

**EFFECTS OF CAPACITY DEVELOPMENT STRATEGIES ON THE
PERFORMANCE OF THE DEPARTMENT FOR INTERNATIONAL
DEVELOPMENT IN KENYA**

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**A RESEARCH PROPOSAL SUBMITTED IN PARTIAL FULFILMENT OF
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DECLARATION

The project is my original work and has not been presented in any other University for any award. No part of this project report may be reproduced without permission of the author and/or University of Nairobi.

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The research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

To my parents, Mr and Mrs Otibine, for their unequalled support all through. And to my two sons, Eann Mbayi and Evan Mbayi, and my niece, Faith Ipalei; I am indebted to their great sacrifices in allowing me time to work on this project and constantly encouraging me to complete the project, just as I instructed them to complete their homework before playing.

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ABBREVIATIONS AND ACRONYMS

CD	Capacity Development
DAC	Development Assistance Committee
DFID	Department for International Development
OECD	Organisation for Economic Co-operation and Development
OPI	Organisational Performance Index
HR	Human Resources
ICT	Information and communication technology
KEPSA	Kenya Private Sector Alliance
NGOs	Non-Governmental Organisations
ODA	Overseas Development Assistance

ABSTRACT

Capacity development is widely recognised, both formally and informally, as consisting of a range of dimensions, from the knowledge and expertise of individuals to organisational capability and complementary frameworks and norms that govern their operations. The project was a research on the effects of capacity development strategies on performance of the Department for International Development (DFID) in Kenya. The specific objectives were to identify the capacity development strategies employed by DFID in Kenya and the effects of these strategies on the overall performance of the organization. A number of theories were reviewed by the researcher that forms the basis for organisational capacity development strategies and their underpinnings discussed at length. These theories include the performance and human development theories; dynamic capabilities and capacity building theories; and the knowledge based theory. Business competition in both the internal and external environments drives organisations to quest for new approaches that are adequate to meet the competitive business environment. The findings established that DFID capacity development strategies included effective financial management, human resource development and information management, communication and technology as well as continuous automation of systems. These capacity development strategies contributed to the timely fund flows to project beneficiaries, accurate financial forecasting, effective programme management and enhanced relationships between employer and employees as well as with project implementation partners and other stakeholders affiliated to DFID operations in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Capacity development is widely recognised, both formally and informally, as consisting of a range of dimensions, from the knowledge and expertise of individuals to organisational capability and complementary frameworks and norms that govern their operations. Also, capacity development entails targeted and strategic change choices that will lead to the achievement of a number of defined results; a key feature in organisational development which focuses on successful organisational change and performance. Intended outcomes will generally sprout from people deliberately choosing to perform their jobs differently and with greater competence (Chrisoplos, Christie, Bergman & Hauer, 2013).

Capacity development can therefore be human resources or organisational systems' focused. Subscribing to capacity development as a 'way of doing business' has various implications on any given organisation; capacity levels are a general concern to both organisations, nations and individuals as they define an entity's competitive advantage, giving an edge against other players in similar operational contexts. An organisation's upper hand gained by offering superior value to its customers when compared to its competitors is defined as its competitive advantage; this can be achieved by providing or delivering superior quality in goods and services discharged into a given market and at justified pricing. These have to do not only with efficacy, but questions of values and interests - 'capacity for what' and 'to serve whom'.

The past one decade has seen great growth of the capacity development concept in organisations. The concepts emanate from a stream of change management strategies and lessons over time. The concept is however still evolving, including its definition, application, emerging assumptions and consequences around it. According to Rugumamu (2011), capacity development strategies have been widely used in donor development projects. ICT Innovation for example, is one of the aspects of capacity development capable of improving a firm's performance.

For this study, the researcher will focus on performance and human development theories; dynamic capabilities and capacity building theories; and knowledge based theory. The theory of performance views both organisations and individuals as a journey that goes through processes. The Human Capital Development Theory on the other hand originates from the works of Amartya (1999) on community development. He argues that higher poverty levels have a close implication on the absence or limited capacity in the society. The dynamic capabilities and capacity development theory view resource management of the organization through a dynamic capabilities notion. In the knowledge based theory, the accumulation and protection of valuable knowledge and capability is a key responsibility of any manager (Schlegelmilch et al, 2003 & Markides, 1998). These theories speak to the relationship of capacity development efforts and the overall organisational performance. They also directly support DFID capacity development efforts in influencing performance through e.g. capacity transfer projects, automation and systems development, restructuring, training, coaching and mentorship.

DFID has financed development projects in developing economies for years, since the end of the British colonial rule for Kenya. DFID currently supports projects in Kenya's health, education, economic development, social protection, humanitarian, governance, security and climate change sectors.

1.1.1 Capacity Development Strategies

Mintzberg and Quinn (1991) define strategy as a primary means in reaching the target point. Organisations often formulate and implement turnaround strategies for example to salvage poor performing organisations. Moynihan (2008) on the other hand defines capacity development as involving a series of activities like downsizing, auditing, planning, re-organisation, process automations; and recruitment and training packages for employees by the organisation. Hence, capacity building aims at establishing workable linkages between organizational operations and its effectiveness.

Capacity development may therefore mean the planning processes and the end results that aim at enhancing individual capabilities and the overall performance of firms (Isimbabi, 2005). Light (2004) goes ahead and argues that different kinds of capacity development produce different kinds of outputs. There is a wide range of approaches to capacity development and performance enhancements identified in literature. These can be organisational, institutional, systems, and participatory.

According to Rugumamu (2011), organisational approach focuses on identifying the components of capacity within an organisation. The institutional approach builds the capacity to create, change, enforce, and learn from the processes and rules that govern society. In the systems approach, holistic lenses to institutional development are applied which are dynamic and multidimensional (Baser & Morgan, 2008). Finally, the participatory approach focuses on the adequacy in the process of achieving optimal capacity development (Eisenhardt & Martin, 2000).

According to Teece (2012), the modalities, or strategies, used to strengthen individual capacities would include internships, formal training, written materials, meetings, e-learning, appreciative inquiry, coaching sessions and peer groups' action learning. At the organisational level, Trott and Hartmann (2009) argue that capacity development can be in terms of process consultation, leadership development, promotion of networking and collaboration, action learning, advocacy and awareness creation, on the job training, technical advice, training course, and educational and continued professional development. The aim of the strategy is to achieve the desired goal.

1.1.2 Organisational Performance

Eisenhardt and Martin (2000) define organisational performance as the established processes that enable the organisation to achieve its overall objectives and mission. Success in organisational performance constitutes the long term benefits an organisation offers to its stakeholders. Organisational performance is realised after a certain period of time and it relates to the efficiency and effectiveness of the firm. On the other hand, Teece (2012), view organisational performance as encompassing market and financial performance and the economic value that is payable to the shareholder. The measurement indicators for organisational performance are generally classified as financial and non-financial (qualitative). Zahra, (1993) also argues that organisational performance cannot be adequately determined without considering both financial and nonfinancial measures.

The multidimensionality of performance covers the many ways in which organizations can be successful; the domain of which is arguably as large as the many ways in which organizations operate and interact with their environment. Market share for example relates to size of the market that an organisation sales its produce to while customer satisfaction levels are obtainable from customer shopping surveys for example that provide valuable information of how an organisation satisfies its customer needs. The

success of donor agencies in capacity development can be measured for example by assessing the quality of their policy contributions from their personnel. Mathews (2006), argues that “the hypercompetitive environment within which businesses are now operating demands that organizations look for ways to continually improve their competitiveness if they are to remain viable and successful”. Organisational strategy refers to the series of decisions that guide the long term direction of the organisation. The performance of the organisation is the cumulative outcome of the efficiency, effectiveness and sustainability of the intervention initiatives for the inclusive development. The use of monitoring and evaluation helps in the measurement of performance of the specific strategies employed by the organisation.

1.1.3 DFID in Kenya

The Department for International Development (DFID) is the United Kingdom’s department that administers development support to developing economies through aid. DFID has supported development projects in Kenya since the end of the colonial era in the 1960s. The goal of the department is "to promote sustainable development and eliminate world poverty" globally. In a 2010 report by the Development Assistance Committee (DAC), DFID was described as "an international development leader in times of global crisis" (DFID, 2010). DFID operations form one of the channels through which the UK government aims to deliver its 0.7% development aid commitments for developing economies declared in 2004 and achieved in 2013, OECD (2011).

DFID's programming in Kenya includes projects in climate change, security, governance, water and sanitation, health, education, humanitarian, economic development and research. The DFID Kenya economic development programmes in agriculture take a ‘markets for the poor approach’ that aims to enhance value chains and increase market access, both from the supply and demand angles, for low income groups. The project implementation partners for DFID are composed of the government, multilateral development agencies like the World Bank and the UN, other donors i.e. the Germans and the French, Non-Governmental Organisations (NGOs) and the private sector.

DFID has also been instrumental in the birth and growth of special purpose vehicles in Kenya like the Trade Mark East Africa and Financial Sector Deepening Trust which remain to be instrumental in supporting policy and developments in Kenya’s infrastructure and financial sectors respectively (Coffey International, 2015).

Organisational capacity strengthening has continued to be included in the implementation of DFID funded projects to enhance the delivery capacity of partner organisations, better position them in their respective industries and achieve sustainability. Such efforts have included skills and knowledge transfer arrangements and development of strategies i.e. balanced scorecards to define performance objectives and track performance.

Recognising that the development process is multi-dimensional, and having regard to the five aid effectiveness principles (ownership, alignment, harmonisation, management for results and mutual accountability), it becomes clear that achieving sustainable development is not only about the volume of aid given, but also about how that aid is given and managed (Isimbabi, 2005). A study of the DFID capacity development strategies will help to determine the strategies the organisation employs in capacity development and enhancing performance; identify any knowledge gaps; and draw valuable lessons to add to developing knowledge in capacity development and performance.

1.2 Research Problem

This study will seek to identify the capacity development strategies used by DFID in Kenya and the effects of these strategies on DFID's performance in Kenya. DFID is one of the donors in the development industry involved in developing capacities for the developing economies across the world. DFID carries out capacity strengthening both internally, to achieve optimal results from its resources, and externally, in supporting other organisations to improve their performance and institutional sustainability (Coffey International, 2015). The study will seek to advise whether the successful achievement of an organisation's goals is as a result effective identification and implementation of appropriate capacity development strategies.

This study will therefore review the DFID capacity development strategies employed in Kenya, especially to assess their suitability and their respective effects on performance, and to influence the adoption of any successful strategies identified by stakeholders operating in the same sectors to enhance their performance achievements. The general impression in the development industry is that DFID has a footprint in almost all sectors in Kenya and hence representing the challenge of managing a huge number of projects with very lean resources.

DFID has been involved in efforts such as staff capacity development, ICT enhancements, recruitment of commercial project implementing agents and third party monitors to track and verify activity and results as part of its adaptive programming approaches.

Studies have examined capacity development approaches by various institutions. For instance, Leidel, Niemann and Hagemann (2012) examined the capacity development in water resource management in Ukraine while Coffey International Limited (2015) studied capacity development through international projects. Frantz et al (2014) also examined research capacity development in educational institutions in South Africa. A study by Ng'ethe, Katumanga and Williams (2004) examined the drivers of pro-poor change as commissioned by DFID. Another report on DFID is a synthesis of studies on education and poverty in a number of countries by Palmer and Kaplan (2014). None of the studies reviewed by the researcher examined the effects of capacity development strategies employed by DFID on its performance in Kenya. Hence, this is the knowledge gap that this study seeks to fill by seeking an answer to the following questions; i) what are the capacity development strategies employed by DFID in Kenya? And ii) what is the effect of capacity development strategies employed by DFID on its performance in Kenya?

1.3 Research Objectives

The objectives of this study are two:

- i) To identify capacity development strategies employed by DFID in Kenya.
- ii) To determine the effects of capacity development strategies on the performance of DFID in Kenya.

1.4 Value of the Study

This study will contribute to policy formulation by donor organisations, NGOs and other development players often engaged in general capacity development efforts in Kenya. The results of the study will contribute to frameworks within which such organisations can better engage to further develop organisations' capacities.

The results will also be important to the government of Kenya as one of the major partners in international development assistance; an understanding of the capacity development strategies employed by these development partners will be instrumental in shaping the sector's policy framework.

The study will also benefit other organisations in terms of practise, generally in the identification and appraisal of capacity development strategies that they can employ to improve their respective performance and gain a competitive advantage.

Lastly, this study will be useful to researchers, academicians and practitioners in the development sector specifically in supporting advancements or as a reference in future studies on capacity development. Further studies can stem from this study and students can use this research as a reference material for engaging in discussions on capacity development. The findings of this study can be compared with future findings in other sectors to draw conclusions on best capacity development strategies applicable in a variety of contexts.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of literature on organisational capacity development strategies and performance. A number of capacity development theories are discussed and contextualised here.

2.2 Theoretical Foundation

This section discusses the theoretical foundations that the study is based on. These include the performance and human capital development theories, the dynamic capabilities and capacity building theory, and the knowledge based theory. These theories seek to predict appropriate strategies in varying decision situations. Having a good working knowledge of some of the more prominent strategic theories provides tools to managers to process information better and in applying new perspectives in their functions.

2.2.1 Performance and Human Capital Development Theories

The theory of performance views both organisations and individuals as a journey that goes through processes. According to Caine et al, (2005), the process of performance comprise of context, skills levels, knowledge, identity, fixed factors and personal factors. Human beings and organisations can produce extra ordinary performance based on their capacity levels. Since worthy accomplishments are produced from high-level performances, a theory of performance is useful in many learning contexts for employees and the organisation.

The argument in the Human Capital Development Theory on the other hand stems from the poverty and capability postulates of Amartya (1999) in the development literature. Sen argues that higher levels of missing capacity in a society are associated with greater levels of poverty. The same argument could be applied at the institutional level emphasizing that deprivation of capabilities within institutions will inhibit the institutions from functioning effectively. Although the growth of literature still lacks successful analysis of the role of human capital in explaining growth performance, particularly in the least developed countries, emerging literature on the role of human capital in economic growth in general provides an entry point to measure the role of capacity in the development process (Baser & Morgan, 2008).

The theories of Performance and Human Capital Development are used in this study to support plans by DFID to scale up financial and staff resources, as detailed in its operational plan 2011-2016 on Private Sector Development in order to increase its sustainable economic development work. The theory is also relevant in that DFID can analyse the performance effects of capacity development strategies it employs and compare with donors operating in the same space in Kenya and in determining its operational niche.

2.2.2 Dynamic Capabilities and Capacity Building Theory

The resource management of the organization is viewed through the dynamic capabilities notion. Business competition in both internal and external environment drives the firms in the quest for new approaches that are adequate to meet the competitive business environment. The theoretical underpinnings of dynamic capability were propounded by Selznick and Eisenhardt in 1980s. The theory exhibits some common elements across a number of firms and the individual approaches that enhance competitive advantage (Eisenhardt & Martin, 2000). The theory presupposes a wide range of processes, resources and capabilities within a business company. The innovation, capacity development and performance related outcome at DFID are linked to the dynamic capabilities of the available resources within the organisation (Anderson & Markides, 2006).

According to Boesen and Therkildsen, (2004), Capacity development initiatives are key pillars in the learning by doing approaches. The effects of capacity development initiatives affect organisations and individuals through the skills and knowledge achieved, and emphasized through capacity development strategies. Individual learning directly contributes to organizational learning through policies, processes, information management and reward systems based on the overall objectives of the organisation (Palmer & Kaplan, 2014).

The business external and internal environment is meant to maximise on the capacity development gains that lead to robust policies and operational structures which can better the functional performance of the organisation. According to Murphy and Hill (2012), approach to capacity development is three fold; marketing, staff development and ICT/innovations. Hence this theory supports the DFID 70:20:10 rule on staff learning and development where only about ten percent of the expected skills and professional

knowledge is attained through education and formal training. Mentorship and coaching contributes to takes twenty percent and on job capacity training opportunities account for seventy percent of the skills and knowledge acquisition efforts. Innovation and technology has a central role in the realisation of new and better capacity development initiatives for the enhancement of organisational information.

According to Barreto (2010), the value and performance of an organization is measured by the level of intellectual and employee capacity. Empowered staffs have confidence, room for creativity and ability to maintain and enhance the overall performance of the organization. Staff knowledge is key in cementing the capability of employees to make distinctions in the execution of their responsibilities in different contexts through a set of attributes and skills attained over time. Knowledge is considered as the most strategic and important resource to organisations (Teece, 2000). It is however argued that the knowledge based theory advocates for the implicit harnessing of knowledge held by an organization's employees. This is one of the most valuable substances that is not stored in technological information system. The knowledge held by employees is important for their self-development and motivation; in return contributes to the overall performance of the organization.

2.2.3 The Knowledge Based Theory

The accumulation and protection of valuable knowledge and capability is a key responsibility of any manager (Schlegelmilch et al, 2003 & Markides, 1998). The respective capability levels guides the organisation's efficiency in turning its inputs into sustainable and high value outcomes. Pedler, Burgogyne and Boydell (1997) assert that organizations organically develop into learning organizations. They continuously adopt learning and document success in order to transform themselves. Hence, such organizations are characterized by a shared vision, systems thinking, mental models, personal mastery and team learning.

The commitment of an individual to the process of learning is what defines personal mastery. There is competitive advantage for an organization whose workforce can learn more quickly than the workforce of other organizations (Eisenhardt & Martin, 2000). Organizations tend to have memories which preserve assumptions held by individuals, norms, values and certain behaviours.

These are what make up the organization's mental model. In developing a shared vision, staffs are motivated to learn and to align their individual goals with the corporate goals. A team whose individuals are continuously learning is a learning team and hence a learning organization in totality.

The emphasis on learning and development and lesson sharing through professional cadres, mentoring and coaching in DFID best support this theory and are aimed at continuous learning and improved service delivery across all staff levels.

2.3 Effects of Capacity Development Strategies on Performance

The following paragraphs discuss the effects of capacity development strategies on performance. The strategies discussed include financial management strategy, human resource and talent development strategy, information management strategy and system automation strategy.

2.3.1 Financial Management Strategy

According to Gitman (2007), financial management is the process of managing financial resources and decisions aimed at moving the organisation in the direction of reaching its mission and maximising benefits to shareholders. Financial management strategy refers to the processes of managing financial resources and decisions by management regarding financial budgeting, forecasting, reporting and accounting (Lightbody, 2000). The goal for financial strategy is to prudently use capital resources and maximise on the outcomes. The strategies for financial management comprise of processes, internal controls, systems and practices that guide the organisation in its revenue generation and management of expenses, assets and contingencies. In addition to operational performance management that consists of budget performance and reporting, risk management and monitoring form an integral part of an organisation's financial management strategy. Financial management strategy consists of planning and control for the future of a business enterprise to forecast for a positive cash flow within the organisation (Oduware, 2011).

In planning, directing and control of procurement activities and utilisation of funds, value for money achievement for the organisation is ensured. Financial strategies aim at instituting good financial management systems that better capture an organisation's resources and ensure accurate forecasting and tracking of expenditure.

2.3.2 Human Resource and Talent Development Strategies

Isiambi (2005) defined human resource and talent development as the process and efforts employed by an organisation to enhance the individual capabilities and organizational performance. Such enhanced capabilities lead to organisation offering superior quality and services into the market and subsequently developing a competitive advantage over other players. DFID places a lot of emphasis on developing the capacity of its employees not only to deliver quality services but to also prepare them for more challenging assignments and to take advantage of promotion opportunities (DFID, 2015).

Human Resources (HR) play a key role in the execution of organisational processes as they are the brain behind the functioning of an organisation's systems including ICT. Grindle and Hilderbrand (1995) found that "administrative structures and monetary rewards determine organizational and individual performance; that organizations work well when structures and control mechanisms are in place; and that individual performance improves as a result of skill and technology transfer through training activities". The study found that "effective public sector performance is more often driven by strong organizational cultures, good management practices, and effective communication networks than it is by rules and regulations or procedures and pay scales; and that individual performance is more affected by opportunities for meaningful work, shared professional norms, teamwork, and promotion based on performance rather than it is by training in specific skills."

Rauch and Serge (2011) conversely found that "general and specific human capital lead to growth and failure in different ways and that specific human capital was not related to growth and had direct negative effects on business failure".

2.3.3 Information Management and System Automation Strategies

According to Wafula (2008), innovation in technology, labour and capital are intertwined. Some innovation of technology uses more capital while others use a lot of labour. The utilization of Information and communication technologies (ICT) has changed many aspects of operation and direction in organisations. At DFID Kenya, there is great use of computers, laptops, teleconference facilities and a central information storage system mainly for references in decision making (DFID, 2015). Kapur (2005) argues that the work station ICT determines the kind of quality services and performance produced. Technology contributes to the development of performance.

Besides the impact on the organizational performance, technology also influences the living conditions of groups and individuals as well as the relationship between staff. Technology is however prone to change and advancements, thus the need for continued organizational flexibility and adaptability in order to best realize optimal effects on performance.

2.4 Empirical Literature and Research Gaps

In research on technical change, industrial evolutionary changes, Dosi and Nelson (2010) argue that companies do not agree on one single dimension to pursue. The previous experience of capacity building is a key determinant of the recent and current capacity building approaches. Organisations can positively influence their innovation and business performance through well driven, planned and carefully selected choices regarding their capacity building and performance approach. Several surveys rank Google and Apple as top performing companies (Murphy & Hill, 2012). They are ranked high because of the user friendly services. Business firms have identified and value the importance of capacity building and innovation. Product capacity building and innovation is widely seen as one of the most excellent sources of the most sustainable competition and improvements within ever increasing transformational environmental changes, it leads to positive improvements on processes and products being build. Innovation makes continuous advances that assists companies to survive, allows firms to grow faster, becoming more efficient and good staff career development plans (Lidel et al, 2010).

Rugumamu (2011) studied the importance of capacity development in conflict and fragile contexts in Africa; findings point to the poor results in capacity development efforts in such areas. Such initiatives in Africa have been seen as generally imposed on the beneficiary nations and populations by the donor community and lacking in local driven need for capacity building. The absence of home-grown capability driven initiatives limits the sustainability of such opportunities. Leidel et al (2012) studied capacity development in water resource management in Ukraine. The study proposed the use of stakeholder engagement for well-tailored capacity development interventions.

A study by Bosibiori (2012) suggests that female employees in many development organizations are always on the forefront of developing their skills. The study focused on skills development programmes in then Kenya Airlines.

In the study, departments and positions were assessed as having higher capacity development needs because of the technical knowledge required to deliver defined outcomes. Some of the departments had higher illiteracy levels and thus on the job and formal trainings would assist in building employee capacities. Staffs with higher capacities were engaged in developing the capacity of colleagues through coaching and mentorship.

Christoplos et al (2013) examined the measurement of impact of capacity development efforts. An organisational performance index (OPI) was developed by the study. Performance was ranked as either of high or low performance. High performance was characterised by reliability, efficiency, effectiveness, sustainability and relevancy. The study examined reliability of the OPI with programmes in countries like South Sudan, Nigeria, Ethiopia and Zimbabwe. A total of forty implementing partners were studied. The OPI reliability had an average of 85 scores for majority of the countries, except Ethiopia and Nigeria that were under 70 in score. The OPI was helpful in measuring the organisational performance changes prior to and after capacity building of project implementing partners capability. The role of stakeholders was essential in ensuring ownership of the entire process. The study was not limited to the development organizational systems and skills but also incorporated the value addition from capacity development strategies.

Frantz (2014) studied research capacity development in educational institutions in South Africa. The study was a collaboration between Flemish Universities and HEI-South African University. The study looked at the productivity and improvements of capacity among the academic researchers.

Coffey (2015) examined the concept of capacity development through international projects. The study focused on the use of results based management (RBM) by donors alongside well-tailored monitoring and evaluation tools (including logical framework analysis, logic models and results frameworks). The study deduced that donor agencies relied upon such tools to generate the evidence base for measuring “success” across the spectrum of their work, although projects differed enormously in their nature, scope and time-span. Vallejo and When (2016), evaluated capacity development by identifying and analysing the various approaches put forward over time. The study outlines the processes and challenges of CD when the pre-defined indicators are not captured in the preparation

stage. The study indicates that CD strategy ought to consider the programme, human resources, beneficiary population, other stakeholders and the operational context and the lack of a tailor made approach to capacity development.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This research methodology adopted by this study is presented in the following sections. It discusses the research design, data collection and finally describes the data analysis procedure that was adopted.

3.2 Research Design

This study adopted a case study design approach which helped the researcher to obtain in-depth information of the studied organisation. Neuman (2006) defines case studies as “in-depth investigations of a single person, group, event or community”. A survey was assessed by the researcher as not appropriate since this study aimed to identify and assess the capacity development strategies employed by just one organisation, DFID in Kenya. Primary data, which was specific to this study, was collected by conducting interviews.

An interview guide, included in appendix 1, was developed and designed based on the objectives of the study; it helped to guide the interviews and tailor the discussions to obtain appropriate responses. The interview guide is divided into two parts; the initial section covers the interviewee demographic information and the later part seeks to identify the capacity development strategies employed by DFID in Kenya and effects of these capacity development strategies on the organisation’s performance in Kenya.

3.3 Data Collection

Data collection entailed the gathering and measuring of information targeted at analyses to generate deductions on given questions (Neuman, 2006). The study collected primary data by interviewing personnel who are responsible for strategy formulation and high level decision making in the organisation. On spot clarifications were sought during the interview and body language assessed as well to generate more inferences on the data obtained. Some of the organisation’s documents were confidential and hence inaccessible publicly.

The interview guide was designed based on the objective of the study; it helped to direct the interviews and tailor the discussions to obtain appropriate responses. The interview guide was in two parts; the first focused on the interviewees’ background information/metadata and the second section sought to identify the DFID Kenya strategies for capacity development and their respective impacts on the organisation’s

performance. The target interviewees were composed of the members of the DFID Kenya Leadership Team (which comprises of the director, deputy director, section heads), human resource and finance officers. The researcher conducted face to face and telephone interviews with the target interviewees over a period of two weeks (some staff were on internal travel at the time).

3.4 Data Analysis

The process of classifying and modelling data into useful information capable of supporting conclusions and supporting decision making constitutes data analysis. Data analysis methods can be either statistical or qualitative. This being an in-depth interview, content analysis was applied to analyse the data which was an examination of the statements made by interviewees.

Content analysis involves the transcription of responses and reporting in verbatim in order to address the objective of the study. The analysis identified the capacity development strategies employed by DFID in Kenya and provided an indication on the impact of these strategies on the organization's performance. Challenges in the application of the identified capacity development strategies in DFID Kenya were also identified and the lessons drawn.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter discusses the findings, recommendations and emerging issues from the study. The study findings are presented based on the interview guide structure which was based on the research objectives.

4.2 Interviewees' Background Information

Interviews were conducted with eight interviewees in DFID Kenya staff who have a direct or indirect responsibility in strategy formulation and implementation, as defined in the interviewee target criteria under data collection; and composed of both United Kingdom and locally (Kenya) appointed staff. Two of the interviewed staff performed Human Resource and Finance management functions.

The interviewees had worked for DFID Kenya for a number of years ranging from three to fifteen years and their positions were in the top management cadre classification. The interviewees held at least an academic degree qualification, and coupled with a range of postgraduate qualifications. The interviewees acknowledged having specialist training in programme management and specific cadre professional trainings.

The study results affirmed the DFID reward system as effective in contributing to high staff retention rates, especially given that programme management jobs are a highly competitive in the Kenya market.

4.3 Research Findings

The findings of the study are presented in detail in the subsequent sections. The sections discuss the capacity development strategies employed by DFID in Kenya; the effect of these strategies on DFID performance in Kenya; conclusions and recommendations from the study.

4.3.1 Interviewee Background Information/Metadata

Interviews were conducted with eight interviewees out of which six were members of the DFID Kenya leadership team and responsible for strategy formulation and implementation oversight (as defined in the interviewee target criteria under data collection) and who were United Kingdom appointed staff. The other two the interviewees included a Human Resources officer and the Finance department head, both

locally (Kenya) appointed staff. The interviewees had worked with DFID Kenya for a number of years ranging from three to fifteen years and their respective functions ranged as either DFID top or middle management. Female interviewees were more than their male counterparts signalling that DFID Kenya staffing numbers as composed of more females. This speaks to the DFID overall diversity policy and its strategy to empower women and girls.

4.3.2 Capacity Development Strategies Employed by DFID in Kenya

The study confirmed the existence of capacity development strategies in DFID in Kenya and suggests that the DFID Kenya management generally consider capacity development strategies as pivotal to improving the organisation's performance. Among the capacity development strategies in DFID Kenya identified by the study were financial management, human resource and talent development, information management and system automation strategies.

On human resource and talent development, the study found that DFID Kenya invests heavily in developing the capacities of its Human Resources (HR). Deliberate management efforts to improve capabilities of employees across all grades without discrimination is mostly achieved through networking, influencing, actively engaging and listening to staff were cited. The interviewees reported having participated in learning and development opportunities to improve their skills and experience over the years while working with DFID Kenya. The trainings accessed ranged from leadership, programme management, people management, commercial capability, financial management, risk and control, value for money, and on the use of various information technology systems including the information storage and finance management systems to ease their work and deliver better quality.

Staff skills building in DFID Kenya is generally through formal training, coaching arrangements, shadowing opportunities and secondments to new assignments within DFID Kenya, to other development agencies and to other countries where DFID is present. Professional cadre members obtain professional guidance from their senior cadre colleagues from the head office in London and through the cadre network. There also exists an online United Kingdom Civil service learning platform through which staff can self-train on common subjects like fraud and corruption and information management. All these are managed through the DFID Kenya talent academy that sets the capacity

development strategy for the department, manages the requisite financial resources and actively scopes for development opportunities for staff. Structured challenge sessions in which members of the DFID Kenya Leadership Team share and discuss their experience individually or as a group for others can gain from the insights are also incorporated in the organisation's capacity development plan. Action learning sets are also in place where small groups of staff to share their experiences, challenges, develop solutions and learn from each other.

The DFID Kenya financial management strategy includes the incorporation of the recently launched finance cadre among the development resources available to staff. The Accounts and Results Team (ART) hosts two finance managers who are tasked with monitoring the quality of the department's financial performance in terms of forecasting and the processing of properly appraised payments to implementing partners. The two personnel also double up as trainers on finance and risk related aspects to the whole office. This arrangement has worked very well so far, especially in ensuring that staffs are updated of new policies and procedures on financial management and in ensuring general adherence to policies.

In embracing information management and automation strategies, DFID Kenya uses online information collation and storage platforms such as the online information management system, especially to enhance its communication effectiveness. Other online platforms present in DFID Kenya include the central enquiries portal, procurement portal, an accounting, financial and project management system and a Human Resources (HR) management system. DFID Kenya draws HR services from the DFID Africa regional HR hub situated in South Africa, which leads to both savings in cost and staff time. Suppliers self-register on the online DFID supplier portal for example and DFID uses an electronic tendering system that ensures a robust procurement system that is transparent and produces a good audit trail of the procurement steps followed in a given tender process.

There have also been deliberate efforts to incorporate digital elements in both the design and delivery of projects. Those interviewed confirmed the increasing use of social media in identifying and sharing the excellent operational practices and disseminating project results, and enabling feedback collation from the beneficiaries and other stakeholders operating in the same industry. The external DFID website hosts the Development Tracker platform that contains information on all programmes in Kenya, design and

reviews, both for completed projects and those under implementation. The interviewees emphasised that the platform operated in line with the United Kingdom Aid transparency requirements and reduces on the need by enquirers to contact DFID Kenya staff for project information, and in turn frees staff time to develop new capabilities and concentrate more on their designated functions in order to deliver superior performance i.e. achieving effectiveness in stakeholder relationship management. This is in line with arguments by Kapur (2005) who asserts that the ICT characteristics of an employee's work station have a direct relationship with their productivity and the resultant quality of services and performance.

DFID Kenya, like many other international organizations uses an online recruitment platform to advertise job vacancies, review applications, select and shortlist applicants for interviews. The online recruitment platform has a large geographical coverage hence enabling the attraction of very strong and competent candidates to fill staffing vacancies. The online recruitment platform also ensures transparency in the sifting and selection of the candidates. DFID invests heavily on information technology, especially in integrating core functions within the organisation i.e. finance, accounting, project management, information management and staff management.

In addition, DFID Kenya has adopted research as a core element in innovation for adaptive programming through evidence prior to the design and in the delivery of its programmes. Research has been essential in building the capacity of DFID Kenya through lesson learning on what works and how to improve the existing programmes. It has been used to enhance the ways that DFID currently work and guiding decisions in effective programming based on value for money evidence gathered through research.

The study found that capacity development strategy drivers were mainly quality performance, effective stakeholder relationship management, delivery of quality and value for money in project implementation, staff motivations to improve and the DFID overall vision to empower and achieve effective delivery of the global development goals.

4.3.3 Effects of Capacity Development Strategies on Performance of DFID in Kenya

The study found that capacity development strategies contribute in one way or the other to the performance of DFID in Kenya. The training the interviewees have received through DFID for example has generally enabled them to perform their respective functions without constantly having to seek assistance from other colleagues. Staffs were

confident of their ability to better manage programmes, the organisation's assets and resources, including staff and also transfer requisite skills to new staff joining the organisation which helps in ensuring seamless transitions during staff turn overs.

Staff training opportunities were cited as critical in ensuring excellence among the employees through improved skills and talent management, and hence enabling staff to effectively transition to new and more challenging jobs both internally and externally when opportunities arise. Financial management was reported as a key capacity development aspect for most job functions in DFID Kenya. This is in agreement with Oduware (2011) who emphasised on the importance of financial capacity of employees to the realisation of the overall organisational objectives.

The interviewees reported that financial capacity development had significantly contributes to more speedy financial resource transfers to implementing partners' and accuracy forecasts, which are focal to DFID operations and hence contributing to meeting the DFID overall Overseas Development Aid (ODA) target of 0.7% set by the United Kingdom (UK) government for international development aid.

The interviewees were confident that the various aspects of staff trainings, shadowing and mentorship opportunities maximised on the DFID ability to respond to emerging issues that require creative and innovative solutions, especially in ensuring flexibility and context adaptation in programme delivery. The finding is in line with argument of Lightbody (2000) that the capacity development end result should be improved skills and effective use of the capital resources. The interviewees signalled the existence of good employee relationships in DFID in Kenya as well as staff behaviours that contribute to great cohesion at the workplace.

The use of online service platforms such as the enquiries and procurement management portals saves on both DFID Kenya finances and staff time. Such strategies have ensured transparency and accountability in procurement processes for example and improved stakeholder relationship management through the issue of timely responses to the public.

4.4 Discussions

The study noted that female interviewees were in dominance in comparison to their male counterparts. This could be associated with the DFID goal on gender empowerment, which aims to provide more opportunities for women and girls and hence the peculiar existence of more female employees in DFID in Kenya. The finding of the study

resonates with the Bosibori (2012) study that found more female employees engaged in capacity development trainings at Kenya Airlines.

Capacity development trainings for DFID Kenya employees are targeted at improving the delivery of DFID's core business which entails effective aid management and influencing. It is an overall aim for the organisation to professionalise employees in their competences to ensure quality, effective and efficient management of programmes and staff to deliver superior results.

The interviewees reported that they found the capacity development trainings, coaching and job shadowing opportunities offered by DFID in Kenya relevant in the effective discharge of their respective job functions and resulted in positive impacts on staff performance and the entire organisation, especially through cascading of on the job skills to other employees through the organisation's line management arrangements.

Financial competence is significant for DFID as it helps the employees and management in achieving realism in forecasting and budgeting processes, especially in factoring risk in everyday operations. Such processes are key to DFID achieving its annual 0.7% ODA commitment which is ingrained in the UK government legislation.

The study found that most of DFID Kenya processes are on automated platforms, thus contributing to effectiveness in service delivery and ease of reference when need be. DFID is generally viewed as one of the ICT leaders in the development industry upon which other players benchmark upon. The existence of the online development tracker from which the public can access project information has been key in ensuring transparency in the delivery of DFID Kenya programmes; the information contained on the platform is not only limited to project financial values but also includes details of implementing partners engaged and analyses of project spending that allows the public to actively critic and even advise on delivery options.

The study found that line managers played a vital in developing the capacities of staff that they manage by providing guidance, feedback, coaching and having challenging and constructive discussions with staff about their performance against objectives which are usually developed and agreed at the start of every reporting year. Employees are normally encouraged to capture learning and development goals when setting their annual individual performance objectives. Staffs that do not belong to specialist cadres are usually encouraged to aspire for high level engagements to gain as much experience as

possible in preparation for their career progression. Based on individual staff career objectives, DFID Kenya is usually willing to support staff in seeking opportunities outside of the organisation that would enrich their career prospects e.g. short-term secondments to civil society and other development organisations like United States Development Aid (USAID).

DFID Kenya has a 'pipeline special learning and development' for local staff who are sifted during performance appraisals as having interest in leadership where they get funded to attend the 'inspiring tomorrow's leaders programme' run annually by Manchester University in United Kingdom to enhance their leadership skills and potential. Staffs are also normally encouraged to identify and undertake suitable leadership courses offered online on the Civil service learning portal.

The DFID Kenya Programmes are not only designed and implemented to deliver quality, the study also found employees to be very competent and confident in the execution of their responsibilities, including through the available digital means and tools. The confidence in the programme management staff is essential for DFID Kenya's engagements with implementing partners, other donor organizations and beneficiary populations in Kenya. The DFID Kenya adopts a defined competency framework in defining the skill and experience requirements for each position in the organization.

4.5 Emerging issues from Interviews

A number of issues emerged from the analysis of feedback received from the interviewees. Firstly, the reward system at the end of the year was cited as requiring regular reviews to keep abreast with market developments, especially in the highly competitive environment.

A review of the learning and development policy was also noted a potentially valuable to consider the incorporation and support of higher post graduate studies. The interviewees recommended that any capacity development strategies in DFID Kenya should ideally seek to not only attract good employees to join the organisation, it should also be capable of influencing high retention and motivation levels among the existing staff.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study was carried out to identify capacity development strategies employed by DFID in Kenya and examine the effects of these strategies on the performance of DFID in Kenya. In this chapter, the researcher presents the summary and conclusions of the study, recommendations and suggested areas for further research.

5.2 Summary of Findings

The research found that DFID in Kenya applies various strategies to develop capacities both internally and externally to the organisation. The strategies identified included financial management, human resource and talent development, information management and system automation strategies.

The study indicated that the interviewees were happy and confident of the capacity development strategies employed by DFID in Kenya and believed that they had an impact generally on the performance of DFID in Kenya. System automations for example had helped to speed processes and ensure transparency in the delivery of programmes. Staff development strategies had been pivotal in improving the quality of service delivered by DFID and in ensuring good relationships with key stakeholders in the industry. An automated information management platform has on the other hand ensured easy access to requisite information on projects and better archiving of information for future reference if need be. The interlinkages between the various online systems have ensured even smoother and leaner operations since the systems can speak to each other; this has been especially important in ensuring DFID delivers quality programmes in Kenya.

Other strategies like intrinsic rewards like staff recognition and praise motivates workers and subsequently improves their work performance. Recognition of employees has more effect on motivation and performance compared to mere training. The informal recognition through use of words such as “thank you”, “well done” and “you are a star in the organisation” signified to be a powerful motivation tool when correctly and frequently used on team leaders as well as individuals. The interviewees observed a direct relationship between motivation and process automations to both the employees’ and organizational performance.

Hence, these seemingly little things have a much greater impact on motivating employees for higher performance than merely official rewards. The focus of DFID in Kenya on both the organisation and individual employees has yielded double edged benefits in both ways.

Timely responses to public enquiries have resulted in greater confidence in the Kenyan public on the role of DFID in the efforts towards the elimination of poverty through economic development programmes. The interviewees were however of the view that the annual staff rewards for excellent performance to the top 25% of staff should be reviewed to include other staff who may not rank in the top achievers cohort but perform well, so as to also motivate this group to better their performance; this could perhaps be achieved by employing a graduated reward system.

5.3 Conclusion

The study findings presented show that capacity development strategies have the capacity of generally influencing positive effects on both staff and organisational performance, hence have contributed to the successful achievement of outcomes of the DFID programmes in Kenya. From the research findings, it can be concluded that the success of an organisation is no longer only within the confines of the services and products it provides, but comprise of the inimitable organisational characteristics like policies and capacity development strategies it employs that create for it a competitive advantage in its operational industry.

The also study found that as organisations develop their core competences and included them in the organisational business objectives, the operational processes that include capacity development strategies are important in the delivery of the organisation's core functions and objectives. The presence of capacity development strategies contributes to motivation building among employees, smoother operations and enhanced organisational performance.

The importance of capacity development strategies in the performance of employees cannot be over emphasized especially when it comes to being trained to improve their work efficiency and the organisation's productivity. Organisational performance can be improved by training, system automations and upgrades that increase staff motivation levels and the organisations capacity to deliver its objectives.

The results of this study indicate that DFID employees in Kenya greatly value the different capacity development and motivation opportunities availed to them by the organization and find them critical in contributing to their career growth.

The study also found that when training i.e. financial management, ICT/service automation user training are present in the workplace, employees are motivated and thus their work performance is generally improved and thus impacting on the overall organisational performance. Such productive efforts and return relationships are reflected in the overall DFID Performance during programme annual reviews and project progress reporting. This finding is in line with Wafula (2008), who asserts that innovation in technology, labour and capital are intertwined. Some innovation of technology uses more capital while others use a lot of labour. The study also indicates that appropriate and consistent capacity development and motivation to employees does not just raise motivation to working smart, but also improves the overall organizational performance.

This study also found that good financial management skills ensure the achievement of value for money in the delivery of aid in developing economies, ensuring the proportionality of project expenditures to the intervention outputs and outcomes. This is in agreement with Gitman (2007) who argues that good financial management via system upgrade ensures the prudent use of available resources.

5.4 Recommendations

The study recommends for an enhanced skills audit in DFID in Kenya to match staff and process capacity development needs with the available skills and talent in the organisation well as better utilise the existing ICT infrastructure. This will aim to strengthen staff mentorship and coaching arrangements. Skills audits are capable of widening the scope of staff with various talents that can be used to build the capacity of other staff through skills transfer arrangements in areas that are identified.

The study secondly recommends a review of the DFID annual system that only rewards staff in the top 25% performance grid to include other staff who may not rank in the top achievers cohort but perform well, so as to also motivate this group to better their performance too.

5.5 Suggestions for Further Study

This study examines the effects of capacity development strategies on the performance of DFID in Kenya. There is need to conduct such studies on other DFID Country offices as well as on the practice among other donor development agencies to grow the information base currently available on the study subject.

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APPENDIX 1: INTERVIEW GUIDE

TOPIC: EFFECTS OF CAPACITY DEVELOPMENT STRATEGIES ON THE PERFORMANCE OF THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT IN KENYA

The information provided in this interview will be treated with strict confidence and at no instance will any names be mentioned in this research. This research is intended for academic purposes only.

SECTION I: DEMOGRAPHIC INFORMATION

1. What is your current position in DFID?
2. How many years have you served in this capacity in DFID?
3. How long have you worked with DFID?
4. How long have you worked with FID in Kenya?
 - i. Less than a year
 - ii. Between 1-5 years
 - iii. Between 6-10 years
 - iv. Over 10 years
5. What is the highest level of education you have completed?
6. Do you possess any specialist training (specify if yes)?

SECTION II: CAPACITY DEVELOPMENT STRATEGIES EMPLOYED BY DFID IN KENYA AND THEIR EFFECTS PERFORMANCE OF DFID IN KENYA

7. Name the Capacity Development Strategies (CDS) employed by DFID (i.e. marketing, staff training, system automations)
8. Briefly explain the effects of each of the identified CDS on DFID performance in Kenya
9. What are the drivers of CDS at DFID (i.e. staff performance plans or senior management)? Give reasons.
10. How effective are the CDS strategies employed in improving DFID performance in Kenya and why?
11. What are some of the performance achievements since the adoption of the identified CDS?
12. Please indicate how successful the CDS efforts were in generating the desired improvements and why?

Thank you for your cooperation