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Human Capital and Performance of Kisii and Kakamega County Governments in Kenya

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Abstract
Decentralization in Kenya aimed to reduce bureaucratic delays and improve service delivery by transferring power to sub-national governments. Yet, governance challenges persist mainly due to unqualified staff, nepotism, cronyism, among others. The Kenya Institute for Public Policy Research and Analysis found 32% of county governments staff lack the required qualifications for their roles, leading to inefficiencies and service delivery gaps. Despite these concerns, no empirical research has explored the influence of human capital on the performance of Kisii and Kakamega county governments. This study addresses this gap by assessing the effect of human capital on performance of Kisii and Kakamega counties in Kenya. The study adopts a positivism research philosophy and a cross-sectional survey research design. The target population comprised of Chief officers, Directors and Assistant Director at various ministries, sub-county administrators and Members of County Assembly (N=325). To arrive at a statistically sound sample size, the study adopted the Yamane (1967) formula for sample size determination, which gives a sample size of 136 for Kakamega County and 92 for Kisii County (n=228). Given that the study is quantitative in nature, it adopts structured questionnaires in data collection, which were distributed using online platform (Google Forms). In data analysis, Stata version 17 was used to compute descriptive statistics (mean and standard deviation) and inferential statistics (Pearson correlation and univariate linear regression). Data was presented in prose form and visualized using tables and figures. Findings from the test of hypothesis using simple linear regression indicate that human capital has a statistically significant effect on performance ($p<.05$). Results revealed that human capital has a moderate positive association with performance, r (191) =0.486, $p<.05$. It is recommended that the County Governments of Kisii and Kakamega should improve human capital by implementing performance contracting, eliminating political patronage, and investing in innovation infrastructure. Additionally, county governments should develop well-documented SOPs, ensure regular employee training, and embrace public participation to align policies with citizens' needs.

Keywords: Human capital, performance, county governments, performance contracting, human resource satisfaction, incentives, social capital, political interference

Introduction

Human resource capital serves as a vital link between human resources and the organization's business strategy. According to Gerhart and Feng (2021), human capital encompasses the knowledge, skills, and abilities of individuals employed within an organization. Efendi (2020) has it that human capital describes the connection between human resource practices and organizational performance, focusing on assets rather than business processes. In Kenya, guidelines on human resource recruitment in counties are outlined in the Public Service Act of 2016 and the County Government Act of 2012.

Liao and Huang (2016) delineate the three components of human capital, comprising intellectual, social, and organizational capital. Intellectual capital encompasses intangible resources associated with individuals, which, along with tangible resources such as monetary and physical assets, contribute to the overall value of a business. Social capital, another facet of intellectual capital, pertains to knowledge derived from networks of relationships within and outside the organization. As defined by Kokkaew *et al.* (2022), human capital encompasses social life networks, norms, and trust that enable organizational staff to collaborate effectively towards shared objectives. The final element, organizational capital, refers to institutionalized knowledge held by an organization, stored in databases, manuals, and other publications.

Empirical studies on human resource capital and organizational performance have yielded mixed results globally. For example, Rodriguez *et al.* (2022) conducted a study on the impact of sustainable human resource management on social capital, employee retention, and loyalty programs within Spanish universities, finding that social sustainability actions significantly influence employees perceived social capital, which in turn affects their loyalty and retention. Similarly, Hashim *et al.* (2015) reported a significant influence of intellectual capital elements on organizational performance in Malaysia. Liao and Huang (2016) investigated the relationship between organizational vision, management strategies, and human resource management on non-profit organization service performance, concluding that management strategies have a significantly positive impact on human resource management.

On the contrary, Lopes-Costa and Munoz-Canavate (2015) study reported insignificant effects on human resource capital on organization's performance. From the reviewed empirical studies, it is evidenced that human resource capital has an effect on organization performance in the corporate and public institutions mainly from developed nations. It is clear that little scholarly effort has been devoted in devolved government analysis especially in developed nations. Over and above, the effect of human resource elements of intellectual capital, social capital and organizational capital on implementation of devolution in developing countries has not been analyzed, thus the need for the study. Notably, the manner in which human capital is intertwined with organizational performance in public institutions remains a grey area that the current study addressed using an empirical approach.

The 2010 Constitution of Kenya was created to promote efficient and transparent allocation of resources through a devolved system of government. According to Kinuthia and Rutere (2019), devolution was seen as a political response to challenges such as conflicts, inequalities, economic stagnation, corruption, and inefficient use of public resources. Kenya's political instability, since independence, has significantly impacted its economic performance and social cohesion, peace, and stability (Kariuki, 2022). The violence during the 2007/8 elections, which led to property destruction, economic decline, and loss of lives, necessitated the need for a new governance approach (Odote & Kanyinga, 2021). This led to the enactment of the new constitution to address historical imbalances and promote development. One of the ways in which this was done was through delegating powers to the counties to hire their human resource through the county public service boards. Regrettably, evidence indicates that most of the human resource in counties in Kenya are populated by relatives of the executive, while others do not possess requisite qualification to occupy public office (Kosgey, 2020). Based on the foregoing, the study sought to delineate the influence of human capital on the performance of the county governments of Kisii and Kakamega.

Despite the implementation of devolution, the expected improvements in governance and economic development are not always guaranteed. Devolution has transferred functions, resources, and power to sub-national levels, making these levels fully responsible and accountable for their functions (Kerubo & Muturi, 2019).). However, this system may limit the national government's ability to redistribute resources effectively, which is likely to lead to local government capture by political elites if not well-designed (Wanyande, 2021). Towards this, the influence of human capital on the performance of counties remains a grey area that necessitated this empirical study.

There is a consensus that since 2010, devolution has facilitated the distribution of public goods and revenues, making it harder for individuals or groups to engage in corrupt practices (Muwonge, et al., 2022). Cannon and Ali (2018) observed that devolution has brought government services closer to the people, providing them opportunities to check the excesses of county governments, such as social exclusion and corruption. However, the role of leadership in entrenching a culture of transparency and accountability remains under-explored.

Effective leadership is critical for the successful implementation of devolution, addressing governance, legal, and policy framework challenges, and ensuring prudent financial management and sustainable planning (Kimathi, 2017). There are disparities in the degree of devolution implementation across counties, with some fully operationalizing decentralized structures and others lagging (Kiambati, 2020). Issues of transparency, citizen participation, and accountability remain central to the performance of county governments.

Devolution is also seen as a way to realize social and economic progress by empowering local communities to participate in decision-making (Nyamberi et al., 2023). However, poor leadership can stifle development activities, while effective leadership can foster innovation and strategic decision-making (Munyao, 2021). Effective leadership entails assigning duties and responsibilities to qualified individuals. Unfortunately, this has not been the case in most of the devolved units in Kenya (Daud et al., 2022a.).

Statement of the Problem

Counties in Kenya have been placed on record to have employed a workforce that is not qualified to carry out their duties (see, Daud et al., 2022a.; Kiambati, 2020). As a consequence, the performance of counties has, time-to-time, been underwhelming. For instance, a study by The Kenya Institute for Public Policy Research and Analysis (KIPPRA) found 32% of county staff lack the required qualifications for their roles, leading to inefficiencies and service delivery gaps (KIPPRA, 2020). Although the vice of unqualified human resource in the counties has been elucidated in policy documents, there is no study that has been conducted in the county governments of Kisii and Kakamega on the extent to which human capital influences performance. In light of this knowledge lacuna, the current study delineated the effect of human capital on the performance of counties as moderated by government policies.

A survey by Transparency International (TI) Kenya revealed 62% of county employees perceive a high level of nepotism and cronyism in recruitment and promotion practices, diminishing morale and productivity (TI Kenya, 2021). Although specific statistics have been alluded to the counties on their levels of corruption and pillage of public resources, there is no empirical study that has been undertaken in the counties of Kisii and Kakamega to establish the place and role of human capital in the running of devolved units and how it influences performance in particular. Considering this empirical gap, the current study sought to establish how human capital influences performance.

Methodology

The research paradigm for this study was positivism. Cross-sectional survey research design was adopted to investigate the effect of human capital on the performance of Kisii and Kakamega county governments. The use of this design was justified on the basis that the data for the study variables was collected at a point in time to examine the interlinkages between the predictor variable (human capital) and outcome variable (performance of county governments). Furthermore, a cross-sectional design enabled the researcher to collect data for all the variables at a point in time so as to establish whether associations were statistically significant or spurious.
In this study, the target population or unit of analysis is Kisii and Kakamega county governments. The choice of these counties was based on performance ranking of county governments in Kenya. According to County Track Performance Index (CTPI) 2019/2020 report, among the Lake Region Economic Block (LREB) counties, Kakamega and Kisii were ranked the best and worst performing county at 57.2% and 43.6%, respectively. Conversely, the study unit of observation were leadership and senior management of both county governments. The respondents were Chief officers (CO), Directors and Assistant Director at various ministries, sub-county administrators and Members of County Assembly (MCAs). The total population was 325. The sample size for the study will be determined using the Taro Yamane (1967) for sample size determination.

$$n = \frac{N}{1 + \mathrm{N}\,(e)^2}$$

Where;
n = Sample size

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N= Population size = 325
e = 0.05(Precision level) assuming the confidence level is 95% i.e.: ± 5
Therefore, sample size for Kakamega County is calculated as follows:
n = 206 / (1 + 206 * 0.05^2) = 135.97
Rounding up, the sample size is 136.
On the other hand, the sample size for Kisii County is calculated as follows:
n = 119 / (1 + 119 * 0.05^2) = 91.71
Rounding up, the sample size is 92.

The total sample size for the 2 county governments was 228 respondents. The sample size was distributed among the categories of the population for each county. This ensured each category had a chance of representation in the study. Table 1 shows composition of the calculated sample population.

Table 1 Sample Size

Category	Kakamega County Government			Kisii County Government		
	N	%	Sample size	N	%	Sample size
Chief Officers (CO)	14	6.8	9	14	11.8	11
Directors	20	9.7	13	20	16.8	15
Assistant Directors	40	19.4	26	40	33.6	31
Sub-county administrators	12	5.8	8	5	4.2	4
Ward Administrators	60	29.1	40	20	16.8	15
Members of County Assembly	60	29.1	40	20	16.8	15
Total	**206**	**100.0**	**136**	**119**	**100.0**	**92**

The counties of Kisii and Kakamega were first purposively selected. Subsequently, the study adopted stratified random sampling technique. Since the target group was heterogeneous, the sampling technique entailed categorization of population into similar groupings or strata according to leadership titles or appointments at the county government as shown in Table 1 under category column. Subsequently, proportionate random samples were drawn from each stratum. Stratified sampling technique ensured that all elements in the target population were represented in the final sample.

Univariate linear regression was utilized to examine the individual effect of the independent variable on the performance of county governments:
$Y = \beta_0 + \beta_1 X_1 + ẹ$
Where:
Y = Performance of County governments of Kisii and Kakamega
β_0 = Constant Term
β_1 –= Regression coefficient
X_1= Human Capita
ẹ= error term

Key Findings

This section presents results and discussions of the findings on the association between human capital and performance of the county governments of Kisii and Kakamega. The study was quantitative in nature and aimed to test hypothesis. The specific hypothesis of the study was:

H_0*: *Human resource capital has no significant effect on the performance of Kisii and Kakamega counties in Kenya.

Before testing hypothesis, the perceptions of the respondents were collected and analyzed based on a 5-poiint Likert scale as presented below in Table 2. It will be recalled that human resource capital integrates the economic value proposition of employees, which includes skills, intelligence, training, education, to mention but a few, which have been accumulated as a result of years of investment. Data gathered in this section was analyzed using percentage, S.D., mean, and CV. The outcomes of the research are condensed in Table 2.

Table 2 Human Capital

Human Resource Capital	**1**	**2**	**3**	**4**	**5**	**M**	**S.D.**	**C.V.**
In my organization, statements about the composition, management and satisfaction of human resources are clearly articulated and effectively applied.	5.2%	4.7%	15.7%	46.1%	28.3%	3.9	1.04	26.9
My organization's statements about the composition, management and satisfaction of the clients are clearly articulated and effectively applied.	1.6%	12.6%	24.6%	41.4%	19.9%	3.7	0.99	27.0
In my organization statements about the scope, function and application of the information technology system are clearly articulated and effectively applied.	2.6%	9.9%	27.2%	39.8%	20.4%	3.7	1.00	27.3
In my organization, the bonding social capital (relations within the work team) in the department is healthy and highly encouraged.	0.0%	5.8%	29.8%	45.5%	18.8%	3.8	0.82	21.7

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In my organization, bridging social capital (relations work teams) in the department is healthy and highly encouraged.	1.6%	7.9%	31.9%	40.8%	17.8%	3.7	0.92	25.0
In my organization, linking social capital (relations between staff/management at different levels of hierarchy) in the organization is healthy and highly encouraged.	0.5%	6.8%	27.2%	42.9%	22.5%	3.8	0.88	23.3
In my organization, there are clear devolved structures for the delivery of customer services.	3.7%	15.2%	29.8%	38.2%	13.1%	3.4	1.02	29.7
In my organization, there are clear processes for the delivery of customer services.	2.6%	12.0%	36.1%	36.1%	13.1%	3.5	0.95	27.7
In my organization, there is clear innovative infrastructure for the delivery of customer services.	3.1%	14.1%	35.1%	32.5%	15.2%	3.4	1.01	29.6
The lack of political-neutral incentives hinders the optimal performance of county government human resources	3.7%	12.6%	24.6%	43.5%	15.7%	3.5	1.02	28.7
The impact of political interference in hiring and promotions is a crucial factor influencing the performance of county governments	1.6%	10.5%	29.8%	39.3%	18.8%	3.6	0.96	26.4
The political management of HR practices shapes the performance of county governments	4.2%	12.6%	32.5%	35.1%	15.7%	3.5	1.03	29.9
Average	**2.5%**	**10.4%**	**28.7%**	**40.1%**	**18.3%**	**3.6**	**0.97**	**26.9**

Key: 1-Strongly disagree; 2-Disagree; 3-Moderate; 4-Agree; 5-Strongly agree

Table 2 illustrates responses to various structured questionnaire items on the association between human capital and organizational performance. Notably, a resounding majority (74.4%) of the respondents agreed and strongly that their respective county governments' statements about the composition, management and satisfaction of human resources were clearly articulated and effectively applied. On the other hand, 15.7% indicated moderate, whereas 5.2% and

4.7%strongly disagreed and disagreed in that order. A mean of 3.9 indicates that respondents agreed to various mentioned areas of human resources; However, a standard deviation of 1.04 and CV of 26.9 indicates that there was moderate variability of the data points form the mean value.

From the above findings, it is possible to infer that the mentioned county governments' statements attract and retain skilled employees by showcasing a commitment to diversity, effective management practices, and employee well-being. In other words, diversity in the workforce indicates that management is committed to get employees from various background, where this is also thought to increase cultural awareness. As a result of effective management, Mwangi (2021) stated that having employees from various backgrounds integrates different experiences and perspectives that are crucial in problem solving, which is a key enabler of organizational performance.

Majority (61.3%) of the respondents agreed and strongly agreed that their respective county government's statements about the composition, management and satisfaction of the clients were clearly articulated and effectively applied, followed by 24.6% who indicated moderate. On the contrary, 1.6% and 12.6% strongly disagreed and disagreed in that order. A mean of 3.7, standard deviation of 0.99, and coefficient of variation of 27.0% affirms that respondents agreed on what the organization needed from them in terms of satisfaction of the clients.

From the above findings, it can be elucidated that having clear and effectively articulated statements about the composition, management, and satisfaction of clients are crucial for guiding organizational strategies, ensuring alignment with customer needs, and fostering accountability within the organization. The finding is this section resonates with the views of Musyimi and Ondara (2022) who stated that clear frameworks on feedback mechanism pertaining to assessing and improving the experiences of the public sector service seekers is a key enabler of performance. To this end, the current study argues that satisfaction of citizens who seek services from county governments goes a long way in ensuring that there is rapport between the public sector employees and the citizens. This is thought to promote trust, transparency, and effective communication. Put differently, when citizens feel heard and respected by government officials, they are more likely to engage positively with public services, provide valuable feedback, and collaborate on community initiatives, which is understood to improve governance outcomes and citizen satisfaction.

In terms of application of information technology, most (60.2%) of the respondents agreed and strongly agreed that their respective county government's statements about the scope, function and application of the information technology system were clearly articulated and effectively applied, while 27.2% were moderate. On the other hand, 9.9% disagreed and 2.6% strongly disagreed. A mean of 3.7, standard deviation of 1.00 and coefficient of variation of 27.3% indicates that most respondents agreed on the existence of description on the use of information technology.

From the results, the place of information technology cannot be underestimated given the crucial role in plays in the contemporary service provision. Thus, organizational employees and those in

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the public sector ought to understand the usage of information technology systems. This perspective is in tandem with the views of Miganda and Kandiri (2024) who stated that the modern-day automation of government services requires a workforce that is able to effectively deploy and offer services through electronic devices. Towards this, it is possible to elucidate that information technology improves performance by automating functions/services, thus saving on time and resources. It also improves transparency and accountability since electronic platforms are easily audited to understand who did what, when and how.

As it relates to relations within the work team, many (64.3%) of the respondents agreed and strongly agreed that their respective county governments encouraged and had health social capital, followed by 29.8% who indicated moderate. Conversely, 5.8% disagreed. Given that there was no respondent who strongly disagreed it can be deduced that there was healthy social relation within the work teams (mean=3.8; S.D.=0.82). Coefficient of variation of 21.7 indicates a relatively low spread of data points from the central tendency, and thus, acceptable variability.

From above findings, social capital in the workplace creates a harmonious working environment as employees are able to exchange ideas that are thought to improve performance outcomes. This view agrees with Shaik et al. (2021) who stated that strong relationships within a work team are crucial for high performance, especially in public offices and devolved units through trust and respect for each other. This improves communication as there is smooth flow of information, which in turn improves collaboration and innovative problem-solving. Through teamwork as a result of collaboration, it is possible to infer that there is better decision-making and efficient service delivery, which leads to increased public satisfaction with the county government's performance.

Focusing on bridging work social relations, most (58.6%) of the respondents either agreed and/or strongly agreed that their county governments had healthy and encouraged bridging of social capital, followed by a significant percentage (31.9%) of those who indicated moderate. On the other hand, a smaller proportion (1.6% and 7.9%) strongly disagreed and disagreed to the statement (mean=3.7; S.D.=0.92). Coefficient of variation of 25.0 indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability.

From the above findings, it can be inferred that bridging and encouraging healthy social capital coopts those who feel left out into the group. This diversity brings new perspective into the group, which is a key ingredient of innovation. Arguing from a public sector viewpoint, Gärtner and Hertel (2020) has it that bridging social capital leads to greater trust between different groups, which improves teamwork on public projects and social issues. This can be particularly beneficial in public offices and devolved units, where effective service delivery often relies on cooperation across departments or with the public.

A significant majority (65.4%) of the respondents agreed and strongly agreed that in their county governments, linking social capital (relations between staff/management at different levels of hierarchy) in the organization was healthy and highly encouraged, where 27.2% indicated moderate. Conversely, a smaller response (0.5% and 6.8%) strongly disagreed and disagreed in that order (mean=3.8; S.D.=0.88). Coefficient of variation of 23.3 indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability.

The above finding is not surprising given that social capital between the staff and management improves communication and creates a positive work environment. With an ideal work setting, it is possible to argue that employees will be experience higher job satisfaction, which will increase their productivity and retention rates. This result agrees with the views of Moyo and Motsi (2023) who stated that smooth working relations between top management teams and lower cadre employees boost organizational citizenship behaviour and commitment, which are key enablers of productivity in an organization.

In terms of devolved structures, the study established that county governments of Kisii and Kakamega had clear devolved structures for the delivery of customer services as supported by majority (51.3%) of the respondents who agreed and strongly agreed to the statement. On the other hand, 29.8% were neutral, whereas 15.2% disagreed and 3.7% strongly disagreed (mean=3.4; S.D.=1.02). Coefficient of variation of 29.7 indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability.

From the above finding, it can be deduced that clear devolution structures empower lower-level teams to make decisions and solve problems directly. This may translate into increased efficiency and responsiveness, as teams have the authority they need to handle issues without getting bogged down in bureaucracy. This assertion aligns with the views of Karama (2021) who stated that clear structures are crucial in the delivery of devolved services since they eliminate bottlenecks that can plague decision-making. In other words, elaborate structures make it possible for teams to expedite services delivery as issues are not stuck waiting for approval.

Relating to customer care delivery processes, majority (36.1%) of the respondents either agreed or were neutral on the existence of clear processes for the delivery of customer services, followed by 13.1% who strongly agreed, 12.0% disagreed, and 2.6% strongly disagreed (mean=3.5; S.D.=0.95). Coefficient of variation of 27.7 indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability. This finding is not surprising as most of the counties lack well elaborated processes geared at the delivery of services. The same sentiments were echoed by Karama (2021) who argued that service delivery in most county governments in Kenya had led to conflicting information, which snowballed to long delays due to missed steps. Thus, it is possible to argue that unclear processes on delivery of devolved services is likely to lead to unhappy customers, overwhelmed staff, which can negatively affect the reputation of the county government.

Shifting to innovative structures, most (35.1%) of the respondents indicated that there was moderately clear innovative infrastructure for the delivery of customer services. Conversely, 32.5% and 15.2% agreed and strongly agreed, whereas 3.1% and 14.1% strongly disagreed and disagreed respectively (mean=3.4; S.D.=1.01). Coefficient of variation of 29.6 indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability. Moderately clear innovative infrastructure means that county governments could be suffering from bureaucratic red tapes that stifle innovation, thus inability to look at old problems in new ways (see Oguso, 2022). This negatively affects the extent to which county governments are able to solve challenges they face given that devolution is a fairly new administrative structure.

On the influence of political incentives, most (59.2%) of the respondents agreed and strongly agreed that lack of political-neutral incentives hinders the optimal performance of county government human resources. On the other hand, 24.6% were moderate, 12.6% disagreed, and 3.7% strongly disagreed (mean=3.5; S.D.=1.02). Coefficient of variation of 28.7 indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability.

The above finding is not intriguing given that most of the counties have been flagged down for nepotism, favoritism, and rent seeking behaviour as the executive have populated their cronies in top decision-making positions, which they use to enrich themselves (see, Kivoi et al., 2022). This is thought to disenfranchise other employees. As a consequence, the performance of the county government is negatively affected as deserving workforce are rarely hired. Even when they are employed, they are rarely assigned decision making positions to influence policy.

Paying attention to political influence during hiring of the workforce, many (58.1%) of the respondents agreed and strongly agreed that the impact of political interference in hiring and promotions was a crucial factor influencing the performance of county governments. Conversely, a significant proportion (29.8%) remained neutral, whereas a smaller group (1.6% and 10.5%) strongly disagreed and disagreed respectively (mean=3.6; S.D.=0.96). Coefficient of variation of 26.4% indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability.

On political management of HR practices, half (50.8%) of the respondents agreed and strongly agreed that political management of HR practices shaped the performance of their county governments. Notably, a significant portion (32.5%) indicated moderate, 12.6% disagreed, and 4.2% strongly disagreed (mean=3.5; S.D.=1.03). Coefficient of variation of 29.9% indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability.

The above finding is intuitive given that most of the county governments executives openly practice political patronage by reward loyal supporters with jobs and/or contracts, or even favour their political constituents (see, Opalo, 2020). The end result of political patronage is that unqualified appointees bloat bureaucracies, leading to inefficient services. Resources get diverted as contracts go to politically connected firms, not the best bidders. This uncontrolled ways of running counties creates inefficiency, corruption, and distrust, which weakens county government performance.

Overall, majority (58.4%) of the respondents agreed and strongly agreed that human capital influences performance of county governments of Kisii and Kakamega. A significant proportion (28.7%) stated moderate influence, whereas small portions (12.9%) strongly disagreed and

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disagreed (mean=3.6; S.D.=0.97). Coefficient of variation of 26.9% indicates a relatively low spread of data points from the central tendency (mean), and thus, acceptable variability.

Reflecting on the human capital theory, it is important to note that human capital is the bedrock of performance in any organization, but its influence is particularly amplified in public sector institutions. Unlike private businesses with more flexibility in resource allocation, devolved units often face limited budgets (see, Oriku et al., 2020). As the public sector in Kenya transitions into new public management and plans underway to adopt performance contracts, devolved units in Kenya will need a workforce that has strong problem-solving abilities since they possess creative solutions. Thus, human capital is anticipated to form the fulcrum of public sector performance.

In conclusion, this section has elucidated on the need for the public sector employees to possess skills, education, training, to mention but a few. These skills and experiences are crucial in tackling modern day challenges, such as change management and governance, which have for a long-time have hampered serviced delivery in the public sector and counties in particular. It has been established that counties should have well elaborated job descriptions, particularly those related to service delivery. Notably, the study found that information technology system has been adopted as a key enabler of service delivery, suggesting that county government employees must and should possess appropriate skills.

The study further elucidated the place and need of inculcating social relations among employees and across all levels of administrations as this is an antecedent to service delivery in the public sector. In other words, harmonious teamwork integrates experiences, skills, and education will ensures that least time and resources (financial and human) are deployed to complete tasks, which eventually improves operational performance and overall performance of devolved units as measured through the number of completed projects, satisfaction of service seekers, among other performance indicators.

Test of Hypothesis

The hypothesis testing in this study centred on its conceptual framework, which encompassed the effect of resource capital on performance. The null hypothesis was evaluated using a simple linear regression model $(Y = \alpha + \beta 1X + \varepsilon)$,

Based on the formulation of the ***Ho***, the significance level was established at 95% (P<.05). Consequently, the determination of whether to reject or retain the null hypothesis relied on the probability value (p-value). A p-value below 0.05 (p<.05) led to the rejection of the null hypothesis, while a p-value exceeding 0.05 (p>.05) resulted in the retention of the null hypothesis. Additionally, the interpretation of results considered other factors, such as the coefficient of determination (R-Square), beta values, and F-Statistic values. Table3 presents the results.

Table 3 Human Capital

Performance	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
Human Capital	.523	.068	7.65	0.000	.388	.657	***
Constant	1.742	.255	6.82	0.000	1.238	2.246	***
R-squared	0.237		Number of obs		191.000		
F-test	58.551		Prob > F		0.000		
Akaike crit. (AIC)	425.640		Bayesian crit. (BIC)		432.145		

*** p<.01, ** p<.05, * p<.1

Before testing *Ho*, the model goodness of fit, that is, the explanatory power of the model was tested using the F-test. As indicated in Table 4.17, the probability value of the F-test was less than the set significance level of 0.05. Results shows that the model is statistically significant at the all levels of significance (*** p<.01, ** p<.05, * p<.1). In other words, since the p-value is less than 0.01, there is 99% confidence that the model is fit to predict the effect of human capital on performance. If the p-value was greater than 0.05, the regression model could not be deemed fit to predict the association as the R-Square will be equal to zero. From the coefficient of determination of 0.237, human capital explains 23.7% variation in the performance of the county governments of Kisii and Kakamega.

The univariate linear regression $Y = \alpha + \beta 1X + \varepsilon$ is populated as follows:

$$Performance = 1.742 + 0.523 \text{ Human Capital}$$

The regression coefficients indicate that a unit change in human capital corresponds to an increase of 0.523 units in performance of the county government of Kisii and Kakamega. The probability value of the t-statistic below 0.05 show that performance of the county governments of Kisii and Kakamega is statistically influenced by human capital (t=7.65, p=0.000). Based on this result, the null hypothesis is rejected and the study concludes that human capital has a statistically significant effect on the performance of Kisii and Kakamega counties in Kenya.

Pearson Correlation Analysis

The Pearson correlation analysis was employed to determine the direction and strength of the association between the predictor variable and performance. Table 4 presents results of the analyzed data.

Table 4 Pearson Correlation Analysis

Variables	**(1)**
(1) Performance	1.000
HumanCapital	0.486*
	(0.000)

*** p<0.01, ** p<0.05, * p<0.1

Table4.25 illustrates the Pearson correlation coefficients on the relationships between human capital and the performance of the county governments of Kisii and Kakamega. The results indicate that Human capital has a moderate positive association with performance, r (191) =0.486, p<.05. This indicates that higher levels of human capital are significantly linked to improved performance.

Summary of Findings

The study investigated the effect of human capital on the performance of County Government of Kisii and Kakamega. Analysis of the collected data established that county governments' statements about the composition, management and satisfaction of human resources were clearly articulated and effectively applied. Notably, it was established that county governments of Kisii and Kakamega statements about the composition, management and satisfaction of the clients were clearly articulated and effectively applied.

The results of the study revealed that the county governments of Kisii and Kakamega statements about the scope, function and application of the information technology system were clearly articulated and effectively applied and that county governments encouraged and had health social capital and underlined the need to bridge it. It was established that there were healthy relations between staff/management at different levels of hierarchy and that the county governments of Kisii and Kakamega had clear devolved structures for the delivery of customer services.

Furthermore, results underlined the existence of clear processes for the delivery of customer services and that there was moderately clear innovative infrastructure for the delivery of customer services. Findings revealed that lack of political-neutral incentives hindered the optimal performance of county government human resources as political interference in hiring and promotions was a crucial factor influencing the performance of county governments' workforce. Simply put, political management of HR practices shaped the performance of county governments. Overall, majority of the respondents agreed and strongly agreed that human capital influences performance of county governments of Kisii and Kakamega.

Focusing on the summary of the hypothesis two, findings from the simple linear regression that was applied to test the hypothesis indicated P=0.000 and a linear regression coefficient of 0.523. From this result, it was evident that the p-value was less than the alpha level of significance that was set at 0.05 (95% confidence level). The deduction is that the null hypothesis is rejected and the study concludes that human capital has a statistically significant effect on the performance of Kisii and Kakamega counties in Kenya. As it relates to the Pearson Correlation, results revealed that human capital has a moderate positive association with performance, r (191) =0.486, p<.05.

Conclusion

It is concluded that human has a statistically significance effect on the performance of the county government of Kisii and Kakamega (P=0.000). It is concluded that interpersonal relations, skills, expertise, experience and knowledge are crucial enablers of performance. Moreover, Human capital has a moderate positive association with performance (r=0.486, p<.05), indicating that higher levels of human capital are significantly linked to improved performance.

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Recommendations

It is recommended that the County Governments of Kisii and Kakamega prioritize improving their human capital by implementing performance contracting to ensure accountability and clear expectations for all employees. Investing in sound and solid innovation infrastructure is essential to support the delivery of customer services. Additionally, it is crucial to eliminate political patronage in hiring, remuneration, and promotion processes so as to create a merit-based system. Leaders should focus on building healthy social capital and maintaining strong staff-management relations at all levels.

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