Influence of Resource Allocation on Strategy Implementation in Commercialised State Enterprises in Zimbabwe’s Communication Technology and Courier Services Sector

Denver Mapetere, Esnath Thelma Rumbidzayi Manhiwa, and Shingai Mangoma

ABSTRACT

The study sought to empirically examine the influence of resource allocation on strategy implementation in Commercialised State Owned Enterprises in the Communication Technology and Courier Services Sector of Zimbabwe (CSOEZ). The inquiry was based on a 5-point level of agreement Likert scale questionnaire with a total of 478 respondents completing the questionnaire out of a target population of 836, giving a 57% response rate. Survey data was presented through percentile descriptive statistics and measures of central tendencies of mean, mode and standard deviation whilst ANOVA was used for statistical analysis. The study’s regression analysis confirmed the positive relationship between adequate resource allocation and the number of unattained objectives during strategy implementation. The results of the study concluded that there is inadequate resource allocation during strategy implementation in commercialised state enterprises in Zimbabwe. The study recommended that strategy implementation direct workforce should actively participate in resource allocation; allocation of correct and adequate resources should be timely availed to support strategy execution processes and activities.

Keywords: Resource Allocation, Resource Orchestration, Resource Reconfiguration, Strategy Implementation.

I. INTRODUCTION

Researchers such as Maritan and Lee (2017) lament that few strategy scholars would take issues with the claim that resource allocation is fundamental to strategy management. Most senior executives understand the importance of strategically shifting resources, 83% identify it as the top management lever for spurring growth more important than operational excellence, yet a third of companies reallocate a measly 1% of their capital from year to year (Atsmon, 2016). Hall and Kehoe (2013) also reported that most companies do far too little resource avocation. Green et al. (2000) explained that resource allocation is a critical, yet often neglected component of policy and less attention has been paid to the design of resource allocation processes. This current study thus aimed at demonstrating the influence of resource allocation on strategy implementation success. The study was premised on the following hypotheses:

H0: Adequate resource allocation does not reduce the number of unattained objectives.

H1: Adequate resource allocation reduces the number of unattained objectives.

II. LITERATURE REVIEW

A. Resource Allocation

Resource allocation can be defined as a deliberate process of assessing process and activity material and non-material requirements and the subsequent timely deployment of such requirements to workstations and individuals. Thus resource allocation may include new acquisitions and redeployment of needed resources through sharing between work stations in order to facilitate strategy execution. The current study focuses on resource orchestration and resource reconfiguration as key facets of resource allocation during strategy implementation.

B. Resource Orchestration

Okumus (2002) explains that resource allocation is the process of ensuring that all necessary time, financial resources, skills and knowledge are made available. Barney et al. (2012) stated that resources that are typically more tangible include, but are not limited to, a firm’s financial capital (e.g. equity capital, debt capital, retained earnings, leverage potential) and physical capital (e.g. the machines and buildings it owns). Resources that are typically less tangible include, but are not limited to, a firm’s human capital (e.g. the training, experience, judgment, intelligence, relationships, and insights of individual managers and workers in a firm) and organisational capital (e.g. attributes
of collections of individuals associated with a firm, including a firm’s culture, its formal reporting structure, its reputation in the market place, and so forth). This means that some firms may have or control resources that can enable them to more effectively conceive and implement more successful strategies than other firms over time. Besides, as will be further explained, these resources can be either possessed or controlled by the firm, this implies they do not necessarily have to be owned within the firm’s physical boundaries. (The issue of the sister relationship between CSOE, e.g., infrastructure sharing, space sharing). A resource is non-substitutable when no other resources can enable a firm to conceive of and implement the same strategies as efficiently or effectively as the original resource. The concept of immobility mainly refers to the issue of inelasticity in supply, that is, more of a particular resource is not forthcoming even though demand for that resource is greater than its supply.

Factors affecting resource availability and allocation:
- Factors related to the strategy
- Factors related to strategy stakeholders
- Factors related to strategy operating environment

1) Factors related to the strategy

Strategy conditions and the specific characteristics of the strategy under execution have a huge impact on the availability, allocation and redeployment of resources. The ability to craft SMART strategies can influence management's ability to forecast, procure and allocate necessary resources for strategy execution. Further, the strategy characteristics also influence resource availability and allocation whereby long-term strategies may make it difficult for managers to clearly forecast and acquire needed resources. On the other hand, short-term strategies may not allow managers to plan for adequate resources and their allocation. Further, resource deployment may be a challenge as quick action will be required to immediately see the strategy through. Additionally, strategy-specific implementation methodologies preferred by the strategies such as the big bang and step-by-step methods may also influence resource administration during strategy execution. Big bang (revolutionary) implementation strategy entails a full-scale once-off procurement and deployment of resources that may deplete scarce resources and thus if unanticipated changes such as programme delays are encountered, the strategy may face resource bottlenecks. On the other hand, step-by-step (evolutionary) execution strategy allows resource administration to evolve together with the strategy and thus gives management ample time to acquire, allocate and redeploy needed resources.

Apart from strategy implementation methodology, time horizon and clarity, the novelty of a strategy may further influence resource administration. Thus resource administrators need to understand how novel strategies differ from incremental strategies (succession strategies related to existing strategies) in terms of resource requirements. Strategy compatibility with existing strategies may also influence resource allocation as it may promote resource co-deployment and sharing to avoid duplication and subsequent wastage of scarce resources.

2) Factors related to the strategy stakeholders

Resource orchestration behaviour and capabilities of strategy champions cannot be divorced from stakeholder analysis. The involvement of multiple stakeholders with varying degrees of interest tend to directly influence how institutional resources are acquired, deployed and redeployed during strategy execution. Different stakeholder participation entails that managers and leaders need to understand resource power and politics as well as the influence of group dynamics related to resource allocation. The multi-faceted objective characteristic of state-owned enterprises thus raises the importance of stakeholder integration.

Chang et al. (2011) note in support that research and practice indicate that the integration of different organisations is fundamental to success. CSONEZ ownership structure as well as institutional size and level of diversification by product and location, may bring in the resource administration dilemma due to the multiple objectives driven stakeholder environment and thus poor coordination, lack of institutional and key stakeholder support may derail implementation due to lack of adequate resources.

Further, it is equally important that stakeholders be aware of available resources and be aware as to when they will be needed. Consequently, there is a need for resource allocation frameworks and methodologies to guide the distribution of available resources to facilitate the effective distribution of resources. For instance, Dimoff and Kelloway (2016) note that some employees may fail to seek help simply because they do not recognise that they need it, such ignorance or lack of knowledge about available resources and their effectiveness (of resources when used) may prevent people from using them. Thus the study explains that further to the development of a resource allocation framework, organisations may need to develop resource communication systems so that resource users are aware of available resources and their usage.

Dimoff and Kelloway (2016) argued that if people don’t know about a resource, they cannot and will not use it. Poor resource availability communication may affect strategy implementation through stakeholder resource conservation or overuse of a resource. Dimoff and Kelloway (2016) explain that people strive to retain resources and that anything that threatens existing resources is also a threat to important outcomes. Thus, it is crucial that a communication plan and a resource allocation matrix for key resources are availed so that users are aware of potential challenges beforehand. In addition, stakeholder interest can be managed through effective strategy execution, monitoring and evaluation.

Dothan and Lavie (2016) propose that performance feedback can motivate resource reconfiguration where failure to reach an aspiration level prompts a search for solutions that can improve performance. Thus in this way performance feedback also leads to potential re-orientation of resources, taking note that individual resource allocation is an attempt to fulfill a strategic intent, however, during strategy implementation, gaps in strategies and resource allocation plans may emerge leading to reallocation of resources.
Dothan and Lavie (2016) further explain that as performance falls below aspiration and increases the negative performance gap, the firm is likely to reconfigure its knowledge assets, in order to facilitate its corporate activities.

Furthermore, to manage multiple stakeholder interests in resources, it is paramount that organisations communicate their resource investment plan to users during strategy formulation as well as execution in order to mitigate resource based conflict. Dimoff and Kelloway (2016) reported that resource loss has greater impetus than resource gain. The current study thus promotes that key strategy decision makers need to be able to manage strategy stakeholders to balance resource conservation and resource utilisation in order to gain maximum benefits during strategy execution. Frontline managers have to be able to understand strategy resource requirements and strategy resource utilisation rates to ensure that adequate resources are constantly made available to prevent strategy execution failure. Further frontline managers should be able to assist employees during strategy execution. Under conditions of challenge or high demands, employees need to be able to seek out and receive appropriate resources. Managers can help facilitate this process through their knowledge of the employees, the policies, solutions and resources at the organisation’s disposal. Dimoff and Kelloway (2016) indicated that, to be successful, early resource use and appropriate resource use lies upon employees being able to recognise that they need to deploy resources and to select resources that are best suited to their needs. Thus managers can assist by discussing resource options with employees.

C. Resource Reconfiguration

Resource reconfiguration enables firms to adapt in dynamic environments by supplementing, removing, recombining or deploying resources (Dothan & Lavie 2016). In addition, Rindova et al. (2016) argue that reconfiguration is a core process for making various resource commitments along all stages of opportunity pursuit. The study adopts this view by posing that resource configuration allows for resource orchestration at each stage of strategy implementation through internal resource sourcing, deployment and recombination. Folta et al. (2016) explained that corporate value derives from having discretion to partially or completely withdraw resources from one business and reallocate them to another business leading to inter temporal economies of scope. Economies of scope is available when resources have the potential to be internally reallocated across business units, products or even business models (Folta et al., 2016). Ahuja and Novelli (2016) further note that the construct of co-deployment and redeployment might be particularly relevant when we recognise that increasingly firms offer their services through multiple business models. For instance, with regard to human resources it thus becomes imperative that there is an intentional multi skilling training programme that ensures that a flexible human capital base is developed to create potential inter temporal or complete economies of scope (through employee permanent or temporal transfers within the organisation).

Thus it is also vital that managerial effort is put towards the identification of available resource redeployment gaps in the organisation to avoid resource wastage through over acquisitions or resource under utilisation. To reconfigure their resources, firms rely in multiple modes of operation, including internal development, exchange transactions, alliance formation, and acquisitions, which leverage both internal and external resources as well as integrate existing resources with newly acquired resources (Dothan & Lavie 2016). Ahuja and Novelli (2016) exemplify that, a company in the airline industry could conduct business both (1) with a model based on low fares, flying to secondary airports, no meals, short-hand flights and high standardisation and (2) with a model based on added comfort and differentiated offers that is based on reduced numbers of seats in planes, providing additional offers of food, baggage transfer and flights to primary airports. This proposition summarised by Ahuja and Novelli may explain the level of diversification experienced in the Communication Technology and Courrier Services Sector in Zimbabwe. When a single organisation is offering different services and products using different business models that may result in resource co-deployment and redeployment. Thus the implications of similar business models that may affect strategy execution include potential resource conflict, resource synergies or resource under utilisation. Resource co-sharing may include similar reporting structures, supervision and infrastructure sharing amongst many other options. Thus it becomes apparent that strategy formulation facilitates resource allocation during strategy execution through adequate current and future business model analysis to avoid any challenges. Dimoff and Kelloway (2016) reiterate that resource under utilisation is one of the biggest challenges facing organisations. Folta et al. (2016) concur with Dimoff and Kelloway (2016) by noting that internal resource transfer (redeployment) is one available alternative when a resource is not at its highest and best use. The current study argues that the redeployment of resource as a strategy capacitating technique entails the need for greater flexibility and coordination during strategy formulation and resources investment plan.

During strategy formulation, it is imperative for planners to look at resource implications of a chosen decision to determine if current resource base can be redeployed to new strategies. Further, with regards to resource investment it entails that pursuit of strategic investment orsourcing be achieved where resources are acquired with strategy flexibility in mind to facilitate future redeployment. Folta et al. (2016) note that inter temporal economies are relevant for firms with related business, where resources can be redeployed at low adjustment costs. However, due care should be taken to avoid poor strategy inertia in order to achieve resource flexibility. Moreover, strategists should avoid opportunity costs, where some units have to stop strategy implementation as they wait for shared resources. Thus project management techniques such as critical path methods may be utilised to synchronise current activities in order to avoid resource sharing bottlenecks. Folta et al. (2016) explain that the resource flexibility concept requires that full scale resources have capacity constraints, such that use in one business precludes it from use in another business and allocation of non-scale free resources incur opportunity
costs. Ahuja and Novelli (2016) further explain that “if an entity is a single business firm then the co-deployment and redeployment constructs arise in terms of sharing or redeployment of assets across business models within a business, however, it is also possible that it may be a multi-business corporation. In such an event, in addition to the business within co-deployment and re-deployment possibilities, there is also the possibility of across business sharing or redeployment of assets, raising the possibility of co-deployment and redeployment benefits and costs at another level. Thus, it is critical that strategy formulation takes into account resource analysis in order to identify current strategy resources fit and see whether existing resources can be co-deployed or redeployed or there is a need for new resource acquisition before strategy execution commences. The potential implication of resource co-deployment and redeployment is that it may affect strategy diversification leading to poor strategy formulation. However, this strategy is best suited for organisations formulating and implementing strategies in environments characterised by scarcity of resources.

### III. RESEARCH METHODOLOGY

Data for the study was collected through random sampling of middle and lower level employees of three Commercialised SOE in Zimbabwe. The study sample size was selected using the monkey survey sample calculator. A total of 478 respondents completed the questionnaire out of a target population of 836 giving a 57% response rate. A distinction was made between staff management (branch managers) from corporate staff. The study made use of equal allocation of sample participant from the three case studies under investigation. A total of 9 Likert scale items were adopted to explain the sufficiency of resource allocation. Survey data was presented through descriptive statistics of mean, mode and standard deviation. Data was analysed through regression analysis (ANOVA – p value, mean square, R squared, Adjusted R squared, Root MSE, regression coefficient).

### IV. RESEARCH FINDINGS

The aim of the study included establishing the sufficiency of resource allocation to strategies undergoing implementation. The results of the survey data collection are presented in Table I.

<table>
<thead>
<tr>
<th>TABLE I: STRATEGY RESOURCE ALLOCATION RESPONDENT VIEWS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likert scale item-9</td>
</tr>
<tr>
<td>My organisation has formal processes dedicated to resource allocation and review in strategy implementation.</td>
</tr>
<tr>
<td>Lower level structures have the freedom to decide which resources to procure and allocate during strategy implementation.</td>
</tr>
<tr>
<td>Resource procurement and allocation are determined by the strategy being implemented.</td>
</tr>
<tr>
<td>Our organisation breaks down the operational activities to the lowest task when planning resource allocation.</td>
</tr>
<tr>
<td>Our organisation is most capable of identifying activities that create value when planning resource allocation.</td>
</tr>
<tr>
<td>Our organisation is able to regularly and urgently adjust resource allocation plans in the course of strategy implementation.</td>
</tr>
<tr>
<td>Our organisation is able to change or abandon strategies regardless of the amount of resources committed.</td>
</tr>
<tr>
<td>Strategies implemented in our organisation are always fully backed by adequate resources.</td>
</tr>
<tr>
<td>Our organisation is able to redeploy resources across departments and branches with less organisational politics impediments.</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TABLE II: RELATIONSHIP BETWEEN RESOURCE ALLOCATION AND NUMBER OF ATTAINED OBJECTIVES DURING STRATEGY IMPLEMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Adj R-squared = 0.8812</td>
</tr>
</tbody>
</table>

| TOOMANYUNA-S | Coef. | Std. Err. | t | P>|t| [95% Conf. Interval] |
|--------------|-------|----------|----|---------------|------------------|
| RESOURCEAL-N | 0.8467659 | 0.142312 | 59.50 | 0.000 | 0.8188023 | 0.8747296 |
| -cons | 1.002486 | 0.0444725 | 22.54 | 0.000 | 0.9150994 | 1.089873 |

DOI: http://dx.doi.org/10.24018/ejbmr.2023.8.3.885
A total of 9 Likert scale items were crafted and adopted to ascertain the adequacy of resource allocation during strategy implementation. Study findings indicate that there is moderate resource allocation adequacy during strategy implementation as supported by a mean score = 2.787 and standard deviation = 1.335. The two highest positively ranked Likert scale items were, my organisation has formal processes dedicated to resource allocation and review in strategy implementation; our organisation breaks down the operational activities to the lowest task when planning resource allocation (mean = 3.633, mode = 5 and standard deviation = 1.278) and (mean = 3.4565, mode = 5 and standard deviation = 1.332) respectively. The two lowest Likert scale items amongst those that need improvement were, lower level structures have the freedom to decide which resources to procure and allocate during strategy implementation and had the following scores: mean = 2.280, mode = 2 and standard deviation = 1.100 and strategies implemented in our organisation are always fully backed by adequate resources with mean = 2.291 mode = 1 and standard deviation = 1.529.

In addition, the above results were used to examine the following proposed hypotheses:

H0: Adequate resource allocation does not reduce the number of unattained objectives.

H1: Adequate resource allocation reduces the number of unattained objectives.

Regression analysis confirms the relationship between adequate resource allocation and the number of unattained objectives and thus the hypothesis’ null assumption is rejected for the alternate assumption. This acceptance and rejection was supported by a significant regression output p value = 0.000. Moreover, computed ANOVA statistics obtained a high sum of square (709.5544 out of 804.3995) showing (R-Squared = 0.8815 and Adjusted R-Squared = 0.8812) observations explained by the model. Additionally, the model had a low standard error of 0.14423 corroborated by a low Root MSE = 0.4477 respectively, thereby showing a significant goodness of fit. Globally, the study observes that a 1 point increase in better resource allocation will lead to 0.8468 increase in attained objectives as indicated by the model coefficient. The successful allocation of available resources for the execution of process activities can impact on process performance, reduce costs and obtain a better productivity of the resources (Arias et al., 2017). Failure to allocate resources accordingly will thus affect a strategy’s economic and technical perspectives. While economic efficiency is concerned with ensuring that production of goods and services represent consumer preferences, technical efficiency refers to how productive a system or an economy can be, given the fewest amounts of resources or inputs (Ehiorobo, 2018). Green et al. (2000) claimed that resource allocation is taken to be the overall allocation of financial resources to decentralised management areas yet for many countries, the existing system of allocating resources, particularly financial resources, to lower levels in the health service is inconsistent with decentralisation policies and the pursuit of equity. Effective strategy requires managing the resource allocation process (Leiblein et al., 2016).

V. CONCLUSIONS AND RECOMMENDATIONS

The study’s descriptive findings indicate that there is moderate resource allocation adequacy during strategy implementation as supported by an aggregate mean score = 2.787 (moderate) and standard deviation = 1.335. Regression analysis p value 0.000 carried out to examine the relationship between resource allocation and objective achievement indicates that strategy execution in CSOEZ is not backed by adequate resources thus leading to a low level strategy success. Resource allocation is fundamental to strategic management (Maritan & Lee 2017). The study recommends that managerial leadership commitment to long-term orientation through timely availing or allocation of adequate resources such as time, finance, equipment and tools as well as skilled manpower will enhance levels of success during strategy implementation in CSOEZ. Further to that, low management should guide top management by providing an adequate and timely wish list of resource requirements so that necessary acquisition and redeployment as well as co-sharing of resources may be achieved as well as anticipated strategic results.

VI. LIMITATIONS AND AREAS FOR FURTHER STUDY

The current study did not focus on designing and implementing resource allocation frameworks. Therefore future studies should empirically research on resource allocation frameworks that will guide resource allocation and sharing within single and multiple business models of an organisation and across organisations.

REFERENCES


