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# Influence of Business Community on Governance Outcomes in Nairobi County, Kenya

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**Abstract:** ***A business organization is an individual or group of people that collaborate to achieve certain commercial goals. Some business organizations are formed to earn income for owners. Other business organizations, called nonprofits, are formed for public purposes. These businesses often raise money and utilize other resources to provide or support public programs Community organization covers a series of activities at the community level aimed at bringing about desired improvement in the social well being of individuals, groups and neighborhoods. Community organizing is a democratic instrument to create sustained social change. Community organization is a process by which a community identifies needs and takes action, and in doing so... develops co-operative attitudes and practices.***

**Keywords:** Business Community, Governance Outcomes, Donor/Funding Agencies

## 1. Introduction

The 21st century has been characterized by increased competition and a dynamic business environment. This has changed the landscape of business and pushed both public and private organizations to rethink the way they operate their affairs in order to remain relevant within their environments. There has also been increased sensitivity the organizational various environments particularly the task environment. A critical component of this is the organizations stakeholders whose vigilance and interest has increased in recent times due to enlargement of democratic rights, increased legal freedom and the enablement of advances in information communication technology for purposes of enhancing good governance.

Governance encompasses the way rules, norms and actions are structured, sustained, regulated and held accountable. Governance may take varying formations arising from different motivations and results. The global model of stakeholder participation aims to entrench political representation and accountability which are said to be means of advancing sustainable human development. Societies with strong, democratic institutions empower people to influence their governments to prioritize national development that is equitable and sustainable. In true democratic governance, people can demand better policies, express grievances, hold leaders to account as well as seek justice from abuse (Holmes. 2011). Although it can be difficult, complicated, time-consuming and sometimes impossible to promote stakeholders participation such as citizens in decision making, consensus-based decisions are often more legitimate and widely accepted than not Nairobi County is one of the 47 counties of Kenya. The smallest yet most populous of the counties, it is coterminous with the city of Nairobi, which is also the capital and largest city of Kenya. Nairobi County was founded in 2013 on the same boundaries as Nairobi Province, after Kenya's 8 provinces were subdivided into 47 counties. Nairobi city is the capital and largest city of Kenya. It is famous for having the Nairobi National Park, the world's only game reserve found within a major city. The name "Nairobi" comes from the Maasai phrase Enkare Nairobi, which translates to "cool water". The phrase is also the Maasai name of the Nairobi river, which in turn lent its name to the city. However, it is popularly known as the Green City in the Sun, and is surrounded by several expanding villa suburbs. The town quickly grew to replace Machakos as the capital of Kenya in 1907. After independence in 1963, Nairobi became the capital of the Republic of Kenya.

Most lower-middle and upper middle income neighbourhoods are located in the north-central areas such as Highridge, Parklands, Ngara, Pangani, and areas to the southwest and southeast of the metropolitan area near the Jomo Kenyatta International Airport. The most notable ones include Avenue Park, Fedha, Pipeline, Donholm, Greenfields, Nyayo, Taasia, Baraka, Nairobi West, Madaraka, Siwaka, South B, South C, Mugoya, Riverbank, Hazina, Buru Buru, Uhuru, Harambee Civil Servants', Akiba, Kimathi, Pioneer, and Koma Rock to the centre-east and Kasarani to northeast area among others. The low and lower income estates are located mainly in far eastern Nairobi. These include, Umoja, Kariokor, Dandora, Kariobangi, Kayole, Embakasi, and Huruma. Kitengela suburb, though located further southeast, Ongata Rongai and Kiserian further southwest, and Ngong/Embulbul suburbs also known as 'Diaspora' to the far west are considered part of the Greater Nairobi Metropolitan area. More than 90% of Nairobi residents work within the Nairobi Metropolitan area, in the formal and informal sectors. Many Somali immigrants have also settled in Eastleigh, nicknamed "Little Mogadishu". (Nairobi City Council, 2007).

## 2. Statement of the Problem

International financial institutions and bilateral donors have raised their expectations and concerns over economic and financial accountability from African countries. The economic objectives of public accountability sought by the World Bank, for example, include congruence between public policy and actual implementation as well as efficient allocation and use of public resources. (Migai, 2010).

Kenya's devolution set up is expansive in scope and implementation timelines and emphasizes on the establishment of governments (national and county) that reflect the Kenya's diversity characterized by transparency, accountability, participation and inclusiveness in governance.

The Nairobi County Government holds enormous resources including being the capital city of Kenya and home to a huge cosmopolitan population. Owing to social-cultural, political and economic head start, decentralized initiatives such structured, operational and strategic systems under constitutional requirements, stakeholder participation should be implemented better in contrast to the other counties. Although the county government has provided some platforms for the stakeholder participation, there still exist gaps on governance outcomes Kantai, W. (2010). It is in this regard that this paper seeks to analyze influence of business community on governance outcomes on Governance outcomes in Nairobi County Kenya.

## 3. Objectives

**The General objective**

Examine the influence of stakeholder participation on governance outcomes in the Nairobi County, Kenya.

**Specific objectives of the Study**

i. To evaluate how the participation of funding agencies and donors in governance influence satisfactory service delivery in health, education and water in Nairobi County.
ii. To establish the extent to which civil society organizations participation in governance influence social development in Nairobi County.

## 4. Theoretical Framework

This paper was founded on theories including, Hyper pluralism Theory of Democracy and functionalist Theory.

**Hyper pluralism Theory of Democracy**

Robert A. Dahl, (2014), established the pluralist theory of democracy in which political outcomes are enacted through competitive, if unequal, interest groups and introduced "polyarchy" as a descriptor of actual democratic governance. Rodriguez, et al (2014). Hyper pluralists Postulates that groups are so strong that government is weakened (Martin& Douglas, 2014). Hyper pluralism suggests that people who share interests form groups to advance their causes. Like the Elite Theory, it suggests that some groups wield too much power and influence on the government. Ultimately, the result of hyper pluralism would be the total gridlock of government; that is, too many groups vying for power but lacking the cohesion necessary to force compromise. This theory is well suited for this paper because it provides the diversity and insights for examining influence of stakeholder participation on governance outcomes in the county of Nairobi.

**Stakeholder Participation Theory**

Stakeholder theory was introduced by Edward Freeman in 1988. The stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. The complex and dynamic nature of problems requires flexible and transparent decision-making that embraces a diversity of knowledge and values. For this reason, stakeholder participation in decision-making has been increasingly sought and embedded into national and international policy. In the traditional view of a company, the shareholder view, only the owners or shareholders of the company are important, and the company has a binding fiduciary duty to put their needs first, to increase value for them. Stakeholder theory instead argues that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions Freeman, R. Edward (1984).

Even competitors are sometimes counted as stakeholders. Their status being derived from their capacity to affect the firm and its stakeholders. The nature of what constitutes a stakeholder is highly contested (Miles, 2012).The stakeholder view of strategy integrates both a resource-based view and a market-based view, and adds a socio-political level. One common version of stakeholder theory seeks to define the specific stakeholders of a company (the normative theory of stakeholder identification) and then examine the conditions under which managers treat these parties as stakeholders (the descriptive theory of stakeholder salience Phillips, Robert (2003).

## 5. Conceptualization of Literature Review

**Business community**

A business is an organization or enterprising entity engaged in commercial, industrial or professional activities. A company transacts business activities through the production of a good, offering of a service or retailing of already manufactured products. A business can be a for-profit entity or a nonprofit organization that operates to fulfill a charitable mission. Most businesses need to register with a state government to operate. Corporations need a charter, and other forms of businesses, such as limited liability companies or partnerships, need other forms of registration. The function of this registration is usually to define the financial liability the owners of the company have. It limits their risk to the amount they have invested in that particular organization. Registration also allows the government to monitor companies to execute its other functions in the business world.

**Consumer Protection**

The government's role in business includes protecting the consumer or customer. When a vendor fails to honor the guarantee, the purchaser has recourse in the law. Likewise, when a product causes harm to an individual, the courts may hold the vendor or manufacturer responsible. Labeling is another requirement the government imposes on marketers. Many foods, for example, must display nutritional content on the packaging. The U.S. has been making advances in consumer rights for decades. However, the consumer movement still needs considerable development to protect the public.

**Employee Protection**

Many state governments and county government agencies work to protect the rights of employees. The Occupational Health and Safety Administration, for example, is an agency under the Department of Labor. Its mission is to ensure a safe and healthful work environment. The Equal Opportunity Commission protects employees from discrimination.

**Environmental Protection**

When a marketing transaction impacts a third party--others besides the marketer and purchaser--the effect is called an “externality.” The third party is often the environment. Thus, it is the government's role to regulate industry and thereby protect the public from environmental externalities. Whether the government is effective in this role is a matter of much discussion. The Gulf oil spill of 2010 has been cited as evidence of lax oversight.

**Taxation**

Governments at all levels tax businesses, and the resulting revenue is an important part of government budgets. Some revenue is taxed at the corporate level, and then taxed as personal income when distributed as dividends. This is in no way inappropriate, since it balances the tax burden between the company and individual and allows the government to tax more equitably.

**Investor Protection**

Government mandates that companies make financial information public, thereby protecting the rights of investors and facilitating further investment. This is generally done through filings with the Securities and Exchange Commission. Whether federal regulation has been adequate is a matter of much debate.

**Funding/Donors concept**

Funding is the act of providing financial resources, usually in the form of money, or other values such as effort or time, to finance a need, program, and project, usually by an organization or government. Generally, this word is used when a firm uses its internal reserves to satisfy its necessity for cash, while the term ‘financing’ is used when the firms acquires capital from external sources, Business Dictionary(2009). Sources of funding include credit, venture capital, donations, grants, savings, subsidies, and taxes. Funding such as donations, subsidies, and grants that have no direct requirement for return of investment are described as "soft funding" or "crowd funding". Funding that facilitates the exchange of equity ownership in a company for capital investment via an online funding portal as per the Jumpstart Our Business Startups Act (alternately, the "JOBS Act of 2012") (U.S.) is known as equity crowd funding. Funds can be allocated for either short-term or long-term purposes.

Funds are injected into the market as capital by lenders and taken as loans by borrowers. There are two ways in which the capital can end up at the borrower. The use of financial intermediaries to finance operations is called indirect finance. Lender can also go the financial markets to directly lend to a borrower. Mishkin, Frederic 2009. Funding is used for research, in fields of technology or social science. Research funding can split into commercial and non-commercial. Research and development departments of a corporation normally provide commercial research funding. Whereas, non-commercial research funding is obtained from charities, research councils, or government agencies.[3] Organizations that require such funding normally have to go through competitive selections. Only those that have the most potential would be chosen. Funding is vital in ensuring sustainability of certain projects, Imperial College London (2014).

## 6. Empirical Review

**Influence of business community on reduction in unemployment rates in Nairobi County** Innovation advances the economy to new levels, and enterprise development activity is the cradle of innovation. This applies whether the innovation results in the formation of a new organization or in the expansion of an existing organization. According to the Nationwide Enterprise Development Administrators (2009), enterprise development can refer to the creation of new enterprises or the redevelopment or expansion of existing enterprises. Unemployment, especially chronic unemployment, affects the unemployed in ways other than their pocketbooks. It affects their future ability to find a job, their psychological well-being and more.

Even the employed are affected by unemployment because the ripple effects affect the overall economy and the communities where they live. Nobody, whether they are unemployed or not, is immune to the far-reaching effects and lasting consequences of unemployment when people are unemployed in large numbers, it hurts the rest of the economy, creating a cyclical problem. When people have less money to spend because of unemployment, other companies suffer from less consumer demand. Then, when companies suffer because of lost business, they might in turn be forced to make layoffs of their own, making the unemployment rate rise and overall spending drop even more.

The cyclical effect of unemployment is the reason for government-issued economic stimulus packages. Logic suggests that when people have more money, they spend it, thereby stimulating the economy and simulating job growth. In the short run, the relationship between economic growth and the unemployment rate may be a loose one. It is not unusual for the unemployment rate to show sustained decline sometime after other broad measures of economic activity have turned positive.

Hence, it is commonly referred to as a lagging economic indicator.

One reason that unemployment may not fall appreciably when economic growth first picks up after a recession's end is that some firms may have underutilized employees on their payrolls because laying off workers when product demand declines and rehiring them when product demand improves has costs. As a result, employers may initially be able to increase output to meet rising demand at the outset of a recovery without hiring additional workers by raising the productivity of their current employees. This temporarily boosts labor productivity growth above its trend (long-run) rate.

**Influence funding agencies and donors on satisfactory service delivery in health, education and water in Nairobi County.**

Funding means providing financial resources to finance a need, program, or project. In general, this term is used when a firm fills the need for cash from its own internal reserves, and the term 'financing' is used when the need is filled from external or borrowed money. Kenya's development expenditure is financed by government borrowing or by grants from development partners but the country is not heavily dependent on external aid. Official development aid (ODA) corresponds to about 5% per cent of Kenya's gross national income (GNI). Foreign aid has shrunk considerably, from 20 per cent in 1993 to a 3-5 per cent average in the 2000s while the significance of external loans (4% of the budget in 2012), especially from non-Western sources has increased (Bello&Ola 2011), In Kenya, The Youth Enterprise Development Fund (YEDF) was established in year 2006 with the sole purpose of reducing unemployment among the youth who account for over 61% of the unemployed in the country. The target of the fund is young people within the age bracket of 18 to 35 years who number 13 million. The Fund was gazetted on 8th December 2006 and then transformed into a State Corporation on 11th May 2007 The Fund has continued to diversify its product base by focusing on interventions that are more responsive to the needs of the youth and are geared towards addressing specific challenges facing young entrepreneurs. The Fund has established a component that will enable it advance big loans directly to youth whose enterprises demonstrate capacity to create many jobs for young people.

Kenya's ten biggest bilateral and multilateral donors are the US, the World Bank (International Development Association), the UK, Japan, the International Monetary Fund (IMF), France, the EU, Germany, the African Development Bank (AfDB) and Denmark. Among Kenya's new partners, China has a strong presence in the infrastructure sector and its importance is growing rapidly. The Kenya Joint Assistance Strategy 2007–2012 provides the framework for development cooperation, presents a core strategy of 17 development donors' support to national development planning in Kenya, including the evolving 2030 Vision, and the efforts to achieve the Millennium Development Goals (MDGs)

The critical success factors of any enterprise development strategy are the viability of the business ideas or strategy behind the enterprise development activity. Enterprise development materializes as any action, movement or activity that creates new business value. The individuals or organizations that have an interest in the result of the enterprise activity are responsible for funding, guiding or supporting the enterprise development activity toward its objective. Economic society evolves as a result of enterprise development activity.

The Fund intends to partner with business owners who would like to franchise their brands. This move affords the youth with business opportunities already tried and tested and known in the market. The Fund will finance interested franchisees to start and run such businesses with the technical support of the franchisor. In order to enhance penetration of information at the grassroots, and to ensure that the Fund's services remain relevant to our clients the fund has started a grassroots stakeholder programme known as Mashinani. In this programme youth, leaders and other stakeholders from a particular county are gathered together where they discuss their opportunities and challenges with the fund, and also give their recommendations.

## 7. Research Methodology

### Research Design

This paper adopted descriptive cross sectional survey research design. This design was best suited for this paper because Cross-sectional studies are usually relatively inexpensive and allow researchers to collect a great deal of information quite quickly. Data is often obtained using self-report surveys and researchers are often able to amass large amounts of information from a large pool of participants.

### Distribution of Population Size and Sample

| Unit of analysis | Population Size | Sample Population |
|---|---|---|
| Executive | 74 | 42 |
| Legislature | 56 | 35 |
| Judiciary | 17 | 9 |
| NGOs | 5 | 5 |
| Funding, Donors | 5 | 5 |
| Universities students, staff | 90 | 39 |
| Business comm. | 20 | 6 |
| Community Groups | 4 | 4 |
| Media agencies | 5 | 5 |
| Public | 98 | 40 |
| CSO (Civil Society Organization) | 10 | 6 |
| Total | 384 | 196 |

### Sample Design

Sampling is a process or technique of selecting a suitable sample or a representative part of the population for the purposes of determining parameters or characteristics of the whole population, (Kothari.1990).

The paper used stratified sampling, Purposive Sampling and Random Sampling Techniques. Stratified sampling was used to identify the necessary study population. This included community groups, donors, business communities, civil society organization and media. Stratified sampling was used to ensure that the target population is divided into different strata and each stratum is represented in the sample size.

Purposive sampling was used to identify study units this shall include executive, legislature and judiciary. Random sampling was used for universities students and staff, public. The advantage of this method is that it increases statistical efficiency and provide data for analysis of the various sub-populations, (Cooper and Schindler, 2006].

**Description of Data Collection Instruments**

Data collection was both interactive (interviews and focus group discussions) and non-interactive involving questionnaire and document analysis. This triangulation enabled the researcher to obtain a variety of information on influence of stakeholder participation on governance outcomes in the county of Nairobi, Kenya.

**Validity of data Collection Instruments**

According to McMillan (2006: 324), validity refers to the degree to which the explanations of the phenomena match the realities of the world. This papers instrument were tested for validity through consultations and discussions with the supervisors and experts in department Studies of Jomo Kenyatta university of agriculture Science and Technology for validation. Their valuable comments, corrections, suggestions, enabled the validation of the instruments.

**Reliability of data Collection Instruments**

Phelan (2005) define reliability as a measure of the degree to which the research instruments yield consistent results or data after repeated trials. The reliability of the research instruments for this study were measured and using the test-retest method. Thus, the questionnaires, interviews and focus group discussions will be administered to a pilot group twice with a break interval of two weeks between the first and the second administration. The reliability of the questionnaires will be determined through the calculation of a correlation coefficient between the first administration and the second (Douley, 2004).

**Data Analysis and Presentation**

Data was analyzed by use of descriptive statistics; through quantitative and qualitative techniques. Qualitative data will be drawn from open-ended questions in the questionnaire, document analysis, interview guide and focus group discussions to present the findings.

Under descriptive statistics, mean and percentages were used to describe the data sets and results were presented in tables, charts and graphs**.**

## 8. Data Analysis, Interpretation and Presentation

**Descriptive Statistics**

**Influence of business communities on governance outcomes**

**Table 4.7:** Influence of business communities on governance outcomes

| | To what extent would you say each of the following factors have influence on governance outcomes? | Likert Scale | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 5 | 4 | 3 | 2 | 1 | Mean | Stdev |
| a | Creation of Employment opportunities | 26.4 | 27.4 | 15.7 | 14.7 | 10.7 | 18.98 | 6.687122 |
| b | Check Social economic equality | 17.6 | 34.6 | 30.3 | 9 | 8.5 | 20 | 10.75416 |
| c | Provision of incentives | 19.5 | 34.5 | 28.4 | 10 | 7.6 | 20 | 10.34234 |
| d | Devolution | 19.8 | 34 | 28.4 | 10.7 | 7.1 | 20 | 10.19313 |
| e | Gender issues | 21.3 | 18.3 | 36 | 9.1 | 6.1 | 18.16 | 10.54203 |
| f | Enhance fair trade practices | 21.3 | 18.3 | 40 | 12.4 | 8 | 20 | 11.01218 |
| g | Promotes infrastructural programmes | 19.8 | 20.8 | 38 | 10.4 | 11 | 20 | 9.978377 |
| h | Adoption of ICT in business | 31 | 28 | 25 | 8 | 8 | 20 | 9.97998 |
| i | Education | 22 | 37 | 28 | 6 | 7 | 20 | 12.01666 |
| j | Decision making | 12 | 23 | 24 | 9 | 32 | 20 | 8.414274 |

To find out the extent to which business communities influence governance outcomes, the respondents were provided with statements and a likert scale data to indicate the level of agreement with the statements.

From the study findings the respondents agreed that business communities had a high impact on creation of employment opportunities as shown by the mean of 18.98 business communities also provided a structure of social economic equality and provision of incentives as depicted by mean of 20.00 respectively.

Further the study established frame works in which devolutions fair trade practices, promotion of infrastructural programmes and adoption of ICT in business are enhanced. This is clearly depicted by the means of each of the elements of 20.00 as shown. The study further requested the respondents to indicate how business communities affect education, and decision making. From the findings education creates the basis of business entrepreneurship and this enable the government to establish programmes in ICT, entrepreneurship, gender issues with the view to build capacity for employment opportunities for the citizenry.

Decision making serves the need for both stakeholders and government to achieve their objectives within the best possible operational situation. Thus, the relationship between business communities and governance outcome in the context of decision making and education is very high as shown by the mean of 20.00 respectively.

**Influence of funding/donor agencies on governance outcomes 4 Influence of donor/funding agencies on governance outcomes**

**Table showing Influence of donor/funding agencies on governance outcomes**

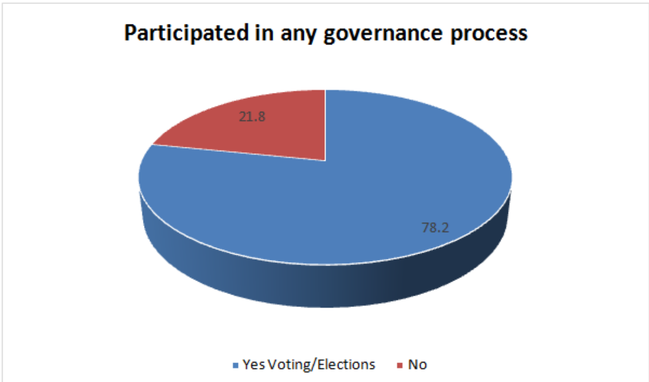
| | **To what extent would you say each of the following factors have influence on governance outcomes?** | Likert scale | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 5 | 4 | 3 | 2 | 1 | **Mean** | **Stdev** |
| a | Helps the government to realize its goals and objectives. | 20.6 | 35.3 | 29.4 | 5.9 | 8.8 | 20 | 11.37594 |
| b | Checks abuse of power in government | 19.8 | 30.5 | 32 | 12.7 | 5.1 | 20.02 | 10.29163 |
| c | Enhances freedom of choice, association and speech | 18.5 | 28.7 | 32.8 | 13.3 | 6.7 | 20 | 9.628707 |
| d | Promotes social welfare programmes | 23.1 | 26.7 | 29.7 | 17.4 | 3.1 | 20 | 9.39106 |
| e | Enables diversity in management skills and knowhow | 27.4 | 29.4 | 28.4 | 11.7 | 3 | 19.98 | 10.69175 |
| f | Promotes entrepreneurship skill and knowhow | 19.3 | 30.5 | 31 | 17.8 | 1.5 | 20.02 | 10.75944 |
| g | Ensure the efficient and effective running of the government. | 19 | 33.3 | 31.8 | 13.8 | 2.1 | 20 | 11.62738 |
| h | Ensures satisfactory education, health and welfare | 7 | 35 | 33 | 15 | 10 | 20 | 11.7303 |
| i | Ensures equity and equality of all, promotes social justice. | 14 | 37 | 30 | 12 | 7 | 20 | 11.4717 |

To find out the extent of which funding/donor agencies influences governance outcomes, respondents were provided with statement and a likert scale data to indicate their level of agreement with the statements. From the study findings, respondents agreed on the state that funding/donor agencies help governments to realize its goals and objectives as shown by a mean of 20.00. It was also established that donor/funding agencies have a positive correlation with governance outcomes as depicted by a std. deviation 11.3.

Donors/funding agencies check the abuse of power in government as shown by the mean of 20.0. Donors/funding agencies enhance freedom of choice association and speech as shown by mean of 20.00.The study further found out that donor/funding agencies are pertinent to promotion of social welfare programmes as shown by the mean of 20.0. Respondents agreed to a greater extent that donors/funding agencies provide an enabling environment for diversity in management skills and know how. This was depicted by the mean of 19.98.

In regards to the statements as to the extent of promoting entrepreneurship, ensure efficient and effective running of the government satisfactory education, health and promotion of equity and equality. The paper established that there is a positive relationship between donor/funding agencies and governance outcomes and they all depicted a mean of 20.0 respectively. This is in contrast with Bello & Ola, (2011) that depicts Kenya's development expenditure financed by government borrowing or by grants from development partners yet the country is heavily dependent on external aid.

**Relationship between Stakeholder Participation and Governance Outcomes**

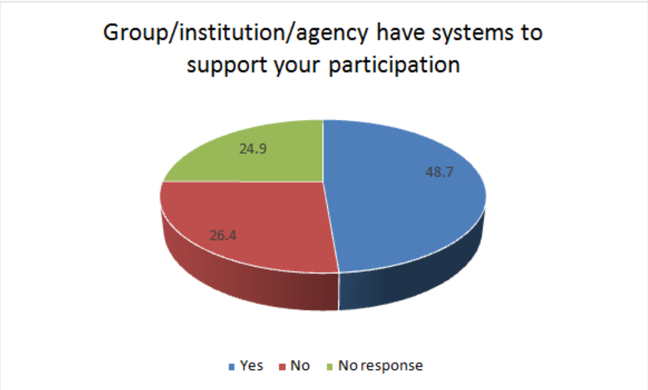



**Participation in any governance process**

The study sought to find out the rights and freedom exercised by stakeholders. From the above figure it was established that 78.2% exercised their rights and freedom in terms of making choices, expression and association as opposed to 21.8% who disagreed that there is no effect of stakeholder participation on governance outcome.


**Participated in any governance process**

Respondents were asked further to ascertain their level of engagement in terms of realizing government outcomes. 45% agreed that they indeed took part in governance process by exercising the right of expression while 35% agreed that they were mobilized and consulted by other state and non state actors in engaging with government.




**Group/institution/agency have systems to support your participation**

When asked as to whether they have systems to support their participation in realizing governance outcomes, 48.7% agreed that they had support from other agencies, 26.4% declined that they acted on their own volition and 24.9% are neutral. This shows that stakeholder participation is a concerted effort of a variety of actors whose aim is geared towards good governance and realization of governance outcomes.


**Opinion is stakeholder participation mandatory**

The study sought to find out the level of stakeholder participation with regards to governance outcome. The figure indicates that 80.7% of the stakeholders hold the opinion that stakeholder participation enables decision making. 13.7% is of the view that stakeholder participation is a constitutional requirement and 5.6% are of the view that stakeholder participation is mandatory to help the organization perform the best.

**Influence of funding/donor agencies on governance outcomes**

The study found out that funding/donor agencies influences governance outcomes help governments to realize its goals and objectives as shown by a mean of 20.00. It was also established that donor/funding agencies have a positive correlation with governance outcomes as depicted by a std. deviation 11.3. Donors/funding agencies are very profound to promotion and enhancement of economic, social and political welfare programmes. According to the study donors/funding agencies provide assistance both logistic and financial for realization of governance outcomes such as diversity management skills and know how. In this regard donor/funding agencies promotes entrepreneurship, ensure efficient and effective running of the government processes, satisfactory education, health and promotion of equity and equality.

**Influence of business communities on governance outcomes**

The study asserted that business communities have a high impact on creation of employment opportunities. Business communities also provided an environment for social economic equality, equity and provision of incentives. Business communities enhance education which creates the basis of business entrepreneurship and this assists the government to realize its outcome through programmes such as ICT, entrepreneurship, gender sensitivity, human rights concern and others in order to build capacity for employment opportunities and social development.

## 9. Conclusions

**Influence of funding/donor agencies on governance outcomes**

Based on the findings the study concludes that donor/funding agencies promote satisfactory service delivery in health water and education in Nairobi County. This is based on findings that funding/donor agencies help governments to realize its goals and objectives. It also checks and enhances freedom of choice association and speech the abuse of power in government. It promotes of social welfare programmes. The study findings concluded there is a positive relationship between donor/funding agencies and governance outcomes.

**Influence of business communities on governance outcomes**

With regard to determining how business community influences governance outcomes, the study concluded that business communities had a high impact on creation of employment opportunities. It also provided a structure of social economic equality and provision of incentives. Business communities enhanced education, and decision making. The study findings concluded education creates the basis of business entrepreneurship and this enabled the government to establish programmes in ICT, entrepreneurship, gender issues with the view to build capacity for employment opportunities, hence positively affecting governance outcomes.

## 10. Recommendations

Based on the findings the study recommends and makes the following recommendations: Business communities have been found to enable government realize its outcomes in terms of increased enterprise development. The study recommends that business communities intrinsically be absorbed in management in county government institutions from basic structural economic to strategic governance policy initiatives. The institutions should implement flexible individual participation timeline free from victimization or otherwise. The study revealed that Donor/agency funding was key to governance outcomes. It recommends that the donors / funding agencies be accorded more room to critique and provide frameworks and rational decisions other than just financial assistance, in order to fathom accountability and transparency in the utilization of donations/ funds for sound governance outcomes.

The study recommends that the county government of Nairobi should draw programmes and engage /attract more funding. In regard to donor/funding agencies the study recommends that the county government of Nairobi must come up with a road map to establish the needs and how to mitigate issues arising with a view of collectively working with other stakeholders such as donors and funding agencies to address the issues at hand through community groups.

## 11. Suggestions for Further Studies

The study focused on the influence of business communities on governance outcomes in Nairobi County. There is need for similar study to be conducted in a private institution so as to establish the influence of business communities in the private sector with the view to uphold the vision 2030 and enhance private public partnership

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