INFLUENCE OF ORGANIZATION STRUCTURE ON THE ORGANIZATIONAL PERFORMANCE IN KENYAN CEMENT MANUFACTURERS

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International Academic Journal of Human Resource and Business Administration

(IAJHRBA) | ISSN 2518-2374

Received: 9th August 2023

Published: 14th August 2023

Full Length Research

Available Online at: https://iajournals.org/articles/iajhrba_v4_i3_80_90.pdf

Citation: Ali, M. A. H., Ogolla, D., Nzioki, S. (2023). Influence of organization structure on the organizational performance in Kenyan cement manufacturers. *International Academic Journal of Human Resource and Business Administration*, *4*(3), 80-90.

ABSTRACT

On the surface strategy implementation may appear a simple practice, however, the process of strategy implementation is complex and requires the right environment to be executed execution whereby, the right resources, an aligned organizational structure, and procedures. Cement manufacturing companies in Kenya operate in a highly competitive environment and therefore require an organization that makes appropriate changes to keep up with ever-changing customer demands, comply with the regulatory environment and keep up with intense competition from competitors. This paper sought to determine the influence of organizational structure as one of the drivers of strategy implementation on the performance of cement manufacturing companies in Kenya. The study applied a descriptive design, with the unit of analysis being 5 major cement manufacturing companies in Kenya. Senior managers of the cement manufacturing company provided data for the study which was obtained through the physical administration of questionnaires. Data analysis was done by descriptive and simple regression analysis. The findings of the stud revealed a β of 0.716, t=7.228, and a p-value of 0.001 between organizational structure and performance of cement manufacturing companies in Kenya. The study concluded that organizational structure had a positive and significant influence on the performance of cement manufacturing companies in Kenya. The study recommends that cement manufacturing companies come up with favorable organizational structures that align with the strategy being implemented to improve their performance. Favorable organization structures encourage employees to work harder and also build customers' confidence and relations. Therefore, organizations should have structures that promote feedback, open communication, and transparency.

Key Words: Strategy implementation, Organization Structure, Cement Manufacturers, Organizational Performance

INTRODUCTION

Strategy implementation is the process of turning a plan into action to realize organizational goals. Strategy implementation is It is managerial, seeking practical ways to carry out the plan and motivating organization personnel to complete duties in a way that advances the plan (Migdadi, 2021). Thompson and Strickland (2019) lend voice to the fact that this process also includes managerial activities that ensure the strategy is put in place and evaluating its performance to ensure that the organization's desired results have been achieved.

According to Khan et al. (2018), involving managers in development is important in successfully implementing particular strategies. In addition, employees are motivated to work towards the achievement of the organization's desired goals by adopting visionary leadership which enables the creation of an environment that enhances learning.

To balance the many political and ethnic tendencies and direct them toward accomplishing the objectives, the leadership must possess certain talents. Employees should participate as much as they can in the creation of the plan and should be given the training, they need to develop the required abilities.

Given that successful implementation can only be accomplished through people, the entire field of staff management has to get the serious consideration it so richly merits. Organizations must place managers with a strategic mindset in positions of authority, and compensation and incentive programs should be centered on the approach while being mindful of the working environment and broader economy. Therefore, strategy managers are also required to be qualified in performance leadership. An organization needs to recruit the right people if they have to implement an organization’s strategy successfully (Khan et al., 2018).

People establish a culture of cooperation and commitment when organizational leadership promotes free and quick information flow because they can see where the organization is headed. When organizational culture and strategy are in line, individuals are more likely to fully accept the strategy, which lowers opposition throughout the implementation phase. The intended environment must start at the top, and if necessary, new hires that are not within the company should be accessed so that the firm can utilize their logical thinking to modify the culture and align it with the desired strategy. Therefore, it is crucial to influence corporate culture in favor of a plan for successful execution (Moeuf et al., 2020).

According to Migdadi (2021), communication must be distributed quickly both inside and outside the company to function effectively in the information age. The execution of strategies in an organization is acknowledged to be strengthened by ensuring that continuous communication is maintained, despite the information saturation that companies suffer nowadays. For remedial action to be implemented within an acceptable amount of time, companies ought to concentrate on more relevant information configurations that will offer progress reports.

It is important to note that a new strategy does not imply that it will fit a given structure in an organization. As a result, the firm's structure should always be created in a way that is consistent with the recently produced structure. Khan et al. (2018) explain the importance of organization aligning the organization’s operations with its strategies. He examines the role of certain factors such as the internal structures of an organization, the organization’s internal procedures, practices & policies, budget allocations, the organization’s internal atmosphere (beliefs, culture, or values), and the systems of incentives and rewards in the organization. Weiser et al. (2020), support this view in their study when they indicated that there must exist congruence between elements such as staff competencies, culture, procedures, resource allocation, and policies in an organization to enhance the success of a strategy.

Olson et al. (2018) indicate that the process of strategy implementation is an internal process that involves activities that are operations driven such as supervising, motivating, organizing, culture building, budgeting as well as leading to ensure that the strategy will be a success in the organization. In addition, Ul et al indicated that successful implementation of strategies must include key considerations such as the people who are responsible for the process of implementing the strategy. Thompson and Strickland (2019) noted that the cornerstone of implementing strategies in an organization is by developing an organization that can earn out the strategy in a successful way.

Implementation usually interferes with the status quo. As such, an organization to manage its implementation process to avoid the resistance that comes with employees. Strategy implementation is likely to face opposition from employees who want to maintain the status quo in the firm (Gunarathne & Lee, 2021). The value of any strategy, good or bad, can only be realized if the strategy is implemented and put into action. Some of the implementation challenges include bad organizational structures that do not fit the strategies. In addition, firms may suffer from bad cultures and reward systems that have negative impacts on the organization's ability to implement its strategies.

Businesses that operate in highly risky environments need to identify a strong because a lack of it would cause a business to fail. Jabbar and Hussein (2017), outline various strategic management functions involved in strategy, referring to strategic processes, including assessing or scanning the environment, formulating a strategy, implementation of strategy, control and monitoring of strategy process. Communication is key in every strategy process, workers at all levels must be engaged, with the best way to do it being by aligning an organizational structure with the overall strategy.

Strategy implementation involves the allocation of necessary resources through budgeting and assigning both human and non-human resources for the success of a strategy. Organizations must therefore design their power relations in such a way that employees at all levels of management have an input to avoid being isolated or feeling worthless. Feedback and constant communication across all levels to share knowledge and experiences during strategy implementation are crucial for strategy success.

Companies tend to appreciate strategies for their prospective contributions, which could involve reducing spending, enhancing profitability, boosting the quality of goods or services, and even raising profitability (Ayodele et al.,2020). However, companies face greater complexity and difficulty when it comes to putting ideas into practice. Indeed, the best strategy is meaningless if it is not properly executed, which makes good strategy implementation important for the survival of any business, whether public or private, in today's competitive climate (Mudany, et al.,2020).

The key concern from an internal perspective is adopting management strategies that will put more focus on the key areas involving the management of strategies. The peculiarity of Kenya's cement manufacturing business as the study's background resulted because those companies' recent performance has been uncertain. Thus, this paper sought to examine the impact of strategic implementation on organizational performance by focusing on cement manufacturing firms.

LITERATURE AND HYPOTHESIS

Fish Bone Model

Fish Bone Model Ishikawa and also referred to as the cause and effect diagram, is used in identifying and analyzing potential causes of a problem and the effect it has (Kamhawi, 2012). The model derives its name from its appearance as the fish Skelton, with the head depicting the problem or effect and the bones extending from the spine depicting the potential causes. The model argues that every problem has several causes to it, with the structure providing a framework for understanding the root causes to enable the provision of a solution to the problem (Kunc & Morecroft, 2007). The major causes of a problem are categorized into 6Ms, with the first M representing, manpower that includes the human resources aspects such as the skills and competencies of workers and the training. The second M represents the machinery such as the technology, equipment, and tools that are needed to do a particular job in this case strategy implementation, this branch examines whether particular machines have malfunctioned or certain technology is outdated (Nurlaili, et al., 2019). The third M represents the methods or the procedures required to attain a particular task, examination of workflows and methodologies helps in identifying the limitations to a problem solution. The fourth m represents the materials or resources that are required in strategy implementation with either internal resources or external resources limiting a solution to a problem such as low-quality raw materials from suppliers or insufficiencies (Rahman, 2021). The fifth M is the measurement which refers to the metrics related to the data collection and data analytics aspects. Inaccurate measurements could lead to a challenge in the implementation of a strategy. The 6th M relates to the management aspect which addresses the organizational policies, and leadership styles that could have an impact on the problem by limiting its achievement (Toha, et al., 2020). Overall the model seeks to identify the problem and offer a solution to each for defective task accomplishment which could be strategy implementation.

Empirical Literature

Joseph and Gaba (2020), conducted a study on the effect of organizational structure as a driver of strategy implementation among food manufacturing companies in Italy. The study was a descriptive survey and applied descriptive and inferential methods to analyze data that was collected using survey questionnaires. The study revealed several types of organizational structures that include a simple structure where individuals are involved in the control of the organization and a typical structure that involves operations of small size. A functional structure involves the control of a Chief Executive Officer where the prime activity is centralized in departments such as finance. A matrix structure is usually adopted by large organizations and involves the combination of divisional, functional, and geographic structures. A geographical organizational structure involves a functional structure that is usually at the headquarters and geographical managers that are located in different areas where the organization is located. A divisional structure also known as a strategic business unit structure involves a small level of autonomy, however, each unit reports to the organizational office. A team-based structure cuts across functions while a structure that is based on projects is formed and dissolved upon completion of given projects. The study finally revealed that different organizational structures had different positive and significant influences on the strategy implementation and ultimately performance of an organization.

Chandler (1969) focused on researching the relationship between a structure of an organization and the implementation of strategies and indicated that a structure should be designed in a way that is responsive to the strategic needs. Pretorius et al. (2018), further indicated that the best structure is the simplest one that will get the job of implementation done. Key activities are needed in the structural design of an organization to have the desired results. The study further indicated that adopting a new strategy can reduce the performance of an organization due to the new problems in administration associated with the strategy. As such, organizations are forced to adopt a structure that is aligned with the strategy to ensure that the execution of the strategy is successful. However, many organizations are nowadays faced with strategy-structure misfits since they go ahead with implementing a strategy without first assessing the capability of the current structure. In addition, challenges in strategy controls have been on the rise due to the incorporation of information technology into the traditional structure of the organization. This has also brought about challenges in the relationship between employees and managers in an organization.

Hypothesis: *Organizational Structure Does Not Have A Significant Influence on The Performance of Cement Manufacturing Companies in Kenya*.

DATA AND METHODS

Research Design: A descriptive design was adopted for this study which is used in describing the research variables through a set of procedures and methods.

Target population: 209 senior managers in five major cement manufacturing companies operating in Kenya. The senior managers were the unit of observation, while the five cement manufacturing firms were the unit of analysis.

Sample Design and Sampling Procedure: The study sampled 137 respondents. Sampling was determined through the Taro Yamane formula. The Taro Yamane formula is shown as follows: n= $N/1 + N\ (e2)$ ....…………………………………………………………………... equation (i)
Where n is the sample size for the study after using the probabilistic formula, n is the entire population of the respondents, and e is the margin of error in the sampling formula. Therefore, the implementation of the formula to arrive at the sample size of 137 was as follows, considering a margin of error of 5%. 137= 209/1+209(0.05*0.05).

Data Collection Instruments: The study applied questionnaires to collect primary data. primary data collection tools through in-person/physical administration of questionnaires.

Data Processing and Analysis: Data analysis was conducted through descriptive and inferential analysis. Descriptive analysis was conducted through: frequencies, mean, percentages, standard deviation, and frequencies, whereas Inferential analysis was through a simple linear regression model which is given as follows:
$Y = \beta_0 + \beta_1X_1 + \epsilon$…………………………………………………………………... equation (ii)
Where: Y = organizational performance; X_1 = Organization structure, $\beta1$, is the coefficient of determination; and ε is the error term.

FINDINGS AND DISCUSSIONS

Response Rate: The researcher distributed 137 questionnaires across various departments of all the Cement Manufacturing companies selected. Out of the distributed questionnaires, duly filled questionnaires from 111 respondents were successfully collected. The response rate was 81% which is within the Kartono and Rusilowati (2019) recommendation where rates above 50% are argued academically and statistically enough to meet the study's universal standards.

Descriptive Statistics on Organization Structure

Table 1 indicates that the respondents agreed that how different activities of a firm are organized to achieve efficiency and effectiveness defines the firm's structure (Mean=3.02), the participants acknowledged that the organization structure should be developed in a way that addresses the Strategy needs (mean=4.01), the respondents also agreed that as a result of technology use, traditional ways through which organizations are structured has greatly being affected, which has also resulted in the creation of new bottlenecks on how managers manage organizations as well as how communication takes place. (mean=3.10), furthermore, respondents agreed that Firms are forced to shift their structure to one that can address the Strategy needs to promote improvements in the execution of strategies (mean=3.02). Chandler (1969), was also in agreement when he investigated the link between organizational structure and functionality and acknowledged that organizational structure together with the implementation of strategies should be designed in a way that is responsive to the strategic needs.

Table 1: Descriptive Statistics on Organizational Structure

Statement	Mean	Std.Dev
How different activities of a firm are organized to achieve efficiency and effectiveness defines the firm's structure	3.02	0.29
The organization structure should be developed in a way that addresses the Strategy needs	4.01	0.26
As a result of technology use, traditional ways through which organizations are structured have greatly been affected, which has also resulted in the creation of new bottlenecks in how managers manage organizations as well as how communication takes place.	3.13	0.20
Firms are forced to shift their structure to one that can address the strategy needs to promote improvements in the execution of strategies	3.02	0.21

Descriptive Statistics on Organizational Performance

Table 2 shows that respondents agreed that financial status has improved in terms of reduced cost of production and maintenance cost, Improved revenue collection (Mean=4.23), participants agreed that there is an improvement in the internal processes in all units in the organization (Mean=3.35), respondents also agreed that There is improved customer relations and service (Mean=4.31), respondents further agreed that there is a better track of learning and growth in the organization (Mean=4.15). Similar observations were given by Ajripour et al. (2019), who posited that the firm's organizational performance is a fundamental economic position of a well-established corporation which is represented by the ability of an organization to offer services and products that are of high quality.

Table 2: Descriptive Statistics on Organizational Performance

Statement	Mean	Std. Dev
Financial status has improved in terms of reduced cost of production and maintenance cost, Improved revenue collection	4.23	0.286
There is an improvement in the internal processes in all units of the organization	3.35	0.25
There are improved customer relations and service	4.31	0.32
There is a better track of learning and growth in the organization	4.15	0.267

Regression Analysis

Table 3 revealed an R-square of 0.318, which implied that 31.8% of the change in the organizational performance of cement manufacturing companies in Nairobi County was explained by the organizational structure of the cement manufacturing companies in Kenya. Results of the analysis of variance also indicated an F-ratio of 52.239, which was associated with a p-value of 0.001, indicating that the overall model was significant in predicting performance because the observed p-value of 0.001 was lower than the chosen significance level of 0.05. Besides, the table revealed a β of 0.716, t=7.228, and a p-value of 0.001, which implied that organizational structure had a positive and significant influence on the performance of cement manufacturing companies in Kenya. Pretorius et al. (2018), agreed with the study findings when the scholars argued that the best structure is the simplest one that will get the job of implementation done. Key activities are needed in the structural design of an organization to have the desired results.

Table 3: Regression analysis

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.569[a]	.324	.318	.45091

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	10.621	1	10.621	52.239	.000[b]
	Residual	22.162	109	.203		
	Total	**32.783**	**110**			

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	1.197	.430		2.780	.006
	Organizational Structure	.716	.099	.569	7.228	.000

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant, Organizational Structure

CONCLUSIONS AND RECOMMENDATIONS

The study concluded that organizational structure had a positive and significant influence on the performance of cement manufacturing, therefore the null hypothesis was rejected. The choice of an organizational structure had a significant impact on the performance of an organization. An alignment of an organizational structure with the overall strategy of an organization is important in realizing better performance among cement manufacturing companies.

The study recommends that cement manufacturing companies come up with favorable organizational structures that align with the strategy being implemented to improve their performance. Favorable organization structures encourage employees to work harder and also build customers' confidence and relations. Therefore, organizations should have structures that promote feedback, open communication, and transparency.

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