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Influence of Strategic Resource Allocation on the Performance of Paint Manufacturing Firms in Kenya

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Abstract
The purpose of this study was to examine the influence of strategic resource allocation on the performance of paint manufacturing firms in Kenya. The study was motivated by inconsistent performance trends in the sector, often attributed to inefficient allocation of resources despite increasing competition and market demands. A correlational research design was adopted, targeting 26 paint manufacturing firms registered with the Paint Manufacturers Association of Kenya. Stratified random sampling was used to select 113 respondents from key managerial roles. Data were collected using questionnaires and analyzed through descriptive statistics and binary logistic regression. Findings revealed that optimal strategic resource allocation significantly enhances organizational performance. Specifically, firms with optimal allocation practices were 25 times more likely to achieve high performance compared to those with sub-optimal resource use. The study concludes that strategic allocation of resources is a key driver of firm success. It recommends that paint manufacturing firms adopt data-driven, demand-based resource distribution strategies, and invest in areas with the highest returns. Emphasis should also be placed on aligning resource planning with customer expectations and market dynamics to improve competitiveness and sustainability.

Keywords: *Strategic Resource, Allocation, Performance, Paint Manufacturing Firms*

INTRODUCTION

Strategic resource allocation is critical for firm's performance as it ensures that an organization is able to execute its strategic goals. Strategic resource allocation ensures execution of the organization's goals, increases innovation and enhances the morale of the employees. According to Ali, Ogolla, and Nzioki (2022), strategic resource allocation encompasses financial resources, human resources, physical resources and the information resources. These resources are critical in creating a strong competitive edge in the firm that is critical for success in the current business environment. Resource allocation is closely linked with the firm's ability to execute its strategic objectives implying that firms have to invest their resources in areas where it gets maximum benefits.

One of the advantages of strategic resource allocation is that it helps in the coordination of firm's processes thus enabling it to achieve its goals. Denhere, Chikazhe, and Kanyepe (2023) explains that resource allocation such as finances and human resource determines the employees' performance because it make sit possible for the organization to respond to the changes in the

business environment. Firms with the right resource allocation models are able to respond to market changes and make the necessary adjustments to remain competitive in the market (Wanjihia, 2021). Resource allocation in a fir enables them to create and sustain a competitive edge in the market that leads to better performance. Firms are able to use their resources to develop new capabilities that enable them to outperform their rivals in the market.

Strategic resource allocation has been identified as critical for firms in different sectors of the economic such as the paint manufacturing firms. Paint manufacturing firms in different paints in the world have embraced various resource allocation models to enhance performance. In the USA, for instance, paint manufacturing firms have invested their resources to innovative methods of production to align with the market needs (Habib and Mourad, 2024). With the new demand for eco-friendly paints, the paint manufacturing firms have invested heavily in innovative products that align with the market needs. Besides, firms have also use financial resource allocations to invest in new technologies in the energy sector to eliminate carbon waste. In Spain, the paint manufacturing firms play a crucial role in the economic development as they support various sectors such as the automotive, the construction sector and the decorative sectors (Úbeda et al., 2022). These firms adopt resource allocation to create a competitive edge against the global competitors operating in the country. The strategic resource allocation has enabled the firms to adapt effectively to the market needs and respond effectively to the competitiveness in the market.

In Africa paint manufacturing firms have continuously played a critical role in the economic development and growth in the local economies. They contribute to the construction, infrastructure development and are used in various industries such as construction, automotive and decorative. In Nigeria, paint manufacturing firms have played a crucial role in the construction and maintenance of residential and the industrial structures (Adewoye and Adeagbo, 2021). They facilitate economic growth, development and also play a significant role in the aesthetic appeal of the environment. These firms have identified resource allocation as a strategy to innovate and develop products that align with the market needs. In Egypt, paint manufacturing firms produce a wide range of coatings, paints and related products and contributing significantly to job creation, economic diversification and exports (Mohamed, 2022). Egyptian paint manufacturing industries export some of the products to the neighboring countries in Africa and in the Middle East. These firms have leveraged strategic resource allocation such as outsourcing the best human capital to enhance performance and ensure efficient resource allocation.

In Kenya, the paint industry has been critical in the economic growth and development through its job creation, innovation and diversifications. The sector has witnessed significant growth over the years, signifying the economy's growth and development (Mwakughu & Chege, 2025). The industry was initially dominated by few firms but the high demand for the paint in the country has attracted the entrance of new entities that seek to compete for the growing market. Specifically, the growth of the real estate and the construction sector have spurred the expansion witnessed in the paint manufacturing sector. The industry has continued to diversify with the firms offering a wide range or products such as decorative, automotive paints and industrial paints (Mutuku, 2020). Most companies have leveraged on distribution networks, product quality and branding to create a competitive edge in the market and sustain their market positioning. Some of the notable brands operating in the country include Basco Paints with the Duracoat brand, Crown Paints and Sadolin Paints. These companies have played a crucial role in the industry through their competitive strategic approach in the sector.

Statement of the Problem

The role of the resource allocation on the performance of the paint industry in Kenya is profound as it is one of the key elements of creating a competitive market. An effective resource allocation model in the paint industry ensures creative innovation and creativity, which is critical for survival (Mohamed, 2022). For instance, can use financial resource allocation to responds to the specific needs in the market, enabling them to take advantage of the huge demand for eco-friendly paints in the market. Effective resource allocation in the paint industry will enable the firms to anticipate future trends, set better long-term goals and align their activities to deal with new realities in the market (Habib and Mourad, 2024). As such, paint manufacturing firms can leverage strategic resource allocation to fund their innovative strategies that result in a culture of innovative and creative culture that optimizes operational efficiencies, ad respond to the market needs effectively.

Despite the role of strategic resource allocation in the paint industry in Kenya, few studies have sought to examine its influence on the paint manufactures. Stein and Scholz (2020) examined the role of strategic resource allocation on the performance of the paint manufacturing firms in Germany. The study observed that strategic resource allocation plays a crucial role in the creation of a clear vision, innovation and creativity in the firm. Francesconi and Guarini (2017) examined the role of strategic resource allocation on employee performance in Italy and noted that firms exceptional resource allocation strategies on technology, human resource and information have better performances than those with rigid resource allocation models. While these studies focused on organizational resource allocation in the paint industry, they were done outside the country which offers a research gap (Ardito and Petruzzelli, 2017). Few studies have focused on the influence of strategic resource allocation on the performance of paint manufacturing firms in Kenya, presenting a research gap. It is in this light that this study seeks to fill this research gap through this study.

THEORETICAL REVIEW

Resource-Based View Theory

The resource-based theory was introduced Penrose in 1959 and explained that a firm's competitive advantage can be achieved by utilizing the unique resources (Freeman et al., 2021). The theory states that a firm can leverage on its unique resources that are valuable and hard to be copied by the rivals in the industry. Importantly, the theory states that a firm's growth can be achieved by focusing on the internal resources that enables it to improve its performance and the competitiveness in the industry. The organization's resources such as information assets, and the firm's attributes can be used to help firms achieve their competitive edge in the market (Lubis, 2022). This theory notes that although a firm can have many resources, not all of them leads to a sustained competitive advantage. Only the resources that are unique, valuable and inimitable leads to competitive advantage in the firm's performance.

This theory states that a firm that has more resources has the greatest chance of achieving and sustaining a competitive edge. These resources must be valuable, rare, non-substitutable and hard to imitate by the rivals. As such, resource allocation is critical in ensuring that an organization has the requisite resources to create a competitive edge in the market (Davis & DeWitt, 2021). Paint manufacturing firms can leverage on resource allocation and unique capabilities to create a competitive edge in the market. This theory is relevant in this study because the industry faces very stiff competition with a rapid changing market environment implying that firms must innovate continuously to maintain their competitive edge (McGahan, 2021). The resource-based

theory ensures that the firms will have the requisite resources to unlock their unique capabilities that are essential for growth in the market.

Empirical Literature Review

Several studies have examined the Influence of Strategic Resource Allocation on the Performance of firms in different sectors in different countries. Most of these studies have found that strategic resource allocation has a positive impact on the firm's performance across different sectors. For instance, Owako and Nyangara (2021) examined the influence of strategic resource allocation n the performance pf water and sewerage companies in Kenya. A correlation design was used in the research where a sample of 65 was used through a stratified sampling technique. The research collected the data using a semi-structured questionnaire after which the descriptive and the inferential statistics were used. The findings noted that resource allocation has a positive impact on the performance of the Kisumu Water Company. However, this study was done in the public sector which may not be generalized for the case of the paint-manufacturing firms in Kenya which operate in the private sector.

Josephine and Kimencu (2020) established the effects of resource allocation on the performance of Nairobi City County government. This study used the resource-based view and the balanced score card whereby a literature review was used. An explanatory research model was used whereby 160 employees in the county were used. The sample used was obtained after employing the Slovin's technique and stratified random sampling which resulted in 110 employees as participants. Primary and the secondary data was obtained and analyzed to arrive at the results and conclusions. Semi-structured questionaries were used in collecting data while quantitative data was obtained using close-ended questions. It was revealed that resource allocation explains about 28% of the performance pf the Nairobi County government. Resource allocation has a positive influence on the performance of the county government implying that timely allocation of resources is critical for success. However, this research was done in the Nairobi City County which has a different mode of operation compared to the paint manufacturing industry in Kenya.

Nyakure and Kavale (2022) explored the influence of strategic resource allocation on the performance of public health facilities in Mombasa County. This study used the resource allocation theory, performance improvement and the resource dependency model. Five hospitals in the public sector were used as the population of the study whereby it was noted that strategic human resource allocation and financial resource allocation play a crucial role in the firm's performance. It was also noted that strategic technological resource allocation in the medical sector has a huge impact on the performance of the public hospitals in Mombasa County. However, thus study was done in the public health sector which is different form the paint manufacturing firm industry in Kenya which operate under different competitive landscape. As such, the results from this study cannot be used to make a generalized conclusion on the current research topic on paint manufacturing firms in Kenya.

Denhere, et al. (2023) studied how resource allocation affects the performance of paint manufacturing firms in Harare Zimbabwe. Specifically, the study focused in information resource allocation and supplier relationship management. A simple random sampling method was used to collect data from 110 employees working the paint manufacturing firms. The study adopted a Likert-type model which was distributed electronically to get the data. The study noted that supplier resource allocation and information resource allocation lead to better organizational performance. It was noted hat the use pf good website allows the paint manufacturing firms to disseminate information and interact with suppliers effectively. The main limitation of this study is that it was done in Zimbabwe which has a different economic and social environment

compared to Kenya. As such, the results from this study cannot be used to make a generalized conclusion on the case of paint manufacturing firms in Kenya.

Alaba, et al. (2021) studied the strategic competitiveness and the corporate performance of the paints manufacturing firms in Nigeria. This study sed a descriptive research method as the research design method. Importantly, the study sed cost-leadership strategy, focus strategy and the differentiation strategy. The theories used in this research is the dynamic capability theory which was used for the literature review. The study collected data from 180 respondents which include the top managers, middle managers and the junior managers. It was noted that strategic competitiveness models have a huge impact on the performance of paint manufacturing firm sin Nigeria. It was noted that strategic planning, strategic resource allocation and differentiation is critical for the success of paint manufacturing firms in Nigeria. The main limitation of this study is that it focused on strategic competitiveness instead of resource allocation. Biased, the study was done in Nigeria implying that it cannot be used to generalize the influence of strategic allocation on the performance of paint manufacturing firms in Kenya.

DATA AND METHODS

The study adopted a correlational research design to investigate the relationship between strategic resource allocation and performance among paint manufacturing firms in Kenya. The unit of analysis comprised 26 paint manufacturing companies registered with the Paint Manufacturers Association of Kenya as of 2023. The unit of observation consisted of 156 respondents drawn from key managerial positions including operations, marketing, finance, relationship management, human resources, and technology. A stratified random sampling technique was employed to ensure representation across various management levels. The sample size was determined using Yamane's formula, resulting in a sample of 113 participants. Data were collected using structured questionnaires, which were administered both electronically and physically to enhance response rates.

In terms of analysis, descriptive statistics such as frequencies, means, and standard deviations were used to summarize and present the demographic and variable-related information. For inferential analysis, binary logistic regression was applied to assess the effect of strategic resource allocation on firm performance. The model used was $\log(p/1-p) = \beta_0 + \beta_1 X_1$, where p represents the probability of high performance and $(1-p)$ represents low performance. The log odds reflect the likelihood of a firm performing highly versus poorly, with β_0 as the constant and β_1 representing the coefficient for the predictor variable (strategic resource allocation), denoted as X_1. This statistical approach provided insights into the strength and direction of the relationship between the independent and dependent variables.

RESULTS AND DISCUSSIONS

Response Rate: A total of 102 responses were successfully collected from the targeted sample of 113 respondents, which represents a response rate of 90.3%.

Descriptive Statistics on Strategic Resource Allocation

The results indicate a strong consensus among respondents on the strategic allocation of resources within their organizations. A majority of 65.7% agreed that material distribution is based on production demand levels, with only 9.8% disagreeing. Similarly, 65.7% affirmed that machine use is allocated depending on client urgency and demand, while a minimal 7.9% disagreed. On workforce deployment, 62.7% agreed that more skilled technicians are assigned roles based on job demands, with 8.8% in disagreement. Capital budgeting practices were also positively viewed, as 67.6% agreed that financial resources are directed toward high-return investments, with only 8.8% dissenting. These findings, supported by high percentages of

agreement across all statements, suggest an organizational trend toward informed, demand-driven resource allocation. The mean responses across the items ranging between 3.76 and 3.94 fall within the "Agree" category, indicating overall positive perceptions regarding strategic resource management as shown in table 1. This reflects the findings, which discussed the importance of efficient resource utilization in achieving organizational performance (Lestari et al., 2020).

Table 1: Descriptive Statistics on Strategic Resource Allocation

Statement on Strategic Resource Allocation	D	N	A	Mean	Std Dev
The distribution for all the materials in our organization is dependent on the levels of productions demands	10 (9.8%)	25 (24.5%)	67 (65.7%)	3.76	0.96
Allocations for machine use is depended on the urgency of the client and the demands levels	8 (7.9%)	27 (26.5%)	67 (65.7%)	3.94	1.00
The technicians in the firm who are more skilled are assigned to the given roles according to the job demands	9 (8.8%)	29 (28.4%)	64 (62.7%)	3.79	1.05
Capital budgeting in our firm is done to ensure that financial resources are put into areas with high returns on investment	9 (8.8%)	24 (23.5%)	69 (67.6%)	3.88	1.03

Descriptive Statistics on Performance of Paint Manufacturing Companies

The findings suggest that the performance of paint manufacturing companies is generally perceived positively by respondents. A significant majority (72.5%) agreed that their firm's overall performance reflects the achievement of set goals and objectives, with a high mean of 3.89. Similarly, 69.6% affirmed that their organization has experienced consistent growth in market share, reflected by the highest mean score of 3.91. Regarding customer satisfaction, 60.8% agreed that their customer relationship mechanisms have been effective, though this area showed the lowest mean of 3.74, indicating slightly less consensus. On customer loyalty, 66.7% of respondents agreed that customers remain loyal to their brand, supported by a strong mean of 3.89. These findings suggest strong organizational performance in strategic and customer-centered areas, although customer satisfaction presents room for further enhancement as evidenced by a mean range on agreement of between, 3.74 and 3.91 as shown in table 2.

Table 2: Descriptive Statistics on Performance of Paint Manufacturing Companies

Statement on performance of paint manufacturing companies	D	N	A	Mean	Std Dev
The overall performance for our firm is a reflection of how we have been able to attain goals and objectives.	6 (5.9%)	22 (21.6%)	74 (72.5%)	3.89	0.889
Our organization has maintain a consistent growth on its market share	8 (7.8%)	23 (22.5%)	71 (69.6%)	3.91	1.006
Our customers have been satisfied through our customer relationship mechanisms	10 (9.8%)	30 (29.4%)	62 (60.8%)	3.74	1.014
Our customers have been loyal to our brands	3 (2.9%)	31 (30.4%)	68 (66.7%)	3.89	0.889

Inferential Analysis

The logistic regression findings indicate a strong and statistically significant relationship between strategic resource allocation and organizational performance. The Nagelkerke R Square value of 0.419 suggests that approximately 41.9% of the variance in organizational performance is explained by strategic resource allocation, which is a relatively high explanatory power for a single predictor model. The classification table shows that the model correctly classified 83.3% of the cases overall, with equal accuracy in predicting both high (1) and low (0) organizational performance, indicating strong predictive validity. Most importantly, the B coefficient for Optimal Strategic Resource Allocation is 3.219, which is statistically significant **(**$p < 0.001$**)** with a Wald statistic of 21.332, showing this variable has a very strong effect. The odds ratio (Exp(B)) of 25 means firms with optimal resource allocation are 25 times more likely to experience high organizational performance compared to those with sub-optimal allocation. The wide confidence interval (6.378–97.987) confirms the strength of this association while suggesting variability among firms as shown in table 3. These results emphasize that strategic resource allocation is a critical determinant of performance in paint manufacturing companies. This finding is consistent with the literature, where it was highlighted that strategic resource allocation directly impacts organizational effectiveness and competitiveness (Lestari et al., 2020).

Table 3: Bivariate Regression Between Strategic Resource Allocation and Performance of Paint Manufacturing Companies

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	65.194[a]	.254	.419

Classification Table

			Predicted Organizational Performance		
	Observed		0	1	Percentage Correct
Step 1	Organizational Performance	0	15	3	83.3
		1	14	70	83.3
	Overall Percentage				83.3

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B) Lower	Upper
Step 1[a]	Strategic Resource Allocation								
	Optimal Strategic Resource Allocation	3.219	0.697	21.332	1	0	25	6.378	97.987
	Sub-optimal resource allocation- RC	0	0	0	0	0	0		
	Constant	-.069	.372	.034	1	.853	.933		

a. Variable(s) entered on step 1: Strategic Resource Allocation.

b. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

c. The cut value is .500

Conclusions and Recommendations

The study concludes that strategic resource allocation significantly influences the performance of paint manufacturing companies in Kenya. Therefore, the study rejected the null hypothesis that sstrategic resource allocation does not significantly influence the performance of paint manufacturing firms in Kenya. The study recommended that paint manufacturing firms should prioritize optimal strategic resource allocation to enhance overall performance. Investments should be guided by demand levels and projected returns to ensure efficiency and competitiveness. Management should continuously align resource distribution with production, client needs, and market dynamics. Enhancing customer satisfaction and loyalty through targeted resource use should remain a core focus. Finally, decision-makers should institutionalize data-driven resource planning for sustained growth and market leadership.

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