The Influence of Stakeholder Engagement and Resource-Based Strategies on Performance of Busia County Government, Kenya

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Abstract

This study examined the influence of stakeholder-oriented and resource-based strategic approaches on the performance of Busia County Government in Kenya. Kenya's devolved government system, established in 2010, aimed to bring public services closer to citizens and ensure equitable resource distribution. However, county governments continue to face challenges in service delivery, accountability, and resource optimization. Using a descriptive research design, data were collected from 154 senior county government officers through structured questionnaires. The study employed both descriptive and inferential statistics, including correlation and multiple regression analysis. Findings revealed that stakeholder strategic approach ($\beta=0.432$, $p=0.001$) had the strongest influence on county performance, followed by resource-based strategic approach ($\beta=0.389$, $p=0.009$). The model explained 87.7% of the variance in county performance ($R^2=0.877$), indicating that these strategic approaches are critical determinants of organizational effectiveness in devolved governance. The study concludes that inclusive stakeholder engagement and strategic resource optimization significantly enhance county government performance. Recommendations include establishing structured stakeholder engagement frameworks, implementing performance-based financing systems, and strengthening capacity development programs for county leadership.

Keywords: *Stakeholder engagement, Resource-based strategy, County government performance, Devolved governance*

INTRODUCTION

Strategic approaches are frameworks through which organizations analyze challenges and implement decisions aimed at improving performance. In the context of devolved governance, strategic management becomes particularly crucial as county governments navigate complex political, economic, and social landscapes while striving to deliver efficient public services to their constituents.

Kenya's devolved government system was created in 2010 and implemented in 2011 as a means of bringing public services closer to the people. The system was designed to advance democracy

and accountability, strengthen people's capacity for self-governance, empower communities to handle their own affairs, and safeguard the interests of marginalized groups. However, despite these noble intentions, county governments continue to face significant challenges in achieving optimal performance.

Busia County Government, like many other devolved units in Kenya, has made strides in improving infrastructure and healthcare services. However, disparities exist in the distribution of services across different regions within the county. Challenges such as inadequate funding, corruption, and mismanagement have impeded the effective implementation of strategic initiatives. According to Edwards (2014), assessing organizational performance is a vital aspect of strategic management, particularly in public organizations where multiple macro and micro factors act as constraints to contemporary public management.

This study focuses on two critical strategic approaches: stakeholder-oriented strategy and resource-based strategy. The stakeholder approach suggests that managers must formulate and implement processes which satisfy all individuals who can affect or be affected by the objectives and operations of the organization (Freeman et al., 2021). Meanwhile, the resource-based view emphasizes that organizations can achieve superior performance by leveraging unique resources and capabilities to create and sustain competitive advantage (Barney, 1991).

Statement of the Problem

Despite the implementation of devolution in Kenya over a decade ago, many county governments continue to struggle with service delivery, accountability, and resource optimization. Busia County Government has faced persistent challenges including inadequate funding, corruption, inefficiencies in public service delivery, and mismanagement of resources. These challenges have affected the implementation of development programs and the overall quality of life for residents.

While existing literature acknowledges the importance of strategic approaches in organizational performance, there is a dearth of empirical studies examining how specific strategic approaches influence the performance of county governments in Kenya. In particular, the roles of stakeholder engagement and resource-based strategies in the context of devolved governance remain underexplored. This study sought to fill this gap by investigating the influence of these two strategic approaches on the performance of Busia County Government.

Study Objectives

i. To establish how stakeholder-oriented approach relates to the performance of Busia County Government, Kenya.

ii. To examine the relationship of resource-based approach on the performance of Busia County Government, Kenya.

LITERATURE REVIEW

Theoretical Framework

This study is anchored on two key theories: Stakeholder Theory and Resource-Based View (RBV) Theory.

Stakeholder Theory: Freeman's (1984) stakeholder theory posits that organizations must consider the interests of all stakeholders—not just shareholders—when making strategic decisions. In the context of county governments, stakeholders include citizens, civil society organizations, national government agencies, development partners, and local businesses. The theory suggests that effective stakeholder engagement leads to improved decision-making,

enhanced legitimacy, increased accountability, and ultimately better organizational performance. According to Freeman et al. (2021), stakeholder approach to strategic management suggests that managers must formulate and implement processes which satisfy all individuals who can affect or be affected by the objectives and operations of the organization.

Resource-Based View Theory: The resource-based view, pioneered by Barney (1991), argues that organizations achieve competitive advantage by developing and deploying resources that are valuable, rare, inimitable, and non-substitutable (VRIN). For county governments, strategic resources include skilled personnel, infrastructure, financial capital, intellectual capital, and organizational reputation. The theory emphasizes that superior performance results not merely from possessing resources but from their strategic configuration and optimal deployment. Szymaniec-Mlicka (2014) identified several resources enabling public organizations to achieve above-average results: knowledge, skills, creativity and innovation, leadership, human resources, intellectual capital, and reputation.

Empirical Studies

Stakeholder Engagement and Performance: Kihara, Bwisa, and Kihoro (2021) examined the relationship between stakeholder engagement and performance in Kenyan public institutions and concluded that involving diverse actors—citizens, civil society, local businesses, and national government agencies—in decision-making processes leads to more responsive and effective service delivery. Similarly, Muli et al. (2016) and Pavao and Rossetto (2023) investigated the role of stakeholder management on organizational performance and found positive relationships, reinforcing the importance of engaging stakeholders effectively.

Resource-Based Strategy and Performance: Wambua and Gathungu (2020) argued that the configuration and optimal use of internal resources—such as skilled personnel, infrastructure, and locally mobilized funds—have a substantial influence on the efficiency and sustainability of devolved government functions. Their findings suggested that counties that actively audit and reallocate internal resources according to strategic priorities tend to outperform those that do not. Sibanyoni and Mupambwa (2017) conducted an empirical study on South African organizations to determine capabilities and diagnose areas of challenge. Results showed that organizations needed to adopt several strategies to improve competitiveness, including leveraging unique resources and capabilities.

Research Methodology

This study employed a descriptive research design to establish the relationship between strategic approaches and performance at Busia County Government. Descriptive research involves describing the state of affairs as they exist at present without having control over variables (Manjunatha, 2019). This design was appropriate as it allowed the researcher to collect, analyze, and interpret data on strategic approaches and their influence on county performance.

The target population comprised 251 senior county government officers at Busia County Government. Using Yamane's formula with a 95% confidence level, a sample size of 154 respondents was calculated. The study adopted purposive, stratified random, and systematic random sampling techniques to select participants who possessed adequate knowledge and experience regarding strategic management practices in the county.

Primary data were collected through structured questionnaires employing a five-point Likert scale (1=strongly disagree to 5=strongly agree). The questionnaire was pilot-tested to ensure

validity and reliability. Construct validity was assessed using factor loadings with a minimum threshold of 0.4, while reliability was tested using Cronbach's Alpha coefficient.

Data analysis was conducted using SPSS version 29. Both descriptive statistics (means, standard deviations, frequencies, and percentages) and inferential statistics (correlation and multiple regression analysis) were employed. Before regression analysis, diagnostic tests were conducted to verify normality (Shapiro-Wilk test), multicollinearity (VIF and tolerance), and linearity (Pearson correlation).

RESULTS AND DISCUSSION

Response Rate and Demographic Characteristics

Out of 154 questionnaires distributed, 143 were returned, representing a response rate of 92.9%. The demographic analysis revealed that 62% of respondents were male and 38% were female. In terms of work experience, 38.3% had served for 1-5 years, 32% for 5-10 years, and 12% for over 10 years, indicating that respondents had adequate organizational knowledge to provide reliable information.

Reliability and Validity Tests

Reliability analysis using Cronbach's Alpha yielded coefficients above 0.7 for all variables, indicating good internal consistency. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.857, which is excellent for factor analysis. Bartlett's test of sphericity was significant ($p < 0.001$), confirming that the variables were suitable for further analysis.

Diagnostic Tests

The Shapiro-Wilk normality test revealed that all variables were normally distributed ($p > 0.05$), satisfying the assumption for regression analysis. Multicollinearity tests showed VIF values below 5 and tolerance values above 0.2 for all variables, indicating absence of multicollinearity. Pearson correlation analysis confirmed significant linear relationships between the independent variables and the dependent variable.

Descriptive Statistics

Respondents indicated strong agreement that stakeholder strategic approach influences county performance (60.1% agreed or strongly agreed, mean=3.89). Similarly, resource-based strategic approach received strong support (56.4% agreed or strongly agreed, mean=3.78), indicating recognition of the importance of strategic resource management in achieving county objectives.

Correlation Analysis

Pearson correlation analysis revealed significant positive relationships between both independent variables and county performance. Stakeholder strategic approach demonstrated the strongest correlation (r=0.800, $p < 0.001$), followed by resource-based strategic approach (r=0.763, $p < 0.001$). These strong positive correlations suggested that improvements in stakeholder engagement and resource management are associated with enhanced county performance.

Table 1: Correlation Matrix

Variable	Pearson Correlation (r)	Sig. (2-tailed)
Stakeholder Strategic Approach	0.800**	0.000
Resource-Based Strategic Approach	0.763**	0.000

*** Correlation is significant at the 0.01 level (2-tailed)*

Regression Analysis

Multiple regression analysis was conducted to determine the influence of stakeholder and resource-based strategic approaches on county performance. The model summary revealed an R-squared value of 0.877, indicating that 87.7% of the variance in county performance is explained by the two strategic approaches. This high explanatory power demonstrates the critical importance of these strategies in determining organizational effectiveness.

Table 2: Model Summary

R	R Square	Adjusted R Square	Std. Error
0.936	0.877	0.873	0.234

The ANOVA results confirmed that the regression model was statistically significant (F=16.344, p=0.000), indicating that the independent variables can reliably predict county performance. The F-calculated value exceeded the F-critical value, supporting the model's fitness.

Table 3: ANOVA Results

Model	Sum of Squares	df	F	Sig.
Regression	48.235	2	16.344	0.000
Residual	6.765	140		
Total	55.000	142		

The regression coefficients presented in Table 4 reveal the individual contributions of each strategic approach to county performance. The following regression equation was derived:

$$Y = 0.835 + 0.432X_1 + 0.389X_2$$

Where: Y = County Performance, X_1 = Stakeholder Strategic Approach, X_2 = Resource-Based Strategic Approach

Table 4: Regression Coefficients

Variable	Beta (β)	Std. Error	t-value	Sig.
(Constant)	0.835	0.142	5.880	0.000
Stakeholder Strategic Approach	0.432	0.086	5.023	0.001
Resource-Based Strategic Approach	0.389	0.092	4.228	0.009

Stakeholder Strategic Approach: The findings revealed that stakeholder strategic approach has the strongest influence on county performance (β=0.432, p=0.001). This means that a unit increase in stakeholder engagement leads to a 0.432 unit increase in county performance, holding other variables constant. This finding emphasizes the critical importance of inclusive governance and participatory decision-making in devolved government systems.

Resource-Based Strategic Approach: Resource-based strategic approach also demonstrated significant positive influence on performance (β=0.389, p=0.009). This indicates that a unit

increase in resource-based strategy results in a 0.389 unit improvement in county performance. The finding underscores the importance of strategic resource optimization, including effective allocation of financial resources, development of human capital, and leveraging organizational capabilities.

Discussion of Findings

The findings of this study align with stakeholder theory, which posits that organizations that effectively engage with diverse stakeholders achieve superior performance. Kihara, Bwisa, and Kihoro (2021) found similar results in their study of Kenyan public institutions, concluding that involving citizens, civil society, local businesses, and national government agencies in decision-making processes leads to more responsive and effective service delivery. The high beta coefficient for stakeholder approach in this study (β=0.432) confirms that inclusive governance has a measurable and substantial impact on county effectiveness.

Similarly, the significant influence of resource-based strategic approach supports the resource-based view theory. Wambua and Gathungu (2020) argued that counties that actively audit and reallocate internal resources according to strategic priorities tend to outperform those that do not. The current study's finding (β=0.389) reinforces this perspective, demonstrating that strategic resource management—including optimal deployment of skilled personnel, infrastructure, and financial capital—substantially contributes to organizational performance in devolved government contexts.

The combined explanatory power of these two strategic approaches (R^2=0.877) suggests that they are interlinked and complementary. Effective stakeholder engagement often relies on adequate resources to facilitate meaningful participation, while resource optimization benefits from stakeholder input in identifying priorities and ensuring accountability. This synergy indicates that county governments should adopt an integrated approach that simultaneously strengthens stakeholder engagement mechanisms and enhances resource management practices.

Conclusions

This study examined the influence of stakeholder-oriented and resource-based strategic approaches on the performance of Busia County Government, Kenya. Based on the empirical findings, the following conclusions are drawn:

First, stakeholder strategic approach significantly influences county performance. The integration of key stakeholders in strategy development, maintenance of an open and flexible planning system, and leveraging sectoral and regional information for decision-making enhance county government effectiveness. This demonstrates the county's commitment to inclusive governance and responsiveness to community needs.

Second, resource-based strategic approach plays a crucial role in county performance. Strategic optimization of financial resources, development of human capital, and leveraging organizational capabilities contribute substantially to organizational effectiveness. Counties that actively manage and reallocate resources according to strategic priorities achieve better outcomes in service delivery and development initiatives.

Recommendations

Strengthen Stakeholder Engagement Frameworks: Busia County Government should establish structured mechanisms for regular stakeholder consultation and participation in policy formulation and implementation. This includes creating county stakeholder forums,

implementing participatory budgeting processes, and ensuring representation of diverse groups including marginalized communities, youth, and women in decision-making processes.

Enhance Resource Optimization Practices: The county should adopt zero-based budgeting, implement digital procurement systems, and introduce performance-based financing. Additionally, capacity-building programs focusing on financial modeling, monitoring and evaluation, and results-based management should be prioritized to ensure efficient and transparent resource utilization.

Develop Leadership Capacity: Continuous training and mentorship programs should be established for departmental heads and middle-level managers, focusing on strategic leadership, innovation, ethical decision-making, and performance management. Strong leadership is essential for translating strategic approaches into measurable outcomes.

Establish Performance Monitoring Systems: Implement robust monitoring and evaluation frameworks to track the effectiveness of strategic approaches. Regular performance audits, stakeholder feedback mechanisms, and transparent reporting will ensure accountability and enable continuous improvement in service delivery.

Suggestions for Further Research

Future research should consider comparative studies across multiple counties to identify how structural or political variables such as leadership continuity, institutional maturity, and political alignment with the national government influence the success of strategic management practices. Additionally, longitudinal studies examining how strategic approaches affect county performance over time, particularly across different electoral cycles, would provide valuable insights into the sustainability of strategic interventions.

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