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INFLUENCE OF HUMAN RESOURCES ON PERFORMANCE THROUGH CORPORATE GOVERNANCE OF REGIONAL DEVELOPMENT AUTHORITIES IN KENYA

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ABSTRACT

The objective of this study was to determine the influence of corporate governance on the relationship between organizational resources and performance of regional development authorities in Kenya. The specific objectives were to determine the influence of human resources on the performance of regional development authorities in Kenya and establish the moderating effect of corporate governance on the relationship between human resources and performance of regional development authorities in Kenya. The study adopted explanatory research design. The study was conducted in six regional development authorities that cover 47 counties. This included Kerio Valley Development Authority, Ewaso Ngiro South Development Authority, Ewaso Ngiro North Development Authority, Coast Development Authority, Lake Basin Development Authority, Tana and Athi Rivers Development Authority. The targeted population was 169 comprising of chief managers, managers, heads of department and chief accountant. The study used stratified random sampling to select 118. Primary data was collected using structured questionnaires and interview schedules. Pilot study was conducted to test validity and reliability of research instruments. Validity was ascertained using content and construct validity while reliability using Cronbach alpha. Data was analyzed using both descriptive and inferential statistics. The null hypotheses were tested at 5% significance level. The findings revealed that when human resources changes by a unit, performance changes by 0.418 units (β2=0.418, P=0.000). Corporate governance has significant moderating influence on the relationship between human resources and performance as indicated by change in R^2=0.241, p=0.000 implying that the corporate governance explained up to 24.1% change in performance of regional development authority. Accountability had significant positive moderating effect on the relationship between human resources and performance while board composition had significant negative moderating effect on the relationship between human resources and performance. The study recommended possessing human resources is not enough to create superior performance hence there is need for firms to be organized in order to take full advantage of their human resources.

Keyword: Human Resources, Corporate Governance, Performance, Regional Development Authorities.

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INTRODUCTION

Human resource is in form of knowledge, experience, ability and skills rooted among employees of the organization. Tactical knowledge acquired by a firm cannot be easily duplicated by rivals, since it is implanted in the human skills and experience of a firm which leads to profitability (Njoroge, Muathe, & Bula, 2015). Makokha et al. (2017) asserts that todays' organizations should consist of fast, flexible and dynamic teams of enthusiastic, motivated, creative and fully self-expressed people. According to Horwitz and Budhwar (2015) human resources will have to play a substantial role in the business in order to perform the tasks professionals should perform. The ability to lead any change process, innovation, problem solving, and the leadership ability to influence the organization, are all newer roles and competencies of human resources that every employee should have, especially in the Telecommunication industry (Swanson & Richard, 2013).

Resource Based View of the firm states that not all firm's resources generate superior performance but only certain types that are controlled and owned by the firm (Ndofor, Sirmon & He, 2011). Though the studies were analysed using multiple regression which was adopted for the current study, the studies used RBV theory only, which was used in the current study together with intellectual capital theory. According to the focus on resources, a firm's success is due to joint resources and capabilities which an enterprise owns and which makes it different from its competitors. Among such resources and capabilities, this research focus is on human resources and the crucial attributes of knowledge, skill, know-how, and commitment since it centers on employee's commitment (Anupam & Upasma 2012).

Guthrie, Flood, Liu and McCurtain (2011) concluded that high quality human resource with high ability has a strong positive correlation with individual job performance in Ireland. Therefore, human resource must be heterogeneous in terms of skills, knowledge and experiences as far as type and level is concerned. However, this study tested for a direct relationship between the independent and the dependent variables, whereas the current study tested for indirect relationship by introducing moderating variables. According to Zarutskie (2010), if a company desires to sustain its competitive advantage, then it must understand the components of the human capital resource that can contribute to above-average profitability. The research claimed that human capital can only be measured through knowledge, experience, skills, competencies and cognitive ability. This is in contrast with Hotice (2010) who indicates that human capital is measured through other indicators such as talent management, reward and compensation practices of an organization.

From the foregoing studies, it is evident that there is nexus between organizational resources and organizational performance, not only in local context but also regional and global context. The importance of organizational resources is underscored by Othman et al. (2015) and Anderson & Eshima (2013) although there is marked difference on the type of resources and their contribution to performance. However, some studies have inertly advocated for a moderating or mediating variables since organization resources on their own do not results to maximum organization performance. Kimaite (2016) revealed that performance is driven, in part, by organization resources such as human resources and financial resources. This was also asserted by Tuzie (2012) who indicated that mere investment in these resources does not guarantee enhanced productivity. Mahasi (2016) established the existence of a moderately strong relationship between organisational resources and performance. The study established that physical and financial resources were key attributes of the performance. Hence resources should be considered in totality. However, it was recommended that future studies should incorporate corporate governance.

Statement of the Problem

Government from the year 2009 unveiled major development projects worth Sh250 billion to stimulate a faltering economy and create over a million jobs through multi-purpose projects through the six Regional Development Authorities in various parts of the country. These projects covered areas of irrigation of food and cash crops, hydro power generation, and supply of clean water, development of fisheries, water catchments conservation, and creation of local employment and rural development. The projects were expected to directly create 213,000 jobs and another 956,000 indirect jobs. However, over half of the projects have been stalled while some of them have not started (GoK, 2018). Therefore, delays in completions have resulted in increase in food insecurity, unemployment and low economic growth.

There have been a number of studies on organizational resources on organizational performance although with mixed outcome. Some studies indicating no significant influence (Lee, 2009), other negative Mwai et al., (2018) other positive influence Ongeti, (2014). According to Zarutskie (2010), human capital resource can only be measured through knowledge, experience, skills, competencies and cognitive ability which contradict Hotice (2010) who indicates that it measured through other indicators such as talent management, reward and compensation practices of an organization. These contradictions in findings have created aspersions on the relationship between organization resources and performance. Existing studies have provided evidence that introduction of moderating variables, has resulted to establish a definite relationship between organizational resources and performance yet few studies have examined moderating influence of corporate governance. However, some studies have indicated negative moderating effect (Juma, 2012), non-significant (Love and Rachinsky, 2015) and positive moderating effect (Muturi et al., 2017) of corporate governance. This leaves a significant knowledge gaps on the relationship between organizational resources, corporate governance and organizational performance.

Objectives of the study

The specific objective of this study was to;

- Establish the influence of human resources on performance of regional development authorities in Kenya.
- Determine the influence of corporate governance on the relationship between human resources and performance of regional development authorities in Kenya.

The study was guided by the following research hypotheses;

- **H_{01}: H**uman resources have no significant influence on the performance of regional development authorities in Kenya.
- **H_{02}:** Corporate governance has no significant moderating effect on the relationship between human resources and performance of regional development authorities in Kenya.

LITERATURE REVIEW

The resource-based view (RBV) is a way of viewing the firm in terms of an approaching strategy. Fundamentally, this theory formulates the firm to be a bundle of resources. It is these resources and the way they are combined, which make firms different from one another. It is considered as taking an inside-out approach while analyzing the firm. This means that the starting point of the analysis is the internal environment of the organization (Porter, 2008). The Resource Based View of the Firm considers that each enterprise is heterogeneous, having different established resources which arise from its own past history. Heterogeneous character can be maintained for a long time, thereby, having long-term income. A resource is heterogeneous when it is unevenly distributed and deployed across firms within a given competitive environment. It is also necessary that competitors are not able to imitate the resources or capabilities otherwise; the competitive advantage could rapidly disappear when another enterprise owns or develops those strategic resources (Armstrong, 2010).

The basic argument of RBV is that organization performance is determined by the resources it owns. An organization with more valuable scarce resources is more likely to generate sustainable competitive advantages. In a recent study, in strategic management, Crook et al. (2008) argued that RBV "has emerged as a key perspective guiding inquiry into the determinants of organizational performance". The resource based view theory was used in this study to explain the importance of financial resources (Brush, & Brown, 2015). Stacey (2011) advanced for the use of the framework by stating that financial resources enable organizations to acquire other resources. According to RBV, businesses achieve sustainable competitive advantage when they effectively manage the resources owned or obtained (Barney & Hesterly, 2012). As applied to the study, the RBV provides the conceptual lens to understand how obtaining financial resources may contribute to the organization performance. The application of the RBV may be helpful in letting participants identify what strategies needed to obtain financing that could help achieve superior organizational performance (Gillis et al. 2014).

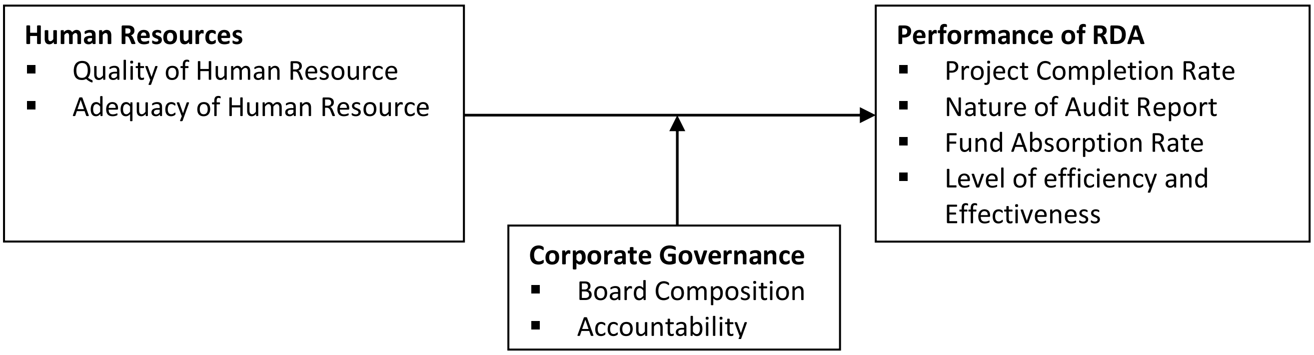
Barney (1991) asserted that the most sustainable competitive advantage is achieved when the company has a human resource pool that cannot be substituted by its rivals. Investment in training and development is a means of retaining and winning people and the returns expected are performance improvement, productivity, innovation that results to increased levels of knowledge and competence. David (2013) states that the human resource plays a crucial role in strategic implementation to be achieved through involvement of both employees and managers of the organization and these can be achieved through regular department meetings. Schultz (2001) argues that both skill and knowledge power are a form of capital whose concept implies investment in group of people through training and education which leads to increased productivity in a positive rate of return leading to growth in organization, increased profits, high remuneration and low staff exits. Shane (2003) concurs and reiterates that the human resource is one of the main parameters in organization performance. Highly educated managers utilize their knowledge and when they combine this with their social contacts manage to acquire appropriate human resources required to create a highly performing firm.

Intellectual Capital Theory

The concept of intellectual capital has topped the management agenda in recent years. Plant, machinery and other forms of capital are now recognized to account for only a fraction of an organization's wealth. The rest of that wealth is bound up in the knowledge, skills, abilities and intellect of the people of the organization, and their willingness and ability to apply them in the pursuit of organizational goals (Armstrong, 2010). The theory of intellectual capital is closely related to what human resource management practices attempts to achieve in terms of building and maintaining the human capital resources required by the firm (Bridger, 2014). It also encompasses the development of structure to ensure that people work effectively together and that they exchange relevant information and ideas and make the best use of the resources of knowledge possessed by the organization (Boxall & Purcell, 2015).

Intellectual capital consists of the stocks and flows of knowledge, ability, skill and competencies available to an organization (Burbach & royle, 2010). These can be regarded as intangible resources which together with tangible resources (money and physical assets) comprise the market or total value generating processes of a firm and are under its control. As described by Bridger (2014), these incorporate the value of all relationships inside and outside the organization including those with customers and suppliers. They also cover the values attached to such intangibles as goodwill, corporate image and brands.

The three elements of intellectual capital by Vaiman et al. (2012) are human capital, social capital and organizational capital. Human capital at the micro-level refers to the knowledge, skills and abilities of the employees in an organization and can be made by developing existing staff through training and development or bought by attracting new staff with the skills and knowledge required so as to get the right human capital the first time (Cappelli, 2008). This in addition makes employees feel valued and in return have a sense of commitment in their organizational undertakings. Social capital on the other hand refers to the stocks and flows of knowledge derived from networks of relationships within and outside the organization. It may also refer to the structure within which human capital is most effectively deployed, and includes the use of communication, involvement and other initiatives to facilitate the exchange of knowledge (Caillier, 2012). Organizational capital is most likely to be the object of knowledge management systems as organizations strives to find better ways to capture, store and use knowledge effectively (Carins, 2009). In addition, in the process of placing and orienting these new hires into the organization, employees are able to communicate and exchange ideas amongst themselves as a way of exercising the social capital in the organization. This theory is relevant to the study as it informs the human resource variable in that organizations are able to identify the best human capital to work with by attracting new staff with the right skills and knowledge.



Independent Variable **Moderating Variable** **Dependent Variable**

Figure 1: Conceptual Framework

Human resources were measured using quantity (adequacy) and quality of human resources. Quality of human resource included competence of human resources, talent management, skill and experience. Noteworthy the study was interested to find out if human resources are competent to carry out job assigned to them, there is effective talent management through proper allocation of roles and duties as well as the human resources at six RDA have appropriate skills and experience to enhance their performance. On the hand, quantity of human resources entailed adequacy of human resources so as the execute mandate of the RDA effectively and efficiently. The moderating variable was corporate governance which was measured using board composition and accountability. Lastly, dependent variable which is performance of regional development authority was conceptualized as project completion rate, nature of audit report, fund absorption rate, level of efficiency and effectiveness.

Empirical Review

Widarni (2015) sought to establish the influence of Human Capital Elements on Performance: Evidence from West Java SMEs. A valid research instrument was utilized to conduct a survey on 250 SME and 897 respondents that are representative of 397 SMEs and 1,087 respondents. Correlation and regression analysis were conducted to ascertain the validity of the hypotheses. The result was established that human capital elements (employee

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educational level, experience and motivation) are associated with SME`s performance. Furthermore, human capital as a whole accounts for 55.9 percent of the variation in performance Indonesia`s SMEs. There were methodological gaps in the manner in which validity and reliability of the research instruments. The study did indicate how these two were achieved in the study although correlation and regression analysis were used. Further, the study was conducted in Indonesia's SMEs making it difficult to replicate the findings to Kenya public institution context. Here there is a need to conduct a study that focused on RDA performance.

Obar (2017) determine the effect of HRD on competencies, recruitment, employee retention and Corporate Image. The study employed descriptive research design both primary and secondary data were used. The primary data was obtained through a structured questionnaire administered to 50 respondents out of a population of 300 employees, ten from the top management, twenty from the middle level managers, and the other twenty from lower cadre. Secondary data was based on the available Government documents, reviewing the literature of HRD, HRM and research reports. The findings established that the availability of recruitment process and other factors as experience, academic qualification and aptitude tests makes the process more transparent and effective, on competencies the findings indicated that there is definitely an increase in individual and organisational performance if core, managerial and functional competencies are enhanced through HRD programs. The study did not indicate how sample size of 50 was arrived at. The study did not use inferential statistics. The study used corporate image as dependent variable. The current study used organizational performance as dependent variable and inferential statistics utilized to test the null hypotheses.

Tumwine, Nasiima and Kamukama (2014) sought to establish the elements of human capital that are influential in steering the performance of medium and large manufacturing firms (MLMC). A valid research instrument was utilized to conduct a survey on 359 MLMCs (256 Medium firms and 103 large manufacturing companies) and 897 respondents that are representative of 397 MLMCs and 1,087 respondents. Correlation and regression analysis were conducted to ascertain the validity of the hypotheses. It was established that human capital elements (employee educational level, experience and motivation) are associated with MLMC`s performance. Furthermore, human capital as a whole accounts for 55.9 percent of the variation in performance Uganda`s MLMCs. The sampling procedure was not clear as the study failed to indicate the sampling frame. Further, the study was conducted in manufacturing sectors which is largely private owned and therefore, the findings cannot be generalized to the public sector. The current study targeted state corporations in Kenya focusing on the management cadre of six regional development authorities in Uganda.

Samad (2013) presents a research finding on the relationship between human resources and business performance. Data in this study was collected from a sample of 390 managerial staff in Malaysian logistics companies based on stratified random sampling. The obtained data were analysed using SPSS Version 20. The study found that human capital aspects are related to business performance. The study revealed that all aspects of human capital contributed significantly to business performance. The findings indicated that human capital aspects of employees' competency and creativity emerged as the main factor that influenced business performance. This implies that competency and creativity have significantly enhanced the business performance in Malaysian logistics companies. Unlike private sector, public sector is not interested in business performance but non-financial performance metric such as citizen satisfaction and project performance. Further, the study was limited Malaysian logistics companies and therefore, there is need to carry out this study so as to compare and contrast the findings.

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Tessema (2014) sought to establish the relationship between human resource components and firm performance of the leather footwear manufacturing SMEs in Ethiopia. A survey research design was adopted. From this exercise, a total of 322 Small Scale Footwear sector were identified in the study site as registered in the MSEs. From the sampling frame, simple random sampling procedures were used to select the study sample. Following the seminal sample size determination formula produced by Krejcie and Morgan (1970), this study's sample size is 175 enterprises. Estimation results using a regression model indicates that having human capital investment in company lead to the improved Company Performance. Even though the study came to a conclusion and human resource components affects firm performance, none of the human resource components were highlighted in the findings. The current study used talent management, competence, skills and experience for human resources components.

METHODOLOGY

The study adopted explanatory research design which explores cause effect relationships. The explanatory research design also allows for systematic collection of data in standardized form from an identifiable population or representative (Mugenda and Mugenda, 2008). The study was carried out in six regional development authorities that cover all 47 counties in Kenya. The target population was 169 managerial staff in the RDAs which was categorized into chief managers, manager, head of departments and chief accountants. Stratified proportionate random sampling technique was used to select the sample. The study grouped the respondents into four strata i.e. chief managers, managers, heads of departments and chief accountants. From each stratum the study used simple random sampling to select 118 respondents from a target of 169. The study used Yamane (1973) formula to arrive at a sample of 118. The study utilized primary data collected using questionnaire and interviews. This study assessed validity of the study instrument using construct validity and content validity. To measure the reliability, Cronbach Alpha technique was employed. The researcher used descriptive statistics that include measure of central tendency; mean and measure of variability; standard deviation, maximum and minimum. The study used inferential statistics such as correlation analysis and regression analysis to test null hypothesis. SPSS software version 22 was used for statistical analysis.

FINDINGS AND DISCUSSIONS

The objective of the study was to establish the influence of technological resources on performance of regional development authorities in Kenya. The objective sought to test the null hypothesis which posited **H_0:** Human resources have no significant influence on the performance of regional development authorities in Kenya. The presentation entails descriptive statistics such as mean and standard deviation and inferential statistics included correlation, simple regression and multiple linear regression.

Descriptive statistics for Human Resources

The respondents were asked to indicate the level of agreement from strongly disagree (1) to strongly agree (5). The results are as shown in Table 1.

Table 1: Descriptive statistics for Human Resources

Human Resources	Mean	Std. Error	Standard Deviation
Staff members have been deployed according to their skills and competences	3.176	.0756	.7632
Staff members have been deployed according to their academic qualification	3.147	.0742	.7499
All employees have been fully engaged in their specific roles	2.941	.0846	.8539
The organization has had a highly qualified top management team	3.686	.0892	.9008

The organization has had adequate core staff to perform its functions	3.284	.0793	.8007
Individual employees have had the relevant skills required for their specific roles.	3.588	.0840	.8484
The organization has deliberately facilitated knowledge sharing across its different departments.	3.147	.0742	.7499
Employees routinely go for trainings in relevant areas	3.549	.0808	.8160
I am satisfied with the human resource practices in my organization	3.245	.0743	.7504
Average	**3.307**		

Source: Field Data (2019)

From Table 1, staff members have been fairly deployed according to their skills and competences (M=3.176, SD=0.7632). The insignificant deviation implies that staff members have been fairly deployed according to their skills and competence. The Staff members have been fairly deployed according to their academic qualification (M=3.147, SD=0.7499). The insignificant standard deviation implies that staff members have been fairly deployed according to their academic qualification. The results also revealed that all employees have been fairly engaged in their specific roles (M=2.941, SD=0.8539). There is some variation in term of fully engaged in their specific roles by the employees

The results also revealed that RDAs have a highly qualified top management team (M=3.686, SD=0.9008). The significant standard deviation implies that there is variation in terms of highly qualified top management team in the RDA hence some RDA do not have high qualified top management. The RDAs have fairly adequate core staff to perform its functions (M=3.284, SD=0.8007). There is some variation in term so of adequate core staff to perform its functions. RDAs have individual employees who have relevant skills required for their specific roles (M=3.588, SD=0.8484). There is some variation in terms of individual employees who have relevant skills required for their specific roles.

The RDAs have fairly facilitated knowledge sharing across their different departments. (M=3.147, SD=0.7499). There is some variation in regard to facilitating knowledge sharing across their different departments. RDA employees routinely go for trainings in relevant areas (M=3.549, SD=0.8160). However, from the standard deviation, there is some variation in regard routine training in relevant areas. Lastly, respondents were fairly satisfied with the human resources in their organization (M=3.245, SD=0.705). From the standard deviation, there is some variation in regard with human resource satisfaction in the RDAs.

The results from interview indicated that RDAs to some moderate extent have adequate human resources to achieve their performance objectives. The respondents indicated that the human resources management department has been following due process during employee procurement so as to ensure that they have quality human resources at their disposable. However, financial implications have denied the RDAs to attract and retain high quality human resources as well as adequate human resources to achieve it performance targets. The respondents revealed that they are cutting on wage bill implying that some aspect of human resources management are difficult to be execute as they are required to spent most of funds on development projects as compared to attracting and retaining of human resources through competitive remuneration.

The interview results also revealed that RDAs have to some extent failed to put structures that ensure talent management and succession so as to maintain their pool of human resources. The study noted that, just like any other state corporation/parastatals, the RDAs are facing acute employee attrition through retirement and this to some extent has affected their performance and therefore, they need structure to ensure there is robust talent management and succession plan. On the hand the respondents also affirm even though they allowed their employees to for training especially in Kenya School of Government, only employees in the management are considered on regular basis as compared to other cadre of employees. This comes at backdrop of employees carving for training especially with change in technology and other challenges in the work place which require employees to upscale their skills so as to increase their efficiency at workplace.

In the utilization of human resources, the interview results indicated that RDAs have been deploying human resources in various departments according to academic qualification, competence, skills and experience. Mean scores for human resource skills were reported to be to a moderate extent. These results are in tandem with GoK (2013) postulation that Kenyan State Corporations had weak human resources structures and institutional capacity to attract and retain skills set to drive performance. Highly skilled human resources were not possessed by these institutions to a very high extent as one responded put it:

> "The emphasis on replacing the resigning and exiting personnel with seconded staff from other government departments has compromised quality (professionalism and competence). Delays in accessing required personnel through the seconding have adversely affected service delivery"

This indicates that in some state corporations there could be shortage of staff. It also appeared that some of the employees were not competent enough. The results concur with the findings of Crook et al (2011) who found that human capital relates strongly to performance. Others (Combs and Ketchen, 1999; Celuch et al, 2002) established that possession of skilled, relevant and sufficient human resources leads to superior performance. Organizations that have sufficient and skilled human resources that match their needs may out perform their peers in industry. Attracting and retaining high-quality personnel is considered a critical (Branzei and Vertinsky, 2006) to organizational success. Adequacy of number of employees is crucial to capability creation. Skill-development and training develop difficult to trade and imitate, scarce and appropriable specialized human capital assets that can lead to superior performance (Amit and Shoemaker, 1993).

Inferential Statistics for Human Resources

Inferential statistics for this objective which entail simple linear regression and hierarchical linear regression was conducted to establish the influence of human resources on performance of regional development authorities in Kenya. The results were as shown in Table 2.

Table 2: Modal Summary and ANOVA for Human Resources

Model	R	R^2	Adj R^2	Std. Error of the Estimate	Change Statistics			
					R^2 Change	F Change	df	Sig. F Change
1	.444[a]	.197	.189	.35126	.197	24.550	1,100	.000
2	.662[b]	.438	.421	.29675	.241	21.058	2,98	.000
3	.715[c]	.512	.486	.27962	.073	7.187	2,96	.001
a. Predictors: (Constant), HR								
b. Predictors: (Constant), HR, BC, AC								
c. Predictors: (Constant), HR, BC, AC, HRAC_, HRBC_								

PF=Performance, HR=Human Resources, BC=Board Composition, AC=Accountability, HRBC_= Human Resources * Board Composition, HRAC_= Human Resources* Accountability

Source: Field Data (2019)

From Table 2, the correlation (R) value was 0.444, P=0.000 implying that the relationship between human resources and performance of RDA is moderate and positive. Therefore, improvement in human resources would results to increase in performance of RDAs. The R square shows that up to 19.7% of variation in performance of RDAs is significantly accounted for by human resources (R2=0.197, P=0.000). This indicates that human resources have significant influence of the performance of RDA. The F test gave a value of (1, 100) = 24.550, P<0.01, which supports the goodness of fit of the model in explaining the variation in the RDA performance. It also suggests that human resources are a useful predictor of RDA performance.

Moderating Influence of corporate governance on Human Resources and Performance

The study also sought to establish the moderating influence of corporate governance on human resources and performance. In this regard, board composition and accountability were added in the model and thereafter, the interaction between human resources and board composition as well as interaction between human resources and accountability was also added in the model.

The results revealed that addition of board composition and accountability in the model resulted additional 24.1% variation in the effect of human resources on performance of RDA bring the overall R square to 43.8%. This change in R square was significant as indicated by F(2,98)= 21.058, P=0.000. In the third model, the interaction between human resources and corporate governance constructs were added in the model and resulted to additional 7.3% variation in the effect of human resources on performance of RDA bring the overall R square to 48.6%. This change in R square was significant as indicated by F(2,96)= 7.187, P=0.001. It is clear that in model 3 with the interaction between corporate governance (CG) constructs and human resources accounted for significantly more variance than just human resources and corporate governance level by themselves, (R2 change = .073, p = .001), indicating that there is potentially significant moderation of GC on the relationship between HR and performance (Pf).

Table 3: Regression Coefficient for Human Resources

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.725	.396		4.358	.000
	HR	.576	.116	.444	4.955	.000
2	(Constant)	-.223	.452		-.493	.623
	HR	.357	.106	.275	3.367	.001
	AC	.181	.119	.145	1.522	.131
	BC	.557	.121	.424	4.612	.000
3	(Constant)	-.330	.445		-.740	.461
	HR	.425	.104	.327	4.100	.000
	AC	.117	.114	.094	1.027	.307
	BC	.589	.123	.448	4.789	.000
	HRAC_	.311	.109	.221	2.844	.005
	HRBC_	-.307	.124	-.204	-2.476	.015
a. Dependent Variable: PF						

Source: Field Data (2019)

From Table 3, the unstandardized regression coefficient (β) value of human resources was 0.576 and significance level of p< .001. This indicated that a unit change in human resources would result to change in performance of RDAs by 0.576. The regression equation to estimate the performance of RDAs in Kenya as a result of human resources was hence stated as:

Performance = 1.725+0.576 Human Resources

The results concurred with the findings of Crook et al (2011) who found that human capital relates strongly to performance. Others (Combs and Ketchen, 1999; Celuch et al, 2002) established that possession of skilled, relevant and sufficient human resources leads to superior performance. Organizations that have sufficient and skilled human resources that match their needs may out perform their peers in industry. Attracting and retaining high-quality personnel is considered a critical (Branzei and Vertinsky, 2006) to organizational success. Adequacy of number of employees is crucial to capability creation. Skill-development and training develop difficult to trade and imitate scarce and appropriable specialized human capital assets that can lead to superior performance (Amit and Shoemaker, 1993).

The results revealed that the regression coefficients and their respective significance level for human resources decreases when CG constructs was added to the regression model suggesting that CG constructs may be exerting a partial moderating effect on the relationship between the two variables. The results confirmed that CG (BC) and CG (AC) had a significant moderating influence on the relationship between human resources and performance of RDAs.

The study found a statistically significant relationship between human resources and performance of regional development authorities in Kenya. It worth to note that the quality and quantity of human resources influence performance of RDAs. For regional development authorities to have superior performance, they need to have adequate human resources in all cadres who are fully engaged in their roles. This implies that RDAs should be sufficiently funded so that they have the right quantity of human resources as most of the RDAs cover several counties. This would increase the quality of services delivered to the residents. The study also noted that, quantity does not matter without quality. In this case, RDAs with right staff according to skills, academic qualification, competence and experience would realize superior performance. A part from that, RDAs which have facilitated knowledge sharing within organization and outside organization have improved the quality of human resources resulting to increase in employee performance. Therefore, human resources have significant positive influence on the performance of regional development authorities.

These results are in agreement with Tumwine, Nasiima and Kamukama (2014) who found significant association between human resources and performance of 256 Medium firms and 103 large manufacturing companies in Uganda. Similar results were registered by Samad (2013) who revealed that all aspects of human capital contributed significantly to business performance. These results contradict some previous studies while concurring with other empirical studies and theory. For instance the findings differ with GoK (2013) which asserts that most Kenyan state corporations had weak human resource and institutional capacities to attract and retain the skills needed to drive performance. Notably, the contribution of human resources in combination with others yielded a negative coefficient.

These findings juxtaposed with comments from respondents that a freeze on hiring of staff to use seconded staff was compromising quality could partly concur with the GOK"s postulations. These results also concur with Newbert (2007) who argued that human capital might not be an important determinant of performance. Conversely, independent effects of human resources on performance yielded statistically significant results, concurring with those of Crook et al (2011) who established that human resources possessed by organizations relate strongly to performance and that firms possessing superior human resources outperformed others.

The results are also in tandem with suggestions that human resources are a source of value and impact positively on performance both at managerial level (Andrews, 1965; Chandler, 1962) and the individual level (Becker, 1964; 1983). Other studies which link human resources to superior performance include Celuch et al. (2002) and Ranft and Lord (2002). Employee skills and their relative contributions in value creation enhance performance (Erdil et al, 2010).

RBT proposes development and maintenance of core employees‟ skills for superior firm performance. This study results have supported these theoretical propositions. First, it established that regional development authorities possessed core employees as well as skilled managers to a moderately high extent. This position leads to a significant influence on performance of regional development authorities. Second, the results indicated that regional development authorities did not have more employees in their respective organizations than their operational requirements. On the hand, it has been proven that possession of human resources alone does not guarantee superiors performance hence bring to fore the role of dynamic capabilities theory in this study. According to the theory, the capabilities of the theory have significant influence of the resources on the organization performance. In this case, skills, experience and academic qualification are vital qualities of human resources in achieving superior organization performance.

This is good for performance since having excess human resources leads to duplication of roles and laxity. Intangible resources influence on performance was another aspect studied. The results indicated that intangible influence on performance of Kenyan state corporations was statistically significant. These results are consistent with those of (Erdil, Kitapci and Timurlenk, 2010) as well as Gatignon and Xuereb (1997) who established that possession of organization knowledge, culture and other unique intangible resources leads to superior performance.

They posit that organizational knowledge and skills become an intangible resource when the organization encourages a culture of sharing across the organization and thus the skills are uniquely possessed by the organization itself. Choe et al (2006) established that there was a positive relationship between intangible assets and performance. Knowledge yields to better combination of other resources yielding to better performance (Nonaka, 1994). However, the results of independent effects of knowledge on performance of Kenyan state corporations were negative though not statistically significant.

CONCLUSION AND RECOMMENDATION

Human resource is considered key organizational resources as other resources directly or indirectly depend on human resources to have impact on the organizational performance. On the other hand, availability of other resources in the organization can have influence on the performance of human resources especially in term of acquisition and efficiency. The RDAs were found to have fairly adequate human resources in term of quality and quantity and this is vital in achieving organization performance targets. The utilization of human resources has been fairly done according to skills, competent, experience and academic qualification as quality of human resources is determine by these metrics. However, not all RDAs have the all of their employee fully engaged in their specific roles which may be detrimental to organization performance. RDAs ensured that that they have a highly qualified top management team and they go for trainings in relevant areas. Human resources have significant positive relationship with RDA performance in Kenya. This suggests that improvement in human resources in terms of quality and quantity would results to significant increases in RDA performance in Kenya especially in the absorption rate of funds and level of efficiency as well as effectiveness. Therefore study concluded that human resources have significant influence on the performance of Regional Development Authorities in Kenya.

Human resources are significant in influencing performance of regional development authorities in Kenya. The study therefore recommends possessing human resources is not enough to create superior performance hence there is need for firms to be organized in order to take full advantage of their human resources. It is therefore imperative for the organization to establish a continuous human resource development to be able to anticipate and deal with the emerging issues in strategy implementation. Further, the study recommended that human resources should be well positioned and designed as a strategic partner because they are involved in formulating and in implementation of the strategies.

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