

Effect of Financial Resource Allocation on Strategy Implementation in the Health Sector of Marsabit County

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Abstract

Strategic plan formulation in public hospitals or even in other firms is a time and resource-consuming exercise. Shelving formulated strategic plans become a cost on its own. Therefore, the translation of strategic plans into action is the most critical stage that drives an organization towards harnessing the benefits of strategy implementation. The idea of implementing strategic plans can be hampered by several factors that derail the entire implementation process in public hospitals or other firms in general. Therefore, this study assessed the effect of financial resource allocation on the implementation of strategic plans in public hospitals in Marsabit County. This study adopted a descriptive survey design and targeted employees in health in Marsabit County. A sample of 180 respondents were the key respondents. The study found financial resource allocation to have a positive and significant effect on the implementation of county health strategies. The county government needs to review health fund allocation concerning the success rate of health policy implementation. Additionally, respective health facilities and county health docket need to devise new techniques of generating revenue to increase their financial reservoir and capacity to be sufficient in actualizing health policies in the county.

Keywords: *Financial Resource Allocation, Strategy Implementation, Health Sector, Marsabit County*

1.0 Introduction

Strategy implementation plays a central role in propelling organizations toward the attainment of the organization's mission. In the absence of strategies, organizational goals are highly unlikely to see the light, or rather the intent remains to be vague (MacLennan, 2012). In as much as the process of strategy formulation is not a walk in the park for all forms of management teams, making a strategic plan operation is not an easy task as well. A series of potential aspects are likely to impact the operationalization of the strategic plans (Brown, Bessant, & Jia, 2018).

In today's world, business success is entirely dependent on the development of unique strategies that are critical and sufficient to lead a firm. The success rate of an organization is largely dependent on the operationalization of specific and unique strategies (Karami, 2012). However, there has been a high rate of failure in terms of strategy implementation and these have been attributed to several factors including leadership style, employee acceptance, information accessibility, uncertainty about the future, organization structure, human resources, and

technology. All these factors affect each level of the organization differently (Rajasekar, 2014). Converting strategic plans into explicit activities is crucial during strategic plan execution. The process demands that managers should decide or rather delegate appropriately how they want it run. In addition, it requires that teams pay attention to the uncertainties related to strategic plans to eradicate the impediments to their implementation.

In Malta, Camilleri (2018) notes that a strategic plan execution involves evaluation of what the business can exceedingly do well and give an organization an edge in terms of market and brand in a given organizational setting and achieving financial goals and strategic performances. However, there is a myriad of factors that can potentially influence the conversion of blueprints into an operational plan ranging from internal factors and external forces and strategic plans themselves.

In India, Kant, (2021) posits that the idea and practice of executing strategic plans is one thing that has been embraced by the organization across the world and in a variety of industries due to its perceived incredibly huge impact on organizational effectiveness. Both the private and public sectors are paying close attention to the practice of converting business strategies into actions to just provide organizations with direction.

In Pakistan, Mackenzie (2011) investigated the barriers to effective strategic plan implementation in the public healthcare system by utilizing exploratory and confirmatory models. The model identified a lack of leadership style and lack of matching staff capabilities and achievement and support to individual intellectual capabilities among the central factor that leads to the failure of translating plans into actions in the hospital environment.

Kenya Demographics of Health Surveys (KDHS, 2020) reports that strategic plan implementation is key to the ambition to ramp up and sustain investment opportunities in community health and is anchored on unique domestic resource mobilization strategies. Kenya Community Health Strategies (KCHS, 2020) adds attachment failure of strategic plan implementation is the main cause of the diseases ailing the health care system.

In other research, it has been found that strategic decision needs funding for them to sail through, it is noted that organizational units require adequate financial and resource frameworks to carry out their mandate in terms of the strategic plan effectively and efficiently. A study backs up the findings and articulates that insufficient funding and resource allocation slows progress and limits the abilities of organizational units. Too much funding, on the other hand, expends organizational resources and reduces financial performance. As a result, strategic planning should be forward-thinking and take such factors into account for strategies to sail smoothly in organizations.

Problem Statement

Globally, strategic decision plays a central role in propelling any kind of organization to live up to the organization's mission and vision. However, this remains uphill for most organizations if not all when execution moments call. It's worth noting that strategic plan formulation is a very expensive and demanding exercise as far as resource consumption is concerned and no organization can afford to shelve them. Strategic plan formulation is demanding in terms of time-consuming, and resource consumption, most of the strategic plans have remained paperwork. A strategic plan has been thought of as a game-changer in the face of competition and earning a competitive edge in the market environment. Successful operationalization of a strategic plan strengthens a business. However, implementation is much chaotic and can even lead to the extinction of the organization. Despite the immense benefits that come with the implementation of strategies, many organizations' strategic decisions do not

actualize or see the light of the day due to several organizational dynamics. The health sector is an indispensable component in the modern social structure as well as the economy. Failure to actualize strategic decisions by the Ministry of Health (MOH) would lead to the crumbling of the health system.

In Iran Esfahani, Mosadeghrad, and Akbarisari, (2018) noted that attribute the high rate of strategic intent failure in the health sector to insufficient operationalization as the stakeholders do not carry out enough analysis of the strategies to determine their viability as well as the sustainability of the same. In addition, he further links the trend to organizational structure, organizational culture, employee management skills financial resources. Raj (2018) research retorts that strategic intents implementation difficulties emanate from ineffective leadership. He adds that leadership that does not motivate, nurture, and mobilizes resources towards the achievement of the common good is the key factor failure of strategic plans in an organization. Another study by Miller (2017) supports this view by delineating several key triggers of strategic intent implementation failure, including leadership, monolithic culture, inappropriate skills, lack of political goodwill, and structural bottleneck.

In the healthcare strategy formulation and implementation is equally critical. Failure to put into practice key policy frameworks in the health sector might be catastrophic. Strategic plans play a critical role in health care system preparedness to address healthcare issues and even determine states' preparedness in case of pandemics. Therefore, this study assessed the effect of financial resource allocation on the implementation of strategic plans in public hospitals in Marsabit County.

Research Hypothesis

H0: Financial resource allocation has no significant effect on the implementation of strategic plans in of Marsabit County health sector.

2.0 Literature Review

The Resource Dependency Theory (RDT) underpins the study. This theory is based on some principle that states that an organization or a firm, must engage in transactions with other actors and the organization in its environment so that it can acquire some of the important resources that aid in the operations. In an organization, there is a need for some resources so that the processes of the firm can always be as expected by the management. But on another level, the resources required may be scarce or under the control of other bodies, something which leads to the dependency of the firm on other actors (Abbott & Snidal, 2013).

In this case, the organization adapts by attempting to alter its environment so that it can get access to the resources. Therefore, the organization tries to incorporate the changes through the help of implementation to get the necessary resources. The idea of the strategic plans will help the organization to get the necessary resources that may be required hence the theory will closely touch on the implementation of strategic plans as many organizations seek to reach the resources.

Most organizations are dependent on the external environment especially when it comes to the utilization of some helpful resources that aid in the processes and those activities within the firm. To some extent, the firm is reliable to other organizations through cooperation to have an access to the different strategies or plans. From a better angle, an institution is always productive with the help of other related firms that works closely to ensure that the internal processes are achieved and that the goals or targets are met through the various plans and steps. Today, the concept of dependence is widely spread when it comes to the line of operations of

a given firm or an organization. Through the incorporation of this concept, it has been possible for most of the firms that are around. From the prevailing factors that may influence the activities within a firm, it is logical for the firm to ensure that they develop the sense of implementing the strategic plans to ensure that no further problems are incurred. Usually, public hospitals are one of the major organizations that would call for integration with other firms when it comes to the line of distribution and supply of the various products and equipment. In a hospital setting, it is a requirement that various equipment is ordered from other medical institutions or firms such as needles, syringes, water bottles, and other helpful equipment that usually aid in the operations of a hospital. For a hospital, the expectation is that every medicine is brought in time to facilitate that process. But on the other hand, it should be clear that no hospital produces its own medicine hence the need for dependence on other medicine manufacturing industries or companies such as the Merisel that allow for the supply.

Considering this state, the public hospitals to a greater extent depend on various manufacturers or institutions for some basic products and equipment. From this line, it is clear that a hospital cannot operate as a stand-alone institution hence the sense of dependence. Also, it should be noted that the theory is mainly based on the various resources that add impact to the firm. Therefore, the firm will ensure that through dependence, it will be possible to facilitate various operations within the firm. In most public hospitals, there is an increased demand for the dependence theory to be in effect, following the fact that there is always an intense need for the various resources and materials to aid in the processes. Also, the implementation of the strategic plan will call for teamwork not only among the workmates but also within the institution. For effective implementation of the strategic plan, there is a necessity for the mobilization of various materials in form of resources hence the ideas will always borrow from the resource dependence theory that usually supports the acquisition of resources from various firms or institutions. Therefore, it is clear that with the help of the resource dependence theory, it is possible for effective implementation of strategic plans amongst public hospitals.

Empirical Review

Antonio and Sanrego (2012) state that a budget refers to a financial plan that gives the estimate for some crucial aspects such as expenses, income, and other financial-related aspects that touch on the levels of processes and operations. Therefore, budget allocation refers to the incorporation of some basic and influential sectors into the financial plans that may count for years or up to some relevant duration. A financial forecast is used to approximate income and costs over a particular period. It is more than just an accounting document; it is a planning and control tool. It aids in the distribution of resources.

A budgetary allocation is the sum of money allotted to each line of spending. It denotes the optimum level of funding that an organization is willing to spend on a specific item or program, and it is a limit that cannot be surpassed by the employee allowed to charge expenditures to a specific budget line (Barr, & McClellan, 2018).

From the angle of strategic planning, the requirement is that everything gets counted, therefore, budget allocation is a very significant aspect that will always influence the implementation of strategic planning in a public hospital setting. It is always clear that no health facility can implement a strategic plan without considering how best the budget will be allocated and therefore, budget allocation needs to be mentioned at every step before the implementation of the strategic plan (Koskei, 2017).

Another study by Dutcher (2019) put that, much like budgetary allocation estimates can be inadequate, revenue estimates can be understated. This can happen if the economy suffers a

downturn after the budget is passed, reducing revenue streams. Insufficient revenues may necessitate a reduction in budget allocations at the end of the fiscal year. Budgetary allocations should be monitored regularly to ensure that the quantities budgeted are sufficient to cover expenditures. It is critical to have a system in place to track all purchase orders and bills. Purchase orders, as well as bills, should indeed be aligned with the budgetary allocation on a regular interval to maintain sufficient funds are available for the remainder of the fiscal year.

3.0 Research Methodology

This study adopted a descriptive survey design, and targeted employees in health in Marsabit County who included; public health officers, laboratory technicians, medical doctors, nurses, pharmacists, and dentists. A sample of 180 respondents was the key respondents picked from a target population of 358 using a stratified random sampling technique. The research used a questionnaire and interview guide as the main data collection instruments. Data were analyzed using descriptive statistics.

4.0 Results and Discussion

The research endeavored to explore the degree to which financial resource allocation influences the strategy implementation process in health facilities in Marsabit County. Table 1 tabulates the results of financial resource allocation and its resultant effect on strategic plan implementations.

Table 1: Financial Resource Allocation and Strategic Plans Implementation

Statement	Mean	Std. Dev.
Our respective departments are underfunded hence it comes difficult for the department to actualize some of the specific strategic plans	3.947	1.083
Many of the projects have stalled as a result of the misappropriation of funds	3.9	1.136
We have seen incidences of misallocation of funds by the management for instance money for buying equipment is reallocated to meeting recurrent expenses such as salaries	4.18	1.012
There are no proper resource mobilization techniques and tactics for the effective implementation of strategic plans.	4.273	1.145
There are limited sources of funds due to a hostile and competitive business environment that makes it difficult to obtain grants or donations.	3.973	1.332

Findings from Table 1 reveal that underfunding of healthcare departments makes it difficult to actualize health strategies as shown by a mean of 3.947. Misappropriation of funds by institutions in charge is attributed to cases of health projects stalling in the county. Also, inadequate resources present a hostile and competitive business environment for the health sector to implement strategic plans. These statements scored a mean of between 3.9-3.973. inappropriate allocation of funds for instance, where money meant for developmental projects is channeled to meeting recurrent expenditures of meeting unplanned expenses. In addition, a

lack of proper resource mobilization and tactics limits the chances of implementing health policies. This is confirmed by a mean of 4.

A linear regression model was used in testing the existence of relationship between predictor variable and dependent variable.

Table 2: Regression coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.157	.450		.348	.731
Financial Resource Allocation	.972	.106	.851	9.184	.000

Table 2 shows that holding financial resource allocation at constant zero, health strategies implementation is at 0.157. The findings also indicates that a unit increase in financial resource allocation would lead to a 0.972 increase in strategic plans implementation.

Discussion

The study identified that misallocation of funds and underfunding of respective departments was the root cause of stalled projects in the health sector. In most incidences, funds are channeled to meeting recurrent expenses including salaries leaving strategic plans shelved and dusted. This was confirmed by a mean of 3-9 to 4.18.

The study also revealed that there are inadequate resource mobilization techniques that would build capacity to allow smooth sailing of strategies. On most occasions, health facilities heavily rely on national government allocations. NHIF which in most cases takes time to disburse the funds hence the struggle by the health sectors to meet its financial woes. Ginter, Duncan, & Swayne (2018) retorts that when it comes to mobilizing financial resources, an organization must choose between two options: generate its financial resources, which gives it more control and reduces the threat of losing autonomy, or generate its financial resources, which gives it less control and reduces the threat of losing autonomy. Because the organization may determine where to invest the surplus it produces, autonomy also means less exposure to outsiders, less sensitivity, and the ability to replace vital resources.

Regarding limited sources of funds due to the hostile and competitive business environment that makes it difficult to obtain grants or donations. It has been difficult to actual many health strategies by various health facilities. Barasa and Ombui (2014), back the findings by articulating that lack of funding obstructs strategic implementation; organizational competency is a barrier to strategy execution; coordination and reward systems obstruct strategic implementation.

5.0 Conclusion

The study found financial resource allocation to have a positive and significant effect on the implementation of county health strategies. The success rate of strategy implementation was largely linked to the funds allocated and other sources of funds to keep the process of implementation of county health strategies. Underfunding, misallocation of resources, and inadequate resource mobilization techniques were the major undoing of the implementation of strategic plans in Marsabit County.

6.0 Recommendations

The county government needs to review health fund allocation concerning the success rate of health policy implementation. Additionally, respective health facilities and county health docket need to devise new techniques of generating revenue to increase their financial reservoir and capacity to be sufficient in actualizing health policies in the county.

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