HUMAN RESOURCE COMPETENCE AND PERFORMANCE OF CDF PROJECTS: A CASE STUDY OF LANGATA CONSTITUENCY, NAIROBI COUNTY

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International Academic Journal of Human Resource and Business Administration (IAJHRBA) | ISSN 2518-2374

Received: 15th August 2019  
Accepted: 22nd August 2019

Full Length Research

Available Online at:  
http://www.iajournals.org/articles/iajhrba_v3_i6_118_132.pdf

ABSTRACT

Effective strategy implementation is paramount in the performance of any company as it is vital in realizing its strategic goals. The critical success factors of strategy implementation include stakeholder involvement, technology, organization culture, financial and human resource allocation. Using a well thought out strategy, the CDF projects can leverage against implementation challenges and achieve high success of their targets. The study sought to assess the influence of human resource competence on performance of CDF projects in Langata Constituency, Nairobi County. The study is underpinned on the agency theory and resource base theory. The target population was the 50 members of CDF committee in charge of projects in Langata Constituency. All the 50 members of CDF committee in charge of projects in Langata Constituency were involved as respondents in the study. The primary data was collected from the 50 CDF committee members through self-administered semi-structured questionnaires. The study also collected secondary data on project funding and completion rates from the office of the Auditor General. In analysing the characteristics and relationships between the study variables, descriptive and inferential statistics were applied using SPSS (Version 22). From the findings, human resource competence is fairly strongly and positively related to project performance at the 0.05 level of significance. The associated correlation coefficient is 0.61 and a P value of 0.000. The model explained 56 percent of the variation in project performance. The recommendation is that the CDF along with the local Member of Parliament should give premium to human competence when planning project implementation programs. Thus the findings are largely consistent with existing literature although sensitivity of coefficients vary.

Key Words: human resource competence, performance, CDF projects, Langata Constituency, Nairobi County

INTRODUCTION

According to Balogun and Johnson (2014) firms’ world over face increasing global competitive environment which is complex, dynamic, and largely unpredictable. Due to that constant change, organizations need to adapt so as to strategically exploit emerging opportunities to ensure survival and success (Kaplan and Norton, 2011).

Strategy management starts with strategy formulation followed by strategy implementation which is the most complex, problematic and resource consuming activity (Barnat, 2012). According to Barnat (2012) the strategy implementation process decides if an organization exceeds expectations, maintains status quo or closes down. In turbulent situations, the capability to execute new strategies rapidly and successfully determines if an organization succeeds or comes up short (Akong'o 2010). Beer and Eisenstat (2010) further suggest that
implementation of a chosen strategy requires managers to break down the strategy into a series of activities and actions that results in achieving the desired goals and objectives.

Parsa (2009) noted that the success of any business entity is not governed by how well strategies are formulated but how well the strategy is implemented in order to realize set the goals and objectives. Strategy implementation is defined as the manner in which organizations should develop, utilize and amalgamate organizational structures; control systems; and manage culture in implementing strategies that lead to competitive advantage and improved performance (Jooste & Fourie, 2009).

Pearce and Robinson (2012) suggested that strategy implementation involves putting a strategy into operation and ensuring its institutionalization. Thompson and Strickland (2010) postulated that a strategy was deemed to be complete when an organization’s resources are committed to it and when it is embodied in the organization’s activities. According to Miller (2012) strategy formulation and implementation activities are intertwined and should not be separated during the strategic planning stage. However, empirical literature focuses more on strategy formulation than implementation (Jooste & Fourie, 2009).

**Strategy Implementation**

Strategy implementation has been noted as the differentiating factor between the best and poorly performing institutions globally with a success rate of between 20 to 30 percent (Beer & Eisenstat, 2011). Pearce and Robinson (2012) insists that strategy implementation involves putting a strategy into operation and ensuring its institutionalization. A strategy is believed to be complete when it has commitment of organization’s resources and when it is embodied in the activities of the organization (Thompson & Strickland, 2010). Pearce and Robinson (2012) indicated that a strategy reflects a company’s awareness of how, when, and where it should compete, against whom it should compete and what purposes it should compete.

**Project Performance**

Teece (2014) defines business performance as the extent to which a firm is able to meet the needs of its stakeholders and its own needs for survival. The International Standard Organization (ISO) views performance as a measurable outcome out of attainment of organizational goals and objectives efficiently and effectively or measurable results out of the organizations proper administration and management of its actions and activities (ISO 2015).

Performance encompasses the whole organization and is achieved after successfully implementing a strategy (Higgins, 2015). Bakar and Ahmad (2010) view performance as an economic outcome resulting from the interplay among organizational attributes, actions and environment. As a multidimensional construct, performance has several names, including growth, survival, success and competitiveness. The return on equity (ROE) and return on assets (ROA) are common measures of financial performance of a given firm (Bagorogoza & Waal, 2010).
Strategy Implementation and Organizational Performance

The strong practices of strategic management have a significant positive effect on business financial performance (Griffins, 2013). Change is ineffective when unexpected performance loss dominates or drains away expected performance gain. Moreover, the coexistence of performance gains and loss is likely to yield confounded evidence for strategic change outcomes. Griffin (2013) indicated that strategic implementation has a distinct relationship with various organizational elements like performance. They further endorsed that there is a positive association between strategic consensus and firm performance.

CDF Projects in Kenya

The Constituency Development Fund (CDF) in Kenya was established through CDF Act (2003) and Amended in 2007. The CDF is one of the devolved funds meant to achieve rapid socio-economic development at constituency level through financing of locally prioritized projects and enhanced community participation. Studies conducted across the country 210 constituency by the CDF Board (2008) and National Anti-Corruption Steering Committee (NASC, 2008) indicated that since its inception in 2003, CDF has facilitated the implementation of a number of local level development projects aimed at poverty reduction and socio–economic development of people. The program is designed to fight poverty through the implementation of development projects at the local level and particularly those that provide basic needs such as education, healthcare, water, agricultural services, security and electricity. The CDF’s operational structure and the mosaic expenditure decisions at the parliamentary jurisdictions have been characterized as innovative and ingenious (Kimenyi, 2015).

In the last 10 years of its operation, CDF funds have largely been used to fund projects in four key sectors; education, water, health, and roads (Bagaka, 2010). Initiation of these types of projects is clearly stipulated under the CDF Act. For instance, Part IV Section 21 (1) of the Act states that, “projects shall be community based in order to ensure that the prospective benefits are available to a wide cross section of the inhabitants of a particular area” (Bagaka, 2010).

RESEARCH PROBLEM

Effective strategy implementation is paramount in the performance of any company as it is vital in realising its strategic goals (Porter, 2009). Nobble (2009) argues that even good strategies may fail to give superior performance for the organization if not successfully implemented. The critical success factors of strategy include stakeholder involvement, technology, organization culture, financial and human resource allocation among others. Beer and Eisenstat (2010) noted that there is high rate of failure in strategy implementation globally where 60% to 80 % of organizations worldwide perform very well in strategic formulation but either fail or struggle during the strategy implementation process. With the current work environment, private and public organization’s success is guaranteed by
developing a unique set of capabilities and competences in technology to enable them to develop new knowledge, innovate and develop better products. Strategic leadership is required and managers need better skills that are unique and adaptable to the ever-changing environment (Bakar and Ahmad, 2010). Among the challenges affecting CDF project implementation in Kenya including lack of stakeholder involvement, lack of requisite human competences required to implement the CDF strategy, allocation of inadequate financial resources, political interference and corruption among others (Nyaguthii & Oyugi, 2013). Given that CDF projects are short term in nature, they do not attract competent workforce. Hence, lack of core competences in CDF strategy implementation (Ngacho & Das, 2014). Similarly, the financial resources allocated for CDF strategy implementation is often inadequate which slows down strategy implementation. The CDF is implemented by politicians who lack requisite leadership expertise that is critical in strategy implementation (Nyaguthii & Oyugi, 2013). Most importantly, the level of stakeholder involvement in the CDF strategy implementation is very low. Hence, most of the CDF projects implemented do not adequately address the needs of the beneficiaries (Ngacho & Das, 2014). The highlighted studies focus on private firms and not public organizations like CDF projects, hence a knowledge gap exists. Similarly, the local studies were surveys while the current study is a case study. This study therefore sought to examine the effect of human resource competence on performance of CDF projects in Langata Constituency, Nairobi County.

GENERAL OBJECTIVE

To determine effect of human resource competence on performance of CDF projects in Langata Constituency, Nairobi County.

THEORETICAL FRAMEWORK

Agency Theory

Agency theory as proposed by Eisenhardt (1989) states that when executing the tasks within the principal-agent relationship, the agent must choose actions that have consequences for both the principal and the agent. This theory therefore underpins the value of top leadership who in this case is the MP in allocation of human and strategic resources in CDF project implementation.

From the theory, the implication and scope of application can best explain the role of project managers (the agents) in promoting sustainability of CDF project to stakeholders (principals) through their engagement roles in project identification, planning, implementation and monitoring and control. Using Agency theory, Krueger (2004) argues that the plethora of strategy implementation is the agency theory in practice at all levels of the strategic management process. The study developed the conceptual framework based on the agency theory. The theory can be applied in CDF projects to show how interest of CDF committee may align with that of constituents or not depending on the consultations and commitments made so that project identification, implementation and monitoring follows the strategic plan.
and with execution within stipulated timelines. Regular monitoring and consultancy by constituents would help reduce misalignments between the interests of the agent and principal. This ultimately ensure that priority projects are successfully implemented with enhanced social impact.

**Resource Based Theory**

As proposed by Barney (1991) resource-based view (RBV) theory’s central premise is that firms compete on the basis of their resources and capabilities. These resources and capabilities consist of the physical, financial, human and intangible assets. The resource-based view assumes that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. Secondly, it assumes that resource heterogeneity may persist over time because the resources used to implement firms’ strategies are not perfectly mobile across firms and are difficult to accumulate and imitate (Peteraf & Barney, 2003).

The theory is relevant in explaining the influence of strategy implementation on performance since institutions strategy identifies various strategic resources in this case human and financial resources that they must have to survive, achieve sustainable competitive advantage and perform optimally such as physical, financial, human and intangible assets. Strategy implementation is therefore concerned with aligning these resources to ensure the institutions operates flawlessly. The RBV is founded on the premise that organizations compete based on the basis of their resources and capabilities (Peteraf & Barney, 2003). Most RBV researchers (Peteraf & Barney, 2003) the resources affect an organizations ability to execute its game plan strategies which in turn affects organizational performance. This theory is relevant for this study because it explains the role played by internal resources controlled by institutions in the level of performance recorded.

In their study Kepes and Wider (2012) established that firm translate resources and capabilities into a strategic advantage. Toften and Hammervoll (2009) assert that formal strategic planning and its underlying processes can constitute a source of competitive advantage. For instance, an effective strategic planning process that entails exceptional scanning of an environment may be considered as the type of competence that could allow it to identify opportunities before competitors. Likewise, a special synergy among top management team or owner-manager in this case the area member of parliament and the CDF committee on one hand and the rest of the constituents may give strategic advantage over other constituencies.

**EMPIRICAL LITERATURE**

According to Akong'o (2010) the common perception, the educated people can do certain tasks easily and efficiently compared to the uneducated or those who are educated lesser. This is in accordance with the dictum “knowledge is power”. It implies that a person who is knowledgeable can perform better at tasks that require that knowledge. Let aside the tasks that require the specialized knowledge but even the common tasks educated people can
handle better. In fact, lack of education and knowledge make a person crippled and inefficient. Here, education does not imply the formal college diplomas but, the mere knowledge of it. Though a person might not have diplomas but, the possession of knowledge will make him efficient.

Ongore (2011) established that the intellectual capital (knowledge) is a critical force that is responsible for the economic growth. In this arena of globalization, the modern business is mainly driven by the intellectual capital and the human capital helps organizations to establish and maintain their competitive advantage. The educated and wise people in the organizations are responsible for creating wealth for their organizations and the mere machinery will not do this fete.

**RESEARCH METHODOLOGY**

**Research Design**

This study was conducted using descriptive research design. This was a combination of quantitative and qualitative approaches. Since the study focused on CDF projects in Langata Constituency, a case study was the most appropriate approach. The research design further enabled collection of detailed and complementing data on the study subject. The quantitative approach using questionnaires collected provided readily analyzable data while the qualitative approach enabled the researcher to collect in-depth information.

**Target Population**

The target population were members of CDF committee in charge of various projects in Langata Constituency. Currently, the CDF committee membership is 50 members that formed the study target population. The study therefore enlisted the 50 CDF committee members given that the target population is small as proposed by Kothari (2004). The study therefore used data collected from CDF committee members comprising of both male females and assumed to have worked at the CDF office for the past five years at the least. The committee is led by a chair and other officers as secretary, treasurer and members representing various wards in the constituency.

**Sampling Procedure**

All the 50 CDF committee members were the respondents and since the number was low, a census study was envisaged. The respondents were categorized according to departments they worked for namely Health, Education, Infrastructure, Agriculture and Advocacy. Data collection therefore targeted all the 50 CDF Committee members who provided data through questionnaire. The study results consequently are limited to the constituency of Langata in Nairobi County.
Data Collection Methods

The study collected primary data using the questionnaire method. The primary data was sought from the 50 CDF committee members through administering semi-structured questionnaires using drop and pick later method. According to Mugenda and Mugenda (2008) the drop and pick latter method is appropriate for a group of respondents who may not have time to fill in the questionnaire immediately. It increases the response rate of the study as the respondents are allowed time to fill in the questionnaire at their own pleasure. Similarly, the study respondents were busy during the normal working hours, hence the need to give them time to answer the questionnaire through the drop and pick later method. The questionnaire was structured in four sections where; Section A had questions on background information; Section B contained questions on influence of human resource competence on performance of CDF projects in Langata Constituency. The study also collected secondary data on project completion rate and impact assessment under the various categories as at the end of the year 2016 from the office of the controller of budget. Further, the CDF Committee also provided data on project implementation and completion rates in the various wards for the period under review (2012-2016).

Data Analysis

Data analysis carried out in this study was both descriptive and inferential where measures of central tendencies like mean, percentage, frequency, median, standard deviation and mode are presented in text and tabular form on one hand and correlation and regression statistics also presented using SPSS 21. To ascertain the nature of relationship, magnitude and effects of relationships between the study variables, correlation and regression coefficients were computed at the 0.05 level of significance. The results are summarized and presented using tables and graphs.

RESEARCH RESULTS

Table 1: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Human Resource Competence</th>
<th>Project Performance</th>
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<tbody>
<tr>
<td>Human Resource Competence</td>
<td></td>
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<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Project Performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.610**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
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<tr>
<td>N</td>
<td>50</td>
<td>50</td>
</tr>
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</table>

A correlation analysis was carried out on the variables to determine the strength and relationship between the challenges of strategy implementation and project performance in Langata constituency, Nairobi. The technique used was Pearson correlation coefficient which is parametric in nature. This technique was supported by a fairly normally distributed data for
the variable human resource competence. The size of data used was 50 representing all the CDF committee members in all the project areas of Langata constituency.

Table 1 show correlation statistics obtained from analysis of data from the 50 respondents who participated in the study. The results indicate that human resource competence is fairly strongly and positively related to project performance at the 0.05 level of significance. The associated correlation coefficient is 0.61 and a P value of 0.000. This means that better project performance in terms of implementation and completion can be achieved if the staff in charge of the implementation is properly educated and trained. Akongo (2010) agreed that educated people can do certain tasks easily and efficiently compared to uneducated or less educated persons. Project teams need to be knowledgeable about the tasks given to them. Intellectual capital according to Ongore (2011) is a critical force responsible for economic growth. This form of capital helps organizations to establish and maintain their competition advantage. Therefore results obtained so far have been supported by existing literature.

Regression analysis is closely related to the correlation analysis. The purpose of conducting a regression analysis is to examine how well the independent variables predict the outcome variable (dependent variable). In this case the validity and predictive power of the regression model designed for study is determined. The regression model for study is expressed in econometric form as;

\[ Y = \beta_0 + \beta_1 X_1 + \varepsilon \]

Where: \( \beta_0 \) is the intercept term; \( \beta_1 \) is the slope coefficients; \( X_1 \) represents human resource competence; \( Y \) is the dependent variable (project performance -measured by completion rates and social impact; \( \varepsilon \) is the error or stochastic term not correlated with any of the \( X \) variables.

An ordinary least square multiple regression technique was used to determine how well the four factors predict project performance using data from the CDF committee members of Langata constituency. Coefficients that are unstandardized are used to construct the estimated regression equation (1). Multicollinearity was not a problem since the correlation coefficients between the independent variables themselves were fairly low (< 0.5). Converseley Durbin-Watson value close to 2.0 also signify absence of serial auto correlation of the error term thus the coefficients are considered unbiased linear estimates. An F-test demonstrates whether the model is valid while R square value represents model fitness or goodness of fit of the model on the data. A higher R square value is considered better which mean coefficients are good estimators of the population value estimated.

Table 2: Estimated Regression Equation

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<th>PF</th>
<th>1.140</th>
<th>+</th>
<th>0.48HRC</th>
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<tbody>
<tr>
<td>Sig.</td>
<td>(0.000)</td>
<td></td>
<td>(0.002)</td>
</tr>
<tr>
<td>( R^2 )</td>
<td>0.56</td>
<td>DW = 2.17</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>34.00</td>
<td>(4, 46)</td>
<td></td>
</tr>
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</table>
The estimated regression equation above indicates that all the coefficients are positive and significant at the 0.05 level of significance. For instance, human resource competence positively predicts project success or completion. A percentage rise in human resource competence would increase project completion rate by 48 percent when all else remain the same. The regression model is valid since the F-value is 34.0 (df 4, 46). The goodness of fit shows that the independent factor explain 56 percent variation in project success depends on other factors not captured by the model.

A Durbin-Watson statistic of 2.17 means that the regression model did not suffer from the problem of autocorrelation since the value is close to 2.0. The findings are consistent in many ways with the results obtained by other authors in the field of strategy implementation for instance, Akongo (2010), Ongori (2011) assert that educated people accomplish tasks easily and efficiently compared to uneducated employees. Education creates intellectual capital which Ongori (2011) posits is a critical force responsible for economic growth.

The relationship between human resource competence and project completion rate is strong and positive with a correlation coefficient of 0.61. Therefore CDF committee need to ensure that project leadership is competent enough through training and education to support implementation program. The team should understand the tasks to be undertaken and the interrelationship between the activities involved.

**CONCLUSION**

Human resource competence predicts project success given that it is closely tied to project leadership. Appositive and significant relationship means managers of CDF must focus attention on selecting educated and competent team or staff to oversee project implementation in Langata constituency.

**RECOMMENDATION**

The competencies of the human resources should be increased or improved so that this can bear positive result on implementation. Project staff should be well trained and knowledgeable at project management to improve success.

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