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GOVERNANCE

ANALYZING THE IMPACT OF GOVERNANCE QUALITY ON POVERTY ALLEVIATION IN KENYA: A QUANTITATIVE ASSESSMENT

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ABSTRACT

The broad objective of the study was to analyze the impact of governance quality on poverty alleviation in Kenya. The study was informed by Endogenous Growth Theory and the New Growth Theory. The study employed longitudinal research design and made use of time-series data to analyze four indicators which will cover a 25-year period that is from 1996 to 2021. The data on the poverty reduction and governance was sourced from the World Bank official website. The findings indicated that a positive and significant impact of government effectiveness and corruption control on poverty reduction in Kenya. However, voice and accountability had negative and significant impact on poverty reduction in Kenya, while political stability had negative and statistically insignificant impact on poverty reduction in Kenya. Thus, the study concludes that government effectiveness and corruption control are key in fostering poverty reduction. However, voice and accountability had detrimental effect on poverty reduction in Kenya. Therefore, the study recommends that Kenyan policymakers to prioritize and invest in enhancing government effectiveness as a pivotal strategy for fostering poverty reduction. They should prioritize and strengthen initiatives aimed at curbing corruption, fostering transparency, and ensuring a predictable business environment. Policymakers should carefully navigate the challenges associated with accountability measures, recognizing potential short-term costs and addressing cultural and institutional barriers. Strategies to mitigate policy gridlock, foster stakeholder engagement, and ensure a smooth transition are crucial.

Keywords: *Governance, Government Effectiveness, Voice and Accountability, Political Stability, Corruption Control, Poverty Reduction.*

1.0 Introduction

The most effective strategy for alleviating poverty and improving living standards in third-world countries is economic growth (Awad & Al Karaki, 2019; Mehanna, et al., 2010). The World Bank has set an ambitious target to reduce global extreme poverty to less than 3 percent by 2030, emphasizing steady progress toward this goal (World Bank, 2018). Extreme poverty, defined as an income below $1.90 per day (2011 prices), disproportionately affects South Asia and sub-Saharan Africa, regions where poverty is driven by complex and multifaceted causes (World Bank, 2022; Nguyen & Nguyen, 2020). Despite significant progress in reducing poverty globally, more than 700 million people still live on less than $1.90 a day, with 85 percent of them concentrated in sub-Saharan Africa and South Asia (World Bank, 2020). Poor governance remains a major driver of poverty in these regions, as corruption, weak institutions, and inefficient policy implementation hinder development (Doumbia, 2020). Good governance, in contrast, enhances capacity building for implementing poverty reduction strategies, a view supported by scholars and institutions (Paruchuru, Mavuri, & Jyothsna, 2020; Kaufmann & Kraay, 2002).

For over a decade, the relationship between governance and poverty reduction has been widely debated, producing a substantial body of literature with both convergent and divergent results (Bichaka & Christian, 2010; Rusli, et al., 2024). Studies have consistently shown that governance is a key determinant of economic growth and poverty reduction, as it fosters economic expansion and improves the efficiency of policies targeting poverty (Acemoglu, et al., 2001; Smith, 2007; Zheng, 2016). For example, research in Indonesia found that good governance significantly reduced poverty in rural areas by increasing access to economic opportunities and public services (Rusli, et al., 2024). Similarly, poor governance has been linked to lower education yields and employment opportunities, as political affiliations often dictate salaries and job placements (Cooray & Schneider, 2014; Schneider, 2015). This underscores the need for targeted research and policy interventions to address governance issues, especially in developing countries (Hashem, 2019).

Governance, as defined by the World Governance Indicators (WGI), refers to the traditions and institutions by which authority in a country is exercised. This includes processes of government selection, capacity to effectively formulate and implement policies, and respect for citizens' rights. Globally, governance effectiveness varies significantly, with developed nations like Finland and New Zealand consistently ranking high in governance indicators, achieving scores above 90%. Regionally, Africa lags behind other continents, with many sub-Saharan nations scoring below 50% on governance effectiveness due to challenges like corruption, political instability, and weak institutional frameworks (Mo Ibrahim Index of African Governance, 2023)

Global institutions such as the United Nations (UN), World Bank, and International Monetary Fund (IMF) have long emphasized the importance of governance in fostering economic development and improving human capital (United Nations, 2000; Mehanna, et al., 2010; Kaufmann & Kraay, 2002). Academic studies support the strong correlation between governance

quality and economic growth, highlighting that effective governance enhances institutional efficiency and accelerates poverty alleviation (Arndt & Oman, 2006; Dixit, 2009; Seldadyo, et al., 2007). However, the relationship between governance and growth can be complex and context-specific, as highlighted by Huynh & Jacho-Chávez (2009). In sub-Saharan Africa, good governance—evidenced by anti-corruption measures and effective regulatory policies has been shown to enhance economic growth and improve outcomes for underprivileged populations (Doumbia, 2020).

Despite notable economic growth in sub-Saharan Africa and South Asia, poverty reduction remains disproportionately slow compared to other regions (World Bank, 2018). For instance, sub-Saharan Africa's economy grew by 4.6% since the mid-1990s, yet it still houses more than half of the world's poor (World Bank, 2022). Kenya exemplifies these challenges, as governance issues such as corruption, weak regulatory frameworks, and insufficient public service delivery undermine economic growth and poverty alleviation efforts (World Bank, 2020). The Worldwide Governance Indicators (2020) report consistently ranks Kenya poorly on key governance dimensions, including voice and accountability, political stability, and corruption control. These governance shortcomings contribute to inefficiencies in public expenditure and hinder equitable access to essential services like electricity, licensing, and security (World Bank, 2018).

Improving governance is therefore essential for fostering economic growth and reducing poverty in Kenya and similar contexts. Governance reforms, such as enhancing transparency, combating corruption, and strengthening institutional capacity, could significantly improve Kenya's economic performance and poverty reduction trajectory (Doumbia, 2020; World Bank, 2023). This study aims to explore the short- and long-term impacts of governance on poverty reduction in Kenya. This study examined the impact of governance on Kenya's poverty reduction rate, focusing on political stability, corruption control, accountability, and government effectiveness. It benefits the government by identifying areas for policy improvement, NGOs and civil activists by highlighting critical governance issues for advocacy, and regulatory authorities by guiding policy execution. Investors gain a tool for evaluating opportunities, while the public learns about governance's role in poverty reduction progress. Additionally, scholars receive valuable insights into the relationship between governance and poverty reduction in a developing economy like Kenya.

2. Theoretical Literature

Theoretical literature emphasizes the significant relationship between governance and poverty reduction through models such as the Endogenous Growth Theory. This theory posits that economic growth is driven by internal factors like innovation, human capital, and infrastructure development, which are influenced by government policies and actions (Romer, 1980; Lucas, 1988). Governments can boost economic growth by promoting entrepreneurship, protecting intellectual property, and investing in education, health, and technology (Romer, 1991). These factors contribute to poverty reduction by creating job opportunities, increasing income levels, and

improving access to essential services. The efficiency and inclusivity of governance systems also determine how resources are allocated, ensuring that investments in infrastructure and human capital benefit disadvantaged populations, thereby reducing inequality and improving overall living standards (Romer, 1980; Lucas, 1988).

The New Growth Theory further highlights the role of governance in enhancing institutional quality and social infrastructure, both of which are critical to addressing poverty (Acemoglu & Robinson, 2010). Strong institutions regulate economic activities, minimizing corruption and inefficiencies that can impede economic growth (North, 1981). Well-designed policies that promote stable institutions and efficient systems enable the productive use of resources and attract both foreign and local investments (Hall & Jones, 1999). Moreover, good governance accelerates the adoption of advanced technologies, fostering productivity and creating economic opportunities (North, 1990). Through ensuring equitable access to development opportunities, governance ensures that economic progress reaches vulnerable populations, facilitating poverty reduction by promoting inclusive growth and fair wealth distribution (Acemoglu & Robinson, 2010; North, 1990; Hall & Jones, 1999).

3. Empirical Review (Hypotheses Development)

Government accountability is crucial for poverty reduction as it ensures transparency, effective resource allocation, and policies that prioritize the welfare of citizens. Studies, such as Zhuo et al. (2021), demonstrate that accountability enhances economic growth by increasing GDP per capita, which indirectly reduces poverty by creating jobs and improving public services. Similarly, Chand et al. (2020) found that accountability in Fiji fosters economic growth through enhanced exports, driving income generation and poverty alleviation.

Cebula and Foley (2011) highlighted that accountable governments reduce market inefficiencies and business costs, creating an environment conducive to economic development and poverty reduction. Additionally, Huynh and Jacho-Chavez (2009) noted that participation in decision-making and adherence to laws significantly impact governance outcomes, enabling targeted poverty reduction initiatives.

However, as Hadj Fraj et al. (2018) observed, the effects of accountability on economic growth, and by extension poverty reduction, may be insignificant in certain contexts, indicating the need for tailored approaches. Overall, accountable governance is a cornerstone for poverty alleviation, ensuring equitable distribution of resources and fostering inclusive economic growth.

$H_{1:}$ *There is significant effect of accountability on poverty reduction in Kenya.*

Governance effectiveness is closely linked to poverty reduction, as effective governance fosters economic growth, equitable resource distribution, and improved public service delivery, which

collectively alleviate poverty. Azimi (2022) demonstrated that governance predictors significantly influence economic growth, a critical factor in reducing poverty, as seen in the largest global economies. Similarly, Saidi et al. (2017) highlighted that governance effectiveness in OECD countries enhances GDP growth, enabling governments to allocate resources toward poverty-alleviation programs.

In developing regions, Azimi and Shafiq (2020) found that governance effectiveness drives Afghanistan's economic growth, which directly impacts poverty reduction by creating jobs and improving living standards. Al Mamun et al. (2017) further emphasized the role of governance in ICT in enhancing economic growth across oil-trading nations, indirectly reducing poverty through technological advancements and economic inclusivity. Moreover, Bedane et al. (2017) confirmed that government effectiveness supports economic growth in 81 countries, providing a foundation for poverty reduction by fostering better governance structures and service delivery.

Conversely, Wilson (2016) observed limited influence of governance on China's economic growth, highlighting that rapid growth without effective governance may not fully address poverty. This underscores the need for governance reforms to ensure that economic benefits reach vulnerable populations. In summary, governance effectiveness is a vital driver of poverty reduction, as it underpins economic growth, promotes equitable development, and ensures effective resource allocation to address poverty challenges.

H_2: There is significant effect of governance effectiveness on economic growth in Kenya

Control of corruption plays a critical role in fostering economic growth by promoting transparency, reducing inefficiencies, and encouraging investments. Gründler and Niklas (2019) demonstrated that corruption negatively impacts GDP per capita, especially in authoritarian regimes, by deterring foreign direct investment (FDI) and distorting aggregate demand. Similarly, Ahmad et al. (2012) and Afonso et al. (2022) found that corruption significantly hampers growth through reduced investment and inefficiencies in government spending.

Bayar (2016) highlighted that control of corruption positively influences economic growth, as evident in European economies, while Han et al. (2014) showed that countries with effective governance, including corruption control, experience faster growth due to improved domestic and international investment climates. In Nigeria, studies by Enofe et al. (2016) and Adegboyega (2017) revealed that corruption undermines economic productivity, increases poverty, and reduces employment opportunities. Similarly, Ozegbe and Kelikume (2022) noted that the interplay between corruption and weak institutional quality further stifles growth. Controlling corruption is essential for sustainable economic growth, as it ensures better resource allocation, strengthens institutions, and fosters an enabling environment for development.

H_3: There is significant effect of political stability on economic growth in Kenya.

Political stability plays a pivotal role in reducing poverty by fostering economic growth, enhancing governance, and promoting equitable resource distribution. Stable political environments create a conducive atmosphere for sustainable economic development, job creation, and income equality. Cela and Hysa (2021) found that political stability positively influences GDP growth in Central and Eastern Europe, contributing to poverty alleviation through economic expansion. Similarly, Radu (2015) emphasized that political stability is crucial for fostering steady, sustainable growth, which directly impacts poverty reduction. Additionally, stability attracts foreign direct investment (FDI) and enhances the delivery of essential services like education, healthcare, and infrastructure, as noted by Williams (2017), who observed that political instability in Sub-Saharan Africa hinders FDI and limits poverty alleviation opportunities. By reducing corruption and ensuring fairer resource allocation, political stability addresses inequalities that disproportionately affect the poor, laying the foundation for long-term poverty reduction

H_4: There is significant effect of control of corruption on economic growth in Kenya.

4. Methodology

The study utilized time series data spanning a 25-year period from 1996 to 2021. The selection of the research design was guided by the nature of the research problem, leading to the adoption of a longitudinal research design. This approach was deemed suitable due to its ability to analyze trends and changes in the variables of interest over the extended timeframe. All data for the study were sourced from secondary sources, specifically the World Bank's World Development Indicators database.

Table 1: Outlines The Variables, Their Definitions, And Measurements.

Variable name	Notation	Measurement
Poverty Reduction	Y	It is measured as the percentage of the population living on less than $1.90 a day
Governance effectiveness	GE	Measured using a governance score card that ranges from approximately -2.5 to 2.5 representing lowest and highest score respectively
Control of corruption	CC	Measured using a corruption score card that ranges from approximately -2.5 to 2.5 representing lowest and highest score respectively
Political stability and absence of violence	PS	Measured using a political stability score card that ranges from approximately -2.5 to 2.5 representing lowest and highest score respectively
Voice and accountability	AC	Measured using a accountability score card that ranges from approximately -2.5 to 2.5 representing lowest and highest score respectively

Data Analysis and Model Specification

The data processing stage in this study involved extracting and coding the data, followed by the application of both inferential and descriptive statistical techniques. Initially, descriptive statistics such as mean, standard deviation, minimum, maximum, interquartile range, skewness, and kurtosis were calculated to explore aspects of central tendency and variability. These measures helped determine where the data clusters and how it is dispersed. Additionally, the Pearson product-moment correlation coefficient was employed to assess the linear relationship between the endogenous and exogenous variables, providing insights into their association. Moderated regression was used to examine how the predictor variables affect the exogenous variable. Regression analysis followed to assess the relationship of the four predictor variables. To determine the appropriate model, the study utilized fixed and random effects, selecting the best model using the Hausmann test. If the variables were stationary, fixed or random effect models were used; if not, the study applied Error Correction Models (ECM) for cointegrated data.

The study also focused on testing the stationarity of variables, as time series data require stationary variables to avoid erroneous results. Various unit root tests like the Augmented Dickey-Fuller Test (ADF) and others were applied, with the guiding principle that a p-value of less than 0.05 indicates stationarity. Model selection followed a systematic approach based on unit root tests, using

Johansen Cointegration for non-stationary variables and ARDL for variables of mixed order. Ordinary Least Squares (OLS) were used when appropriate, with diagnostic tests applied to ensure the robustness of the results. These tests included normality (using the Jarque-Bera test), homoscedasticity (using the Breusch-Pagan test), autocorrelation (using the Durbin-Watson statistic), and multicollinearity (using Variance Inflation Factor, VIF).

5. Findings and Discussion

The study's main objective is to analyze governance's effect on poverty reduction in Kenya. Vector autoregression (VAR) was used to address the study objectives. The period of interest was between 1997 to 2022. The findings presented here are organized under four key sections: descriptive statistics, VAR diagnostics and Vector autoregression. The study utilizes data from the World Bank Governance indicators, GDP growth, inflation and labor force covering a period ranging from 1997 to 2022. The findings of the descriptive analysis are interpreted and discussed. This lays the groundwork for applying Vector autoregression, which was utilized in testing the hypotheses. The descriptive results offer insight into World Bank Governance indicators, GDP growth, inflation and labor force in Kenya from 1997 to 2022. Table 4.1 highlights the results. The four governance indicators, including, government effectiveness, control of corruption, political stability, voice and accountability elicit a varying trend within the period of interest. Notably, government effectiveness averaged -0.528 (min = -0.756, max = -0.301) suggesting that within this period, suggesting negative perception of government effectiveness possibly due to changing political landscapes or differing administrative capacities. Similarly, control of corruption is consistently negative, averaging -0.985 (min = -1.166, max = -0.736) an indicator of persistent problem with corruption during this period. Additionally, political stability had a mean of -1.133 (min = -1.350, max = -0.614) which suggests that there are fluctuations in the perceptions of political stability, which could be a result of specific political events or changes within the country. For voice and accountability, it averaged -0.376 (min = -0.967, max = -0.012) implying that there have been more pronounced fluctuations in the way citizens perceive their capacity to participate in government and their level of free expression. Furthermore, Poverty reduction exhibited an average of 3.6 poverty reduction rate suggesting economic expansion in the country within this period.

Table 2 Descriptive Results of Study Variables

Variable	Mean	Std. Dev.	Min	Max
Government Effectiveness	-0.528	0.128	-0.756	-0.301
Control of Corruption	-0.985	0.122	-1.166	-0.736
Political Stability	-1.133	0.166	-1.350	-0.614
Voice and Accountability	-0.376	0.269	-0.967	-0.012
Poverty Reduction	3.600	2.282	1.273	52.300

Vector Autoregression (VAR) (Hypothesis Testing)

The study assessed the stability of the Vector Autoregression (VAR) model using the Eigenvalue stability condition. Based on the findings in Table 3, both eigenvalues have a modulus of 0.425 which is less than 1. This implies that they lie inside the unit circle on the complex plane. As such, the VAR model satisfies the stability condition. This is essential for the model to be considered useful and reliable for economic forecasting and analysis. Therefore, the VAR model meets the necessary conditions for a reliable and meaningful analysis.

Table 3: Eigenvalue Stability Condition

Eigenvalue	Modulus
0.05660633 + 0.4214693i	0.425254
0.05660633 - 0.4214693i	0.425254

*All the eigenvalues lie inside the unit circle.
*VAR satisfies stability condition.

4.3.4. Unit Root Test

Stationarity was tested with the Phillips-Perron (PP) test. It is crucial for many econometric analyses for the mean and standard deviation not to change over time. This is also one of the conditions that has to be met before running VAR. The model utilizes data that is stationary at the absolute level or stationary after the first difference. Thus, it was necessary to conduct the unit root test. From the findings in Table 4.3, the test statistics for the governance indicators, that is government effectiveness (-5.140) , control of corruption (-8.497), political stability (-3.714) and voice and accountability (-3.233) were more negative than the 5% critical value of -3.000. In addition, their p-values were less than the conventional significance level of 0.05 suggesting that they are stationary at the absolute level. Similarly, for Poverty reduction rate, the test statistic was at -4.787 suggesting that it also stationary at the absolute level. For the control variables, the test statistic for inflation was at -10.177 and the p-value at 0.000, an indication that it is stationary at the absolute level. However, for labor force, the test statistic at the absolute level is -1.202 which is less negative than the critical value and the p-value is 0.672 an indication that it is non-stationary. After first differencing, the test statistic is -4.757 which surpasses the critical value and also yields a p-value of 0.000. This suggests that labor force becomes stationary after the first difference. Since the majority of the variables are integrated of 0 (I(0)) and labor force is of order 1 (I(1)) but becomes I(0) after first differencing, they satisfy the conditions for running the VAR model at their respective levels of stationarity.

Table 4: Phillips-Perron Unit Root Test

PP test	Variable	Test Statistic	5% critical value	P-value
At Absolute Level	Government effectiveness	-5.140	-3.000	0.000
	Control of Corruption	-8.497	-3.000	0.000
	Political Stability	-3.714	-3.000	0.004
	Voice & Accountability	-3.233	-3.000	0.018
	Inflation	-10.177	-3.000	0.000
	Labor force	-1.202	-3.000	0.6728
	Poverty reduction	-4.787	-3.000	0.000
First Difference	Labor force	-4.757	-3.000	0.000

Prior to running Vector Auto regression Analysis, the study assed normality and serial correlation The Jarque-Bera Test for Normality was conducted as a requisite before running the vector autoregression. The decision criteria for this test are that: if the Chi (2) values are higher than the p-value, then the residuals are normally distributed. From the findings in Table 4.2, the chi (2) is 4.622 while the p-value is 0.099. The value surpasses the conventional significance level of 0.05 hence we fail to reject the null hypothesis of normality. Therefore, based on this test, it can be inferred that the data are reasonably consistent with a normal distribution, suggesting that assumptions of normality required for certain statistical analyses is valid for this dataset.

The study utilized the Lagrange-multiplier (LM) test for assessing serial correlation in the data. This test checks whether there is autocorrelation at different lag intervals. For the first lag (p=1), the chi-square statistic is 0.5713 with a p-value of 0.450, and for the second lag (p=2), the chi-square statistic is 0.1950 with a p-value of 0.659. In both cases, the null hypothesis (H0) is that there is no serial correlation at each respective lag. Considering the p-values of 0.450 and 0.659 which surpass the conventional significance level of 0.05, there is insufficient evidence to reject the null hypothesis at both lag 1 and lag 2. The implication is that there is no serial correlation.

The vector autoregression analysis covers the period from 1999 to 2022. Based on the findings in Table 4.6, the log likelihood of the model stands at -40.16965, indicating a relatively good fit of the model to the data. The Akaike Information Criterion (AIC) and the Schwarz Bayesian Information Criterion (SBIC) values of 4.097471 and 4.539241, respectively, suggest the model's complexity is appropriate for the sample size and the number of parameters estimated. The model's predictive capacity, as indicated by the R-squared value of 0.6568 for the poverty reduction equation, reveals that about 65.68% of the variation in poverty reduction is explained by the model. This level of explanation is substantial, suggesting that the variables included in the model have a

significant impact on poverty reduction. The Chi-Squared value of 45.93666 with a P-value of 0.0000 further confirms the overall significance of the model.

Regarding the specifics of the coefficients, the lagged values of poverty reduction (L1 and L2) show different influences. The first lag (L1. poverty reduction) has a positive but statistically insignificant coefficient (beta = 0.113, $\rho>0.05$), suggesting a limited predictive power from the immediate past year's poverty reduction. In contrast, the second lag (L2. poverty reduction) shows a negative coefficient, although this too lacks statistical significance (beta = -0.181, $\rho>0.05$). These findings indicate that past values of poverty reduction do not reliably predict current Poverty reduction.

Further, the findings indicated that government effectively has a positive and significant effect on poverty reduction. Basing on the (β) of 19.087 and a p-value of 0.000, a unit increase in government effectiveness is associated with a poverty reduction in the Kenyan economy. This substantial coefficient size and the statistically significant p-value imply that government effectiveness plays a crucial and positive role in influencing poverty reduction. Also, the control of corruption elicited a positive and significant influence on poverty reduction in Kenya. With a coefficient of 8.050 and a p-value close to the significance threshold at 0.05, it suggests than an increase in the control of corruption is associated with an 8.05-unit growth in the Kenyan economy.

Additionally, there was a significant negative relationship between voice and accountability and poverty reduction in Kenya, with a coefficient of -4.204 and a p-value of 0.011. The implication is that an increase in voice and accountability is associated with a 4.204 unit decline in Poverty reduction. This suggests that in the Kenyan context, higher levels of voice and accountability might adversely affect poverty reduction.

However, the findings revealed that political stability had a negative and insignificant effect on poverty reduction in Kenya, where $\beta = -3.173$, p-value = 0.341 implying that the relationship is not statistically significant. As such, in the Kenyan context, changes in the political stability indicator were not associated with consequent changes in poverty reduction.

Table 5: Vector autoregression

Sample: 1999 - 2022					No. of obs. = 24	
Log likelihood = -40.170					AIC = 4.097	
FPE = 3.662154					HQIC = 4.215	
Det(Sigma_ml) = 1.665					SBIC = 4.540	
Equation	**Parms**	**RMSE**	**R-sq**	**chi2**	**P>chi2**	
Poverty reduction	9	1.632	0.657	45.937	0.000	
		Std.			**[95%**	
	Coef.	**Err.**	**z**	**P>z**	**Conf.**	**Interval]**
Poverty reduction L1.	0.113	0.164	0.69	0.49	-0.208	0.434
L2.	-0.181	0.199	-0.91	0.363	-0.570	0.208
Government Effectiveness	19.087	4.991	3.82	0.000	9.306	28.868
Control of Corruption	8.050	4.161	1.93	0.003	-0.106	16.206
Political Stability	-3.173	3.331	-0.95	0.341	-9.702	3.355
Voice and Accountability	-4.204	1.648	-2.55	0.011	-7.433	-0.974
_cons	-161.827	52.871	-3.06	0.002	-265.452	-58.202
Jarque-Bera Test for Normality						
Normality test	4.622					
Chi(2)	0.099					
Autocorrelation Test						
Lags						
1	chi2	0.5713	Prob>chi2	0.450		
2	chi2	0.1950	Prob>chi2	0.659		

6. Discussion of Research Findings

The findings demonstrated that government effectiveness has a positive and significant effect on poverty reduction in Kenya, supporting prior studies globally. Azimi (2022) and Azimi & Shafiq (2020) found similar effects in Canada and Afghanistan, respectively, linking governance quality to economic growth. Likewise, studies by Bedane et al. (2017) and Saidi et al. (2017) emphasized the role of effective governance in enhancing GDP growth in OECD and other nations. These findings highlight the importance of efficient governance in fostering poverty alleviation, with the present study reinforcing the global significance of government effectiveness in addressing poverty.

Corruption control also showed a significant positive effect on poverty reduction in Kenya, consistent with findings by Bayar (2016) in European economies. This suggests that effective anti-corruption measures contribute to economic advancement. However, literature like Ahmad et al. (2012) and Gründler & Niklas (2019) cautions that corruption can impede poverty reduction by

reducing investment and increasing inefficient government spending. The Kenyan context aligns with the broader understanding that controlling corruption is critical for sustainable poverty alleviation, further supported by Ugur (2014) and similar studies in emerging economies.

The study found a statistically insignificant effect of political stability on poverty reduction in Kenya, contrasting with findings from Zhuo et al. (2021) and Cela & Hysa (2021), which observed positive impacts of political stability in developed and transition economies. These differences highlight the context-specific nature of political stability's influence, with Kenyan results suggesting limited economic gains within the study's timeframe. However, broader literature, such as Williams (2017) and Radu (2015), underscores the importance of political stability in attracting foreign investments and fostering economic growth, emphasizing its potential long-term significance.

Voice and accountability showed a significant negative relationship with poverty reduction in Kenya, indicating that higher levels of accountability might initially hinder poverty alleviation efforts. This finding aligns with Alexiou et al. (2020), who observed short-term negative impacts of accountability on economic growth in post-socialist economies. However, other studies, such as Zhuo et al. (2021) and Cebula & Foley (2011), argue for a positive long-term relationship between accountability and economic outcomes. These mixed findings highlight the complex dynamics of governance reforms, underscoring the need for further research on their context-specific impacts on poverty reduction.

7. Conclusion

Based on the findings the study concludes that government effectiveness in key in fostering economic development. The significance of government effectiveness emerges as a guiding principle for policymakers and stakeholders seeking to propel the nation toward sustainable growth. A well-functioning and effective government apparatus serves as a catalyst for economic development by creating an environment conducive to investment, innovation, and overall economic productivity. The findings establish a clear causal link, suggesting that improvements in government effectiveness are associated with tangible poverty reduction. The conclusion aligns seamlessly with broader national and international development goals. As Kenya aspires to achieve sustained poverty reduction and improve the well-being of its citizens, the emphasis on government effectiveness becomes integral. Efforts to enhance governance effectiveness are inherently aligned with overarching development objectives, positioning the conclusion as a strategic imperative for national progress.

The control of corruption significantly enhances poverty reduction by fostering a transparent and predictable business environment that attracts both domestic and foreign investments. Effective anti-corruption measures lead to increased productivity, efficient resource allocation, and improved public service delivery, contributing to human capital development. A corruption-free

environment stimulates private sector development, attracting foreign direct investment, and providing governments with greater fiscal space for critical infrastructure projects. Moreover, the reduction of corruption promotes social and economic inclusivity by addressing income inequality. A strengthened rule of law, coupled with international competitiveness, further solidifies the positive impact of anti-corruption efforts on sustainable and inclusive economic development.

However, voice and accountability had detrimental effect on poverty reduction in Kenya. The potential short-term costs associated with implementing robust accountability measures, coupled with policy gridlock and cultural challenges, could contribute to economic uncertainty and a reluctance to invest during the initial stages of enhanced accountability. Moreover, incomplete institutional development and unintended consequences of accountability measures may hinder the perceived benefits, leading to a temporary decline in economic activities. Sociopolitical factors, including resistance from influential interest groups, may further complicate the transition. While the observed negative association underscores the need for careful management of the implementation process, it does not necessarily imply a prolonged adverse impact, emphasizing the importance of nuanced and context-specific analyses to fully comprehend the dynamics at play.

The current study, contrary to the prevailing findings in many studies, concludes that political stability had a negative but statistically insignificant effect on Kenyan GDP (poverty reduction). While numerous studies have consistently associated political stability with positive economic outcomes, the observed lack of statistical significance in the Kenyan context suggests a nuanced relationship that may differ from global trends. This finding challenges the conventional wisdom that stable political environments are conducive to poverty reduction and emphasizes the need for context-specific analyses. Possible explanations could include unique political dynamics in Kenya, temporal factors within the study period, or the influence of other unaccounted variables.

8 Recommendations

Based on the robust findings, it is imperative for Kenyan policymakers to prioritize and invest in enhancing government effectiveness as a pivotal strategy for fostering economic development. Recognizing the pivotal role of a well-functioning government in creating an environment conducive to investment and innovation, policymakers should focus on implementing reforms that improve governance structures, streamline bureaucratic processes, and ensure efficient public service delivery. By aligning efforts with broader national development goals, Kenya can leverage improved government effectiveness to drive sustainable poverty reduction and enhance the overall well-being of its citizens. The study underscores the strategic imperative of a capable and responsive government apparatus in achieving long-term development objectives.

The study highlights the instrumental role of effective anti-corruption measures in promoting poverty reduction and development. Policymakers should prioritize and strengthen initiatives aimed at curbing corruption, fostering transparency, and ensuring a predictable business environment. Implementation of comprehensive anti-corruption strategies, backed by robust legal

frameworks, can attract both domestic and foreign investments, stimulate private sector development, and contribute to overall economic productivity. To further enhance the positive impact of anti-corruption efforts, there is a need for continued collaboration with international stakeholders, bolstering the rule of law, and addressing underlying issues of income inequality. Emphasizing anti-corruption measures as a fundamental aspect of economic policies can lead to sustained and inclusive development.

While the study identifies a detrimental short-term impact of enhanced voice and accountability on poverty reduction, it emphasizes the need for nuanced management of the implementation process. Policymakers should carefully navigate the challenges associated with accountability measures, recognizing potential short-term costs and addressing cultural and institutional barriers. Strategies to mitigate policy gridlock, foster stakeholder engagement, and ensure a smooth transition are crucial. Additionally, the study calls for an in-depth exploration of the socio-political factors influencing the relationship between voice and accountability, advocating for context-specific analyses and tailored interventions to harness the potential long-term benefits while minimizing short-term disruptions.

In light of the unique findings regarding political stability, policymakers in Kenya should conduct further research to unravel the intricacies of the relationship between political stability and poverty reduction . It is crucial to understand the specific dynamics within the Kenyan political landscape, considering potential temporal factors and unaccounted variables. Policymakers should prioritize comprehensive analyses to inform targeted interventions that align with the distinctive context of Kenya. While the study challenges the conventional belief in the universal positive impact of political stability on economic outcomes, it provides an opportunity for policymakers to craft tailored strategies that address the specific challenges and opportunities within the Kenyan political environment.

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