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INFLUENCE OF ORGANIZATION CAPABILITIES ON WATER SERVICE DELIVERY IN WAJIR COUNTY, KENYA

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Abstract

Purpose: The main objective of the study was to establish the influence of organization capabilities on water service delivery in Wajir County, Kenya.

Methodology: The study adopted a descriptive research design.

Findings: Results revealed that the level of financial capabilities, innovation capabilities, human resource management capabilities and leadership capabilities of the water service providers was poor. Correlation results also revealed that financial capabilities, human resource management capabilities and leadership capabilities were positively and significantly associated with water service delivery. Regression results also revealed that financial capabilities, human resource management capabilities and leadership capabilities had a positive and significant relationship with water service delivery.

Unique contribution to theory, practice and policy: The Water Services Boards (WSBs) will benefit from this study by obtaining details on how organization capabilities impact on water service delivery. This will help them to help find lasting solutions to numerous external and internal challenges which hinder effective water service delivery. The Ministry of Water and Irrigation may better understand how organization capabilities influence water service delivery. In this respect the policy makers can come up with new policies which require the employees in the Water Service Boards (WSBs) be trained so as be acquitted with the relevant organization capabilities such as financial capabilities, human resource management capabilities and leadership capabilities so as to ensure sustainable water service delivery to the public. This study is also intended to add knowledge to previous studies done on organization capabilities by primarily focusing on organization capabilities in water service delivery.

Keywords: *Service Delivery, Financial Capabilities, Innovation Capabilities, Human Resource Management Capabilities and Leadership Capabilities*

INTRODUCTION

Background

Capabilities are defined as the sum of all things that enable an organisation to deliver services (Grant, 2009). According to Chandler, (2009), a firm's organizational capabilities are the collective physical facilities and skills of employees, especially the abilities of the top and middle management. Organizational resources are involved in achieving corporate objectives. At a local level organizational capability is the synergy of human, physical and structural resources of an entity around the defined strategic objectives. More specifically, organizational capabilities can be thought of as marketing skills, distribution skills, product development skills, organization skills, and so on. They are general capabilities that potentially are applicable to different industries. They represent the ways that people and resources are brought together to accomplish work (Chandler, 2009).

According to Scott (2013), One of the biggest challenges in building capability models is getting people to move from functional thinking (the things we do) to capability thinking (the ability we have to do things). Scott (2013) outlined several organization capabilities that are essential for every organization. These include leadership capabilities, innovation capabilities, human resource capabilities, financial capabilities and collaboration capabilities. Scott emphasized that these capabilities permeate the entire organization and every individual. Functional units should be established to act as centers of excellence that support and encourage the development of these capabilities as they are essential for a high-performing organization.

Organizational capability approach looks for optimally exploiting the internal resources to create significant assets for the organization. It aims at developing the aptitudes of organizations, more and more changing in a turbulent environment, by coordinating the progressive learning of corporate good practices by all the organizational entities. The capability approach is closely linked with the knowledge-based view of the firm. Organizational capabilities are identified with the know-how of a firm of performing particular problem-specific activities (Dosi *et al.*, 2012).

According to Municipal Research and Services Centre (MRSC) service delivery is the actual production of a service such as collecting refuse and disposing it or lighting the streets (MRSC, 2013). Ghatak (2010) argues that public services are a key determinant of quality of life that is not measured in per capital income. The author stresses that service delivery is an important feature of a poverty reduction strategy. Hernandez (2011) also reiterates that services are vital to poverty alleviation and key to realizing the Millennium Development Goals. Public services are defined as those services which are mainly, or completely, funded by the government. Local authorities are responsible for providing public services at a non-profit return. These are essential services which enhances the quality of life of the people and nation's development process (Flynn, 2009).

For the past four decades, many of the world's more advanced capitalist economies have been engaged to varying degrees in processes of public service reform. Member countries of the Organisation for Economic Co-operation and Development (OECD) have adopted a variety of approaches to this reform process, although they have firequently shared common features: In

general, reform programmes undertaken have been directed at the dual aims of ensuring that the public service has the right people, structures and organisation to develop and deliver the right policies and services, while at the same time ensuring that the public service operates as efficiently and effectively as possible' (Strategic Management in the Irish Civil Service, 2010).

A Service Delivery Capability Model must cover all things that enable an organisation to deliver services. An organisation's service delivery capability is static unless it is changed either by design or by default. All organisations are influenced by external and internal demands. The manner in which organisations deal with these demands will have an impact on their service delivery capability. An organisation's capability can be moulded through planning and design, or it can atrophy through neglect or a lack of coordinated and strategic approach to development (Teece *et al.*, 2009).

Effective service delivery involves a full comprehension of the service delivery capabilities. This capabilities includes: human resource capabilities, leadership capabilities, business practices, facilities and equipment, information and communication technologies, knowledge capabilities, accountability and governance. For effective service delivery, organizations need to understand their own service delivery capabilities as well as the capabilities of the organizations they seek to collaborate with. Agencies need to utilise these capabilities effectively and collaboratively to improve service levels to customers and/or reduce costs to government (Eisenhardt & Martin, 2010).

Millennium Development Goal (MDG) 7C calls to halve by 2015 the proportion of the population without sustainable access to safe drinking water and basic sanitation. While the safe drinking water target was met in 2010, 783 million people still do not have access to safe drinking water, and major issues related to equity of access, water quality, and sustainability of water supplies remain (WHO, 2012). In addition, the world is not on track to meet the sanitation target as approximately 2.5 billion people still lack access to improved sanitation (UNICEF, 2012). The challenges and solutions vary significantly by region; for example, sub-Saharan Africa has the highest proportion of people without sufficient sanitation facilities, while South Asia has the largest number of people practicing open defecation (USAID, 2011).

Statement of the Problem

The impact of water on all aspects of development is undeniable. A safe drinking water supply, sanitation for health, management of water resources, and improvement of water productivity can help change the lives of millions. However, achieving water security for regions, nations, and individuals is one of the greatest development challenges confronting the world today (USAID, 2011). In Kenya, despite the privatization of water provision units by the government, the provision of water services, considered in terms of area coverage, water quality and hours of continuous supply is still unsatisfactory (Owuor & Foeken, 2011).

In Wajir County, in North Eastern Kenya, there is a range of water sources or methods of accessing water. These range from existing water sources such as open water pans (reservoirs), shallow wells and boreholes to water supplies that have been organized by individuals or communities and which ebb and flow depending on the need. In Wajir, these water supplies

come in the form of water trucking and transportation as well as with the emergence of opportunistic water vendors (carrying and selling water in a number of forms) when the need dictates. The critical issue is that, while water pans and shallow wells are free (or may carry a small, annual payment11), boreholes, water trucking and water vendors require payment. This payment is beyond the means of the very poor and poor wealth groups, which each make up 40% of the population. Thus, access to water is partly determined by purchasing power (EMMA Report, 2014).

Furthermore, not all communities have equal access to these water sources. This necessarily limits access for those communities that do not have permanent water sources. Indeed, communities with less permanent sources of water had to pay more to access water in a severe drought. This reflects the fact that there is a higher price for water that requires transportation. This is a clear implication that while water is available to meet the needs of the targeted population, during the dry seasons, people's access to water depends on the permanent water sources available in their vicinity and on their purchasing power (EMMA Report, 2014). Good organization capabilities can help to ensure efficient water service delivery in all seasons. Thus, this study sought to establish the influence of organization capabilities on water service delivery in Wajir County.

Research Objective

The main objective of the study was to establish the influence of organization capabilities on water service delivery in Wajir County, Kenya.

Specific Objectives

- To establish the influence of financial capabilities on water service delivery in Wajir County, Kenya.
- To establish the influence of human resource management capabilities on water service delivery in Wajir County, Kenya.
- To determine the influence of innovation capabilities on water service delivery in Wajir County, Kenya.
- To assess the influence of leadership capabilities on water service delivery in Wajir County, Kenya.

THEORETICAL REVIEW

This study was guided by resource based view theory and capability based view theory.

Resource Based View Theory

The resource based view theory (RBV) was developed by Barney (1991). This theory argues that firms possess resources which enable firms to achieve competitive advantage and lead to superior long term performance. Valuable and rare resources can lead to the creation of competitive advantage. That advantage can be sustained over longer time periods to the extent

that the firm is able to protect against resource limitation, transfer or substitution (Frawley & Fahy, 2006).

According to Helfat and Peteraf (2003), resource is an asset or input to production (tangible or intangible) that an organization owns, controls, or has access to on a semi-permanent basis. Certain resources are superior to others due to market imperfections, resulting in different levels of efficiency (Barney, 1991). The idiosyncratic combination of these resources in firms is the source of competitive heterogeneity (Helfat & Peteraf, 2003). Resources can include not only tangible physical capital, but also intangible resources embedded in human and organizational capitals such as knowledge (Amit & Schoemaker, 2011; Barney, 1991).

Considering resource-based value retention, if an asset or idea is easily replicated and does not require special resources to exploit, then there are not supernormal profits available from it. However, if the asset is tightly protected by copyright or mechanistic means, then the firm should retain economic gains (Teece *et al.*, 2009). Isolating mechanisms are implemented by organizations to prevent the diffusion of firm-specific resources and capabilities throughout the industry (Barney, 1991). This concept of resource position barriers stems from the ownership of resources that affect the cost and/or revenues of those who attempt to acquire the resources later (Wernerfelt, 1984). As observed by McWilliams and Siegel (2011), the resource-based perspective clearly indicates that firms should implement organizational change towards sustainability.

This theory was relevant to this study as it elaborated on the importance of organization capabilities in maintaining sustainability. This implies that organization capabilities such as financial capabilities, human resource management capabilities, innovation capabilities and leadership capabilities translate to sustainable water service delivery to the public.

The Capability-Based View Theory

The capability based view theory was developed by Grant (1991). This theory argues that capabilities are the source of competitive advantage while resources are the source of capabilities. Grant (1991) argued that capabilities are the source of competitive advantage while resources are the source of capabilities. Grant (1996) defines organizational capability as, 'a firm's ability to perform repeatedly a productive task which relates either directly or indirectly to a firm's capacity for creating value through effecting the transformation of inputs to outputs'. Grant (1996) also divides capability into four categories: cross-functional capabilities, broad-functional capabilities, activity-related capabilities and specialised capabilities.

Amit and Shoemaker (2011) adopted a similar position and suggested that resources do not contribute to sustained competitive advantages for a firm, but its capabilities do. Haas and Hansen (2005) supported the importance of capabilities and suggest that a firm can gain competitive advantage from its ability to apply its capabilities to perform important activities within the firm.

Amit and Shoemaker (2011) defined capabilities in contrast to resources, as 'a firm's capacity to deploy resources, usually in combination using organizational processes, and affect a desired end. Sirmon *et al*. (2003) stressed the importance of organizational capabilities. They suggest

that capabilities and organizational learning implicitly and explicitly are a part of any strategy within a firm. This theory was relevant to this study as it distinguished resources and capabilities as well as showing the importance of organization capabilities.

METHODOLOGY OF THE STUDY

The study utilized a descriptive research design. The target population comprised all the 150 employees of the Northern Water Services Board (NWSB) (NWSB, 2015). The choice of Northern Water Services Board (NWSB) was due to the fact that the board oversees provision of water and sanitation service for people in Wajir County through water service providers. Hence, the board is able to evaluate the organization capabilities of the water service providers. This study did not sample but rather conducted a census of the entire population. Hence, all the 12 top managers, 24 middle level managers and 114 supervisors in the NWSB were selected (NWSB, 2015). This implied that the study had 150 respondents. The study used primary data which was largely quantitative and descriptive in nature. The study used a structured questionnaire to collect data. The questionnaires were self administered. Two research assistants were engaged to assist in dropping and following up on the questionnaires. A pilot study was undertaken on 5% of the sample population. The questionnaire was subjected to overall reliability analysis of internal consistency. This was measured using Cronbach alpha as a coefficient of internal consistency. In addition, this study used both construct validity and content validity. After quantitative data was obtained through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing and keyed into statistical package for social sciences (SPSS) computer software for analysis. The statistics generated included descriptive and inferential statistics. Microsoft excel was used to complement SPSS especially in production of charts and tables. On the other hand, qualitative data obtained from the responses in the open ended questions was analyzed using content analysis and presented in continuous prose form. The particular descriptive statistics included frequencies and percentages while the particular inferential statistics included correlation analysis and regression.

RESULTS OF THE STUDY

Response Rate

The number of questionnaires that were administered was 150. A total of 105 questionnaires were properly filled and returned. This represented an overall successful response rate of 70% as shown on Table 1.

Table 1: Response Rate

Response	Frequency	Percent
Returned	105	70%
Unreturned	45	30%
Total	**150**	**100%**

Reliability

The cronbach alpha was calculated in a bid to measure the reliability of the questionnaire. This was done by subjecting the questionnaire to 8 employees. All the variables were reliable since their cronbach alpha was above 0.7 which was used as a cut-off of reliability for the study. Table 2 shows the reliability results.

Table 2: Reliability

Variable	No of Items	Respondents	α=Alpha	Comment
Water Service Delivery	11	8	0.745	Reliable
Financial Capabilities	7	8	0.801	Reliable
Human Resource Capabilities	7	8	0.792	Reliable
Innovation Capabilities	6	8	0.847	Reliable
Leadership Capabilities	6	8	0.732	Reliable

Demographic Characteristics

The respondents were asked to indicate their gender, age, level of education, years of work in the water service board and position. Results showed that majority of the respondent as shown by 75% indicated that they were male whereas 25% of the respondents were female. Thus there was a significant gender disparity amongst the respondents and the indication is that the Northern Water Services Board has a male dominated work environment. Results also revealed that 42% of the respondents were aged between 26 – 35 years, 26% of the respondents were aged between 36 – 45 years, 14% were below 25 years, 12% were aged between 46 – 55 years while only 6% of the respondents were above 55 years. This implies that majority of the employees working in Northern Water Services Board are middle aged. Results also showed that 42% of the respondents reiterated that they had acquired University education, 38 % college, 5% had post graduate education while 15 % of them only had education up to secondary level. This implied that the respondents had attained higher education. Further, results showed that 52% of the respondents indicated that they had worked with Water Service Board for more than 7 years, 25 % of the respondents indicated they had worked with the Water Service Board for a period between 5-7 years, 15 % of the respondents indicated that they had worked with the Water Service Board for less than one year and 8% of the respondents indicated that they had they had worked with the Water Service Board for a period between 2-5 years. In addition, the implication of the largest range being more than 7 years is that there the rate of turnover is low in the Northern Water Service Board. Results also revealed that 56% of the respondents indicated that they were in the supervisory level of management, 36% of the respondents indicated that they were in the middle level of management while 8% of the respondents indicated that they were in the top level of management. This is an implication of an ideal ratio of the managerial hierarchy in the Northern Water Service Board.

Descriptive Statistics

Financial Capabilities

The study sought to determine the level of financial capabilities of the water service providers contracted to provide water in Wajir County. Results in Table 3 show that 84.8% of the respondents indicated that the level of financial capabilities of the water service providers is poor. Only 16% of the respondents indicated that the level of financial capabilities of the water service providers is good.

Table 3: Level of Financial Capabilities

Response	Frequency	Percent
Poor	89	84.8
Good	16	15.2
Total	**105**	**100**

Further, the study sought to determine the financial capabilities that the water service providers possess. Results in Table 4 reveal that a majority (55.2%) of the respondents disagreed that the water service providers possess knowledge about financial resources, 54.3% disagreed that the water service providers have the right attitudes of employees to manage the financial resources while 57.1% of the respondents disagreed that the water service providers have the right skills of employees to manage the financial resources. Results in Table 4 also showed that 57.1% of the respondents disagreed that the water service providers have the right behaviour of employees to manage the financial resources. Another 57.1% of the respondents disagreed that the water service providers have understanding on selection of financial services while 57.1% of the respondents disagreed that the water service providers have understanding on the use of financial services. This supports the results in Table 3 above implying that the water service providers of Northern Water Service Board have poor financial capabilities. These results concur with the recommendation of Loke (2011) that much work remains to improve the financial capabilities of service providers.

Table 4: Type of Financial Capabilities

Statement	No	Yes	Total
Knowledge about financial resources.	55.20%	44.80%	100%
Right attitudes of employees to manage the financial resources.	54.30%	45.70%	100%
Right skills of employees to manage the financial resources.	57.10%	42.90%	100%
Right behaviour of employees to manage the financial resources.	57.10%	42.90%	100%
Understanding on selection of financial services.	57.10%	42.90%	100%
Understanding the use of financial services.	57.10%	42.90%	100%

Human Resource Capabilities

The study sought to determine the level of human resource capabilities of the water service providers contracted to provide water in Wajir County. Results in Table 5 show that 57.1% of the respondents indicated that the level of human resource capabilities of the water service providers

is poor while 42.9% of the respondents indicated that the level of human resource capabilities of the water service providers is good. This implies that the human resource capabilities of the water service providers in the Northern Water Service Board are moderate.

Table 5: Level of Human Resource Capabilities

Response	Frequency	Percent
Poor	60	57.1
Good	45	42.9
Total	**105**	**100**

The study sought to determine the human resource capabilities that the water service providers possess. Results in Table 6 reveal that a 54.3% of the respondents indicated that the water service providers did not have knowledge on the tactics of water service delivery, 54.3% of the respondents also disagreed that the water service providers has clear and formal HR strategy while 57.1% disagreed that the water service providers had an effective recruitment and selection system. Results in Table 6 also revealed that 55.2% of the respondents indicated that the water service providers HR department was not able to deliver HR related information, 53.3% disagreed that the water service providers had designed good staffing patterns while 57.1% of the respondents disagreed that the water service providers had good staff development programs. These findings contradict the assertions of Gimeno *et al.* (2009) who argued that development of human capital consistently enables superior performance.

Table 6: Type of Human Resource Capabilities

Statement	No	Yes	Total
Knowledge on the tactics of water service delivery.	54.30%	45.70%	100%
Clear and formal HR strategy.	54.30%	45.70%	100%
Effective recruitment and selection system.	57.10%	42.90%	100%
HR department is able to deliver HR related information.	55.20%	44.80%	100%
Good design staffing patterns.	53.30%	46.70%	100%
Good staff development programs.	57.10%	42.90%	100%

Innovation Capabilities

The study sought to determine the level of innovation capabilities of the water service providers contracted to provide water in Wajir County. Results in Table 7 show that 70.5% of the respondents indicated that the level of innovation capabilities of the water service providers is poor while 29.5% of the respondents indicated that the level of innovation capabilities of the water service providers is good. This implies that the innovation capabilities of the water service providers in the Northern Water Service Board are poor.

Table 7: Level of Innovation Capabilities

Response	Frequency	Percent
Poor	74	70.5
Good	31	29.5
Total	**105**	**100**

The study sought to determine the innovation capabilities that the water service providers possess. Results in Table 8 reveal that 61% of the respondents indicated that the water service providers did not possess the service reliability skill, 51.9% of the respondents disagreed that the water service providers had the ability to detect transaction errors while 51.4% of the respondent disagreed that the water service providers were consistent in performance. Results in Table 4.8 also revealed that 63.8% of the respondents disagreed that the water service providers possessed service quality skills while 65.7% disagreed that the water service providers had research and development capabilities. This support the results in Table 7 above which implies that the innovation capabilities of the water service providers in the Northern Water Service Board are poor. These findings are consistent with those of Neu and Brown (2010) who argued that firms that successfully develop their services align their innovation strategy with environmental conditions of their service business. A misaligned service innovation decision can result in the loss of competencies and capabilities, exposure to unexpected risk, and even business failures.

Table 8: Type of Innovation Capabilities

Statement	No	Yes	Total
Service reliability.	61.00%	39.00%	100.00%
Ability to detect transaction errors.	51.90%	48.10%	100.00%
Consistency in performance.	51.40%	48.60%	100.00%
Service quality.	63.80%	36.20%	100.00%
Research and development (R&D).	65.70%	34.30%	100.00%

Leadership Capabilities

The study sought to determine the level of leadership capabilities of the water service providers contracted to provide water in Wajir County. Results in Table 9 show that 59% of the respondents indicated that the level of leadership capabilities of the water service providers is poor while 41% of the respondents indicated that the level of leadership capabilities of the water service providers is good. This implies that the leadership capabilities of the water service providers in the Northern Water Service Board are poor.

Table 9: Level of Leadership Capabilities

Response	Frequency	Percent
Poor	62	59.0
Good	43	41.0
Total	**105**	**100**

The study sought to determine the leadership capabilities that the water service providers possess. Results in Table 10 reveal that 64.8% of the respondents disagreed that water service providers possessed proper vision articulation, 63.8% disagreed that water service providers had the ability to set goals while 69.5% of the respondents disagreed that the water service providers had the ability to motivate employees. Results in Table 10 also revealed that 58.1% of the respondents disagreed that the water service providers had the ability to build relationships with the employees while 82.9% disagreed that the water service providers had the ability to create coherence among the employees. This is an indicator that the water service providers contracted by the Northern Water Service Board did not possess the required leadership capabilities. These findings are concurrent with those of Brown (2009) who proposed that effective leaders have to develop both managerial and leadership behavior and traits.

Table 10: Type of Leadership Capabilities

Statement	No	Yes	Total
Proper vision articulation.	64.80%	35.20%	100.00%
Ability to set goals.	63.80%	36.20%	100.00%
Ability to motivate employees.	69.50%	30.50%	100.00%
Ability to build good relationships with the employees.	58.10%	41.90%	100.00%
Ability to create coherence among the employees.	82.90%	17.10%	100.00%

Water Service Delivery

The study sought to determine the state of the water service delivery in Wajir County. Results in Table 11 show that 85.7% of the respondents indicated that the water service delivery in Wajir County is poor while 14.3% of the respondents indicated that its good.

Table 11: Water Service Delivery

Response	Frequency	Percent
Poor	90	85.7
Good	15	14.3
Total	**105**	**100**

The study also sought to establish the extent to which organization capabilities influence water service delivery in Wajor County. Results in Table 12 reveal that 93.4% of the respondents indicated that financial capabilities influence the water service delivery in Wajor County to a great extent while 88.6% of the respondents indicated that human resource capabilities influence the water service delivery in Wajor County to a great extent. Results in Table 12 also revealed that 90.5% of the respondents indicated that innovation capabilities influence the water service delivery in Wajor County to a great extent while 52.4% of the respondents indicated that leadership capabilities influence the water service delivery in Wajor County to a low extent. These findings agree with those of Tippins and Sohi (2011) who asserted that organization capabilities enhance performance through an elimination of inefficiency, reduction of long term cost, improve service reliability and reduced transaction errors.

Table 12: Extent of Influence of Organization Capabilities

Statement	Very Low Extent	Low Extent	Great Extent	Very Great Extent
Financial capabilities.	5.70%	1.00%	48.60%	44.80%
Human resource management capabilities.	7.60%	3.80%	50.50%	38.10%
Innovation capabilities.	1.90%	7.60%	44.80%	45.70%
Leadership capabilities.	31.40%	21.00%	24.80%	22.90%

Further, the study sought to establish the influence of the organization capabilities on water service delivery in Wajor County. Results in Table 13 show that 91.4% of the respondents disagreed that organization capabilities caused an increase in water sufficiency, 92.4% of the respondents disagreed that organization capabilities caused an increase in water accounting while 96.2% of the respondents disagreed that organization capabilities caused an improvement in the legality of water connection. Results also revealed that 92.4% of the respondents disagreed that organization capabilities resulted to improved management of funds from water bills, 93.4% of the respondents disagreed that organization capabilities caused an increase in the frequency of reading water meters while 92.4% of the respondents disagreed that organization capabilities caused an increase in the frequency of water bill payments. These findings disagree with those of Ngugi (2011) who reiterated that strategic capabilities of a company form an important strategic role to create value and improve business performance.

Table 13: Influence of Organization Capabilities

Statement	Very Low Extent	Low Extent	Great Extent	Very Great Extent
Increased water sufficiency.	53.3%	38.1%	1.9%	6.7%
Increased water accounting.	41.0%	51.4%	1.0%	6.7%
Improved legality of water connections.	41.0%	55.2%	2.9%	1.0%
Improved management of funds from water bills.	41.0%	51.4%	3.8%	3.8%
Increased frequency of reading of meters.	50.5%	42.9%	1.9%	4.8%
Increased frequency of water bills payment.	42.9%	49.5%	1.0%	6.7%

Inferential Statistics

Inferential analysis included the correlation and regression analysis.

Correlation Analysis

The Table 14 below presents the results of the correlation analysis. The results shows that financial capabilities and water service delivery are positively and significant related (r=0.512, p=0.000). The table further indicates that human resource capabilities and water service delivery are positively and significant associated (r=0.512, p=0.000). Similarly, results showed that leadership capabilities were positively and significantly associated to water service delivery

(r=0.501, p=.000). However, it was further established that innovation capabilities were negative and not significantly associated to water service delivery (r=-0.084, p=0.392). These findings are consistent with those of Ngugi (2011) who aimed at establishing strategic capabilities as a source of competitive advantage at BBC Global News, Africa. Strategic capabilities of a company form an important strategic role to create value and improve business performance. The study established that BBC Global News, Africa had several internal strategic capabilities that gave it a competitive advantage over the other international media players. These strategic capabilities range from a strong human resource pool that is well trained, strong brand, credibility, technologically advanced equipment, wide audience coverage due to the presence of BBC Global News broadcasting in regional language.

Table 14: Correlation Matrix

Variable		Water Service Delivery	Financial Capabilities	Human Resource Capabilities	Innovation Capabilities	Leadership Capabilities
Water Service Delivery	Pearson Correlation	1				
	Sig. (2-tailed)					
Financial Capabilities	Pearson Correlation	0.512	1			
	Sig. (2-tailed)	0.000				
Human Resource Capabilities	Pearson Correlation	0.512	0.233	1		
	Sig. (2-tailed)	0.000	0.017			
Innovation Capabilities	Pearson Correlation	-0.084	0.135	-0.037	1	
	Sig. (2-tailed)	0.392	0.169	0.709		
Leadership Capabilities	Pearson Correlation	0.501	0.395	0.276	0.058	1
	Sig. (2-tailed)	0.000	0.000	0.004	0.554	

The results presented in Table 15 present the fitness of model used of the regression model in explaining the study phenomena. Financial capabilities, human resource capabilities, innovation capabilities and leadership capabilities were found to be satisfactory variables in explaining

water service delivery. This is supported by coefficient of determination also known as the R square of 50.4%. This means that financial capabilities, human resource capabilities, innovation capabilities and leadership capabilities explain 50.4% of the variations in the dependent variable which is water service delivery. This results further means that the model applied to link the relationship of the variables was satisfactory.

Table 15: Model Fitness

Indicator	Coefficient
R	0.71
R Square	0.504
Adjusted R Square	0.484

Table 16 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of water service delivery. This was supported by an F statistic of 25.369 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

Table 16: Analysis of Variance

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	32.434	4	8.108	25.369	0.000
Residual	31.962	100	0.32		
Total	64.396	104			

Regression of coefficients results in Table 17 shows that there is a positive and significant relationship between financial capabilities and water service delivery as supported by beta coefficients of 0.337 and a p value of 0.000. These results show that an increase in the unit change of financial capabilities would result to an increase water service delivery in Wajir County by 0.337 units. These findings can be supported by those of Loke (2011) who conducted a mixed-methods study seeking to explore and describe the state of asset building in Washington State. The study found that respondents in the asset-building field had very positive self-assessments of their financial capabilities and the vast majority reported high levels of functioning across the different financial practice domains.

Results also show that there is a positive and significant relationship between human resource capabilities and water service delivery as supported by beta coefficients of 0.330 and a p value of 0.000. These results show that an increase in the unit change of human resource capabilities would result to an increase water service delivery in Wajir County by 0.330 units. These results agree with those of Gimeno *et al.* (2009) who posited that development of human capital consistently enables superior performance.

Further, results revealed that there is a positive and significant relationship between leadership capabilities and water service delivery as supported by beta coefficients of 0.377 and a p value of 0.001. These results show that an increase in the unit change of leadership capabilities would

result to an increase water service delivery in Wajir County by 0.377 units. These findings are concurrent with those of Zvavahera (2014) who aimed at assessing leadership effectiveness on service delivery at the University of Namibia and all its campuses throughout the country. Findings of the study indicated that there is good service delivery to full-time students but poor service delivery to open and distance learning (ODL) students under the Centre for External Studies (CES). There were problems of late delivery of learning materials, assessment of assignments and examinations. Additionally, students did not get timely feedback from their lecturers. There was a crisis of ownership of the ODL students as the programs offered are owned by different faculties but the students belong to CES.

Results in Table 17 also show that innovation capabilities have a negative and insignificant relationship water service delivery. This implies that innovation capabilities do not influence water service delivery. These findings disagree with those of Said, Hui, Taylor and Othman (2010) who explored the relationship between the extent of customer focused strategies implementation and innovation capability on organizational performance. The result supported a strong positive relationship between the extent of customer focused strategies and innovation capability on organizational performance.

Table 17: Regression of Coefficients

Variable	B	Std. Error	t	Sig.
(Constant)	0.75	0.503	1.491	0.139
Financial Capabilities	0.337	0.078	4.323	0.000
Human Resource Capabilities	0.330	0.07	4.739	0.000
Innovation Capabilities	-0.177	0.095	-1.871	0.064
Leadership Capabilities	0.377	0.106	3.55	0.001

Thus, the optimal model for the study is;

Water Service Delivery = 0.750+ 0.337 Financial capabilities +0.330 Human resource capabilities + 0.377 Leadership capabilities + *e*

CONCLUSIONS

In relation to the study findings the study concluded that the water service providers contracted by the Northern Water Service Board had poor organization capabilities. The conclusion was informed by the realization that the water service providers lacked knowledge about financial resources, lacked the right attitudes of employees to manage the financial resources, lacked the right skills of employees to manage the financial resources and did not have the right behaviour of employees to manage the financial resources.

The conclusion was also informed by the realization that the water service providers did not possess the required human resource capabilities such as knowledge on the tactics of water service delivery, clear and formal HR strategy, effective recruitment and selection system, ability of the HR department to deliver HR related information, designed good staffing patterns and good staff development programs. Further, the conclusion was informed by the realization that

water service providers did not possess the required leadership capabilities such as proper vision articulation, ability to set goals, ability to motivate employees, ability to build relationships with the employees and ability to create coherence among the employees.

The study also concluded that organization capabilities influence water service delivery in Wajir County. The conclusion was informed by the realization that such as financial capabilities, human resource management capabilities and leadership capabilities influence water service delivery in Wajir County positively. However, innovation capabilities did not influence water service delivery in Wajir County.

RECOMMENDATIONS

The study recommended that the Northern Water Service Board should consider recruiting water service providers who possess the required organization capabilities so as to improve water service delivery in Wajir County. The study also recommends that the Northern Water Service Board can come into a consensus with the current water service providers that they are going to relook into their way of operation so as to ensure better water service delivery in Wajir County. These could include having capacity building programmes and training to ensure that the staff posses the right financial, human resource management and leadership capabilities.

The capacity building programmes can focus on various aspects of financial capabilities such as sharpening their accounting and auditing skills which would assist to seal loopholes that result to loss of financial resources. The programmes can also emphasize to the human resource manager on the importance of following the right procedure of recruitment and selection in a bid to ensure that only competent staff are employed. The management of the water service providers could also be trained on how to identify the best leadership style which would impact on the employees' productivity positively since it would translate to sustainable and effective water service delivery to the residents of Wajir County, Kenya.

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