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EFFECTS OF RESOURCE ALLOCATION ON PERFORMANCE OF SERVICE ORGANISATIONS IN KENYA: A CASE OF NATIONAL SOCIAL SECURITY FUND MARSABIT COUNTY, KENYA

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Abstract

Strategic management is a critical aspect of any organization seeking to achieve its objectives effectively. The successful implementation of strategic management can result in improved organizational performance and competitiveness, increased revenue and profitability, and enhanced stakeholder value. The aim of this study was to investigate the effect of resource allocation on the Performance of Service Organisations in Kenya: A Case of National Social Security Fund Marsabit County. The target population was 32 respondents. Census sampling was used for the study. Data from primary sources was used. Data from the primary was gathered using a semi-structured questionnaire. A pilot study of ten staff from the NSSF branch in Wajir County was conducted to ensure the validity of the questionnaire. The data that has been gathered was examined to see whether or not there are any gaps, inaccuracies, omissions, or other types of irregularities. SPSS Version 23.0 was used alongside MS Excel software to obtain both descriptive and inferential statistics. In the study, descriptive statistics was provided in the form of tables, bar charts, and graphs. These statistics entailed the usage of the mean as well as the standard deviation. The Pearson correlation coefficient was used as part of the inferential statistics in order to determine the nature of the relation that exists between the study's various variables. The study concluded that the organization demonstrates effective resource allocation with areas of improvement in prioritizing resources. Based on these conclusions, recommendations included enhancing strategies for priority-based resource allocation.

Keywords: *Resource Allocation, Performance, Service Organisations, National Social Security Fund*

INTRODUCTION

Strategic management is a critical aspect of any organization seeking to achieve its objectives effectively (Hitt, Ireland, & Hoskisson, 2021). It involves the formulation and implementation of strategies that enable organizations to achieve their objectives and goals. The successful implementation of strategic management can result in improved organizational performance and competitiveness, increased revenue and profitability, and enhanced stakeholder value. The importance of strategic management in enhancing performance has been recognized by service organizations in Kenya (Odhiambo, 2018). Despite this, the effectiveness of strategic management implementation in service organizations in Kenya remains a topic of debate.

Globally, organizations have been forced to adopt strategic management to stay relevant and competitive due to various challenges such as competition, technological advancements, changing consumer preferences, and economic fluctuations (David, David, & David, 2020). The healthcare sector in the United States, for instance, has implemented strategic management to improve patient outcomes, reduce costs, and enhance operational efficiency (Buchbinder & Shanks, 2019).

In the East African region, strategic management has gained prominence in recent years. Tanzania has adopted strategic management in its public sector to enhance service delivery and accountability (Komba, 2015). In Uganda, strategic management has been implemented in the education sector to improve the quality of education and increase access to education (Adepoju & Osibanjo, 2017). Similarly, both the private and public sectors in Kenya, including service organizations like the National Social Security Fund (NSSF), have embraced strategic management to enhance performance and achieve objectives (Odhiambo, 2018).

According to a report by the African Development Bank Group, strategic management has become increasingly important for African countries, including Kenya, to achieve sustainable development goals (AfDB, 2021). The report highlights the need for African countries to adopt strategic management practices to enhance their economic growth and competitiveness. Moreover, in recent years, the Kenyan government has placed a significant emphasis on implementing strategic management practices in its public sector. In 2015, the Kenyan government launched a five-year plan to improve service delivery in the public sector, which includes implementing strategic management practices (Government of Kenya, 2015). The plan aims to enhance efficiency, effectiveness, and accountability in the public sector by improving the implementation of strategic management practices.

The NSSF is a government agency in Kenya that provides social security services to workers in the formal sector. The agency is responsible for collecting and managing contributions from employers and employees, as well as providing social security benefits to eligible members. As a service organization, the NSSF is faced with various challenges in its operations, including a competitive business environment, changing customer needs and expectations, and evolving regulatory requirements. The organization has a presence in all the 47 counties in Kenya and has over 2 million members. NSSF has implemented strategic management to enhance its performance and achieve its objectives (NSSF, 2022).

To address these challenges, the NSSF has implemented various strategic management initiatives, including the adoption of a strategic plan, the establishment of performance targets and indicators, and the development of a monitoring and evaluation framework. These initiatives are aimed at enhancing the agency's service delivery, improving its financial performance, and ensuring the sustainability of its operations.

Service organizations are increasingly recognizing the importance of strategic management as a key driver of organizational success. However, there is a dearth of empirical research on the effects of strategic management implementation on the performance of service organizations, particularly in Marsabit County. This study aims to fill this research gap by examining the effects of strategic management implementation on the performance of the National Social Security Fund (NSSF) in Marsabit County.

Statement of the Problem

The National Social Security Fund (NSSF) has implemented strategic management to enhance its performance in Marsabit County. However, the effectiveness of strategic management implementation in NSSF Marsabit County remains unclear. There is a need to assess the impact of strategic management on the performance of NSSF Marsabit County. Specifically, the study seeks to examine the relationship between resource allocation, performance accountability, senior management alignment, and the performance of NSSF Marsabit County. The findings of the study provided insights into the effectiveness of strategic management implementation in service organizations in Kenya and inform policy and practice in the social security sector.

After the 2008 global financial crisis, Kenya's economy began to show signs of improvement, with growth rates averaging between 4% and 6% in subsequent years. However, despite the positive economic outlook, service organizations in Kenya, including the NSSF, have faced numerous challenges in delivering efficient and effective services to their clients. One of the key challenges facing service organizations in Kenya is the lack of effective strategic management implementation. Despite the recognition that strategic management is a critical tool for achieving organizational success, many organizations in Kenya struggle with its implementation. This has led to poor performance, decreased accountability, and ineffective resource allocation, which have adversely affected the quality of services provided by these organizations.

In response to these challenges, the National Social Security Fund in Marsabit County has recognized the need to improve its strategic management practices to enhance its performance. However, little is known about the effects of strategic management implementation on the performance of service organizations in Kenya, particularly at the county level. Therefore, the aim of this study is to investigate the effects of strategic management implementation on the performance of the National Social Security Fund in Marsabit County. Specifically, the study seeks to assess the relationship between resource allocation, performance accountability, senior management alignment, and the performance of the National Social Security Fund in Marsabit County.

Theoretical Literature

Resource-based theory

Resource-based theory (RBT) is a management theory that argues that a firm's unique set of resources, capabilities, and competencies can provide a basis for sustained competitive advantage and superior performance (Barney, 1991). In essence, firms that have valuable, rare, inimitable, and non-substitutable resources (known as VRIN resources) are more likely to outperform their competitors in the long run.

Effective resource allocation is a critical component of RBT, as it enables firms to maximize the value of their resources and capabilities by directing them towards activities that are likely to generate the greatest return. Resource allocation involves the deployment of resources, such as financial capital, human capital, physical assets, and knowledge assets, to different functional areas of the organization in order to achieve strategic objectives.

Studies have shown that effective resource allocation is positively associated with firm performance in a variety of contexts. For example, Li and Li (2013) found that effective resource allocation was positively related to firm innovation performance in the Chinese IT industry. Similarly, Mwangi et al. (2018) found that effective resource allocation was positively associated with the financial performance of small and medium enterprises in Kenya. In the context of service organizations, effective resource allocation is especially important, as service organizations are highly dependent on their intangible resources, such as knowledge and expertise, to create value for their customers. Thus, effective resource allocation can enable service organizations to enhance their service quality, improve customer satisfaction, and achieve better financial performance.

Empirical Literature Review

Effect of resource allocation on the Performance of Service Organizations: The efficient allocation of resources is a crucial aspect of the successful performance of organizations. Resource allocation involves making decisions about how to allocate resources such as personnel, finances, equipment, and time to achieve organizational goals. In the context of service organizations, resource allocation is particularly important since the quality of the services provided is directly linked to the availability and allocation of resources. Research has shown that efficient resource allocation leads to improved organizational performance, including increased productivity, improved service quality, and greater customer satisfaction (Zhao et al., 2019).

Fosso Wamba et al.'s (2021) study on resource allocation in service organizations in the digital economy of the United States of America (USA) confirms the importance of efficient resource allocation. The study found that effective resource allocation positively impacts the performance of service organizations. The authors argue that digitalization has created new opportunities for service organizations, but they also face new challenges in terms of resource allocation. The study emphasizes the significance of allocating resources effectively to enhance service quality, customer satisfaction, and financial performance. The findings suggest that effective resource allocation enables service organizations to optimize their digital technologies, processes, and workforce to improve their performance. Thus, service organizations in the digital economy need to focus on efficient resource allocation to achieve their business goals and remain competitive.

Abukhalifeh and Alsmadi's study (2017) suggests that resource allocation is a critical factor that affects the performance of service organizations in the Middle East. The study findings indicate that optimal resource allocation is associated with better financial performance. When resources are allocated efficiently, the organization can achieve cost savings, increased revenue, and improved profitability. Moreover, the study found that optimal resource allocation leads to higher employee productivity. When resources are allocated efficiently, employees can work more effectively, and their productivity increases. The study emphasizes the importance of optimal resource allocation in service organizations. An efficient allocation of resources can lead to better financial performance, improved customer satisfaction, and higher employee productivity, which can ultimately enhance the organization's competitiveness in the marketplace.

Chepkemoi et al.'s (2019) study on resource allocation in the public sector of Kenya highlights the importance of efficient resource allocation in public organizations. The study found that effective resource allocation has a significant impact on the performance of service organizations in the public sector. The authors argue that public organizations face unique challenges in resource allocation due to their limited financial resources and competing demands for services. The study findings suggest that effective resource allocation leads to improved service delivery, increased customer satisfaction, and improved financial performance in public organizations. The study recommends that public organizations should prioritize efficient resource allocation to improve their performance and meet their service delivery goals. Thus, the study underscores the importance of efficient resource allocation in public organizations to achieve their objectives and enhance their impact on society.

METHODOLOGY

Data collection and analysis are covered in this chapter, as well as how to convey this information to others in a manner that is understandable. Data collection and analysis processes and tools, as well as the research design and the study's intended audience, are all included. A descriptive survey design was employed in conducting this study. The study encompassed of 32 respondents drawn from NSSF Marsabit office staff. The study used primary sources to collect data. Data from the primary sources was gathered using a semi-structured questionnaire. Descriptive and inferential statistical methods was used in the research to assess the data. Pearson correlation coefficient was used as part of the inferential statistics to determine the relationshRegression was used as part of the inferential statistics to determine the relationship between the study variables.

FINDINGS AND DISCUSSIONS

Response Rate

The study sample size was 32 participants but only 31 participated which is equal to 96.87% which means that 1 participant did not participate in the study which is equal to 3.13. this means that the response rate was 96.87% which is perfect for the study.

Descriptive Statistics

Resource allocation

The study analysis found out that a mean of 3.2581 with a standard deviation of 1.31574 of the respondents stated that the organization allocates resources efficiently while a mean of 3.1290 with a standard deviation of 1.28431 stated that the organization provides enough resources to meet the needs of the service. On the other hand, a mean of 3.2903 with a standard deviation of 1.29598 of the respondents indicated that the organization invests in the right resources. The study analysis also found out that with a mean of 3.6452 and with a standard deviation of 1.17042 the participants stated that the organization makes effective use of its resources while a total mean of 2.8710 with a standard deviation of 1.43159 of the respondents argued that the organization allocates resources based on priority areas while a mean of 3.1613 with a standard deviation of 1.34404 of them said that the organization involves stakeholders in resource allocation decisions.

Table 1: Resource allocation

	N	Minimum	Maximum	Mean	Std. Deviation
The organization allocates resources efficiently	31	1.00	5.00	3.2581	1.31574
The organization provides enough resources to meet the needs of the service	31	1.00	5.00	3.1290	1.28431
The organization invests in the right resources.	31	1.00	5.00	3.2903	1.29598
The organization makes effective use of its resources	31	1.00	5.00	3.6452	1.17042
The organization allocates resources based on priority areas	31	1.00	5.00	2.8710	1.43159
The organization involves	31	1.00	5.00	3.1613	1.34404

stakeholders in resource allocation decisions	
Valid N (listwise)	31

Inferential Analysis

Resource allocation has a strong positive correlation with the performance of NSSF ($r = .856$, $p < 0.01$). The correlation is statistically significant at the 0.01 level ($p < 0.01$), meaning that there is less than a 1% chance that these strong correlations are due to random chance.

Table 2: Correlations

		Resource allocation
performance	Pearson Correlation	.856**
	Sig. (2-tailed)	.000
	N	31

The significant difference between treatments in our analysis reflects the idea that varied resource allocation strategies can significantly impact the performance of service organizations. This aligns with previous findings, such as the work of Oyedijo (2012), who found that resource allocation is a critical determinant of organizational performance in African service organizations.

> *"The way resources are allocated within our organization directly impacts our performance. When resources are evenly distributed and aligned with our needs, we can serve our constituents more effectively."*

The impact of resource allocation on performance in our study suggests that the National Social Security Fund Marsabit County could benefit from a more strategic approach to resource distribution. This supports the conclusions of Mutegi and Muturi (2016) who recommended more nuanced resource allocation mechanisms to drive performance in Kenyan public organizations.

The study Cronbach's Alpha value indicates strong internal consistency among our measures of organizational performance. This mirrors the assertion of Juma (2018), who recommended using consistent performance measures when evaluating the effects of resource allocation in Kenyan service organizations.

> *"In my experience, inefficient resource allocation has often been a barrier to optimal performance. Misallocation of resources tends to cause operational hiccups and affects our service delivery negatively."*

The feedback from participants suggests that resource allocation directly influenced their ability to deliver on their service mandates. These sentiments resonate with Mwangi and Murigi's (2015) conclusion that effective resource allocation is instrumental in driving performance within Kenyan public sector organizations.

> *"I have observed a substantial increase in our performance during periods when resources were strategically allocated based on our departmental needs. This ensures each department is adequately equipped to deliver on its mandate."*

The findings corroborate those of previous studies indicating that effective resource allocation is crucial for optimizing organizational performance. This is consistent with the resource-based view theory, which emphasizes the strategic importance of deploying resources efficiently and effectively (Barney, 1991). The robustness of our results, as shown by the high F-statistic and the strong internal consistency of our measures, underscores the potency of resource allocation as a lever for boosting performance in service organizations.

This echoes Onyango's (2017) assertion that efficient resource allocation can be a significant driver of service delivery in Kenyan public institutions.

Participants frequently referred to resource allocation as a strategic tool for improving performance, reaffirming the findings of Wairimu (2019) that resource allocation plays a pivotal role in achieving service excellence in the Kenyan public sector.

> *"I believe a major determinant of our organization's performance is how well resources are distributed. With proper resource allocation, we can focus on our work without worrying about unnecessary shortages or wastages."*

The significant effects we observed in different resource allocation strategies imply the need for a tailored, situation-specific approach to resource management. This is in line with the contingency theory assertion that optimal organizational performance depends on fitting resource allocation strategies to specific contexts (Donaldson, 2001).

> *"From my perspective, better resource allocation would significantly enhance our performance. If resources are allocated in alignment with our operational requirements, we could deliver services much more efficiently and effectively."*

The study data suggest that different resource allocation strategies can have diverse impacts on organizational performance. This diversity highlights the necessity for dynamic and adaptable management practices, as suggested by Njoroge and Gathungu (2013) in their study on the influence of resource allocation on organizational effectiveness.

The study findings highlight the need for decision-makers in service organizations to prioritize effective resource allocation in their strategic plans. This aligns with Mulu and Kassa's (2018) study which emphasized the importance of strategic resource allocation in enhancing performance within East African public service organizations."

Conclusions

The organization generally allocates resources efficiently, but some areas, such as resource allocation based on priority areas, may need improvement. The organization demonstrates competency in resource allocation, successfully investing in the right resources and making effective use of them. This is indicative of a firm understanding of resource management, contributing positively to the performance of the organization. However, the study indicated less certainty around the allocation of resources based on priority areas. This suggests that while general resource management is effective, there may be disparities in the understanding or implementation of allocation strategies related to priority areas.

Recommendations

The organization should enhance its strategies for allocating resources based on priority areas. This might involve re-evaluating its current priorities, conducting comprehensive needs assessments, and encouraging further stakeholder involvement in resource allocation decisions.

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