

# Influence of Employee Resourcing on Organizational Performance of Devolved Governments in South Eastern Kenya Region

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**Abstract:** The study focused on the influence of human capital factors on performance of devolved Governments in South Eastern Kenya region. The specific objective of the study being to establish the influence of employee resourcing on organizational performance of the devolved governments in South Eastern Kenya region. The target population comprised county government of Kitui, Machakos and Makueni senior staff numbering 179 members. A sample size of 59 county officials was randomly selected using stratified simple random sampling techniques. The data was analysed by use of descriptive and inferential statistics. The findings of the study established that there was no statistically significant influence of employee resourcing on performance of Machakos and Makueni county governments. However, employee resourcing had a statistically significant influence on the performance of Kitui county government. The study recommends an improvement in the conduct of employee resourcing to include current trends that include use of softwares to track job applications, development of a mobile recruitment strategy, increase the focus on passive and potential candidates, and a growth in the emphasis for social networks.

**Keywords:** Devolved Governments, employee resourcing, human capital, organizational performance.

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## 1. INTRODUCTION

The concept of human capital dates back to the time of Adam Smith. According to Goldin (2014), human capital is the stock of productive skills, talents, health and expertise that labor possesses. It is the set of skills which an employee acquires on the job through training and experience and which increases that employee value in the market place. Human capital is the skills, experience, technological know-how possessed by employees of an organization applied to influence production and performance of the said institutions. According to Djurica, Djurica, and Janiac (2014), knowledge, skills, creativity, innovativeness, ability to learn and other valuable features people own are a key element in modern economy, both for their earning capacity and competitiveness and other economic performances of company.

### Statement of the Problem

There are serious strategic resource gaps and deficits, administrative weaknesses while chaos around pensions and the secondment of staff to the counties, lack of institutional capacity at the County Executive and County Assemblies with no clear process of acquiring this capacity (Orina-Nyamwamu, 2015). Human capital can work positively and negatively depending on how they are engaged. In some counties there has been positive development due to the human capital attitude to work and their training and skills. According to study by Keraro and Isoe (2015) on good governance and the enhancement of effective service delivery for accelerated economic development of counties in Kenya, governance structure should be developed with a view to impact on overall organization performance. The study recommended that for performance of devolved system, county government should adopt lean governance structure that is informed of human capital needs.

Reports by Auditor General (2015), Price Waterhouse Coopers (2015), Constitution Implementation Commission (2015) and County Budget Implementation Review (CBIR) Report 2015 and 2016, have shown that Devolved governments are unable to meet devolution objectives as required by Article 174 of the Constitution of Kenya (2010) to devolve and improve service delivery to the public in an effective and timely cost-efficient manner at all levels. The above reports confirm poor performance and associate it to human capital related factors. This study seeks to understand influence of human capital factors on performance of the Devolved governments in South Eastern Kenya Region.

### **Objective**

The general objective of the study was to establish the influence of human capital factors on performance of the Devolved governments in South Eastern Kenya Region.

### **Specific Objective**

To establish the influence of employee resourcing on organizational performance of the Devolved governments in South Eastern Kenya Region.

### **Research Question**

How does employee resourcing influence organizational performance of the Devolved governments in South Eastern Kenya Region?

## **2. LITERATURE REVIEW**

### **The Principal-Agent Theory**

The Principal-Agent theory was invented by Michael Jensen and William Meckling in 1796. In their paper, Jensen and Meckling (1796) outlined the theory of ownership structure that would be designed in a way to avoid what they called agency costs and its relationship to the issue of separation and control. According to Gailmard (2012), the theory captures a traditional choice of modeling in which some actor(s) referred to as principal(s) uses whatever actions are available to provide incentives for some other actor(s) to make decisions that the principal most prefers.

The principal-agent theory is a key theoretical concept that underpins performance management (Pollitt, Talbot, Caulfield, & Smullen, 2004). Performance measurement refers to the control that is divided into the categories of after-the-fact and before-the-fact. The principal can guide the agent before-the-fact through guidelines, regulations and performance indicators which can be set to require any preferred level of performance by the principal.

Participation of the subordinates should be highly encouraged by the supervisors if high performance levels are to be reached. According to Ouchi (1981), it is expected that trust can have positive effect on performance and the climate of the organization. It could reduce the transactional costs by helping to create an effective performance strategy. The relevance of this Principal-Agent model is to understand the performance contracting principles underpinning this study.

### **Employee Resourcing and Organizational Performance**

Gamage (2014) defines recruitment and selection as the process of attracting and choosing candidates for employment. According to Opatha (2010), recruitment is the process of finding and attracting suitably qualified people to apply for job vacancies in an organization. It is the process of generating a pool of qualified applicants for organizational job vacancies. Henry and Temtime (2009) described recruitment as the entry point of manpower into an organization and, that path an organization follow after that to ensure that they have attracted the correct individuals for their organizational culture so that their strategic goals are achieved.

Ekwoaba, Ikeije and Ufoma (2015) conducted a research to assess the impact of recruitment and selection criteria on organizational performance in Lagos, Nigeria. The study relied on Human Capital Theory, Resource-Based View Theory and Equity Theory. By use of a survey research design and structured questionnaires, the study analysed 130 valid responses from randomly selected respondents. To test the relatedness of the study hypotheses, Chi-Square tests were used. The study revealed that recruitment and selection criteria have a significant effect on organization's performance. The study found out that the more objective the recruitment and selection is, the better the organization's performance.

Oaya, Ogbu and Remilekun (2017) assessed the impact of recruitment and selection strategy on employee performance on selected manufacturing companies in Nigeria. Descriptive survey design was adopted for this study. The study found out that use of recruitment agency and internal employee recommendation in the recruitment and selection process enables an organization to recruit committed and productive employees while the recruitment through the influence of host community leads to organizational inefficiency. The study recommended organizations to use employment agencies in recruitment and selection with openness in job description and responsibilities to them.

### Performance of Devolved Governments

Performance is deemed to be the fulfilment of an obligation in a manner that releases the performer from all liabilities under the contract. It is the accomplishment of a given task measured against present known standards of accuracy, completeness, cost and speed. Devolved units can be considered as business units which have to engage human capital to improve on service delivery. Study on building competitive advantage through human capital by Djurica, Djurica, and Janiac (2014) found out that knowledge, skills, creativity, innovativeness, ability to learn and other valuable features people own have become a key element in modern economy, both for their earning capacity and competitiveness and other economic performances of company

Study by the Commission for Implementation of the Constitution (2015), found that understaffing lead to ineffective service delivery thus affecting performance and quality service and for the counties to be efficient and effective they must change some of the structure inherited from disbanded local authorities. This can be achieved by retaining the best of their traditional structures while embracing radically new structures that leverage on the human capital and adds value to the customers (Pearce & Robinson, 2011). County Budget Implementation Review (CBIR) Report 2015 and 2016, states that service delivery in the counties has not been efficient and effective as anticipated in the Constitution of Kenya 2010. The CBIR Report 2015/16 reports poor local revenue collection in some counties, low budget funds absorption and development expenditure. Revenue collection support budgeted activities in service delivery. Poor absorption of fund lead to none completion of projects attributed to human capital factors among others.

Price Waterhouse Coopers (PWC) (2015) study found that counties are facing human capital dynamics in many areas such as strategic management and workforce effectiveness, challenges of recruitment, managing the broader human capital capabilities to sustain timely service delivery, provide consistency and uniformity, accountability and transparency, monitoring and evaluating performance, review of systems and processes, harmonize service delivery standards and manage expectations, create mechanism for receiving feedback, developing a service delivery culture and communicating a transition plan, building a critical mass of public servants who champion change and managing the transition of local and national government staff into the new county structure. Price Waterhouse Coopers (2015) study found that disengaged employees drag down public service. This study therefore attempts to understand influence of human capital factors on performance of devolved Governments in Southern Eastern Region

### Conceptual Framework

The conceptual framework is based on the McKinsey 7S Framework focusing on the soft elements consisting of skills, staff, style and shared values. This study adopted the conceptual framework shown by Figure 1.1.

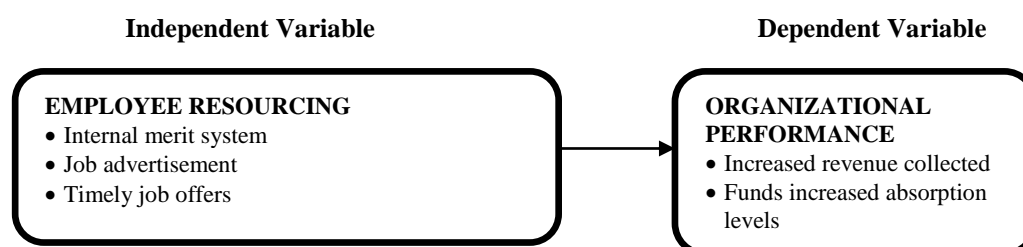


Figure 1.1: Conceptual Framework

### Employee Resourcing

Gamage (2014) argues that the quality of a firm's human capital depends heavily on the effectiveness of recruitment and selection functions. According to Ofori & Aryeetey (2011), it is costly for organizations to recruit and select the wrong candidates who lack the requisite capabilities. This means that the organization has a responsibility to obtain the number

and quality of employees that are necessary to achieve the strategic objectives at minimal costs. Employee resourcing is termed as “that part of personnel and development which focusses on the recruitment and release of individuals from organizations, as well as the management of their performance and the potential while employed by the organization” (Pilbeam & Colbridge, 2002). Taylor (2002) states that “an effective hiring and firing, attracting the best candidates, reducing staff turnover and improvement of employee performance are fundamental for management functions of an organization.”

### County Government Performance

According to Richard, Devinney, Yip and Johnson (2009), organizational performance is the “ultimate dependent variable of interest for researchers concerned with just any area of management.” The measurement of organizational performance is essential to allow managers and researchers in the evaluation of specific actions of rivals and how the firms are evolving and performing over time.

## 3. RESEARCH METHODOLOGY

This study adopted a descriptive research design to obtain information on the influence of human capital factors on performance of devolved governments in South Eastern Kenya region (Kitui, Machakos and Makueni counties). The population of the study comprises of 179 senior staff working with the devolved governments in South Eastern Kenya region. The study adopted a stratified sampling technique on the basis of ministries and a proportionate sample of 59 respondents drawn from the target population of 179. This study used a structured questionnaire in the form of a Likert scale and the respondents were required to indicate their views on a scale of 1 to 5. The data was then analyzed by use of descriptive and inferential statistics and presented using tables, bar graphs and charts to summarize the responses and facilitate comparison. The regression model was used in the study to explain the relationship among variables.

## 4. RESEARCH FINDINGS AND DISCUSSION

### Descriptive Analysis

It was essential to conduct descriptive data analysis on the data to establish whether there were outliers in the data set. The assumption was that there were no significant outliers. On a Likert scale of 1 to 5 (where, 1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree and 5=strongly agree), the respondents were required to indicate the extent the devolved governments dealt with human capital factors.

**Table 1.1 Descriptive Statistics**

	County Government Performance	Employee resourcing
Mean	3.6971	3.9154
Median	4	3.9
Mode	4	3.6
Std. Deviation	0.8998	0.68981
Minimum	1	2.2
Maximum	5	5

As indicated in table 1.1, the standard deviations for county government performance, employee resourcing, is 0.8998 and 0.68981 respectively. The standard deviations are too small implying that the data points tend to be very close to the mean. Hence the analysis did not encounter any outliers in the data sets. From the table, the mean for all the variables ranges from 3.5609 to 3.9154 implying that the average respondents neither agreed nor disagreed on the influence of the human capital factors considered in the study.

### Correlation Analysis

Table 1.2 shows the results of the correlation analysis conducted on the data for the dependent and the independent variable. A 2-tailed Pearson correlation test was conducted and a significance level of 0.05.

**Table 1.2 Correlation Matrix**

		County Government Performance	Employee Resourcing
County Government Performance	Pearson Correlation	1	
Employee Resourcing	Pearson Correlation	.563**	1

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

From the results shown in the table 1.2 there was a statistically significant and strong positive correlation between employee resourcing and county government performance (p-value=0.000, r=0.563).

### **Influence of Employee Resourcing on Performance**

The objective was to establish the influence of employee resourcing on the performance of devolved government in South Eastern Kenya Region. This section presents the results of employee resourcing and its influence on performance of the individual counties comprising. Table 1.3 presents the model summary for employee resourcing and Kitui county government performance.

**Table 1.3 Model Summary of ER and Kitui CGP**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664 <sup>a</sup>	.440	.403	.96209

a. Predictors: (Constant), Employee Resourcing

As indicated in the table 1.3 the coefficient of determination ( $R^2$ ), which is a measure of goodness-of-fit for the linear regression, was 0.440 implying that there was a strong fit. This means that the individual model using employee resourcing explains 44% of the variability in the Kitui county government performance around its mean. Other factors not considered in this individual regression explain 56% of the variability in Kitui county government performance.

Table 1.4 below shows the Analysis of Variance (ANOVA) of employee resourcing (ER) and Kitui county government performance (CGP).

**Table 1.4 ANOVA of ER and Kitui CGP**

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	10.924	1	10.924	11.802	.004 <sup>b</sup>
1	Residual	13.884	15	.926		
	Total	24.809	16			

a. Dependent Variable: County Government Performance

b. Predictors: (Constant), Employee Resourcing

The results indicate an F-test of 11.802 which has a statistical significance less than 0.05. This means employee resourcing has a statistically significant influence on county government performance. The p-value of 0.004 is less than our set alpha of 0.05 and this implies that at 95% confidence interval the null hypothesis is rejected. Table 1.5 shows the regression coefficients for employee resourcing and Kitui county government performance.

**Table 1.5 Coefficients of ER and Kitui CGP**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-.350	1.069		-.327	.748
1	Employee Resourcing	.974	.283	.664	3.435	.004

a. Dependent Variable: County Government Performance

As indicated in the table 1.5 the coefficient of 0.974 is statistically significant with a p-value of 0.004 which is less than our set alpha of 0.05. This confirms that there is a significant relationship between employee resourcing and the performance of Kitui county government. The relationship between employee resourcing and Kitui county government performance can be summarized as,  $Y = -0.35 + 0.974X_1 + \epsilon_1$ . Table 1.6 shows the regression model summary for employee resourcing and Machakos county government performance.

**Table 1.6 Model Summary of ER and Machakos CGP**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.405 <sup>a</sup>	.164	.117	.60716

a. Predictors: (Constant), Employee Resourcing

As shown in the table 1.6, the coefficient of determination ( $R^2$ ) was 0.164 implying that there was a very weak fit. This means that the individual model using employee resourcing explains 16.4% of the variability in the Machakos county government performance around its mean. Other factors not considered in this individual regression model explain 83.6% of the variability in Machakos county government performance. Table 1.7 shows the Analysis of Variance (ANOVA) of employee resourcing (ER) and Machakos county government performance (CGP).

**Table 1.7 ANOVA of ER and Machakos CGP**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.299	1	1.299	3.523	.077 <sup>b</sup>
	Residual	6.636	18	.369		
	Total	7.934	19			

a. Dependent Variable: County Government Performance

b. Predictors: (Constant), Employee Resourcing

From table 1.7, the results indicate an F-test of 3.523 which has a statistical significance greater than 0.05. This means employee resourcing has no statistically significant effect on county government performance. The p-value of 0.077 is greater than our set alpha of 0.05 and this implies that at 95% confidence interval we fail to reject the null hypothesis.

Table 1.8 shows the regression coefficients for employee resourcing and Machakos county government performance.

**Table 1.8 Coefficients of ER and Machakos CGP**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.848	1.082		1.708	.105
	Employee Resourcing	.482	.257	.405	1.877	.077

a. Dependent Variable: County Government Performance

As indicated in the table 1.8, the coefficient of 0.482 was not statistically significant with a p-value of 0.077 which is greater than our set alpha of 0.05. This confirms that there was no significant influence of employee resourcing on the performance of Machakos county government. The linear relationship between employee resourcing and Machakos county government performance can be summarized as  $Y = 1.848 + 0.482X_2 + \epsilon_2$

Table 1.9 shows the regression model summary for employee resourcing and Makueni county government performance.

**Table 1.9 Model Summary of ER and Makueni CGP**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.426 <sup>a</sup>	.181	.118	.43469

a. Predictors: (Constant), Employee Resourcing

As indicated in the table 1.9, the coefficient of determination ( $R^2$ ) was 0.181 implying that there was a very weak fit. This means that the individual model using employee resourcing explains 18.1% of the variability in the Makueni county government performance around its mean. Other factors not considered in this individual model explain 81.9% of the variability in Makueni county government performance.

Table 1.10 shows the Analysis of Variance (ANOVA) of employee resourcing (ER) and Makueni county government performance (CGP).



**Table 1.0 ANOVA of ER and Makueni CGP**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.544	1	.544	2.877	.114 <sup>b</sup>
	Residual	2.456	13	.189		
	Total	3.000	14			

a. Dependent Variable: Makueni County Government Performance

b. Predictors: (Constant), Employee Resourcing

From the table 1.10 above, the results indicate an F-test of 2.877 which has a statistical significance greater than 0.05. This means employee resourcing had no statistically significant influence on Makueni county government performance. The p-value of 0.114 is greater than our set alpha of 0.05 and this implies that at 95% confidence interval, we fail to reject the null hypothesis.

Table 1.11 below shows the regression coefficients for employee resourcing and Makueni county government performance.

**Table 1.11 Coefficients of ER and Makueni CGP**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.700	.775		3.485	.004
	Employee Resourcing	.340	.200	.426	1.696	.114

a. Dependent Variable: Makueni County Government Performance

As indicated in table 1.11, the coefficient of 0.34 was not statistically significant with a p-value of 0.114 which is greater than our set alpha of 0.05. The constant of regression (2.7) is statistically significant with a p-value of 0.004. This confirms that there is no statistically significant influence of employee resourcing on the performance of Makueni county government. The linear relationship between employee resourcing and Makueni county government performance can be summarized as,  $Y = 2.7 + 0.34X_3 + \epsilon_3$ .

## 5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

### Summary

On analyzing Kitui County data, it was established that employee resourcing had a statistically significant influence on the county government performance. The results indicated that at 5% significance level, the p-value was 0.004 which was less than the set alpha of 0.05. On the other hand, results from Machakos and Makueni county governments indicated a p-value of 0.077 and 0.114 respectively. The significant values are greater than the set alpha of 0.05 implying that there is no significant influence of employee resourcing on performance of Machakos and Makueni county governments. The study findings for Kitui county government are consistent with Ekwoaba, Ikeije and Ufoma (2015) who conducted a study to examine the effect of employee resourcing criteria on the performance of organizations in Lagos, Nigeria. The study established that employee resourcing criteria had a significant effect on organizational performance. Oaya, Ogbu and Remilekun (2017) arrived at similar findings in their study to assess the impact of employee resourcing strategies on the performance of employees. To improve organizational efficiency, organizations are advised to use employment agencies in employee resourcing. Since the devolved governments have an effective strategy of doing employee selection and recruitment, employment agencies will be suitable for other organizations. Evaluation of data from Machakos county government indicated a p-value of 0.077 ( $p > 0.05$ ) implying that at 95% confidence interval, employee resourcing has no statistically significant influence on the performance of Machakos county. Similar findings were established in Makueni county government where the p-value was 0.114 implying that there is no significant influence of employee resourcing on the performance of Makueni county government.

## 6. CONCLUSION

The results established that there was no statistically significant influence of employee resourcing on performance of Machakos and Makueni county governments. However, employee resourcing had a statistically significant influence on the performance of Kitui county government. For the county government of Kitui, there is need to advocate for the adoption of holistic strategic approach to employee resourcing in order to improve the process of decision-making concerning employee deployment (Raiden & Dainty, 2008). The management of the devolved governments of the South Eastern Kenya region have ensured that recruitment and selection of staff is based on meritocracy.

### Recommendation

The study recommends improvement in how employee resourcing is conducted to address any emerging problems in the devolved governments. The positive and significant association between employee resourcing and performance in Kitui county government serves to benefit policy makers in implementing strategies to ensure that the correct skill is retained. To increase the competitive advantage in the county government, employee resourcing needs to adopt the latest trends in recruitment and selection to ensure that the right people in possession of the right knowledge, skills and attributes are hired for the right task. The current trends include use of softwares to track job applications, development of a mobile recruitment strategy, increase the focus on passive and potential candidates, and a growth in the emphasis for social networks.

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