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ACCOUNTABILITY PRACTICES, BOARD FUNCTIONS AND PERFORMANCE OF COUNTY GOVERNMENTS IN KENYA

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Abstract

The study sought to establish the intervening effect of accountability practices on the relationship between county public service board functions and performance of Kenyan county governments. A descriptive research design was adopted. The target population comprised of the 47 county governments in Kenya and the County governments' structures formed the unit of analysis. Correlation, regression and Structural Equation Modeling (SEM) were employed in estimation. From the findings, the study concludes accountability that practices significantly moderates the relationship between county public service board functions and performance of county governments in Kenya. The study therefore encourages county governments to take a more comprehensive approach to perfect their county service board functions and accountability practices to improve their performance.

Keyword: Board Functions, Accountability Practices, Performance, County Government

INTRODUCTION

The literal meaning of accounting practices according to Roberts (2007) is for appropriate person(s) to provide a description of their actions and omissions to those whom they are answerable and whose power allows them or gives them the right to demand such a clarification. Accountability practices therefore are linked to the steps by which those who practice authority whether at state level, individual(s) level (elected or as appointed), should be able to indicate that they have applied their authority and undertook their responsibilities correctly (Ball, 2013).

In organizations there are seven major perspectives of accountability practices (traditional accountability; democratic accountability; professional accountability; managerialism accountability; governance accountability; regulatory accountability; rational choice accountability). Under the traditional perspective, each official is precisely accountable, to public officials as well as to the population. The democratic accountability viewpoint highlights both representative and participatory holding public administration to account on the duties of public administration. The professional accountability view also requires that professionalism to be characterized in sets of rules, expertise which assures the neutrality of state intercession.

The managerialism accountability acknowledges that accountability functions at two levels that is the strategic as well as operational level (Deakin, *et al.* 1996). The states sets clear aims, gauging performance and separating policy from administration to making staff in public institutions as much accountable. The governance accountability viewpoint also acknowledges the certainty of partnerships in public sector and the varying scale, atmosphere, range and intricacy of delivering public services (Pierre and Stoker, 2011). The regulatory accountability also stress or emphasizes the usage of power, guidelines and setting of standard, predominantly shifting the initial emphasis on public sector accountability and governance (Hood, 1999). Further, the rational choice accountability viewpoint describes the social occurrences from the philosophies and objective of persons (Ward, 1995). It stresses on psychological and behavioral influences of public administrators.

Roberts (2007) gives four perspectives of accountability practices which find to resonate with county governments in Kenya as; leadership accountability practices (which deals with provision of information on strategies for the future period). Public sector performance and accountability practices (provide information on attainment, tasks and financial appraisal for the fiscal year). The procedures accountability practices (provides information of mission and goals for planning period) also resource accountability practices (gives information on managerial issues, organization and governance of an institution). Generally, it can be argued that accountability practices deals with providing information that is reliable, relevant and timely on leadership, performance, procedures and resources to the community and stakeholders. In the light of these, county governments in Kenya which is also a representative of the public sector, should exhibit the four accountability practices as proposed by Roberts (2007) by providing information that is reliable relevant and timely on leadership, performance, procedures and resources to the county community and county stakeholders.

The County Public Service Board of Kenya (CPSB) is provided for in Section 57 to 59 of the County Government Act (2010). The CPSB comprises the following membership: a chairperson, not less than three but not more than five other members; and a certified public secretary of decent professional character (who shall be the secretary to the CPSB). All these are to be appointed by the governor of that particular county, with the support of the county assembly. Section 59(1) of the County Government Act gives ten functions of a CPSB as: establishing and abolishing offices in the county; appoint individual(s) to hold or act in the office(s) of the county as well as to authorize selections. The board is expected to exercise disciplinary control over individuals working in those specific offices. It has to prepare regular county reports for submission to the county assembly on the execution of the functions of the board; support service values and principles of county human resource. Similarly, the board has to do evaluation and reporting to the county assembly on the degree to which the values and doctrines are observed. The board also is mandated to facilitate the development of human resource planning.

Last but not least, they are mandated to counsel the county government on management of human resources as well as development. More advice is directed to the county government on execution and monitoring of the performance of the county management system. In that sense, on behalf of the county government, board makes suggestions to the Salaries and Remuneration Commission (SRC) on matters to deal with the compensation, pensions as well as gratuities for county employees. In general the county public service board functions can be summed as; control systems of human resources (HR), county governance structures placement, monitoring HR, accountability practices on HR all geared towards value addition to the county performance.

Organizational performance is commonly considered as achievements of programs by an institution in terms of the outputs and outcomes that they produce (Kayhko, 2011).Organization performance is whether organizations resources have been used in the intended way in order to achieve efficiency, effectiveness, and fairness (Hubbard, 2009). It also includes economy in obtaining wealth in suitable proportions and at lowest cost. Thus efficiency is obtained through maximization of output for a particular set of inputs, or minimizing inputs for a desired output (Alexander, 2010).

Organizational performance relates to efficiency, effectiveness, financial viability and relevance of the organization (Hubbard, 2009). Effectiveness is concerned with the unique capabilities that organizations develop to assure achievement of their missions while efficiency is the cost per unit of output that is much less than the input with no alternative method of the input that can go lower for same output (Machuki and Aosa, 2011). Financial viability is the organization's ability to survive; that is an organization inflow of financial resources must be greater than the outflow (Elsayed, 2011).

According to Kaplan and Norton (2008) measurement of performance has evolved over time from traditional financial measures which focused only on the shareholder to stakeholder based approaches to the balanced score card. The organization was perceived as belonging to stakeholders, and thus stakeholders return to investments has been widely applied in measuring overall organization performance (Hubbard, 2009). Unresolved issues still revolve around how performance should be observed as well as what and how to measure organizational performance (Alexander, 2010). A few organizations as well as industries are yet to develop formulae that would yield to a performance index that carries on board every indicator of performance (France and Caney, 2002; Ongore and K'Obonyo, 2011; Okiro, 2014). What is generally agreeable though is that an organization's performance cannot be explained by a single factor (Elsayed, 2011). The board an organization possesses and governance structures in place lead to superior performance (Kayhko, 2011). How the board functions influence performance could be subject to a number of other factors among them governance structures (De Silva, 2010; Gachunga, 2010).

The promulgation of the current constitution in 2010 ushered Kenya into devolved system of governance, replacing the centralized national government with forty seven (47) devolved units. Devolution is a form of decentralization by the statutory surrendering of powers and resources from the central government of a sovereign state to a sub national or local level. Devolution in Kenya is established by Chapter 11 of the Constitution of Kenya (Republic of Kenya, 2010). The creation of decentralized units of government meant to bring services closer to the citizens. However, these devolved county governments are expected to engage the county citizens effectively for better county governance structures geared towards, good accountability practices and improved county performance. There is need to comprehend the structure of the county government as well as their respective roles as determined under the new system.

The county governments if Kenya has several governance structures that have been set up in the county governments to assist in the governance of the county. These governance structures including: the office of the Governor; the County Executive Committee; County Assembly; County Public Service Board; the office of the Senate; the office of the Women Representatives; Audit Committee, and the county public service board. These county governance structures are expected to work in unison to foster accountability, good governance and improved performance. It is crucial for individuals across the counties to know the respective responsibilities of these county structures if they expect them to be accountable and deliver their mandate as envisaged by the Constitution. This study focused on the influence of county governance structure on CPSB functions and county offices/officers performance.

Since the creation of the county governments in Kenya through the new constitution of 2010, there have been various county governance scandals involving accountability practice; county governance structures and county performance. The county governments have respective public service boards that are entrusted with various responsibilities, among them ensuring accountability practices in the county offices/officers, putting in place the county offices/officers; establishing county human resource governance structures and ensure that all their focus is geared towards better performances in the county. It's on this basis that this research seeks to determine the combined influences of accountability practices and county governance structures on the relationships between the county public service board functions and performance in county governments in Kenya.

From a practical point of view, this study can contribute to fostering an understanding and awareness of board functions, accountability practices and organizational performance. Conceptually, to the best of the researcher's knowledge, to date, no study has investigated corporate performance either in developed or developing countries using an integrated framework. Specifically, this study attempted to explore corporate performance from two integrated perspectives: (i) board functions (ii) accountability practices (iii) performance using a qualitative research design. Theoretically, the study contributes to the literature by adopting a multiple-theoretical framework to interpret the empirical findings and to understand corporate governance behaviour in depth. It has been noted that existing studies on corporate governance usually adopt agency theory despite the importance of using other complementary corporate governance theories (Filatotchev and Boyd, 2009; Chalevas, 2011; Zattoni *et al.*, 2013). Zattoni *et al*. (2013) suggest that the mixed findings obtained by corporate governance studies are a result of adopting only agency theory.

Therefore, this study contributes by explain how to use multiple theories in interpreting the empirical findings and add to the ever growing body of knowledge on board functions, accountability practices, governance structures and organizational performance. Theories such systems theory, agency, resource dependence, institutional, and innovation theories are likely to benefit from the findings of this study. This study is also going to make contribution to managerial practice on roles of board, accountability practices, and governance structures and aligning organizations performance to managerial practices.

To policy makers, the findings of this study adds to the existing policy tools that may guide governance of Kenyan County governments and shade empirical light on accountability practices and governance structures on the relationship between board functions and organizational performance. In practice, the findings could therefore be used to support or refute this argument and in effect shape, tighten or guide policy review on these variables within the Kenyan county government's context. To scholars and researchers, the study will act as a springboard to identify research gaps that need to be addressed in the management science as the basis for other relevant researches. The findings of this study will add to the existing policy tools that will guide stellar performance of Kenyan county governments. The ongoing devolution and restructuring of Kenyan county governments is guided by arguments of poor governance structures, weak and ineffective board functions, and weak accountability practices and institutional capacity to attract and retain skill sets needed to drive performance and an inadequate performance management framework among other issues.

This paper has empirically confirmed some and refuted other arguments. This means that as the national government seeks to use her county governments to drive its Vision 2030 agenda, the findings of this study will complement available data in guiding towards effectively linking performance of individual county government to available board functions. County governments will use findings of this study to identify which board functions have a higher influence on performance than others and thus use them for enhancing performance. Managers will also benefit from the findings on how accountability practices and governance structures impact on the relationship between board functions accountability practices and performance thus establishing a proper fit.

The Research Problem

Globally, there is a growing acknowledgement of the significance of boards for the success of an institution. Many states have developed procedures and suggestions for best governance practices and public boards' stewardship (Cadbury, 1992; OECD, 1999; Preda, 2002; Higgs

Report, 2003, Combined Code, 2003). Whether performance of institutions adhering the best practice suggestions with regard to private or public service boards will indeed improve, is a question to be examined empirically in the context of county governments in Kenyan. The current constitution of Kenya promulgated in 2010 supports the nine principles and procedures drafted for directors, with the suggested implication that observance to these guidelines by boards will increase performance of an institution. It's argued that a research should be anchored around a core problem which it seeks to solve. Despite the fact that a research is not automatically able to solve problems it may add to a better understanding of the issue, and thus add to the exploration for solutions (De Silva, 2010). In this study, the central problem research seeks to solve is the relationships among and between county public service boards; accountability practices and county government performance in Kenya.

Literature provides linkage of the board functions; accountability practices and organizational performance (Lausten, 2002; Kumar and Singh, 2013; Awino and Mutua, 2014). Organizational boards have significant influences on performance more than any other factor (Talaja, 2012; Pearce et al., 2012; Kamaara et al. (2013). However some studies suggest that institutional performance cannot be explained by a single variable like the boards they possess (Awino, 2011). According to Lausten (2002) boards attract and retain the skills needed to drive performance. This notwithstanding, the studies on corporate governance structures have focused on influence of a single structure such as the public board (Letting *et al*., 2012; Kamaara *et al.,* 2013) or public board composition (Mangunyi, 2011; Ongore and K'Obonyo, 2011) on organizational performance.

Most studies on institutional board functions and performance have either been conceptual in nature (Pearce et al. 2012) or purely depended on subjective data (Newbert, 2008). There have been studies on Kenyan state corporations and board roles (Kobia and Mohamed 2006; Gachunga, 2010) that are based on performance of Kenyan state corporations. Ongore and K'Obonyo (2011) found that Kenyan state corporations performed poorly than privately or foreign owned firms because of poor stewardship, bureaucracy and lack of managerial discretion occasioned by government ownership mostly attributed to human resources; their accountability service. Kamaara *et al.* (2013) established that public board characteristics influenced performance of state corporations in Kenyan. The study was not only limited to commercial state corporations' board functions but also it did not focus on the public service board functions, accountability practices and governance structures on performance of devolved units in the decentralized system of governance in Kenyan.

Other studies on Kenyan state corporations and board roles including; Gachunga (2010) and Okiro (2014) focused on other variables in their studies. For example

Gachunga (2010) examined the effects of performance management systems and perceptions of organizational justice in the Kenyan state corporations. All the above cited studies did not establish the influence of county public service board functions and how accountability practices intervenes the hypothesized relationship in a devolved system of governance. Evidence of existing relationship or lack thereof, is essential for county a government that requires appropriate choices on county public service board functions, accountability practices, governance structures and performance to create and improve county value. This study aims at examining the relationship between county public service board functions, accountability practices and performance with respect to county governments in Kenya.

LITERATURE REVIEW

This study relies mainly on institutional theory which was proposed DiMaggio and Powell (1983). The theory is anchored on a sociological perspective to describe firm behavior on governance structures and performance. The major focus of the theory is on the social and cultural factors that influence firm's decision-making and specifically how meaningful or traditions are adopted by organizations (DiMaggio and Powell, 1991). These myths may not be taken serious and thus are followed in a rule-like style during decisions making by firms. They become the established logic that directs firm behavior (Meyer and Rowan, 1977).

This theory with its embedded logic may be associated with county public service board functions and county performance. The CPSB advocate that the county governments strengthen their performance by increasing their transparency, efficiency and effectiveness. The theory was supported by O'Neill and Cook (2009) who asserted that public organizations tend to vote in a board-friendly manner. These additional disclosure requirements reduce the research costs incurred by SRI mutual funds in monitoring the activities of the investee companies and thereby affecting the portfolio management process. DiMaggio and Powell (1983) claim that organizations encountering related environmental circumstances embrace same governance structures. Becoming aligned to its environment raises the perceived legality of the firm, and so its behavior is less likely to be interrogated and challenged (Lounsbury, 2008). Socially responsible public organizations design an efficient logic that uses social, environmental, governance, moral as well as ethical influences in choosing and handling their investments. Based on this theory, CPSBFs could result in better county performance. The rationalized board functions are also linked to process that trigger and accelerate public sector performance.

The second theory is the agency theory was advocated by Jensen and Meckling (1976). It can be linked to public service boards as an agency running county governments on behalf of the citizens. According to Jensen and Meckling (1976) agency is the contractual agreement between principals (owners) and agents (managers) to run the organization on behalf of stakeholders. Some other economists including Adam Smith had acknowledged the presence of such possible agency conflicts in organizations. Agency could often entrench in the separation of ownership and management in present corporations. In principle, the agency theory sought to lower agency conflicts between stakeholders and management through supporting the interests of agents with those of principal(s). On the other hand, the agency theory seeks to deter the expropriation of stakeholder's wealth. More examples from the corporate governance studies demonstrate how such resources can be confiscated: executive directors could abuse insider information for their own gain (Jensen and Meckling, 1976; Chalevas, 2011); by board of directors granting own but unnecessary pay in the form of salaries and bonuses (Bebchuk and Fried, 2003; Ntim et al., 2012); and managers can utilize corporate properties through raised consumption of perks and perquisites, such as delight in bigger offices as well as clerical support (Jensen and Meckling, 1976).

The agency theory thus recommends that corporate governance strategy can explain the moderate administrative ruthlessness which ultimately minimizes agency costs (Solomon, 2010). The agency theory calls for building organizational governance structures and then putting in place a set of legal contracts by stakeholders to observe organizational management and performance. In its entirety, the theory recommends that good governance has to embrace the establishment of effective accountability practices, and governance structures that can trigger performance of an organization which consequently decline agency costs. This move is likely to ease the cost of monitoring as well as bonding, thereby leading to overall improvement in accountability practices and firm performance (Fama and Jensen, 1983; Siddiqui et al., 2013). This is particularly important within the context of the county government due to the existence of high power concentration in county top management team headed by the county governor (Republic of Kenya, 2010). Such high power concentration in county top management team could adversely affect the rights of county stakeholders; thus generating a conflict of interest between county stakeholders and county management stakeholders.

On performance, the study is premised on the theory of performance, championed by Don Edgar (1974) which is focused on the perceived enormous potential of humanity to realize extraordinary accomplishments and goals which they do because, the goals are hard and because that goal will serve to organize and measure the best of our energies and skills. The theory conjectures that improvement in performance can be created through the processes of influencing the performer's mindset by engaging them in an optimal emotional state, immersing the performer in an enriching environment and engaging the performer in reflective practice (Don Edgar, 1974). Don Edgar (1974), explain performance and improvement in performance within the framework of six concepts: comprising the context of performance, level of knowledge, skills, and level of identity, personal factors, and the level of performance upon which the performance of an individual or organization is predicated. Performance therefore produces results that can be classified into the eight following categories: quality increases; cost decreases; capability increases; capacity increases; knowledge increases; skills increases; identity and motivation increases (Canyon and He, 2011). Performance is viewed as taking a multifaceted series of activities that incorporate skills as well as knowledge to generate a valued result. It accordingly informs learning through exploring the level of performance of the institution. Performance is a process, not a destination and the extent of growth is the location in the journey (Brantford et al., 2000). Each level or location indicates the effectiveness or quality of performance.

The precepts of the theory of performance are supported in literature by the works of Tomlinson et al., (2002), and Brantford et al., (2000). They established a model for operative teaching as well as learning that incorporated knowledge, learner, assessment and components anchored on community. Don Edgar (1974) sums up performance theory by referring to Wiske (1998) that when individuals learn and grow, they become empowered to generate results that leads to a difference. The county public service board plays a crucial function in securing human resources. For example, they recruit county human resources that help to provide necessary manpower to the county government. Similarly, county governments seek to provide services that will raise their own accountability in order to maintain high performance. The theory is relevant to this study as it will help explain how knowledge and quality influence performance especially in the public sector.

Several studies have been undertaken discussing the effects and relationships among research variables of board functions; accountability practices and organizational performance. For each empirical study reviewed, a description of the research objectives, methodology and results is undertaken. Summary of the empirical literature identifying the research gap is also presented and forms a basis for the development of the proposed conceptual model for the study. Theoretical development in the spheres of corporate governance has shown the significance of boards in both the public and the private sectors. A manager with no direct ownership of a firm would not make the same decisions, nor exercise the same care as would an owner of that firm unless through the boards. Following the agency theory, separating management and ownership leads to an agent seeking to act in self-interest which is not always in the best interests of the principal who want to maximize returns. In order to deal with agency costs, a principal will establish controls and reporting processes to regularly monitor agent's behavior and performance outcomes by established boards (Jensen & Meckling, 1976; Fama, 1980; Shleifer & Vishny, 1997).

Several writers have claimed that the demand for board functions emerged as a result of calls by various social and political lobby groups for greater governance structures and accountability practices in organizations (Guthrie 1990). Other researchers have linked the emergence of public board functions to the rise of new public management (Jacobs, 1998). Calls by stakeholders on the cognizance about the role of boards and governance were generated by the activism of the California Public Employees' Retirement System (CalPERS) among firms based in US. CalPERS demanded appointment of non-executive directors to the public boards. Based on their knowledge, CalPERS had developed a standard set of corporate governance for public service board guidelines in 1999. After the Enron episode, the US government has enacted the Sarbanes- Oxley Act of 2002, which enjoins the role of public boards to ensure adherence to regulations and organizational performance standards leading to transparency and integrity.

Based on the past studies, there are four public service board functions: to monitor; service; strategizing and to provide resources (Alexander, 2010). The function of monitoring is crucial to the county service board as the peak of the internal control system (Hyndman and McMahon, 2011). The monitoring function consist of aspects including how Chief Executive Officers (CEOs) are selected and remunerated; evaluating CEOs and organizational growth and how shareholders' capital can be maximized (Elsayed, 2011). In this case, a county service board is presumed to carry out the monitoring function on behalf of citizens, because the citizens themselves may find it difficult to implement control as a result of wide spread agency conflicts.

The board function relates to directors providing advice to top managers as well as promoting the status of the organization internal mechanisms (Alexander, 2010; Elsayed, 2011). Agency theory proponents argue that boards aid decisions by management through provision of valued advice to CEOs and managers (Fama and Jensen, 1983). Through enhancing management relationship and decision-making therefore in this context, organizational boards need to offer candid guidance while being confident that managers will consider their opinions (Tomasic and Bottomley, 2003). The service role by organizational board is highly visible in organizations where monitoring of the board is not necessary due to strong option of monitoring aspects (Fama and Jensen, 1983). The board's function in policy ranges from articulation of plan mission to reviewing of plan execution (Gayle and White, 2003). The strategy function can be carried out in four ways that is; setting and actively revising the corporate characterization; the gate keeping role that encompasses actively evaluating and revising strategic suggestions, and changing proposals often; building confidence and thus encouraging performing managers in their strategic goals and lastly, the identification and selection of directors. This may be a strong sign to the rest of the organization regarding the characteristics of person who succeeds as well as the principles others have to attain.

Researchers in various fields acknowledge that accountability practice is a critical subject matter. Even if it is in the similar field, they can be interested in different viewpoints (Shore and Wright, 2004). Sinclair (1995) claims that accountability practices occurs in many dimensions and is persistent and offered extra depths of meaning by its context. In the area of public management and politics, some scholars underscore the link between accountability practices and organizational policies (Erdogan et al., 2004; Ammeter et al., 2004). The aspect of public performance accountability practices is considered as scrutinizing the process of attainment through utilization of resources from public coffers (Bovens, 2006). This concentrates on what the state does especially on what it actually achieves, against how the state undertakes what it does. This focus is geared on accountability for financial resources and fairness (Behn, 2001). This form is linked to outputs as well as outcomes, and the link between administrative and public accountability. In the event of accountability practices of the state for undertakings carried out in the public sector, public accountability practices relies on the presence of administrative accountability practices (Stewart, 1984).

Accountability practices consist of six main components, namely accountor, accountee, accountability for what, procedures, standards and effects (Mashaw, 2006). An Accountor; who is accountable, every indicidual who is in a position of power on trust is accountable for the usage of that power (United Nations, 2004). An accountor has a commitment to update the accountee about his behavior which can differ from scrutiny of budgets in the event of accounting for financial resources, and to managerial fairness in the event of legal accountability (Bovens, 2005). Hyndmam (2011) suggested that the accountors can take the form of persons or categories of people. Individual(s) for example are directly answerable to their seniors, organization, work group, and coworkers. The accountor can occasionally be illustrative of the collection and is accountable to the organization in entirety. In such circumstances, the link of accountability can be either uni-directional or bi-directional. Concerning accountability practices in the public sector, Bovens (2005) suggests five different forms of accountees: organizational, political, legal, managerial and professional accountability. To begin with, organizational accountability arises inside organizations in the public sector, where the accountee is superior. It is based on ranked relations, whereby assistants are obligated to be accountable to their senior (Roberts, 2007). It is also conceivable that at some levels, the link will be bi-directional.

Considering political accountability, accountees who are important are those elected representatives as well as political parties. However, for countries using a parliamentary system, the accountability chain is through state ministers. The legal accountability on the other hand, is associated with the accountee utilizing the judicial system that is the courts. Administrative or managerial accountability where the accountees are the auditors, supervisors and controllers. At the current time, autonomous organizations, such as ombudsman and anti- fraud offices, are involved in monitoring and verification of performance as well as administration (Roberts, 2007). Organizations and officials are already answerable to these institutions. Lastly, professional accountability through professional peers acting as the accountee. Professional boards have standards set and monitors performance and conduct. Moreover, officials who are skilled need to adhere with these standards. Further, funders and recipients of the services are also crucial groups of individuals to which public sector institutions have to be accountable (Wynn-Williams, 2005).
Since the government use public resources, they need to be prepared to account for the use public resources. The government institutions have to report information back to owners of resources in order to assess and question on their accountability and performance (Alexander, 2011). The study by Bovens (2007) on public sector accountability practices focused on ranked accountability practices. Alexander (2011) suggested that absence of clear structures, may not adequately address public sector accountability practices. On the other hand, Roberts (2007) gives four practices of accountability as: accountability for compliance, (linked to fulfilling legal obligations) (political accountability, professional accountability and resources accountability. Accountability practices for resources are associated to the usage of organizational resources in an approved manner referred to as probity accountability. It also incorporates accountability practice for procedures which is linked with guaranteeing the correct undertakings have been conducted to meet organizational goals (termed process accountability).

Accountability practices for performance ensures the growth of the organization meets essential standards, characterized accountability practice for growth and results (Goodin, 2003). Accountability practices of leadership relates to management and director accountabilities in making sure the institution has undertaken out and met agreed objectives. The specific defines this type of accountability practice as programme (Leat, 1990), managerial (Sinclair, 1995), governance (Flack and Ryan, 2003) and institutional accountability practices (Bovens, 2005). The board functions influence on overall existence and operations of an organization performance cannot be underestimated. Whether tautological or basic reasoning, the boards have roles to play in performance of organizations. However, most of the previous studies have studied two or three variables relationship on organizational performance. They have also done this in exclusion of accountability practices despite the compelling need for examining their combined influences on organizational performance. Further, literature is categorical of the postulation that no single factor can influence organizational performance. There have been propositions of testing the role of boards on firm performance in combination of other variables. This study took keen interest of these propositions and thus presented a comprehensive conceptual model in Figure 1.

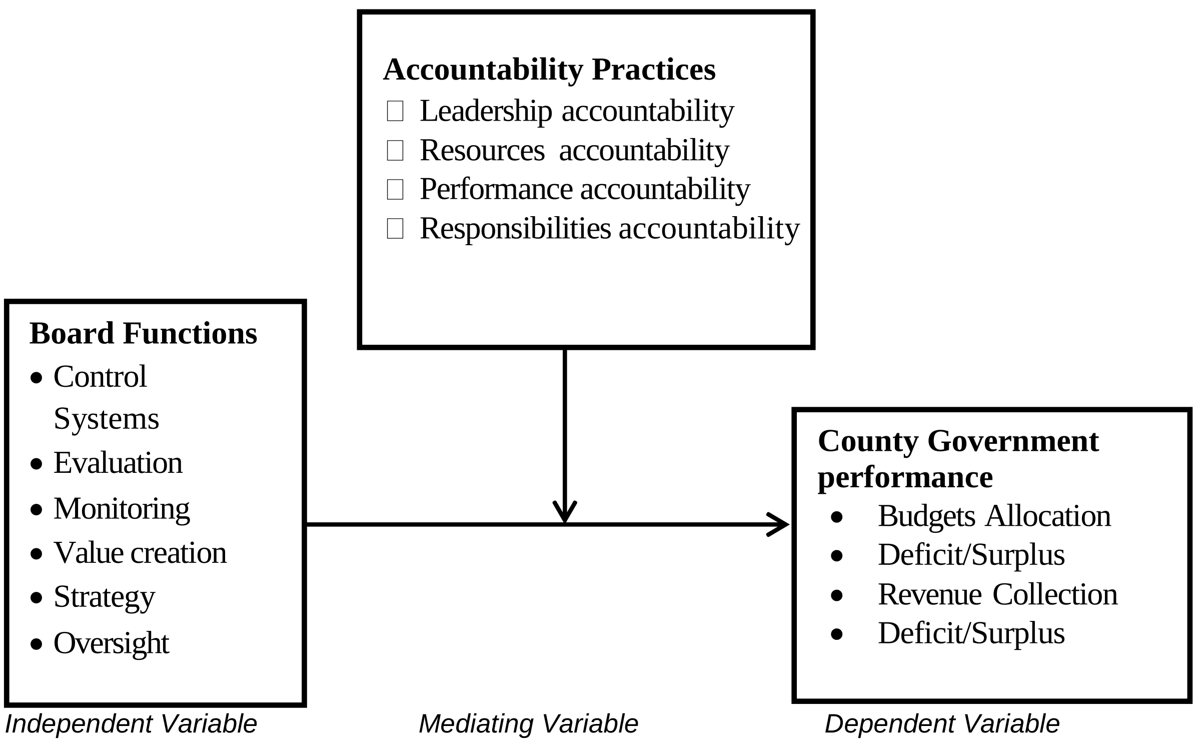

Figure 1: Conceptual Framework

METHODOLOGY

This study adopted Structural Equation Modeling (SEM) technique, considered as a very powerful multivariate method (Bollen, 1989). It makes use of a conceptual model, as well as path diagram and system of connected regression-style equations to explore multifaceted and vibrant relationships within a network of observed and non-observed variables. Despite being comparable in appearance, SEM is fundamentally dissimilar from regression.

SEM models incorporate both endogenous and exogenous factors (Bollen, 1989). In the SEM analysis, exogenous variables on the other hand are always independent variables. This approach was desired in this study since the equations modeled both the causal relationships between dependent and explanatory factors, and the causal links among endogenous factors. Path diagrams are best placed to present SEM equations and output (Hoyle, 1995). By agreement, in a path diagram latent variables (e.g., county public service board functions or county governments' performance) are characterized by a circle whereas the observed factors are characterized by a rectangle or square.

The study used correlation analysis with resulting coefficients (indicated by *r)* measuring the strength of a linear relationship among two variables. The *r* gotten through SEM, assumes a range of values from +1 to -1. Values greater than zero (0) indicates that there is no connection between the two variables. A value greater than 0 implies a positive link; that is, as the value of one variable increases, so does the value of the other factors. A value less than 0 designates a negative link; that is, as the value of one variable rises, the value of the other variable declines. A value of 1 indicates perfect positive association implying that an rise/decline in one variable is followed by a proportionate rise/reduction in the other variable while a value of -1 indicate perfect negative correlation which imply that a rise in one variable is followed by a proportionate decline in the other variable (Bollen, 1989).

The stronger the relationship between two variables, the closer the connection that is, *r* will be to either +1 or -1 conditional on direction of relationship. (Cooper and Schindler, 2003). Following Hoyle (1995), the SEM correlation is employed if the factors of the study are measured using either interval or ratio scales. Correlation results are reported at a significance level of 0.05 in line with other studies such as Kidombo (2007), Muia (2012) and Magutu (2013). Arrows straight and curved are usually used to indicate regression and correlation relationships respectively among the study variables.

Descriptive analysis was conducted using the measures of central tendencies including mean also referred to as averages, standard deviations and, minimum and maximum. In inferential analysis, the coefficient of determination (R), and likelihood ratio test were used to test the goodness of fit of SEM. All the statistical tests were conducted at 95 percent confidence level. The research hypotheses were tested using linear and multiple variance analysis through the SEMs. In determining existence of intervening and/ or moderating effects, the study considered the significance of the indirect effects in either case. As suggested by MacKinnon et al., (2002); Taylor et al., (2008) and Hayes & Scharkow (2014) a significant indirect effect is present if the coefficients for the individual direct paths making up that effect are all significant. For joint intervening and/or moderating effects, the study considered significance of respective functions and individual indirect effects. The summary of models constructed and tested together with how they are interpreted is presented in Table 1.

Table 1: Analytical Model of Data

Objective	Hypothesis	Analytical Tests and Models	Interpretation
Establish the intervening influence of accountability practices on the relationship between CPSBFs and county governments performance in Kenya	**H_0:** Accountability practices have no significant intervening influence on the relationship between CPSBFs and county governments performance in Kenya	Multiple Structural Equation Model (SEM) analysis Y2 = β02+ β12 X1 + β22 X2+ Ɛ Y2= County Performance β0 β1 and β2 are coefficients X1 = CPSBFs X2 = Accountability Practices Ɛ = Error term	Fail to reject null hypothesis if the path coefficients computing indirect intervening effect are all not significant implying accountability practices is not an intervening variable in the hypothesized relationship

The regression equation used took the form below:

Y = β0 + β1X1 + Ɛ where Y = Performance of county government of Kenya, β0, β1 are coefficients, X1 was the board functions and Ɛ was the error term.

Prior to the main study, the questionnaire underwent through data quality check that was done through piloting in the five counties (Kiambu, Meru, Nyamira, Turkana and Lamu). The counties that were subjected to pilot study were not incorporated in the final study because pilot study was meant to establish if the respondents could answer to the questionnaire to enable questionnaire screening with ease. Ambiguous, double edged and sensitive questions were cleaned, sorted or dropped from the questionnaire through the pilot study as it was successfully done by Machuki (2011) and Okiro (2014). The pilot study helped in avoiding type one error caused by the researcher by dropping unclear/ irrelevant questions and gauges the time to be used to attend to respondents. To ensure that the data collected is reliable and valid, the researcher conducted reliability and validity tests to measure the degree to which a study tool produces consistent findings or data after frequent trials as the accurateness, truthfulness and importance of influences that are founded on the data obtained from the use of a tool or a scale for each variable on the study (Hyndman and McMahon, 2011). If such data is a real reflection of the variables, then implications based on such data will be accurate and sensible (Hardy and Ballis, 2013).

Reliability measures the degree to which a research tool generates consistent findings or data given repeated trials (Sorooshian, 2010). Cronbach's Alpha estimations were shown in table 2.

Table 2: Scale Reliability Coefficients

Constructs	Alpha value (%)	No of Items	Comments
County Public Service Board Functions	71.86	10	Reliable
County Accountability Practices	75.13	5	Reliable
County Government Performance	81.32	6	Reliable

From the results in Table 2, all the variables were reliable since their Cronbach Alpha value were greater than 70 percent in which the county performance had the highest Cronbach Alpha value of 0.8132 and county public service board functions had the lowest Cronbach Alpha value of 0.7186. As per Bovens (2005), if all the variables are reliable then the research instrument is reliable and therefore no amendments required.

Validity is said to be accurate, truthful and meaningful influence that is based on the data obtained from the use of a tool or a scale for each variable on the study (Hyndman and McMahon, 2011). Validity is the extent to which results attained from the data analysis actually represent the characteristic under the study. Both construct validity and content validity was used in adapting the measures for the variables in this study (Hyndman and McMahon, 2011). To validate some of the findings, face-to-face interviews were conducted. In order to determine the validity of research instruments, tests of sampling adequacy were also used. This allowed the researcher identify whether the items of the latent variables were suitable for further analysis. Table 3 displays test of sampling adequacy as determined by Kaiser-Meyer-Olkin (KMO) and Bartlett's test of Sphericity.

Table 3: Test of Sampling Adequacy and Bartlett's Test of Sphericity

Bartlett's Test of Sphericity					
Factors	**KMO Test**	**Approx. Chi- Square**	**df**	**Sig.**	**Determinant**
County Public Service Board Functions	0.552	115.389	45	0.000	0.010
Accountability Practices	0.654	40.527	10	0.000	0.217
County Governments Performance	0.693	91.853	15	0.000	0.030

The findings in table 3, indicate that the scales had values above 0.5 as determined by Williams, *et al.,* (2012) as the threshold beyond which the constructs could be termed as adequately sampled and thus valid. From the findings; County Public Service Board Functions (0.552), Accountability Practices (0.654) and County Governments Performance (0.693). According to Williams, *et al.,* (2012) 0.50 is satisfactory degree in KMO for sampling adequacy with figures/values of 0.5 and above being better. Further, validity was tested through analyzing whether samples were drawn from populations with equal variances. Bartlett's Test of Sphericity provided p-values less than 0.05 hence showing a degree of sampling adequacy that was acceptable. All constructs had significant p values that were less than 0.05 level.

STUDY FINDINGS

The study collected data from the forty two (42) county governments who were approached and served with the questionnaire. Out of the two hundred and fifty two (252) targeted respondents only two hundred and ten (210) filled and returned the questionnaires, resulting into a response rate of 83.3 percent. The results are as shown in table 4.

Table 4: Response Rate

Structures Response	Targeted	Total Responses	%
Office of the Governor	42	35	16.6
County Executive	42	42	20
County Assembly	42	42	20
County Audit Committee	42	42	20
Office if the Senate	42	24	11.4
Office of Women Representative	42	25	12.
Total	**252**	**210**	**100**
Percentages	**100**	**83.3**	

The current response rate considered excellent given the suggestions by Saunders et al. (2007) who recommended that a 30-40% response as moderately high response rate. It is also in line with what Sekaran (2003) proposes as sufficient response rate of over 30%. Mugenda and Mugenda (2003) also advise that a response rate exceeding 50% is adequate for research. Hager et al. (2003) also recommended 50%. Based on these assertions, this means that the rate of response for this study (83.3%) was very sufficient.

To establish intervening influence of accountability practices (ACP) on the link between the CPSB functions and County governments Performance in Kenya (CP). SEM technique was used to test the hypothesis. Kenny, Kashy, and Bolger (1998) suggested natural and straightforward process for testing indirect effects known as the Test of Joint Significance (TJS). TJS protocol is a simpler variant of the causal steps technique which entails determining whether individual paths making up the compound path signifying the indirect effect are all significant (Mallinckrodt et al., 2006). If so, the equivalent indirect influence is regarded as being significant.

Qualitative Analysis of the Mediating Effect of Accountability Practices

SEM is considered robust in estimation of the intervening effect. The modeled equation and the results are presented in figure 2.

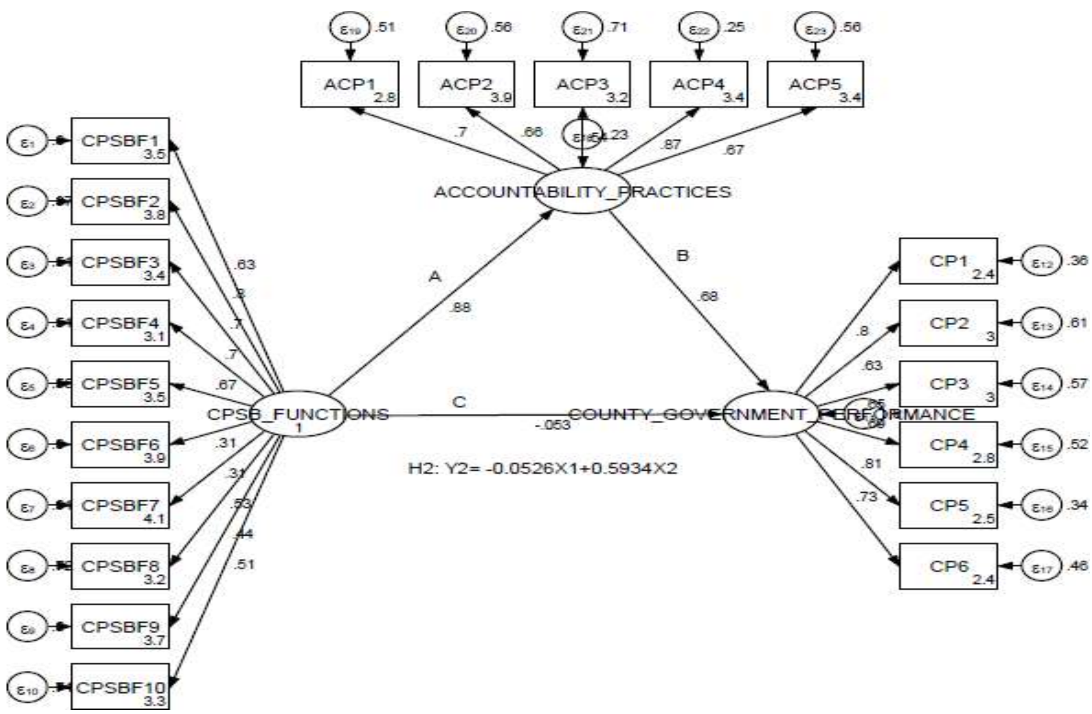

Figure 2: Accountability Practices on CPSB Functions on County Governments Performance

From the findings as shown in figure 2, CPSBF functions and County governments' performance in Kenya (CP) relationship had already been established. The results can further be summarized through table 5. CPSB functions in path (C) was statistically not significant in influencing county governments performance given a p-value 0.802>0.05. Also in the second model (A), CPSB functions also influenced accountability practices significantly given a p value which was less than 0.05. In the model (B) where accountability practices was independent variable was linked to county governments significantly given the p value which was less than 0.05 level. From the model of goodness fit indices, the likelihood ratio test had chi2 (186) = 772.83 with a p value of 0.000 which was less than 0.05 level hence the model fitted the data well.

Table 5: Accountability Practices, Board Functions and County Performance

County Performance	Coefficients	Std. Error	Z	p>z	Confidence Interval	
CPSB Functions (C)	-0.0526	0.2095	-0.25	0.802	-0.4632	0.3580
Accountability Practices (B)	0.6768	0.2046	3.31	0.001	0.2758	1.0778
CPSB Functions (A)	0.8767	0.0311	28.22	0.000	0.8158	0.9376
Intervening Effect	Computation of indirect intervening effect=A*B=0.5934					
	Computation of total intervening effect=(A*B)+C=0.5408					
LR test of model vs. saturated: chi2(186) = 772.83, Prob > chi2 = 0.0000						
Coefficient of determination (R squared)= 0.907						

As presented, accountability practices have a positive intervening effect on the relationship between CPSB functions and County performance (CP). The total intervening effect was 0.5408 whereas the indirect intervening effect was 0.5934. The presence of accountability practices in comparison to the first model led to the change of the magnitude of the coefficient. The direct effect of CPSB functions was reduced to -0.0526 but failed to maintain significance. In determining whether accountability practices was significance using the TJS, it was established that the coefficients of paths A and B used in computing the indirect effects were statistically significant. This is in line with suggestion of Brown (1997) a significant indirect intervening effect will be considered present if the coefficients for any of the individual direct path(s) making up that effect are/is significant.

Quantitative Analysis of the Intervening Effect of Accountability Practices

The study also explored Sobel-Goodman Mediation Tests using the quantitative data where performance was measured quantitatively through county budget absorption rates as well as county revenue growth. The composite index for county public service board functions and accountability practices was developed (See appendices VI and VII). A mediator variable is considered depending to the level at which it carries the effect of a given independent variable (IV) to a given dependent variable (DV). Mediation can be said to occur depending on various circumstances. Firstly, when the IV significantly affects the mediator. Secondly, when the IV significantly influences the DV in the absence of the mediator. Thirdly, when the mediator has a significant unique role on the DV. Lastly, when the effect of the IV on the DV shrinks upon the addition of the mediator to the model (Sobel, 1982; Hayes, 2017). Table 6 shows the Sobel mediation analysis where budget absorption rates were considered as a dependent variable.

Table 6: SobelMediation Analysis CPSBF, Accountability Practices on County Performance (Budget Absorption Rates)

Model with dv regressed on iv (path c)						
Source	SS	df	MS		Number of obs =	47
	F(1, 45) =	0.22				
Model	.003885726	1	.003885726		Prob > F =	0.6404
Residual	.790348106	45	.017563291		R-squared =	0.0049
					Adj R-squared =	-0.0172
Total	.794233832	46	.017265953		Root MSE =	.13253
BudgetAbso~n	Coef.	Std. Err.	T	P>t	[95% Conf.	Interval]
CPSBF	.016281	.0346137	0.47	0.640	-.0534346	.0859967
_cons	.5981836	.1433728	4.17	0.000	.3094159	.8869513
Model with mediator regressed on iv (path a)						
Source	SS	df	MS		Number of obs =	47
					F(1, 45) =	28.67
Model	6.36681186	1	6.36681186		Prob > F =	0.0000
Residual	9.99233708	45	.222051935		R-squared =	0.3892
					Adj R-squared =	0.3756
Total	16.3591489	46	.355633673		Root MSE =	.47122
ACP	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
CPSBF	.6590322	.1230759	5.35	0.000	.4111447	.9069197
_cons	1.290908	.5097898	2.53	0.015	.2641389	2.317678
Model with dv regressed on mediator and iv (paths b and c')						
Source	SS	df	MS		Number of obs =	47
					F(2, 44) =	0.77
Model	.026870332	2	.013435166		Prob > F =	0.4690
Residual	.7673635	44	.01744008		R-squared =	0.0338
					Adj R-squared =	-0.0101
Total	.794233832	46	.017265953		Root MSE =	.13206
BudgetAbso~n	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
ACP	.0479606	.0417773	1.15	0.257	-.036236	.1321573
CPSBF	-.0153266	.0441333	-0.35	0.730	-.1042715	.0736183
_cons	.5362708	.1527091	3.51	0.001	.2285058	.8440359

The results show the insignificant relationship between CPSBF and county performance (P value=0.640) whereas the CPSBF had significant relationship with accountability practices. The third model with dependent variable, mediator and independent variables was generally insignificant. The third model showed shrinking effect of CPSBFs on performance of counties since in model one the positive effect changed to a negative effect with low magnitudes of 0.015 and p value of 0.730 indicating insignificance. Further, Revenue growth was used as a dependent variable in testing mediation of accountability practices through the same process (table 7).

Table 7: Analysis CPSBF, Accountability Practices on County Performance

Dependent Variable: Revenue Growth

Model with dv regressed on iv (path c)						
Source	SS	df	MS		Number of obs =	47
					F(1, 45) =	0.71
Model	1943.38786	1	1943.38786		Prob > F =	0.4042
Residual	123350.101	45	2741.11337		R-squared =	0.0155
					Adj R-squared =	-0.0064
Total	125293.489	46	2723.77151		Root MSE =	52.356
Revenue	Coef.	Std. Err.	T	P>t	[95% Conf.	Interval]
CPSBF	-11.51398	13.67443	-0.84	0.404	-39.05569	16.02773
_cons	94.68183	56.64054	1.67	0.102	-19.39807	208.7617
Model with mediator regressed on iv (path a)						
Source	SS	df	MS		Number of obs =	47
					F(1, 45) =	28.67
Model	6.36681186	1	6.36681186		Prob > F =	0.0000
Residual	9.99233708	45	.222051935		R-squared =	0.3892
					Adj R-squared =	0.3756
Total	16.3591489	46	.355633673		Root MSE =	.47122
ACP	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
CPSBF	.6590322	.1230759	5.35	0.000	.4111447	.9069197
_cons	1.290908	.5097898	2.53	0.015	.2641389	2.317678
Model with dv regressed on mediator and iv (paths b and c')						
Source	SS	df	MS		Number of obs =	47
					F(2, 44) =	2.99
Model	15005.7267	2	7502.86334		Prob > F =	0.0604
Residual	110287.763	44	2506.54006		R-squared =	0.1198

					Adj R-squared =	0.0798
Total	125293.489	46	2723.77151		Root MSE =	50.065
Revenue	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
ACP	-36.15571	15.83813	-2.28	0.027	-68.07536	-4.236068
CPSBF	12.3138	16.7313	0.74	0.466	-21.40592	46.03353
_cons	141.3555	57.89328	2.44	0.019	24.67931	258.0318

Table 7…

The findings suggest that the insignificant relationship between CPSBF and county performance (P value=0.404) whereas the CPSBF had significant relationship with accountability practices (P value=0.000). The third model with dependent variable, mediator and independent variables was generally insignificant. This model showed a bulging out effect of CPSBFs on performance of counties since in model one under Sobel, the positive effect changed to a positive effect with a magnitude of 12.31 and p value of 0.466 indicating insignificance. Table 8 shows Sobel Goodman tests for mediation analysis.

Table 8: Sobel Goodman Tests for Intervening Effect of Accountability Practices

Dependent variable: Budget absorption rates

	Coef	Std Err	Z	P>Z
Sobel	.03160761	.02815826	1.122	.26165045
Goodman-1(Aroian)	.03160761	.02862386	1.104	.26948909
Goodman-2	.03160761	.02768482	1.142	.2535811

	Coef	Std Err	Z	P>Z
a coefficient	.659032	.123076	5.35468	8.6e-08
b coefficient	.047961	.041777	1.14801	.250966
Indirect effect	.031608	.028158	1.1225	.26165
Direct effect	-.015327	.044133	-.347279	.728382
Total effect	.016281	.034614	.470363	.638096

Proportion of total effect that is mediated: 1.9413771

Ratio of indirect to direct effect: -2.0622735

Ratio of total to direct effect: -1.0622735

Dependent variable: Revenue

	Coef	Std Err	Z	P>Z
Sobel	-23.827779	11.346804	-2.1	.03573279
Goodman-1 (Aroian)	-23.827779	11.513023	-2.07	.03848635
Goodman-2	-23.827779	11.178114	-2.132	.03303598
	Coef	Std Err	Z	P>Z

a coefficient	.659032	.123076	5.35468	8.6e-08	Table 8…
b coefficient	-36.1557	15.8381	-2.28283	.022441	
Indirect effect	-23.8278	11.3468	-2.09996	.035733	
Direct effect	12.3138	16.7313	.735974	.461747	
Total effect	-11.514	13.6744	-.842008	.399783	
Proportion of total effect that is mediated: 2.0694655					
Ratio of indirect to direct effect: -1.9350465					
Ratio of total to direct effect: -.93504649					

Based on Sobel Goodman test for mediation, the indirect effect for budget absorption rate and revenue growth was 0.031608 and -23.8278 which is 3.16 percent and negative 23.83 percent respectively whereas the direct effect was -0.015327 and 12.3138 which was negative 1.53 percent and 1231.38 percent respectively. On the other hand, the total effect was 0.016281 and -11.514 which was 1.63 percent and negative 11.514 percent. Also, the proportion of total effect that was mediated in model one (budget absorption rates) and two (revenue growth) was 1.94 and 2.069 respectively but the ratio of indirect to direct effect was -2.06 and -1.94 while ratio of total to direct effect was -1.06 and -0.94 respectively. However, it should be noted that Sobel test works well only in large samples. According to Valeri and Vander Weele (2013) using this test is recommended only, if the user has no access to raw data. Since the Sobel test ran only on less than 50 observations in total, the conclusions could be arrived through the SEM output which had more than the recommended 200 observations.

Based on the SEM output, the study thus rejected the null hypothesis, implying that accountability practices have significant intervening or mediating effect on the relationship between the county public service board functions and county performance in Kenya. The findings of this study agrees with the results obtained by Bovens (2006) who attributed performance accountability practices to goal realization (attainment) through utilization of public resources. According to Behn (2001) the focuses on what government does what it actually achieve, against how the government does what it does, focusing on financial accountability and equity. Mashaw (2006) established the processes of accountability practice that followed managerial and judicial consideration. For the association between bosses and assistants within institution, the process was found to be managerial rather than legal.

Further our study results syncs well with the findings obtained by Kamara and Waititu (2013) in Kenya who concluded that the roles of boards are usually part of public sector governance and accountability practices. Similarly, Obongo (2009) found out that the government while managing and controlling public sector resources requires the services of the boards. According to Mutai (2010) board functions increases effectiveness in public sector government ministries in Kenya and thus performance. Muange (2013) and Akaranga (2008) showed that board functions enhances performance in commercial banks, Kenyan roads boards and deposit taking SACCO's in Kenya respectively.

CONCLUSIONS

The study explored at the effect of accountability practices on the relationship between county service board functions and performance of the county governments in Kenya. The driving force of devolved governments in Kenya reforms is to meet the service delivery, improved accountability practices, better governance practices and enhanced performance of the county governments. From the findings, the study concludes that accountability practices significantly moderates the relationship between county public service board functions and performance of county governments in Kenya. The requirements for selection for selection, appointment, promotion and even dismissal are based on, competence and in a transparent accountable and with persons with integrity by the county public service boards in Kenya and in the public sector in particular this is not necessarily the case. The study therefore encourages county governments to take a more comprehensive approach to perfect their county service board functions, and accountability practices to improve their performance. The study recommends that all the County Public Service Boards in Kenya should develop effective mechanisms to enforce the constitution on devolution in the Kenya especially on selection, appointment, promotion and dismissal of county employees.

LIMITATIONS OF THE STUDY

The geographical vastness of the county governments posed a challenge of access. While several of them have offices within towns some were located remote areas having poor communications such as Mombasa, Kisumu, Lamu, Turkana, Samburu, Isiolo, Mandera, Wajir, Garissa, Tana River, and Marsabit To mitigate this limitation, the researcher assigned three research assistants who were well trained to deal with the respondents.

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