

# Unlocking Potentials through Innovation and Entrepreneurship in Kenyan County Governments

Koske Luciana Chepkoech\* Samba Serah Moraa

School of Human Resource Development, Moi University, PO box 3900-30100, Eldoret, Kenya

## Abstract

Since the promulgation of the (Government of Kenya , 2010), there have been many changes in Kenya. The greatest of these changes is devolution which has been received with mixed reaction. With the onset of County governments, the constitution demands that each county despite their diversity takes responsibility of running their affairs to meet the objectives of devolution. This calls for change in perception in governance, hence innovation and entrepreneurship is mandatory through embracing new ideas, new ways of doing things and technology towards unlocking the county potential for sustainable devolution. This paper therefore discusses how innovation and entrepreneurship can support county governments in improving governance and utility of available resource in serving people for effective devolution. Innovation and entrepreneurship promotes institutional competitiveness and boosts development. Innovative ways would encourage entrepreneurship that matches the current global needs and ensures Kenyan counties met its obligation and can compete favourably with other nations.

**Keywords:** Innovation, entrepreneurship, devolution, unlocking potential

## 1. Introduction

A society's ability to increase its wealth and welfare over time critically hinges on its potential to develop, exploit and diffuse knowledge, thereby influencing growth (C, 2001). Governments in developing countries, have challenges on service delivery due to inadequate ways to improve citizen's standards of living. Attempts have been made to improve development, however, it both national and local governments have been slow to embrace innovation and entrepreneurship as ways of enhancing economic reforms. Kenya introduced reforms in public sector and currently has little to show in regard to performance and efficient service delivery. Fernando (2005), shares that there are different kinds of reforms such as devolution, decentralization, new public management, and capacity building. The introduction of innovative ways by use of new products and services is important for organizational survival and success. Counties are new and they can benefit more when they become innovative and learn to grow in an entrepreneurial way that encourages service delivery. Counties as organizations can improve performance, adapt to market needs of its citizens. Firms accomplish innovation by translating internal knowledge and knowledge spillovers from other entities into new products or services (Katila, 2002). The entrepreneurial venture enables identification of new opportunities and utilization of new ideas to improve service delivery.

In modern society the public sector is increasingly affected by the environment in which it operates and most governments are no longer closed system but is changing into open systems which encourage involvement in continuous relationship. The relations in the environment are changing as actors seek improvement and better ways of service delivery, and therefore the concept of entrepreneurship and innovation is useful to develop systems that support these changes. (Drunker, 2005) says 'innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service.' This environment includes the political systems that involves politicians and citizens in exchange where consumers and providers work together.

(Government of Kenya, 2010) Kenya ushered in a major reform in the form of devolution. With the devolution comes a new level of dispensation that calls for strategies to address challenges in unemployment, poverty, lack of basic human necessities, effective and efficient service delivery. One of the ways to address these challenges is embracing entrepreneurship and encouraging innovation by the County government. Devolution is expected to enable the government to pursue efficiency and effectiveness of public service while enhancing accountability to its citizens. In this context innovation and entrepreneurial behavior of public managers in county governments is presented as one answer towards sustainable devolution.

Entrepreneurs are more innovative than non-entrepreneurs, and that is why it is critical that counties focus more on using entrepreneurship knowledge and skills. Lack of innovations in organizations may lead to stagnation in growth, irrelevancy and forced exit. Just like market dynamics, there is competition that requires innovativeness and creativity. For this reason, county governments can benefit more when they become entrepreneurial to enable them play an innovative role for delivery of public service and accomplishment that meet citizen satisfaction, efficiency and effectiveness. It is worth noting that resources are limited, however, through public innovation and entrepreneurship, people's needs can be met by facilitated responsible risk-taking in government while doing more with less resources (Berman & West, 1998; pp. 346-52).

## 2. The Concept of Innovation and Entrepreneurship

Innovation according to (Goldsmith & Foxall, 2003), has varying definitions, with to the creation of new, better or more effective products, processes, technologies, or ideas that are accepted by markets, governments and society. Public sector innovation is about using new approaches, from policy design to service delivery, to improve the performance and responsiveness of the public sector. It is about doing things differently. Innovative ways focuses on enhanced efficiency and effectiveness through rescheduling working time or rethinking office space to be efficient in service delivery. At a time where governments face the challenge to ensure financial consolidation while fostering growth, competitiveness and employment, there is a strong justification for efficiency gains, better governance, faster delivery and more user involvement in public sector. This also calls for public managers to use innovative roles and entrepreneurship ways for delivering public service for citizen satisfaction, efficiency and effectiveness. Innovation is also regarded as the combination of an inventive process and an entrepreneurial process to create new economic value for defined stakeholders. (Livingstone, 2002) defines innovation as 'the process whereby new ideas are transformed, through economic activity, into a sustainable value-creating outcome'. She goes on to amplify her definition of innovation not just the idea, it has to be into an outcome which has value. Livingstone focuses on transformation of ideas into tangible outcomes; applying ideas for the public good and not for profit or commercial outcomes and focusing on good business as a form of service delivery. Every innovation is designed for the benefit and value of stakeholders and beneficiaries. On the other hand, (Hindle, 2009) defines innovation as the combination of an inventive process and an entrepreneurial process to create new economic value for defined stakeholders.

Entrepreneurship is the capacity and willingness to develop, organize and manage a business. In this context of county government, focus is on service delivery, and for this reason (Salazar, 1997) brings out this argument that public entrepreneurship refers to public sector organizations that habitually use their resources in ways to heighten both their efficiency and effectiveness. A public entrepreneur is a manager who is innovative through pioneering new models and approaches, and strives to fill in perceived gaps in order to improve service delivery. According to (Senge, 2006), a leader entrepreneur sees a clear picture and vision of what the county wan (Osborne & Gaebler, 1992) to achieve. Use of devolution is an innovative way of governance that can enhance sustainable productive growth.

(Osborne & Gaebler, 1992) further introduced public entrepreneurship as a third option for coping with inadequate governmental performance. It is in this context that leaders are entrepreneurs who lead their organizations to success by finding solutions to the provision of services in order to respond to the increased demands of its citizens (Drunker, 2005).

## 3. Devolution

Devolution is the transfer or delegation of power to a lower level, especially by central government to local or regional administration. It is a form of decentralization, where power and governance is decentralized to the county and may give the power to make legislation relevant at the local level. Devolution of powers means that the national government does not cede all authority for making laws that apply within a territory to the local government or county the way it would do to an actual province (ICJ, 2013). The South Africa, Gauteng Province was able to identify key unique municipal strengths and developed a strategy to align development plans, avoid competitive behavior, share resources and encourage idea generation to reduce poverty (Omar, et al., 2011). Devolution is the greatest innovation in Kenya's Constitution depicting the sovereignty of the people and the principle of public participation. Devolution helps to transfer decision-making and implementation powers, functions, responsibilities and resources to legally constituted, and popularly elected local governments. Kenya's Constitution entrenches devolved government by guaranteeing a minimum unconditional transfer to counties under the new dispensation (ICJ, 2013). Devolution is a form of innovation that implies willingness to operate in ways that are different from those traditionally associated with the public sector.

With devolution, Kenya's new counties have considerable autonomy, including public service management. Devolution represents a major transformation of the state and society, and opens the prospects of fundamental, progressive changes in politics and economy. The need for Devolution has been heightened by the thought of power sharing, checks and balances in governance and the decentralization of resources. The presence of local units that have autonomy and independence from the centre, with clear and legally recognized geographical boundaries over which to exercise authority and perform public functions is what drives this innovative venture in Kenya. The units are also accorded corporate status and the power to raise sufficient resources to carry out their functions (ICJ, 2013). Devolution offers an opportunity to reimagine economy, public services and democracy. It has the potential to revive local economies, use economic growth and new investment to support social justice, and give people the power to transform their public services and improve where they live.

### *3.1 Enhancing Devolution through Innovation and Entrepreneurship*

Devolution strategy in Kenya has its mandate within the constitution and is instrumental to public service reforms. This is in line with what the French economist J.B. Say developed in the concept of entrepreneurship, that it is shifting resources out of an area of lower and into an area of higher productivity and greater yield (Osborne & Gaebler, 1992). In this way, an entrepreneurial public manager is always working to use resources in new ways to increase efficiency and effectiveness. In this regard, (Salazar, 1997), reiterates that in the public sector, entrepreneurs have the ability to recognize and exploit opportunities. Tasks are constructed around promoting change, raising revenues and generating and implementing creative ideas and solutions.

The introduction of devolution has ways in which it can instill the best management and leadership practices. Devolution helps in broadening participation in political, economic and social activities. Devolution alleviates the bottlenecks in decision making that are often caused by central government planning and control of important economic and social activities. Decentralization reduces complex bureaucratic procedures thereby increasing government officials' sensitivity to local conditions and needs. Devolution will further help national government ministries reach larger numbers of local areas with services which will be possible by allowing greater representation for diverse political, ethnic, religious, and cultural groups in decision-making. This will lead to more creative, innovative and responsive programs which is anticipated to increase political stability and national unity that allows citizens to better control public programs at the local level (ICJ, 2013). Citizens expect good use of state resources and do not welcome the failures associated with the trial and error process associated with innovation. Reinvention argues that entrepreneurs are not risk-takers, they are opportunity-seekers (Osborne & Gaebler, 1992). It is therefore hoped that the opportunities available at County level would be utilized to improve public service livery and performance of the government.

When County government embrace devolution, they create room to be innovative in service delivery by understanding organizational structures and managerial practices, making it easy to develop, organize and manage new innovations. Only innovative leaders can embrace change in an open way. According to (Galindo, 2013) leadership in innovative production is fundamental to entrepreneurship. Therefore, the leader in this case entrepreneur, works through the combination of various inputs into new innovations in order to satisfy unfulfilled market demand, while bearing the risk of failure. The entrepreneur is proactive and possesses the ability to perceive failures, using these skills, develops new goods, services, or processes to fill that gap in an innovative (Poon, et al., 2006). On the other hand, an entrepreneur is alert on discovering the possibilities, and seizes the imbalances or the opportunities and beneficially exploit the risks at hand (Miller, 1983). Entrepreneurs are responsible for a greater part of technological innovation in products and production processes, thereby driving economic transformation and international trade. They are also fundamental to economic equilibrium because they set the economy in motion. In economic equilibrium, firms create markets, which in turn determine prices, allocate goods, and determine the structure of transactions (Baumol, et al., 2007). With these in mind, the county government can focus on ensuring innovation and entrepreneurship through having the right leaders in place in order to improve performance.

It is worth noting that challenges will be there; however, with proper management, it is with no doubt that a positive outcome is guaranteed. Economic growth and social development in devolution depend on efficient county management that deliver high quality services, are effectively organised, and have excellent interactions with the private sector, and citizens. The counties therefore should synergize their energies both public and private to rationalize use of resources towards entrepreneurship and innovation (ICJ, 2013). If the citizenry desire positive change, innovation can be used to improve performance only when the right conditions are set in place.

### *3.2 Principle of Devolution*

According to the (Government of Kenya, 2010), devolution is to delegate power, transfer resources, and provide for extensive representation down to the local level. Therefore, the greatest expectation in the hearts and minds of many Kenyans is to regularly participate in their own governance in order to deliver the promise of faster development and access to basic amenities and services. Devolution will deliver for people and communities once they are involved in decision making. This helps in creating a social economy that works for the people in it, strengthening communities and prioritizing social justice. Devolution gives local people a strong voice through their voluntary and community groups. When people have the voice they are able to ask and ensure accountability through effective community engagement. Decisions taken at the most local level are appropriate since those involved understand devolved rights and responsibilities (ICJ, 2013). Devolution is a key opportunity for public service innovation through local commissioning and delivery. There is a belief that fiscal decentralization encourages the flow of local information, and that this will stem from leadership that is interested in linking citizens' needs more closely to policies and programs (Kirira, 2011).

County governments can meet their ultimate goal when they follow the requirements of public administration. Public organizations can run like business entities, but with focus on law and regulation with

emphasis on providing services at minimal costs, and follow the policies that should be implemented while utilizing resources efficiently (Fernando, 2005). However, it is paramount that public and political goodwill is strengthened because if a public manager gets political support, which means not only the support of the government but also of interest groups and the community, that may lead them to act in new ways to do their jobs (Bogaards, 1997). Changes are taking place in public management. Issues related to budget constraints, public managers have been forced to reconceptualize their traditional bureaucratic way of doing business. Considerations are made by slashing red tape, decentralizing decision making, empowering constituents through social choices, and making public providers compete with each other for consumers, and governments have been able not only to contain costs, but drastically improve the quality and efficiency of their services (Osborne & Gaebler, 1992).

It is imperative that Counties work around public service delivery more than being led by politics. Politics has been known to cause dis-functionality in counties and a source of friction. To achieve reforms in devolved government there is need to ensure harmony at the structural levels in the county. Therefore, leaders required being good managers rather than merely doing routine work as a traditional administrator. A manager will get the job done by using leadership, technical, human and conceptual skills when introducing and implementing entrepreneurial activities (Fernando, 2005). To make the best out of the leadership there is not only need for experienced staff, there is need for cooperation and good will to ensure implementation of the new dispensation, better and stronger performance is met at the county level. Devolution of power to the county is expected to meet the needs of Kenyans at their various geographic locations through equitable distribution of resources, especially to regions that have been marginalized for decades. It is also anticipated that devolution will create timely and efficient delivery of public services such as health care, education and infrastructure, these will be priority areas identified by each county and will allocate funds as per needs. As a result it will also allow Kenyans to take charge of their development initiatives at their level, giving citizens an opportunity to voice their concerns and participate in a more meaningful way (ICJ, 2013). Despite efforts to implement reforms in public sector that improves service delivery, challenges have slowed the process.

### *3.3 Constraints to Devolution*

The devolution process faces challenges that are as a result of understanding the key roles and responsibilities of various stakeholders in ensuring the process succeeds. The main challenges is that majority of Kenyans display insufficient knowledge of the Constitution, and do not understand and have not internalized the content. The attitude of citizens and a state of apathy has left people in a hopeless. Citizens hold a certain conservative mindset towards reforms, they have become suspicious of implementation of change especially when leaders continue to perpetrate corruption and poor service delivery. The lack of patience by the citizens and heightened expectations for better service delivery and quick benefits of devolution is making the process look futile (ICJ, 2013) It is with these gaps that citizens are unlikely to embrace innovation and entrepreneurship model and process of devolution that is geared towards improving their living standards of the people.

Political interference is a main obstacle that reduces managers' autonomy in decision-making. If there is a greater degree of autonomy, it is likely to result in higher organizational commitment. Managerial autonomy can be defined as the degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and determining the procedures to be used in carrying it out (Hackman & Oldham, 1980) The country has harbored negative politics that are seen through certain political utterances and actions, which present challenges to the implementation process, because it implies that leaders and their followers depict a form of disrespect for, or lack of recognition of constitutional institutions, such as the Supreme Courts or independent Commissions. This probably arises from focus by politicians on short-term political gains rather than ignorance of the law. Politics should unite Kenyans and shore up constitutionalism as envisaged in the Preamble Para 3 Article Art 3[1] (The Constitution, 2010). Even negative political pressure from general populace should be discouraged and actions on hate speech and the like should not be allowed at all. It is worth noting that use of devolution can bring much more efficient service delivery when implemented well and there is good will among politicians to ensure its dispensation (ICJ, 2013)

Public agencies derail the efforts of the New Public Management by being unresponsive to the demands of citizens. This is made worse by bureaucrats with the power and incentives to expand their administrative empires. Despite the transition period given to embrace the new constitutional structures and functions, there are already ideological and logistical disparities as witnessed in the apparent overlaps and cross cutting functions of different government agencies. Organisations and structures which should be working together have shown disagreements in terms of enforcing policies hence delaying certain processes. County leaders are not adequately prepared to challenge the manner of routine so entrenched in service delivery, recruitments, revenue collection and management. Lack of embracing change in through creativity, innovation and entrepreneurship is a myriad dream that may take long to be realized.

According to the Chair of the Commission of the Implementation of the Constitution (CIC) in Kenya,

other challenges facing the process of devolution include: revenue allocation to all counties are entitled to 15% of the National budget. The challenge posed by politicizing devolution by political leaders frustrates the process which in turn discourages investors. There is also misunderstanding of responsibilities and growing political competition among elected leaders especially between the governors and senators. This creates unhealthy competition and diverts attention from development. Inadequate support for participatory approach of innovation and entrepreneurship by the leaders and managers of the counties makes it look difficult to implement devolution (ICJ, 2013).

#### *Recommendation*

There is need to share responsibilities as stipulated in the constitution, however there seems to be no good will between national and local government in the devolution process. Lack of understanding on who should do what and who is who in terms of hierarchy is derailing the longed for change that is expected for effective and efficient service delivery in an accountable and transparent way (ICJ, 2015). H. George Frederickson (1995) highlights the case of the Orange County public officials in regard to reinvention principle of enterprising government, which they must look for opportunities to earn or mobilize resources rather than spend money, this can be a good starting point for another look at the ethics of public entrepreneurship.

Leaders have the mandate to exercise proper oversight and respond to the needs of the citizens. It is imperative that citizen participation is conducted to ensure proper use of public resources is done. The leadership at the county level must embrace change that comes with understanding their key mandate. If there are gaps in understanding then there should be capacity enhancement of the leadership with special focus on performance that requires efficiency and effective service delivery. There is also need to establish practical principles and provide ongoing training to the leadership to ensure that they embrace devolution as an innovative way to improve service delivery as is expected in the constitution.

#### **5. Conclusion**

The key to integrating entrepreneurship and innovation in public administration lies heavily in the quality of leadership at the top and its vision. In all countries that have succeeded in creating entrepreneurial and innovative governments such as Rwanda, there was strong visionary leadership from the top. In order to create an entrepreneurial and innovative government, there is need for a paradigm shift from administrative to managerial approaches in the management of public affairs borrowing from the private sector where the public should be viewed as customers. In this new paradigm shift pursuit of the following approaches would go a long way in creating an entrepreneurial and innovative county government in Kenya: an entrepreneurial and innovative leadership from the top to all key positions; a culture of performance encouraging and rewarding creativity; a managerial approach to the running of the affairs of the government; fair system of recruitment and merit based system of rewarding and promotion; focus on capacity building including re-orientation of civil servants; provision of an enabling environment for entrepreneurship and innovation and rewards for the same and strong partnerships between the public and the private sector. Yet this culture of performance in an innovative way through devolution should go in line with punishment for non-performance, a motivated efficient civil service and discipline across the public and private sector to yield positive results of innovation and entrepreneurship.

#### **Reference**

- Baramm, W., Litan, R. & Schramm, 2007. *Good Capitalism, bad capitalism, and the economics of growth and prosperity*. London: Yale University Press.
- Baumol, W., Litan, R. & Schramm, 2007. *Good capitalism, bad capitalism, and the economics of growth and prosperity*. London: Yale University Press.
- Berman, E. & J. W., July/August 1998. Responsible Risk-Taking. *Public Administration Review*, 58(4), pp. 364-52.
- Bogaards, M., 1997. Public Entrepreneurs in Indian Administrative Service. *Indiana Journal of Public Administration*, XLIII(1), pp. 1-34.
- DamanPour, F., 1991. Organization Innovation: A meta-analysis of effects of determinants and moderators. *Academy of Management Journal*, 34(555-590), p. 3.
- Drunker, P., 2005. *Innovation and Entrepreneurship*, London: Butterworth-eineman Elsevier, Oxford.
- E, G. R. & Foxall, G. R., 2003. The Measurement of Innovativeness. In: E. Sciece, ed. *The International Handbook of Innvoation*. s.l.:Oxford, pp. 321-8.
- Fernando, R., 2005. *The Role of Administration in Building a Harmonious Society*. Beijing, PRC.
- Galindo, M., 2013. Innovation, entrepreneurship and economic growth. *Management Decision*, 51(3), pp. 501-514.
- Goldsmith, E. & Foxall, G., 2003. The Measurement of Innovativeness. In: E. Science, ed. *The International*

- Handbook of Innovation*. s.l.:Oxford , pp. 321-8.
- Government of Kenya , 2010. *The Constitution of Kenya* , Nairobi: Government Printers .
- Hackman, J. & Oldham, G., 1980. *Work Design*, s.l.: Redaingg, MA:Addison.
- Hindle, K., 2009. Community and Entrepreneurship: An Analytical framework. *Entrepreneurship and Regional DEVELOPMENT* , Issue Special Issue on Social Entrepreneurship .
- ICJ, 2013. *Handbook on Devolution* , Nairobi: The Kenyan Section of the International Commission of Jurists .
- Katila, R., 2002. New Product search over time: Past ideas in their Primae?. *Academy of Management Journal* , 45(995-1010), p. 5.
- Kirira, N., 2011. Public Finance under Kenya's New Constitution. *Constitutional Working Paper* , Issue Series No. 5 Society for International Development, SID .
- Livingstone, C., 2002. *The Warren Centre Inoovation Lecture* , Sydney: The Warren Centre for Advanced Enginerring .
- M, B., 1997. Public Entrepreneurs in Indian Administrtaiive Service. *Indian Journal of Public Administration*, XLIII(1), pp. 1-34.
- Miller, D., 1983. The Correlates of entrepreneurship in three types of firms. *Management Decision*, 29(7), pp. 770-791.
- Omar, K., W, K., J, M. & Jamal, A. &., 2011. Teacher capacity building in teaching and learning: The changing role of school leadership. *Academic Leadership Journal* , Issue 9.
- Osborne, D. & Gaebler, T., 1992. *Reinventing Governmnet: How the Entrepreneurial Spirit is Transforming the Public Sector*; s.l.: Reading Mass: Addision Wesley.
- Poon, M., L, Ainnuddin & Junit, R. &., 2006. Effects of self-concept, traints and entrepreneurial orientation on firm performance. *International Small Business Journal* , 24(1), pp. 61-82.
- R, G. E. & R, G. F., n.d. In: s.l.:s.n.
- Salazar, G., 1997. Public Entrepreneurship: a Contradiction in Terms?. *Koren Review of Public Administration* , 2(1), pp. 125-139.
- Senge, M. P., 2006. *The fifth Discipline: The Art and Practice of the Learning Organization*, New York: Doubleday.