specifies three actors in the policy-making process: the president, governors, and mayors. These actors have their territorial preferences (Falleti, 2004); the president prefers the administrative dimension because it helps reduce national expenditures through the "downward transfer of responsibilities". On the other hand, local officials (governors and mayors) prefer the political dimension that accompanies gubernatorial and mayoral elections; these electoral mechanisms bestow legitimacy on local officials and allow them to further pursue their territorial interests "without fear of retaliation" from the president

(Falleti, 2004). Based on these core assumptions, (Falleti, 2004; Falleti, 2005) attributes the degree of sub-national autonomy to the years surrounding the formulation of decentralization policies. If the president's interest prevails in the policy-making process, the degree of sub-national autonomy will be low because administrative decentralization only strengthens the presidential authority. However, if the local officials win, political decentralization will lead to a high degree of sub national autonomy. The Sequential theory of decentralization is relevant to the current study as it portends that territorial decentralization takes either political, administrative, and fiscal dimensions. Consequently, this study will examine the devolved governance variables namely; financial decentralization, political decentralization based on sequential theory of decentralization.

## **5. Empirical Review**

The paper reviews empirical work on the relationship between financial decentralization and service delivery. The study also examines the association between political decentralization and service delivery.

### **Financial Decentralization and Service Delivery**

Fiscal decentralization promotes higher efficiency, better public service, greater transparency and, eventually, economic growth. It is often argued that decentralization increases economic efficiency because local governments are better positioned than the national government to deliver public services as a result of proximity and informational advantage (Rodríguez-Pose and Krøijer, 2009). Fiscal decentralization puts resources in the hands of better informed benevolent local governments and thus potentially allows them to better cater to citizens' preferences . If governments are leviathans, then fiscal decentralization can improve their performance insofar as it increases interjurisdictional competition (Kyriacou and Roca-Sagale's, 2011). Empirical evidence exist that support existence of a relationship between financial decentralization and service delivery. For instance, Enikolopov and Zhuravskaya (2007) use both cross-section and panel data from developing and transition countries and find that fiscal decentralization combined with strong national parties (a form of political centralization) significantly improves government quality measured both in terms of government efficiency, regulatory quality, control of corruption, and rule of law, and in terms of public good provision (health and education outcomes). Kyriacou and Roca-Sagale's (2011) control for country-fixed-effects and find that fiscal decentralization has a positive effect on institutional quality (which includes measures of corruption, bureau-cratic quality, and rule of law) but this positive effect is decreased in the presence of electoral decentralization. Adam et al (2012) carried out a study in Europe and America to empirically examines the relationship between fiscal decentralization and public sector efficiency. The study found that irrespective of whether public sector efficiency concerns education or health services, an inverted U-shaped relationship exists between government efficiency in providing these services and fiscal decentralization. In contrast, Elhiraika (2007) used data from nine provinces in South Africa to investigate the impact of fiscal decentralization on basic service delivery, focusing on the role of own-source revenue. The own-source revenue variable was found to have a negative and significant impact on demand for health relative to demand for other public services. The researchers argued for



increased fiscal decentralization and greater revenue autonomy in particular if sub national governments in South Africa are to improve service delivery by enhancing transparency and shifting accountability to the local population rather than the central government. In a cross country analysis, Diaz-Serrano and Rodríguez-Pose (2012) reported that the impact of decentralization on satisfaction with government, democracy, and the economic situation of a country is ambiguous. More specifically, they indicate that fiscal decentralization, measured by the expenditure capacity of sub national governments, exerts a positive influence on satisfaction with political institutions. In addition they reported that if fiscal decentralization is proxied by revenue, the impact is negative. Consistent to the above are the findings of Balunywa et al (2014) who established that fiscal decentralization helps to reduce corruption, leads to improved revenue performance, enables better planning for revenue collection, reduces on tax evasion, enables the local unit to get more sources of revenue, makes it easy to handle taxation disputes and also that fiscal decentralization reduces on taxation bureaucracies hence better revenue performance .Wei-qing and Shi (2010) undertook an empirical study in China and revealed that fiscal decentralization on expenditure tended to encourage governments to allocate fiscal expenditure in infrastructure, to attract outside capital to develop local economy, but in the same time, reduced provision of public services, such as education. The study also found negative effect of fiscal decentralization on public education provision is the highest in Central and West China, and the lowest in Northeast China. Similarly, Bussemeyer (2008) uses a pooled-data of 21 OECD countries analysis, and finds that fiscal decentralization decreases public education expenditures at national level but increases public education spending at regional level. Moreover, Freinkman and Plekhanov (2009) found that fiscal decentralization has no significant effect on the key inputs into secondary education, such as schools, computers, or availability of pre-schooling, but has a significant positive effect on average examination results, controlling for key observable inputs and regional government spending on education.

### **Political Decentralization and Service Delivery**

Political decentralization in the form of sub national elections empowers voters and so is likely to improve government quality (Kyriacou and Roca-Sagale's, 2011). Empirical evidence indicates there is a relationship between political decentralization and service delivery. In Indonesia, Sujarwoto (2012) surveyed 8,320 households living in 120 local governments to investigate the association between political decentralization and local public service performance. The study revealed that effective local political institutions, better informed citizen and transparency, citizen political participation via community programs, and the presence of social group in community are significant for improving local public service performance. Enikolopov and Zhuravskaya (2007) conducted an empirical study using both cross-section and panel data from developing and transition countries and find that strong national parties (a form of political centralization) combined with fiscal decentralization significantly improves government quality measured both in terms of government efficiency, regulatory quality, control of corruption, and rule of law, and in terms of public good provision (health and education outcomes). Importantly, Nir and Kafle (2013) evaluated the implications of political stability on

educational quality using a sample comprising 47 countries, 26 politically stable and 21 politically unstable during a ten-year period of time (1998-2008). The study revealed that political stability plays a major role in explaining the survival rate in education when used as a single predictor or, when introduced in the analysis with the GDP per capita. In Europe, Diaz-Serrano and Rodriguez-Pose (2014) carried a study based on analysis of views of 160,000 individuals in 31 European countries found that political decentralization affects citizen's satisfaction with education and health delivery in different ways. The influence of political decentralization, however, is highly contingent on whether the capacity of the local or regional government to exercise authority over its citizens (self-rule) or to influence policy at the national level (shared-rule). Similarly, Kumar and Prakash (2012) carried a study in India to investigate the impact of political decentralization and gender quota in local governance on different measures of health outcomes and behaviors. The study found that political decentralization is positively associated with higher probabilities of institutional births, safe delivery, and births in public health facilities.

## **6. Research Methodology**

This study used descriptive survey research design and explanatory research design to help identify, analyze, and describe the relationship between financial decentralization, political decentralization and service delivery in county governments in Kenya. Descriptive survey research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group, whereas diagnostic research studies determine the frequency with which something occurs or its association with something else (Kothari, 2004). However, explanatory research design describes in quantitative terms the degree to which variables are related (Mugenda and Mugenda, 2003). It is used in studies that are aimed at establishing causal relationship between variables (Bryman and Bell, 2007; Cooper and Schindler, 2006). The total population of this study was 2,794 county government officials from all the 47 counties in Kenya where a sample of 338 was targeted. A total of 338 questionnaires were delivered to the respondents but 275 questionnaires were returned. This represented an overall successful response rate of 81.4%. According to Mugenda and Mugenda (2003) a response rate of 50% or more is adequate. Babbie (1990) suggested that a response rate of 60% is good; 70% is very good. Similarly, Babbie (2004) posits that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on the above, the response rate for this study was found to be adequate. This response rate indicates a reasonable representation of the sample and of the entire population. This was an improvement to previous studies on employees' perception of determinants of the effectiveness of performance contracting on service delivery in local authorities in Kenya that achieved a much less response rate of 69% (Mwangi, 2015). Based on the above, the response rate for this study was found to be adequate. The study used regressions analysis (enter method) to analyze the collected data. According to Mugenda and Mugenda (2003) regression analysis attempts to determine whether a group of variables together predict a given dependent variable and in this way, attempt to increase the accuracy of the estimate. The use of multiple regression model is preferred due to its ability to show whether there is a positive



or a negative relationship between independent and dependent variables (Mason, Lind, and Marchal, 1999). Previous studies have used regression model with satisfactory results. For instance, Wei-qing and Shi (2010) carried a study on the relationship between fiscal decentralization and public education provision in China and adopted regression model. Similarly, Saavedra (2010) used multiple regression model in a study on the impact of decentralization on access to service delivery.

**7. Empirical Results**

The gathered data is analyzed through IBM SPSS for data description and hypotheses testing.

**Descriptive Statistic**

Table 1 shows the descriptive statistics of financial decentralization, political decentralization and service delivery variables. The descriptive statistics include mean, standard deviation, minimum, and maximum which were computed using SPSS version 21.

**Table 1: Descriptive Statistics of Aggregated Variables**

	Minimum	Maximum	Mean	Std. Deviation
Financial Decentralization	1.00	4.81	3.06	0.81898
Political Decentralization	1.00	5.00	3.48	0.79340
Service Delivery	1.00	5.00	3.80	0.60872

Reviewing Table 1 shows mean for service delivery was 3.80. This implies that majority of the respondents agreed with service delivery items meaning it is frequently practiced in county government in Kenya. The standard deviation for service delivery was 0.60872. The standard deviations are low implying that the respondents generally agreed in the scoring of service delivery items. It can therefore be said that there were no extremes in the scoring and hence a good measure. Further, majority of the respondents also agreed about political decentralization and financial decentralization as the variables had a mean of 3.48 and 3.06 respectively. As such it could be said that Kenya has embraced political decentralization and financial decentralization. In addition, the standard deviation of political decentralization and financial decentralization were 0.79340 and 0.81898 respectively. The standard deviations are low implying that the respondents generally agreed in the scoring of political decentralization and financial decentralization items. It can therefore be said that there were no extremes in the scoring and hence a good measure.

**Correlation Analysis**

A correlation analysis was computed, examined and interpreted. Correlation analysis is useful in describing the strength and direction of the linear relationship between two variables (Pallant, 2011). The coefficient assumes that there is a linear relationship or correlation between two variables, and that the two variables are causally related; one of the variables is the independent and the other the dependent variable; and a large number of independent causes are operating in both variables so as to produce a normal distribution (Kothari and Garg,

2014; Saunders, Lewis, and Thornhill, 2007; Sekaran, 2009). In this study, the correlation among variables is illustrated by the correlations matrix in table 2 below.

**Table 2: Correlation Matrix of the Study Variables**

Variable		Service Delivery	Financial Decentralization	Political Decentralization
Service Delivery	Pearson Correlation	1		
	Sig. (2-tailed)			
Financial Decentralization	Pearson Correlation	0.278*	1	
	Sig. (2-tailed)	0.001		
Political Decentralization	Pearson Correlation	0.481*	0.386**	1
	Sig. (2-tailed)	0.000	0.001	
	N	275	275	275

\*\* Correlation is significant at the 0.001 level (2-tailed).

The results in Table 2 revealed that financial decentralization was positively and significantly correlated with service delivery. The correlations coefficients as indicated on Table 2 was (r=0.278, p-value<0.001). The correlations coefficients between service delivery and political decentralization was positive and significant (r=0.481, p-value<0.001). In addition, the correlations coefficients between independent variables, financial decentralization and political decentralization was also positive and significant(r=0.386, p-value<0.001)

**Financial Decentralization and Service Delivery Bivariate Analysis**

Regression analysis was conducted to empirically determine whether financial decentralization was a significant determinant of service delivery. The regression model results in table 3 indicated that the values of R and R square were 0.278 and 0.077 respectively. This showed that there was a positive relationship between financial decentralization and service delivery. The R square was the coefficient of determination which indicated that explanatory power of the independent variable (financial decentralization) was 0.077. This indicated that 7.7% of variances in service delivery are explained by the variances in the financial decentralization. It follows that other factors outside financial decentralization explain 92.3% of variation in service delivery. The correlation coefficient of 0.278 indicates that the combined effect of the predictor variables have a positive correlation with service delivery.

**Table 3: Regression model for Financial Decentralization**

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.278	0.077	0.074	0.58575

The overall model significance was presented in table 4. The model was found to be significant (F (1,273) =22.905, p-value <0.001).

**Table 4: ANOVA of financial decentralization and service delivery**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.859	1	7.859	22.905	0.000
Residual	93.668	273	0.343		
Total	101.527	274			

The study further determined the beta coefficients of financial decentralization. Table 5 displays the regression coefficients of the independent variable (financial decentralization). The results reveal that financial decentralization is statistically significant in explaining service delivery of county governments in Kenya. This is supported by beta= 0.278, p-value <0.001. The results imply that a unit change in financial decentralization will lead to a positive change in service delivery by the rate of 0.207

**Table 5: Regression coefficients of financial decentralization**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.168	0.137		23.116	0.000
Financial Decentralization	0.207	0.043	0.278	4.786	0.000

The model indicates that financial decentralization is statistically significant in explaining the variation in the dependent variable (service delivery). The reported probability of (0.0001) is less than the probability of (0.001).

On substitution of the coefficients in the equation 1, we obtain: Service Delivery = 3.168+ 0.207 financial decentralization. Using results in table 5, the study rejected hypothesis H01: there is no relationship between financial decentralization and service delivery in county governments in Kenya. Therefore, the study concluded that financial decentralization had positive and significant influence on service delivery in county governments in Kenya. The high residual sum of squares (93.668) indicates that the model does not explain all the variations in service delivery and there are other factors that account for a higher proportion of the variation in service delivery. The study findings were consistent with the findings of Olatona and Olomola (2015) who analyzed the influence of fiscal decentralization on health and educational service delivery in Nigeria between 1999 and 2012. The study revealed that that fiscal decentralization had significant positive effects on educational service delivery (t=2.3, p<0.05). Similarly, a research conducted in Russia by Freinkman and Plekhanov (2009) on the empirical analysis of the relationship between fiscal decentralization and the quality of public services in the Russian regions found that decentralization positively influenced the quality of municipal utilities provision in Russia. This was consistent with the findings of Sow and Razafimahefa (2015) who found that fiscal decentralization can improve the efficiency of public service delivery but only under specific conditions. First, the decentralization process requires adequate political and institutional environments. Second, a sufficient degree of expenditure decentralization seems necessary to obtain favorable outcomes. Third, decentralization of expenditure needs to be

accompanied by sufficient decentralization of revenue. Absent those conditions, fiscal decentralization can worsen the efficiency of public service delivery. Uchimura and Jütting (2007) analyzed the effect of fiscal decentralization on health outcomes in China using panel data set with nationwide county-level data. They found that counties in more fiscally decentralized provinces have lower infant mortality rates than counties where the provincial government remains the main spending authority, if certain conditions are met. The findings supported the common assertion that fiscal decentralization can lead to more efficient production of local public goods, while also highlighting the conditions required for this result to be obtained. All these studies concurred with the findings of this study that financial decentralization positively and significantly influence service delivery.

**Political Decentralization and Service Delivery Bivariate Analysis**

Regression analysis was conducted to empirically determine whether political decentralization was a significant determinant of service delivery. The regression model results in table 6 indicated that the values of R and R square were 0.481 and 0.231 respectively. This showed that there was a positive relationship between political decentralization and service delivery. The R square was the coefficient of determination which indicated that explanatory power of the independent variable (political decentralization) was 0.231. This indicated that 23.1% of variances in service delivery are explained by the variances in the political decentralization. It follows that other factors outside the current model explain 76.9% of variation in service delivery. The correlation coefficient of 0.481 indicates that the combined effect of the predictor variables have a positive correlation with service delivery.

**Table 6: Regression model for Political Decentralization**

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.481	0.231	0.228	0.53476

The overall model significance was presented in table 7. The model was found to be valid and significant (F (1,273) =82.029, p <0.001).

**Table 7: ANOVA of Political decentralization and service delivery**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	23.458	1	23.458	82.029	0.000
Residual	78.070	273	0.286		
Total	101.527	274			

The study further determined the beta coefficients of political decentralization. Table 8 displays the regression coefficients of the independent variable (political decentralization).The results reveal that political decentralization is statistically significant in explaining service delivery of county governments in Kenya. This is supported by beta= 0.481, p <0.001. The results imply that a unit change in political decentralization will lead to a positive change in service delivery by the rate of 0.369

**Table 8: Regression Coefficients of Political Decentralization**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.520	0.145		17.355	0.000
Political Decentralization	0.369	0.041	0.481	9.057	0.000

The model indicates that political decentralization is statistically significant in explaining the variation in the dependent variable (service delivery). The reported probability of (0.000) is less than the conventional probability of (0.05).

On substitution of the coefficients in the equation, we obtain: Service Delivery = 2.520+ 0.369 political decentralization. Using results in table 8, the study rejected hypothesis H02: there is no relationship between political decentralization and service delivery in county governments in Kenya. Therefore, the study concluded that political decentralization had positive and significant influence on service delivery in county governments in Kenya. The high residual sum of squares (78.070) indicates that the model does not explain all the variations in service delivery and there are other factors outside the model that account for a higher proportion of the variation in service delivery .The finding are in line with Obicci (2014) who revealed that political decentralization can be used as an instrument to promote the provision of service delivery. The study concluded that political decentralization had significant effect on service delivery in the ten local governments examined in the study. Likewise, Sujarwoto (2012) found that effective local political institutions, better informed citizen and transparency, citizen political participation via community programs, and the presence of social group in community are significant for improving local public service performance. The empirical findings suggest that improved local public services performance requires well functioning local political institutions, better informed citizens and transparent local government, and effective channels for political participation. Another study by Enikolopov and Zhuravskaya (2007) based on both cross-section and panel data from developing and transition countries and found that strong national parties (a form of political centralization) combined with fiscal decentralization significantly improves government quality measured both in terms of government efficiency, regulatory quality, control of corruption, and rule of law, and in terms of public good provision (health and education outcomes). However, Kyriacou and Roca-Sagale's (2011) using a sample of 101 countries found a negative impact of political decentralization .The researchers concluded that political decentralization, in the form of sub-national elections, bicameralism, and especially federalism and autonomy, tends to mitigate the positive impact of fiscal decentralization on the quality of government.

## **8. Conclusion and limitations**

The purpose of this paper was to provide empirical evidence on effect of political and financial decentralization on service delivery. The study concluded that there exists significant positive

relationship between financial decentralization and service delivery in county governments in Kenya. Further, the paper also concluded that between political decentralization is positively associated with service delivery. One of the important practical implications of our results is that for improved service delivery in a devolved government, there is need to enhance political and financial decentralization. Our evidence support the theoretical position of devolution leads to improved service delivery. At the same time, we recommend central governments should increase funding to the county governments in order to enhance service delivery. Our study has several limitations. First, we covered only Kenyan context. There is an opportunity, therefore, to conduct a larger survey in other major cities and countries. Second, our study is based on questionnaire survey, descriptive and explanatory research design. Additional qualitative or mixed methods might have enriched the findings. Third, our study is based on a single country and it may be interesting to explore political and financial decentralization in developing countries that have similar environments to Kenya. Finally, more studies are needed in several countries to find out difference between political and financial decentralization and its applicability. Nevertheless, this study is among the first research to examine the relationship between of political, financial decentralization and service delivery in developing country.

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