

ADDRESSING THE CHALLENGES
FACING HUMANITY THROUGH
RESEARCH AND INNOVATION

**EFFECT OF COORDINATION ON
STRATEGY IMPLEMENTATION. A
CASE OF MANUFACTURING FIRMS IN
NAKURU MUNICIPALITY**

**Presented by
Lucyann Karani
Esther Nyoike
Lydia Langat**

Abstract

Matching structure to strategy requires making structure critical activities and organizational units the main building blocks in the organization. Coordination is one of the critical activities in any organizational strategy implementation. Internal organization of each company is somewhat peculiar, the result of many organizational decisions and performance. This study was to determine the effect of coordination on strategy implementation in manufacturing firms in Kenya. The target area of the study was Nakuru Municipality. The study population included 15 randomly picked manufacturing firms in the municipality of which have been in existence for not less than 10 years, so as to adequately determine the magnitude of strategy implementation. The 120 respondents who were the managers and supervisors in the firms' departments provided information regarding the extent of the use of resource sharing between departments, informal contacts of employee in the firms and firms having goals which have been mutually agreed upon. The study employed a survey design. Descriptive statistics was used to analyse the data. Results of Correlation and chi-square analysis showed that coordination show no significant effect on strategy implementation in manufacturing firms. Therefore, manufacturing firms should ensure that coordination is practiced.

Hypothesis that guided the study was that coordination has no significant effect on strategy implementation.

Keywords: Coordination; Strategy implementation; Manufacturing firms

Introduction

- Unofficial means of communication usually exist and companies need only more actively support activities and places where employees that normally do not work together can meet informally and share stimuli and ideas. All employees should also have equal access to corporate information, Nonaka and Takeuchi (1995) argue. Further, by being aware of ongoing activities each employee gains sufficient understanding of the capacity of the organization and is thus able to tap into the organization's resources. However, for such unanticipated cooperation to work, the company must adopt a policy that prioritizes internal information and knowledge sharing. All employees, including managers, must understand the importance of helping colleagues asking for advice. This, for example, implies that internal debiting should be abandoned since it only creates unnecessary overhead and administration and a reluctance to ask for help. Within-company communication is thus success factor.

- Several commentators have argued that trust is an important prerequisite for co-operative activities such as strategy implementation. As von Krogh (1998) concludes, effective knowledge creation requires mutual trust, active empathy, access to help, lenience to judgment, and courage. He claims that the notion of care encompasses these forms of behavior and their interplay, and that a change of perspective from self-commitment to other-commitment is necessary for proper strategy implementation. To achieve this, management must explicitly state that trust and openness are prioritized values. As noted by von Hippel (1988), informal know-how trading often occurs between companies – sometimes even between direct competitors. Fundamental to such networks are the unspoken, but yet strong, obligation to return a favour.

- It has also been claimed that such co-operation cannot be achieved without establishing a personal relationship, preferably face to face, but it has actually been shown that trust and cooperation can be achieved and sustained not only between strangers but in fact also between enemies at war or between creatures unable to appreciate the consequences of their own behavior (Axelrod, 1984). Fundamental to the establishing of trust is instead the principle of reciprocity and the likelihood of meeting - and recognizing - the same individual again in the future. Knowing (or assuming that the probability is high) that we will meet again gives me a chance to get even, which enables me to risk trusting the other part.

- When people are primarily motivated by their own interest in the work and the enjoyment of that activity, they are more creative than they are when primarily driven by some goal imposed on them by others. The use of extrinsic motivation such as rewards or bonuses tend to cause a focus on the reward rather than on the task at hand, and winning the reward becomes more important than finding the most creative solution. Robinson and Stern (1997) stress the importance of intrinsic motivation and point to the strong correlation between the use of intrinsic motivation and high participation in the improvement processes. Self-initiated activities are powerful because they are driven primarily by intrinsic motivation. When employees are allowed to, and in fact encouraged to, pick and pursuit their own projects, they are driven by their personal interests. Research in a corporate setting has shown that professional interests rather than espoused theory is what motivates people (Stenmark 2000)

- Studies treat institutional relationships among different units/ departments and different strategy levels as a significant factor that affects the outcome of strategy implementation (Walker & Ruekert 1987)
- Structures and processes, marketing policies and processes may all significantly influence business strategy implementation. Three aspects of the corporate-business unit relationship are especially likely to affect a units success in implementing a particular strategy: business unit autonomy, sharing programs and synergies across SBUs, as well as control and reward systems. In addition, functional competencies, allocation of resources, decision-making participation and influence, inter-functional conflict and coordination may have vastly different effects on the implementation of 13 different kinds of strategies.
- Walker and Ruekert (1987) assume that decision-making and coordination structures in the marketing department, and marketing policies and programs within the business unit, affect the performance of different business strategies in different ways.

Methodology

- A descriptive survey was undertaken at Manufacturing firms in Nakuru municipality, in which primary data were collected from a sample frame of 120 employees using sets of structured questionnaires, the details of which are presented in Karani(2011).
- The research was undertaken within Nakuru Municipality. Nakuru is in Rift Valley province, the Kenya's largest province. Nakuru is well endowed with agricultural and tourism resources which have attracted several manufacturing firms. The study adopted the descriptive survey design. The study's respondents were randomly picked from the managers and supervisors in Marketing department, production department, Human resource department and Accounting and Finance department in the 15 firms. Data was collected by use of questionnaires containing structured questions. The results were presented and interpreted in the form of descriptive statistics (frequencies, means, and percentages). The independent variables and dependent variable were converted into means which allowed for non-parametric test to be used in the hypothesis tests. Correlation (spearman correlation) was used to test the studys' hypothesis.

Results and Discussions

- The respondents, represented by 41%. It is apparent that compared to males, women were not involved in manufacturing jobs (Table 4.1). The respondents aged 26-35 years were the majority (44.2%) of the Managers and supervisors followed by those aged 36-45 (39.3%), followed by below 25 years (13.3%) then above 45 years (3.3%) (Table 4.2). On the academic qualification of the managers and supervisors in the firms, the results indicated diploma level as a level where many management employees have reached (44.2%), followed by degree level (43.3%) followed by secondary school level (11.2%) then primary school level (8%).(Table 4.3).Category (11-15) years of working with employer had (69.0%), followed by (6-10) years (19.5%),(Table 4.4). It's therefore showed that 11-15 years is enough time for the employee to gain experience and be able to work in managerial level.

- The results in table show respondents response in coordination in organizations. Majority of the respondents agreed on the issue of resources being shared in firms 76.3%. 14.5% moderately agreed while 8.6% disagreed .This may have been attributed by the fact that when resources are shared in organization proper coordination is enhanced in an organization. These findings are in conformity with (Walker & Ruekert, 1987 and Gupta, 1987) who found out that treated institutional relationships among different units/ departments and different strategy levels as a significant factor that affects the outcome of strategy implementation.

- The results show that 76.9% agreed, followed by moderately agree 11.1% , disagree agree had 12% on that people have to follow line of authority in the firms (table 4.6).This shows that people have to follow authority on every activity undertaken. The results shows that most of respondents agreed 59.5% while moderately agreed and disagree 16.4%, 24.1% respectively that firms discourage people forming informal job contacts. This means that informal jobs contact has attracted little attentions in the firms. This disagree with the study of Nonaka and Takeuchi (1995) who found that companies need only more actively support activities and places where employees that normally do not work together can meet informally and share stimuli and ideas. All employees should also have equal access to corporate information,

- The findings show that majority of respondents agreed 74.6% that the firms have goals which are agreed upon by management and employee and 15.8% moderately agreed. Those who disagreed were 9.7% of the respondents .This means that the firms practice management by objective which has an advantage of motivating employees. This supports the work of Hunger and Wheelen (2008) who found that MBO links organizational objectives and the behavior of individuals. It matches employee competencies to individual tasks within the plan. MBO assigns the best man or woman for the job.
- Responding to the issue of firms willing to invest resources on unrelated businesses which may be beneficial to the firm, most respondents agreed at 56% while moderately agree had 26.7% 22.4% reported disagree. This means that the firms are willing to invest resources even in areas which do not seem promising.

- The results of correlation between coordination and strategy implementation was significant and positive ($r=0.230$, $p=0.011$). This point to the fact that as coordination goes up strategy implementation also rises. Therefore the null hypothesis “coordination has no significant effect on strategy implementation” was accepted. The alternate hypothesis, “coordination has a significant effect on strategy implementation” was hence rejected.
- Chi-square tests also show that coordination had no significant effect on strategy implementation.(table 4.3)

Conclusion and Recommendation

- Coordination had no significance effect on strategy implementation. Coordination ranges from coordinating of human resource to capital resource. A firm sharing resources across its department encourages proper communication which in turn allows timely strategy implementation. In a firm where following of lines of authority and skipping levels is discouraged, employees feel stuck in a rigid system thereby there is less growth. When there are goals and objectives in an organization which are set by management and employees, such goals and objectives are easy to accomplish. Of course when employees are involved in setting of goals they own those goals and they are able to deliver. Coordination within a firm is very important. A firm that has coordination has quick and smooth implementation of strategies. Leaders who invests resources even when the returns could take time to materialize also allows flexible organization which is able to grab opportunities as they come by. Generally, coordination has no significant effect on strategy implementation.

Table 4.1 Gender of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	71	59.2	59.2	59.2
	Female	49	40.8	40.8	100.0
	Total	120	100.0	100.0	

Table 2 Age of the respondents

Age bracket	Frequency	Percent
Below 25 years	17	13.2
26-35 years	53	44.2
36-45 years	46	39.3
above45 years	4	3.3
Total	120	100.0

Table 4.3 Education level

		Frequency	Percent	Valid Percent	Cumulative Percent
	Primary school	1	.8	.8	.8
	Secondary school	14	11.7	11.7	12.5
	Diploma	52	44.2	44.2	55.8
	Degree	53	43.3	43.3	100.0
	Total	120	100.0	100.0	

No. of years	Frequency	Valid Percent
Less than 5 years	5	5.7
6-10 years	17	19.5
11-15 years	60	69.0
Over 15 years	5	5.7
Total	87	100.0

	Allows for resource sharing	People have to follow lines of authority	People are discouraged from informal job related contacts	Has clear goals which have been mutually agreed upon	Willing to invest resources
Strongly disagree	5(4.3%)	7(6%)	12(10.3%)	5(4.4%)	16(13.8%)
Disagree	5(4.3%)	7(6.6%)	16(13.8%)	6(5.3%)	10(8.6%)
Moderately agree	17(14.5%)	13(11.1%)	19(16.4%)	18(15.8%)	25(21.6%)
Agree	37(31.6%)	44(37.6%)	37(31.9%)	46(40.4%)	31(26.7%)
Strongly Agree	53(45.3%)	46(39.3%)	32(27.6%)	39(34.2%)	34(29.3%)

Spearman's rho correlation

	Coordination	OSI
Coordination	1.000	.230*
	.	.011
	120	120

Chi-square Tests

	Value	df	Asymp. Sig. (2-sided)		
Pearson Chi-Square	8.209 ^a	4	.084		
Likelihood Ratio	8.671	4	.070		
Linear-by-Linear Association	6.576	1	.010		
N of Valid Cases	120				
a. 5 cells (55.6%) have expected count less than 5. The minimum expected count is .06.					

THANK YOU

GOD BLESS YOU