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Effect of Resource Availability on the Performance of Energy and Petroleum Sector State Corporations in Kisumu County, Kenya.

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ABSTRACT

The purpose of this study was to establish the effect of resource availability on performance of energy and petroleum sector state corporations in Kenya. The study employed explanatory research design. The target population was 99 senior managers from 11 energy and petroleum sector state corporations in Kisumu County. Data was collected using structured questionnaire and secondary data schedule. SPSS was used for data analysis. Descriptive and inferential statistics were used for the analysis of quantitative data. Percentages, standard deviation and mean was used in descriptive while, correlation (r) and regression analysis were used for hypothesis testing at 95% confidence interval in in inferential statistics. Reliability was tested through Cronbach's alpha coefficient. SD and mean were used to analyses the objective. Organization structure (p=0.12). Organization structure had statistically significant with organization performance and the null hypothesis rejected. It was evident that organization structure significantly influenced Kenyan energy and petroleum sector state corporations performance. The management of energy and petroleum sector state corporations in Kenya should therefore leverage all the aspects of resource availability to exponentially enhance the corporations' performance.

Keywords: **Resource Availability, Performance**

I.0 INTRODUCTION

1.1 Background of Study

Organizational performance consists of three specific areas of the organization outcome, according to Richard *et al.* (2008). These are: market performance, shareholder return and financial performance. The definition of performance is the accumulated end outcome of all processes of firm's work and activities, Stephen & Mary (2002). According to Griffins (2006), firm performance is explained as its ability in acquiring and utilizing resources that are scarce and valuable in an expeditious way possible when pursuing operational objectives. The effectiveness with which it is transforming inputs into results indicates a firm's performance, Thursby (2000). Thus, strategy management can be defined as a process through which a combination of measures is used to evaluate a company (Charles,& Benson,2023)..

Organization performance is at the centre of concerted research efforts recently. A firm should implement its programs and policies in accomplishing its strategic purpose regarding its mission and vision in a better way. State corporations have not been doing well despite the application of strategic management practices. Strategies must be executed once they are developed and when the implementation fails, a business will not attain the desired results. Kenya has a Strategic Program in Vision 2030 and its execution has poor results as showed by its Second Mid Term Plan (2013-2017) Report. In this report, energy costs increase, over-reliance on hydropower, rural electrification projects having high costs, obsolete refinery

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and pipeline system, insufficient strategic reserves storage infrastructure of the petroleum products, inadequate legal and regulatory framework for the exploration of energy resources, development and exploitation are challenges that the Kenyan energy sector experiences still. The Government of Kenya has invested enormous resources invested in strategy implementation, but the energy and petroleum sector state corporations have faced challenges in the implementation of organizational culture strategic plans. There is a dearth of Studies on organization culture strategy implementation and performance hence this study will add more knowledge with regards to effects of organization culture on organizational performance. The research set out to respond to the following question: what is the effect of organizational culture on the performance of energy and petroleum sector state corporations in Kenya?

2.0 Literature Review

A firm normally has a role in goal setting and as such adopts relevant strategies for goal attainment. The firm structure should in turn support implementation of strategies. Effectiveness in implementation of strategy should fit the desired structure of the firm. Structure of the strategy indicates resource range and geographical diversity levels hence the the required structure Donaldson, (2012). A case in point is when a multinational firm is wishing to penetrate its target market standardised products of high quality and localised to less extent, a greater centralised coordination level is good for the strategy, Child (2015).

Business structure that is decentralised is relevant for exploration phase that is innovation focused, Zakrzewska &Bielawska (2016) permitting higher creativity level and reliance between a number of functional departments. Corporations with global outlook always adopt a set of operations that are centralized with different localisation levels, contingent on goals of the organization, Zawadi & Omwenga, 2023)..

(Kim 2007) demonstrates that a communication that is one-way and top-down brings confusion between mid-level managers and expatriates, ultimately failing to meet its strategic intent in changing the business and its expansion overseas. Strategic intent information lack concerning overseas expansion and personnel relocation in foreign markets, staff were feeling insecure and assignment oversees to them was as early retirement sign. Local operations started collecting information on overseas assignments using channels that are informal owing to the absence of transparency in communication. The managers had job insecurity and fear sense resulting in low morale among the workers. The communication significance for implementation of strategy and sufficient firm overhauling is emphasized. Child (2015) cites a case of petroleum organization that is structured with a reduction on management levels from nine to four which simplified the communication paths and management structure resulting efficient information flow and processes of making decision increasing competitiveness.

Scholars of strategic management, in their endeavour to establish performance associations of businesses strategic behaviour, persist in measuring business performance through a broad array of schemes of operationalization, Mugambi & K'Obonyo (2017). A number of studies on strategic management used traditional financial indicators in measuring performance, Walsh & Margolis (2013). Failing in embracing less tangible dimensions e.g. employee quality, moral and client satisfaction are the main challenges of the traditional performance measuring (Kaplan and Norton, 2012). Currently, it is still believed that methods of traditional finance still has effectiveness and relevance, Taylor (2017). That notwithstanding, there should be a balance between these and more externally adapted, intangible and modern metrics. Competition in the global arena necessitates a firm organizations to possess the capability of innovation and hence learning. Social aspect assesses firm's influence on communities in around it, Kerzner (2011). Many business face challenges when it comes to strategy implementation. (Raps &Kauffman (2015) explains that the challenge is demonstrated by the indecisiveness of the low performance level estimated at 10% to 30% of envisioned strategies.

Birkinshaw (1995) did a study on strategy structure relationship for subsidiaries of big (Abok, 2015) studied determinants of firm performance focusing on the allocation of resources. Results indicated that firms were slowly but steadily adopting metrics of strategic resource allocation, hampering optimal firm performance. The study gave a specific attention to the financial factors influencing strategy implementation effectiveness. Ouma & Kilonzo, (2013) studied how performance public financial institutions is influenced strategy implementation process. Of a key concern was these institutions' procurement department. It was established that institutions' performance were influenced significantly by resource allocation. However, nothing was shown on how balancing the overall allocation of resources and funds allocation to particular divisions is able to increase overall performance. Gaya (2013) while assessing strategy implementation determinants at the Kenya Sugar Board established that failure to plan strategy properly impacted Board resource allocation. Planning many strategies in one go, causing a strain in resources already allocated leading to ineffective strategy implementation. The results also indicated that more efforts were given to financial resources allocation at the phase of strategy planning, forgetting non-financial resources role such employees in implementation of strategy and negatively impacting firm performance.

Jabar *et al.* (2011) looked at the how resource availability and absorptive capacity and alliances types affects firm performance. He surveyed 2,500 manufactures from Malaysia and 325 responses were analysed by Structural Equation Modelling (SEM). It was shown by the study results that Malaysian workers should put more effort to increase internal resources that provides a niche for achieving an optimal manufacturing performance.

(Wang & Mahoney, 2009), observing firm's practices in training and development is bring specificity in human resource and potentially not useful to the competitor hence it cannot be copied resulting in higher shareholding in market compared to the competitors. Experience, knowledge, skills and abilities rooted in firm's staff comprise human resource. Lazear (2009). Tactical knowledge that a business has is not easily imitated by competitors, because it is etched in the staff skills and experience which a firm has resulting in higher performance. Over a protracted period, technology is key in initiating novel activities by taking risks and being proactive by the firm resulting in greater performance compared to rivals, Baker & Sinkula, (2009). (Paladino, 2009), organizations advancing in technology by research and development and innovation are poised for higher performance. Business leveraging technology perform better due to their belief in new technology acquisition for product research and development and innovation enabling it to manufacture products that are unique and not easy to imitate, Altindag, Zehir & Acar, (2010). It was suggested by the study that organizations ought to pay attention to technology and capability development for success in profitability and sustainability. Resources e.g. technology and human capital are a foundation for better firm performance, (Wernerfelt, 2011).

According to Jiang, Lepak, Hu & Baer (2012), human resource in its entirety constructively correlates with superior performance of better firm performance because of their direct involvement in products and services production. Organization's staffs' excellent performance is established through social intricacy making it sophisticated thus cannot be imitated by rivals.

(Basile, 2012) observed that consideration should be given to technology because it is pursuing new market renewal and opportunities from existing operation areas to align with shifting customers' needs. Better performance is generated by human capital if it is definite to the original business and the cost of relocating to new environment avert inevitable threat by competitors, Nyberg, Moliterno, Halo & Lepak (2014). Factors in the environment cannot be stopped on firm performance influence in an industry, (Srivastava and Frankwikk 2011). The Mobile phone industry in Kenya has a policy governing its operations in the shape of by laws and regulations that are industry definite. CCK is tasked to exercise control those providing mobile phone services. A firm can be favoured if the regulations are formulated in a given way, thus sustaining its competitiveness in the industry. In like manner, they can work against a firm's activities, hence impacting its performance (GOK, 2013). The studies both agreed that resource availability affect the performance of organizations, but they differ in approach and overall outcome. The studies have not discussed how resource availability affect performance of energy and petroleum sector state corporations. This is a gap that this study intends to fill.

3.0 Materials and Methods

A descriptive survey design which tries to illumine problem of research further by explaining variables of concern, was adopted by this study because it is relevant to social scientist and people having interest in original data collection in order to describe a population too large for observation. The research took place in the Kenyan County of Kisumu. The county is in Nyanza region in Kenya with a target population of 11 State corporations in the Energy and Petroleum Sector. The county covers a total of 2,085.6 km^2 and 567 km^2 covered by water. The target population comprised 99 senior managers selected equally (nine each) from the 11 energy and petroleum state corporations based in Kisumu County. The 99 senior officers comprised of the target population. A census survey was carried out on these senior officers. The study took nine persons from every corporation to come up with 99 persons for the study. Primary data was obtained by administering questionnaires

Primary and secondary data was employed in data collection on strategy implementation and Kenyan energy and petroleum sector state corporations performance. Primary data is the information received first hand from the participants regarding their experiences and perspectives while secondary data is one that was previously gathered form a different project and not the one at hand and includes information in company's books, financial records and other related sources. The management gave this information. Expert opinions in the field study were sought by the researcher to determine research's validity which made easy the needful revision and fine tuning of the questionnaire thus improving validity. A pilot group of 9 participants was selected (10% of the target population), for testing reliability. This was meant for refining the data collection tool for the participants in the main study not to have challenges in responding to the questions. Cronbach Alpha coefficient (α) was used to estimate reliability. The collected data was analysed using SPSS and presented in text, figures, and tables.

4.0 Results

Results showed that (mean=3.963; [SD] = 1.104), there is ready availability of physical, human and financial resources for strategy implementation (mean=3.902; [SD] = 1.072), there is efficient and productive use of available resources in the organization for strategy implementation (mean=3.926; [SD] = 1.0631) and there is adequacy of resources within the organization for strategy implementation (mean=3.817; [SD] = 1.166). The participants generally agreed to that failure to provide adequate resources has got impact on strategy implementation (mean=4.061; [SD] = 1.02) and also the commitment of the organization to bridge the skills gap has an impact on strategy implementation (mean=4.14; [SD] = .98).

Table 1: Descriptive Statistics

	N	Mini	Maxi	Mean	Std. Dev
Lack of resources is an obstacle to strategy implementation process.	82	1.00	5.00	3.9634	1.10493
Failure to provide adequate resources has led to feeble efforts in the implementation process.	82	1.00	5.00	4.0610	1.02256
The physical, human, and financial resources required for strategy implementation are readily and adequately available.	82	1.00	5.00	3.9024	1.07278
There is efficient and productive use of resources and their skills (optimal utilization scales).	82	1.00	5.00	3.9268	1.06319
There is adequate resource capacity in the organization	82	1.00	5.00	3.8171	1.16670

The organization is committed to bridging the skills gap (the difference between project demand and capacity).	82	1.00	5.00	4.1463	.98284
Valid N	82				

Source: Research Data (2021)

4.1 Correlation Analysis

The study established a significant positive association between organization structure and strategy implementation of Pearson correlation (.444, p=.000) as shown in the table 2.

Table 2: Correlation Analysis		**Resource Availability**
Organisation performance	Pearson Correlation	.505**
	Sig. (2-tailed)	.000
	N	82

Source: Research Data (2021)

4.2 Regression Analysis

Regression analysis results showed that resource availability in strategy implementation has significant effect on Kenyan energy and petroleum sector state corporations performance (β=0.546, P=0.003<0.05). This implies that harnessing resource availability has significant effect on performance of energy and petroleum sector state corporations in Kenya. Practically, when energy and petroleum sector state corporations in Kenya put more emphasis on the resource availability, then there would be significant effect on their organizational performance. Henceforth, the null hypothesis that resource availability in strategy implementation has no significant effect on Kenyan energy and petroleum sector state corporations performance was thus rejected.

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.138	.416		5.141	.000
	Resource Availability	.481	.155	.546	3.112	.003
a. Dependent Variable: Efficiency						

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Discussions

Results of the study objective are in agreement with a study done by Jabar *et al.* (2011) who looked at the how resource availability and absorptive capacity and alliances types affects firm performance. He surveyed 2,500 manufactures from Malaysia and 325 responses were analysed by Structural Equation Modelling (SEM). It was shown by the study results that Malaysian workers should put more effort to increase internal resources that provides a niche for achieving an optimal manufacturing performance. The results concur with a study Jabar et al. (2011) who looked at how resource availability and absorptive capacity and alliances types affects firm performance. He surveyed 2,500 manufactures from Malaysia and 325 responses were analysed by Structural Equation Modelling (SEM). It was shown by the study results that Malaysian workers should put more effort to increase internal resources that provides a niche for achieving an optimal manufacturing performance. The study results concur with the results of a study by (Paladino, 2009) who observed that organizations advancing in technology by research and development and innovation are poised for higher performance

5.2 Conclusions

It was realized that ensuring the availability of human capital, technology and financial resources which significantly affects organizational performance. It is therefore concluded that an increase in the availability of resources significantly increases Kenyan energy and petroleum sector state corporations performance. A firm's innovation projects should align with its resources and capabilities, leveraging its core competencies and helping it achieve its strategic intent. Once, the strategic intent has been articulated, the firms should be able to identify the resources and capabilities required to close the gap between the strategic intent and the current position

5.3 Recommendations

Leaders of organizations should demonstrate high morale; the staff should have relevant skills for effective organization leadership which further results in greater efficiency.It is apparent that resource availability - physical, human and financial resources - allows for successful implementation of strategies which positively impacts efficiency. Managers should therefore seek to leverage on adequate physical, human and financial resources for better results to be eventful.

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