

Impact of Enhancing Human Resource Capabilities on Employee Performance in the Civil Service in Kenya

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Abstract

Most organizations recognize that enhancing the capabilities of people in the organization is the most inevitable change expected in this dynamic era of globalization and liberalization. However, the extent to which human resource capabilities in public sector have been enhanced to match performance is open to much scrutiny. The main purpose of this paper was to examine the impact of enhancing human resource capabilities on employee performance in the civil service in Kenya. The paper provides an overview of the civil service in Kenya, establishes how human resource capabilities can be enhanced in the civil service and examines the impact of enhancing human resource capabilities on employee performance in civil service. The paper informs the importance of enhancing human resource capabilities for improved employee performance in the civil service.

Keywords: *human resource development, human resource capabilities, public sector performance, employee performance, Kenya's public sector performance*

Introduction

The key source for ensuring sustained competitive advantage in regards to the management of employees is derived from notion surrounding the importance of Human Resource (HR) in its distinctive. One of the necessary prerequisites is human's resource capability and commitment, which is regarded as being synonymous with strategic human resource management. States Service Commission (1999) defines capability as "having, or being able to access, the appropriate combination of resources, systems and structures necessary to deliver the organisation's outputs to customer-specified levels of performance on an ongoing basis into the future." Developing HR capabilities must involve developing the collective HR knowledge of the entire organisation. The impact of the HR capability on the performance of organisations and its involvement in developing business strategies are becoming increasingly in both larger organisations and Small and Medium-sized Enterprises (Teece, 2007). Nowadays, the main debate in Human Resource Management (HRM), particularly in large organisation is concerned with the relationship between human resource capabilities and the overall performance of the organisation. The paper briefly explores the above relationship by outlining the effect of enhancing human resource capabilities on employee performance with reference to the civil service in Kenya.

An Overview Performance Contracting in Kenya's Civil Service

In Kenya, the debate in relation to performance of the civil service sector has been more complex than just increasing the effectiveness of strategic management systems and narrowing the gap between ambitious strategies and annual planning. Greiling (2006), observes that the main concern about human resources in public service is to improve external accountability and increase internal efficiency and effectiveness at the same time.

From the year 2003, in the Economic Recovery Strategy for Wealth and Employment Creation (ERS) of 2003-07, the government outlined its commitment towards the improvement of the general performance in the civil service. The Kenyan government introduced performance contract as a management tool for measuring performance against negotiated performance. The contract is a freely negotiated performance agreement between the government, acting as the owner of public agency on one hand, and the management of the agency on the other hand. It contract specifies the mutual performance obligations, intentions and the responsibilities of the two parties (GoK, 2007).

The expected outcome of the introduction of the performance contract in the civil service is to improve service delivery, institutionalize performance-oriented culture, measure performance, link rewards and sanctions to measurable performance, instill accountability for results and to enhance overall performance (Akaranga, 2008).

Despite the fact that performance contracting has been implemented in the civil service, in the past years, there has been poor performance in the public sector, especially in the management of public resources which has hindered the realization and utilization of sustainable economic growth (GoK, 2005). This is contributed by some factors that adversely affect the performance of the public sector. These include excessive regulations and controls, frequent political interference, poor management, outright mismanagement and bloated staff establishment. The government has continued to undertake a number of reform measures to improve performance. Notwithstanding, the measures have not provided a framework for guiding behavior towards attainment of results or ensured accountability in the use of public resources and efficiency in service delivery (GoK, 2005).

Performance contracting is not enough to enhance performance in the civil service. There are other parameters of performance. This paper presents a review of the impact of building human capabilities on organization performance.

Impact of Human Resource Capabilities on Performance

The human resources are considered to be the most ideal asset of an organization, but very few organizations are able to fully harness its potential. Human resource system is defined by Barney and Clark (2007) as a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining a firm's human resources. The management of this system has gained more attention from service organizations than from manufacturing organizations.

The sophisticated technologies and innovative public service practices alone can do very little to enhance performance unless the requisite human resource management capabilities are in place to form a consistent socio-technical system. For instance, in order to allow employees effectively contribute to performance improvement, government organizations need to carefully evaluate their existing human resource capabilities and modify the strategic process (Ambrosini & Bowman, 2009).

Morley and Collins (2006) observe that HR capability is a source of competitive advantage, since it is embedded in the collective knowledge of the members in an organisation which is developed over a period of time and valuable as the firm's routines for managing people can direct employees talent and behaviour to meet objectives and create value. The key HR activities directly relevant to building organizational capability involve attracting and retaining individuals with skills related to the core competencies of the organization. In order to cope with the challenges posed by globalization and rapid change, organizations are increasingly relying on HRC Human Resource Capabilities.

According to Park et al (2004) Human Resource capabilities are important and do contribute towards organisation's performance. However, without proper implementation or utilization, these resources may not automatically result in a competitive advantage. In the field of major services sectors, Human Resources capabilities constitute a vital management task when clients are facing challenges because of the performance of the employees who have the experience and the quality of performance and that human resource management plays an active and vital role in the success of the reform of that service sector (Harris et al., 2007). Thus, the firms with a stronger commitment to deploying human resource capability as dynamic capability are more successful (Teece, 2007).

Park et al. (2004) identifies human resource capability as the most critical resource in HR practices. First, a firm's set of human resource practices result from the organization's routines, beliefs, and traditions of how people are most effectively managed which stems from the organization's HR capabilities. Second, the dynamic environment suggests that static assets like bundles of HR practices cannot alone produce sustained competitive advantage. Rather, as firms adjust to economic upheaval, technological changes, globalization, and increased competition, they must adjust their practices and reconfigure their collection of skills to meet these changing needs. Thus, human resource capabilities allow organisations to make these essential adjustments.

Human Resource capabilities enhance organisation competitive position by creating superior human capital skills, experience and knowledge that contributes to an organisation that contributes to an organisation's economic value. Khandekar et al (2005) argue that resources such as HR capabilities are important for firm's purpose. On the other hand, De Winne and Sels (2010) asserted that HR capabilities are the pre-eminent organizational resource and the key to achieve outstanding performance while McNamara and Parry (2012) stated that Human Resource Capabilities and its attributes lead to firm's effectiveness.

A study entitled “the effect that human capital has on innovation performance of companies” by Ruiz (2013) considering aspects such as the educational level of employees in the company, or the relative importance of employees with a knowledge intensive work within the company showed that companies with a higher level of human capabilities, have better innovation performance. Similarly, Breznik (2008) explored the notion of dynamic capabilities as a dominant source of sustainable performance, focusing on human resource capability. The study found that firms which deploy human resource capability as dynamic capability hold the potential for a sustained competitive advantage, especially in a high velocity environment. Specifically, firms with a stronger commitment to deploying human resource capabilities as dynamic capabilities are more successful, and vice versa.

Khandekar and Sharma (2005) examined the role of human resource capability (HRC) in organisational performance and sustainable competitive advantage (SCA) in Indian global organisations. The study revealed that human resource capabilities are positively correlated to organisational performance. Further the study showed that human resource capability is a significant predictor of sustainable competitive advantage. The value of human capitals is dependent upon their potential to contribute to the competitive advantage or core competence of the firm. Therefore, strategic value of human resource is a relative value. On the one hand, it is determined by the extent to which employees’ skills enable a firm to enact strategies that improve efficiency and effectiveness, exploit market opportunities, and neutralize potential threats.

According to Lepak et al. (2007), uniqueness of human capitals is the degree that their skills cannot be duplicated and imitated by current or potential competitors or its uniqueness other than their rivals. Thus, enhanced social complexity, causal ambiguity, and development of tacit knowledge is associated with the uniqueness of an employee’s skills result from a variety of factors such as team-based production and unique operational procedures.

The impact of HR capabilities on organizational discipline has tended to address structural issues and analytical questions, and has paid little attention to human resources issues (Kathuria & Partovi, 1999). This lack of attention is surprising when one considers human resources’ critical role in achieving superior performance in competitive priorities, such as low cost, quality, delivery, flexibility, and innovation. Over the years, HRM performance has the potential to improve and sustain organizational performance. The practices include emphasis on employee selection based on fit with the company’s culture, emphasis on behaviour, attitude, and necessary technical skills required by the job, compensation contingent on performance, and employee empowerment to foster team work, among others (Harris et al, 2007).

Karami (2005) conducted a study on how human resource capabilities affect the organisations’ performance with reference to electronic industry in the UK. The findings were based on empirical survey of Chief Executive Officers’ (CEOs) and their perception of the HR involvement in strategy development in high tech SMEs. The study found that increasing the core competencies of the firm, in particular human resource capabilities was the key element to success of the studied SMEs. Chuang et al. (2014) conducted another study on the effect of human resource capability, internal customer satisfaction and commitment, and organizational

effectiveness. Based on research findings, insightful and practical guidance is suggested for leveraging human resource capability to enhance organizational performance.

From the reviewed literature, it is evident that enhancing human resource capabilities contributes to organization performance. It appears that most of the previous body of knowledge concerns the impact of human capabilities on performance of corporate organizations. Thus, the need for empirical studies to be conducted on the effect of building human resource capabilities on performance of public organizations.

Conclusion

This paper has attempted to make a significant contribution in the area of Human Resource Management by outlining the impact of enhancing human resource capability on organization performance. The paper has established a review-based association between human resource capabilities and organization performance. As per the reviewed literature, there is evidence that points out that increasing the core competencies of the human resources, can lead to organization performance. However, it is not by default that building human competencies can directly enhance performance. While most of the past reviewed studies evidently show that there is an association between human resource capabilities and organization performance, it appears little attention has been given to the impact of human resource capabilities on employee performance in the civil service. Thus, there is need to conduct an empirical study to examine the effect of human resource capabilities on employee performance in the civil service.

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