Effects of Organizational Resource Portfolio on the Performance of Africa Inland Church Theological Training Institutions in Kenya

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Abstract: Although organizations are started for the purpose of achieving some set objectives, this is not always the case with performance being cited as one of the challenges facing them today. Theological training institutions that are affiliated to Africa Inland Church have not been spared from this challenge of under-performance. Some of the areas that these theological training institutions have not performed well are in the declining number of students joining them and lack of reward system for both students and employees. Other challenges are lack of resources such declining financial support from donors besides lack of information technology infrastructure. This study was anchored on organizational resource portfolio which is an aspect of strategic leadership theory to determine its effects on organizational performance in Africa Inland Church theological training institutions in Kenya. Data was collected using both open and closed ended questionnaires from 219 management members, employees and third year students of Africa Inland Church theological training institutions in Kenya. The study made use of experimental research design while respondents were sampled using multi-stage sampling technique. The study established that organizational resource portfolio had a negative correlation with organizational performance (R=−0.145, p<0.01) and contributed to 2.1 percent of the performance in Africa Inland Church theological training institutions in Kenya.

Key Words: Strategic leadership, organizational resource portfolio, organizational performance.

I. INTRODUCTION

Although organizations are started for the purpose of achieving some set objectives, this is not always the case with performance having been cited as one of the challenges facing organizations today. Theological training institutions that are affiliated to Africa Inland Church have not been spared from this challenge of under-performance. Some of the areas that these theological training institutions have not performed well are in the declining number of students joining them, lack of reward system for both students and employees, and lack of resources such declining financial support from donors besides lack of information technology facilities. This study was therefore anchored on organizational resource portfolio which is an aspect of strategic leadership in order to establish its effects on the performance of Africa Inland Church (AIC) theological training institutions in Kenya.

Background of the Study

Previous studies that had been conducted at the global, regional and local contexts point out to the fact that organizational performance has remained and is still a major challenge in many of organizations. One of the reasons for this under-performance has been lack of organizational resources that significantly contribute to performance. For example, in their survey of academics from Private Universities in Iraq, Mitchell, Gagne, Beaudry and Dyer (2012) showed that they ignored the importance of an information technology infrastructure which is an aspect of organizational resource portfolio. This is despite the fact that studies had found management and technological innovations to significantly and positively contribute to the sustainability and organizational performance (Zhang, Khan, Lee & Salik, 2019). In yet another study conducted in Iranian Public Hospitals, Mosadeghrad (2014) found lack of finance and physical resources to be among the contributors of poor service delivery in the concerned health care facilities.

In the African Continent, a qualitative study carried out in the rural communities of Malawi to establish the gaps in universal health coverage; Abiro, Mbera and Allegri (2014) found shortage of medicine and other medical equipment in majority of Malawian Public Hospitals contributing to their poor performance. In yet another research study, Talaja (2012) found out that companies with more valuable and rare resources achieve higher levels of organizational performance.

In the Kenyan context, A WHO (2012) report showed lack of physical resources in Kenyan public health institutions as one of the major drawbacks that had contributed to the poor provision of health care. A study by Ongeti (2014) to establish the effects of organizational resources and corporate governance on the performance of Kenyan State Corporations in Kenya, the results of previous studies had posted conflicting results. Some researchers had argued that resources controlled by a firm generally impacts organizational performance while others had discovered that resource differences are unrelated to performance. The literature from the global, regional and local contexts indicates that organizations have not been achieving their objectives due to lack of resources.
In this study, organizational resource portfolio is the independent variable while organizational performance is the dependent variable. Organizational resources portfolio was measured using the elements of financial, technological, and physical resources (Ng’ang’a, 2018). On the other hand, organizational performance was determined using the aspects of financial, customer, internal businesses, and learning and growth perspectives (Kaplan & Norton, 2007). The context of the study was Africa Inland Church (AIC) theological training institutions in Kenya.

**Statement of the Problem**

Christian as well as secular organizations have been facing performance challenges of varying degrees that are related to organizational resources. For example, in their previous research study, Angeles, Calara and de Guzman (2019) found that the success of microenterprise organizations in developing countries such as the Philippines depended heavily on whether they were receiving financial aid or were able to access money to finance their operations. Additionally, Graham (2015) highlighted how much has been written in the recent past concerning the financial challenges facing theological training institutions from a global perspective forcing some of them to cease their operations. Mitchell, Gagne, Beaudry and Dyer (2012) in their survey of academics from private universities in Iraq showed that they ignored the importance of an information technology infrastructure.

In Africa, Degbe (2015) found out that theological training institutions in Ghana had been facing a myriad of problems that ranged from lack of adequate physical facilities and staff members who were not qualified for teaching. In another previous study, Musundi (2015) found decreasing donor funding as one of the challenges facing faith based organizations and consequently, creating a need for organizational leaders to devise ways of mobilizing additional funds to support their operations. Musundi (2005) further explained how mobilization of sufficient, stable and predictable resources had remained one of the real problems facing the African continent where the Gross Domestic Product (GDP) is approximately six percent.

In the previous studies done in A.I.C and Anglican Church of Kenya (A.C.K) theological training institutions respectively, results had showed that these institutions were facing performance problems due to lack of resources such as lack of donor funding, poor utilization of available resources and lack of technological infrastructure (Mumo, 1997 & Nkonge, 2013). Further, Hendricks (2010) in a study on reliable leadership and sustainable seminaries in Kenya found out that theological training institutions lacked enough staff members in seminaries besides overreliance on financial support from Western countries that was on the decline. The results of previous studies at the global, regional and local perspectives pointed out to an existence of a problem of performance as a result of lack of resources in organizations with a few studies having been done to link the two variables (Barley, 2015).

This therefore calls for an investigation of the effects that organizational resources have on the performance of AIC theological training institutions in Kenya.

**II. LITERATURE REVIEW**

**Organizational Resource Portfolio**

An organization cannot function well without acquisition and allocation of the necessary resources for the support and production of goods. In line with this argument, Ng’ang’a (2018) broadly categorizes resources into tangible, intangible, human resource and organizational capabilities. According to Talaja (2012), tangible resources are mainly “identifiable and valuable and can be assigned some monetary value to include assets such as specialized equipment, geographical location, capital machines, land, and building” (p.53). Although resources contribute to a firm’s success, they are not always readily available and especially when required by an organization. It is for this reason that Ivanchevich, Konopaske and Matteison (2014) cite lack of resource support as one of the factors contributing to poor performance in organizations. Some of the aspects of organizational resource portfolio are finance, human resource, information technology and physical resources.

**Financial Resources**

Finance is a critical aspect in the effective running and management of organizations. This assertion is supported by Rahim and Bakar (2014) when they wrote that the performance of organizations to a large extent depend on how it is prepared to deal with aspects of management, finance and human relation skills. The way organizational leaders manage its finances to a great extent determines its overall performance and sustainability in the volatile business context. It therefore becomes the responsibility of top leaders in organizations to ensure that funds are sourced and used well so that all the financial needs are met. Despite the fact that finance is a very critical organizational resource, it is one of the most abused resource as a result of corruption and other such vices (Eliogu-Anenih, 2017).

**Human Resources**

Human resource is one of the essential components that contribute to organizational success. Holton (2000) views human resource development as formalized steps and procedures that organizational leaders formulate for the purpose of managing employees in order to increase productivity. The purpose of human resource development programs is to improve employee capabilities so that they can perform effectively and meet the expected performance in the organizations where they are engaged or employed (Otoo, Otoo, Abledu & Bhardwaj, 2019). According to Ng’ang’a (2018), human resources are “the expertise, skills, and efforts that employees offer to an organization” (p. 42). This implies that organizations should have sufficient and skilled number of employees in order to build their competitive edge in the contemporary competitive business environment.
Technological Resources

One of the characteristics of the 21st century business environment is the advancement of technology. The advancement of technology has recently been of great concern to scholars in different fields as they try to figure out how it affects the operations of organizations that rely on it (Cascio & Montealegre, 2016). Additionally, Cascio and Montealegre (2016) explained how globally, technology has been able to shape the life of people and the way they conduct businesses. Murray (2015) finds technological innovations as a major contributor in designing products and services that are required in a world characterized by diversity and an open market as a result of globalization. Information Communication Technology (ICT) has been able to facilitate the creation of new employment opportunities due to its ability to make innovations in the way work is done (Chege, Wang & Suntu, 2019). This implies that organizations that do not embrace technology risk being phased out due to their inability to make innovations that are inevitable in the current business setting. It should be noted that much of today’s businesses such as banks to a greater extent are driven by technology with deposits and withdrawals being done online.

Physical Resources

Without physical resources, strategic leaders may not be in a position to co-ordinate activities of their organizations for optimum performance. Urde (2009) finds physical resources having the ability to enable an organization realize its planned goals in a way that is likely to produce feasible results. Physical resources include equipment, building and such other facilities that help in the production of goods and services in an organizational setting (Barka & Ahmad, 2010). Njagi, Muathe and Muchemi (2018) argue that physical resources can only be of benefit to an organization if they are availed in sufficient quantities and qualities. Thus, although physical resources have the capability to contribute to organizational success, their contribution will be minimal if the resources are not backed up by qualified and competent employees at all levels in an organization (Grimes, 2004). The literature reviewed on organizational resource portfolio point out to the fact that resources play a key role in the accomplishment, management, and success of firms. Some examples of resources are finance, human resources and technology that are important components in organizational success. This calls on top leaders in organizations to ensure that resources are well taken care of.

Organizational Performance

Organizations are started with the aim of realizing some specific set objectives as is normally captured by their vision and mission. While supporting this argument, Miner (2015) opined that both secular and religious organizations exist for the purpose of seeking growth and performance in the businesses they are involved in. According to Agwu (2018), organizational performance is “the measure of what an organization has achieved in relation to its planned objectives” (p. 5). Additionally, Gusmao, Christiananta and Ellitan (2018) view organizational performance as “a multidimensional concept that entails performance in business and organizational effectiveness both in public and private organizations” (p. 125). Here, performance can be seen to simply mean the achievement of specific targets that an organization sets to achieve within a specified time frame as outlined in its work plan.

There are various performance measurement tools that have been established to enable leaders measure the performance of their organizations such as Malcolm Baldrige Model and BSC Model (Gusmao, Christiananta & Ellitan, 2018). This study used Balanced Scorecard (BSC) Model to measure the performance of AIC theological training institutions in Kenya based on its four aspects of customer, financial, processes, learning and growth perspectives (Kaplan & Norton, 2006). This model was chosen for this study because of its popularity globally, having been used by 30-80 percent of successful organizations around the world (Agwu, 2018; Ektebang, 2014). As is the case, BSC is comprehensive in nature and covers all the necessary aspects that determine an organization’s success and profitability.

Organizational performance was an area of interest in this study due to the fact that although organizations are started to achieve some set objectives, majority of them fail to do so due to various reasons chief among them, lack of effective application of strategic leadership to guide organizational operations(Ng’ang’a, 2018). For example, Mutuku (2014) explained how majority of organizations had found it difficult to achieve their set objectives in the current business environment characterized by uncertainty and economic instability. Further, Makanga and Paul (2017) opined that the measurement of organizational performance was needed seeing that it is a means of ascertaining if an organization is meeting its set objectives or not while at the same time evaluating the overall health of such an organization. In this regard, organizational leaders should ensure that they continually measure the performance of their organizations to ensure that they are still on track in as far as achieving the set objectives is concerned.

Organizational Resource Portfolio and Organizational Performance

Every organization requires resources of various types for it to operate efficiently and effectively. And as Ng’ang’a (2018) points out, some of the aspects and examples of resource portfolio are finance, human resource and technology. Resources play an important role in organizational effectiveness with previous empirical studies establishing a link between the two variables. In one of those studies; Angeles, Calara and de Guzman (2019) found that the success of microenterprise organizations in developing countries such as the Philippines depended heavily on whether they were receiving financial aid or were able to access money to finance their operations. According to Fowowe (2017),
organizations in African countries that were not facing financial constraints were experiencing faster growth compared to those that were going through financial challenges and therefore the need for financing such organizations. In their study, Ng’ang’a, Waiganjo and Njeru (2018) found the most influential resources to be human, physical, technological and capabilities in Tourism Public Agencies and organizations in Kenya. It is worth noting here that, these authors did not find finance to influence organizational success in any way. Availability of resources does not ensure organizational performance unless they are properly used by skilled and knowledgeable employees.

Human resource is an important component in an organization for it to function effectively. This assertion is supported by an empirical study done by Zaraket, Garios and Malek (2018) in the Lebanese Banking sector whose research findings indicated that the aspects of employee empowerment were positively related with organizational commitment that consequently resulted in organizational performance. In Africa, two other studies that had been conducted in Nigeria; Daniel (2019) and Otoo, Otoo, Abledu and Bhardwaj (2019) reported that human resource development practices influenced organizational performance. From these studies, a conclusion can be made that employees are a very vital resource in the success of organizations.

In today’s business environment, technology has brought forward profound changes because of its ability in assisting employees and leaders in organizations to perform their work in a better and faster way (Ng’ang’a, 2018). As such, literature in business (VanHoose, 2011), medicine (Demaerschalk et al., 2012), engineering (Kuhnle, 2010) and social sciences (Wellman & Haythornthwaite, 2002) echo this observation. Mitchell, Gagne, Beaudry and Dyer (2012) in their survey of academics from private universities in Iraq showed that they ignored the importance of an information technology infrastructure despite the fact that studies had found management and technological innovations to significantly and positively contribute to the sustainability and organization performance (Zhang, Khan, Lee & Sallik, 2019). The Iraq situation reported here may not be any different from what one would find in Africa generally and Kenya in particular.

In their study; Yunis, Tarhini and Kasar (2018) found out that the use of technology in organizations differ as a result of many factors that influence the relationship between innovation brought about by technology and organizational performance. Barley (2015) explains how digital technology alongside electricity had continued to make positive contributions in the success of organizations despite there being little research on how it affects organizational performance. In Kenya; Chege, Wang and Suntu (2019) reported that technological innovation influenced firm performance positively. The above research studies posted conflicting results when technology was tested against organizational performance in different contexts and therefore the need for further studies to be conducted in AIC theological training institutions in Kenya to remove this doubt.

The link between physical resources and organizational performance has also been established through various studies in the past. In a study conducted in Iranian public hospitals, Mosadeghrad (2014) found lack of finance and physical resources to be among the contributors of poor service delivery in the concerned health care facilities. In yet another qualitative study carried out in rural communities in Malawi to establish the gaps in universal health coverage; Abiro, Mbera and Allegr (2014) found shortage of medicine and other medical equipment in majority of Malawian Public Hospitals contributing to their poor performance. The empirical literature reviewed on organizational resource portfolio together with its corresponding aspects and its impact on organizational performance indicated that there existed either a positive or a negative relationship between the study variables. The literature reviewed under organizational resource portfolio is important in guiding the current study to determine what influence organizational resource portfolio has on the performance of AIC theological training institutions in Kenya.

III. METHODOLOGY

This study employed experimental research design survey with positivism being selected as the research philosophy for the study. Data was collected from 219 Management members, employees, and third year students of A.I.C theological training institutions in Kenya using both closed and open ended questionnaires. The three A.I.C theological training institutions were selected using multi-stage sampling method while the Management members, employees and third students were selected using stratified random sampling method. Out of a target population of 489, 219 respondents were selected based on the Yamane (1967) formula. Questionnaires were distributed using research assistants and hand delivery method. Once both quantitative and qualitative data was received from the field, it was cleaned, coded, and entered into a SPSS and NVIVO software respectively before it was analysed and results presented.

IV. RESULTS

Table 1 below present results of the correlation analysis between organizational resource portfolio and organizational performance.

<table>
<thead>
<tr>
<th>Table 1: Correlation Analysis for Organizational Resource Portfolio and Organizational Performance</th>
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<tr>
<td><strong>Variable</strong></td>
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<tr>
<td><strong>Organizational Performance</strong></td>
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<tr>
<td>Sig. (2-tailed)</td>
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<tr>
<td><strong>Resource Portfolio</strong></td>
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<td>Sig. (2-tailed)</td>
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Source (Field Data)
The results of this study are in support of previous studies carried out to test the aspects of organizational resource portfolio (processes, financial, learning and growth perspectives) on organizational performance. In their studies, Al-Najjar and Kalaf (2012); Khatriya, Dharmadhikari, Srivastava and Basak (2017) and Namin and Ebrahimpour (2015) found a positive correlation between processes perspective and organizational performance. Hasan and Chyi (2017), Chimtengo, Mkandawire and Hanif (2017), and Malgwi and Dahiri (2014) found an existence of a positive and linear relationship between financial perspective which is an aspect of resource portfolio and organizational performance. Additionally, Massingham, Massingham and Dumany (2019), Khatoon and Farooq (2014) and Ankah (2017) found an existence of a positive correlation between learning and growth perspective and organizational performance.

The results presented in table 1:1 above indicated that there is a relatively weak and negative correlation between organizational resource portfolio and organizational performance (R=-0.145, p>.01). This could imply that although organizational performance increases in indirect proportion to organizational resource portfolio in the studied institutions, when performance increases, resource portfolio decreases. The results are contrary to the findings of previous studies by Angeles, Calara, and Guzman (2019); Fowowe (2017); Ng’ang’a, Waiganjo and Njeru (2018) who found a positive correlation between organizational resource portfolio and performance in the organizations studied.

There was a moderate and positive effect that organizational resource portfolio had on organizational performance in AIC theological training institutions in Kenya at 0.021 percent. This means that 2.1 percent of performance in AIC theological training institutions in Kenya is attributable to organizational resource portfolio. The remaining 97.9 percent of performance is due to other factors that had not been considered in this study. The results further showed that the correlation of determination (R²) was 0.015 which indicates a very low explanatory power of the model. These results are contrary to a previous study that was done in Indonesia with results showing that strategic leaders had an effect on organizational performance by the way they influence innovation, managing the accumulation of key resources such as technology, talent, facilities, procedures and culture (Supriyadi, 2012).

Table 1.1: Model Summary for Organizational Resource Portfolio and Organizational Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>.145*</td>
<td>.021</td>
<td>.015</td>
<td>7.575</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Resource Portfolio

The results of quantitative data are supported by those of qualitative for organizational resource portfolio in that AIC theological training institutions did not invest in physical and technological infrastructure. The results of qualitative data analysis further indicated that majority of the respondents had rated physical facilities as the biggest challenge facing their institutions. The need to repair access roads was mentioned by 21 out of the 36 respondents who made their comments in the open-ended section of the questionnaire. Additionally, 13 respondents said that there was need for provision of clean water through rain water harvesting. Those who mentioned information technology as a challenge were nine in total. The need to begin a Bachelor’s degree course was mentioned by one respondent.

V. CONCLUSION

The unpredictable business environment in which organizations are operating in today has made the setting of organizational strategic direction and the measurement of performance a necessity and not an option. Further, results of previous studies indicate that many organizations had been facing performance challenges in the hands of leaders who are unable to shape their future destiny. Some of the challenges are declining number of students, declining financial support from donors, and poor utilization of resources among others. These challenges call for leaders who are able to source and allocate resources in their organizations in order to continue achieving their set objectives. The four aspects of organizational resource portfolio are financial, human, technological, and physical resources which have all been
proven to have a negative effects of organizational performance in A.I.C theological training institutions. The results of this study contradicts the results of previous studies that indeed organizational resource portfolio has a positive effect of organizational performance.

REFERENCES


