

**FUNCTIONAL LEVEL STRATEGIES AND THE EFFECTIVENESS
OF SAAPE LTD**

BY

JACKLINE WANJIRA NGURE

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THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
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DECLARATION

This research proposal is my original work and has not been presented for the purpose of a degree course in any university or college.

Date..... Sign.....

JACKLINE WANJIRA NGURE

D61/68329/2013

This research proposal has been submitted for presentation with the approval of university supervisor.

Date..... Sign.....

DR. JEREMIAH KAGWE

School of Business

University of Nairobi

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DEDICATION

The research study is highly dedicated to my dad Mr. Julius Ngure and my mother Mrs. Mary Ngure for their constant support and encouragement throughout the period of my studies.

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ABBREVIATIONS

H.R.M	Human Resource Management
I.C.T	Information Centre Technology
K.P.L.C	Kenya Power & Lighting Company
O.E	Organizational Effectiveness
R&D	Research and Development
R.B.V	Resource Based View
S.B.U	Strategic Business Unit
S.C.A	Sustained Competitive Advantage
U.S.D	United States Dollar
V.A.T	Value Added Tax
WI-FI	Wireless Fidelity

ABSTRACT

The aim of this study was to find out the functional level strategies and the factors that influence the efficiency of functional level strategies at Saape Ltd. Functional level strategies centers on the development and coordination of resources through which business level strategies can be accomplished effectively and efficiently, and thus a very important aspect of creating an effective organization. Most organizational decisions are implemented at the functional level in an organization and thus when an organization fails to define the functional levels and the role played by each function, then it compromises on the effectiveness of the organization as a whole.

The characteristics of most restaurants in Kenya today is that the functional levels are not defined. There is an overlap of activities and roles performed at the functional level. Thus the first part of this study bring out the importance of having these functional level clearly defined and the roles that top management have in making sure that this is done. The various functional levels studied are the finance function, marketing function, the human resource function and lastly, the operational function. The second part outlines the factors that influence the efficiency of the above stated functional level strategies, and those discussed in this study includes; organizational structure, strategic leadership and organizational culture.

This research had two objectives. The first one was to identify functional level strategies used by Saape Ltd and the second, to investigate the factors that influence the efficiency of functional level strategies. The researcher used a case study research design through the use of an interview guide as the data collection tool. The data was analyzed through a

report that was compiled after carrying out the interviews on the branch managers and the director of Saape Ltd. The study established that marketing function, finance function, the human resource function and the operational function were functional levels in Saape Ltd that used different strategies, like advertisement, pricing, management of cash flow, etc to enhance the overall effectiveness of the organization. Further, the study established that organizational structure, strategic leadership and organizational culture were factors that influenced the efficiency of the functional level strategies.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

In this chapter, the researcher is going to talk about the background of the study, the concept of functional strategy, concept of effectiveness, statement of the problem, rationale of the study, scope of the study, the objective of the study and the value of the study.

1.1 Background of the study

The functional level is where the organization's worth creation activities truly occur, according to all the methods and objectives simplified and cascaded from the company level and also the business level. Functional level methods are involved with the actions, approaches, and practices to be used in managing specific functions or business processes or key activities inside a business (Thompson et al, 2008). Inside every strategic business unit (SBU) of the corporate level measure specific operational functions like promotion, human resource, finance, data technology, production, and others, tasked with implementing the business level methods through every function's operational methods that square measure directly aligned and strategically coherent with the business level methods. In line with Schermerhorn et al. (2004), functional level methods focuses on the event and coordination of resources through that business level methods will be dead effectively and expeditiously, and so a awfully vital facet of making a good organization.

This study is supported on 2 theories; the contingency theory and also the resource based theory. Contingency theory is Associate in nursing approach to the study of structure behavior during which explanations square measure given on however contingent factors like technology, culture and also the external surroundings influence the planning and performance of organizations (Skivington & Amp; wacky 1991). The resource-based theory explains that an organizational valuable resources and the ability of the organization to perform superiorly in the market are the key drivers to achieving competitive advantage. (Barney 1986 and Metropolis, 2003). According to Barney, (1991) there exists a link between firm resources and unrelenting competitive advantage. This comes from the fact that strategic resources are uniformly distributed throughout the organization. They possess the characteristics of being unique and capable of being stable overtime.

The tourism industry is one of the most important sector of the Kenyan economy. Saape Limited is one of the contributor of this sector and represents the restaurant subsection of this industry. The organizational structure of this company is well formulated unlike many others within Nairobi. The group has continued to conduct ICT initiatives, HRM practices and activities aimed at giving back to the society which have complemented the various business strategies to ensure a positive impact on product standards and thus contributed to achieving the overall business objectives. Contingency factors such as leadership, the organizational culture, people and the structure are major aspects that the company has adopted, and are also considered for any organization that wants to be competitive (Thompson, Stickland& Gamble, 2010). As such firms need to adopt

competitive strategies that ensure that they have competitive advantage within the industry.

1.1.1 Functional Level Strategy

The operating divisions and departments in an organization represents the functional levels. The functional units in an organization include; marketing, finance, HR, and R&D functions. These units are involved in making sure that the development and coordination of resources through corporate and business level unit strategies are executed efficiently and effectively (Lehner 2004).

The aim of developing the functional level strategies is in order to support the business level strategies as well as the corporate (Pearce & Robinson 2007). This is basically saying that functional level strategies represents an array of decisions in the various functional areas of an organization that typically supports the decisions of the business level strategies. In other words, functional strategy is the word mainly used by a business area for realizing the goals and strategies of an organization through the optimal maximization of all the resources. The general observation is that the documentation of functional strategies largely depends on the size of the organization. (White 1986).

From the functional level of an organization, the marketing managers are responsible for making decisions about product awareness, what form of advertising strategies to use, and basically interacting with the customers to make sure that the products and services

are out there. The human resources managers are assigned with the role of making sure that all decisions relating to workforce management, compensation, employment policies and other personnel aspects of the organization are taken care of. The financial and accounting managers are tasked with making decisions with regards to where the organization will source its financial supply from, resource allocation, carrying out the day to day accounting operations like book keeping and maintaining the structure of internal auditing. The production functional strategies are related to the general production system in an organization, operational planning and control, and research and development (R&D). The aspects that determine the nature of operational plans and policies set mainly involve a system concerned with the manufacturing and supply, and operations system objectives, which are related to customer satisfaction and resource utilization and deployment, (Alexander 1985).

1.1.2 Organizational Effectiveness

Organizational effectiveness (OE) is a word used nearly exclusively to aid researchers. It is less broadly used in texts for any nonprofit manager or practitioner. O.E is a phrase that was first used in organizational behavior idea in the nineteen fifties. It was then is described as a technique of “fulfilling goals without incapacitating (a business enterprise’s) operations” (Ghorpade 1971). Amongst researchers in control, O.E is characterized as “defining desires, referring to sources, and figuring out if the goals have been reached” (Anthony & Herzinger 1980). Efforts to define the ideas of management and effectiveness within the nonprofit organization are inspired via varying views on what constitutes the nonprofit area and what makes it wonderful.

In the nineteen eighties, organizational effectiveness became more prominent and switched to be an idea from the reputation of a construct (Henry, 2011). This idea was associated with issues consisting of the capability of an employer to get right of entry to, and absorb assets and consequently gain its goals (Foreman & Argenti, 2005). As Govindarajan (1989) said, a unit that is from my part ineffective in phrases of cooperation with the rest of the company is doomed to failure. Cameron (1978) mentioned that organizational effectiveness is the proficiency of the corporation at gaining access to the critical sources. However, Mccann (2004) stated it as the criterion of the organization to hit an achievement in their purposes through core techniques.

Vinitwatanakhun's (1998) study suggested that organizational effectiveness ought to focus on the personnel and the organization in large. The study illustrated that this was done to assist the people to gain skills and boost their self-esteem so that they can adapt to the new environment and gain the control needed to acquire security and support. Despite the fact that managers are willing to improve their effectiveness, they ought to first see themselves as scientists who are capable of creating things and ideas. They also have to solve the day to day organizational problems and ensure that the systems are effective. There lacks a standard or a single model that can rightfully define organizational effectiveness that encompasses all the organizations. As such, the leadership, structure and culture are some of the measures of an organizational effectiveness.

1.1.3 Hotel and Catering Industry in Kenya.

As an economical productive activity, hotel and catering industry is a very important economic sector both in Kenya and the rest of the world. This is because the hotel and catering deals with hospitality and service, quite different from the manufacturing or agriculture industry whereby the consumption of the product is at the point of production. Thus, its configuration is very complex and can change very easily. It is also subject to seasonal oscillations and numerous external features, such as variations in foreign exchange rates, well-being and security concerns, and appalling events. It is perishable, competes in a global market place, and is subject to consumer trends. The complexity of the Hotel and catering is that most people experience it, yet only a few fully understand this sector (Tourism Market Report, 2016).

It was indeed clear that in 2009, Hotel and catering sector in E.A saw some improvements in its general operations when compared to the year 2008. This was because of the after election skirmishes in Kenya that had a very adverse economic impact stretched to the neighboring countries of Tanzania and Zanzibar. The year 2009 began with a series of problems including a major economic meltdown that resulted in a very negative tourism trend internationally and in the hotel and catering. Positive signs within the industry and the economy in large were only witnessed on the third quarter of the year 2009. The demand for traditional safaris and the popular beach holidays both from local tourist and international drastically went up. Five years later in the year 2014, strategies aimed at promoting the tourism, hotel and catering sector were implemented by the government. This impacted positively on the industry at large. The government made this move in reaction to the declining trend in the performance of the industry. Some of the strategies taken to improve the performance in this sector included letting all

corporate and business units to pay holiday expenditures for their employees who desired to go for holidays in the country and subtract such costs from their organization levies. Through this measure, Kenyans had a chance to go for holidays at the expense of their employers thus positively impacting the hotel and catering sector. (Tourism Market Report, 2010).

It was not until the year 1994 that the Kenya Association of Hotelkeepers and Caterers (KAHC) was founded, with the aim of pooling together major organizations within the hospitality industry. They include hotels, lodges, casinos, camps, membership clubs, and airline caterers, Pubs, Entertainment and Restaurants Association of Kenya. The sector is a major contributor to the general economy of the country. This means that it has a direct impact, whether negative or positive, and can be easily felt in relation to the overall output of the country. The gross domestic product contribution of this sector to the economy is both from direct and indirect activities. The GDP was KSh561.8bn in 2014, which was a major increase from KSh462.8bn in 2013. The sector's share of GDP has fallen from 12.1% to 10.5 % in comparison to the year 2013 to 2014 and from 2014 to 2015 respectively (Economic Impact Report 2015).

1.1.4 Saape Group of Restaurants

Saape restaurant started its operations in the year 2007. The name Saape came from the acronyms of the family members of the directors who are; Samantha, Angela, Agnes, Peter and Emily, with the spouses being Peter and Emily who are the active directors. The company then had only one branch, the Koinange street branch. The annual profit by then was 24 million (Financial reports, 2008). It was only until five years down the line that the directors decided of opening a second branch.

It was in the year 2013 that the second branch came to birth. The location of the second branch was very strategic as it is based within the then newly erected Thika Road Mall, along the busy superhighway. The opening of the second branch boosted the income of the company as it sky rocketed from 24 million annual profits to double of that. Two years later another branch was born located at the heart of Lavington within the just newly built Lavington Mall. The company has seventy four employees.

The organization has four major departments which are; accounts, service, kitchen and the human resource department. The first three departments had been there since the conception of the first branch. Coming up with a human resource department was as a result of the implementation of a strategic plan that was formulated five years ago. This strategic move was very helpful to the organization, as major procedures and processes were formulated as well as managed to reduce the rates of employee turnovers that were seen in the past. The company is doing very well with fully automated business processes. The expansion strategy has highly benefited the organization in terms of the annual returns and the employment it has offered to the citizens of this country.

Another strategic move was the nomination of a group's accountant. The role of the accountant is to offer oversight of the accounts department within the three branches. This has resulted to unified processes and the way things are being done. Having weekly management meetings with all the departmental heads is another role that the functional level team does. In future, the organization plans to increase its revenues through human resource capitalization and starting up of new branches within Nairobi and its environs.

The main reason why the organization was chosen is due to the fact that it represents the competitive elements in the hospitality industry, has high number of respondents willing to carry out the research, and also because after a thorough survey, the researcher found out that it has a well formulated organizational structure.

1.2 Research problem

The fact that management is sensitive to the context in which strategies are being formulated, one cannot assume or conclude that the benefits of functional level strategy are similar across various industries, unless backed by empirical evidence through research findings, hence the fundamental basis for this study. The studies conducted have failed to link functional level strategies to the overall organizational effectiveness. The results of this research will no doubt provide essential information on this area, especially for Saape Limited. Despite the fact that this organization has a well-structured organizational structure, functional level is often overlooked when it comes to formulation of strategic decisions.

Saape Ltd has been going through some difficulties which resulted to different problems. There has been outrageously high employee turnover rate reaching almost 60% especially in the new branches and absenteeism which is running close to 30% monthly. The result is low productivity and morale to the general population in the organization. The other difficulty was lack of uniformity in the procedures and processes. This was high especially before the group accountant was employed. Another problem is that despite having a well formulated organization structure, some roles still overlap each other, thus

there is a need to divide the roles within the departments. The hotel and restaurant sector is very competitive, characterized with many players within the same market.

Several studies have been done on the area of organizational effectiveness and functional strategy relationships. Mutua (2012) in her study of functional strategy and effectiveness at Barclays Bank of Kenya found out that functional strategies led to changes in the organization and the conclusion was that there was a relationship between functional strategy and effectiveness at Barclays Bank of Kenya. Ciano (2006) in his study of KPLC found out that there was a relationship between functional strategy and effectiveness. Koyio (1999) did a study of effectiveness and functional strategy relationship in pharmaceutical companies and found out that there was a relationship and that functional strategy and effectiveness reciprocated each other. Muthoka (2008) also did a survey of structure and strategy relationship in multinational banks operating in Kenya while Kioko (2009) did a study of manager's perception of strategy and structure at Nairobi Bottlers Company and the findings were that there was a relationship between the two.

From the studies mentioned above, it is quite evident that nobody has tried to study the relationship between functional strategy and the effectiveness in the tourism hospitality industry. This research therefore sought to investigate this relationship at Saape Ltd. The study will thus be guided by the following question. Does functional level strategy affect the effectiveness of Saape Ltd?

1.3 Research Objectives

This study has the resulting objectives

- i. To identify functional level strategies used by Saape Ltd.

- ii. To establish the factors that influence the efficiency of functional level strategies.

1.4 Value of the Study

The outcomes of this study will be of great benefit to the hotel and tourism sector in Kenya, and especially Saape Ltd. This is because the organization will have answers to some of their problems.

The study will provide information to future scholars and researchers who might want to further research on this area. This is because a copy of the findings will be given to selected firms and used as reference copies.

As a result of this research, the employer will be able to correct on some of the areas in question that needs attention. He will be able to improvise new ways of doing things which will lead to the realization of the overall objectives of the organization.

The findings of the study will enable the employees engage more to the operations of the organization, and the result will high rates of employee retention and low rates of absenteeism hence higher productivity.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviews the existing literature on the effect of functional level strategies on the effectiveness of Saape Ltd. In specific, the chapter will review the theoretical review of the contingency theory and resource based view theory and the factors affecting the effectiveness of functional level strategies.

2.2 Theoretical Background

This part discusses the two theories on which this study is founded. The two are the contingency theory and the resource based theory.

2.2.1 Contingency Theory

It was not until the 1950s that the research on contingency factors was first discovered in various fields of science. Various studies were conducted in the field of sociology and found out that there exists many forms of organization bureaucracy which could not be

fully analyzed by Weber's bureaucracy theory. This was what triggered the development of the contingency theory. It was only in 1950s, that a new belief became broadly acknowledged in the management literature stating that absence of the existence of common principles. This intangible alteration was also shown by copious management related sociological studies (Kieser, 1995).

There were many previous concepts of social science that were developed Taylor, Fayol and Weber. Contingency theory was developed to improve on these theories. As analyzed from the previous concepts, they all had their different limitations. Contingency theory thus described new recommendations that arose from these limitations that appeared more effective (Dobák–Antal, 2010). Contingency theory proved that under different situations, different solutions may prove effective in an organizational set up. Unlike the previous theories, it was able to explain that not all organizations use similar management principles but rather, different organizations deploy different methods of management depending with the circumstance at hand at that particular time. For example the theory tries to demonstrate that different circumstances require different organizational structures (Bantel, 1997).

Dobák–Antal (2010) first used the concept of contingency theory while analyzing the opportunity for strategic choice to analyze the relevance of this theory. The term contingency theory which was first mentioned in the year 1967 in the writings of Lawrence and Lorsch. They defined in in the context of organizational structure. Unluckily, the precise date of the concept's origination is unfamiliar (Donaldson, 2001). The contingency approach of management holds firmly to the notion that there is no one perfect way that an organization can be managed and become effective. All the

management principles deployed such as planning, organizing, leading and controlling must be customized according to the specific situation tackled by an organization.

Managers have always asked numerous queries for example "What is the right thing to do? Does an organization need to poses a automatous or an organic structure? Should we have a functional or divisional structure? Widespread or narrow spans of management? Tall or flat organizational structures? Simple or complex control and coordination mechanisms? Should we be centralized or decentralized? What kind of leadership style is ideal? Is it task or people oriented leadership styles? What employee satisfaction mechanisms should we deploy?" Summarily, the contingency approach to management is also called the situational approach because assumes that there is no one worldwide response to the above problems since organizations, individuals, and conditions are not constant at any one time. Thus, the most appropriate approach is dependent on a multifaceted variety of perilous environmental and in-house factors. (Dalton, 1998).

2.2.2 Resource-Based View Theory

First of all, we tend to focus our thoughtfulness on the initial RBV in the traditional strategic management field. The original resource-based theory claimed that competitive advantages of a firm stemmed from specific resources and proficiencies controlled by the firm. Some researchers viewed capabilities as that unique of significant firm resources, and others distinguished the capabilities from the resources by pinpointing capabilities branched from the resources held by the firm. The aspect of accomplishing tasks or activities within the organization clearly defines capabilities. (Grant 1991). Although all of the researchers consented that a firm could review its potential of competitive

advantages by ways of recognizing its internal resources and capabilities and choosing an appropriate strategy to moderate resource gaps (Grant 1991).

Various organizations are usually faced with a major challenge as they try to identify and review their resources. The RBV theory enables them to identify such resources by reviewing and classifying them according to their potential of having competitive advantage. The major classification of resources was first done by Barney (1991) and Grant (1991). They were able to classify resources into six major categories which were: financial, physicals, human, technological resources, status, and organizational resources. They describe these resources as precious, scarce and durable, which meant that they ought to be protected against duplication, change or imitation. They were thus described as capable of gaining sustained competitive advantage (SCA).

Resource based view theory is very applicable when analyzing the effectiveness of an organization. This is because, a strategic leader will be in position to easily link resources to the functional levels of an organization thus can forecast on the long-term benefits accrued by these resources. On the other hand, leaders who are not strategic will only view resources as they appear, e.g. in terms of people, tangibles, or intangibles; or seeing one type of capital where others only see another type of capital. Such leaders will never be in a position to see the bigger picture. This theory also states that strategic leaders have the powers of making sure that the firm has access to and develops its resources so that it can effectively and efficiently make use of them. This may involve working in conjunction with other players of the industry and exchanging resources with them. To add on this, organizations need to know which resources to keep, and which ones to dispose. This only explains that appropriate retention and removal strategies are also

required by every organization. To gain competitive advantage, firms should understand that they ought to change their resources into products or services that are valued by their competitors. Functional level management opt to make key decisions to make sure that the resources available are competitive.

2.3 Factors Influencing the Efficiency of Functional Level Strategies

The functional level units in an organization includes among others, R&D, marketing, production, HR department and accounts and finance department. Each of these functional levels should work towards making sure that they have tapped and developed the resources necessary that can be transformed into competitive advantage for the firm as a whole.

As a result the factors below are important in making sure that the organization attains maximum efficiency.

2.3.1 Strategic Leadership

The concept of strategic leadership is defined as the capacity to expect, avoid and to authorize others to be catalysts of strategic conversion within an organization. Being complex and multifaceted, strategic leadership ensures that the aspect of managing others through delegation of tasks is achieved. That is making things done through the people within the organization (Higgins 2007). Strategic leadership also involves being able to analyze both the internal and external business environment and being able to tap the necessary resources needed to steer the organization to the next level. The aspect of being able to take advantage of the global trends and changes and incorporating these into the daily business operations, is a major attribute of strategic leadership (Heide 2002).

When linking strategic leadership to functional level strategies, we can easily say that the lack of a strategic leader at the lower level of the organization can result to the misuse of organizational resources. This is because such leaders are responsible for making sure that all the processes and people within the firm have a common goal of achieving the objectives of the organization. They work hard to ensure that the resources needed are available and also working through others to convert them to products or services that are competitive in nature. Additionally, strategic leadership at the functional level should be efficient enough in terms of skills, knowledge and abilities so as to steer the entire organization into greater heights (Foyd, 1997).

2.3.2 Organizational Structure

Organizational structure was defined by Thompson, (1967) as a series of internal relationships, power through authority and communication within an organization. Another definition is by Thompson, (1967) who states that it's a representation of authority, communications and relationships. Roughly three hundred years later Barney & Griffin (1992) and Bartol & Martin (1994) describe it as a simple framework of positions, a cluster of positions, reporting relations and contact patterns adopted by any organization to realize its goals and objectives. It is evidence that still scholars saw the importance of having this formal structure concept.

Having a good structure enables the organization to have a consistent way of doing things, and making sure that the lower level managers have a say in the key

organizational decisions. According to Hofer (1978), functional resources derives their importance and strengths on the ability of the organization to effectively organize the utilization of those resources, thus it is a vital component of functional-level strategy. Different organizations have different structures, hence we cannot point out one structure and assume that it is the best for all organizations. It is important for organizations to create an internal organizational structure like R&D, HR, marketing etc. that are precisely suited to their resources like people, technology, equipment and plant to the functional domain in which it operates.

2.3.3 Organizational Culture

Different researchers have used various terms to describe organization culture. Likewise, many definitions have been used to explain organizational culture. Many authors have characterized this concept as something that is involved with the people within an organization and the way they behave or do things in their own uniqueness (Kilman et al; 1985). Organizational culture is often used interchangeably with the word corporate culture whereby the latter is used to refer to a more commercialized concept (Dooley & Judge, 2000).

Linking organizational culture to functional level strategy or rather culture as a functional level strategy, we see than an organization that has a well-grounded culture is unique. This is because it becomes almost impossible for one to duplicate or imitate the values and norms as they are. Unlike others like organizational structure, compensation and remuneration plans that can be easily imitated by competitors, culture cannot due to its intangible nature. Same results cannot be achieved by simply replicating the cultural norms of an organization (McCann2004).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The subsequent chapter gives a brief description of the research methodology that will be used in conducting the research study. The sections outlined in the chapter includes; research design, data collection, and data analysis.

3.2 Research Design

Research design is defined by De Vaus, (2001) as the general strategy that one chooses to join a variety of components of a study in a logical and coherent way, thus making sure that one effectively tackles the research problem. This research adopted a descriptive case study research method through reports of past studies. The use of reports was very convenient because it allowed for the investigation and comprehension of intricate issues. Descriptive research tries to explore the cause of a particular event or situations (Singleton et al, 1993).

3.3 Data Collection

This section deals with data collection methodologies used to find information sources and gather information for assessment Cooper & Schindler (2006). Primary data was used for this study whereby the researcher collected the data personally and specifically for this research assignment. Primary data represents information that one must gather

because no such data has been compiled or published in a platform that is accessible to the public. The reason that the researcher preferred this method of data collection was because the data collected is up to date and also because it can better give an accurate view to the researcher regarding the concerned research topic. Another advantage of the use of primary data is gathered by interested and reliable parties hence the reliability of primary data is very high

The researcher used an interview guide as the data collection instrument. The qualitative research interview attempts to define the significances of central themes in the real world of the subjects. The main concern and task in the interviewing process is to make sure that one understands very well what the interviewees are saying (Kvale, 1996). It is a qualitative research method that comprises of carrying out intensive individual interviews using few respondents in order to discover their views on a specific idea. The interview guide will be structured with open ended questions covering issues on factors affecting the effectiveness of functional level strategies.

The interviewees were the managers of the three branches. These are the departmental heads who are responsible for formulating functional strategies, and making sure that the strategies are implemented. The director will also be interviewed because key decisions cannot be implemented without his awareness.

3.4 Data Analysis

Data analysis involves evaluating the data collected using analytical tools and using logical reasoning to study every aspect of the data provided to for a finding or a deduction Cooper & Schindler (2003). Common themes begin to come out as the

researcher works on the descriptive data. The data analysis phase simply comprises of total involvement for as long as it is required in order to guarantee both a pure and a detailed description of the occurrence. The researcher used qualitative content data analysis method. This involves reading the statements of the interviewees through the systematic organization of the information, and make a report of the findings. Various processes such as coding, categorizing and logical analysis of a phenomenon are used in quantitative data analysis.

CHAPTER FOUR

DATA ANALYSIS FINDINGS AND DISCUSSIONS

4.1 Introduction

The purpose of this study is to establish the role of functional level strategies and the effectiveness of Saape group of Restaurants. The study has two objectives which are; to determine the effect of functional level strategies on the effectiveness Saape Ltd, and to establish the factors that influence the effectiveness of functional level strategies. Data was successfully gathered from three branch managers and the director of Saape Ltd through interview guides. This is an indication that the study managed to achieve a 100% response rate as far as data collection exercise is concerned.

4.2 Background information on the Interviewees

The following was the background information provided by the interviewees: Two of the interviewees are branch accountants with seven and three years of experience in the same organization respectively. The other interviewee is the director who has run the organization since its inception, nine years ago. The last one is the group human resource

manager who has been with the organization for two years, and four years experience in accounts from her formal employment.

4.3 Functional Level Strategies

This section discusses the findings of the various functional levels strategies adopted by Saape Ltd which are, marketing function, finance function, the operational function and lastly the human resource function.

4.3.1 Marketing Function Strategies

The respondents believed that marketing was a very important functional strategy because without marketing an organization cannot be successful. The whole marketing canopy at Saape Ltd shields advertising, public relations, promotions and sales. The interviewees were able to define marketing as a process whereby an organizations goods and services are presented and by which a product or service is introduced and endorsed to probable customers. They believed that minus marketing, the organization may have good products and services that none of its customers will be aware of. The probability of making sales without marketing is very low thus this scenario may cause the organization to shut down. Thus marketing was viewed as a major organizational function.

The first marketing strategy used was advertising. The respondents strongly believed that for a business to be successful, a business highly depended on the aspect of product knowledge by its potential buyers. Marketing through advertisement enables the organization to be known and enables it to communicate directly to customers. Advertisement should be constantly used to keep on reminding the potential customers of the existence of the organization. The respondents believed that advertising plays a major role especially when it comes to make it aware to customers of the special offers on products. It gives the organization a chance of being discovered by potential customers, thus a very important element of marketing.

The other marketing strategy adopted by the group is proximity marketing also known as close range marketing (CRM). As the name suggests, this involves the use of Bluetooth technology or Wi-Fi to create product awareness to customers at close vicinity. At Saape Ltd this is done through the use of social Wi-Fi. The social Wi-Fi is very efficient because the organization has coverage over all the clients visiting the restaurants. The social Wi-Fi offers a very interactive platform where the company displays the menu to the clients and gets direct feedback from them. Thus once the products get on the sensor screen of our prospects, it surges the probabilities that our consumers will order for our products. Ever since this service was introduced the sales of the organization have had an upward trend. The wifi is free of charge, thus most customers visit our establishment.

The other marketing strategy used was pricing. The group found out that price was a marketing tool that could be altered very fast in relation to the market price changes. They saw that the price of a product may be perceived as a financial manifestation of the value of that product. The group also reported that in order for them to make any profits,

the prices of the products was a factor to consider. For example, if products are underpriced such that you cannot cover the average operational expenses, then the company may suffer a loss, and the reverse is true. Pricing was highly appreciated in that it determined whether the organization was going to retain and draw more clients through effective pricing strategies that were not being used by the competitors.

Branding was the other marketing strategy used by the organization. The interviewees strongly believed that the success of a company often lied on a solid character. The group felt that the name of the organization was as important as the business itself. They all strived into making sure that the name was recognized by a majority of those who visited the establishment. They made sure that the name was reputable to the public and that it was associated with the values that the organization stood for. The brand is directly related to the growth of an organization as such, as the business expands so does the level of sales. The interviewees reported that they were able to improve the reputation of the organization through implementing strategies such as giving back to the community, making sure that the communication both internally and externally was good, offering quality products and services through the marketing department.

4.3.2 Finance Function Strategies

The interviewees stated that financial function deals with the financial well-being of an organization. This department is tasked with the responsibility of providing financial reports, advising on and dealing with investment activities, and come up with strategies and ideas ideal for the realization financial goals. At Saape Ltd, the accounts and finance departments basically prepares financial statements, compiles and produces the business

activity reports, and predictions, monitor financial dealings to ensure they meet the legal requirements, supervise employees in the department who help them prepare financial reports and budgets, advice on cost reduction strategies through monitoring the company's financial reports. The department is also tasked with making sure that they understand the trends in the market so as to advice the organization in case of any opportunities thus helping the management make key financial decisions.

Another important role of the finance department is managing the cash flow of the organization. They do this by making sure that the organization stays afloat so that it is able to meet the day to day cash payments. The department is also responsible for managing credits and the collection policies for the credit suppliers. At Saape, this is effected by the availability of the petty cash float of a certain amount that caters for the ongoing needs of all cash transactions. When the petty cash runs out, it is the responsibility of this department to reimburse.

The other financial strategy adopted by this department is making sure that the entire team is updated on the progress of the organization. The financial managers ensures that it updates the team on the weekly, monthly, and annual sales and advices on the products that did well during the financial period and those that did not. This enables the employees to be aware of the stand of the organization, and thus make decisions about the areas to work on. This information becomes a very vital source for other departments especially when they are thinking of planning for staffing, expansion, purchases, and cash requirements before they even become necessary. In conclusion, this department provides vital information to the management about which resources to tap, when the organization

should engage in further expansion strategies, which markets to target and where to get funds from.

4.3.3 Operational Function Strategies

The interviewees linked operation strategies to the production that takes place in the kitchen department. This is because most of the production takes place in this department in the form of products it sells to its customers in form of food and beverages.

The major operational strategies adopted by Saape Ltd according to the interviewees includes cost reduction whereby they defined this as the ability to produce at low cost. This is enhanced by making sure that the prices of goods supplied are competitive and the reduction of wastages of the food production process. The other operation strategy adopted was the quality of production. This entailed the know how to produce an item perfectly as required with minimum or no errors. This was enhanced by making sure that there is standardization of procedures used in food production. To enhance the quality of production, they stated that the use of recipe books which are easily available in all the kitchens was a very good strategy. Also the chefs meet on a regular basis to upgrade the quality of food with regards to the ingredients used and the presentation of the food to the guests.

Speed was also another key operational strategy adopted by the organization in the operations department. The interviewees saw this as a major strategy and they defined it as the ability to produce the products faster and perfectly as per the customer's

specifications. This ensures that no time is wasted between producing one order to another, thus minimizing unnecessary delays and time wasting. This is achieved by offering training to waitresses and making sure that they have good product knowledge.

The other factor was the ability to deliver products and services exactly in the form that was promised to a customer, or per the customers' requests (e.g. as stated in the menus). Finally, the group felt that for efficiency to occur, flexibility in the operational process was a key factor. They saw this as the ability to change operations and customize them according to the customers' specifications. This was done through, the ability adjust the production volume, adjust the time taken for production and the ability to produce a mix of other products thus offering a variety through innovation and research, plus investing in high quality production tools.

4.3.4 Human Resource Function Strategies

The interviewees reported that the various HR function strategies revolved around the aspects of employee management, formulation of employment policies and procedures, making sure that the organization maintains a safe working environment for the employees, advising the organization on all legal aspects of employment including unfair labor practices and finally the training and development of the employees.

They also reported that this department enables the organization achieve its goals by making sure that the employees are highly motivated and have passion for the job. Sustaining a good relationship between the management and the entire workforce is also another role that this department does, plus managing the working shifts to ensure that no one is either over or under worked.

Finally, the group felt that the HR department plays a major role by contributing the other functional units by making sure that it recruits capable employees who have the right skills, knowledge and abilities required for achieving the objectives of these units. They also make sure that they offer a platform where all parties in the organization can communicate about various issues concerning them and the organization especially where there exists conflicts of any nature.

4.4 Factors that Influence the Efficiency of Functional Level Strategies

This section discusses the findings of the second objective which are the various factors that influence the efficiency of functional level strategies at Saape Limited. The factors discussed are organizational structure, strategic leadership and organizational culture/.

4.4.1 Effect of Organization Structure on the Efficiency of Functional-Level Strategies

The importance of organizational structure is in relation to the ability of the organization to coordinate the use of organizational resources and the effective deployment of these resources for the benefit of the overall organizational performance. The interviewees felt that the branch managers should work towards coming up or erecting organizational structures that allow the various departmental staff to coordinate their skills effectively for competitive advantage. The team linked functional resources to the ability of the organization to use these resources effectively with the knowledge of their scarcity and vitality.

They stated that the type of organizational structure used by Saape Ltd had the characteristics of being decentralized and flat, thus organic. The structure depended on coming up with various teams and using them to perform R&D activities. The advantage of this type of structure is that it allows the teams to maximally trigger the necessary change required to strategically cope with unseen future situations that may arise due to changes in the external environment like technological changes.

4.4.2 Effects of Strategic Leadership on the Efficiency of Functional Level Strategies

The interviewees saw that strategic leaders had the role of identifying valuable resources that had the potential of achieving competitive advantage. They are also responsible for formulating and implementing strategic plans to improve on the resources that do not poses this capabilities. The formulated plans ought to be realistic is that they can be used to measure specific performance and offer recommendations. They also have to be reliable and have the ability to be tracked over a period of time to ensure satisfactory progress is made with regards to making sure that they are improving and capable of being competitive.

The team reported that as leaders, they have the responsibility of not only surveying the internal business environment, but also external companies and compare themselves with them, while at the same time trying to analyze and tap best practices within the environment and apply them to manage their own departments and units throughout the organization. They should be in a position to pool together a number of best performing

organizations and understand how they gather, allocate and utilize their resources while at the same time assessing how they control their activities.

The team also reported that strategic leaders should be in a position to use the information gathered from their competitors to better plan their activities and coming up with better achievable objectives. They should also take the advantage of the financial resources available so that they can work towards being better than the competitors. Finally, strategic leaders should be very keen on analyzing the impact of the various functional units to the resources acquired, and the link between these resources and the organizational culture, structure and people. Before making a decision to either emulate the practices of the competitors or acquiring similar resources, the leaders should first monitor the capable impact that these actions might have.

4.4.3 Effect of Organizational Culture on the Efficiency of Functional-Level Strategies

The group felt that it was important to establish the proper culture within the functional department so that they can maintain an organization that is fully functional. Thus, organizational culture in the context of Saape Ltd was thought to be a collection of common values and norms used by the organizational people within the various functional units when dealing with each other within the organization and their external stakeholders. The team reported that culture was very important because of its uniqueness thus, it is what differentiates them from the competitors. Culture plays a very important role in defining the history of the organization thus it is very private and personal. Having a culture of good customer service skills, and making sure that the

customers have a wide range of choice for the meals, is what has made the company survive. The interviewees stated that for the organization culture to be upheld, it is the duty of every person to understand the norms of doing things right from the entry level.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings, conclusions and recommendations that resulted from this research. The objectives of the study were to identify the functional level strategies used by Saape Ltd, and to determine the factors that influence the effectiveness of functional level strategies at Saape Limited.

5.2 Summary of Findings

The study found that Saape Ltd uses the following functional levels; marketing, finance, operations and human resource functional levels. In the marketing function the following are the strategies; making sure that their products are known by potential buyers through advertisement. This creates awareness and increase in sales because without sales there is no growth. The branch managers also made sure that the company's name is reputable by creating a strong brand name throughout its branches and engaging in healthy competition through proper product pricing thus winning more customers. Finally the managers reported the use of proximity marketing strategy, whereby it involved the use

of social Wi-Fi to promote the products. They found this as a very good strategy because of the personal touch with the clients, it was very interactive and the Wi-Fi was free.

The following were the findings in the finance function; as a functional level strategy, the finance function ensures that financial statements are up to date, summarize and present reports of the business activities, making sure that the financial reports meets the legal requirement and comply, incharge of supervising and offering oversight to the finance department team, budgeting, advise on strategies to reduce loss and increase profits, and finally, advising on expansion, acquisition through the analysis of market trends.

The study also found out that the organization has a mix of operational strategies being carried out on a day to day basis such as, cost reduction, good quality products, speed in production, dependability of processes and procedures used in production and flexibility in operations.

In the HR function, the study found out that the HR function performs the following roles; compensation and remuneration, employee benefits, organizational safety, making sure the organization adheres to fair employment practices, training and development of employees, employee satisfaction, recruitment and selection of potential workforce and ensuring that the organization complies to the employment Act, 2007.

On the factors that influence factors influencing the efficiency of functional level strategies, the study found out the following; strategic leaders within the various departments coordinate how resources are being used at their functional areas, track performance and gather information from the competitors by identifying competitors' best practices and applying them in their functional units. In summary, the team saw that

all the functional units within the organization are directly linked and the activities inter-related. This is because a change in structure may distort the operations of the organization and so is the change in HR and operational practices. They found out that proper and intense communication has to be done before doing this to reduce the impact of the damage that may arise. The same applies to organizational culture. The branch managers interviewed felt that functional culture was important and potentially valuable for the success of the organization.

5.3 Conclusion

The conclusions of this research are drawn from its objective as stated in chapter one and the findings of the study as discussed in chapter four. In determining the effects of functional level strategies on the effectiveness of Saape Ltd, the study concludes that marketing, finance, operations and HR are functional units that drive the success of the organization. The research also concludes that the functional units of an organization play different and specific roles, without which the effectiveness of the organization as a whole cannot be achieved.

In establishing the factors that influence the efficiency of functional level strategies, the research concludes that strategic leadership is a major factor because the functional leaders are the ones that ensure that the resources and activities in an organization are well coordinated. It also concludes that organizational structure directly relates to functional level strategies in the sense that's any structural changes or modifications directly affects the flow of information and interaction amongst employees within the organization. It also concludes that organizational culture is very important as it dictates

the values and norms of the overall organization, thus directing all toward one common goal of achieving the set objectives of the organization.

5.4 Recommendations

The following recommendations are offered for related research in the area of functional level strategies and the effectiveness of an organization.

5.4.1 Recommendations for Policy Members and Practitioners

The following recommendations are offered for practitioners in the field of functional level strategies. It is recommended that functional level practitioners such as departmental managers and branch managers use this information as a basis for formulating and evaluating the performance of the functional units in the organization.

5.4.2 Recommendations for Further Studies

Although this particular study has established that functional level strategies enhance the effectiveness of Saape Ltd, it is important that a wider study be done to encompass other restaurants operating in Kenya, so as to find out whether the results generated in this study uniquely apply to Saape Ltd or whether they are generalizable across the hotel industry. Moreover, the researcher recommends that a future researcher wishing to carry out a similar study on Saape Ltd should adopt another methodology, say, instead of interviewing the branch managers and the director, a methodology may be adopted that seeks to find the views of the lower rank managers since they are the ultimate implementers functional decisions. It will be interesting to find how the results from such

a study would compare with the findings of this study, and also use a survey in addition to the interview guide. The researcher also suggests that more studies be done from other counties and other districts of Nairobi County on small and medium restaurants. This will help in generating more findings in to the relationship of functional level strategies adopted and the effectiveness of these restaurants in Kenya.

5.4.3 Limitations of the Study

This study aimed at investigating the functional level strategies used by Saape Ltd, and to determine the factors that influence the effectiveness of functional level strategies at Saape Limited. However despite the study being detailed and specific, several limitations were encountered. First, the access to the information by the researcher was minimal due to the technical nature of the information. To counter this problem, the researcher had a briefing with the team to elaborate the importance of this research and to explain to them their various roles. Permission from the director to carry out the study was sought. Secondly, the research was very expensive as a result of its requirement to travel from one branch to another, and other costs. The researcher obtained financial support from her friends and family members. Lastly, the research was very demanding in the areas collecting, interpreting and analyzing data. To deal with this problem, researcher took some days off work that enabled her to comfortably collect, interpret and analyze data.

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APPENDIX I: INTERVIEW GUIDE

To collect data on functional level strategies and the effectiveness of Saape Limited

SECTION A: INTERVIEWEES BACKGROUND INFORMATION

1. Position
2. Level of experience

SECTION B: FUNCTIONAL LEVEL STRATEGIES

Marketing Function

3. What is your role in the marketing department?
4. What key marketing strategies enhance the overall competitiveness of the organization?

Finance Function

5. What is your role in the finance department?

6. What key financial practices are in place to enhance the overall effectiveness of the organization?

Operational Function

7. Describe the major operations of the organization.
8. What key operational strategies are in place that enhance the overall effectiveness of the organization?

HR Function

9. Describe the key HR areas
10. What HR practices have been put in place that enhance the effectiveness of the organization?

SECTION C: FACTORS INFLUENCING THE EFFICIENCY OF FUNCTIONAL LEVEL STRATEGIES

11. How does strategic leadership affect the efficiency of functional level strategies?
12. Relate organizational structure to functional level strategies
13. Describe how organizational culture affect the efficiency of functional level strategies.

