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INFLUENCE OF RESOURCE PROVISION AND PERFORMANCE OF SELECTED HOSPITALS IN KENYA

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Abstract

Performances of public health facilities in Kenya have been underperforming for several years. This made the role of managing public health facilities in the country to be transferred to county governments from the year 2013. The purpose of this study will be to examine the influence of resource provision on performance of selected hospitals in Kenya. The target population for the study involved 340 employees selected from various departments in health facilities in Ainamoi Sub County, Kericho County Kenya. A stratified random sampling method was used to select 181 respondents for the study. The study used questionnaire to collect data from respondents. The instrument was validated and tested for reliability before administration to the field. The data collected was analysed using descriptive (frequencies and inferential statistics). The study found out that since the coming of county governments, facilities and resources had significantly improved over the three year period. Multiple regression results showed that 67.0% of change in organisation performance was explained by resources allocated to those public health facilities. The study recommends that national and county governments should invest in more resources public health facilities to improve on their performance.

Keywords: Resource, allocation, organisation performance, health facilities

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INTRODUCTION

This research looks at the relationship between resource allocation and performance of health facilities. Miller (2002) asserts that right allocation of resources is vital for use, survival and success of an organization. The availability of workforce, skills, knowledge, finance and time, is thought to be a crucial part of strategy implementation (Alexander, 1985; Miller, 2002). It symbolizes the strengths that organizations can use to assist with the conception and implementation strategies (Barney, 1991). Resource allocation is essential be oriented to objectives achievements, objectives should also be clearly laid down with its strategic priorities for resource allocation. Their preferences attract more resources for their pet reports (Chowrasta, 2011). Leaders and policy makers take advantage of a broader resource base than traditional federal state and local tax revenue streams (Miller, 2002).

Allocation of resources is an impact of strategy on performance. This is based on the fact that the major drive of revising divisional plans at the corporate level is to make good allocations of workforce, capital, and other rare resources among divisions. Regularly the capital appropriation requirements of the divisions add up to more than headquarters can give. An organization's strength should be leveraged upon to explore a business advantage. The major weapon to outwit competitors is strategic thinking. Organizations need to devise a channel through which they can break established competitive barriers. Insightful strategy leads to superior edge and business growth (William, 1994). This should be visible and discernible in the performance of the organization. The strategic planning practice has today gained reputation worldwide and across businesses, public and private. Scholars have argued that effective strategy implementation aids effective organization performance. Prescriptive strategic management literature denotes that there is a positive relationship between strategy implementation and organization performance. Strategy implementation aims to improve the effectiveness of management, bring results and positive influence for an organization. This in turn led to direct progress in performance. Strategy implementation is an important success factor in performance.

LITERATURE REVIEW

Resource allocation is a quantitative plan that sets out organizations' sources and application of funds in a specified timeframe commonly in one year. According to Kaplan (1998) once an organization has developed its short term plan, it can project the operating and financial consequences of that plan over short run planning horizon usually one year. He continued to elaborate that planners are interested in developing estimations of cash flows and resource needs in which they can arrange and meet capacity and financing needs in a systematic way.

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Resource allocation is pegged to strategic corporate plan, a document that stipulates an organization's long term plan to achieving its strategic goals. A strategic plan covers a longer period of time, for instance five years. Resource allocation takes place at the second level of strategic management process, which is strategy implementation. At this level, organizations establish annual objectives and allocate resources so as articulated strategies can be implemented. David (1997) noted that strategy formulation without being implemented does not serve any useful purpose. According to Thompson and Strickland (1989), implementation means acting on what is supposed to be done internally to put the formulated strategy into place so as to attain the targeted results. Hunger and Wheelen (1995) noted that implementation of strategy is the process in which the managers interprets strategies and policies into action via the development of programs, budgets and procedures.

Organizations are careful when allocating resources to their activities due to the scarcity of resources. David (1997) indicated that there is no organization with unlimited resources therefore policymakers must decide which alternative strategies will benefit the organization best. Allocation of resources is done through a budgetary process and involves assessing the organizations revenues and expenditure for the activities covered in a period. It is important to note that the budget which is a quantitative plan has a big impact on the organizations performance and profit generation. The ability of a company to organize the resources needed to support new strategic policies has a major influence on the strategy implementation process. Organizational elements should have budgets and financial resources for implementing their parts of the strategic plan effectively. Strickland (2008) argued that a lot of funding wastes organizational resources and diminishes financial performance; further little finance decelerates progress and impedes the hard work of organizational units to complete their pieces of the strategic plan competently.

The greatest strategic challenge in budgetary allocations is that in organizations which are not for profit, budgetary allocations are made to benefit the management of the organization and not the key stakeholders hence business failure. Thompson et al (2008) indicated that varying into related businesses where competitively valuable strategic fit benefits to perform better finally as part of the same company than they would have performed as independent enterprises, thus providing a clear avenue for boosting shareholder value. Another challenge in the implementation of strategies through budgets is that there is always competition for capacity between strategic tasks and operating ones, which in most cases is resolved in favour of the later. In many organizations, the strategic budget is not separated from the operating budget (Ansoff, 1990). Helde and Johannessen (2002) indicated that organizations have financial resources, physical resources, human resources and technological resources. Once developed,

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plans raise hopes and expectations: but nothing really happens until resources, mainly through budgets, are committed. Limited financial resources are a key issue in successful strategy implementation.

High ranked managers are particularly a significant resource for firms seeking to formulate and implement plans effectively. Hitt (2007) stated that knowledge and skills of a firm's entire workforce, is an important resource to be maximized to facilitate the effective implementation of a firm's strategies. The strategic decisions made by top-level managers, influence how the firm is designed and whether or not goals will be achieved. Thus, having a top-management team with advanced managerial skills is a critical element in strategy implementation. Social capital is equally important in strategy implementation. It includes relations inside and outside the firms which help the organization accomplish its responsibilities (Hitt *et al* 2007). Some organizations may not have a crisis management plan. Manyasi (2009) discovered that managers do not utilize a proactive approach to crises management when implementing strategic policies. Managers do not have knowledge on strategic actions such as integrating crises management into strategic process, including crises management in statements of corporate excellence, creating crises management teams and including external skills. The researcher recommends inclusion of competent like public affairs officers to perform all functions including crises management, training in crisis management and workshops in crisis management, and also executive development programmes. Bidemi (2009) stated that the public has become targets for the mining of revenue. Private entry schemes increased workload of instructors and consequently lowered quality without evaluating implications of access, standards and equity issues.

During the course of two organizations implementing the same strategy the resultant performance is likely to be different. Studies also suggest that tools can be a major basis of the organizational performance (Hitt et al, 2006). This might be explained once again in terms of assets and capabilities, and the uniqueness resulting from their distinctive use and expansion over time. Although resources might be the same, the resultant objective will anyway differ in terms of performance and eventually in terms of quality. A strategy, thus, makes different performance according to the characteristic functioning and structure of the organizations that is strong-minded by its special use of resources and capabilities. These unique resources have hardly been perfect investigated and written by any study for inclusive analysis and distribution. This has resulted to hypothetical frameworks with a widening consistency-variance on condition that a prelude to knowledge disharmony.

David (1997) noted that strategic implementation is done through annual objectives which are short-term milestones that organizations must achieve to reach long-term objectives.

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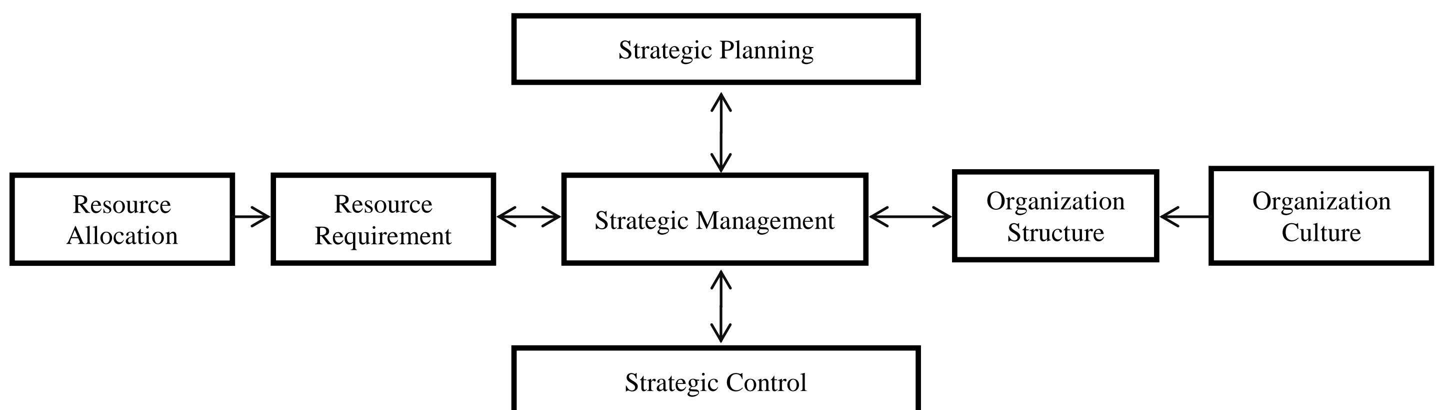
These annual objectives represent the basis for allocating resources. Resource allocation arises due to the need to restrict expenditure in order for the organization to achieve its objectives and continue to survive in stiff business competition. It is essential for organizations to strictly adhere to budgets in order to gain cost advantage. Thompson (2007) noted that a company achieves low-cost leadership when it becomes the industry lowest cost provider rather than just being one of the several companies with competitive low costs. Organizations experience scarce resources all the time hence the need to work on choices in order to pick activities that are crucial to the organization's overall performance. Miller (1988) observed that scarcity means people do not and cannot have enough income, time or other resources to satisfy their every desire. For organizations, money is a scare resource whose use requires planning in form of budget projections.

A budget is a quantitative plan, plans are the most systematic reports that document what to be done, who is to do what, what time and what resources are required. Plans are tactical and not strategic and focus on specific activities. A budget according to Horngren (1996) is a condensed business plan for the forthcoming year. He added that executives require budgets to guide them in allotting resources and maintaining control and also to enable them to measure and reward progress. Mckinsey (1922) indicated that the first efforts in corporate strategy are all limited to the development of budget with managers realizing that there is a need to plan the allotment of funds. Later in the 1900s budgeting improved to include forecasting into the future. Resource allocation is a means to strategy implementation. The role of strategic management in organizations' resource allocation is well explained by Rowe (1994) through a strategic four-factor model. The model explains how organizations' strategy must balance the demand imposed by external and internal forces, suit the overall functioning of the organization and use resources in a manner that meets goals and satisfies values.

Figure 1: Strategic Management Model



Source: Rowe (1994)

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From the diagram, it is apparent that resource requirement links strategic management to the organization's resources that include land, plant equipment, finances, information, personnel and goodwill. The resources are allocated to the organizations' requirements after determining their viability and value to the organization. The relationship between strategic management and resource allocation is clearly demonstrated by Steiner (1979) when explaining the relationship between top management and strategic planning at formulation and implementation stages. Steiner cited Peter Drucker's definition of this relationship and noted that the work of strategic management can only be carried out by part of the organization in which it can see the whole business. He noted that this organ is the one which can decide on issues that affect the whole organization, can balance objectives and needs of current period against the future and can allocate resources of men and money to key results.

Jerry (1977) explains that developing and adopting a budget is beneficial. He noted that preparation of a budget is only the beginning in the continuing process of planning and controlling the organization's future. Lucey (1996) explained that budgetary planning involves the act of preparing detailed, small term (usually 1 year) plans of its functions, activities and departments of the firm therefore translating the long term corporate plan into action. He added that the yearly process of budgeting must be seen as stages in the progressive fulfilment of the long- term plan for the organization. Organizations allocate both financial and non financial resources to activities marked for implementation in a specific period. Progress monitoring is important in order to establish risk of non-performance which would prevent achievement of the organizations objectives. It is important to control expenditures during the progress of activities. Monitoring and control work hand in hand to ensure allocated resources are put to the intended use. Monitoring ensures that mistakes are promptly corrected to avoid waste of time and money that would occur when correcting errors noticed long after they were done.

Organizations are faced with challenges when allocating the limited resources to projects and activities marked for implementation in a specific period. Organizations are careful not to allocate too much resource for fear of wasting the limited resources and too little allocation would stifle strategic implementation. Successful strategic implementation needs a strong management, appropriate resource allocation, business processes and policies that support the strategies and very high level focus. Organizations are faced with challenges in allocating the scarce resources to activities and thorough analysis is carries out to establish whether the plans are feasible undertakings that will guarantee returns that fulfill the organization's objectives. Rowe (1994) noted that to survive in today's global market; organizations must focus their efforts where they can achieve the best possible cost advantage

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relative to their competitors. This requires strategic analysis of different scenarios in order to establish the most cost effective expenditure for the organization. Competition has grown over the years and business undertakings have continued to face challenges. These challenges have forced the organizations to strive for better cost containment measures to remain in business. Smith rightly asserted that when you run a company or a business you want to reap a huge return to benefit your investment of time and money (Smith 2011). It is important to note that cost is a factor of an organization's profits such that the lower the costs the higher the profits, the opposite is true. Resource allocation focuses primarily on expenditure and pays little attention to the results obtained after incurring such costs. For example an organization's marketing manager may fail to undertake an opportunity to sell more by increasing the travelling of the sales staff if he/she notices that such expenditure will exceed the allocated/ budgeted amounts. This will deny the organization extra sales that would have exceeded the costs the company is avoiding to incur. Production costs for example are directly linked to the organization's production and it would be unwise for the company to cut down its production citing budget constraints.

Another challenge of resource allocation is on its preparation. In many organizations, the budgets are prepared on the basis of historical data rather than the future performance. This tends to paint a wrong picture of the future but focuses on the company's past trends. However, this limitation is addressed by putting emphasis on flexible and zero based budgeting. Budgets have a tendency of de-motivating staff especially when the targets are too high and the employees feel they may not be achieved. It is also important to have all employees buy into the budget for full implementation to be attained. In addition, unrealistic budgets can lead to managers making decisions that can be disadvantageous to the organization. Due to the changes in the external environment, the budgets if not revised can mislead. The circumstances that are considered when setting the budgets change over time and new circumstances emerge; these require regular reviews in order to align the resources to prevailing situations. Resource allocation is time consuming and costly. It involves organizations' top management, chief officers and senior officers at all levels. They prepare their respective departments and section's budget before they are presented to a Budget Committee who sits in many sessions. The process takes months depending on the length of the organization's resource allocation process.

METHODOLOGY

This study was a descriptive survey. The study was conducted in Ainamoi Sub- County hospitals because of the significant role it plays in the region in providing a fundamental health

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service to community. The target population was drawn from 340 employees in Ainamoi Sub-County hospitals. The sample size comprised of 181 employees. The study used research constructed questionnaire to collect data. The data required for this study was collected through actual visits to the hospital. Content validity of the instrument was determined through expert judgment which will involve discussing the items in the instruments with the supervisors, lecturers and colleagues. Cronbach's alpha was used to assess the reliability coefficient of the research instruments which gave an average of 0.761. Data collected was analyzed using descriptive statistics and inferential statistics. Descriptive statistics used included frequencies, percentages and tables. Inferential statistics were used to test variable relationships in which regression analysis showed how the variables were related while correlation analysis indicated the degree of relationship between the variables.

ANALYSIS AND FINDINGS

Effects of Resource Allocation on implementation of strategic plan

The study sought to find out the finance on implementation of strategic plan at Ainamoi County Hospital.

Table 1. Resource Allocation on Implementation of Strategic Plan

Resource Allocation		SD	D	UN	A	SA	Mean	SD	Skew	Kurto
We have enough physical facilities (laboratories, land, washrooms and water) allocation to implement our strategy	F	2	8	0	27	130	1.3533	.81461	2.785	7.626
	%	1.2	4.8	0	16.2	77.8				
Our hospital has many sources of finances which allows us to expand our infrastructure	F	60	81	3	20	3	4.0479	1.01084	-1.230	.915
	%	35.9	48.5	1.8	12	1.8				
We have enough employees who implement the strategic plan	F	80	30	0	20	37	3.5749	1.66974	-.623	-1.383
	%	47.9	18.0	0	12.0	22.2				
The management gives priority to supportive budget to implement strategic plans.	F	37	10	10	50	60	3.5150	1.55949	-.679	-1.124
	%	22.2	6.0	6.0	29.9	35.9				
There is transparency and accountability in tendering process for equipments and drugs	F	75	35	21	21	15	3.8024	1.36320	-.806	-.686
	%	44.9	21.9	12.6	12.6	9.0				

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Whether there were enough physical facilities (laboratories, land, washrooms and water) allocation to implement strategy; the respondents were as follows; 1.2% strongly disagreed, 4.8% disagreed, 16.2% agreed and 77.8% strongly agreed. It had a mean of 1.3533, standard deviation of 0.8146, skewness of 2.785 and a kurtosis of 7.626. From the above findings the value of skewness were within the range and were considered acceptable. The value of kurtosis was higher and therefore did not prove a normal univariate distribution. This implied that most of this hospital had enough Physical facilities but underutilized yet it was a factor that affected strategic plan implementation. If the hospitals had many sources of finances which allows expanding the infrastructure, the response were as follows; 35.9% strongly disagreed, 48.5% disagreed, 1.8% were undecided, 12% agreed and 1.8% strongly agreed. It had a mean of 4.0479, standard deviation of 1.0108, skewness of -1.23 and a kurtosis of 0.915. From the above findings the value of Skewness and kurtosis were within the range and were considered acceptable therefore prove a normal univariate distribution. From the findings it implied that sources of finance were not adequate for further implementation of strategic plan.

We had enough employees who implement the strategic plan, the responses were as follows; 47.9% strongly disagreed, 18% disagreed, 12 % agreed and 22.2% strongly agreed. It had a mean of 3.5749, standard deviation of 1.6697, skewness of -0.623 and a kurtosis of -1.383. From the above findings the value of Skewness and kurtosis were within the range and were considered acceptable therefore prove a normal univariate distribution. This finding agreed with a study done by Wooldridge *et al.,* (2008) who acknowledged that employees who lack knowledge and skills while managers may have the prerequisite management skills to support the implementation of strategic plans. According to Yukl and Lepsinger (2007) acknowledged that the most strategically important resource to an organization. It is created and held by individuals not organization (Huse, 2000).

The management gives priority to supportive budget to implement strategic plans, the response were as follows; 22.2% strongly disagreed, 6% disagreed, 6% were undecided, 29.9% agreed and 35.9% strongly agreed. It had a mean of 3.5150, standard deviation of 1.5594, skewness of -0.679 and a kurtosis of -1.124. From the above findings the value of Skewness and kurtosis were within the range and were considered acceptable therefore prove a normal univariate distribution. These findings implied that budgeting done but not followed as per strategic plan. There was transparency and accountability in tendering process for equipments and drugs, the response were as follows; 44.9% strongly disagreed, 21.9% disagreed, 12.6% were undecided, 12.6% agreed and 9% strongly agreed. It had a mean of 3.8024, standard deviation of 1.3632, skewness of -0.806 and a kurtosis -0.686. From the above findings the value of Skewness and kurtosis were within the range and were considered acceptable

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therefore prove a normal univariate distribution. Thompson and Strickland (1989) viewed implementation as acting on what has to be done internally to put the formulated strategy into place to achieve the targeted results. Helde and Johanesen (2002) indicated that organizations have financial resources, physical resources, human resources and technological resources. Hunger and Wheelen (1995) noted that strategy implementation is the process by which management translates strategies and policies into action through the development of programs, budgets and procedures.

Effect of Resource Allocation on Organisation Performance

A correlation analysis was computed to check on the overall effect of resource allocation during strategy implementation and performance of public health hospitals in the study area. Table 2 shows the study findings.

Table 2: Correlations on Resource Allocation and Organisation Performance

		Organization Performance
Resource Allocation	Pearson Correlation	.819**
	Sig. (2-tailed)	.000

Statistics shows that there exist significant positive relationship (r=0.819 and p=0.001) between resource allocation and organisation performance. This implies that increase in resource allocation, organisation performance increases significantly. Furthermore a linear regression analysis was computed to check on the overall effective of resource allocation on performance of public health facilities in Ainamoi Sub County. Table 3 shows the model summary and change statistics table.

Table 3: Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Change Statistics**				
					R Square Change	**F Change**	**df1**	**df2**	**Sig. F Change**
1	.819[a]	.672	.670	.78163	.672	337.392	1	165	.000

a. Predictors: (Constant), Resources

The regression model shows that the correlation coefficient is R=0.819 which translates to an adjusted R2 of 0.670 which implies that 67.0% of change in public health facilities performance is influenced by resources provided. The remaining 33.0% could be explained by other factors

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that were not factored in the model. Further the change statistics shows that the model is fit ($p<0.05$). This confirms of linearity between the variables under study. Table 4 shows the coefficients.

Table 4: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.889	.181		4.909	.000
Resources	.962	.052	.819	18.368	.000

a. Dependent Variable: OrgPerfm

The coefficient shows that there exists a positive coefficient between resource allocation and organisation performance ($\beta=0.962$ and $p=0.001$). This shows that continuous provision of resources to public health facilities would improve on performance.

CONCLUSIONS AND RECOMMENDATIONS

The study examined how allocation of resources influenced the implementation of strategic management plans and organizational performance ($\beta = 0.962$, $p< 0.001$). There were enough physical facilities (laboratories, land, washrooms and water) allocation to implement strategy; the study found out that there were there but not adequate and up-to-date. Some hospital had missed equipment like computers and even some were still manual records instead of digitalization of information systems. The study concluded that the factors that influenced resource allocation on implementation of strategic plan were; hospitals having enough physical facilities (laboratories, land, washrooms and water) allocated. Enough Sources of finances for the expansion of infrastructure and enough employees who implement the strategic plan. The management gives priority to supportive budget to implement strategic plans. There is transparency and accountability in tendering process for equipments and drugs. It is recommended that both the county and national government should be in-charge with management of health sectors and should ensure that adequate resources are availed to the institutions for purposes of strategy implementation as this is an expensive exercise which must be deliberately budgeted for. In recommendations for further studies, the research proposes future research to explore the performance of hospitality establishment in other counties of Kenya.

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