

**THE RELATIONSHIP BETWEEN  
ORGANISATIONAL CULTURE, STRATEGY  
AND PERFORMANCE - A SURVEY OF  
COMPANIES LISTED IN THE NAIROBI  
STOCK EXCHANGE**

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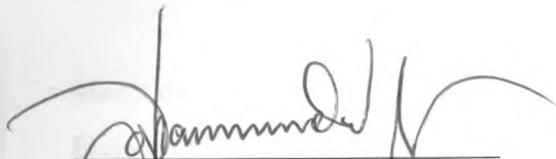
**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT  
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF  
MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF  
BUSINESS, UNIVERSITY OF NAIROBI**

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## DECLARATION

This project is my own original work and has not been submitted for a degree in any other university

  
Signed: \_\_\_\_\_

19th October 2006  
Date: \_\_\_\_\_

The project has been submitted with my approval as the university supervisor

  
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19/10/06  
Date: \_\_\_\_\_

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## DEDICATION

To the **Almighty Father**, for his unpredictable, unique, and very able hand that uplifted me throughout my education.

Many thanks to my immediate family - my wife **Patih**, daughter **Evette** and son **Elvis** for their unwavering love, support and cooperation during the many evenings and week ends, and in many a cases, late night times I was not there for them in order to attend to my stiff work and study schedules. Special thanks to **Pat** for her financial support that started me off in pursuit of this important level of my studies.

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## ABSTRACT

This researcher aimed at establishing the relationship, if any, between culture, strategy and performance of firms listed at the Nairobi Stock Exchange. Available literature showed that most corporate leaders understand that a clear and directed strategy is needed to achieve business success. However, they often disregard the role of culture with regards to strategy, yet the two factors are critical for the success of an organisation. The researcher noted that in order to study these two factors and the third one, performance, the ideal population was that which espouse known performance measure variables such as share prices, price index, and public declaration of their performance. The companies listed at the stock exchange, not only met these considerations, but also were known to be bound by certain minimum requirements to qualify for listing. Those requirements would generally require that the firms undertake certain culture and strategy choices geared towards the attainment of high performance.

Whereas a number of studies had been undertaken in the certain aspects of culture and strategy types, strategic planning, strategy formulation and implementation, many of such studies, had left a number of research gaps. Many of them, such as Gregory (2003), Frese et al (2003), Aosa (1992), Mahindra (2002), Kariuki (2001) were either broad or only addressed certain aspects of culture or strategy. None of these studies considered the relationship between the culture, strategy choices and their resultant influence on performance. The researcher set to find this relationship.

The researcher had two objectives, first, to establish the extent to which firms listed at the Nairobi Stock Exchange consider organisation's culture in their strategy, and second, establish the relationship between corporate culture types, strategy types and performance by these companies.

The researcher used a survey of all the 48 firms that were listed at the Nairobi Stock Exchange as at 15<sup>th</sup> September 2005. Likert Scale questionnaires with questions framed on the basis of pre-designed operational definitions of the Schneider's four

culture types - control, collaboration, cultivation and competence; and Miles and Snow's strategy types of defender, prospector, analyser and reactor, were designed, and used, in collecting primary data from the company managers responsible for planning and strategy, human resources or finance. This was aimed at collecting relevant data. Secondary data on companies share prices for the previous thirteen months were then collected to obtain the share price for the first Wednesday of the month. This was to reduce costs of the research while at the same time deriving the share prices over a period of high performance and that long enough to observe a trend. The average thirteen - months share prices were used to rank the companies from number one to sixteen as these was the total number that participated.

The primary data was analysed using the SPSS and a chi - square test was run to test the relationship between culture, strategy and performance. To do this, a null hypothesis was set that, the choice of culture and strategy types do not determine performance levels, and the alternative hypothesis was that they do determine performance.

The researcher observed that the chi - square test could not be relied on as the counts, that is, the observed frequencies, were less than the minimum required count of 5 for the correct use of the chi - square statistic. Consequently, the researcher used tabular analysis of the culture, strategy and average share prices to determine the relationship.

The first objective of the study was established as the researcher found that 94.5 per cent of the firms listed at the Nairobi Stock Exchange considered culture in their strategy. It was not, however, noted that the response was rather low to be able to determine the relationship and that whereas the relationship existed to some extent, there were no clear and consistent observation of the relationship between culture, strategy and performance. Hence, it was noted that some factors other than the culture-strategy choices could be the main contributors to performance of these companies.



# CHAPTER ONE - INTRODUCTION

## 1.1 Background

Competitiveness and standards of performance are determined not just within a particular industry or sector. Customer expectations of service standards, for example, on speed or reliability, become universal benchmarks crossing all industries and public services. It is this need for increased competitiveness and demanding shareholders who expect to have the highest performance and therefore returns to their investments, that strategy to attain these expectations is becoming a popular area for researchers, teachers and students of strategic management (Johnson and Scholes, 2002).

### 1.1.1 Organisation's Culture

Various scholars have defined the concept of organisation's culture. Hofstede (2003) argues that most people who write about organisation's culture would probably agree that it is: holistic, referring to a whole which is more than the sum of its parts; historically determined, reflecting the history of the organisation; related to the things anthropologists study like rituals and symbols; socially constructed, created, and preserved by the group of people who together form the organisation; soft, (although Peters and Waterman assure their readers that 'soft is hard' ); and difficult to change.

### 1.1.2 Cultural Types

Schneider (1994) indicates that there are four core culture types, namely: control, collaboration, competence and cultivation. He characterizes control culture by certainty and predictability; collaboration culture type primarily by synergy; competence culture, with distinction; and lastly, cultivation culture with enrichment.

### **1.1.3 Concept of Strategy**

The concepts and theories of strategy have their antecedents in military strategy. Strategy is about winning (Grant, 1998). According to Johnson and Scholes (2002) strategy is the direction and scope of an organisation over the long term, which achieves advantage for the organisation through its configuration of resources within a changing environment and fulfils stakeholders' expectations. Strategy is a unifying theme that gives coherence and direction to the actions and decisions of an individual or organisation.

### **1.1.4 Types of Strategy**

Miles and Snow (1978) identify four strategy types that firms practice in order to face their environmental challenges. These are defenders, prospectors, analyzers and reactors strategy types. Defenders always focus on protecting their market segments and tend to ignore developments outside these segments. Prospectors tend to continually search for opportunities and experiment with potential responses to emerging environmental factors. Analyzers use formalized structures and processes to operate in both stable and evolving markets. Lastly, reactors are those organisations that are often unable to effectively respond to environmental dynamics because they lack a relevant strategy-structure relationship.

### **1.1.5 Organisation's Performance**

The International Labour Organisation (2005) defines organisation performance as "the achievement of high levels of performance, profitability and customer satisfaction by enhancing skills and engaging the enthusiasm of employees". A survey carried out by the International Labour Organisation in the United Kingdom, joint commitment to a series of principles (the success of the enterprise, respect for legitimate interests of different parties and building trust) and a number of practices (flexible job design, quality related practices, direct participation in work - related

decisions and representative participation on wider policy issues) have a positive link with “employee attitudes and behaviour, internal organisation performance and external criteria of sales and profits”.

### **1.1.6 Link between Culture, Strategy and Performance**

Most leaders understand that a clear and directed strategy is needed to achieve business success, but the role of leadership and culture with regards to strategy is often unappreciated. If leaders do not develop the skills necessary to execute a strategy and corporate culture lacks the attributes necessary to support the strategy, the strategy will fail. Assessing what your organisation has and developing what your organisation needs is critical to achieve strategic objectives (HCG, 2005).

### **1.1.7 Uniqueness of Firms Listed in the Nairobi Stock Exchange**

Capital markets foster the mobilisation of savings into productive investments by providing an outlet for accumulated capital (savings and allocating the capital to investments that bring the greatest value to the economy (CMA, 2005). In Kenya, this role is performed by the Capital Markets Authority (CMA). It sets out requirements to be met for a company to qualify for listing at the Nairobi Stock Exchange.

The requirements to be met before a company is listed at the Nairobi Stock Exchange generally would ensure a majority of the quoted companies are not only high performers but also probably adopting unique cultures and strategy types. Some of these requirements include: recorded profits in at least two of the last three years preceding the issue of the commercial paper or the corporate bond; attainment of forty per cent or more of the ratio of funds generated from operations to total debt for the three trading periods preceding the issue; adequacy of working capital for both the issuer on its own and to the group and ensuring that the directors and senior management of an applicant must have collectively appropriate expertise and

experience for the management of the group's business and that the details of such expertise must be disclosed in the issue information memorandum (CMA, 2005).

It is therefore probable that companies listed at the Nairobi Stock Exchange may adopt specific strategy and culture types to enable them meet these expectations by the public, both existing and potential investors.

## **1.2 Statement of the Research Problem**

The link between strategy, culture and performance cannot be underscored. A number of studies have been carried out on strategy and performance but largely out in different context from that of Kenya. Strategy is sensitive to context and time. Lahey (2001) researched on the impact of strategic planning on organisation's effectiveness and culture but did not consider financial performance, the four culture types and also strategy types as postulated by Miles and Snow.

Gregory (2003) studied the impact of formal strategic planning on financial performance in the food - processing sector. Whereas the results of the strategic planning tools used in his study revealed a positive financial performance as measured by the three-year pre-tax return on assets, he simply considered whether the organisations practiced strategic planning and if this practice was related to performance. His research was based on only the food - processing sector and he therefore recommends a study on other sectors namely, manufacturing, service, financial sectors as well. Blackburn (1989) researched on strategic and operational planning uncertainty, and performance in small firms. His study also stressed on the relationship between strategic planning and financial performance but omitted culture and strategy types used. Again it considered only small firms

Close here in South Africa, Zambia and Zimbabwe, Frese, et al (2003) carried out three different studies in each of the countries on the psychological action strategy types as practiced by business owners of African - origin and their success levels.

These studies again did not unearth the culture types of the businesses and were biased to entrepreneurs of African origin.

A number of studies have also been carried out here in Kenya. Aosa's (1992) research was very broad as it covered strategic planning, strategy formulation and implementation in large manufacturing companies in Kenya. He recommends studies in specific areas. Mahinda (2002) studied the Influence of Culture on Human Resource Practices by Manufacturing Firms Registered by the Kenya Association of Manufacturers. She not only restricted her research to one industry but also considered only the human resource aspects of strategic management. Furthermore, she never compared culture versus strategy choices and their impact, if any, on performance. Consequently, she observed that a further research adding incision into culture and performance would perhaps improve research findings. Similarly, Kariuki (2001) studied the aspects of culture and their effects on the marketing strategies in the beverage industry in Kenya. Again this was industry specific and neglected not only cross-industry analyses cognizance of the fact that culture of an organisation is multidimensional. Furthermore, his study underscored performance as the main driving force for strategy. It addressed the question: why do companies in the beverage industry make strategic choices?

As has been noted by the high priests of strategy such as Andrews (1971) that strategy is sensitive to context, what happens in the agricultural sector is likely to differ from what happens in the manufacturing industry or financial sectors at any given time. Strategy is also process sensitive. Research findings keep changing with time such that what happened a year ago may not hold now. It is therefore evident from the foregoing research literature that no previous study, at least in Kenya, has explored the relationship between culture, strategy and performance. Even the foregoing studies that were done in other parts of the world were carried out in different environmental conditions and time and may need to be replicated in the Kenyan environment. No doubt this study is very timely!

### **1.3 Objectives of the study**

- a) To establish the extent to which companies listed in the Nairobi Stock Exchange consider organisation's culture in their strategy
  
- b) To establish the relationship between corporate culture types, strategy types and performance.

### **1.4 Significance of the Study**

- a) To managers and strategic analysts – the study will espouse a better understanding of organisation's culture and strategy and their relationship, if any, in the context of overall company performance.
  
- b) To researchers and students of strategic management – the study will act as a point of reference and further research

# CHAPTER TWO - LITERATURE REVIEW

## 2.1 Corporate Strategy

Andrews (1971) defines strategy as the pattern of objectives, purposes or goals and the major policies and plans for achieving these goals, stated in such a way as to define what business the company is in, or is to be in, and the kind of company it is or is to be. Strategy is the overall plan for deploying resources to establish a favourable position (Grant 1998).

Strategy is how a business defines and attacks its short- and long-term goals. This involves an internal and external analysis of the firm, an understanding of the firm's competitive advantage and the design and execution of a strategy taking into account the business's strengths and competitive advantages while mitigating risks and threats. The primary purpose of strategy is to guide management decisions toward superior performance through establishing competitive advantage.

All organisations are faced with the challenges of strategy development; some from a desire to grasp new opportunities, others to overcome significant problems (Johnson & Scholes, 2002). These scholars see strategy as being concerned with the complexity arising out of ambiguous and non - routine situations with the organisation - wide rather than operation - specific implications. Strategy development involves understanding the competitive position of the firm, making strategic choices and putting strategy into action.

Thompson (1997) found that many companies have no goals at all, other than cost reduction, or the boss hides them in his head. He notes further that in order to be successful, organisations must be strategically aware, must understand how changes in their competitive environment - some of which they may have started, and others to which they will have to react, - are unfolding.

In spite of a wide range of different models of strategy, a company requires a strategy to make long run decisions on how to meet the customers' demand, how to

tap new markets, how to distinguish themselves from their competitors, how to keep relationship with their suppliers, employees and how to deal with challenges from both inside and outside of the company.

Businesses operate in an ever-dynamic environment. They adjust and adapt to environmental dynamism through a variety of strategic orientations. Strategy, therefore, is instrumental to the survival of the firm. As Miles and Snow (1994) indicated, firms that match their situation to the environment can improve their performance, while those that do not court failure. The relationship between the firm and its environment, in the strategy-making context, has two major dimensions. First, the firm's basic mission or scope should match its environment. Second, it should aim at having a competitive edge with other firms that are also trying to get that match.

Strategies are formulated to adapt to, respond to, or shape the environment (Johnson and Scholes 1999; Mintzberg 1994). With any significant change in the level of uncertainty, a change in strategy is necessary to keep the organisation in harmony with its environment. Environmental uncertainty plays a central role in strategy formulation, for it affects not only the availability of resources to the firm and the value of its competencies and capabilities, but also customer needs and requirements, as well as the competition.

Corporate strategy can also be seen as simply how a business defines and attacks its short- and long-term goals. This involves an internal and external analysis of the firm, an understanding of the firm's competitive advantage and the design and execution of a strategy taking into account the business's strengths and competitive advantages while mitigating risks and threats (Musselman, 2005)

There are a number of strategy typologies and taxonomies in the strategic management literature (see, for example, Miller and Friesen 1978; Abell 1980; Porter 1980; Chrisman, Hofer, and Boulton 1988; Segev 1989). However, the Miles and Snow (1978), strategic orientation typology has been accepted as a robust description



of the strategic behaviour of firms trying to adapt to their uncertain environment. It reflects a broad and holistic perspective to strategy conceptualization (Venkatraman 1989). It is widely adopted in strategy research Snow and Hrebiniak 1980; Shortell and Jazac 1990; Ramaswamy et al. 1994; James and Hatten 1995).

Miles and Snow (1978) based on an in-depth cross-industry study of a relatively small sample of large corporations, developed a theory that there are three superior performing business types and all others are average or less than average. Their theory holds that in order to be superior, there must be a clear and direct match between the organisation's mission/values (their definition), the organisation's strategies (their basic strategy set), and the organisation's functional strategies (their characteristics and behaviour).

Miles and Snow (1978) suggest that organisations develop a systematic and identifiable pattern of behaviour toward environmental adaptation. The major elements of adaptation and the relationships among them are conceptualized by what they call an "adaptive cycle" over time. The cycle embodies different business strategies representing organisations' response to the competitive environment. An organisation's strategy addresses three types of problems, which represent the dimensions of the "adaptive cycle:" the entrepreneurial, the engineering, and the administrative. The entrepreneurial problem relates to how an organisation orients itself to the marketplace, that is, its market-product domain. The engineering problem refers to the organisation's technical system, that is, technology and processes used to produce its products and services. The administrative problem is about how an organisation attempts to coordinate and implement its strategies, that is, structure, control, and process issues.

Miles and Snow (1978) classify firms by their adaptive decision patterns into prospectors, defenders, analyzers, and reactors. It is this Miles and Snow model of the strategic orientation typology that I propose to use to identify the various strategies as may be practiced by companies listed on the Nairobi Stock Exchange. The four strategy types are explained below:

“**Defenders** are organisations which have narrow product-market domains, with top managers having high expert in their organisation’s limited area of operation but do not tend to search outside their narrow domains for new opportunities.” (Miles and Snow, 1978, p. 29). A defender’s basic strategies revolve around aggressive maintenance of prominence within its chosen market segment, ignore developments outside of this domain, penetrate deeper into current markets, and normally, growth occurs cautiously and incrementally.

Corporate characteristics and behaviour of a defender include a single core technology, often vertically integrated; updates current technology to maintain efficiency; stable structure and process; dominant coalitions are finance and production; planning is intensive, not extensive; promote from within; functional structure; extensive division of labour and high degree of formalization; centralized control; vertical information flows; simple and inexpensive coordination; and managers evaluated on efficiency versus the past

“**Prospectors** are organisations which almost continually search for market opportunities, and they regularly experiment with potential responses to emerging environmental trends. Thus, these organisations often are the creators of change and uncertainty to which their competitors must respond.” (Miles and Snow, 1978, p. 29). Their basic strategies include: broad domain, in a continuous state of development; monitoring a wide range of environmental conditions, trends, and events; creation of change in their industries; growth primarily from new markets and new products; and uneven, spurt-like growth.

Prospector organisations are often not efficient; exhibit changing structure and technology; frequent prototype production, multiple technologies normally preferred in people not machines; have dominant coalitions in marketing and research and development; key executives are likely to come from outside than inside, and have a shorter tenure than defender’s. Prospectors practice broad planning, that is not intensive; have product based structure; less division of labour,

low formalization; results-oriented controller; information flow to decentralized decision-makers; have complex and expensive coordination; confront and resolve conflict directly; and finally benchmark with similar organisations in managerial appraisal organisations

“**Analyzers** are organisations which operate in two types of product-market domains, one relatively stable, the other changing. In their stable areas, these organisations operate routinely and efficiently through use of formalized structures and processes. In their more turbulent areas, top managers watch their competitors closely for new ideas, and then rapidly adopt those which appear to be the most promising.” (Miles and Snow, 1978, p. 29). Analysers basic strategy include a mixture of products and markets, some stable, others changing; successful imitation through extensive marketing surveillance; avid follower of change; and growth normally occurs through market penetration; though it may also occur through product and market development.

These companies exhibit dual technology as a core characteristic; moderate efficiency; dominant coalition in marketing, applied research, and production; an intensive and comprehensive planning;; a matrix, functional and product structure; difficult control and must be able to trade off efficiency and effectiveness; a coordination that is both simple and complex; managerial focus is dual efficiency versus past, effectiveness versus similar organisations

“**Reactors** are organisations in which top managers frequently perceive change and uncertainty occurring in their organisation’s environments but are unable to respond effectively. Because this type of organisation lacks a consistent strategy-structure relationship, it seldom makes adjustments of any sort until forced to do so by environmental pressures.” (Miles and Snow, 1978, p. 29). The basic strategy common in these organisations include, the failure by management to articulate a viable organisation’s strategy; or management articulates an appropriate strategy, but technology, structure, and process are not linked to strategy appropriately; and/or

management adheres to a particular strategy-structure relationship that is not relevant to the environment

## 2.2 Corporate Culture

The pattern of dynamic relationships at the organisation level is culture, which explains why organisation culture is so powerful that its impact supersedes all other factors (Kotler & Heskett, 1992). Culture, "how we do things around here in order to succeed" is an organisation's way, identity, and pattern of dynamic relationships reality. It has everything to do with implementation and how success is actually derived. No management idea, no matter how good, will work in practice if it does not fit the culture of the entity.

According to Pearce and Robinson (2003) organisation's culture is the set of important assumptions (often unstated) that members of an organisation share in common. An organisation's culture is similar to an individual's personality - an intangible yet ever present theme that provides meaning, direction, and the basis of action. Insightful leaders nurture key themes or dominant values within their organisation that reinforce the competitive advantage they possess or seek, such as quality, differentiation, cost, and speed.

Thompson and Strickland (1996) define an organisation's culture as the policies, practices, traditions, philosophical beliefs, and ways of doing things. An organisation's culture and associated values dictate the way decisions are made, the objectives of the organisation, the type of competitive advantage sought, the organisation structure and systems of management, functional strategies and policies, attitudes towards managing people and information systems.

Mahinda (2002) states that organisations, just like people, have personalities and attitudes. Company attitudes are manifested in how they handle their business. They may be a rough and ready "let's get things done type of company, or one which is rather bureaucratic and likes to do things strictly by the book". The attitudes of the

companies' employees are also part of their culture, and may have developed in response to their treatment by the company over the years.

The most typical beliefs that shape organisation's culture include a belief in superior quality and service, a belief in the importance of people as individuals, and a faith in their ability to make a strong contribution, a belief in the importance of the details of execution, "the nuts and bolts of doing the job well", a belief that customers should reign supreme, et cetera (Pearce and Robinson, 2003).

Culture in the business environment can be seen by tangible things such as the corporate management philosophy articulated in a mission statement. Companies also create operating principles that typically define the way a company interacts with its customers and employees. While these things are important to put in writing, it is the more intangible aspect of culture that sets one business apart from another. Culture establishes and underpins; order, structure, membership criteria, conditioned for judging effective performance, communication patterns, expectations and priorities, the nature of reward and punishment, the nature and use of power, decision making practices, and management practices (Schneider, 1994).

The notions "organisation's culture" draws attention not only to what is observed in the way an organisation formally goes about its business, but also to the less obvious and more implicit informal characteristics that influence how decisions are made in practice and how people actually treat each other at work. It is those informal, latent and implicit aspects of an organisation that are increasingly being acknowledged as important facets of an organisation's make-up and which profoundly influence its behaviour and the well being of staff (Walton, 1997).

The perceived impact of organisation's culture on individual behaviour has been articulated for many years. Carol (1982) observed that culture, like morals, laws, and customs, shapes behaviour and is something that older generations hand down to

younger ones. Hofstede (1991) linked culture to a collective programming of minds of one group that differentiates them from other groups. He believes that this programming is derived from one's social culture.

Understanding and assessing the organisations culture can mean the difference between success and failure in today's fast changing business environment, (Hagberg & Heifetz, 2001). The culture of an organisation operates at both conscious and unconscious levels and it drives the organisation and its action. It is somewhat like 'the operating system' of the organisation. It guides how employees think, act and feel. It is dynamic and fluid, and it is never static. They further assert that if the organisation wants to maximize its ability to attain its strategic objectives, it must understand if the prevailing culture supports and drives the actions necessary to achieve its strategic goals.

A shared narrative of the past lays the foundation for culture. Too often today's companies casually cast aside their historical roots in favour of what is in vogue. In doing so, they often forsake the core values and beliefs that have contributed to their success. They become rootless, sterile enterprises stalking whatever fashionable economic opportunity comes along. How do we balance the tradition that keeps us anchored and the innovation that keeps us current? That is one of the many dilemmas today's corporate leaders wrestle with. The trick is to maintain core values while attiring peripheral practices to deal with contemporary issues (Deal & Kennedy, 2000)

While no one organisation has a pure culture throughout, every successful organisation has a core culture. The core culture is central to the functioning of the organisation, forming the nuclear core for how that organisation operates in order to succeed. It is critical that this core or lead culture is aligned with the organisation's strategy and core leadership practices. This alignment is central to any organisation's effectiveness. Without it, focus is lost and energy wasted as people, systems and processes work at cross-purposes with one another (Colins & Porras, 1994)

Schneider (1994) indicates that there are four core cultures: control, collaboration, competence and cultivation. Leaders create one of these four core cultures, consciously and/or unconsciously, from their own personal history, nature, socialization, experiences, and perception of what it takes to succeed in their market place. The following are the meanings of the four culture types:

**Control:** The culture is all about certainty. It fundamentally exists to ensure certainty, predictability, safety, accuracy, and dependability. Fundamental issue in a control culture is to preserve, grow, and ensure the well being and success of the organisations per se. The organisation as a system comes first. Accordingly, the design and framework for information and knowledge in the control culture is built essentially around the goals of the organisation, and the extent to which those goals are met. This culture is centred on organisation's goal attainment.

**Collaboration:** This culture is all about synergy. It fundamentally exists to ensure unity, close connection with the customer, intense dedication to the customer. Experiential knowing means that the fundamental issue in a collaboration culture is the connection between people's experience and reality. The organisation moves ahead through the diverse collective experience of people from inside and outside the organisation. Collaboration culture people know something when diverse collective experience has been fully utilized. This culture is centred on unique customer goal attachment.

**Competence:** This culture is all about distinction. It fundamentally exists to ensure the accomplishment of unparalleled, unmatched products or services. This is the culture of uniqueness per se, of one-of-a-kind products or services. Conceptual systematism means that the fundamental issue in a competence culture is the realization of conceptual goals, particularly superior, distinctive conceptual goals. The framework for information and knowledge is built essentially around the conceptual system goals of the organisation and the extent to which those goals are met. This culture is centred on conceptual goal attainment.

**Cultivation:** This culture is all about enrichment. It fundamentally exists to ensure the fullest growth of the customer, fulfilment of the customer's potential, the raising up the customer. This culture is all about the further realization of ideals, values, and higher order purposes. Evolutional knowing means that the fundamental issue in the cultivation culture is the connection between the values and ideals of the organisation and the extent to which those values and ideals are being operationalized. The key emphasis in this culture is the connection between what is espoused and what is put into operation. This is culture on value - centred goal attainment.

### **2.3 Organisation's Performance**

Conventionally an organisation's performance can be gauged using its current financial data. The most commonly used financial data is the earnings per share. Indexes are used as a measure of the performance of the stock and bond markets worldwide. Indexes are a valuable tool for investors to use in tracking the performance of their own investments. Investors need only to look at the meltdown of the stock prices that took place over the last few years to see how much money can be lost. Whether the markets go up or down, indexes will reflect the changes of the underlying stocks in the index. The more you understand the risk of the investments you are considering, the less surprised you will be at the outcome (Stollsteimert, 2000).

Another commonly used but non - financial measure of performance is benchmarking. To achieve best practices and to stay competitive, many companies realize that it is no longer enough to benchmark against their own previous performance or to rely solely on financial statistics; they must benchmark against their peer groups to gain an exceptional understanding of their current and future levels of performance. Smart goal setting and consistent measurement using devices such as indexes give a company the flexibility it will surely need to survive and thrive tomorrow (Stollsteimert, 2000).



Performance is critical for excellence and survival of a company. Indeed companies listed on the Nairobi Stocks Exchange (NSE) are expected to meet certain minimum performance standards such as the levels of profitability and total capital employed. Besides, quotation on the stock exchange enables them not only to enjoy prestige but also raise capital through sale of shares to the public (NSE, 2005).

Corporate performance research is active in terms of empirical studies but faces criticism regarding its limited theoretical foundation and its narrow focus. The works collected in Harvard Business Review on Measuring Corporate Performance, including the three groundbreaking articles on the balanced scorecard offer manager's practical guidance for measuring their intangible assets (customer relationships, internal business processes, and employee learning) and aligning corporate strategy accordingly. The balanced scorecard offers the most complete purpose-built application for managing business performance in today's complex and rapidly changing business environment. Unlike business intelligence, scorecarding, and desktop tools, it combines performance metrics, initiative management, budgeting and planning, and reporting in a single, structured environment (Stollsteimert, 2000).

The numbers are in. You met your goals. But how did you set your goals? Most likely you set your expectations based on your company's performance last year and the year before. This formula is fine if you're content to maintain the status quo. The modern way of measuring a company's performance is by benchmarking against the performance of its peers in the same industry. Once reserved for larger companies who could afford it, today small and midsize manufacturers are benchmarking their positions in the marketplace as well. The Internet has enabled a more level playing field as manufacturers enter the information economy. With the analysis of specific financial data, benchmarking enables manufacturers to understand how their performance rates within their industry segment and identifies opportunities for improvement. The more data that companies have in key financial areas (for example, inventory turns, days of payables and receivables, operating ratios), the

more opportunities those companies will find to improve performance, cash flow, and profits (Stollsteimert, 2000).

Benchmarking can first and foremost be helpful in understanding what level of performance one can reasonably expect. From there, a company can begin to quantify the gap between goals and current performance. Knowing where the problems are is tantamount to solving them, and finding solutions is easier when you know where to look. Benchmark ratios are measurable and comparable, which makes them ideally suited for management-by-objective incentive programs. They help keep the company focused on the controllable aspects of a business. Success and failure can be easily evaluated. Focus should be placed on improving the operational activities that directly affect cash position, profitability, and productivity. Operational activities such as inventory accuracy, bill-of-material accuracy, and planning and scheduling are the key drivers of manufacturing. By understanding, quantifying, and tracking these drivers, manufacturers stand to gain efficiencies of enormous magnitude (Stollsteimert, 2000).

Benchmark ratios provide an objective standard by which to measure performance. By tracking key measurements at regular intervals, busy executives can pay closer attention to those key factors that affect the company's bottom-line performance. At a minimum, the executive team should review progress monthly and manage performance until goals are achieved. As with most things in business, the value of this process grows dramatically as the appropriate attention and resources are dedicated to it. The more times this process is executed (benchmark, set goals, review progress, repeat), the more proficient a company becomes at realizing improved performance (Stollsteimert, 2000).

Benchmark ratios enable current and future stakeholders to objectively evaluate a company's condition. Lenders, creditors, investors, and employees will use them to better understand the company's strengths and weaknesses. All that is needed are twelve specific financial data points in the areas of assets, liabilities, and income

Market Connection Benchmark outlines performance as a measure of a company's market focus. The benchmark of performance measures the company's business segment average, aspects of market orientation activities that generally provides focus for understanding the employees role within the company that includes making a profit for the owners and their moral and organisation's commitment and a skilful management of the customer interactions to increase customer retention, the magnitude of each purchase and the bottom - line. Studies on corporate performance cover an organisation's environmental and social responsibility assessments policy, turnover, and capitalization.

My study recognizes that it will be very costly in terms of time and money to research on all the performance variables and stakeholders of the companies listed in the NSE - the employees, creditors, the government, the general public. I therefore propose to consider only the financial performance variables in this study.

## **2.4 Corporate Strategy, Culture and Performance**

Studies on the link between culture and organisation's performance are a relatively recent phenomenon. Thomas Peters and Robert Waterman (1982) told managers that an organisation's success depends on having a strong culture, and laying down a formula for such a culture. They state that without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies. Moreover, the stronger the culture and the more it was directed toward the marketplace, the less was the need for policy manuals, organisation charts, or detailed procedures and rules.

A company's strategic actions typically reflect its cultural traits and managerial values. In some cases, a company's core beliefs and culture even dominate the choice of strategic moves. This is because culture-related values and beliefs become so embedded in management's strategic thinking and actions that they condition how the enterprise responds to external events. Such firms have a culture-driven bias about how to handle strategic issues and what kinds of strategic moves it will *consider or reject. Strong cultural influences partly account for why companies gain*

reputations for strategic traits as technological leadership, product innovation, dedication to superior craftsmanship, proximity for financial wheeling and dealing, desire to grow rapidly by acquiring other companies, strong people - orientation, or unusual emphasis on customer service or total customer satisfaction (Thomson and Strickland, 1996).

Scholars of organisation's culture have sought to find the key to unlock the mystery and power of culture and its influence on the performance of organisations and groups. Barrett and Bass (1976) observed that, most research in industrial and organisation's psychology is done within one cultural context. This context puts constraints upon both our theories and our practical solutions to the organisation's problems.

Lahey (2001) researched on the impact of strategic planning on organisation's effectiveness and culture. This study, never addressed the need to align culture to strategy and how this impacts on performance. Gregory (2003) carried out a research on the impact of formal strategic planning on financial performance in the food - processing sector. Whereas the results of the strategic planning tools used in his study revealed a positive financial performance as measured by the three-year pre-tax return on assets, he first, never considered the cultural perspective on performance, and second, took only a sectoral analysis.

Blackburn (1989) researched on the strategic and operational planning uncertainty, and performance in small firms. This study also stressed on the relationship between strategic planning and financial performance. It is imperative to note that performance of companies need not be acknowledged from only the financial performance as is the case in the aforementioned studies in this area. Performance of a company includes the level of satisfaction by other stakeholders - customers, employees, shareholders, suppliers, the community, the government, investors, creditors, et cetera.

Johnson and Scholes (2002) observed that this formalization may reflect difficulties in changing strategies, within a hierarchical or deferential system. Peters and

Waterman (1982) wrote: "without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies. Moreover, the stronger the culture and the more it was directed toward the master place, the less need was there for policy manuals, organisation charts, or detailed procedures and rates. In these companies people way down the line know what they are supposed to do in most situations because the handful of guarding values is crystal clear.

However, close to Kenya, in the South and Central African counties of South Africa, Zambia and Zimbabwe, Frese, et al (2003) carried out three different studies on the psychological action strategy characteristics in African business owners and success in. This study identified four psychological strategy characteristics: Complete Planning (planning ahead and actively structuring the situation), Critical Point Strategy (working on and planning the most difficult and most important point first), Opportunistic Strategy (proactive orientation on opportunities with little planning and deviation from any goals when new opportunities are perceived), and Reactive Strategy (which implies that one reacts to the situation; thus the owner is neither proactive nor planning). The two underlying dimensions in this study are proactivity and planning. A reactive strategy is not proactive and does not plan. Opportunistic strategy does not plan, but is highly proactive in finding opportunities to be exploited. Critical point plans to a certain extent and is proactive to a certain extent, and finally complete planning is both proactive and planning, Frese, et al (2003).

Results showed that in all the above three studies, there is enough evidence revealing that a reactive strategy is negatively related to success. This means that those owners who react to the situation, who make decisions only after the market or other people tell them to, who do not attempt to influence their environment do worse in every environment. Results on planning are also relatively similar—planning is positive in Zambia and in Zimbabwe, although in South Africa only Critical Point Planning is significantly related to success. The most important difference occurs with opportunistic strategy. This strategy is only significantly and positively related to success in South Africa but not so in the other two countries.

One possible interpretation is to look at cultural differences: In South Africa, there is a higher degree of uncertainty avoidance than in the other two countries (as shown by the GLOBE data). This would actually imply a culture mis-fit hypothesis. Uncertainty avoidance suggest that one should plan to overcome anxieties related to the future. South Africa is the only country in which a non-planning opportunistic strategy is positively related to success. Those who behave uncharacteristically for their culture (and do not plan, but go about things opportunistically) are better off than those who have a fit of their strategy and their culture, Frese, et al (2003).

Mahinda (2002) based her research on the Influence of Culture on Human Resource Practices by Manufacturing Firms Registered by the Kenya Association of Manufacturers. First, her research was industry specific and limited to manufacturing sector. Strategy is process and context sensitive. Research findings in the manufacturing sector may therefore be very different from those of other sectors such as agricultural, service, or financial.

In line with this setback she recommended further research based on other sectors/industries. Second, her research was limited in that it did not unearth the link, if any, between an organisation adopting strategic planning on performance. Thirdly, she observed that a further research adding incision into culture and performance would perhaps improve research findings. Lastly, she notes that manager's risk ignoring organisation's culture in the process of making strategic decisions at their own peril. More importantly, strategy in one industry need not be the same in the other industry. Hence, the need to study these inter - industry differences.

Kariuki (2001) carried out a research investigating the aspects of culture and their effects on the marketing strategies in the beverage industry in Kenya. Again this was industry specific and neglected cross-industry analysis. Strategy in the beverage industry need not be similar to that in another industry like Financial and Investment. Moreover, this study did not address the effect of culture on strategic planning and resultant performance.

# CHAPTER THREE - RESEARCH METHODOLOGY

## 3.1 Introduction

In this chapter the various steps for executing the study were out in order to achieve the objectives of the study. These steps include the research design, population, data collection instruments, data collection procedures and finally data analysis and interpretation

## 3.2 Research Design

The researcher used a survey to explore the relationship between organisational culture, strategy and performance of companies listed at the Nairobi Stock Exchange. Pre-designed operational definitions of the four culture types - control, collaboration, competence and cultivation, and the four Miles and Snow's strategy types of defenders, prospectors, analysers and reactors were used in identifying the dominant culture and strategy types

A survey design was deemed more appropriate since this study covered cross sectional studies. This was important to capture the adoption of culture in strategic practices by companies in different variations and the resultant performance.

## 3.3 Population

This was a census study of all the forty eight (48) firms that were listed on NSE Price Index as at 15<sup>th</sup> September 2005. The researcher used census method because there was the fear that non response might be high given that all the targeted respondents were normally very busy employees of the companies and therefore may not spare time for interviews or in filling the questionnaires.

### **3.4 Data Collection**

Likert scale questionnaires were used to collect primary data. To increase the response the questionnaires were sent to two managers – the head of planning and that of human resources or the head of finance as were applicable. This was also to ensure that the questionnaires were answered by people responsible for culture and/or planning. Due to his busy schedule, the researcher sent the questionnaires by either drop or courier.

All the questionnaires were enclosed with addressed return stamp envelopes. It was deemed these measures would increase the response chances.

Secondary data on the financial performance indicators, notably, Earnings per Share, (EPS), share prices and the price index for the twelve months, October 2004 to September 2005 were obtained from the Nairobi Stock Exchange. The researcher used the one year share prices to espouse the individual company performance over time. The choice of one year was made to first, contain the cost of the research and, second, reduce the possibility of strategy or culture types in use by individual companies changing over a longer period.



# CHAPTER FOUR - DATA ANALYSIS AND INTERPRETATIONS

## 4.1 Data Analysis

Data were analysed using descriptive statistics such as tables, frequencies, averages, rankings and graphs. Tabular analyses using averages were used to identify the dominant cultures and strategy types. Secondly, average share prices were used as performance indicators in ranking the companies. Thirdly, graphical analyses were used to show the periodic trends of the share prices as a measure of the performance of the companies over the thirteen months and compare intra industry. Chi - square was to be used to test the significance of the relationships between strategy, corporate culture and organisation's performance. However, its use was discontinued after the researcher noted that the expected frequency count was less than 5 for all the questions.

Sixteen companies, namely: Kakuzi Limited, Sasini Tea and Coffee Limited, Kenya Airways Limited, Marshalls (E.A) Limited, Nation Media Group, Barclays Bank Limited, National Bank of Kenya Limited, B.O.C Kenya Limited, Crown Berger Limited, Olympia Capital Holdings Limited, E.A. Cables Limited, Mumias Sugar Company Limited, Kenya Power and Lighting Company Limited, Express Limited, Williamson Tea Kenya Limited and Kapchorua Tea Company Limited completed the questionnaire.

These companies were categorized by sectors at the Nairobi Stock Exchange as shown below:

### **Agricultural**

1. Kakuzi Limited
2. Sasini Tea and Coffee Limited

### **Commercial and Services**

3. Kenya Airways Limited
4. Marshalls (E.A) Limited
5. Nation Media Group

### **Finance and Investment**

6. Barclays Bank Limited
7. National Bank of Kenya Limited

### **Industrial and Allied**

8. B.O.C Kenya Limited
9. Crown Berger Limited
10. Olympia Capital Holdings Limited
11. E.A. Cables Limited
12. Mumias Sugar Company Limited
13. Kenya Power and Lighting Company Limited

### **Alternative Investment Market Segment**

14. Express Limited
15. Williamson Tea Kenya Limited
16. Kapchorua Tea Company Limited

In order to observe confidentiality, each company was randomly represented by a letter from the alphabet which was consistently used throughout the analysis. The letters ranged from A to Q.

## **4.2 Culture Types**

The researcher used questions (a), (b) and (c) to determine the extent to which control culture was practiced; (d) and (e), collaboration; (f) and (g), competence; and finally, question (h), the cultivation culture. The Likert Scale was interpreted thus: No Response = 0, Not at all = 1; Not Quite = 2; Fair Extent = 3; Good Extent = 4; and Great Extent = 5. The respondents were asked to rate the extent to which the

company considered organisational culture when making strategic decisions. The scales ranged from 1 (Not at all) to 5 (Great extent). The results are presented in table 1.2.

Table 1.1 below summarizes the results of the culture types using the foregoing criteria:

**Table 1.1: Dominant Culture Types**

Company/ Question	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	Dominant Culture Type(s)
A	4	5	5	4	4	4	4	4	Control
B	4	4	5	4	4	4	4	4	Control
C	4	5	4	5	5	4	3	3	Collaboration
D	3	3	4	4	4	4	4	4	Collaboration, competence and Cultivation
E	4	3	3	2	3	3	3	2	Control and Competence
F	5	5	5	5	4	4	5	5	Control and Cultivation
G	2	4	5	5	4	4	3	4	Collaboration
H	5	4	4	4	5	5	5	5	Competence and Cultivation
I	3	3	4	4	4	2	3	4	Collaboration
J	3	4	5	4	5	5	3	3	Collaboration and Competence
K	4	4	3	2	2	3	4	4	Cultivation
L	3	3	4	4	4	2	4	3	Collaboration
M	4	5	5	5	4	4	4	3	Control
N	4	4	4	5	5	5	5	5	Collaboration, competence and Cultivation
P	4	4	5	4	4	3	3	4	Control
Q	4	4	5	4	4	3	3	4	Control

From table 1.1, it is evident that ten or 62.5 per cent of the respondent firms practice a dominant culture type to a good extent and only six or 37.5 per cent of them practice a culture mix. The use of the culture types to a good or great extent, however, is almost at 37.5 per cent and 31.25 per cent for control, collaboration, competence and cultivation, respectively. The use of almost all these culture types is, to a good extent, on the average.

Similarly, ten or 62.5 per cent of the companies that responded to the survey considered control culture to a good extent, on average; while fourteen or 87.5 per cent, on average, practiced collaboration culture, at least, to a good extent. On the

same scale, eight or 50 per cent of the companies considered competence culture, while eleven or 68.75 per cent considered cultivation culture. Collaboration culture was, therefore, the most used culture from the foregoing results.

**Table 1.2: Frequency of the Extent of Culture Consideration**

EXTENT	FREQUENCY	PERCENTAGE	CUMULATIVE PERCENTAGE
Great Extent	32	25	25
Good Extent	64	50	75
Fair Extent	25	19.5	94.5
Not Quite	7	5.5	
<b>TOTAL</b>	<b>128</b>	<b>100</b>	

Frequencies are averages of all the question items. From the table, it is evident that 50 per cent of the companies considered culture in their strategy to a good extent, 25 per cent to a great extent, and 19.5 per cent, to a fair extent. 5.5 per cent did not quite consider it. It is also evident, that 75 per cent considered culture, at least, to a good extent.

### 4.3 Strategy Types

The researcher used the characteristics of the Miles and Snows' strategy types to frame questions (i) to (xxx) as detailed in the questionnaire. Each question was measured from a scale of 1 (not at all) to 5 (great extent). The categorisation of the questions to determine the average strategy type that was being practiced by the companies that were surveyed is shown in table 1.3 below:

**Table 1.3: Strategy Types Analysis Schedule**

NUMBER	STRATEGY TYPE
(i) - (viii)	Defender
(ix) - (xx)	Prospector
(xxi) - (xxix)	Analyzer
xxx	Reactor

The researcher considered the averages of the responses to the questions under each strategy type as shown in categories in tables 1.3 and 1.4. For example, if the answers

to questions, (i) to (viii) by a company, was, say 3.5 on the average, it was rounded upwards to the nearest whole number to obtain the nearest upper scale of 4. This was then interpreted to mean that this company practiced defender strategy to a good extent, on the average. The results of the mean scores are detailed in table 1.4

Table 1.4 - Corporate Strategy Practices

Question	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I	Company J	Company K	Company L	Company M	Company N	Company P	Company Q
(i)	4	3	2	3	2	1	2	2	3	2	5	3	3	4	3	3
(ii)	5	2	2	2	3	1	2	2	3	3	0	3	3	3	4	4
(iii)	5	4	4	4	3	3	4	5	3	4	4	4	3	4	4	4
(iv)	5	4	1	3	4	2	5	1	3	3	5	4	4	4	4	4
(v)	3	3	3	3	3	4	2	3	3	4	0	3	3	4	4	4
(vi)	4	4	4	3	3	5	5	1	4	2	5	5	3	4	5	5
(vii)	5	4	4	3	3	4	4	1	2	2	4	3	3	4	5	5
(viii)	5	4	5	3	4	3	4	2	3	1	3	2	4	4	5	5
Mean	4.5	3.5	3.12	3	3.12	2.75	3.5	2.125	3	2.6	3.25	3.375	3.25	3.88	4.25	4.25
(ix)	4	4	4	4	3	4	4	4	3	4	1	4	3	4	0	0
(x)	5	5	3	2	2	5	5	5	3	4	3	5	2	4	4	4
(xi)	3	3	4	2	2	5	3	3	3	5	4	2	2	3	2	2
(xii)	2	4	4	3	4	3	3	4	3	5	5	4	3	2	5	5
(xiii)	3	4	2	2	2	1	3	3	3	2	2	2	2	3	2	2
(xiv)	4	4	3	3	3	4	2	4	3	2	0	2	2	0	2	2
(xv)	2	4	4	4	3	3	3	4	4	2	2	3	2	4	2	2
(xvi)	4	3	4	3	2	3	2	3	3	4	4	2	3	0	3	3
(xvii)	4	5	4	3	2	3	4	4	4	2	2	4	2	3	2	2
(xviii)	4	2	2	2	3	1	3	4	3	4	2	3	2	2	2	2
(xix)	4	1	2	2	2	5	3	3	3	4	3	3	2	4	4	4
(xx)	4	3	5	3	3	4	3	5	4	3	3	3	2	4	3	3
Mean	3.58	3.5	3.42	2.75	2.58	3.43	3.17	3.8	3.25	3.42	2.58	3.1	2.25	2.75	2.58	2.58
(xxi)	3	1	2	3	3	2	3	2	3	1	2	1	1	3	2	2
(xxii)	4	3	5	3	3	4	4	4	4	4	4	4	1	4	1	1
(xxiii)	4	4	4	3	2	2	4	4	4	4	2	4	4	4	2	2

Question	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I	Company J	Company K	Company L	Company M	Company N	Company P	Company Q
(xxiv)	5	4	5	2	2	3	4	2	2	4	2	1	3	0	3	3
(xxv)	5	3	4	3	2	5	4	2	2	5	3	5	4	0	4	4
(xxvi)	4	1	3	3	2	5	4	5	3	3	2	3	1	0	2	2
(xxvii)	2	1	2	2	3	1	2	1	3	2	2	3	1	2	2	2
(xxviii)	4	4	3	3	3	4	4	1	3	3	3	4	3	4	3	3
(xxix)	3	3	3	2	2	3	3	3	4	3	2	3	1	3	2	2
Mean	3.8	2.7	3.4	2.7	2.4	3.2	3.56	2.67	3.2	3.2	2.4	3.1	2.1	2.2	2.33	2.33
(xxx)	1	4	1	1	3	1	2	1	2	1	1	1	3	1	2	2

From table 1.4, six companies or 37.5 per cent on average practiced defender strategy to a good extent. On a similar scale, only three companies, or 18.75 per cent; two companies or 12.5 per cent, and one company or 6.25 per cent, practiced prospector, analysers, and reactor strategy types, respectively. To a fair extent, all the remaining ten firms, representing 75 per cent, practiced defender strategy; twelve companies, or 75 per cent, prospector strategy; eight companies or 50 per cent, analyser strategy; and two companies or 12.5 per cent, reactor strategy.

These results show that defender strategy was, at least to a fair extent, practiced by all the companies that responded to this study. This was closely followed by prospector strategy, being preferred, at least to a fair extent by thirteen or 81.25 per cent of the companies. Analyser strategy was 62.5 per cent on the same scale. It also showed that reactor strategy is the least adopted strategy type, at only 18.75 on the aforementioned scaling. The survey results also show that none of the respondents used reactor strategy to a great extent.

Table 1.5: Share Prices

Analysis for the period from first September 2004 to seventh September 2005

	FIRST SEP 04	SIXTH OCT 04	THIRD NOV 04	FIRST DEC 04	FIFTH JAN 05	SECOND FEB 05	SECOND MARCH 05	SIXTH APR 05	FOURTH MAY 05	FIRST JUNE 05	SIXTH JULY 05	THIRD AUG 05	SEVENTH SEP 05	MEAN SHARE PRICE	RANK
A	29.75	29.50	32.75	32.75	40.00	46.00	47.75	40.25	45.25	46.00	68.50	54.00	51.00	43.35	8
B	20.00	20.50	22.75	23.00	26.25	30.25	27.75	31.00	32.75	33.50	36.75	38.00	32.50	28.85	10
C	14.10	14.55	17.00	17.50	18.35	19.45	21.25	24.25	26.00	39.75	69.50	70.00	74.00	32.75	9
D	16.50	15.30	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	30.00	30.00	27.00	18.37	13
E	176.00	182.00	180.00	189.00	180.00	185.00	197.00	230.00	240.00	203.00	196.00	197.00	180.00	195.00	2
F	203.00	211.00	219.00	215.00	202.00	220.00	222.00	206.00	216.00	239.00	257.00	254.00	238.00	223.23	1
G	17.50	16.00	17.85	17.85	17.45	20.00	19.05	17.95	16.85	19.30	22.00	24.25	24.25	19.25	12
H	135.00	120.00	121.00	120.00	115.00	115.00	130.00	137.00	137.00	140.00	142.00	146.00	140.00	130.62	3
I	30.00	25.25	27.25	27.25	27.75	31.00	31.00	28.00	28.00	28.00	30.50	25.00	30.75	28.44	11
J	15.30	17.00	17.00	16.85	15.85	15.55	15.05	15.50	16.50	15.05	25.00	25.00	25.00	18.05	14
K	31.75	32.25	34.00	38.50	50.50	57.00	59.50	64.00	75.00	86.00	136.00	128.00	136.00	71.42	7
L	11.55	10.95	11.15	10.85	10.70	11.85	12.00	11.50	12.45	17.90	31.25	28.75	28.50	16.11	15
M	95.00	88.00	83.00	85.50	94.50	86.00	85.00	87.00	83.50	89.50	115.00	129.00	132.00	96.38	6
N	9.00	8.95	8.70	8.00	7.80	9.95	9.80	9.75	9.50	9.00	14.45	11.60	14.60	10.08	16
P	90.00	86.50	94.00	100.00	100.00	117.00	117.00	118.00	118.00	118.00	142.00	130.00	120.00	111.58	5
Q	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	120.00	126.00	185.00	185.00	160.00	121.23	4



Table 1.5 shows share prices for each of the sixteen companies that participated in this research over a thirteen month period, from September 2004 to September 2005, a week before the companies listed as at 15<sup>th</sup> September 2005 were noted for this study. The first Wednesday of each month was chosen for the purpose of each data. This is in line with the Efficiency Pricing Theory, in which a number of studies on weekly share prices had revealed that share prices are higher on Wednesdays than any day of the week. It was, therefore, prudent to choose a time when the share prices were at their highest point because this study aims at establishing the relationship in the choices of culture and strategy types to performance. The alternative would be to take the monthly average of the share prices of the share companies listed at the Nairobi Stock Exchange. This, however, would be more costly in terms of time and money. It is because of this that the researcher preferred the use of the share prices of the first Wednesday of each month. The mean of was then used to rank the sixteen companies in the descending order of the mean share prices. Using this measure, the best ranked company has the highest average share price while number sixteen had the lowest mean share prices. The mean share price for each company shows the average performance of each of these companies that participated in this study over the period. This performance measure was then used further to analyse the relation between the Miles and Snows' strategy and culture types, and the resultant performance as detailed in table 1.6.

#### 4.4 Culture, Strategy Types and Performance

Table 1.6: Culture, Strategy Types, Performance, and Performance Ranking

COMPANY	DOMINANT CULTURE TYPE(S)	DOMINANT STRATEGY	13-MONTH MEAN SHARE PRICE	RANK
A	Control	Defenders, Prospectors and Analysers	43.35	8
B	Control	Defenders and Prospectors	28.85	10
C	Collaboration and Control	Prospectors, Analysers and Defenders	32.75	9
D	Collaboration, Competence and Cultivation	Defenders, Prospectors and Analysers	18.37	13
E	Control and Competence	Defenders and Reactors	195	2
F	Control and Cultivation	Prospectors and Analysers	223.23	1
G	Collaboration	Analysers, Defenders and Prospectors	19.25	12
H	Competence, Cultivation and Control	Prospectors	130.62	3
I	Collaboration	Prospectors, Analysers and Defenders	28.44	11
J	Competence	Prospectors, Analysers	18.05	14
K	Cultivation	Defenders	71.42	7
L	Collaboration	Defenders and Prospectors	16.11	15
M	Control	Defenders	96.38	6
N	Collaboration, Competence and Cultivation	Defenders	10.88	16
P	Control	Defenders	111.58	5
Q	Control	Defenders	121.23	4

Table 1.6 details the dominant culture and strategy types of each of the sixteen companies that participated in this study. The table, like Figure 1.1 below, also shows the thirteen months mean share prices for the first Wednesday of each month, which were then used in ranking the companies to determine the relationship, if any, between the use of specific culture and strategy types, or a mix of culture and strategy types, on the resultant performance. Figure 1.1 also shows that average performance trend was maintained by all companies during the thirteen months to September 2005.

From the results shown in the table, it is not clear the nature of the relationship, as a look at the top five ranked companies shows various culture and strategy types across all of them. For example, whereas the first three companies practised mixed culture, the fourth and fifth ranked companies both had dominant control culture and defender strategy. Similarly, while the best performing company used mixed control and cultivation culture types, and prospector and analyser strategy types, the second ranked firm, considered control and competence culture types on the one hand, and defender and reactor strategy types on the other. The third ranked firm, however, considered mixed culture types of competence, cultivation and control, and prospector strategy. Consequently, the details in table 1.6 per se may not quite show the nature of the relationship between these variables.

**Figure 1.1 – Company Average Share Prices – September 2004 to September 2005**

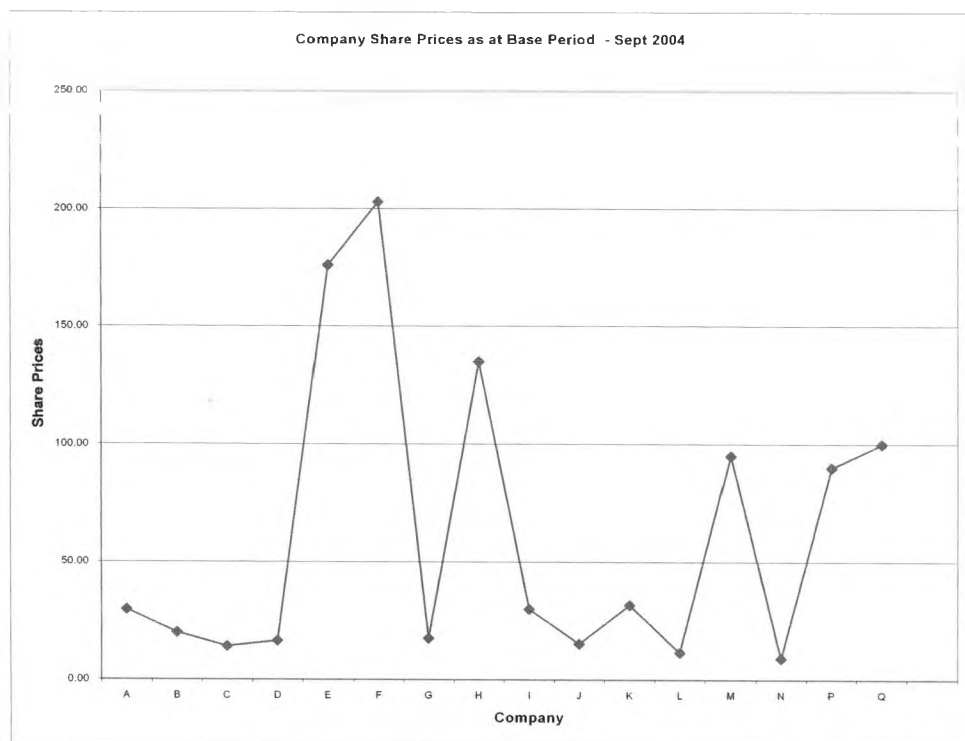
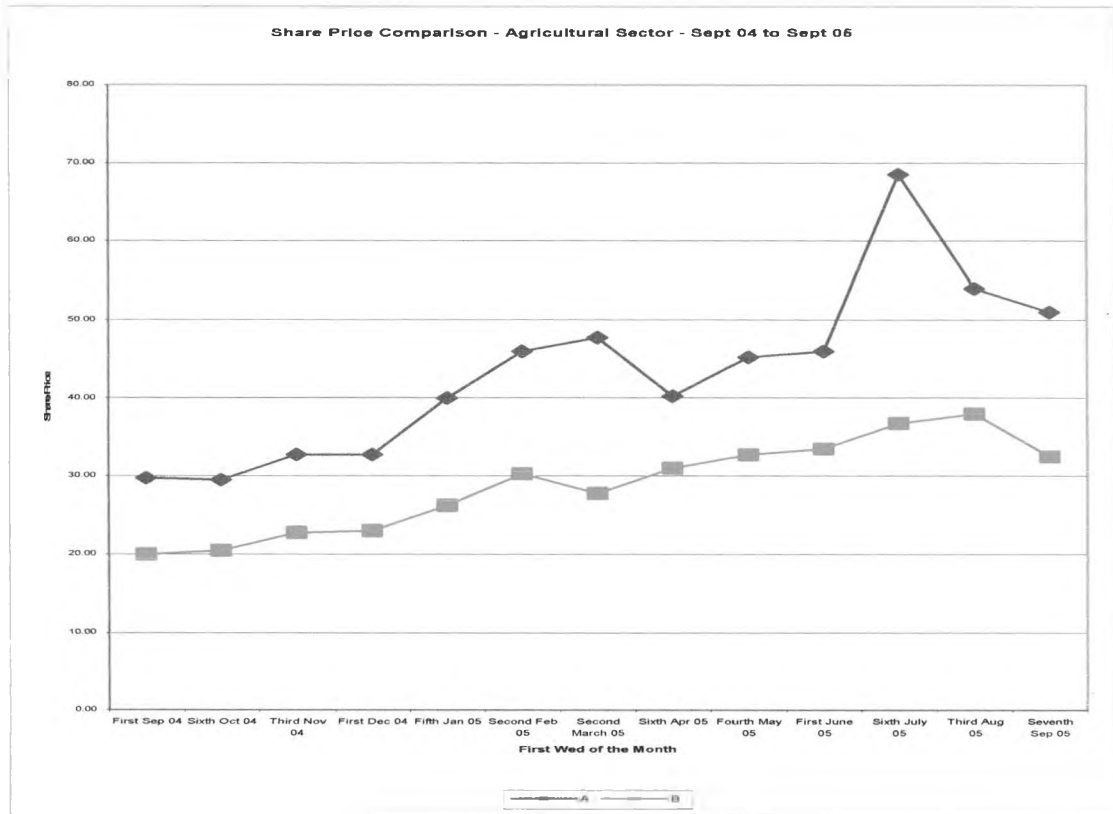
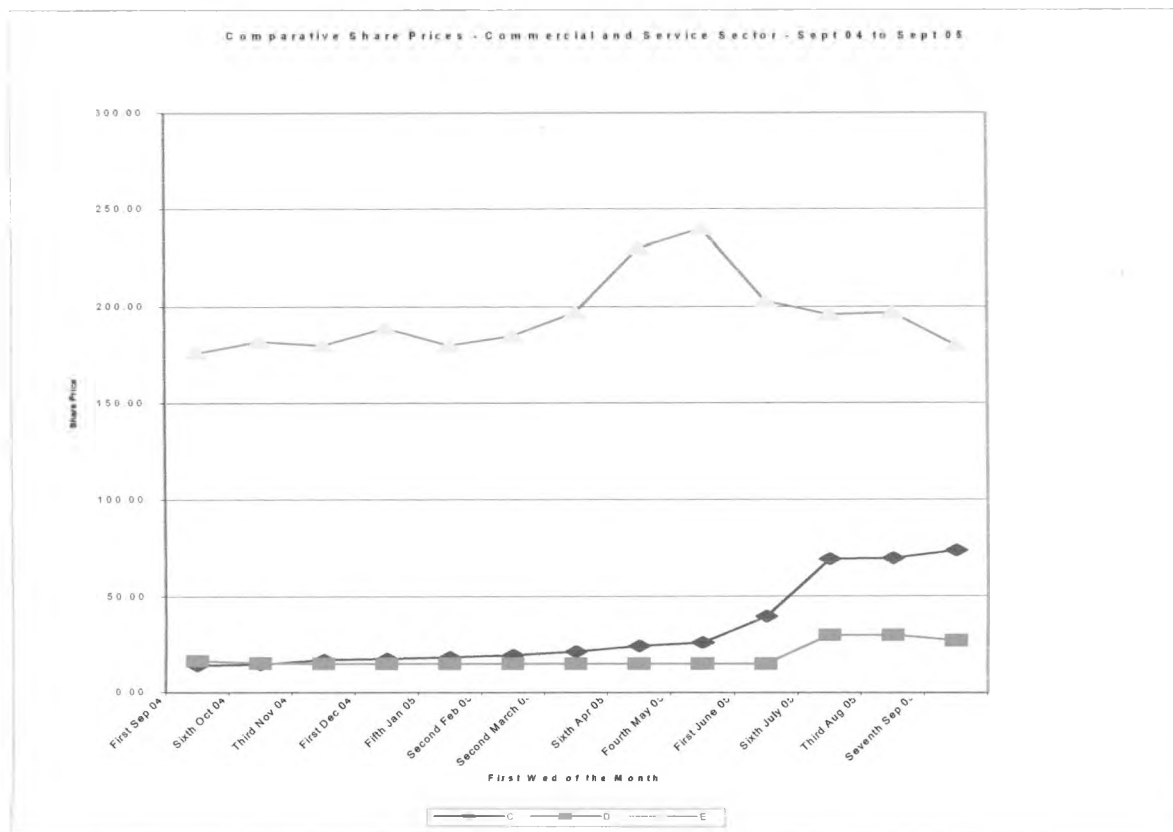


Figure 1.2: Share Price Comparison - Agriculture Sector - September 2004 to September 2005



Two or 50 per cent of the companies in Agricultural Sector responded to this survey and both used predominantly control culture and defenders strategy. Figure 1.2 shows Company A out performing Company B despite the fact that the two practiced the same dominant culture and strategy types. This shows that there are perhaps other factors other than the culture and strategy types that determine the performance.

**Figure 1.3: Monthly Average Share Prices - Commercial and Service Sector - September 2004 to September 2005**



Only three firms or 38 per cent out of eight firms in the Commercial and Services Sector that were listed at the Nairobi Stock Exchange on 15<sup>th</sup> September, 2005 participated in this study. This is not a representative sample of the population of this sector. Figure 1.3, (like table 1.6) shows that the culture and strategy choices may not be the main determinants of performance of companies in the Commercial and Service Sector. For example, whereas Company E, the top ranked company in this sector, and the second ranked of all the sixteen companies that participated in this survey, practiced mixed culture and strategy types, with dominant control and competence culture, and defender and reactor strategy types, it was the only company that used reactor strategy, but still performed well.

Although the use of defender strategy and control culture could influence good performance, for example, in the case of companies in the agricultural sector, this assertion, may not be justified for companies in the commercial and services sector,

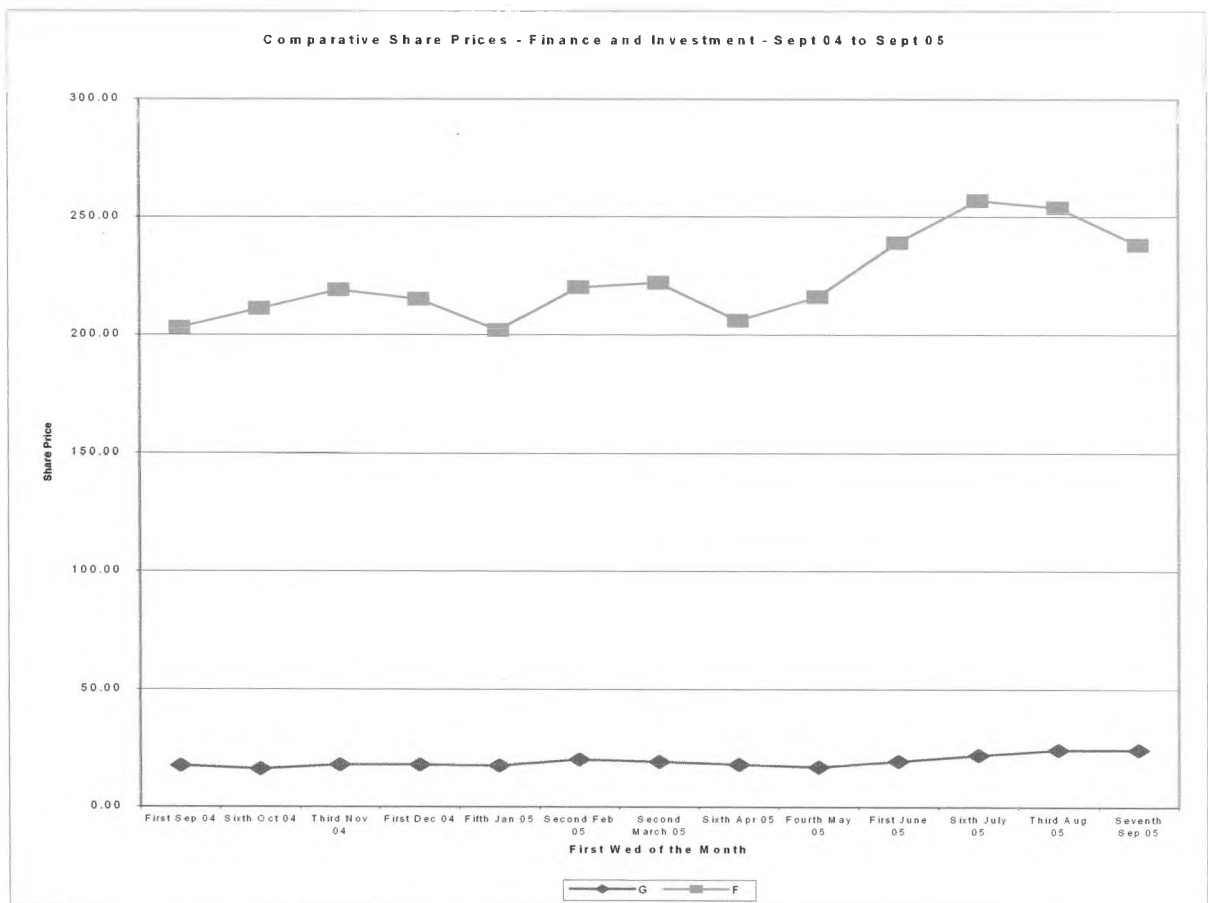
first, because the low response rate by companies in this sector made the results unrepresentative, and, second, due to the fact that Company C was ranked ninth, far behind Company E despite both having considered defender strategy and control culture in their strategy and culture mixes.

It can also be noted from figure 1.3 and table 1.6, that companies C and D had more or less same share prices between September and December 2004, but the succeeding months to September 2005, saw the share prices for Company C rising to position nine compared to those of Company D at position thirteen by the end of this period. This was a remarkable difference was noted in spite of the fact that the two companies considered the same mixed strategy types, that is, prospector, analyser and defender, and also collaboration as the dominant culture mix, though with a good use control culture for Company C, and competence and cultivation cultures in the case of Company D. Consequently, there may be other determinants of performance by these companies other than the choice of culture and strategy types.

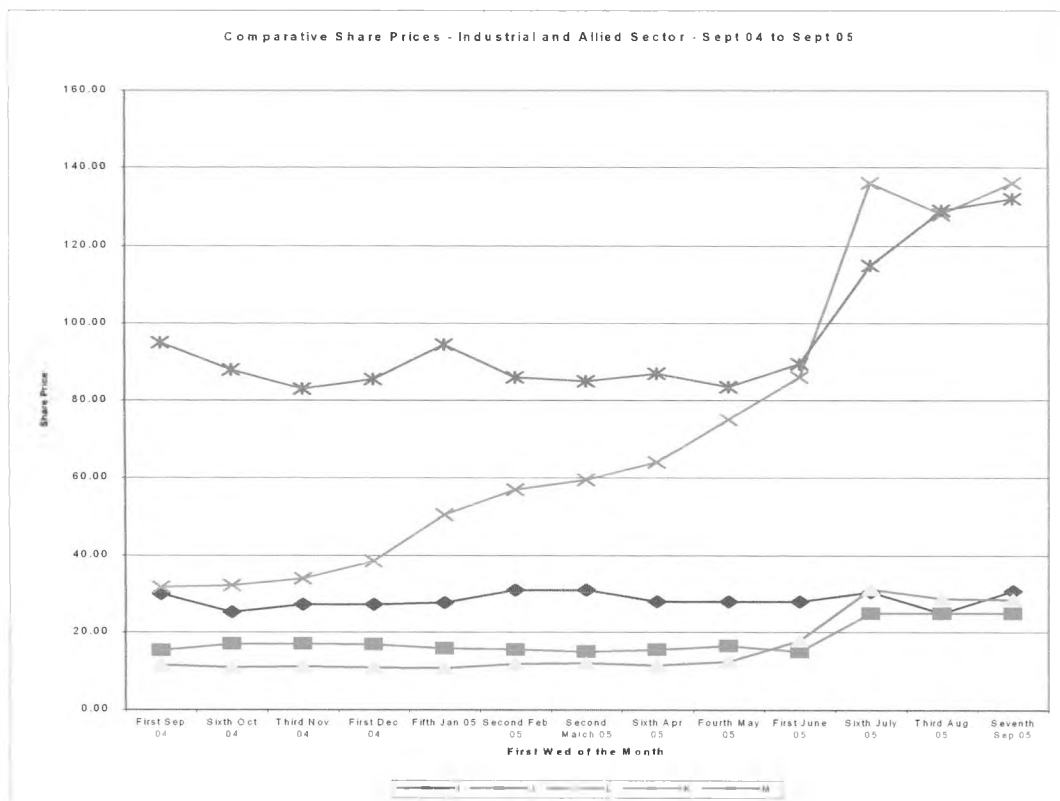
It is also important to note that the commercial and services sector is quite diverse in terms of the nature of products and may therefore be influenced by many factors. This sector covers transport, hospitality, motor dealers and some retail chains – all of which have unique niches that are bound to be influenced by a wide range of factors specific to them.

From figure 1.4 and table 1.6 it can be observed that only two companies in the Finance and Investment Sector participated in this study. This represents 18 per cent, response rate. This is less than the minimum level whose results can be relied on to make inferences in this kind of study. It is further noted from table 1.6, that, whereas both Companies F and G more or less consider similar mixed analyser and prospector strategy types, with the latter using also defender strategy, the latter was ranked the best performing company, while the former was twelfth. The culture types for the two companies were different, as Company G considered a dominant collaboration culture, while, Company F, used a mixed control and cultivation culture types. Consequently, it is likely that other factors other than the choice of strategy and culture types determined the levels of performance in this sector

**Figure 1.4: Monthly Average Share Prices - Finance and Investment - September 2004 to September 2005**



**Figure 1.5 – Monthly Average Share Prices – Industrial and Allied Sector – September 2004 to September 2005**

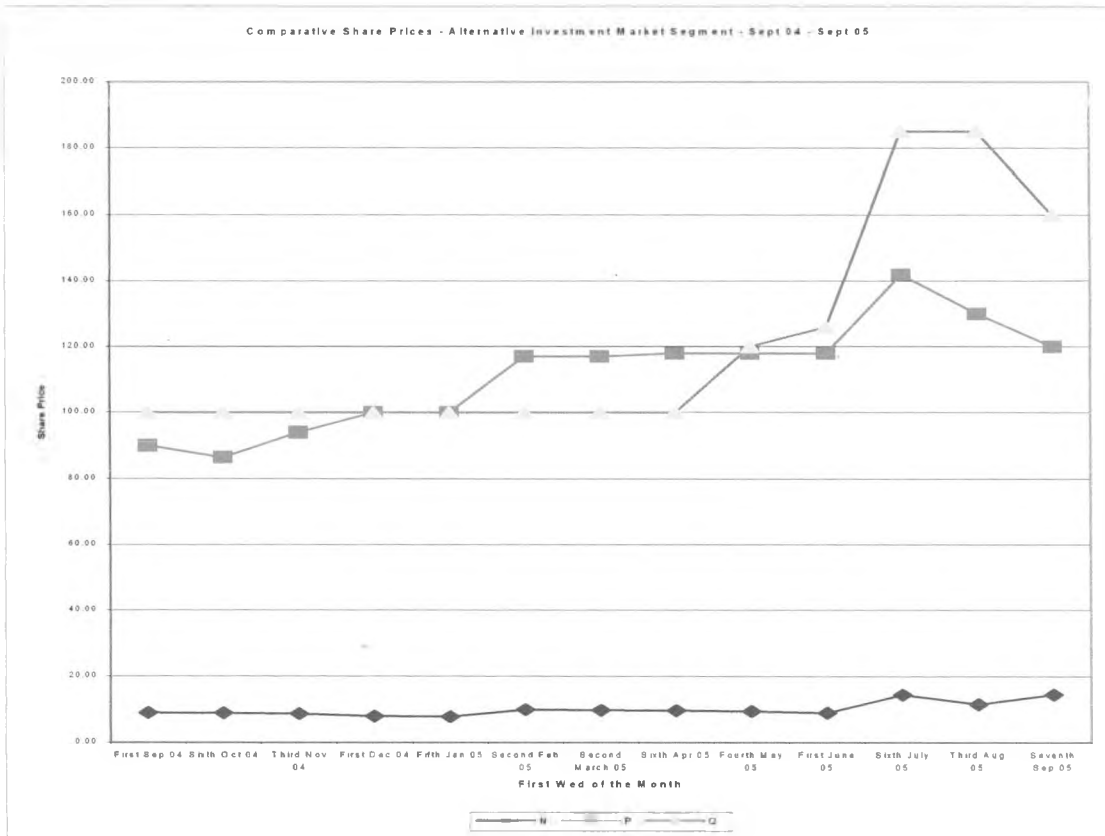


From table 1.6 and figure 1.5 above, it can be observed that Company H, the top ranked firm in the Industrial and Allied Sector, at position three used dominant prospector strategy, and considered competence and cultivation culture types. This was in contrast to its two closest followers, Companies M and K, at positions six and seven respectively. Though both Companies M and K, considered defender strategy, they used different control and cultivation culture types, respectively.

Further, although Company L, for instance, considered defender strategy like Companies M and K, it ranked distant fifteen. Since only six or 38 per cent of the sixteen firms listed under the industrial and allied sector at the Nairobi Stock Exchange participated in this study, it was observed that other factors other than the choice of culture and strategy could have determined the performance levels of companies listed under this sector



**Figure 1.6: - Monthly Average Share Prices - Alternative Investment Market Segment - September 2004 to September 2005**



Of the three firms that participated in this study, Companies Q and P ranked fourth and fifth respectively, while Company N ranked last, at position sixteen, though all of them considered defender strategy as the dominant strategy type.

Further, although both Company Q and P used a dominant control culture, Company N preferred a mixed collaboration, competence and cultivation culture types. But because the three out of nine companies, represents only 33.3 per cent, this level of participation, is low, and may not enable research findings to be validated. Hence, it can be observed that other factors other than the consideration of culture and strategy may have influenced performance levels of firms in the alternative investment market segment of the Nairobi Stock Exchange.

# CHAPTER FIVE - DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

This chapter sets out first to revisit the objectives of the researcher as they were set in the research proposal and whether they have been achieved. Second, it highlights the drawbacks that were encountered in the research process. Finally, the researcher makes recommendations for further research.

## 5.2 Discussion and Conclusions

As was explained in Chapter Four, it was observed that 25 per cent of the 16 firms that responded to the research survey considered culture in their strategy to a great extent and 50 per cent to a good extent. Since 33.3 per cent response rate was realised, this can be taken as a representative sample. Also, all sectors were represented in the respondents sixteen group of firms that responded. Thus, it can be argued that 75 per cent of the companies listed at the Nairobi Stock Exchange consider culture in their strategy to a good or great extent. In addition, another 19.5 per cent consider culture in their strategy to a fair extent. This, therefore, makes a total of 94.5 per cent of firms that consider culture in strategy. Thus, only 5.5 per cent do not consider any aspects of culture in their strategies. Similarly, the researcher determined that on average 94.5 of the companies surveyed practiced mixed culture to a fair extent as much as there was evidence of dominant culture(s). Hence the first objective of the research was attained.

The second objective of the research was to establish the relationship between corporate culture types, strategy types and performance. This was to be determined using the chi - square test. The null hypothesis was that culture and strategy choices do not determine performance levels and the alternative hypothesis was that they do determine performance levels. The researcher noted that the chi-square test could not be relied on as the counts, that is, the observed frequencies, were less than the minimum required count of 5 for the correct use of the chi - square statistic.

Consequently, the researcher set to determine this relationship using the tabular analysis of the culture, strategy and average share prices of the companies as detailed in Chapter Four. Ninety per cent of the top ten performing companies in the survey, measured by the share prices, practiced a defenders strategy. Of the ten, fifty per cent used control culture and defenders strategy. All the top ten ranked companies (representing 62.5 per cent), nine or ninety per cent, (see tables 1.5 and 1.1) practiced control culture to, at least, a good extent and also considered defender strategy at least to a fair extent on average. Of the last ranked six firms using the share prices, only two or 12.5 per cent used control culture to a good extent, that is, companies J and N, while the other four or 25 per cent considered control culture to a fair extent. None of these last six ranked firms used control culture to a great extent though four of them did not quite consider defender strategy in their strategic practices. It was therefore, determined that, the use of control culture to a good and a fair consideration of defender strategy could enhance performance of the firm.

It was evident that all the top ten ranked companies using the share prices considered a mixed culture in their strategy, at least to a good extent (see tables 1.1 and 1.5), and seven of them also considered prospector strategy. Since fifteen companies considered defender and prospector strategies at least to a fair extent, on the average, compared to nine and three for analyser and reactor strategies, respectively, this could further confirm the fact that those companies that considered a culture mix, with control culture as the dominant culture, and a defender and/or prospector strategies, performed better than those that did not.

However, using the top five ranked companies as examples, the researcher found that, the choice of culture and strategy types, do not determine performance. Whereas the top ranked company virtually uses all culture types with dominant control and cultivation cultures on the one hand and prospector and analyser Miles and Snows' Strategy Types, on the other, its closest follower at number two, practices dominant control and competence, and defender and reactor, cultures and strategy types, respectively. Company G, which ranked third, practiced defender

strategy, and natured competence and cultivation as dominant culture types. Companies Q and P at positions four and five respectively both practiced control culture and defenders strategy. Companies Q and P incidentally are in the same sector and it may be influenced by other factors in their culture and strategy preference that incidentally appear to be unique

From the foregoing, it can be argued that there may be other factors other than the choice of culture and strategy types that determine performance and therefore share prices. Such factors may include the profitability levels, the respect and confidence the public have for the Chief Executive Officer, the Board of Directors and senior management, exogenous factors such as weather, insider information, et cetera. Furthermore, the sample of sixteen firms is too small to all the forty eight companies listed at the Nairobi Stock Exchange for the key differences to emerge. Also sectoral differences could have played a role; yet the sectoral samples are too small, in some cases only two or three firms. Even in cases where the total sector are four, for example, better results would best be identified by studying all the four and not just two.

### 5.3 Challenges and Recommendations

The researcher conducted a survey of all the companies listed at the Nairobi Stock Exchange due to the fear of high non-response factor. He used drop and courier and return by post due to lack of time to interview the respondents. A further census study aimed at interviewing the respondents would perhaps increase the response rate and results of these findings.

A research in the specific sector companies would be important to study in depth the culture and strategy choices and any relationship with the performance of the firms. This is so because strategy is sensitive to the context in which it is practiced.

A research using performance indicators for a different period or a longer time would be encouraged to confirm any changes in culture and strategy choices and their resultant effect on the performance of the firms. Again this is because strategy is sensitive to time. Secondly, a longer period may lead to changes in other exogenous factors that affect performance, choice of culture and strategy types.

Studies aimed at determining which factors determined and/or the degree at which they affect the performance of the companies listed at the Nairobi Stock Exchange should be encouraged.

Case studies in specific company culture practices and the extent at which they are considered in strategy choices may be recommended for further research as this may reduce the research costs in terms of time and money.

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## APPENDICES

### APPENDIX I : COMPANIES LISTED AT THE NAIROBI STOCK EXCHANGE AS AT 15<sup>TH</sup> SEPTEMBER 2005

#### Agricultural

1. Unilever Tea Kenya Limited
2. Kakuzi Limited
3. Rea Vipingo Plantations Limited
4. Sasini Tea and Coffee Limited

#### Commercial and Services

5. Car and General (K) Limited
6. CMC Holdings Limited
7. Hutchings Biemer Limited
8. Kenya Airways Limited
9. Marshalls (E.A) Limited
10. Nation Media Group
11. Tourism Promotion Services Limited (Serena)
12. Uchumi Supermarkets Limited

#### Finance and Investment

13. Barclays Bank Limited
14. C.F.C Bank Limited
15. Diamond Trust Banks Kenya Limited
16. Housing Finance Company Limited.
17. I.C.D.C Investments Company Limited
18. Jubilee Insurance Company Limited
19. Kenya Commercial Bank Limited
20. National Bank of Kenya Limited
21. NIC Bank Limited

22. Pan Africa Insurance Holdings Limited
23. Standard Chartered Bank Limited

#### **Industrial and Allied**

24. Athi River Mining
25. B.O.C Kenya Limited
26. Bamburi Cement Limited
27. British American Tobacco Kenya Limited
28. Carbacid Investments Limited
29. Crown Berger Limited
30. Olympia Capital Holdings Limited
31. E.A. Cables Limited
32. E.A. Portland Cement Limited
33. East African Breweries Limited
34. Sameer Africa Limited
35. Kenya Oil Company Limited
36. Mumias Sugar Company Limited
37. Kenya Power and Lighting Company Limited
38. Total Kenya Limited
39. Unga Group Limited

#### **Alternative Investment Market Segment**

40. A. Baumann and Company Limited
41. City Trust Limited
42. Eaagads Limited
43. Express Limited
44. Williamson Tea Kenya Limited
45. Kapchorua Tea Company Limited
46. Kenya Orchards Limited
47. Limuru Tea Company Limited
48. Standard Group Limited

## **APPENDIX II : QUESTIONNAIRE**

**Name of Your Company:** .....

**Year of Establishment:** .....

**Nature of Business:** .....

### **COMPANY CULTURE, STRATEGY AND PERFORMANCE SURVEY**

#### **PURPOSE**

This survey is designed to get feedback from you on the Culture and Strategy choices by companies listed on the Nairobi Stock Exchange and how they impact on their performance.

#### **ANONYMITY**

This survey is being distributed to a random sample of top executives of your organisation. Your responses to this survey will be completely anonymous. All completed surveys will be analyzed to determine the culture, strategy and performance. Survey results will be shared with management of your organisation.

#### **INSTRUCTIONS**

Please consider each question in relation to how you view your organisation in general. Then mark the circle that best represents your opinion, based on the scale below. Your feedback is very important and greatly appreciated.

# I. CULTURE PROFILE

a) My organisation's culture is all about certainty.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

b) Top management fundamentally ensures that certainty, predictability, safety, accuracy and dependability of his organisation are attained.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

c) The needs of this company come first.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

d) This organisation is extremely dedicated to the customer?

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

e) This organisation fundamentally exists to ensure unity, close connection with and intense dedication to the customer

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

f) The culture of this company is all about excellence, uniqueness per se and of one-of-a-kind products or services

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

g) The framework for information and knowledge of this company is built essentially around its conceptual goals and the extent to which those goals are met

Not at All 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

h) This company's culture mainly centres on its values and ideals and the extent to which they are attained

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

## II. STRATEGY

i. This company aggressively maintains prominence within its chosen market segment and ignores developments outside of this domain.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

ii. This organisation uses a single core technology, often vertically integrated

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

iii. My company has stable structure and processes

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

iv. For this company, dominant coalitions are finance and production

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

v. Planning is intensive, not extensive

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

vi. The company operates a functional structure

<b>Not at all</b> 1	<b>Not Quite</b> 2	<b>Fair Extent</b> 3	<b>Good Extent</b> 4	<b>Great Extent</b> 5
------------------------	-----------------------	-------------------------	-------------------------	--------------------------

vii. There is extensive division of labour and high degree of formalization in this company

<b>Not at all</b> 1	<b>Not Quite</b> 2	<b>Fair Extent</b> 3	<b>Good Extent</b> 4	<b>Great Extent</b> 5
------------------------	-----------------------	-------------------------	-------------------------	--------------------------

viii. The company practices centralized control

<b>Not at all</b> 1	<b>Not Quite</b> 2	<b>Fair Extent</b> 3	<b>Good Extent</b> 4	<b>Great Extent</b> 5
------------------------	-----------------------	-------------------------	-------------------------	--------------------------

ix. This company has broad domain that is in a continuous state of development

<b>Not at all</b> 1	<b>Not Quite</b> 2	<b>Fair Extent</b> 3	<b>Good Extent</b> 4	<b>Great Extent</b> 5
------------------------	-----------------------	-------------------------	-------------------------	--------------------------

x. My company monitors a wide range of environmental conditions, trends, and events

<b>Not at all</b> 1	<b>Not Quite</b> 2	<b>Fair Extent</b> 3	<b>Good Extent</b> 4	<b>Great Extent</b> 5
------------------------	-----------------------	-------------------------	-------------------------	--------------------------

xi. This company's growth is primarily from new markets and new products; and uneven, spurt-like growth.

<b>Not at all</b> 1	<b>Not Quite</b> 2	<b>Fair Extent</b> 3	<b>Good Extent</b> 4	<b>Great Extent</b> 5
------------------------	-----------------------	-------------------------	-------------------------	--------------------------

xii. This organisation exhibits changing structure and technology

<b>Not at all</b> 1	<b>Not Quite</b> 2	<b>Fair Extent</b> 3	<b>Good Extent</b> 4	<b>Great Extent</b> 5
------------------------	-----------------------	-------------------------	-------------------------	--------------------------

xiii. This company has frequent prototype production

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

xiv. This company normally prefers multiple technologies in people not machines

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

xv. The dominant coalitions for this company are in marketing and research and development

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

xvi. This organisation practices broad planning, that is not intensive

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
-----------------	----------------	------------------	------------------	-------------------

xvii. This company has product - based structure

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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xviii. My company practices less division of labour and formalization

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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xix. The information flow in the company is primarily to decentralized decision-makers.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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- xx. My organisation has a mixture of products and markets, some stable, others changing

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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- xxi. This company practices successful imitation through extensive marketing surveillance

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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- xxii. The growth of my company normally occurs through market penetration; though it may also occur through product and market development.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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- xxiii. This company maintains moderate efficiency.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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- xxiv. My organisation exhibits dual technology as a core characteristic.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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- xxv. This company practices an intensive and comprehensive planning

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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- xxvi. My company uses a matrix, functional and product structure

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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xxvii. This organisation experiences difficulties in control and must therefore be able to trade off efficiency and effectiveness

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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xxviii. This company uses a coordination that is both simple and complex

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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xxix. This organisation maintains a dominant coalition in marketing, applied research, and production

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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xxx. The predominant characteristic of this company include the failure by management to articulate a viable organisation's strategy.

Not at all 1	Not Quite 2	Fair Extent 3	Good Extent 4	Great Extent 5
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*Thank you*