

**A CASE STUDY ON THE CAUSES OF BUSINESS MISHARP THAT  
HINGE ORGANIZATION PERFORMANCE**

Jaraj S. Kikula, Robert F. Makorere\*

School of Business - Department of Marketing and Entrepreneurship, Mzumbe University,  
Morogoro, Tanzania

**Abstract**

This case study is aimed at depicting causes of business mishap that would limit organization performance, Tanzania. The study purposively selected and interviewed six respondents who were deemed to have rich information on the researched problem. Interview guide was used to collect data from the respondents. The study was carried out at Karibuni Innovative Company and Jua Kali Entrepreneurs. The collected data were analyzed descriptively using content analysis approach and thereafter the findings were presented as a case study. The findings show that business companies, including Karibuni Innovation Company invested a lot in offering very good products to their customers with the focus on impressing their customers but overlooking another dimension and that is having quality customer services or customer care services; and this has led to customers' dissatisfaction and hence poor business performance. In view of these findings, the study proposed a number of questions that need critical thinking before answering them.

**Keywords:** Business, Business Misharp, Organization Performance

**1. Introduction**

The current business environment in Tanzania has shifted from monopolistic umbrella to a more competitive business environment. The survival, leaving alone the sustainability of the firm, will depend on the ability of the firm to address effectively and efficiently the requirements of customer services. In this regard, demand driven strategy remains a cornerstone for the success of any business enterprise.

For a firm to attain competitive advantage, business triangular model remains a powerful tool for the performance of that business enterprise [3]. However, a key to sustainable competitive advantage is the issue of demand driven strategy; there is a need therefore of addressing customers' requirements effectively and efficiently. This would help in doing away with the traditional supply driven service delivery, which is wastage of money, time, energy, and other resources.

To be successful, a business enterprise should focus on a customer by improving customer services or customer care [1]. Therefore, focusing on quality customer service is a proactive process that promotes interaction with customers and hence promotes adequate understanding of their requirements in terms of goods and services [4].

Simply put, a customer is anyone who buys a product. A product is a marketing term that refers to anything that can be exchanged to satisfy a customer. The world of customers recognizes two categories of customers, namely internal and external customers. This study focuses on one company that designs engine boats. The company is known as Karibuni Innovative Company, which is located in Dar salaam region, Tanzania.

### **1.1 Company Background**

The KARIBUNI Innovative Company (KNC) is an entrepreneurship business venture whose is to design, manufacture, and market boat engines. The owner of KNC was the Director of Entrepreneurship in the Ministry of Education and Vocational Training. Thereafter, the business of designing and manufacturing engines expanded to other areas or strategic business units (SBU's) in Mwanza, Kigoma, and Mbeya. Following this expansion, the owner-manager decided to recruit more employees. However, customers of Mbeya who use Lake Malawi stopped operations because of the current border dispute between Malawi and Tanzania; this tension has affected the KNC's sales volumes.

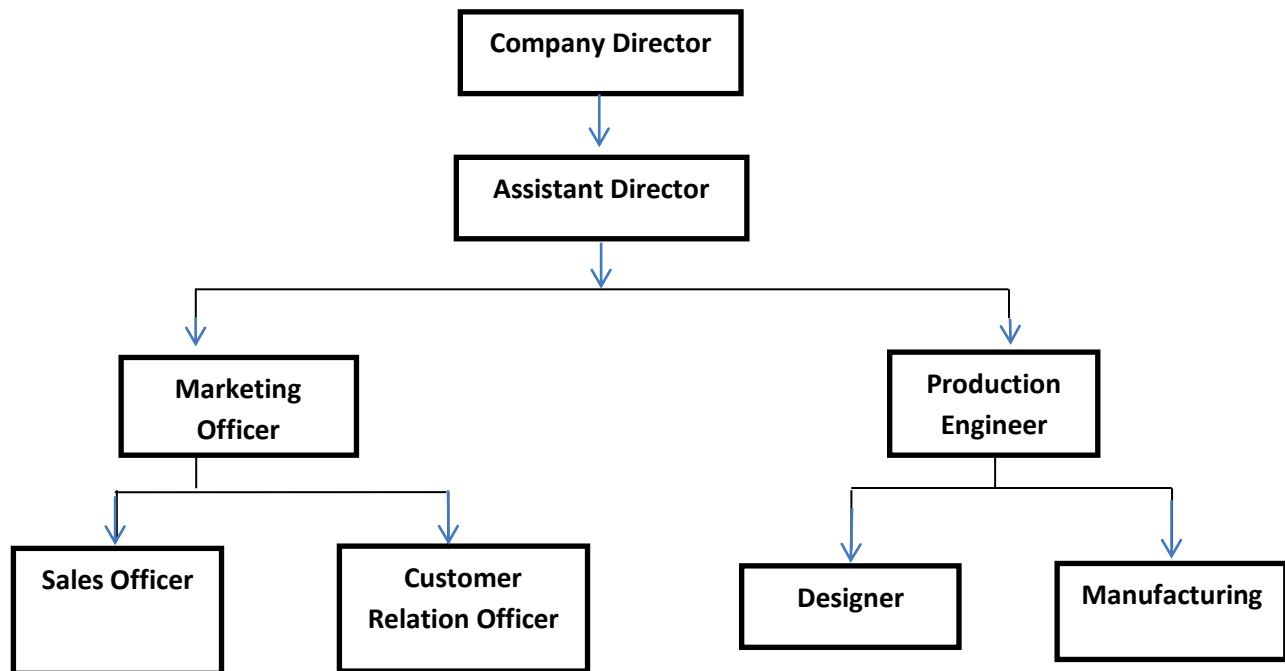
Due to the presence of stiff business competition in Tanzania, the company recruited competent Chief Engineer with the aim of designing and manufacturing competitive engine boats. Indeed, the Engineer has successfully designed boat engines that work at a very high speed and consume less power.

In the previous year, the company participated at the International Trade Fair held in Osaka Japan. The company via its new boat engines received the International Award for innovations. This made the company more famous for having the best engine boats in Tanzania; this award opened markets for the company within and outside the country.

The company market practice is such that one engine is often made available on the factory production floor for demonstration purposes for interested customers. In addition, according to the company regulations at the KARIBUNI Innovative Company Limited, the production Engineer is the one who does all the demonstration of new engine to customers.

### **1.2 Organization Structure**

Karibuni Innovative Company Limited deals with designing, manufacturing, and supplying of engine boats in Tanzania. The organization structure begins with a Company Director at the top, followed by the Assistant Director, then the Marketing Officer, and the Production Engineer. Under the Marketing Officer, there are Sales Officer and Customer Relations Officer. under the Production Engineer there are designer and manufacturing officials. In terms of power/authority to influence decision for the company, the Company Director is the Chief Executive, followed by the Assistant Director, the Marketing Officer, and the Production Engineer. Figure-1 is an organization structure for the company:



Source: Researchers (2020)

### 1.3 THE VISION, MISSION, AND CORE-VALIUS OF KARIBUNI INNOVATIVE COMPANY LIMITED

#### 1.3.1 Company Vision Statement

The Vision of Karibuni Innovative Company Limited is to become a leading demand driven firm in the manufacturing of Engine bouts in Tanzania by 2025.

#### 1.3.2 Company Mission Statement

The Mission of Karibuni Innovative Company Limited is to manufacture quality demand driven Engine boats in Tanzania.

#### 1.3.3 Company Philosophy

The philosophy of Karibuni Innovative Company Limited involves a set of beliefs and values that are embedded in the ideology or company philosophy, which serves as a guide and as a way of dealing with uncertainty of intrinsically uncontrollable or difficult events.

#### 1.3.4 Company Goal

The Goal of Karibuni Innovative Company Limited is to meet the requirements of Engine bouts of all Fishermen operating in Lake Victoria and Lake Nyasa.

#### **1.4 Specific Objectives of the Company**

- i. Specific objective of Karibuni Innovative Company Limited is to manufacture 10percent of the engine boats by December 2020 as opposed to 5percent of engine boats manufactured in 2019 to meet the requirements of Fishermen engine boats in Lake Victoria and Lake Nyasa.
- ii. Specific objective of Karibuni Innovative Company Limited is to reduce costs of manufacturing engine boats from 15 percent in 2018 to 10 percent by December 2020

#### **1.5 Justification of the Study**

Many business companies fail to do business successfully because they invest more in offering good products and forget the other side of the business equation model, that is, improvement of customer service delivery system or customer care system. Failure to balance customer service delivery system and product quality improvement is detrimental to the company's success [2]. Empirical studies have shown that many companies are investing huge amount of efforts to produce best quality products to their customers but ignoring to invest the same amount of efforts in seeing how best customer service can be offered to their customers [5]. These two sides of the equation are very important to be considered if the company wishes to excel. Therefore, this study intends to investigate factors, which need to be considered for a business to do better in various business environments especially in Tanzania. Furthermore, the study is likely to add new knowledge in the field of research.

#### **2. Research methodology**

This case study was carried out in Ilala Municipal in Dar es Salaam region, Tanzania. The study area was selected because it has numerous boat engine makers and suppliers. Furthermore, a similar problem was reported in the study area specifically at Karibuni Investment Company.

**Interview guide and schedule:** Interview guide was used to collect data from one staff from Jua Kali Company and five staff from Karibuni Innovation Company for this study. Before interviewing them, the researcher sought for their consent to participate in this study. This process started by explaining to them the purpose of the study. After getting the consent of each respondent, the interview process started. The respondents who were involved in this study were the Marketing Officer, the Production Engineer, the secretary, the Askaris (gatemen), and the driver; all work with Karibuni Innovative Company. Furthermore, others involved were from Jua Kali, personnel, who was a client for boat engines although inevitably the transaction flopped. Sales flopped due to the fact that customers of Mbeya who use lake Malawi stopped operations given the recent dispute over the border between Malawi and Tanzania, this tense situation affected the KCI sales revenue.

**Data analysis:** Content analysis was used in the analysis of data in this case study. The researcher analysed the contents of the responses given by the respondents during the interview process based on the research problem.

#### **4. Case**

Karibuni Innovative Company designs and manufactures engine boat in Tanzania. The company aimed to cater for three Strategic Business Units (SBUs); the first was for Kigoma aimed at catering for Lake Tanganyika, the 2<sup>nd</sup> was for Mbeya aimed at catering for Lake Malawi and the last one was for Mwanza. Apart from manufacturing boats, the company also sells engine boats, which perform very well. This in turn, helped the company to receive a prize during the International trade fair in Osaka, Japan last year.

As the best performer in the market, the company has expanded its economic activities to three regions namely Mwanza, Mbeya, and Kigoma.

JUA Kali Entrepreneurs expressed interest in buying one engine boat from Karibuni Innovative Company. The appointment was fixed for the JUA Kali Entrepreneurs' representative (customer) to visit the Karibuni Innovative Company.

The JUA Kali Entrepreneurs' representatives (visitors) arrived at the company yard at exactly 2:00 and met the gateman at the gate who did not even bother greeting him. The gateman was busy talking about the last night Soccer match. The visitor asked them about John the Company Marketing Manager. Unfortunately, they all seemed not to know him.

Jela is the Marketing Executive Officer from KARIBUNI Innovative Company Limited. He really loves his job. On Tuesday, Jela went to search for the markets of the company's products. One of the companies he visited on the same day is Jua kali Entrepreneurs Company. He had an appointment with the Assistant Director of Jua Kali. The aim of the appointment was to do personal selling for new model of boat engine they lunched. Jela and Assistant Director from Jua kali met and discussed business for a long time. After a long conversation, they exchanged business cards and agreed that the following Friday, staff from Jua Kali Entrepreneurs Company would pay a visit to Karibuni Innovative Company just for engine demonstration purpose. The technology used to make engines convinced the Assistant Director from Jua Kali entrepreneurs. The appointment was scheduled to take place at 2:30 p.m.

The Director of Jua Kali entrepreneurs are very optimistic especially when it comes to spending money for his business ventures. He likes innovative ideas that a new engine should be bought to enable them increase their fishing operations in Lakes of Victoria, Tanganyika, and Nyasa (even if the operations had been closed) but demanded to see the engine in action first before he commits the funds for the venture.

Following the appointment on a Friday of the week that followed, the Marketing Executive Officer (Mr. Jela) from Karibuni Innovative Company Ltd continued with the logistics for the demonstration of the engine as planned. The Production Engineer was informed officially and agreed to do the demonstration for the executives of Jua Kali entrepreneurs on that day.

On a Friday, the technical team from Jua Kali entrepreneurs arrived at the gate of Karibuni Innovative Company at exactly 2.00 p.m. The team was led by the Assistant Director from Jua

Kali. After arriving at the main gate of Karibuni Innovative Company, the team leader showed his business card to the gate-man asking him if they could see Jela the company's Marketing Executive Officer. The gate-man said there was no one in the company by the name Jela. The visitors did not leave the gate; instead, they continued inquiring about their host. In the process and to their surprise the gate-man seemed to have gotten agitated and told them (Jua Kali staff) the following: *please stop teaching me my job*, I have twenty years at Karibuni Innovative Company Ltd, and I know all the employees working in this company by their first names.

The team leader approached another gate-man for help but he too was not cooperative. These gate-men were busy talking about the oncoming soccer match between Simba and Yanga football clubs. The visitors were kept waiting at the gate up to 2.20 pm; and all his time, the visitors (Juakali Crew) could not be able to get in touch with their host in the company. Finally, the gate-man decided to call the telephone operator on the phone asking if she knew anyone in the company by the name Jela. It took about seven minutes before the operator could pick up the phone to answer the call. The telephone operator confirmed that Mr. Jela had recently joined the company, and was employed to work in the Marketing Department as an Executive Officer. Jua Kali staff were finally allowed entry and directed to the receptionist who gave them a four page visitor's pass to fill in, before listening to their problem. By the time they completed filling in the visitor's pass, it was already 2.40 p.m.

The receptionist finally picked up the phone and asked the telephone operator to connect her to Jela in the Marketing Department. Jela was worried as to why the expected visitors delayed to arrive; and he was now busy on the phone trying to reach the Assistant Director to find out what the problem was and see if they could be able to fix another appointment for the demonstration. The telephone operator could not get Jela's direct line because it was busy and the extension line had not been functioning for the previous six months.

It was already 4.00 p.m and neither Jela nor the Production Engineer of Karibuni Innovative Company could be reached. The team from Jua Kali started despairing. Finally, the receptionist decided to escort the visitors to Jela's office.

Jela tried to explain the situation when the visitors arrived at his office; but Jua kali Director interrupted saying that they had been in the premises since 2.00 o'clock and could not be able to see him because nobody seemed to know him by his name (Jela) in the company. Jela apologized and asked the visitors (Juakali staff) to take their seats while he (Jela) goes to see the Production Engineer. After meeting the Production Engineer and informed him about the arrival of the visitors, the Production Engineer said he could not attend them because it was already time for signing off. It took almost three hours to reach the Production Engineer office only to be told it was late, and couldn't be attended.

However, according to the KARIBUNI Innovative company regulations, it is the company Production Engineer who had the authority of demonstrating the engine boats to customers. This is the person who was now saying he could not carry out any demonstration because it was time for signing off.

The visitors were highly disappointed and decided to go back to their office. However, before leaving the gate, they saw a truck blocking their way, as they got close to the truck they saw a company logo on the door and realised that the truck belonged to the same company. They asked the driver to move the truck to let them pass. The driver told them to stop teaching him his job as he had working experience of 50 years in driving. The visitors (Jua kali Crew) finally reasoned with him and left the company premises after resolving the matter. On their way back to the office, they were locked in a conversation reflecting on the events of the day and vowed never to go back to the company. They were disappointed and frustrated. Jua Kali staff left the firm's premises without buying the boat engine!

Basing on the case study narrated above; answer the following questions, (a) what lessons do you extract from this case in regarding to the reasons of business failure? (b) Which Strategic Business Units (SBU's) adopted by Karibuni Innovative Company Ltd? (c) What are the major shortfalls of KIC? (d) What should be done as marketing strategies to improve the company service?

### **References**

- [1] Croteau, A. and Paul .L. (2003). A Critical Success Factors of CRM technological initiatives, *Canadian Journal of Administration Sciences*, vol 20, pp 21 -34j
- [2] Injazzand P. K. (2003). Understanding Customer Relationship Management (CRM). People, Process Management, *journal of Administrative sciences Vol 9 pp 672 – 688*
- [3] Kotler, P and Keller K. (2006), *Marketing Management*, Upper Saddle River, New Jersey
- [4] Ryals, L and Knox, S. (2001). Cross Functional Issues in the Implementation of Relationship Marketing through Customer Relationship Management. *European Management, Journal vol 19p534–542*
- [5] Srivastava, R. K., Sharivan, T.A., and Fathy, L. (2019). Marketing, Business Process, and Shareholder Value. An organizationally embedded view of marketing activities, *Canadian Journal Administrative Sciences vol 63, pp168 -179*