

**STRATEGIC DECISION SPEED AND FIRM PERFORMANCE OF THE TWO
MAJOR FIRMS IN PHOTOGRAPHY INDUSTRY IN NAIROBI, KENYA**

BY

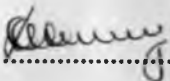
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
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DECLARATION

This research project is my original work and has not been submitted for examination in any other University.

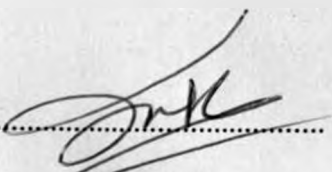
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ABSTRACT

The driving forces of globalization and technological developments have increased the intensity of competition and led to a more turbulent and more dynamic environment which has forced firms to speed their decision-making and operating processes for survival and growth (Zehir and Ozsahin, 2008). Thus, the issue of the strategic decision-making process and its speed has captured the attention of business managers and researchers. This study sought to assess the relationship between strategic decision speed and firm performance. This study was designed as a cross-sectional survey. Two main firms in the photography industry formed the population from which a sample of 10 respondents was drawn. The sample was selected using non-probabilistic purposive sampling method. Primary data was collected in this study using structured questionnaires. Data was analysed using descriptive analysis, correlation analysis and regression analysis. The study found that industrial sophistication was a significant determinant of strategic speed and that strategic decision speed does not have a significant effect on firm performance. The study concludes that the major determinant of strategic speed in the photography industry in Kenya is the level of technological sophistication of the industry. The study also concludes that firm performance is not influenced by strategic decision speed. The study recommends that firms should employ decision speed as a strategic advantage especially in those industries that are highly technologically sophisticated.

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ACRONYMS AND ABBREVIATIONS

| | |
|----------------|--------------------------|
| CEO | Chief Executive Officer |
| LRF | Likert Response Format |
| R&D | Research and Development |
| ROA | Return on Assets |
| ROS | Return on Sales |
| ROTA | Return on Total Assets |
| TMT | Top Management Team |

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The issue of the strategic decision-making process and its speed has captured the attention of business managers and researchers. This is because the driving forces of globalization and technological developments have increased the intensity of competition and led to a more turbulent and more dynamic environment which has forced firms to speed their decision-making and operating processes for survival and growth (Zehir & Ozsahin, 2008). Strategic decision speed is therefore an important aspect of strategic management to organisations.

Drawing on the findings of Hambrick and Mason (1984), researchers have suggested that top managers play a crucial role in strategic change, inasmuch as strategic-level managers formulate the organizations' interpretation and design strategic responses. Much research has been carried out into why top management teams fail to adapt to their environment and how they can improve their adaptability. Research into top management teams addresses these questions by linking the characteristics of top management teams – most often measured in terms of demographic variables such as age and tenure – to outcome variables such as strategic change and firm performance. In this strand of literature also lies the speed with which strategic decisions by managers are made.

1.1.1 Strategic Decision Speed

Strategic decision-making speed is defined as the time spent on the process of strategic decision making (Ancona, Okhuysen & Perlow, 2001). In an era of increasingly global markets and shortened product life cycles, the attention given to the speed of the strategic decision-making process is growing (Judge and Miller, 1991). The speed of strategic decision-making processes is constrained by the individual who is making the decision, the organization in which the decision is made, and the environment in which organization operates (Zehir and Ozsahin, 2008).

Firms that make strategic decisions faster in the market tend to gain from being the first in the market to make a move. Some firms usually make faster strategic decisions while others lag behind in making decisions, both with consequences. It is therefore important to understand why some firms are able to make faster strategic decisions than others. In this study, an attempt is made to study two main issues. First, the study intends to find out why some firms make speedy strategic decisions than others. Secondly, it is also important to study whether making speedy strategic decisions affects a company's financial performance.

1.1.2 Organisational Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment.); product market

performance (sales, market share); and shareholder return (total shareholder return, economic value added).

In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as: financial performance (shareholder return); customer service social responsibility (corporate citizenship, community outreach); employee stewardship (Richard et al., 2009).

The photography industry in Kenya is not a very large and vibrant one now as compared to the last 2 decades. The industry has been mainly affected by fast technological advancement in terms of cameras, mobile phones and film technology. Therefore, in order to remain relevant, firms in the industry must always strive to catch up with technology.

1.1.3 Strategic Decision Speed and Performance

There are mixed results as regards the relationship between strategic decision speed and performance. Academic interest in the association between strategic decision-making speed and firm performance emerged initially when Bourgeois and Eisenhardt (1988) identified a positive association between fast strategic decision-making and firm performance. There have been few subsequent empirical studies of strategic decision speed; however, management advisors have repeatedly prescribed fast decision-making as a source of competitive advantage (Jones, 1993), and practitioners claim they

increasingly make strategic decisions in less time (Ancona, Okhuysen, and Perlow, 2001; Kepner Tregoe, 2001).

Eisenhardt (1989) conducted an inductive study of eight high-tech firms, and she observed that the fastest strategic decision-makers had the best sales and profitability. Extending this research to 32 firms in three industries, Judge and Miller (1991) examined the association between strategic decision-making speed and firm performance. They found no association, except among firms in biotechnology, a high-velocity Industry. Thus, both Eisenhardt (1989) and Judge and Miller (1991) found that in fast-moving environments firms with better performance made faster strategic decisions. In contrast, Forbes (2001) studied decision speed in 83 young Internet companies and found no effect upon firm performance. Wally and Baum (1994) explored personal, organizational, and industry causes of decision speed with emphasis on personal characteristics; however, they did not study the relation of speed and performance.

1.1.4 The Photography Industry in Kenya

Photography in Kenya was common during the colonial era, with pictures of the country taken by colonialists depicting the Kenyan history. The Kenya National Archives has a collection of these historical images that has brought inspiration to a lot of Kenyan photographers now and in the decades to come (Safaricom, 2012).

Photography in Kenya initially came to fore through photojournalism. This was highlighted during the struggle for independence in the 1960s. The most famous and

controversial Kenyan photographer, the late Mohammed Amin, popularly known as Mo, covered various political uprisings not just in Kenya but the rest of Africa (Safaricom, 2012).

In tandem with photojournalist, studio photography in Kenya also became more dominant with the onset of the fashion industry in the early 70s and the kick start of commercial advertising for big local brands in Kenya such as Kenya Breweries Limited and Raymonds to name a few. Men's and women's magazines started popping up as the Kenyan people became more cosmopolitan and the need for commercial photography arose. The use and availability of photography equipment in Kenya has greatly improved over the years due to the demand for photography (Safaricom, 2012).

There are two main firms in the photography industry in Kenya. These are Imaging Solutions Ltd which distributes Kodak products and Vanguard which distributes Fuji products. In regard to market presence and share, Kodak has about 80%, Fuji about 15% while the other free lance importers share the 5%. The main products in photography are cameras, films, printing papers, chemicals and storage devices. Given the technological shifts in the industry within a short period of time, it is important that these firms make quick strategic decisions in order to have a competitive advantage in the market (Safaricom, 2012).

1.2 Research Problem

The driving forces of globalization and technological developments have increased the intensity of competition and led to a more turbulent and more dynamic environment

which has forced firms to speed their decision-making and operating processes for survival and growth (Zehir and Ozsahin, 2008). Thus, the issue of the strategic decision-making process and its speed has captured the attention of business managers and researchers.

The issue of strategic decision speed is of much significance to the photography industry in Kenya as the technology in the industry keeps changing in very short time. There are only two major photography firms in Kenya who supply hundreds of studios in Kenya with the photography products and services. With the technological advancement in the photography industry across the world from analogue to digital photography, there is need for the practitioners to respond quickly and appropriately to these changes.

A number of studies in this area have been done though there is still no consensus on the effect of strategic decision making speed and firm performance. For instance, while Bourgeois and Eisenhardt (1998) and Eisenhardt (1989) found a positive association, Forbes (2001) found a negative association. On the other hand, Judge and Miller (1991) found a positive association only for firms in high-velocity industry. A search for studies on this industry in Kenya revealed the existence of only three studies done between 1991 and 2006. These studies are Lusaka (1991), Andaro (2004) and Ng'ang'a (2006). A closer study was done by Ng'ang'a (2006) on responses of traditional studios to challenges posed by digital photography in Kenya. While the study identifies those challenges and the responses, it fails to ascertain how the strategic decisions are made in various firms. Other studies in the photography industry include Lusaka (1991) on dealer

perceptions of supplier power and influence strategies within a marketing channel and Andaro (2004) on the characteristics of consumer segments served by freelance photographers in Nairobi. Thus no study has been done on strategic decision making speed in Kenya hence a gap in literature. This study seeks to not only provide a synthesis of strategic decision speed in the industry but also assess the influence such decisions might have on the financial performance of a firm. The study also seeks to establish what factors might influence strategic decision speed in the photography industry in Kenya. The study seeks to answer the following research question; how does strategic decision speed affect financial performance of firms?

1.3 Research Objectives

The objectives of this study are:

- i. To establish the determinants of strategic decision speed of firms in the photography industry in Kenya.
- ii. To assess the relationship between strategic decision speed and performance of photography firms in Kenya.

1.4 Value of the Study

This study adds on the growing body knowledge of strategic decision making by offering a viewpoint from a developing country on the relationship between strategic decision making speed and performance in the photography industry. This is important especially now when Kodak is divesting and also filing for bankruptcy protection under Chapter 11 in the United States of America.

This study is of great significance to the firms in the photography industry in Kenya. The management of such firms can understand the importance of making swift strategic decisions in terms of the influence it has on their financial performance.

The study will also be important to other firms as the managers will be able to understand what factors influence such speedy strategic decisions and whether such decisions influence the financial performance of firms in Kenya.

Researchers and practitioners interested in carrying out further research on this area will benefit as this study forms a basis upon which similar studies will be carried out in the future. This study therefore acts as a reference point for scholars and practitioners in this area.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature on the concept of the study. The chapter is organized as follows. Section 2.2 discusses the meaning of strategic decision speed as defined in various studies. Section 2.3 reviews literature on the determinants of strategic decision speed. Section 2.4 presents a discussion on organisational performance. Section 2.5 reviews studies on the relationship between strategic decision speed and performance.

2.2 Strategic Decision Speed

As was discussed in chapter 1, strategic decision-making speed is defined as the time spent on the process of strategic decision making (Ancona, Okhuysen ve Perlow, 2001). According to Eisenhardt (1989), Mintzberg et al. (1976), and Forbes (2005), decision duration is defined as the number of months during which a decision is considered.

Wally and Baum (1994) measured strategic -making pace using two measures. First, primary information about the pace of decision making was derived from scenario responses. The respondents recorded the number of days that their firms would most likely take to reach decisions on each of six events as they occurred. This measure captured the perceived speed of decision-making. Secondly, the researchers used Likert-type questions on a five-point scale to ask respondents about their firms' decision-making speed. This measure was used to validate primary measure of organisational decision speed.

Scenarios were used by Baum and Wally (2003) to measure decision speed in their study. They measured it as an average of three items (one for each of three scenarios). Zehir and Ozsahin (2008) also used three scenarios involving an acquisition decision, a new product-introduction decision, and a technology adoption decision to measure strategic decision speed. This method was also adopted by Hsu and Huang (2011) and later used by Chen and Chang (2012).

In a study by Forbes (2005), decision speed was measured by asking respondents to identify and briefly describe the most significant strategic decision made by their firm in the last two years. The respondents reported the month and the year of two events: when the firm began to actively consider alternative courses of action associated with the decision; and when a commitment to a specific choice was made. On the other hand, Souitaris and Maestro (2010) measured strategic decision speed using an adapted pace instrument which utilizes three-item scale for speed rather than the duration of the firm's most important decision.

2.3 Determinants of Strategic Decision Speed

Participation in decision making refers to joint decision making (Locke and Schweiger, 1979) or influence-sharing between hierarchical superiors and their subordinates (Mitchell, 1973). Autonomy reflects the extent to which managers one level below the top management team can take strategic actions on their own (Andersen, 2001). Participation and autonomy can be used to measure the level of decentralization of

strategic decision-making (Anderson, 2001). Eisenhardt (1989) emphasized that limited participation and centralized power speed decision making, and Vroom and Yetton (1973) recommended autocratic decision making when speed is essential. Similarly, March and Olsen (1976) argued that involvement by many decision-makers lengthens the decision-making process.

Another view is that conflict, that may be result of extensive participation, triggers the interruptions in decision-making process, so slow the pace. Wally and Baum (1994) stated that organizations with concentrated power would produce faster strategic decisions because when fewer people are involved in a decision-making process, little conflict occurs, reducing needs for information sharing and consensus seeking. When the potential for process-slowness conflict is low, strategic decision-makers can probably move through the intelligence and design activity phases more quickly than they would otherwise. They can also probably choose more quickly because they have little need to consult and build consensus (Wally and Baum, 1994).

On the other hand Eisenhardt (1989) argued that centralized decision making is not necessarily fast since people may delay making strategic decisions because of anxiety, inadequate information and lack of time. She gave an example of Alpha's autocratic CEO, who prolonged a new product decision process for a year because he worked alone and was burdened with other duties Thus, power centralization may give a CEO or an executive the authority to decide but does not overcome the formidable information and

psychological barriers to decision (Eisenhardt). Thus, power centralization (limited participation and autonomy) may not speed the decision-making process.

Understanding the environment is a fundamental element of strategic decision-making process because the goals and attitudes of decision-makers are influenced by an organization's environment (Khandwalla, 1977). Although environments can be characterized along several dimensions, the study focused on technological sophistication and industrial competitiveness, which Khandwalla (1977) called the sub-dimensions of a turbulent environment because of their impact on strategic decision-making speed. Technologically sophisticated environments are ones in which advanced process or product technologies are widely employed in the industry, changes in technological standards are frequent, and investments in R&D and superior technical personnel are typically heavy (Covin et al., 2001). Thus, both technological sophistication and industrial competitiveness lead to a turbulent environment.

Haleblian and Finkelstein (1993) argued that, as an environment grows more turbulent, managers will have greater information-processing requirements, so a firm's decision-making tasks grow more difficult. Similarly, it was noted by George in 1980 that many individuals find it difficult to make big decisions in the face of high uncertainty, which is typical of strategic decisions in high-velocity environments. Thus, in a turbulent or high-velocity environment, typified by a highly competitive and technologically sophisticated environment, strategic decision-making processes may take long time, although Eisenhardt and Bourgeois (1988) noted that, particularly in high-velocity environments

characterized by rapid and discontinuous changes in demand, competition, and technology, there is need for a rapid decision process.

Zehir and Ozsahin (2008) intended to identify organizational and environmental factors affecting strategic decision-making speed; to examine the relationship between those factors and innovation performance; and to clarify the relationship between strategic decision-making speed and innovation performance. A survey was conducted on 73 large-scale firms operating in the manufacturing industry in Turkey, in May 2006 and December 2006. Nine hypotheses were formulated and tested. The study analysed the data using a combination of methods including factor analysis, descriptive analysis, correlation analysis, and regression analysis. The research findings related to the linkage between participation and strategic decision-making speed indicated that extensive participation accelerates the pace of decision making. This survey was one of the first to examine the strategic decision speed and innovation performance relationship, revealing the positive effect of strategic decision speed on innovation performance.

Kauer, Waldek and Schaffer (2007) explored the effects of the diversity of experience and different personalities of top management team members on mediating processes such as agenda-setting, the generating of strategic alternatives, and the speed of strategic decision making. In a multi-case study approach, 46 members of eight top management teams were interviewed and surveyed. The study suggested that the ambiguity of research results can be decreased by introducing more deep-level measures; and further differentiating the mediating processes. The results indicated that diversity of experience

affects agenda-setting and the generating of alternatives but do not appear to affect the speed of decision making. Personality factors such as flexibility, achievement motivation, networking abilities, and action orientation seem to have a clearer impact on decision speed.

Wally and Baum (1994) developed a model of the determinants of strategic decision-making pace that incorporates the role of individual differences among executive decision makers, organizational structural characteristics, and industry effects. The data was analysed using LISREL analysis (a computer based procedure that is used for covariance structure modeling, combining path analysis with factor and multiple regression analysis). Drawing on data from 151 firms, the study found that chief executive officers' cognitive ability, use of intuition, tolerance for risk, and propensity to act associated positively with speedy decisions. The study also found that decision pace appeared to be faster in centralized organizations and slower in formalized organizations. The results also suggested that the construct of comprehensiveness has both cognitive and organizational structural aspects, with cognitive comprehensiveness relating positively and organizational comprehensiveness, negatively, to strategic decision-making pace.

Forbes (2005) studied managerial determinants of decision-making speed in new ventures. The study sought to explain why some new ventures make strategic decisions more quickly than others. Drawing on life course theory and human capital theory, the study developed a model of how entrepreneurs' individual characteristics affect new venture decision speed. The study tested the model using survey data from 98 Internet

startups and their founder/managers. The analysis was done using descriptive statistics, correlations, regression, and chi-square statistics. The results showed that firms made faster decisions when they were managed by older entrepreneurs and by those with prior entrepreneurial experience. In addition, exploratory analyses indicating that fast decision-making firms were more likely to close may indicate that prevailing theory in this area is contextually limited.

Papadakis, Lioukas, and Chambers (1998) investigated the relationship between the process of strategic decision-making and management and contextual factors. Descriptive statistics and correlations were used to analyse the data. First, drawing on a sample of strategic decisions, the study analyzed the process through which they are taken, into seven dimensions: comprehensiveness/rationality, financial reporting, rule formalization, hierarchical decentralization, lateral communication, politicization, problem-solving dissension. Second, these process dimensions were related to (1) decision-specific characteristics, both perceived characteristics and objective typologies of strategic decisions, (2) top management characteristics, and (3) contextual factors referring to external corporate environment and internal firm characteristics. Overall, the results supported the view that strategic decision processes are shaped by a multiplicity of factors, in all these categories. But the most striking finding was that decision specific characteristics appeared to have the most important influence on the strategic decision making process, as decisions with different decision-specific characteristics were handled through different processes.

Risk propensity is another factor that may determine strategic decision speed. Risk propensity refers to an individual's willingness to take or avoid risk. Highly risk-seeking TMTs are more likely to engage in behaviors that lead to process enhancements, highly competitive new products or services, and innovative marketing techniques, and are more willing to pursue faster actions than competitors in order to capitalize the first-mover advantages (Gilley et al., 2002; Kannadhasan and Nandagopal, 2010; Alpkhan et al., 2010). So, they spend less time on each decision. On the other hand, Kannadhasan and Nandagopal (2010) find that decision makers who are more willing to take risks, benefit from their extensive usage of risk analysis in strategic decisions such as, risk-seeking TMTs tend to do more detailed analyses, so that they may achieve better decision quality.

Some studies find that TMTs composed of roughly equal number of risk-adverse and risk taking members believe that they have a positive attitude towards learning and therefore tend to perceive more information (Le Pine et al., 2000; Le Pine, 2003; Kauer et al., 2007). They also believe that they are more open to new and creative alternatives and more tolerant during team discussions (Le Pine et al., 2000; Le Pine, 2003), which slows down strategic decision-making but might improve decision quality.

Communication between team members is important to team and organizational performance. If members in a TMT are leaders who emphasize effective communication in order to share their visions and build credibility, their followers will have strong motivation, enthusiasm, and commitment to attain goals (Conger and Kanungo, 1987, 1998; Yukl, 2002). Through effective communication, TMT members will understand

and commit to the strategic decisions they make. Understanding the unified strategy is important because it provides common direction for team members (Amason, 1996). Commitment is also important because it reduces time squandering and resistance in decision implementation (Allison, 1971; Mason and Mitroff, 1981; Mintzberg et al., 1976). Hence, it is important for TMTs to build consensus to facilitate the decision-making process through understanding and commitment by effective communication, thereby yielding high-quality strategic decisions. Same with Yeh et al. (2010), they find that top managers' knowledge sharing behaviors reveal significant influence on the quality of decision-making process. However, communication is a double-edged sword when making a strategic decision. In Billard and Pasquale's (1993, 1995) research, they find that if members reduce time and energy spent on communication, the risk of relying on outdated information increases. In other words, they observe that for a given communication cost per unit time spent, there exists an optimal communication effort that maximizes performance.

2.4 Organizational Performance

Organisational performance was defined in chapter 1 as encompassing financial performance (profits, return on assets, return on investment, etc.); product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, etc.) (Richard et al. 2009). In their study, Papadakis et al (1998) used two objective measures of performance. These were return on assets (ROA) and growth in profits. Performance measures in this study were calculated going five years prior to the decision studied.

Zahra and Bogner (2000) measured firm's performance using sales growth, employment growth, and pretax net profit percentage of total sales. Baum and Wally (2003) in their study measured firm performance as growth and profit. In the study, self-reported objective measures were used where the respondents were asked in a questionnaire to fill in the figures for total sales and the number of employees for two years as well as profit for the year.

In a study by Zehir and Ozsahin (2008), a Likert Response Format (LRF) was used to measure innovation performance. A five point Likert scale was used where the respondents scored their choices on various questions relating to innovation performance in a structured questionnaire. Souitaris and Maestro (2010) measured new venture financial performance using return on total assets (ROTA) and return on sales (ROS) based on archival objective measures. Hsu and Huang (2011) measured performance using subjective measures. Five self-reported items were evaluated by respondents on a 7-point Likert scale.

2.5 Strategic Decision Speed and Firm Performance

In this study, strategic decision-making speed is measured by the days a TMT spends to make a strategic decision. If a TMT takes time to gather abundant information relevant to the decision, analyze it, and synthesize it to build consensus, it will enhance the quality of the decision, but might slow the decision-making process (Amason, 1996). Anand et al. (2011) also find that there is an optimal quality-speed trade-off in customer-intensive services.

Decision-making speed might enable firms to exploit opportunities before they disappeared (Stevenson and Gumpert, 1985). Baum and Wally (2003) proposes that fast decision speeds might improve performance across different situations because fast strategic decisions lead to (1) early adoption of successful new products or improved business models that provide competitive advantages (Jones et al., 2000), (2) early adoption of more advanced technologies (Baum, 2000), and (3) preemptive organization mergers that enabled economies of scale and knowledge synergies. The empirical evidence also supports the decision making speed-performance relationships (Eisenhardt, 1988, 1989; Judge and Miller, 1991). Judge and Miller's positive findings were in high-velocity environments; they had negative findings for the speed-to-performance relationship in low-velocity environments (hospitals and textiles). Thus, to challenge our general hypothesis that speed predicts performance, we test for moderation of the speed-to-performance relationship by environmental dynamism. Nevertheless, the direct and indirect predictor effects of dynamism upon speed and performance are a primary focus of this study.

Fast decision speeds may improve competitive performance across environments because fast strategic decisions lead to (1) early adoption of successful new products or improved business models that provide competitive advantages (Jones, Lanctot, and Teege, 2000), (2) early adoption of efficiency-gaining process technologies even in established industries (Baum, 2000), and/or (3) preemptive organization combinations that enable economies of scale and knowledge synergies. In short, decision speed may enable firms

in dynamic and not-dynamic environments to exploit opportunities before they disappear (Stevenson and Gumpert, 1985).

Fast decision-making may produce bad decisions and bad performance if comprehensive information gathering is sacrificed to gain speed (Kahneman et al., 1982). Indeed, Fredrickson (1984) found a positive relation between comprehensive decision processes (exhaustive and integrative) and performance in stable environments. In contrast, Fredrickson found a negative relation between comprehensiveness and performance in unstable environments. However, Eisenhardt (1989) discovered that fast decision-making does not necessarily signal cursory processing; indeed, she found that decision-making in the most successful companies was fast and comprehensive. Other researchers also find that decision-makers may 'keep up with' fast-moving environments as they engage in comprehensive scanning, research, and analysis to yield high performance (Glick et al., 1993; Priem et ai, 1995).

Fast decision-making is appropriate in situations where delay does not yield useful information. For example, prediction of market behavior may be futile in unresolved or technologically disrupted new markets. In these disequilibrium situations, it may be more appropriate to 'just decide' and to maintain organizational flexibility to enable quick redirection of a firm that faces a 'bad guess' outcome. Even in markets where market behavior appears to be random, fast decisions and adoption may yield valuable organizational learning (Eisenhardt, 1989; Mosakowski, 1997).

The quality of strategic decisions made by TMTs influence organizational performance. Many researchers have identified two principal antecedents of decision quality: the cognitive capabilities of a TMT and the interaction process through which the team produces its decision (Amason, 1996; Hough and White, 2003). A team's cognitive capability is related to its information amount upon which a team can draw when making complex decisions (Amason, 1996) such as, higherquality decisions which result from ensuring that all decision-makers are well informed. As a result, rational processes are used to gather information, resolve cognitive conflict within the teams, update cognitive schemas, and ultimately increase decision quality (Schweiger and Sandberg, 1989; Hough and White, 2003). Rationality is the use of information for the purpose of selecting a sensible alternative in the pursuit of one's goals, and it stresses analytic and integrative comprehensiveness (Hough and White, 2003). Evidence also shows that rationality is associated with higher performance in dynamic environment (Papadakis et al., 1998; Smith et al., 1988).

Baum and Wally (2003) examined the effect of strategic decision speed upon subsequent firm performance and identified environmental and organizational characteristics that relate to decision speed. They drew upon strategic decision-making theory and organization theory to propose that strategic decision speed mediates the relation between environmental and organizational characteristics and performance. Measures of business environment, organization structure, strategic decision speed, and firm performance (growth and profitability) were collected from 318 CEOs from 1996 to 2000. The study tested ten hypotheses. The analysis was done using Spearman rank correlation analysis,

descriptive analysis, structural equation modeling, and regression analysis. Structural equation modeling confirmed that fast strategic decision-making predicts subsequent firm growth and profit and mediated the relation of dynamism, munificence, centralization, and formalization with firm performance.

Gu and Xie (2009) studied the relation of top management team behavior integration, strategic decision-making speed and firm performance towards time-based competition. The study found that the behavior integration level of top management team has a positive direct impact on the strategic decision speed. Furthermore, the behavior integration level of top management team had a positive direct impact on the strategic firm performance. Therefore, the study concluded that the various dimensions of team behavior integrated not only had a direct impact on firm performance but also had indirect impact on firm performance through strategic decision-making speed.

A study by Souitaris and Maestro (2010) focused on polychronicity as a cultural dimension of top management teams (TMTs). TMT polychronicity is the extent to which team members mutually prefer and tend to engage in multiple tasks simultaneously or intermittently instead of one at a time and believe that this is the best way of doing things. The study explored the impact of TMT polychronicity on strategic decision speed and comprehensiveness and, subsequently, its effect on new venture financial performance. The data was analysed using hierarchical regressions and descriptive statistics. Contrary to popular time-management principles advocating task prioritization and focused sequential execution, the study found that TMT polychronicity has a positive effect on

m performance in the context of dynamic unanalyzable environments. This effect was partially mediated by strategic decision speed and comprehensiveness. The study contributes to research on strategic leadership by focusing on a novel value-based characteristic of the TMT (polychronicity) and by untangling the decision-making processes that relate TMT characteristics and firm performance. It also contributes to the attention-based view of the firm by positioning polychronicity as a new type of attention structure.

Li and Huang (2011) investigated the effects of TMT characteristics on strategic decision-making style and performance. The study used a structural equation model to assess the model fit while the analysis was done using regression analysis and correlations. The study found that first, TMT with innovative personality characteristics are beneficial to strategic decision-making speed and quality. Secondly, the results demonstrated that strategic decision-making quality plays an important and central role in the process of how TMT influence firm performance. Furthermore, the better quality of strategic decision may be achieved by effective communication abilities and may be related to TMT innovative personality, in turn improving organizational performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology. It contains the research design, population, sample, data collection and data analysis.

3.2 Research Design

A descriptive cross-sectional survey research design was used to carry out the study. A descriptive cross-sectional survey is present-oriented research that seeks to accurately describe the situation as it is. As supported by Mugenda and Mugenda (2003), a descriptive cross-sectional research design is appropriate for data collection to test the hypothesis or answer questions concerning the current status of the subject study. This method was selected because enabled the researcher to explain the determinants of strategic decision speed and also to establish the relationship between strategic decision speed and performance.

3.3 Population of the Study

There were two main firms in the photography industry in Kenya by the time this study was carried out. These were Imaging Solutions Ltd and Vanguard. The focus of the study was employees in the management level in these two firms. From the organograms of these two companies, there were a total of twenty (20) employees in the management levels. These formed the population from which a sample was selected.

3.4 Sampling

Since there were only two firms in this industry, it was assumed that selecting all the employees in the management level to complete the survey would not be necessary since a few of them would provide more or less the same responses. Thus, a sample size of 10 managers was selected from the two firms, 5 from each firm. These were the general managers, department managers, and assistant managers of the two firms. These managers were targeted because they make up the top management team (TMT) which makes strategic decisions in the organisations. This is in line with several studies in this area that have used managers as the respondents. The sample was selected using non-probabilistic purposive sampling method.

3.5 Data Collection

This being a survey, primary data was used. Primary data was collected in this study using structured questionnaire. A questionnaire (appendix 1) which captures strategic decision speed, firm performance, and sample characteristics was used to collect the data.

This questionnaire is based on the one used by Souitaris and Maestro (2010) adapted pace instrument to measure strategic speed and return on total assets (ROTA) and return on sales (ROS) as performance measures. The researcher administered the questionnaires personally to the respondents at their places of work.

3.6 Data Analysis

Data was analysed using descriptive analysis, correlation analysis and regression analysis. In order to establish the determinants of strategic decision speed of firms in the photography industry in Kenya, a regression and correlation analysis was used where decision speed was the dependent variable. The following model was used:

$$\text{Strategic Speed} = a + b_1 (\text{Participation}) + b_2 (\text{Autonomy}) + b_3 (\text{Industrial competitiveness}) + b_4 (\text{Technological sophistication}) + c$$

Where a is the y-intercept, b is the slope and c is the error term and are all constants.

In order to assess the relationship between strategic decision speed and performance of a firm, both regression and correlation analyses were employed in the study with performance as the dependent variable and decision speed as the independent variable with firm size as the control variable. The following regression model was used:

$$\text{Performance} = a + b (\text{Strategic Speed}) + c$$

Where a is the y-intercept, b is the slope and c is the error term and are all constants.

This is in line with several studies as shown in the literature review in chapter 2. The results are shown in tables.

3.6 Data Analysis

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$$\text{Performance} = a + b (\text{Strategic Speed}) + c$$

Where a is the y -intercept, b is the slope and c is the error term and are all constants.

This is in line with several studies as shown in the literature review in chapter 2. The results are shown in tables.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

This chapter presents the results of data analysis. The data was analysed using SPSS and the results are presented as follows. Section 4.2 presents the results on strategic decision speed. Section 4.3 presents the results on determinants of decision speed. Section 4.4 presents the results on the relationship between decision speed and performance. Section 4.5 is the discussion of findings.

4.2 Strategic Decision Speed

The respondents were asked to state the extent to which they agreed or disagreed with the statements regarding strategic decision speed in their firms. The results are shown in Table 4.1.

Table 4.1: Strategic Decision Speed

| | Mean | SD |
|--|--------------|-----------|
| We generally believe in making quick strategic decisions | 4.25 | 0.85 |
| Our firm is able to integrate ideas and make decisions speedily | 4.25 | 0.85 |
| Our firm launches new products faster than competitors | 4.10 | 0.78 |
| We prefer and tend to take our time when making strategic decisions | 3.95 | 1.05 |
| In the implementation of decision-making, our speed is very fast | 3.95 | 0.88 |
| The firm incorporates new technologies into products faster than competitors | 3.95 | 0.68 |
| Overall mean score | 4.075 | |

Source: Author (2012)

As shown, the study found that the firms believed in making quick decisions (mean = 4.25). The study also found that the firms were able to integrate ideas and make decisions speedily (mean = 4.25). The results also showed that the firms launched new products faster than the competitors (mean = 4.10). The firms also preferred and tended to take their time when making strategic decisions (mean = 3.95). The speed during strategy implementation was fast (mean = 3.95) and technology was used to make faster decisions (mean = 3.95). Overall, the strategic decision speed was high (mean = 4.075).

The respondents were asked to state the importance with which their companies places on speed when planning or thinking about strategies. The results are shown in table 4.2.

Table 4.2: Importance of Strategic Decision Speed

| | Frequency | Percent |
|------------------------|------------------|----------------|
| To a low extent | 1 | 10 |
| To a moderate extent | 2 | 20 |
| To a great extent | 4 | 40 |
| To a very great extent | 3 | 30 |
| Total | 10 | 100 |

Source: Author (2012)

The results show that 10% of the respondents noted that their companies did so to a very low extent, 20% said they did so to a moderate extent, 40% said they did so to a great extent and 30% of the respondents said they did so to a very great extent. Overall, the results mean that the companies place a high level of importance to strategic speed.

4.3 Determinants of Decision Speed

The study sought to determine participation of managers in decision making process in the organisations. The results are shown in table 4.3.

Table 4.3: Participation of Managers in Decision Making Process

| Decision | Mean | SD |
|--|-------------|-----------|
| Major changes in the firm's/division's market position | 4.40 | 0.50 |
| New major products and service introductions | 4.15 | 1.26 |
| The firm's moves into new major customer segments and market areas | 3.95 | 1.05 |
| The development of new important capabilities | 3.85 | 1.09 |
| To adopt new policies and practices | 3.85 | 0.98 |
| Overall mean score | 4.04 | |

Source: Author (2012)

As shown, the study found that the managers were involved in decisions regarding major changes in the firms' market position (mean = 4.40), new major products and service introductions (mean = 4.15), movement into new major customer segments and market areas (mean = 3.95), development of new important capabilities (mean = 3.85) and when adopting new policies and practices (mean = 3.85). The level of participation of managers in decision making was very high (mean = 4.04).

The study sought to determine the autonomy of managers in making decisions. The results are shown in Table 4.4.

Table 4.4: Autonomy of Managers in Decision Making Process

| Decision | Mean | SD |
|---|-------------|-----------|
| Approval from top management is always needed before new internal capabilities can be developed | 4.45 | 0.68 |
| Managers do not start important market activities unless top management has approved the decision | 4.35 | 0.74 |
| Managers cannot introduce new practices without approval from top management | 4.35 | 0.48 |
| Top management must approve new product and service developments before they can be initiated | 3.95 | 1.19 |
| Managers market to new major customer segments only with approval from top management | 3.30 | 1.03 |
| Overall mean score | 4.08 | |

Source: Author (2012)

As shown, the study found that approval of top managers was required before new internal capabilities were developed (mean = 4.45), managers did not start important activities unless approved by the top management (mean = 4.35), the managers cannot introduce new practices without approval of top management (mean = 4.35), top management must approve new product and service developments before they are initiated (mean = 3.95), and managers market to new major customer segments only after approval from top management (mean = 3.30). Overall, the level of autonomy in these organisations was low as most decisions had to be approved by the top management (mean = 4.08).

The study sought to determine the intensity of industrial competitiveness of the industry in which the companies operate. The results are show in Table 5.

Table 4.5: Intensity of industrial Competiveness

| Decision | Mean | SD |
|--|-------------|-----------|
| Level of competition in the quality and variety of products or services | 4.80 | 0.61 |
| Competition in promotion, advertising, selling, distribution etc. in main industry | 4.70 | 0.47 |
| Level of competition for technical manpower acquisition and inputs (e.g. raw materials in the case of manufacturers, cash in the case of banks), parts, or equipment | 4.55 | 0.51 |
| Price competition in the industry | 4.00 | 0.79 |
| Overall mean score | 4.51 | |

Source: Author (2012)

As shown, the study found that the level of competition in quality and variety of products and services was extremely intensive (mean = 4.80), competition in promotion, advertising, selling, and distribution in main industry was extremely intensive (mean = 4.70), the level of competition for technical manpower acquisition and inputs, parts or equipment was very intensive (mean = 4.55), and the price competition in the industry was intensive (4.00). Generally, industrial competitiveness was extremely intensive (mean = 4.51).

The study sought to determine the level of technological sophistication in the photography industry in Kenya. The results are shown in Table 4.6.

Table 4.6: Level of Technological Sophistication

| | Mean | SD |
|--|-------------|------|
| Frequent product technology changes are characteristic of our industry | 4.20 | 0.69 |
| Frequent process technology changes are characteristic of our industry | 3.90 | 1.20 |
| The widespread employment of new or advanced process or product technologies is characteristic of our industry | 3.85 | 1.18 |
| Heavy investments in R&D are characteristic of our industry | 3.05 | 1.76 |
| Overall mean score | 3.75 | |

Source: Author (2012)

As shown, the study found that frequent product technology characterized the industry (mean = 4.20), frequent process technology changes characterized the industry (mean = 3.90), the industry is characterized by widespread employment of new or advances process or product technologies (mean =3.85) and heavy investments in R&D also characterize the industry (mean = 3.05). Overall, the study found that the level of technological sophistication was moderate (3.75).

Table 4.7: Correlation Matrix

| | | 1 | 2 | 3 | 4 | 5 |
|-----------------------|---------------------|--------|---------|-------|--------|---|
| Speed | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| Participation | Pearson Correlation | .118 | 1 | | | |
| | Sig. (2-tailed) | .622 | | | | |
| Autonomy | Pearson Correlation | .185 | -.648** | 1 | | |
| | Sig. (2-tailed) | .436 | .002 | | | |
| Sophistication | Pearson Correlation | -.557* | -.471* | -.086 | 1 | |
| | Sig. (2-tailed) | .011 | .036 | .717 | | |
| Competition | Pearson Correlation | .274 | .578** | .023 | -.464* | 1 |
| | Sig. (2-tailed) | .242 | .008 | .924 | .039 | |

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Author (2012)

Table 4.7 presents the correlations results between dependent and independent variables in the study. As shown in Table 4.7, the study found that there were moderate correlations between the independent variables in the study and therefore concluded that no serial correlations existed in the data. The variables were all therefore entered for purposes of regression analysis.

Table 4.8 shows the regression model summary results for the determinants of strategic decision speed.

Table 4.8: Determinants of Strategic Speed – Model Summary

| R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------------------|----------|-------------------|----------------------------|
| .593 ^a | .352 | .179 | .92352 |

Source: Author (2012)

As shown in Table 4.8, it was noted that the independent variables jointly moderately influenced strategic speed ($R = 0.593$). The results indicate that the variables accounted for 35.2% of the variance in strategic speed ($R^2 = 0.352$). Therefore, there were a number of other factors which influenced strategic speed that were not in the present model.

Table 4.9: Determinants of Strategic Speed - ANOVA

| | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|-------|-------------------|
| Regression | 6.957 | 2 | 1.739 | 2.039 | .140 ^b |
| Residual | 12.793 | 7 | .853 | | |
| Total | 19.750 | 9 | | | |

Source: Author (2012)

Table 4.9 presents the results on the analysis of variance (ANOVA) for the determinants of strategic speed model. Table 4.9 shows that the F statistic was not significant at 5% level and therefore the model was not fit to explain the determinants of strategic speed.

Table 4.10 shows the coefficients of the model of determinants of strategic speed where the independent variables are shown on how they influence strategic speed.

Table 4.10: Determinants of Strategic Speed - Coefficients

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 6.704 | 5.050 | | 1.327 | .204 |
| Participation | -.408 | .559 | -.396 | -.730 | .477 |
| Autonomy | -.278 | .888 | -.133 | -.313 | .759 |
| Sophistication | -.571 | .254 | -.662 | -2.25 | .040 |
| Competition | .431 | .728 | .199 | .592 | .563 |

Source: Author (2012)

As shown in Table 4.10, the study found that participation, autonomy and sophistication had a negative influence on strategic speed while competition had a positive effect. Of these relationships, only that of technological sophistication was significant at 5% level of confidence. This means that high technological sophistication in the industry translates to slower strategic decision speeds.

4.5 Relationship between Strategic Decision Speed and Performance

Table 4.11, 4.12 and 4.13 show the results of the relationship between strategic decision speed and firm performance. In Table 4.11, the model summary is presented.

Table 4.11: Strategic Speed and Performance – Model Summary

| R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------------------|----------|-------------------|----------------------------|
| .293 ^a | .086 | .035 | 5.11499 |

Source: Author (2012)

Table 4.11 shows that strategic speed had a low correlation with firm performance (R = 0.293). The results also indicate that strategic speed only accounted for 8.6% of the variance in firms performance (R square = 0.086). The influence of strategic speed on firm performance was therefore very low.

Table 4.12 presents the ANOVA for the relationship between strategic speed and firms performance.

Table 4.12: Strategic Speed and Performance - ANOVA

| | Sum of Squares | df | Mean Square | F | Sig. |
|------------|----------------|----|-------------|-------|-------------------|
| Regression | 44.063 | 1 | 44.063 | 1.684 | .211 ^b |
| Residual | 470.937 | 8 | 26.163 | | |
| Total | 515.000 | 9 | | | |

Source: Author (2012)

As shown in Table 4.12, the F statistic was not significant at 5% level of confidence. This means that the model was not fit to explain the relationship between strategic speed and firm performance.

Table 4.13 presents the correlation coefficients of the model for the relationship between strategic speed and firm performance.

Table 4.13: Strategic Speed and Performance - Coefficients

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-----------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 20.101 | 4.465 | | 4.502 | .000 |
| Strategic Speed | -1.494 | 1.151 | -.293 | -1.29 | .211 |

Source: Author (2012)

The results in Table 4.13 show that strategic speed had a negative effect on firm performance (-1.494). This relationship was however insignificant as the p-value was more than 5%. Therefore, strategic speed does not significantly influence firm performance.

4.5 Discussion of Findings

The study revealed from the descriptive statistics that the speed of decision making in the photography industry was high. This means that managers generally make faster strategic decisions. The results also showed from the descriptive analysis that there was higher level of management participation in decision making of the firm. The results also showed that top management approval was required for any decision to be made. This means that autonomy in the firms was very low. The results also suggest that the intensity of industrial competitiveness was very high. Further, the results reveal that technological sophistication was high. These factors characterize the photography industry in Kenya.

The study found that industrial sophistication was a significant determinant of strategic speed. What this means is that in industries with higher levels of technological

sophistication, decision speed are usually lower while in those that are not highly technical, the decision speeds are much faster. This is consistent with Eisenhardt and Bourgeois (1988) who noted that, particularly in high-velocity environments characterized by rapid and discontinuous changes in demand, competition, and technology, there is need for a rapid decision process.

The study found that participation did not have a significant impact on decision speed. This means that participation in decision making did not influence the speed with which decisions were made in photography firms. This is inconsistent with the findings of Zehir and Ozsahin (2008) who found that extensive participation accelerates the pace of decision making.

The study found that autonomy did not have a significant impact on decision speed. This means that autonomy in decision making did not influence the speed with which decisions were made in photography firms. This is consistent with the findings of Eisenhardt (1989) who argued that centralized decision making is not necessarily fast since people may delay making strategic decisions because of anxiety, inadequate information and lack of time.

The study found that competition did not have a significant impact on decision speed. This means that competition between firms did not influence the speed with which decisions were made in photography firms. This is inconsistent with Khandwalla (1977)

who noted that industrial competitiveness, a sub-dimension of a turbulent environment, has a significant impact on strategic decision-making speed.

On the relationship between firm performance and strategic speed, the study found that strategic decision speed does not have a significant effect on firm performance. This means that firm performance in the photography industry in Kenya is not influenced by the speed with which strategic decisions are made. This is inconsistent with Baum and Wally's (2003) findings that fast strategic decision-making predicts subsequent firm growth and profit.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the study in section 5.2, conclusion in section 5.3, recommendations for policy in section 5.4, limitations of the study in section 5.5 and suggestions for further research in section 5.6.

5.2 Summary of Findings

This study sought to assess the relationship between strategic decision speed and firm performance. This study was designed as a cross-sectional survey. Two main firms in the photography industry formed the population from which a sample of 20 respondents was drawn. The sample was selected using non-probabilistic purposive sampling method. Primary data was collected in this study using structured questionnaires. Data was analysed using descriptive analysis, correlation analysis and regression analysis.

The study found that the speed of decision making in the photography industry was high. The results also showed that there was higher level of management participation in decision making of the firm, decision making autonomy was low, the intensity of industrial competitiveness was very high, and technological sophistication was high. The study also found that industrial sophistication was a significant determinant of strategic speed. On the relationship between firm performance and strategic speed, the study found that strategic decision speed does not have a significant effect on firm performance.

5.3 Conclusion

The study makes a number of conclusions. First, the study concludes that the speed of decision making in the photography industry in Kenya is fairly high as firms tend to make faster decisions than their competitors. This is consistent with literature on technology firms.

Secondly, the study concludes that the major determinant of strategic speed in the photography industry in Kenya is the level of technological sophistication of the industry. Faster decisions are made where the industry is less technologically sophisticated and vice-versa. This is very consistent with previous studies.

Lastly, the study concludes that firm performance is not influenced by strategic decision speed. As the results from the photography industry show, decision speed does not significantly influence firm performance. This is inconsistent with a number of previous studies.

5.4 Recommendations for Policy and Practice

The study recommends that firms should employ decision speed as a strategic advantage especially in those industries that are highly technologically sophisticated. This is because faster speeds than the competitors in such industries can be an added competitive advantage for the firm.

The study recommends that there is need for top management to cede some level of autonomy in their organisations in order to improve on the decisions speeds. Currently,

there is a very high level of autonomy and this may impede the speed with which strategic decisions are made.

There is also need for firms to improve further on their speed of decision making since at the current levels, the speed does not influence their performance. An improvement in decision speed would help improve their performance as has been observed from previous studies.

5.5 Limitations of the Study

This study focused on the photography industry in Kenya. The results are therefore limited to the photography industry and any attempts to interpret the results outside the industry should be done with caution.

Another limitation is that this study was carried out on large photography firms in Kenya hence the results can be interpreted for large organisations. Interpretation of these results to small and medium firms in Kenya should therefore be approached with caution.

5.6 Suggestions for Further Research

This study should be replicated in other industries in order to test the model used in this study. The study on another industry should find out whether these results hold. It would however be useful to study a cross-section of industries in order to compare results across industries.

Further, this study can be carried out in small and medium enterprises to find out how the concept of strategic decision speed is appreciated in such firms and whether faster decisions have any strategic value to small and medium firms in Kenya.

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APPENDICES

Appendix I: Research Questionnaire

STRATEGIC DECISION SPEED AND FIRM PERFORMANCE: A SURVEY OF FIRMS IN PHOTOGRAPHY INDUSTRY IN KENYA

Section I: Strategic Decision Speed

1. The following statements relate to the strategic decision speed in your firm. State the extent to which you agree or disagree with the statements using the key below.

1 means strongly disagree

2 means disagree

3 means undecided

4 means agree

5 means strongly agree

| | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| We prefer and tend to take our time when making strategic decisions | | | | | |
| We generally believe in making quick strategic decisions | | | | | |
| Our firm is able to integrate ideas and make decisions speedily | | | | | |
| In the implementation of decision-making, our speed is very fast | | | | | |
| Our firm launches new products faster than competitors | | | | | |
| Our firm incorporates new technologies into products faster than competitors | | | | | |

2. Please tick the extent (1 being 'not at all' to 5 being 'to a great extent') on which your company places on: speed when planning or thinking about strategies.

() 1 () 2 () 3 () 4 () 5

Section II: Determinants of Decision Speed

3. The following statements regard **participation** of managers in decision making process in the organisation. State the extent to which the managers of this company participate in the following decisions. Use the key below:

1 means very low extent

2 means low extent

3 means moderate extent

4 means large extent

5 means very large extent

| Decision | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Major changes in the firm's/division's market position? | | | | | |
| The firm's moves into new major customer segments and market areas? | | | | | |
| New major products and service introductions? | | | | | |
| The development of new important capabilities? | | | | | |
| To adopt new policies and practices? | | | | | |

4. The following statements regard the **autonomy** of managers in making decisions. State the extent to which you agree or disagree with the statements using the key below.

1 means very low extent

2 means low extent

3 means moderate extent

4 means large extent

5 means very large extent

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Managers do not start important market activities unless top management has approved the decision | | | | | |
| Managers market to new major customer segments only with approval from top management | | | | | |
| Top management must approve new product and service developments before they can be initiated | | | | | |
| Managers cannot introduce new practices without approval from top management | | | | | |
| Approval from top management is always needed before new internal capabilities can be developed | | | | | |

5. The following statements relate to the intensity of **industrial competitiveness** of the industry in which your company operates. State the level of industrial competitiveness using the scale below.

1 means not intensive

2 means low intensive

3 means average

4 means intensive

5 means extremely intensive

| | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| Level of competition for technical manpower acquisition and inputs (e.g. raw materials in the case of manufacturers, cash in the case of banks), parts, or equipment | | | | | |
| Competition in promotion, advertising, selling, distribution etc. in main industry | | | | | |
| Level of competition in the quality and variety of products or services | | | | | |
| Price competition in the industry | | | | | |

6. The statements below relate to the level of **technological sophistication** in the industry in which your firm belongs. State the extent to which you agree or disagree with the statements using the key below.

1 means very low extent

2 means low extent

3 means moderate extent

4 means large extent

5 means very large extent

| | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| Heavy investments in R&D are characteristic of our industry | | | | | |
| Frequent product technology changes are characteristic of our industry | | | | | |
| Frequent process technology changes are characteristic of our industry | | | | | |
| The widespread employment of new or advanced process or product technologies is characteristic of our industry | | | | | |

Section III: Firm Performance

Fill in the information on the performance of your organisation in 2011 using the table below.

| Indicator | Figure |
|-----------------------------------|--------|
| Financial performance | |
| Net profit | |
| Total assets | |
| Total investment | |
| Product market performance | |
| Sales | |
| Market share | |
| Shareholder return | |
| Total equity | |
| Dividends | |
| Employee growth | |
| Number of employees (2011) | |
| Number of employees (2010) | |
| Number of employees (2009) | |
| Sales growth | |
| Sales (2011) | |
| Sales (2010) | |
| Sales (2009) | |

The end