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CAPACITY BUILDING STRATEGIES AND OPERATIONAL EFFICIENCY OF GEOTHERMAL DEVELOPMENT COMPANY LIMITED IN KENYA

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ABSTRACT

The study aimed at examining the role of capacity building strategies on operational efficiency of Geothermal Development Company Limited in Kenya. The study was based on examining the influence of training and development, leadership development, knowledge management and stakeholder management strategies on operational efficiency of Geothermal Development Company in Kenya. The study was anchored on Capacity building theory, Human capital development theory and Knowledge based theory. The study adopted descriptive design and targeted 78 senior employees from the three department of Finance and audit, human resource and administration and the procurement and legal departments, who were sampled through census approach. Data was gathered through questionnaires and later analyzed descriptively using Statistical Packages for Social Sciences. Findings showed a positive and significant relationship between training and development, leadership development, knowledge management and stakeholder management and operational efficiency of Geothermal Development Company. The study recommended for robust measures to be undertaken realizing the potential of employees through capacity building initiatives. The study suggested more researches on impact of capacity building on sustainable business practices, how capacity building influence innovation management in manufacturing firms and employee engagement and motivation through capacity building.

Key Words: *Training and Development, Leadership Development, Knowledge Management, Stakeholder Management Strategies*

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INTRODUCTION

Kenya has made strides, among the first countries in Africa, in the development and harnessing of the geothermal power to augment its power supply. The advancement in this field of geothermal energy, albeit slowly, aimed at harnessing geothermal energy for the production of electricity (Onyambu, 2010). In order to effectively utilize this clean natural resource, programs and initiatives for human capacity building must be implemented. This is because Kenya and Africa as a whole lack skilled personnel in the fields of resource assessment, exploration, drilling, and reservoir engineering (Geothermal Development Company strategic plan 2023-2027). According to Kungu, Omare and Tumwet (2019) the challenges faced by Geothermal Development Company (GDC) is developing a skilled and competent workforce with the requisite necessary abilities to assist the company gain a competitive edge among energy producers.

According to Chrisoplos, Christie, Bergman and Hauer (2013) to stay competitive and relevant, organizations must constantly reinvent themselves. Equally, Kwamboka (2019) argued that due to the dynamic nature of management, skills associated with management normally become outdated with passage of time. Organizations therefore, must have mechanisms in place that keep managers at all levels informed about new and developing management trends, since the majority of management concepts can only be taught via hands-on experience rather than through academic discourse. Therefore, capacity building gives organizations the chance to improve the technical skills and abilities needed for optimal performance and organizational growth. Capacity building as a response to this need, call for a continuous professional development within an organization's management (Dada, 2020).

Capacity building (CB) is more of a process ingrained in an organization's day-to-day operations to fortify it and guarantee sustainability and longevity, according to Monson (2020). Capacity building allows one to concentrate on the goal rather than just surviving. According to Rugumamu (2011), CB a process of acquiring knowledge, skills, and resources needed to thrive in a changing environment. CB basically entails developing management competencies in a methodical manner and coming up with the best strategies for skill development at all managerial levels (Karemo, 2018). Naturally, this happens following a thorough examination of the organization's current and future management needs as well as a judgment of its current and future management talent.

According to Cameron and Quinn (2011), increasing capacity typically entails a transformation process that could involve organizational reform, implementing a policy change, restructuring, or even a recovery exercise. According to Yang and Torneo (2016), there is some degree of interdependence between the different aspects of capacity building strategies rather than their existence existing in isolation. Moreover, the process of capacity building is dynamic and involves feedback loops wherein the various aspects influence one another.

All corporate establishments need to implement more sophisticated and successful capacity building programs in order to meet these difficulties. Good programs for manpower development or capacity building assist in creating a more favorable learning environment for employees and prepare them to handle impending issues more quickly and with greater ease (Hameed and Waheed, 2011). Organizations must place a high priority on human capital in order to be both competitive and financially healthy as they struggle to survive in the volatile, dynamic market. Consequently, businesses should hire people who can adapt to a fast-paced, dynamic work environment (Maimuna and Rashad, 2015).

Globally, capacity building has greatly influenced how company managers utilize available resources to improve on the operational efficiency of their firms. This is basically achieved by harnessing the necessary skills required for work performance by

their employees. For instance, in Pakistan, Rashid et al. (2019) observed that capacity building affected workers' performance in the textile sector in Pakistan. Their findings showed that employee performance is positively and significantly impacted by capacity building.

Purbowo and Waluyowati (2022) researched on the direct impact of leadership on operational performance in Indonesia. The study used survey design with a total of 110 respondents chosen using cluster sampling. Findings revealed that operational efficiency was significantly and favorably impacted by leadership. Teamwork and process control played a mediating the role between operational performance and leadership.

In Africa, Adu, Appiah, and Yamson (2016) evaluated how capacity building programs affected the level of service provided by librarians in a few Ghanaian private universities. It was discovered that service quality is impacted by capacity growth. Ojokuku and Adegbite (2014) investigated how employee performance in a few Nigerian firms was affected by capacity building and manpower development. The results demonstrated a strong and favorable correlation between employee performance and capacity building. Annan-Prah and Andoh (2023) noted that employee learning, employee empowerment, and employee engagement were critical factors to consider when initiating customized capacity building in the organization.

Consequently, in Kenya, Mulievi and Juma (2019) studied the effect of capacity building practices on employee retention in the health sector in Kakamega County. Findings showed that capacity building initiatives and employee retention in the health sector in County Government of Kakamega were both positive and noteworthy. The study observed that an estimated 68.3% of employee retention in the health sector was attributable to capacity building measures, hence the need to proactively invest more in employee training as a motivation to workers.

Statement of the Problem

Organizational performance is determined by the operational efficiency of employees in meeting envisioned organizational goals of their organization. Achieving this, require employees to have the requisite skills and knowledge that goes hand in hand with job assignments. Capacity building equips employees with relevant knowledge, understanding, values, motivation, and capability that is essential to achieve good performance (Rashid et al., 2019). Capacity building typically has an impact on an organization's performance, revenue, and competitiveness. Inadequate capacity building can lead to low productivity, inefficient use of resources, low employee morale and turnover, increase in operational costs and low innovation and adaptation (Karuiki, 2020).

According to Least Cost Power Development Plan (LCPDP) estimates, Kenya's power demand is expected to rise at a pace of 8% per year. However, 50% of the country's entire power generation capacity is derived from hydropower, which is weather and climate dependent. To bridge this, investment in geothermal power aimed at harnessing the country's substantial geothermal resources to augment the base load, with a target of raising the installed capacity to 5,530 MW by 2030 according to LCPDP (2011–2031). However, even with the development partners giving GDC sufficient funding, GDC's capacity to assess geothermal resources, identify possible drilling sites, hit t targets, and other tasks has proved inadequate. This paints a concern on their operational efficiency in addressing the challenges of achieving their goals (Kungu, Omare & Tumwet, 2022).

Empirical literature on capacity building also identify the need to equip employees with relevant skills to improve on their performance efficiency. For instance, Kwamboka (2017) emphasized on the need to prioritize staff training as a crucial component of organizational development, Ojokuku and Adegbite (2014) established a strong

correlation between employee performance and capacity building. Besides, Annan-Prah and Andoh (2023) noted that employee learning, employee empowerment, and employee engagement were critical factors to consider when an organization wants to achieve performance efficiency. Equally, Rashid et al. (2019) observed that capacity building affected workers' performance in the textile sector in Pakistan among others. The above studies though examined the role of capacity building on performance, they were skewed and only looked at capacity building in terms of employee empowerment, training, employee engagement, learning etc. The current study aimed at exploring capacity building strategies of leadership development, knowledge management, training and development and stakeholder management in relation to operational efficiency at GDC in Kenya. This presents both a conceptual and contextual gap that this study sought to bridge. Therefore, this study explored the role of capacity building strategies on operational efficiency of Geothermal Development Company (K) Limited.

Objectives of the Study

The general objective of this study sought to explore the role of capacity building strategies on operational efficiency of Geothermal Development Company (K) Limited. The study was guided by the following specific objective;

- To examine the influence of leadership development strategy on operational efficiency of Geothermal Development Company (K) Limited.

LITERATURE REVIEW

Theoretical Review

Dynamic Capabilities and Capacity Building Theory

The concepts of Selznic and Eisenhardt provided the theoretical framework for dynamic capability in the 1980s. According to Eisenhardt and Martin (2000), the theory shows certain aspects that are shared by various businesses and individual strategies that improve competitive advantage. The theory assumes a broad range of organizational procedures, assets, and competencies. At GDC, creativity, capacity building, and performance-related outcomes are correlated with the organization's resources' dynamic capacities (Anderson & Markides, 2006). Boesen and Therkildsen (2004) state that activities aimed at increasing capacity are important cornerstones of learning by doing methods. Organizations and individuals are impacted by capacity development initiatives due to the acquired skills and knowledge, which are further highlighted by capacity development tactics. Through rules, procedures, information management, and incentive schemes centered on the organization's overarching goals, individual learning directly supports organizational learning (Palmer & Kaplan, 2014).

This theory backs up the GDC strategic plan for staff learning and development, which states that formal education and training account for only 10% of the necessary professional knowledge and abilities. 20% of skill and knowledge acquisition efforts come from mentoring and coaching, while 70% come from on-the-job training opportunities. The implementation of new and improved capacity development programs for the improvement of organizational information requires a strong focus on innovation and technology.

Employees that feel empowered are self-assured, have leeway for innovation, and can sustain and improve the organization's overall performance. Employee knowledge plays a critical role in securing employees' capacity to differentiate between carrying out their duties in various circumstances using a range of characteristics and abilities developed over time. Organizations view knowledge as their most strategic and valuable resource (Teece, 2000). On the other hand, some contend that the knowledge-based paradigm supports the tacit exploitation of the information that employees of a business possess. Employee knowledge is critical to their motivation and personal growth, which in turn improves the organization's performance as a whole.

Conceptual Framework

Jabareen (2009) defines a conceptual framework as a network of interconnected concepts that when combined, provide a thorough comprehension of an occurrence or phenomena. This study's CF demonstrates the relationship between capacity building strategies and operational efficiency of GDC, Kenya.

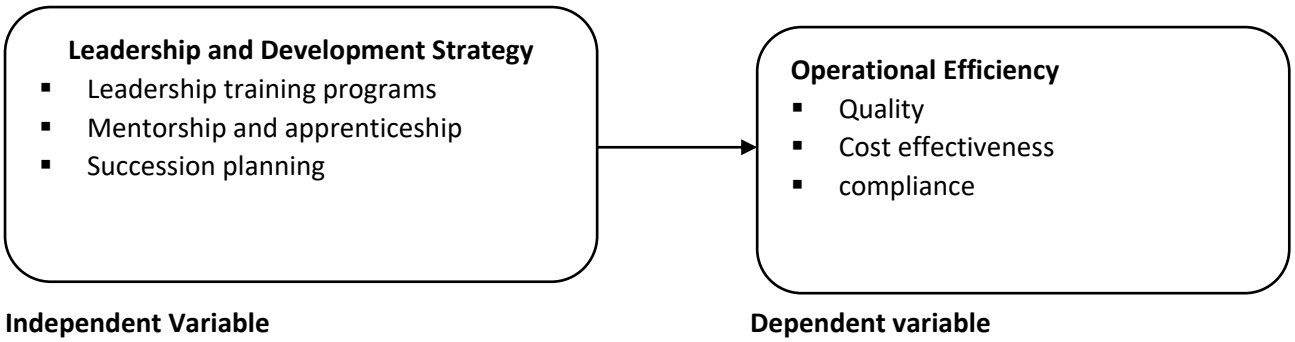

Figure 1: Conceptual Framework

Empirical Review

Annan-Prah and Andoh (2023) investigated the effect of customized capacity building on employee outcomes, such as employee engagement and empowerment through employee learning in Ghanaian local government institutions. 281 workers of Ghana's Metropolitan, Municipal, and District Assemblies (MMDAs) were the focus of the study. A survey was used to get the responses. Results indicated that employee learning, employee empowerment, and employee engagement are impacted by customized capacity building. Furthermore, the impact of customized capacity building on employee empowerment and engagement was partially mediated by employee learning.

Rashid et al.'s (2019) study looked into how managers' assistance and capacity building affected workers' performance in the textile sector. The method of convenience sampling was used to gather the data. To gather data, a self-administered questionnaire survey was used. Two hundred copies of the questionnaires were circulated, and information was gathered from lower- to middle-level workers in Pakistan's textile industry. The findings show that employee performance is positively and significantly impacted by capacity building. On the other hand, the performance of employees is not much affected by managerial support. However, employee retention greatly mitigates the favorable effects of capacity building and managerial support on worker performance.

Amiga (2021) examined the influence of capacity building on employee job satisfaction in private universities in Kenya with a focus on United States International University Africa (USIU-A). The specific objectives sought to determine whether employee job satisfaction at USIU-A was affected by organizational communication, change management strategies, and skills training. The target population for this study consisted of 438 permanent workers of USIU-A. The study was based on Herzberg's motivation hygiene theory. A questionnaire was used in the data collection primary data. According to the study's findings, USIU Africa uses top-down communication to inform staff members on the organization's strategy, job practices, performance evaluation process, and timely feedback sharing. In order to oversee job achievement and team collaboration, employees are also urged to engage in peer-to-peer communication. Moreover, findings found that USIU Africa had necessary personnel to carry out the university's change management strategy. Furthermore, USIU Africa had in place guidelines, protocols, and standards that were relevant to change management. Despite this, there was still a need for increased training and sensitization on change management as a result of inadequate input

regarding the influence of training on productivity standards.

Mulievi and Juma (2019) examined the impact of capacity building practices on employee retention in the health sector in Kakamega County. The study applied Kirkpatrick Model as theoretical basis. A descriptive survey design was used in the study. The target population was 1,153 health professionals drawn from 11 healthcare facilities in Kakamega county. The study used questionnaires to get the data from a sample size of 297 respondents. Findings showed that capacity building initiatives and personnel retention in the health sector in County Government of Kakamega were both positive and noteworthy. The County Government of Kakamega estimated that 68.3 percent of employee retention in the health sector was attributable to capacity building measures. The study suggested that companies at all levels of the health system should proactively invest more in training their workers.

Odhiambo and Iravo (2018) examined the effect of capacity building on service delivery in the healthcare sector in Nakuru County. The research design used in the study was descriptive due to the quantitative nature of the study. 145 top-level managers of healthcare services in the Nakuru Central sub-county were the study's target population. Using purposive sampling, 63 respondents made up the sample size of the study and used questionnaires to collect primary data. According to the study, service delivery was positively and significantly influenced by capacity building. The study therefore, advised that government should use mechanisms for capacity building to develop management systems and programs and boost public participation. This will enable implementation of programs to move forward while at the same time improve employee competence and effectiveness.

METHODOLOGY

The study adopted the descriptive research design, which according to Bloomfield and Fisher (2019), aims at gathering data without tampering with the study. The target population comprised of 78 employees of Geothermal Development company headquarters in Nairobi, Kenya. The study used a census approach since the target population was small, therefore all the 78 employees were included to form the sample population of the study. Data for the study was collected using a questionnaire. These were later subjected to analysis process that involved descriptive analysis that was aided by SPSS software, analyzed data thereafter presented in tables, graphs and pie charts.

RESULTS AND DICUSSION

Response rate

The study achieved a response rate of 91%. This was adequate and was excellent and provided a solid foundation for further analysis and reporting.

Descriptive Analysis

Leadership development

This objective sought to examine the influence of leadership development on operational efficiency of employees of Geothermal Development Company (K) Limited. To achieve this, the researcher sought the respondents' opinion on whether the leadership development influenced employee efficiency at the company. The summarized results are presented below in Table 1;

Table 1: Descriptive Statistics on Leadership Development

Statements	N	Mean	Std Dev
Our company leadership promotes opportunities for employee training to equip them with relevant skills	71	4.37	0.878
We have a solid mentorship programs that promote employee leaning and development in various capacities of company operations	71	3.99	1.092
Our company leadership has developed coaching initiatives that allow employees to learn and acquire relevant skills in their areas of duties and responsibilities	71	4.02	0.652
We invest in employee growth opportunities that allow them to ascend to new positions within the company set up	71	4.54	1.286
Our company has elaborate career growth plans for succession management for our employees	71	3.39	1.258
Our leadership promotes and encourages employees to exploit available opportunities of sponsored training to develop their competencies at work	71	3.18	1.356

Findings from Table 1 above show that there was agreement that GDC leadership promotes opportunities for employee training to equip them with relevant skills as indicated by a mean rating of 4.37 and standard deviation of 0.878. This implies that GDC has good leadership that minds about their employee development.

The study also observed that there was agreement that GDC offered solid mentorship programs that promoted employee learning and development in various capacities of company operations with a mean rating of 3.99 and a standard deviation of 1.092. This showed that employees of GDC were well equipped to undertake their responsibilities.

Moreover, there was agreement that company leadership developed coaching initiatives that allowed employees to learn and acquire relevant skills in their areas of duties and responsibilities with a mean rating of 4.02 and a standard deviation of 0.652. This showed that coaching initiatives made impact on employee development.

The respondents were also in agreement that the company generally invests in employee growth opportunities that allow them to ascend to new positions within the company set up as indicated by a mean of 4.54 and a standard deviation of 1.286. This means that GDC leadership offered career growth opportunities to its employees.

Furthermore, there was agreement that GDC has elaborate career growth plans for succession management for our employees with a mean of 3.39 and a standard deviation of 1.258. The low mean is an indication of variability in responses and may suggests that as much as GDC leadership were optimistic of employee growth, there was need for more emphasis on such efforts.

Finally, the study found that GDC leadership promoted and encouraged employees to exploit available opportunities of sponsored training to develop their competencies at work as shown by a mean rating of 3.18 and a standard deviation of 1.356. This implies that respondents gave varied responses and may suggest that leadership has a lot more to work on the career progression of their employees.

Inferential analysis

Model Summary

The regression model summary table contains information on the regression line's ability to account for the total variation in the dependent variable. The model summary reveals if the recorded y-values are broadly dispersed around the regression line (Kothari, 2004). As a result, the regression model describes a percentage of the overall variation in the dependent variable. The model summary in table 2 below shows that the model was of good fit with an R-square value of 0.821, meaning the independent variables; training and development, leadership development, knowledge management and stakeholder

management explained 82.1% of the variation in operational efficiency of Geothermal Development Company (K) Limited. While the remaining percentage (17.9%) could be as a result of factors not covered in this study.

Table 2: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.906[a]	.821	.552	2.50702

a. Predictors: (Constant), TD, LD, KM,SM

b. Dependent Variable: OE

Analysis of Variance

ANOVA, or analysis of variance, is a statistical procedure used to determine whether the overall regression model fits the data under consideration (Kothari, 2004). The analysis of variance (ANOVA) was used to determine the overall significance of the model. The model's significance was established at 95% confidence level with a p-value of 0.05, indicating statistical significance in this investigation. The relationship between operational efficiency and training and development, leadership development, knowledge management and stakeholder management was determined using an analysis of variance. The summarized results were presented in Table 3 below;

Table 3: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.716	4	3.179	18.675	.000[b]
	Residual	13.159	67	.107		
	Total	17.875	71			

a. Dependent Variable: OE

b. Predictors: (Constant), TD, LD, KM, SM

According to the results in Table 4.10 above, the model was effective in explaining the linear relationship between the study variables (p-value = 0.000) at the 0.05 level. Additionally, the F critical (df 4, 67) at 5% level of significance was 2.49 Since F calculated (18.675) .This demonstrates that the model's overall significance was bigger than the F crucial. The substantial F-value suggests that the variance in the ministry's organizational performance is not due to chance, but rather is impacted by the model's independent variables. The statistical significance of the data is confirmed by the p-value of.028, which is less than the significance level of 0.05. This indicates that a factor analysis can be performed using the model.

Beta Coefficients

The value of the coefficient for each independent variable, or "beta coefficient," reflects the extent of that variable's influence on the dependent variable (Kothari, 2004). The sign of the coefficient (positive or negative) reflects the direction of influence. The coefficient in a regression with a single independent variable indicates how much the dependent variable is predicted to change when the independent variable's value rises by one, based on if it is positive or negative. The regression beta coefficients were used to determine the impact of the independent factors on the dependent variable in the study. The beta coefficients allowed the researcher to ascertain which among the capacity building strategies (training and development, leadership development, knowledge management and stakeholder management) had the greatest influence on operational efficiency of Geothermal Development Company (K) Limited. The results are shown in table 4below;

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.850	.781		4.931	.000		
	TD	.542	.240	.289	1.589	.005	.887	1.127
	LD	.525	.118	.318	2.043	.015	.917	1.091
	KM	.443	.079	.040	1.342	.002	.904	1.106
	SM	.432	.117	.082	1.412	.002	.802	1.247

a. Dependent Variable: OE

b. Independent Variables: TD, LD, KM, SM

Generally, variance inflation factor (VIF) value of 1 indicates there is no correlation between the predictor variables. A VIF value between 1.01 to 5.0, shows moderate correlation and VIF value greater than 5.0 indicates potentially severe correlation and the coefficient estimates and p-values in the regression output are unreliable. It can also be seen from the results (Table 4.11) that the VIF shows that none of the predictor variables under the study had VIF values more than 5, an indication that multicollinearity was not a problem in the regression model, hence the regression results were reliable.

From the findings, the regression model was fitted as below;

$$Y = 3.850 + 0.542X1 + 0.525X2 + 0.443X3 + 0.432X4$$

From the equation, when holding training and development, leadership development, knowledge management and stakeholder management constant, the expected value of the dependent variable (performance) is =3.850. The regression analysis shows that all the capacity building strategies namely; training and development, leadership development, knowledge management and stakeholder management strategies have a significant positive relationship with operational efficiency of Geothermal Development Company (K) Limited.

The findings show that training and development strategy has a positive significant influence on operational efficiency of Geothermal Development Company (K) Limited. (β= 0.542, p-value = 0.005. This aligns with previous which cites that cost strategy significantly affect how well Kenyan manufacturing companies performed (Ndugu, 2020).

Leadership development strategy was similarly found to have a positive and significant influence on operational efficiency of Geothermal Development Company (K) Limited (β= 0.525, p-value = 0.015. This result is consistent with the views of Douggan (2014), that businesses typically need to provide their staff with executive functions, training options, and seminars that equip them with the skills and information needed to run the company in the future.

The findings further revealed that knowledge management strategy had a positive significant influence on operational efficiency of Geothermal Development Company (K) Limited (β= 0.443, p-value = 0.002). This results aligns with the observations of Obeidat, Al-Suradi, Masa'deh, and Tarhini (2016) suggest that managers should fulfill their critical function of managing knowledge successfully in order to obtain a competitive advantage. This is essential for their firms to perform better and innovate more to outperform and achieving desired performance results.

Stakeholder management strategy was similarly found to have a positive and significant influence on operational efficiency of Geothermal Development Company (K) Limited (β= 0.432, p-value = 0.002). This implied that stakeholder management strategy affect operational efficiency and this corresponds

with the position that organizations must always look for ways to increase performance because of the extremely unstable business environment and the continually shifting behavior of stakeholders. The ability of a firm to establish favorable interactions with a multitude of stakeholders is a necessary condition for the maximization of shareholder value (Ventilava & Sanela, 2017).

SUMMARY

The second objective sought to examine the influence of leadership development on operational efficiency of employees of Geothermal Development Company (K) Limited. Findings from the study showed that there was agreement that GDC leadership promotes opportunities for employee training to equip them with relevant skills. The study also observed that there was agreement that GDC offered solid mentorship programs that promoted employee learning and development in various capacities of company operations. Moreover, there was agreement that company leadership developed coaching initiatives that allowed employees to learn and acquire relevant skills in their areas of duties and responsibilities.

The respondents were also in agreement that the company generally invests in employee growth opportunities that allow them to ascend to new positions within the company set up. Furthermore, there was agreement that GDC has elaborate career growth plans for succession management for our employees, however, there was some variability in responses and may suggests that as much as GDC leadership were optimistic of employee growth, there was need for more emphasis on such efforts. Finally, the study found that GDC leadership promoted and encouraged employees to exploit available opportunities of sponsored training to develop their competencies at work.

CONCLUSION AND RECOMMENDATION

The study found that capacity building strategies play an important role in enhancing operational efficiency of Geothermal Development Company in Kenya. The findings showed that training and development strategy has a positive significant influence on operational efficiency of Geothermal Development Company (K) Limited. Furthermore, leadership development strategy was found to have a positive and significant influence on operational efficiency of Geothermal Development Company (K) Limited. The findings further revealed that knowledge management strategy had a positive significant influence on operational efficiency of Geothermal Development Company (K) Limited. Stakeholder management strategy was similarly found to have a positive and significant influence on operational efficiency of Geothermal Development Company (K) Limited. This implied that stakeholder management strategy affects operational efficiency.

On leadership development strategy, the study recommends for robust transformations and change management tailored to address employee concerns on leadership areas that still poses challenges to their career progression in the company. Since leadership view employee capacity building as a way of employee empowerment to take up roles, the tendency of turnover crops the leaders mind that empowered employee may seek opportunities elsewhere after company spending significant resources on them.

Suggestions for further studies

This study therefore, suggests that researches can be done on impact of capacity building on sustainable business practices, how capacity building influence innovation management in manufacturing firms and employee engagement and motivation through capacity building.

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