

The Effects of Capacity Development on Organizational Performance: The Case of Municipal Assemblies in Ghana

Emmanuel Danso

District Assemblies'
Common Fund

Albert Ahenkan

University of Ghana
Business School,
Department of Public
Administration and Health
Services Management

Correspondence:

emmadan67@yahoo.co.uk
aahenkan@ug.edu.gh

Abstract:

The need for organizations to pay attention to their essential resources has been a global concern for some time now. This is because the performance of any organization is fundamentally determined by the requisite capacities to improve its overall performance. Organizations are therefore making efforts to improve skill gaps across individuals, groups, organizations, sectors, and institutions by developing their capacities. To enable the Ghanaian Local government sector, through its agencies - Municipal and Metropolitan assemblies - discharge their mandates effectively, developing capacity has been a frequent feature in their functional strategy in order to promote local economic development and respond to numerous socio-economic challenges at the local level. This paper seeks to examine the relationship between elements of capacity development such as Management Capacity (MC), Technical Capacity (TC) and Management Innovation (MI) as determinants of organizational performance. The study used a survey questionnaire administered to 302 from 36 Municipal and Metropolitan Assemblies in Ghana to gather data needed. The results of this study, with the use of SEM-PLS, indicate that all the elements had positive and significant implications on organizational performance. Again, the study reveals a high predictive accuracy, providing a variance of 41.6 percent of changes in the dependent variable. The study recommends for investment in resources that contribute immensely to the organization's outcomes. The study also calls for managers of municipal assemblies to commit themselves to ensuring availability of such important resources in order to sustain the organizational performance.

Key words: Capacity development, technical capacity, management capacity, management innovation and organizational performance

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Introduction

The need for capacity development (hence referred to as CD) is well acknowledged among international development agencies. This is so because capacity development is regarded as a critical component in addressing social, economic, and environmental concerns, as well as skill gaps across individuals, groups, organizations, sectors, and institutions (Li, Westlund, & Liu, 2019; Vallejo & Wehn, 2016; Ubels, Fowler and Acquaye-Baddoo, 2010). Besides, CD is considered as an important organizational activity that improves performance (Nwankwo, Abdulahi and Faith, 2017; Vallejo & Wehn, 2016; Vincent and Stephen, 2015; CIDA, 2000 Grindle, 1997). It facilitates the organization's ability to appreciate and deal with development within a broader context in a sustainable manner. CD does not only focus on improving individuals' knowledge and abilities and businesses, but also extends its effect to the wider environment (Vallejo and Wehn, 2016; Pearson, 2011). Further, CD enables businesses and individuals to successfully improve their management decision-making and organizational performance by repeating actions and processes (Bakker, 2017; Jenatabadi, 2015).

Capacity development, since the birth of international assistance in 1950s, though seen as development intervention, has come in different forms with different focuses. According to Vallejo and When (2016), CD operates at different levels with different approaches and focus, and therefore addresses different development challenges. Among these challenges, organizational strategy, skills, systems and infrastructures; organizational structure and culture (Miller & Doherty, 2016). Other scholars have focused on organizational internal structure,

leadership, external relation and management (Light Hubbard & Kibbe, 2004; Olson et al., 2018; Elbers & Kamstra, 2020; Bolger, 2000; Brinkerhoff & Morgan, 2010). This evidence suggest different ways by which scholars can approach CD interventions to achieve organizations' goals (Khambule & Mtapuri, 2018; Choi, 2021; Vallejo & Wehn, 2016; Adank, et al., 2018; Millar & Doherty, 2016). However, Connolly and York (2003) have branded these CD elements under four broad themes namely, management capacity, leadership capacity, technical capacity, and adaptive capacity. They hoped that the combined effect enables organizations to be efficient, effective, sustainable and able to meet people's aspirations (Connolly & York, 2003; Choi, 2021).

One critical issue plaguing public organizations is insufficient capacity (Ingraham, Joyce & Donahue, 2003; Ahmad, Niu & Xiao, 2017). Local government units, which are structured within the public sector, require requisite capacities to discharge certain defined responsibilities defined for them. They exist to formulate and execute plans, programs and strategies for effective mobilization of all resources of their areas of operation, which does not exclude providing basic services to support the wellbeing of the people (Kazuya, 2003; Olowu, 2003). To address this deficiency, governments across the globe, including Ghana, have taken the initiatives to implement various CD policies to improve the capacities of local government operatives, with the assumption that such initiatives will enhance their allocative efficiency, welfare and increase public participation, accountability and responsiveness to the local communities

(Akudugu, 2013; Robinson, 2003). Evidence suggests that effective local governance requires good leadership skills, strategic management and innovative capacity (Jutting et al.; Holman et al., 2018), and that an absence of such ingredients seriously affect governance.

In spite of the numerous advantages that accrue to developing local government capacity, researchers have not given much attention to it. Governance and organizational researchers seemed to have concentrated mostly on the structure of local government and its associated dimensions, such as legal framework, governance reforms among others to the neglect of capacity development or building issues. The few studies, such as Annan-Prah t(2019), are limited in scope, which does not present a wider picture of CD effect at the local government level in Ghana. Besides, there is an apparent lack of rigorous studies relative to capacity development elements at the Ghanaian subnational level in prior literature. The study is therefore motivated to fill these research gaps by investigating the effects of management capacities, technical capacities and management innovation on the performance of municipal assemblies in Ghana. The study will respond to a fundamental question: what capacity

elements influence the performance of municipal assemblies in Ghana? This paper identifies these elements and assesses both their individual and combined strength on the municipal assemblies' performance in Ghana.

In response to the main question, the study will address three sub questions with their corresponding hypotheses namely, R₁: What is the relationship between capacity development elements (Management, Technical Capacities and Management Innovation and organizational performance? R₂: What is their individual effect of Management, Technical Capacities and Management Innovation on organizational performance? R₃: What is the combined strength of Management, Technical Capacities and Management Innovation on the organizational performance?

There are four sections to the paper. The background, introduction of concepts, and construction of research hypotheses are all covered. The second section discusses the study design, which includes data gathering techniques and the use of PLS-SEM as our main data analysis techniques. The results of the data analysis will be provided in the third segment. The fourth half of the paper will address the findings, as well as the management implications and limitations of the study.

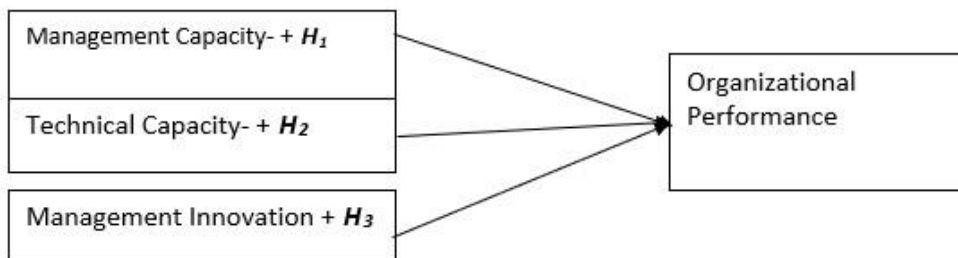


Figure 1. Conceptual model - Author's Construct

Theory and hypotheses

To understand the interactions among the variables in this study, we use the RBV to discuss the positive effects of capacity development elements, management, technical capacities and management innovation on the organizational performance, arguing that these elements positively influence organizational performance. According to the RBV (Barney, 1991; Penrose, 1959; Wernerfelt, 1984), organizations are a collection of people who work together to achieve a wide variety of goals (Prause & Mujtaba, 2015). The RBV's main principle is that if an organization acquires and controls enough assets, it can have a long-term competitive urge, superior growth as well as improved performance so long as it has valuable, uncommon, inimitable, and non-substitutable resources and competencies, the ability to absorb and put them into practice (Barney, 1991). Assets, capabilities, organizational procedures are just examples of resources, including information and knowledge that might provide a long-term competitive advantage, which can spark up superior growth and performance (Desarbo et al, 2005; Hult et al., 2006; Teece, 2007).

As a result, internal capabilities are critical for gaining access to capital and growing a business. Organisations or firms are unequally dispersed bundles of resources, according to the RBV. (Teece 2007; Wernerfelt 1984), which brings about resource heterogeneity that lasts across time (Teece, 2007; Wernerfelt, 1984), and establishes a foundation for business expansion (Barney, 1991). We contend that management, technical capacities and management innovation interact as a bundle to generate competitive advantage and may be used to accomplish a variety of goals. Again, management and technical

capacities and management innovation are internal firm capabilities needed to argument other firm capabilities. To attain superior growth outcomes, you will need such capacities. This finding has been established in previous studies (Adomako et al., 2016; Brush and Chaganti, 1999) emphasizing that a firm's capabilities position it to pursue its growth. By using RBV, therefore, we examine the performance implications of the influence of the management innovation, management and technical capabilities on the performance of municipal assemblies in Ghana.

Management capacity and organizational performance

Management capacity is a hands-on activity that all managers have to engage in. It serves as a system of organizational actions and practices targeted at improving management capabilities for the organization's ultimate benefit (Becker & Bish, 2017). Inspired by RBV, this paper holds the view that management capacity is an important resource for organizational performance. Previous studies have linked management systems to service improvement. (Jennings & Woods, 2007). Heckman (2007) in a study specified generally, that management capacity, which covers capital, finance, HRM, and IT management, helps state governments to improve air pollution. It is also noted in other studies, that strong financial management systems contribute to better performance (Hou, Moynihan, & Ingraham, 2003; Mullins, 2016). In this study context, management capacity is considered as organizational actions and practices, which cover financial and human resource management, that improve management capabilities to achieve the organization's ultimate benefit.

On the basis of the meaning derived from the explanation given above, the study hypothesizes that:

H1: Management capacity has a positive effect on organizational performance.

Technical capacity and organizational performance

Technical capacity refers to an organization's ability to deliver programs and manage operations based on its skills, tools, and facilities. It addresses concerns such as program design and evaluation. TCC Group (2010) defines technical capacity as an organization's ability to plan and carry out a successful evaluation. Beyond this limited scope of programs development and execution, Claussen (2019) anticipates a properly designed program that is relevant with a logical model and/or other evaluation tool that support organizational effectiveness. Like management capacity, technical capacity is recognized as firm's distinctive resources that influences its performances. Such resources according to Berney (1991), Penrose (1959) and Wernerfelt (1984), helps the firm to achieve its sustained competitive advantage and perform better if it acquires and controls valuable, rare, inimitable and non- substitutable resources and capabilities. Claussen (2019), holds the view that such technical abilities allow an organization to not only design programs, but also evaluate their implementation. They have the ability to raise funds (particularly within nonprofit organizations), procure financial and in-kind resources required for efficient operations, possessing marketing skills that enable the organization to communicate effectively with both internal and external stakeholders, and having the appropriate technology, including equipment, systems,

and software (TCC Group, 2010).

On the basis of the above explanations, technical capacity is contended as a critical component in capacity development with its attendant effect on the organizational performance. This makes technical capacity very relevant in this context with a hypothesis that:

H2: There is a positive relationship between technical capacity and organizational performance.

Management Innovation and organizational performance

Prior studies have identified innovation as an essential component for businesses to survive, which is fueled by the impact of globalization, migration, technological and knowledge revolutions, and climate change issues, and the value that innovation brings (Giuliani et al., 2018). Innovation comes with creativity and puts new problem-solving ideas into use; it regenerate ideas for reorganizing cost cutting, putting in new systems and improved communication among others (George & Jones, 2008). Innovation has therefore become a major factor in influencing strategic planning that leads to wealth creation and sustain business growth (Giuliani et al., 2018). Past studies have noted that the focus of studies on innovation had concentrated on bringing new products and services, and also develops new processes, new business systems and new methods of management, which have a significant impact on productivity and growth product and process innovations rather than on non-technological innovations (Walker et al., 2015). Management innovation (MI), although without a generally agreed definition, its end products have focused on the establishment of new structures,

novel processes, original systems and, programs or practices in firms (Evangelista & Vezzani, 2010; Walker et al., 2015). MI represents new management practices that aim to improve a company's performance. It creates and executes new state-of-the-art management practice, process, structure, or approach meant to enhance organizational goals. It enables them to frame their goals, make choices, coordinate activities, and inspire staff as an integral component of organizational processes, presented through new managerial practices, processes, and structures (Khan et al., 2018; Hamel, 2006; Bergmann & Posch, 2018). These benefits accrued to MI have lent validity to top management's belief in its critical role in organizational performance. This has brought about new thinking in management placing premium on the usage of MI across the organizations (Mol & Birkinshaw, 2009). The above ideas, typically, reflect changes in what and how managers conduct their jobs (Birkinshaw, Hamel, Mol, Birkinshaw, & Mol, 2008; Hamel, 2006).

However, prior studies on management innovation in firms suggest some inconsistencies in their findings. For instance, while in Atalay et al. (2013), product and process innovations showed significant and positive impact on firm performance, the relationship between non-technological innovation such as marketing innovation and firm performance showed otherwise. In the research of Walker et al. (2015), the results showed that there was “no differences in the direction and the strength of the association between MI and TI on organizational performance. It was also established that the organizational competencies gained from initiatives such as new ways of structuring and

coordinating organizations and knowledge management activities were shown to be essential, especially in competitive markets”. The differences could possibly be attributed to the nature of the industry, and the potential effects of moderating variables used in the industry and construct measurement of the studies. Despite the above conflicting results, review of Walker et al. (2015) has shown that MI is positively associated with organizational performance. On that basis, the study anticipates a positive relationship between management innovation and organizational performance. We therefore assert that:

H3: There is a positive relationship between management innovation and organizational performance.

Methods

Study context

The study used data from Ghana, an emerging middle-income country in West Africa with a population of 30million, devolved into 261 local government units, designated as Metropolitan, Municipal, and District Assemblies (MMDAs) depending on population concentration. Prior to 1988, local government administration in Ghana had undergone a number of reforms, but the most comprehensive reforms gave birth to the PNDC Law 207 in 1988. The law served as an inspiration for the inclusion of Local Government and Decentralization in the 1992 Constitution of Ghana as a system to achieve Ghana's development objectives. Crook (2003) also notes that such local government architecture improves public sector efficiency and serve as an arrangement to fight poverty through people and community interactions at

close range. Studies have also found that local government structures, once established, encourage participation of private and non-governmental organisations in economic development, and allows more accountability and transparency at the local government level (Kauzya, 2003; Olowu, 2003).

There have been mixed reactions in respect of different antecedents on the performance of the assemblies (Crook, 1994; Akudugu, 2013; Abane & Brenya, 2021). According to Scott (2016), just establishing local governments, is not the only tool for poverty reduction, but also improving representation of the poor and better targeting of service delivery. Annan- Prah, (2019) notes that building capacities of assemblies influences commitment, enthusiasm, empowerment, and learning into though with its attendant shortcomings. Abane and Phinaitrup (2017) also found the need for performance management as an alternative tool to enhance performance at local authorities, but identified some challenges associated with such a management tool. In the midst of these challenges, therefore, we selected a wider context of municipal assemblies in Ghana, which includes metropolitan assemblies to test the influence of management innovation within that context. The study population was made-up of the various departments (minimum of 13 departments) and their employees working within the Municipal Assemblies.

Sampling procedure

The study targeted five departments out of 13 namely, Central Administration, Physical Planning, Works, Finance and Human Resource departments due to the central and critical role around which assemblies implement their programmes (LGS, 2014) for effective services

provision. For instance, the Coordinating Director leads the group to carry out the responsibilities to ensure that the planning and coordinating units' function effectively (LI 1961). In total, there are a minimum of about 26,000 employees working in these categories of assemblies in Ghana (LGS, 2014). They constitute key personnel with varied professional background and years of experience working to ensure that they provide quality service to the benefit of the people. They included personnel from Central Administration (Development Planning, Budget, Internal Audit) Finance, Human Resource, Physical Planning and Works departments, and the Coordinating Directors of the selected assemblies.

Sample size determination

The sample size was determined after consideration of the population size, cost, time, heterogeneity and non- response rate of the questionnaire. The major consideration for the sample size was to increase the level of precision of the sample and decrease sampling error (Bryman, 2008). Other considerations were the magnitude of acceptable errors and confidence interval (Zikmund, 2003). We therefore estimated the sample proportion by relying on Zikmund (2003) table that indicates predetermined sample sizes. The sample size for this study was estimated at 95% confidence level and assumed the parameter in the population to be over 70% or under 30%. Given the study population of about 26,000, the minimum sample size for this study was 321 (Zikmund, 2003). As posited in Hair et al.'s (2017), the threshold of a sample size to achieve statistical power should be more than 100. An additional 10% questionnaire brought the total administered questionnaire to 360 to

compensate for non-response and also take care of persons unable to reach, and to provide the desired level of confidence and precision (Israel, 1992).

Data collection procedure

In collecting data for this study, we paid particular attention to the geographical distribution and socio-economic characteristics of the municipal and metropolitan assemblies. conducted at the level of the organization (Alvi, 2016). The assemblies were therefore clustered into three geographical belt or zones, namely northern, middle and the southern. The northern belt covered the Upper East, Upper West, Northeast, Northern and Savannah, Oti Regions. The middle belt covered Bono, Bono East, Ahafo, Ashanti and Eastern Regions. The remaining, which included Volta, Western, Western North, Central and Greater Accra represented the southern belt (MSDI, 2020). The zoning was done to group the assemblies based on their cultural and socio-economic characteristic of the geographical areas (Machiyama & Cleland, 2013). Based on some notable characteristics, such as the number of municipal assemblies in each geographical zone, clustered and selected the required number of assemblies within the determined quota. With the sample size of 360 respondents, we drew 310 from municipal assemblies and 50 from metropolitan assemblies (the southern belt- 16, middle belt-13, while the northern belt- six (6).

In selecting respondents for the study, we listed all municipal assemblies in the selected regions in each belt, and randomly selected the assemblies by creating a random number generator in Excel (ie. =RAND ()). The names of the assemblies were entered in a single column of an Excel worksheet, and the Excel

formula= RAND () applied to generate random numbers for each of the assemblies. The generated random numbers, sorted in ascending order, served as a guide for selecting the assemblies to participate in the study. Generally, staff of Municipal Assemblies are categorized into professional and sub-professional. We were therefore guided by these strata to select participants for the study to allow the opinions of the two major group to reflect in the results of the study (Alvi, 2016).

Data collection instrument

Given the wide geographical area, the researcher used a survey to collect its data. The main research instrument was a questionnaire. The instrument was in two parts- Part I and Part II. The first part was sectionalized into 11, which covers independent variables, moderator variable, dependent variable, and control variables. Apart from the dependent variable, which was measured with seven (7)-point, all other constructs were measured with five (5) - point scales summing up to 55 items in total.

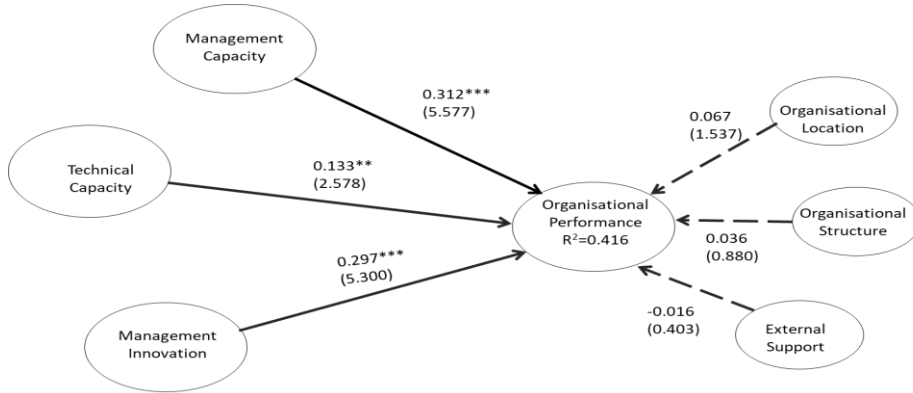
Results and Discussion

The results and discussion focused on the analysis with Partial Least Square-Structural Equation Model (PLS-SEM) to test the hypotheses of the study presented in Figure 1 and Tables 1 and 2, and the discussion of the results.

Results

The results indicated that management capacity had a significant positive effect on organizational performance. Management capacity was significant at $p=.001$. Likewise, management innovation had a significant effect at $p= .001$. Technical capacity also had a significant positive

effect on organizational performance at $p = .01$. Per these results, all the hypotheses were supported.



Note: *** $p < 0.001$; ** $p < 0.01$ (two-tail); t-values are in parenthesis; dotted line means path is not significant

Figure 1: Structural path showing the effects of capacity development and management innovation on organizational performance.

Table 1: Structural Path Result on the Effect of Capacity Development

Hypothesis	Structural path	Path coefficient	t-value (Boot)	p	Hypothesis results
H1	Management Capacity → Organizational Performance	0.312***	5.577	0.000	Supported
H2	Technical Capacity → Organizational Performance	0.133**	2.578	0.010	Supported
H3	Management Innovation → Organizational Performance	0.297***	5.300	0.000	Supported

Note: *** $p < 0.001$; ** $p < 0.01$
 Sources: Authors analysis from Survey data

Structural Model

Table 2 presents the predictive accuracy (R^2) of the model used for this study. It showed that management capacity, technical capacity, management innovation, and the three control variables (organization location, organizational structure, and external support) jointly explained about 42% of the variance in

organizational performance. Also, the cross-validated redundancy Q^2 – value was 0.278 for organizational performance. Finally, the effect sizes (f^2) computed for the exogenous variables showed that management capacity, technical capacity and management innovation all had small effect sizes on organizational performance. Evidence of predictive accuracy (R^2),

predictive relevance (Q^2) test and effect sizes (f^2).

Table 2: Predictive Accuracy (R^2), Predictive Relevance (Q^2) and Effect Sizes (f^2)

Constructs	R^2	Q^2	f^2 (Organizational Performance)
Management Capacity			0.113(Small)
Technical Capacity			0.02(Small)
Management Innovation			0.10(Small)
Organizational Location			0.01(None)
Organizational Structure			0.00(None)
External Support			0.00(None)
Organizational Performance	0.416	0.278	

Source: Author's analysis from Survey data

The predictive accuracy (R^2) of the model used for this study showed that management capacity, technical capacity, management innovation, and the three control variables (organization location, organizational structure, and external support) jointly explained about 42% of the variance in organizational performance. This shows a large explanatory power of the model (Hair et al., 2017). Cross-validated redundancy Q^2 – value of 0.278 was obtained for organizational performance which is higher than 0 showing a predictive relevance (Chin, 2010). Finally, the effect sizes (f^2) computed for the exogenous variables showed that management capacity; technical capacity and management innovation all had small effect sizes on organizational performance. Evidence of predictive accuracy (R^2), predictive relevance (Q^2) test and effect sizes (f^2) are presented in Table 2.

Discussion

This study sought to examine the relationship between capacity development elements and the performance of Municipal Assemblies in Ghana. Specifically, the study was to establish

whether, individually, there was a relationship between capacity development elements (Management, Technical Capacities and Management Innovation and organizational performance). It was also to find out the individual effects of Management, Technical Capacities and Management Innovation on organizational performance, and finally found out the combined strength of Management, Technical Capacities and Management Innovation on the organizational performance.

The results showed that participants were unanimous in their view that the three elements of capacity development (management capacity, technical capacity and management innovation) had relationships with organizational performance, thus management capacity ($\beta=0.361$, $t=7.312$, $p<0.001$), technical capacity ($\beta=0.155$, $t=3.144$, $p<0.05$) and management innovation ($\beta=0.311$, $t=6.303$, $p<0.001$). These significant positive results revealed in the study showed that participants were of the view that municipal assemblies required such capacities and innovations to discharge their responsibilities well. In spite of their

small effect size showed, the results lend support to earlier findings by Desta et al. (2020) and Nwanchukwu et al. (2019) whose studies revealed that implementing capacity development programs such as leadership and management activities significantly improves management practice and quality services, and needed much emphasis placed on finance and human resources management. In a sense, they narrow the scope of management capacity. This suggests that finance and management are very critical to the performance of organizations.

The results showing direct positive significant effect of management innovation on organizational performance makes it a positive driver of organizational performance irrespective of the direction. This corroborates the findings of Walker, Damanpour & Devece (2011). It is, however, important to note that implementing new and advanced management processes, by themselves, does not necessarily guarantee organizational performance. It requires management innovation. Honyenuga, Tuninga & Ghijsen (2019) see it as a necessary condition for organizational performance. This suggests that management innovation by itself must have a positive influence on performance in order to influence other elements to influence performance positively. Technical capacity likewise shows a significant positive effect on organizational performance. An der Waldt et al. (2018), have found technical capacity as an important element for effective performance and a tool to stay competitive in the changing technological world. This observation is in sync with George and Jones (2008) which highlighted the

importance of information technology to human resource to engage in constructive innovative activities and managing organizations. As observed by van der Waldt et al. (2018), the use of IT innovation, for instance, helps to improve organizational performance (Cheg and Wang (2020). This suggests that a significant shortage of technical skill will impede organization development especially in today's fast changing world.

The predictive accuracy of the analysis showed $R^2=0.416$. It is apparent from this study that the design does have a significant effect on predictive accuracy results reported. This result confirms findings from similar investigations in other fields. This simply tells us that the combined strength of management capacity, technical capacity and management innovation and the control variables jointly explains about 42% of the variance in organizational performance. According to Hair et al. (2017), this represents a large explanatory power of a model. This result acknowledges and supports the earlier studies that an organization achieves high performance when it has the requisite capacities to work with.

Theoretical implications

The results of the study have strong theoretical implications about resource allocation and use. The study was grounded on the Resource-Based View, which has widely been applied in private sector organizational research compared to the public sector. The theories hold that an organization with a bundle of strategic resources have the potential to outperform its competitor (Barney 1991; Wernerfelt, 1984), but this is not restricted to the private sector and non-for-profit

organization. Past studies using these elements have mainly come from non-governmental sector. This study has, however, proven, that capacity development has a positive and significant relationship with the units within the local government sector, thus the public sector. The study found support for the influence of management capacity, technical capacities and management innovation on organizational performance in line with the prior studies (Connolly & York, 2003; Hope, 2011; Haque, Fernando, & Caputi, 2019; Nwachukwu & Chladkova, 2019). It suggests that organizations with unique resources irrespective of whether private or public sector can influence some behaviors within the organization. The framework used in this study therefore provide a theoretical basis for understanding and justifying how management, and technical capacities and as well as innovation on the part of management can influence performance.

Managerial implications

This study has very important managerial implications. First, the empirical support for the proposed model suggests that capacity development is a critical source of resource and capabilities that improves organizational outcomes. This calls for managers of municipal assemblies to commit themselves to ensuring availability of such important resources of the organizations. Managers ought to know the actual benefits that investment in any resource will yield to the organization, but not just any resource. Resource availability motivates employees and serves as incentives to give off their best, which eventually will reflect the performance of the organization. Second, the positive performance as a result of improved level of capacity can help managers promote the

positive image of managers and the organization as performing managers and organization. Consequently, managers are not to underestimate the positive effect of developing capacity to sustain the organization's performance, particularly the managers in the local government sector. Studies suggest that when employees find management forthcoming with needed resources, they also respond appropriately to support the organization achieve its goals. This should therefore urge managers to make maximum use of available resources and invest in strategic ones that will inure to the benefit of the organization. Third, with the positive results of management innovation managers of municipal assemblies are required to encourage and get the buy-in of all stakeholders to derive the desired benefits.

Limitation and implication for future research

This paper is not without limitation. First, the study scope was limited to only metropolitan and municipal assemblies with selected departments. Future research can look out to include district assemblies and extend the study to cover other departments of the assemblies. Using only a few of the departments and their staff cannot give the total picture of the capacity development situation. Organizational performance is a multidimensional concept. This study dealt with just an aspect of it, thus effectiveness. To have a broader view, future studies need to expand the scope to include other elements of capacity development and performance dimensions such as organizational efficiency, cost, quality, and other performance related indicators. Again, studies could further refine the hypothesized model by using

additional moderators and/or mediator such as work environment, employee motivation, trust or organizational culture. The inclusion and testing of additional variables will help develop a more robust model, which potentially could reveal certain critical information needed to improve organizational performance.

Conclusion

The study set out to examine the relationship between capacity development and the performance of Municipal Assemblies in Ghana. Three elements of

capacity development, namely, management capacity, management innovation and technical capacity came out as significant at p-values of $p=.001$ and $p=.010$ respectively on the performance of municipal assemblies in Ghana. This study presents to management of municipal assemblies in Ghana the relative and combined effects of these capacity development elements on performance, and their significance as positive drivers for service delivery at the local government level.

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