STRATEGIC MANAGEMENT PRACTICES AND
ORGANIZATIONAL CULTURE ADOPTED BY CENTUM
INVESTMENT COMPANY LIMITED IN KENYA

JOSEPHAT MUTUNGA NGILE

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

NOVEMBER 2015
DECLARATION

This research project is my original work and has not been awarded for any other academic award in any other institution.

Signature .............................................  Date: ..................................................

JOSEPHAT MUTUNGA NGILE
D61/72703/2014

This research project has been presented for examination with my approval as the University Supervisor.

Signature……………………………..    Date: …………………………………

PROF. ZACHARY B. AWINO
SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI
DEDICATION

I give glory to Almighty God for having provided me with the strength, inspiration and wisdom to pursue and complete the MBA course.

This project is dedicated to my dear wife Rosa Nduku, my two sons Trevor Muoki and Ted Mumo for allowing me the time and providing the emotional support to keep me enthusiastic and focused to complete the work.

To my ageing parents, though you never went to any school, you had the wisdom to convince me in early childhood that education is the strongest foundation for success one can ever have, and I should relentlessly strive to pursue it to the end. These wise words have given me strength and kept me going this far, and I unreservedly honor you with this project.
ACKNOWLEDGEMENT

It is my great pleasure to acknowledge those I closely worked with to help me complete this project work.

Prof. Zack Owino, you taught me the MBA Advanced Strategic Management course and I thoroughly enjoyed your incisive delivery and engagement. This was extended to the project supervision and your attention to detail was exceptional. I appreciated the challenges, guidance and the new perspectives you provided in the course of project work. It did not matter how many times we had to meet, you availed time to get me to conclude the write up in this special way. I am proud of you and do acknowledge you.

I want to thank the Management of CENTUM for granting authority and allowing me to conduct the research work focused on their organization. I appreciate the several managers who created time out of their busy schedules for my interviews and provided the required information. You were very approachable and welcoming, making the visits to your offices for the research work memorable.

My class mates and especially the Advanced Strategy Assignment group, thank you. We got anxious and at times felt it was too much, but you were there to encourage me and make me believe, that no matter the challenges, I was up to it, and deserved to finish the project work.
My business partners and friends, you were ever there to put a word of encouragement and help me see possibilities. You understood when I dedicated more time to my project work to meet the tight deadlines. Your support kept me going and I acknowledge you.

I finally want to thank my entire family in a special way for their words of encouragement and support. Your understanding when I missed important family function during the time of this project work is much appreciated.
# ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>FMCG</td>
<td>Fast Moving Consumer Goods</td>
</tr>
<tr>
<td>ICDC</td>
<td>Industrial and Commercial Development Corporation</td>
</tr>
<tr>
<td>ICDCI</td>
<td>Industrial and Commercial Development Corporation Investments</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>KSHS</td>
<td>Kenya Shillings</td>
</tr>
<tr>
<td>LTD</td>
<td>Limited</td>
</tr>
<tr>
<td>MD</td>
<td>Managing Director</td>
</tr>
<tr>
<td>MBA</td>
<td>Master of Business Administration</td>
</tr>
<tr>
<td>NSE</td>
<td>Nairobi Securities Exchange</td>
</tr>
<tr>
<td>PESTEL</td>
<td>Political, Economic, Social, Technological, Environmental, Legal</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strength, Weakness, Opportunity, Threats</td>
</tr>
<tr>
<td>USD</td>
<td>United States of America Dollars</td>
</tr>
</tbody>
</table>
ABSTRACT

Organizations do not operate in a vacuum, but within an environment, which impacts on the business, by posing opportunities or threats to the organization as it endeavors to achieve its objectives. To be successful, organizations develop strategy in order to set direction, define or clarify the organization goals, provide consistency or guidance and focus effort in response to the environment. Great strategies may be developed, but they only become useful when effectively implemented. Organizational culture plays a critical role in enabling entrenching of strategic management practices in an organization. For strategy to succeed, the organizational culture needs to be highly considered and aligned to the strategic management practices. The study intended to further contribute with the understanding of strategic management practices in organizations and how they are influenced by culture. It used case study methodology, focusing on CENTUM, an investment company based in Kenya. Case study was used in order to get an in-depth understanding of the organization. Primarily data was obtained through face to face interviews contacted on employees at different management levels. An interview guide was circulated in advance to prepare the interviewees and help them get required facts in good time. Secondary data was also collected from the existing documentation of the company. Qualitative content analysis was undertaken on the data obtained bearing in mind the research objectives to draw relevant conclusions. The study established that strategic management practices are well embedded in CENTUM. Businesses should conduct thorough situational analysis and need to understand the environment they are operating and set appropriate strategies to remain successful. Long term strategies should be broken into shorter term operational plans and responsibility for execution assigned to specific employees. Performance should be regularly tracked and timely corrective actions taken. Appropriate resourcing and structure should be put in place to support strategy. The study concluded that having a well embedded strategic management practices in an organization helps it remain focused in achieving intended long term goals. However, no matter how good the strategy process, culture is a critical element for consideration. Culture has strong influence on strategy. Ensuring that as many employees believe and own the goals of the organization through involvement and communication as well as linking rewards to strategy helps to get buy in. Organizations leaders should endeavor to ensure that the appropriate culture exists to support strategy and if gaps are indentified, appropriate culture change program should be promptly initiated. While the study revealed a lot, it also faced some limitations. It was based on a single entity and it is possible that the organizational cultural influence on strategic management practices from other organizations may have led to broader or different findings. Not all expected management interviewees were available for the interview in the agreed scheduled times for the field work because of their busy office engagements and others did not completely make it for the interviews. The study has implications on policy, theory and practice. It provides good bases for formulating policies on strategic management practices and organizational culture and how it impacts on employees. It strongly reinforces the theory that for strategy to be successfully implemented, other organizational elements like structure and culture must be aligned. As a practice, organizational leaders need to ensure that their businesses have a well formulate strategy which is supported by an appropriate culture in order for the implementation to succeed.
# TABLE OF CONTENTS

DECLARATION............................................................................................................................................... ii  
DEDICATION.................................................................................................................................................. iii  
ACKNOWLEDGEMENT ................................................................................................................................... iv  
ABBREVIATIONS AND ACRONYMS ........................................................................................................ vi  
ABSTRACT...................................................................................................................................................... vii  

CHAPTER ONE: INTRODUCTION ................................................................................................................. 1

1.1 Background ............................................................................................................................................... 1

1.1.1 Strategic Management Practices ........................................................................................................ 3  
1.1.2 Organizational Culture .......................................................................................................................... 5  
1.1.3 Organizational Culture and Strategic Management Practices .............................................................. 6  
1.1.4 Investment Firms in Kenya .................................................................................................................. 7  
1.1.5 CENTUM Investment Company Ltd ................................................................................................... 8  

1.2 Research Problem .................................................................................................................................... 10  

1.3 Research Objectives ................................................................................................................................ 12  

1.4 Value of the Study ..................................................................................................................................... 12  

1.5 Summary of the Chapter .......................................................................................................................... 13  

CHAPTER TWO LITERATURE REVIEW: ...................................................................................................... 15  

2.1 Introduction ............................................................................................................................................. 15  

2.2 Theoretical Foundation ........................................................................................................................... 15  

2.2.1 Resource Based View ............................................................................................................................ 15  

2.2.2 Dynamic Capability Theory ................................................................................................................ 16  

viii
2.2.3 Makenzie 7-s Framework ................................................................. 17
2.3 Concept of Strategy ........................................................................ 18
2.4 Strategic Management ................................................................. 19
2.5 Strategic Management Practices in Organizations .................. 21
   2.5.1 Strategy Formulation ............................................................... 21
   2.5.2 Strategy Implementation ......................................................... 24
   2.5.3 Strategy Evaluation and Control ........................................... 25
2.6 Culture in Organizations .............................................................. 26
2.7 Empirical Studies and Research Gaps ........................................ 28
2.8 Summary of the Chapter ............................................................. 30

CHAPTER THREE: RESEARCH METHOD ............................................. 32
3.1 Introduction ....................................................................................... 32
3.2 Research Design ............................................................................ 32
3.3 Data Collection ................................................................................ 33
3.4 Data Analysis ................................................................................... 34
3.5 Summary of the Chapter ............................................................. 34

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION ....... 36
4.1 Introduction ....................................................................................... 36
4.2 General Information ......................................................................... 36
4.3 Strategic Management Practices at CENTUM ......................... 37
   4.3.1 Strategy Formulation ............................................................... 37
   4.3.2 Strategy Implementation ......................................................... 41
   4.3.3 Strategy Monitoring & Evaluation ...................................... 43
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4 Organizational Culture &amp; Strategy Management Practices Alignment</td>
<td>44</td>
</tr>
<tr>
<td>4.5 Discussion</td>
<td>47</td>
</tr>
<tr>
<td>4.5.1 Comparison with Theory</td>
<td>47</td>
</tr>
<tr>
<td>4.5.2 Comparison with Other Studies</td>
<td>50</td>
</tr>
<tr>
<td>4.6 Summary of the Chapter</td>
<td>52</td>
</tr>
<tr>
<td><strong>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION</strong></td>
<td>54</td>
</tr>
<tr>
<td>5.1 Introduction</td>
<td>54</td>
</tr>
<tr>
<td>5.2 Summary of Findings</td>
<td>54</td>
</tr>
<tr>
<td>5.3 Conclusion</td>
<td>56</td>
</tr>
<tr>
<td>5.4 Recommendations</td>
<td>57</td>
</tr>
<tr>
<td>5.5 Limitations of the Study</td>
<td>58</td>
</tr>
<tr>
<td>5.6 Implications of the Study on Policy, Theory and Practice</td>
<td>59</td>
</tr>
<tr>
<td>5.7 Suggestions for Future Study</td>
<td>60</td>
</tr>
<tr>
<td><strong>REFERENCES</strong></td>
<td>61</td>
</tr>
<tr>
<td><strong>APPENDICES</strong></td>
<td>67</td>
</tr>
<tr>
<td>Appendix 1: Letter of Introduction</td>
<td>67</td>
</tr>
<tr>
<td>Appendix 11: Approval Letter</td>
<td>68</td>
</tr>
<tr>
<td>Appendix III: Interview Guide</td>
<td>70</td>
</tr>
</tbody>
</table>
CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations do not operate in a vacuum, but within an environment, which impacts on the business, by posing opportunities or threats to the organization as it endeavors to achieve its objectives. To be successful, Organizations develop strategy in order to set direction, define or clarify the organization goals, provide consistency or guidance and focus effort in response to the environment. According to Johnson, Scholes & Whittington (2008), strategy is the direction and scope of an Organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder’s expectations. Great strategies may be developed, but they only become useful when effectively implemented.

Organizational culture plays a critical role in enabling entrenching of strategic management practices in an organization. Corporate culture refers to the set of common values, attitudes and beliefs that members of the organization share in common, and influences what is likely or unlikely to be done. Ravasi and Schultz (2006) wrote that organizational culture is a set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations. Successful companies get to where they are because of unique set of cultural attributes that distinguish their firm from the rest (Peters & waterman, 1982). For strategy to succeed, the Organizational culture needs to be highly considered and aligned to the strategic management practices.
Organizations face immense pressure from past paced environmental changes, which are often beyond their control. It is however expected that firms do anticipate, adjust and adapt to the changes to establish strategic fit and survive. In order for strategy to succeed, it is critical that internal resources are matched to the opportunities and challenges in the environment. Several theories have been developed in the past to inform some approaches to strategic management which are relevant to this study. According to Barney (1991), Resource-based theory contends that source of firms competitive advantage lies in their internal resources as opposed to the positioning in the external environment. Competitive advantage for an organization therefore depends on these unique internal resources and capabilities. An organization therefore needs to be clearly aware of the strategic and valuable resources it has on its disposal and how these are to be applied for success.

Dynamic capability theory explains how a firm needs to integrate, build, and reconfigure internal and external competences to address rapidly changing environment. Organizational core competencies should be used to modify short term competitive positions in order to build long term competitive advantage. Mackenzie 7s framework offers good theoretical insights on how organizations need to align strategy to Structure, Skills, Staff, Style, Systems, and Shared values in order for the implementation process to be successful (Peters & waterman 1982). The seven areas need to be linked and interconnected and reinforce each other and a change in one invariably requires changes in the rest for the firm to function effectively.
Organizations use different management approaches to achieve their goals. Those without a well developed road map may face difficulties. Bovaird (2009) argues, without strategy, an organization will appear to be directionless and incompetent. Formulating and implementing strategy consistently over time is an involving and challenging process for an organization and yet, some like CENTUM Investment Co. Ltd (CENTUM) have been practicing it, and achieving notable success. This has been enabled by the company embracing certain strategic management practices and an enabling organizational culture, which the study sought to establish.

CENTUM, an investments company based in Kenya operates within an external environment, which is ever changing, competitive and impacts on its operations. Through adoption of strategic management practices, the organization has been able to define clear long term objectives, positioned itself to deal with the inherent uncertainties and has defined a specified market to compete for superior business performance. It has adapted the most suited strategic management practices and organizational culture, reflecting a well thought pattern of choices made to guide the organization successfully over time.

1.1.1 Strategic Management Practices

Strategic management can be explained as the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of an organization (Pearce & Robinson, 2007). Strategic management is thus about the future of an organization, the present posture of the organization, developing a superior strategy and competent implementation of the strategy. According to Chandler (1962), strategy is the determination of an organizations long term goals and objectives, then adopting
courses of action and allocating resources necessary to achieve these goals. Any organization, large or small, profit or none-profit, private or public, domestic or global seeks to be successful by pursuing to achieve set goals. Strategic management greatly enhances the chance of success and hence meeting stakeholder’s expectations by organizations.

To develop a company from its current state to the desired market position, management employs strategic management practices and process which are appropriate to the circumstances. Strategic management process involves setting of vision and mission to provide long term direction and scope of the firm, scanning the environment through external and internal analysis to identify strengths, weakness opportunities and threats, setting objectives, undertaking strategic analysis and making of choices, prioritizing action plans, implementing the plans and then evaluating performance to make timely adjustment to meet the set objectives over time. An organizational strategy relates to positioning and relating the firm to its environment in a way that assures continued success.

A good strategy will enable an organization effectively match its capabilities with the environment i.e. matching the internal strengths and weaknesses to the external environmental opportunities and threats. Thomson & Strickerland (2007) argues that strategy is the game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance.
I addition to defining objectives and goals, strategy provides the common thread for unifying and coordinating activities in organizations to deliver long term competitive advantage. With a strategy, organizational departments work in harmony, complimenting each other in pursuance of common shared goals.

1.1.2 Organizational Culture

All organizations have their own distinct culture and management style. Culture includes the dominant values, beliefs customs and norms which develop over time and become relatively enduring features of the organizational life. It is reflected by language, symbols, values, customs artifacts and beliefs held and accepted by members of the group as peculiar to them as they perform their work. According to Mintzerberg (1990), organizational culture is defined as beliefs, assumptions and values that members of a group share about rules of conduct, leadership styles, administrative procedures, rituals and customs. It also entails the way managers interact with the employees and the way they spend their time. The beliefs and values develop and evolve over time through experience, and are learned and passed over to each member of an organization.

Organizational culture can be said to be the organizations personality. Lundy & Cowling (1996) defined culture as “the way we do things here”. It is the character of the company’s work climate shaped by its core values, beliefs, traditions, business principles and style of operating. Culture is important because it significantly influences organizational actions and approaches to conducting business.
One way of measuring culture is in terms of entrepreneurial behavior which is characterized by innovation and creativity, clan culture characterized by participatory management and concern for people, bureaucratic culture which reflects a high degree of control and mission culture which emphasizes achievement of organizational goals. Culture can significantly influence how an organization performs. Culture remains an important consideration in the implementation of any strategy in the Organization (Martins and Terblanche, 2003).

1.1.3 Organizational Culture and Strategic Management Practices

The culture of an organization needs to be compatible with the strategy being implemented. Culture being the set of beliefs that drive employee behaviors, at times it aligns well with the intended business strategy, but it is also true that at times it may not be aligned. To ensure successful strategy implementation, organizations have to make a very deliberate effort to align strategy to culture, analyze existing beliefs and behaviors to identify gaps, if any and put up timely mechanisms to address them. Johnson & Scholes (2003) explains that it is important to understand cultural actions taken for granted within an organization and how they influence strategy.

All the stages of the strategic making process need to be well integrated for the strategy to be successful. For implementation to succeed, a lot depends on how the process of formulation was conducted and how well the employees were involved. As part of the management practices, strategy should effectively be operationalised and institutionalized in the organization for effective implementation. Operationalising the strategy involves
developing operational plans and tactics, which are of short term nature and prioritized. Institutionalizing the strategy is the matching of the strategy to the institutions of the organization, which includes structure, leadership, support systems, processes, policies, reward systems and culture.

### 1.1.4 Investment Firms in Kenya

Investments sector is composed of various types of establishments which are set up primarily for purposes of investing funds across several sectors (diversified portfolio) of the economy to get returns by Shareholders. They include corporations, business trusts, limited liability companies and partnerships. Some of the players are specialized and are licensed by CMA to mobilize savings in financial markets and enhance access to capital markets and other investments by potential investors. They include mutual funds, unit trusts, investment trusts and specialized collective investment schemes. CMA is a regulating body charged with the prime responsibility of supervising, licensing and monitoring the activities of the market intermediaries, including the NSE and all the other persons licensed under the Capital Markets Act. It plays a critical role in the economy by facilitating mobilization and allocation of capital resources to finance long term productive investments. Investment companies generally offer a unique opportunity to investors in terms of professional management, economies of scale, management of risk and diversification of portfolio.
In the NSE, we presently have five listed investment companies in the investments sector which are CENTUM, Trans-Century ltd, Olympia Capital Holdings ltd, Home Africa ltd and Kurwitu Ventures ltd. Investment firms have been experiencing growth, underpinned by Kenya’s economic growth in various sectors especially infrastructure, construction, financial, insurance and retail sectors. These businesses have also been expanding to other African countries to further diversify and tap into emerging opportunities. However, Kenyan investment companies face global competition for investment opportunities. Significant amount of funds are raised by global equity funds like IFC for investments in Sub-Saharan Africa. Finding and choosing the opportunities to invest remains a big challenge to the investment firms, with some getting far much better performance than others. CENTUM has been very successful. Depending on risk appetite some of the firms opt to hold minority shareholding in the companies they invest in, hence partnering with existing management while others pursue a more aggressive approach and seek to establish management control.

1.1.5 CENTUM Investment Company Ltd

CENTUM is a leading East African investment company that is listed in the NSE and cross-listed on the Uganda securities exchanges. It is an investment channel providing investors with access to a portfolio of inaccessible, quality and diversified investments. It was incorporated in Kenya in 1967 as an affiliate of the Kenya government owned ICDC, and named ICDCI and got listed in the then Nairobi stock exchange the same year. Overtime, ICDC ceded control and the business changed management and was renamed CENTUM Investment co. ltd in 2008. Since then, the business has seen a big
transformation. With a vision to be Africa’s foremost investment channel, CENTUM has seen tremendous Pan African growth, with market capitalization of Kshs 42b and has investments spanning over many sectors and countries in Africa. The company mission is to create real, tangible wealth by providing the channel through which investors access and build extraordinary enterprises in Africa.

To make the mission a reality, CENTUM uses strategic management approach and has set very clear objectives which are: To build a track record of project development in targeted sectors, maintain costs below 2% of total assets, develop, scale, grow investments capabilities in 8 sectors, generate 35% plus annualized return and scale growth of total assets from USD 1.5 b in 2014 to USD 8b by 2019. In the past, the company was heavy on portfolio investments, and held shares in several companies. The strategy now has evolved into a business focusing primarily on active investments and capital is directed into select sectors where management can significantly influence decisions and control use. The company has now ongoing the multi-billion strategic flagship projects which includes the Kshs 25.2 billion Two Rivers Estate, the acquisition of Rea Vipingo farms in Kilifi and the coal mining project in Lamu.

To ensure focused and sustainable performance, CENTUM has established an elaborate governance structures including a vibrant board of directors and a competent management team. The Board exercises leadership, enterprise, integrity and drives performance culture. The management is made up of a team of experts with diverse skills and experience in their areas of specialization. To tap into the latent opportunities seen in
the market and to be positioned for growth, the company has restructured and now has fully pledged subsidiaries focusing on select key market sectors. The management team leverages on the diverse specialist expertise and rich experience to drive achievement of strategic goals. CENTUM has had a rich heritage spanning about 48 years history of constantly generating profits and value for the shareholders.

1.2 Research Problem
Strategy of a company is the road map towards the achievement of its long term goals. Strategic management practices ensure that the organization looks into the future for survival in its chosen industry. It significantly provides the rationale on how management proactively responds to a changing market environment and critically evaluates use of its resources. In the world of business today, strategic management practice is inevitable bedrock for success. The strategies developed and adopted are influenced by many factors and inevitably, do change with time. Linking of strategy formulation, implementation and evaluation helps to considerably address the question why some organizations fail or succeed. For implementation to be effective, the structure of the organization and process elements like leadership, culture, resources and other administrative procedures must be in line with the strategy being implemented (Aosa, 1992), since they influence each other.
CENTUM has seen tremendous growth in the last 5 years with market capitalization in the NSE raising from Kshs 5.6 billion in 2009 to Kshs 24.3 billion in 2014, a 334% increase. Nets assets grew from Kshs 6 billion in 2009 to Kshs 24 billion in 2014, a 368% growth. Returns have been outperforming the NSE average for the last 5 years. It is the largest quoted Investment Company in the NSE. The company has now extended investments to other countries outside Kenya. Strategic management practices have been embedded and remain a key driver helping the business run successfully, raising the need to look into these practices and how they have been influenced by organizational culture.

Though strategic management is common in many organizations and the general framework and procedures are to a great extend similar, it differs between organizations depending on the environment under which it is practiced. The existing research studies have covered the several other businesses and sectors, but none has covered CENTUM, an investments firm, which is different in many aspects, looking specifically on its strategic management practices and how they have been influenced by organizational culture. This has created some information gap. The study sought to determine: What are the Strategic management practices adopted by CENTUM in Kenya? How has organizational culture influenced the strategic management practices at CENTUM?

1.3 Research Objectives

The objective of the study was to determine the strategic management practices at CENTUM and how they have been influenced by organizational culture.

1.4 Value of the Study

This study is useful to policy makers and regulatory authorities looking at investment businesses as the information generated by the study gives more insights into the various management practice issues and organizational culture in the sector. Improvement in areas of policy gaps in guiding investment companies in Kenya leads to economic growth and overall development of the country.
The study is useful to researchers and scholars in the field of strategic management since it enriches the existing body of knowledge. It broadens the understanding of strategic management practices and how they are influenced by culture in organizations. The validity of some existing theories on strategic management practices and organizational culture in the context of CENTUM are established or any gaps indentified. The study provides a good source of reference material and suggests to scholars and researchers areas suitable for similar or further related research.

The study is beneficial to management in CENTUM since it would help them appreciate more the strategic management practices in place and how they are been influenced by organizational culture. Challenges faced in the strategic management process are highlight to help seek solutions. Other organizations can benchmark with CENTUM and make deliberate efforts in ensuring that their organizational culture supports strategic management practices and are aware of the possible challenges and how to overcome them in establishing the required alignment.

1.5 Summary of the Chapter
For organizations to succeed, they develop strategy in order to set direction and define goals and focus effort in response to the environment. Organizations face immense pressure from the past paced environmental changes which are often beyond their control. To develop a company from its current state to its desired market position, management employs strategic management practices which are appropriate to the circumstances. This involves formulating, implementing and evaluating the strategy over
time. Culture plays a critical role in enabling entrenching of strategic management practices in an organization. It is the dominant values, belief, customs and norms which define an organization. Successful companies get to where they are because of the unique set of cultural attributes distinct to them. Culture does inform and drive strategy and can underpin success or cause difficulties. For strategy to succeed organizational culture need to be aligned to strategy.

Kenya has several investment companies which are set primarily for purposes investing funds across several sectors of the economy to get returns to shareholders. CENTUM, is the leading EAST African Investment Company with market capitalization of Kshs 42b. The business has adopted the most suited Strategic management practices that have guided it successfully over time, raising the need for a study to be taken since none had been taken to date. The research objective was to determine the strategic management practices at CENTUM and how they have been influenced by organizational culture. The study would add value to policy makers, researchers and academicians, CENTUM management and other practitioners.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter examines and reviews the theoretical and empirical literature that other researchers have carried out in a similar or related field of study. The concept of strategy, strategic management, strategic management process and organizational culture are discussed in detail.

2.2 Theoretical Foundation

Several theories exists which explains how organization formulate and implement strategy for competitive advantage. The discussion is based on the resource based view, dynamic capability theory and McKinsey 7s framework which are considered relevant to this study. The theories give a good framework on what factors organizational leaders need to consider to effectively formulate and execute strategies.

2.2.1 Resource Based View

Resource-based theory contends that the possession of strategic resources provides an organization with great opportunity to develop competitive advantages over its rivals. A firm’s resources are seen as the foundation of the forms strategy. A resource includes assets, capabilities, organizational processes and firm’s attributes. Information and knowledge controlled by the firm enables it to conceive and implement strategies that improve on its efficiency and effectiveness.
The resource based view argues that the difference in a firm's performance stems from differences between firms in terms of their endowment with resources (Barney, 1991) and manager’s decisions concerning the acquisition, integration and deployment of resources (Helfat, 2007). A strategic resource is an asset that is valuable, rare, difficult to imitate and non-substitutable. A resource is valuable to the extent that it helps a firm create strategies that capitalize on opportunities and ward off threats. Resource-based theory suggests those resources that are valuable, rare, difficult to imitate, and non-substitutable best position a firm for sustainable competitive advantage. These strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time (Barney 1991). Management therefore has to identify, develop and deploy the key resources to create advantage over competitors and maximize returns.

2.2.2 Dynamic Capability Theory

Dynamic capability is the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. According to Helfat (2007), dynamic capabilities are the capacity of an organization to purposely create, extend and modify its resources base. The basic assumption of the dynamic capabilities framework is that core competencies should be used to modify short-term competitive positions that can be used to build longer-term competitive advantage. The term ‘dynamic’ refers to the capacity to renew competencies so as to adapt to the changing business environment.
According to Teece (1997), dynamic capabilities in business essentially entails corporate agility, the capacity to sense and shape opportunities and threats, seize opportunities as they arise, and maintain competitiveness through enhancing, combining, protecting, and, reconfiguring the business enterprise’s intangible and tangible assets. Dynamic capabilities when fully embraced helps a business achieve enhanced performance and survive in a dynamic environment.

### 2.2.3 Makenzie 7-s Framework

According to Peters & Waterman (1982), the basic premise of the framework is that there are seven internal aspects of an organization that need to be aligned if it is to be successful. These seven variables include structure, strategy, systems, skills, style, staff and shared values. Structure is how a business needs to be organized in a specific form of shape, Strategy is the plan of action an organization prepares to achieve goals overtime, Skills refers to the capabilities of the staff within the organization as a whole, Style or Culture is defined by the dominant values, beliefs and norms which develop over time and become relatively enduring features of the organizational life systems, Staff refers to the people who drive the performance in the organization, Systems are the internal processes established to support and implement the strategy and run day-to-day affairs and Shared Values are the guiding concepts that organizational members share and around which the business is built.

The key message of the model is that all the seven areas are linked, closely interconnected and reinforce each other and a change in one area invariably requires changes in the rest for the firm to function effectively (Peters & Waterman 1982).
Organizations have their own distinct culture and management style in driving strategy. It includes the dominant values, beliefs, and norms which develop over time and become relatively enduring features of the organizational life. Culture remains an important consideration in the implementation of any strategy in the organization (Martins and Terblanche, 2003).

2.3 Concept of Strategy

Businesses exist to achieve goals. Strategy is multidimensional and is established to set direction, focus effort, define or clarify the organization, and provide consistency or guidance in response to the environment. Strategy is concerned with the long term direction and the scope of organizations activities. It is a means of establishing the organizational purpose in terms of long term objectives, action programs and resource allocation. It is a response to external opportunities and threats in order to achieve sustainable competitive advantage. According to Thompson & Strickerland (2003) Strategy is the game plan management has for positioning the company in it chosen market arena, competing successfully, pleasing customers and achieving good business performance. Without strategy, the organization will lack direction and move aimlessly.

Strategy is the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for achieving out these goals (Chandler, 1962). It is a means of investing in tangible and intangible resources to develop the capabilities that ensure sustainable competitive advantage. Strategic decisions are normally about the business striving to achieve advantage over the competition, while trying to establish a strategic fit with the business environment.
2.4 Strategic Management

Strategic management involves the formulation, implementation and evaluation of the major goals by an organization, based on consideration of resources and an assessment of the internal and external environments in which the organization competes. According to Taylor (1995), strategic management is about managing radical change to achieve dramatic improvement in performance. It is concerned with the complexity arising out of the ambiguous and non-routine situations and environmental turbulence with far-reaching organization wide implications. Strategic management deals with the entrepreneurial work of the organization, renewal and growth and in particular with developing and utilizing strategy to guide its operations (Schendel and Hofer, 1979).

Hence, strategic management includes understanding the strategic position of the organization, making strategic choices for the future and turning strategy to action. Strategic management helps to exploit and create new and different opportunities for the future of the organization while aligning it to the environment to avoid drifting.

Formal strategic planning originated in the 1950s in the United States of America and was very popular up to the early 1970s. It was popularized through studies done by Drucker (1954) who defined strategy as answering the questions what business are we in, what should it be in future and how to get there. Chandler (1962) defined strategy further and developed the theory of strategy follows structure. At the time, businesses were in growth and environment was favourable. However, with increase in environmental turbulence, competition and globalization, strategic thinking emerged. Michael Porter (1980, 1985) popularized strategic management concepts like competitive strategy and
competitive advantage, which become widely applied by businesses. From the 1990’s strategic planning become an integral part of the business operations and is widely practiced involving many stakeholders. Strategic management is seen as key for success and long term survival by organizations.

Firms outperform competitors and generate greater returns for stakeholders if they have sustainable competitive advantage. Porter (1980), argued that a business can survive and succeed in the long run if it successfully develops strategies to confront five competitive forces that shape the structure of competition in an industry. These forces are rivalry of competitors within the industry, threat of new entrants, threat of substitutes, bargaining power of customers and bargaining power of suppliers. Porter (1985), further explained that a businesses can counter the competitive forces by implementing competitive generic strategies like cost leadership strategy, differentiation strategy or focus strategy. A business which does not implement any of these strategies will be “stuck in the middle”. A firm must strive to achieve sustained competitive advantage by continually adapting to changes in external trends and by matching this with its internal capabilities, competencies and resources, and by effectively formulating, implementing and evaluating the strategies that capitalize on those factors.

Several strategic management approaches have been advanced. The design school to strategy holds that strategy process is a logical one, and that strategy is formulated through rational analysis of the organization, communicated and implemented. This may be unrealistic and strategy process is less structured and the difference between strategy
formulation and implementation is less apparent. The process school of thought however, argues that it is unrealistic to separate strategy formulation and implementation and that strategy gets constantly adjusted with experience. According to Mintzberg (1990), strategy can also be classified into intended, realized and emergent. Intended strategy is strongly conceived by management. Emergent strategy is the strategy which becomes apparent through passage of time and after the events it governs. Realized strategy is the strategy that is observed. It is influenced by both intended and emergent strategy. The design and process schools individually therefore only offer partial explanations about strategy.

2.5 Strategic Management Practices in Organizations

Strategic management is not an event, but a process involving a number of stages. Strategic management is the formal process or set of processes used to determine the strategies (actions) for the organization. Organizations adopt several strategic management practices in order to sustain competitiveness. According to Thompson & Martin (2005), the strategic management process has several stages, and can broadly be grouped into three main activities of formulation, implementation and evaluation.

2.5.1 Strategy Formulation

Strategy formulation includes developing a vision and mission, identifying an organizations external opportunities and threats, determining internal strengths and weaknesses, establishing long-term objectives, generating strategies, and choosing particular strategies to pursue. Crafting of Vision and Mission statements provides the
framework with which the business strategy is to be formulated (Hill & Jones 2005). Vision answers the question “what the business wants to become”, while the mission answers the question, “what is our business”. Mission is an enduring statement of purpose of a business and distinguishes on firm from the other in the same industry. Defining vision and mission is the first step in the strategy formulation process.

During formulation, a business conducts situational analysis covering both external and internal environment using any relevant tools. External analysis aims to identify the opportunities and threats in the external environment, while the internal analysis aims at identifying the strengths and weaknesses in a firm’s capabilities and resources. According to Bryson (1988), understanding the organizations strengths, weaknesses, opportunities & threats (SWOT) is a key element in meaningful strategic formulation. External opportunities and threats refer to PESTEL and competitive trends and events that could significantly benefit or harm an organization in the future. Strategic management helps in formulating strategies to take advantage of external opportunities and to avoid or reduce the impact of external threats for success. This process of conducting research and gathering and assimilating external information involves environmental scanning, industry analysis, competitor analysis and customer analysis (Bryson 1988).

Environmental scanning is an assessment of the macro environmental factors that affect the organization. An Industry analysis is conducted to match strategy to industry conditions. It is critical to understand the degree of competition in the industry, the dominant economic features, drivers of change and the key success factors in the industry
in order to determine the appropriate strategy. Porter (1980) framework popularly known as five-forces model can be used to effectively conduct industry analysis. Competitor analysis is also conducted to help identify who the competitors are, their systems and processes, their generic and non-generic strategies and their current competitive positions. Customer analysis is conducted in order to develop appropriate strategies to attract and retain them.

Organizations strive to pursue strategies that capitalize on internal strengths and eliminate internal weaknesses. Strengths and weaknesses are determined relative to competitors to establish the organizations core competencies and distinctive competencies. Organizations conducting effective environmental scanning activities have higher likelihood of coping with threats and exploiting opportunities. According to Boyd & Fulk (1996), the “fit” between organizations and their environments is seen to be a key predictor of organizational survival and performance, with environmental scanning enabling to achieve such alignment.

An important step in strategy formulation is the setting of strategic objectives. These take into account factors identified in the environmental analysis and should rime with the firm’s vision and mission. They address the opportunities and threats identified as well as the strengths and weaknesses of the firm. Objectives are essential for an organization success since they set priorities and state direction. With clear objectives, strategic analysis and making of choices can follow. Strategic analysis entails determining appropriate courses of action for achieving organizational objectives and thereby accomplishing organizational purpose. Evaluating and choosing strategic option includes
the assessment of the suitability of the strategy and the fit between the company resource capability and the operating environment or the development of the company resource capability to create more opportunities for the company (Johnson & Scholes 1999). Business strategies may include cost leadership or differentiation (Porter, 1985), market penetration, product development, Market development or Diversification (Ansoff, 1988).

### 2.5.2 Strategy Implementation

Johnson & Scholes (2008) argues that strategy implementation is the translation of strategy into action. Strategy implementation involves operationalizing and institutionalizing the strategy. In operationalization, the strategy is further broken and translated to annual plans and tactics at the functional level, which are implementable. It spells out more specifically what will be done, by who and when within a shorter time periods. The right kind and quantity of resources are to be made available or mobilized for implementation of strategy.

To institutionalize the strategy, the firm’s resources and institutional factors are carefully matched to the strategy. The structure, culture, leadership, policies, performance measurement and reward system have to be reevaluated and reconfigured to ensure they align and support the strategy. Chandler (1962) concluded that changes in corporate strategy preceded and led to changes in organizations structure. A new strategy or changes in a strategy bring about internal complexities which require a new structure to avoid inconsistency and for the strategy to be successfully implemented. Structure will
hence follow strategy. Strategy implementation involves change management and therefore requires strong and transformational leadership to influence action to the required direction. Similarly, the culture of the organization will need to be compatible with the strategy being implemented. Chadler (1962) argues that aspects of the existing culture that are antagonistic to any proposed strategy need to be identified and changed.

Strategy implementation often is said to the action stage of strategic management and considered the most difficult. It is primarily operation driven activity revolving around management of people and business processes (Thompson, 2007). Successful implementation of strategy hinges upon managers’ ability to motivate employees to remain committed to the course. It is important to ensure that employees are involved at the formulation in order have ownership and to support the implementation phase. Well formulated strategies but not implemented serve no useful purpose. A strategy may be good, but could easily fail if not properly implemented. The implementation of strategy has to take into consideration of structure, system, skills, style, shared values since they are interrelated and reinforce each other and a change in one area invariably requires changes in the others (Peters & Waterman 1982).

2.5.3 Strategy Evaluation and Control

Strategy evaluation is the final stage of strategic management process and is vital for assessing the success of the chosen strategy. Evaluation is concerned with performance and performance measures and it also signals when the strategy requires adjustment in a rapidly changing environment (Hill & Jones 2005).
Continuous evaluation alerts management on the potential problem areas on a timely basis. Managers need to have clear visibility of how performance is tracking against the performance metrics and other criteria set well in advance. With the external and internal environment ever changing, some of the strategies ran the risk of becoming obsolete and timely interventions becomes critical. Also, evaluation and control drives performance discipline and ensures there is no management complacency. Today’s success is not a guarantee of future success, hence the need to monitor. Through evaluation, strategy may be found to require significant changes in order to align to new reality and deliver on business objectives. Mitzerberg (1998) argues that no matter how well an organization plans its strategy, a different strategy may emerge.

2.6 Culture in Organizations

Culture in an organization is the values, beliefs, attitudes and behavioral patterns that combine and give an Organization its distinct character (Arnold 2005), in pursuit of its goals. It governs how people behave, act and has a strong influence in an organization, giving it a personality. According to Schein (2004), culture is a dynamic phenomenon that surrounds us all the time and is enacted and created by interactions with others and shaped by leadership behavior, structures, routines and rules that guide and constrain behavior. Culture develops in the course of the organizations history and tends to be manifested in material arrangements and how members behave (Brown 1998). It is typically created unconsciously, based on the values of the top management or the founders of the organization.
Organization culture is an embedded type of organizational control. It offers a shared system of meaning, which forms the basis of communication and mutual understanding. Managers could use selected rites, stories, symbols and common values to control and direct employee behavior and build commitment to the organization and its goals. Schein (2004) has argued that culture has powerful effect on how organization behalf and think. It influences the speed and efficiency with which things are done and also the organizational capacity and receptiveness to change. Appropriate culture, which supports the core activities of an organization, is a key determinant of success. Adoptive cultures helps employees focus on the need to change in support of the strategic initiatives.

Hofstede (1997) said that culture influences how people behave and think. So it is important to understand culture within an organization. The function of organizational culture manifests itself by first creating a feeling of identity and commitment by personnel and secondly by creating a competitive edge to enable members in an organization to understand acceptable behavior and gain social system stability. Organizational culture therefore offers shared system of meaning which forms the basis of communication and mutual understanding, enhancing efficiency of an organization (Martins and Terblanche 2003).

Businesses today recognize that culture can be used to guide behavior and change for competitive advantage. It is a powerful tool for improving business performance (Brown, 1995) and for gaining advantage against organizational competitors. According to Martins & Terblanche (2003), Organizational culture plays an indirect role in influencing
behavior by using managerial tools, such as strategic direction, goals, tasks, technology, structure, communication and interpersonal relationships which are all designed to get things done. For organizational success, Management should never ignore organizational culture and its themes.

2.7 Empirical Studies and Research Gaps

Dauda (2010) examined the Strategic Management Practices and Corporate Performance of Selected Small Business Enterprises in Lagos Metropolis. The objective was to establish the influence of strategic management practices on performance on these small businesses. Findings revealed that strategic management practices enhance both profitability and company market share. The study however focused only on small business enterprise in Lagos Metropolis.

Ahmadi (2012) examined the relationship between organizational culture and strategy implementation by an Iranian bank. The findings were that there was a positive link between organizations culture and strategy implementation. It also brought out the importance of flexibility of culture in strategy implementation process. The findings clarified that flexible culture was found to be more relevant and appropriate for strategy implementation since it allowed and aided the organization to react to unpredictable phenomena quickly. Cultural flexibility plays a key role in organizational achievement. Though culture is important for any single organization for strategy implementation, the study recommended further research on different organizational settings to determine the impact culture dependency.
Pamulu (2010) explored strategic management practices in the construction industry of Indonesian enterprises. The findings provide empirical evidence in support of the notion that competitive advantage is achieved through the implementation of dynamic capability framework to improve its organizational effectiveness. Though useful results, a need exists for further studies to explore and examine the framework in other Countries, Industries, and Companies where different cultures and conditions prevail.

Mbwaya (2013) on his study on the strategic management practices by Barclays bank concluded that there is no one universal approach to strategic management and therefore its practices keep evolving from time to time depending on changes in the environment. The study was on a multinational bank, which may not necessary be applicable to a none bank local business.

Omega (2009) on alignment of strategy and organizational culture in phone service providers in Kenya concluded that there was culture and strategy alignment through formal strategy planning process that communicates and clarifies strategy to the whole organization. However, the organizations seemed to face challenges in terms of integrating their functions and staff needed to be motivated more. The study only focused on the telecommunications sector, leaving a gap for other sectors to be studied.
2.8 Summary of the Chapter

The chapter reviewed the theoretical and empirical literature that researchers have carried out in similar or related field and looked at the concepts of strategy, strategic management, strategic management practices and culture in organizations in detail. Several theories developed in the past to inform approaches to strategic Management and found to be relevant to this study were examined and included the Resource based theory, Dynamic capability theory and Mackenzie 7-s framework. Resource based theory contends that the firms source of competitive advantage lies in their internal resources as opposed to positioning in external environment. Dynamic capability explains how a firm needs to integrate, build and reconfigure internal and external competences to address rapidly changing environment. Mackenzie 7-s framework offers a theoretical framework on how organizations need to align strategy to structure, skills, staff, systems and shared values in order for implementation process to be successful.

Strategy is defined as the determination of the basic long term goals of an enterprise and the adoption of courses of action and the allocation of resources necessary for achieving out the goals (Chadler, 1962). Strategic management process involves the formulation, implementation and evaluation of the major goals of an organization based on the consideration of resources and an assessment of the environment in which the organization competes. The chapter also explores how Porter (1985, 1985) popularized strategic management concepts like competitive strategy and competitive advantage, which are widely applied in business.
Arnord (2005), defines culture as the values and beliefs, altitudes and behavioral patterns that combine to give an organization a distinct character. It governs how organizations behave and has strong influence on organizations. Appropriate culture which supports the core activities of an organization is a key determinant of its long term success. Businesses today recognize that culture can be used to guide behavior and change for competitive advantage. The chapter concludes by looking at the empirical research studies conducted on the subject of strategic management practices and organizational culture and done by Dauda (2010), Ahmadi (2012), Pamulu (2010) and Mbwaya (2013) and highlights the gaps.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the design and methodology which was used to collect and gather vital data for the research and how it was to be analyzed to help with conclusions. It highlights the methods and procedures used for identifying data sources and collection by the researcher. The chapter is organized into the following sections: research design, data collection and data analysis.

3.2 Research Design

A research design is the overall plan for the research undertaking and a case study methodology was used. Mugenda & Mugenda (2003) assert that a case study is an in-depth investigation of an individual, an institution or a phenomenon in its real life context. It is used to obtain information about what is happening, in respect to variables or conditions in a situation. A case study technique deals with depth rather than breadth, placing more emphasis on complete analysis of a limited number of events and conditions and their relationships. It is an intensive investigation of the unit under consideration.

A case study need arises out of the desire of the researcher to understand complex social phenomena by obtaining inside facts and deriving meaningful characteristics of real live events. This design was preferred since it allowed for exhaustive analysis and understanding of the strategic management practices and how they are influenced by
culture at CENTUM. It provides more realistic understanding than purely a statistical survey. A well designed case study is also advantageous since it can help provide a grounded support or critic to an established theory and can also be a source of new hypothesis.

3.3 Data Collection

The data collected was qualitative in nature. Both primary and secondary data was gathered. The procedure used to gather primary information was face to face interview aided by an interview guide of open ended questions (Appendix III) designed in line with the objectives of the study. Interviewing helped in collecting data as well as gaining knowledge from the individuals. The interview was administered to the Divisional Director in charge of CENTUM Capital, the Financial Controller, Portfolio Manager, Senior Investment Associate and an Investment Analyst, all in different management levels but involved in the strategy process. The interview questions were circulated in advance of the actual interview to help the respondents have recollection of facts and make any necessary references to enrich their answers.

Secondary data was to be collected from the existing documentation on the company, which includes the company website, annual reports, circulars and press statements to supplement the interviews. The use of face to face interview was preferred since the interviewee was likely to give undivided attention to the questions when the interviewer was present. The respondents could further be probed to provide more insight into specific questions and provide clarity when required.
3.4 Data Analysis

Data analysis consists of examining, categorizing, tabulating or otherwise recombining the evidence to address the initial propositions of a study (Yin, 1994). The data collected through the interviews and secondary source was checked for completeness and consistency. Qualitative content analysis was undertaken bearing in mind the research question and objectives. According to Nachamias (1996), content analysis is a technique for making references by systematically and objectively identifying specified characteristics of messages and using the same to relate to trends.

In-depth content analysis established clear patterns, determined meaning and led to construction of conclusions as regards strategic management practices and organizational culture at CENTUM. This technique of analysis had been used successfully in similar research studies such as Ochieng (2012), Mutwiri (2012), Mbwaya (2012).

3.5 Summary of the Chapter

The chapter highlights the design and methodology which was used to gather vital data required for the research. The research design used was a case study, which allowed for in-depth investigation of CENTUM in a real life context. Case study was preferred since it allowed for exhaustive analysis and understanding of the strategic management practices and how they are influenced by culture.
Data collected was qualitative in nature and included primary and secondary data. Primary data was collected through interviews of five employees in different management levels while secondary data was from existing documentation on the company including review of the company website. Qualitative content analysis was undertaken on all the data collected to establish clear patterns, determine meaning and draw relevant conclusions bearing in mind the research question and objectives.
CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction
This chapter discusses the findings of the study based on the analysis and interpretation of the primary data collected from primary interviews and other secondary data. The primary data was collected from face to face interviews from employees who had some significant level of influence in the strategic management process with the company. Secondary data used included the Annual financial reports, information memorandum for the Kshs 6 billion 2015 bond listing and other information on the company website which includes investor briefs and news releases.

The data is presented into three sections based on the two objectives namely: Finding the strategic management practices adopted by CENTUM and how these have been influenced by organizational culture.

4.2 General Information
CENTUM is one of East Africa’s largest quoted investment companies with total assets of Kes.36.8 billion as at 31 December 2014, and managing an additional Kes.140 billion of third party funds. CENTUM’s vision is to be Africa’s foremost investment channel. The company works towards this vision by playing the role of a creator of investment grade opportunities. It undertakes detailed and formalised strategic planning every five years, and the current plan covers the period 2014 to 2019. In this period, the company
has set itself to pursue very clear and stretching objectives and is focusing its development activities in eight key sectors of choice. These sectors are: financial services, fast moving consumer goods, real estate, power, agriculture, education, healthcare and information communication technology.

The decision to focus on these sectors was informed by the size of the market, growth potential and the ability to develop and build CENTUM’s capabilities in the development of investment grade assets. At CENTUM, the focus on Brand is huge. Brand means delivery through competent sector specific teams. The company is investing in developing a team of outstanding leaders through whom the strategy is to be delivered. Capacity is being enhanced in the new sectors of energy and agri business. The board has a very clear mandate to provide oversight and guidance in the execution of the strategy. Overall, the business is passionate for excellence and has worn awards including being winner in the Corporate Governance category in the Financial Reporting Excellence Awards (FIRE) 2014.

4.3 Strategic Management Practices at CENTUM

Under this section, the study sought to establish the strategic management practices adopted by the company.

4.3.1 Strategy Formulation

The study found out that CENTUM had an established discipline of doing strategic plans running through periods of 5 years. The strategic planning circles of the years 2009 to
2014 had been successfully complete and a new strategic plan covering the years 2014 to 2015 was now in place. All interviewees confirmed that the strategy is well documented and anchored within the vision and mission of the company. From the discussions and review of the company website and published accounts, the company’s vision is well articulated as to be the Africans foremost Investment Channel, while the mission is stated as to create real, tangible wealth by providing the channel through which investors access and build extra ordinary enterprises in Africa. These are developed by management and approved at the board level. The study established that the company had very clear set objectives which are: Return(achieving a track record of value creation by generating of 35% annualised return), Focus (developing opportunities of scale in eight key sectors), Scale(growing Total Assets to Kshs 120 billion and Total Assets Under Management including third parties to Kshs 720 billion), brand (Building capacity, expertise and delivering the promise through people), and cost (being efficient and keeping costs at below 2% of Net assets value).

The researcher established out that the CEO takes full responsibility of ensuring that a sound strategy is in place to guide the business. However, the formulation broadly involves other divisional directors with the input of other employees across all levels of management. The approach used is mainly bottom up. The various business divisions develop their strategies which gets aggregated to the group level and refined upwards to the board level. The formulation of the 2014 to 2019 strategic plan was aided by use of external experts, Dalberg international ltd headquartered in New York, who brought in
process expertise and global experience which was complimented by the input from CENTUM Management team who are well versed with local and regional market facts.

As part of the formulation process, it was established that CENTUM undertakes elaborate situational analysis and looks at environmental factors. They look at past performances and make projections into the future. Detailed SWOT analysis is undertaken to establish the possible opportunities and threats in the environment and these are matched to internal capabilities. Respondents explained that in determining the additional sectors to focus in the strategy period, the business, among others looked deeply into the government of Kenya vision 2030 which highlighted the key areas of prioritized investment and growth. Any new areas of investment by government were seen as possible growth prospects since they would trigger activity and attract private sector participation.

They also evaluated global investment trends driven by changes in lifestyles. Legal requirements are considered to ensure the business is compliant. As an example, interviewees explained that in order to satisfy legal requirements for making investments in Unit trusts and wealth management, a new subsidiary called Nabo Capital was established with its own MD as required by the regulator, CMA. Also, in response to environmental changes, the group has set itself up to explore new opportunities in real estate, education and health care. The focus has shifted to developing untapped opportunities and having management control. The multibillion Two Rivers Estate project is an example of project that is unique in design and the business is developing it from the scratch as one of the strategic actions of 2014 to 2019. As part of the analysis,
the business as a practice looks internally at past successes and failures, to help formulate future strategies. The capacities and competences are evaluated during formulation in order to leverage on strengths and overcome any weakness. From the interviews, it was established that the business is now building capacity for Agri business, which is new sector being explored. They also indicated that the ambition of the CEO and the management team to a great extend influenced how ambitious the strategy crafted was.

From the study, it was established that the strategy is extensively communicated to employees and other stakeholders through the company website, published information like annual accounts, staff inductions, seminars, training and even general media. Open forums are held to launch and cascade the strategy, once approved. The company vision mission and objectives are widely shared in internal documentations giving the strategy good visibility to staff. However, the business faced some formulation challenges and the researcher established that prioritizing the right portfolio to focus on in order to deliver objectives is not always easy. Determining the opportunities which best delivers on the objectives is a demanding task, requiring careful trend off. Also, formulating strategies is about taking a view into the future, and this has inherent uncertainties. Appropriate data may not always be available to predict the future in a precise way and management at times is guided by experience, intuition and pure ambition. Also, it was not completely possible to involve all key stakeholders who invariably will be involved in the implementation.
4.3.2 Strategy Implementation

The researcher sought to establish the process of implementing the strategic plan. The respondents indicated in their responses that the strategy is extensively communicated to employees and other stakeholders through the company website, financial publications, staff inductions, seminars, training and even general media. The key objective in the communication is that the strategy has to be first well understood by employees so that they can successfully implement it. The strategic plan covers a long period of five years and the set objectives reflect the expected outcome after that time. Interviews indicated that for it to be implemented, the plan is broken down into shorter term annual and quarterly plans. These are then assigned to specific employees for execution and delivery within the specified shorter time frame.

Respondents agreed that top management takes responsibility for ensuring clarity of tasks and causing alignment between functions to ensure the company achieves the desired outcome. The short term deliverables are cascaded downwards to each division, function, team and to an individual employee. It was revealed that the staff feel empowered to undertake implementation since to a great extend they are involved in the formulation. Staff identifies with the process and owns the strategy. During formulation, they are involved in providing the required analysis and determining future courses of action. Moreover, they worked with the external consultants, though this was limited to the higher levels of management. As part of empowering employees, support is provided through training and coaching to enhance capabilities to undertake required tasks.
Interviewees confirmed that the company had a well structured and robust performance management system. The use of the performance management system invariably ensures that every day, week, month and year, staff is focused into dedicating their efforts to strategy execution. Annual deliverables are agreed upon at the beginning of every year and performance is keenly tracked and formal review done at half year and end of the year. A bonus payment scheme exists which is linked to delivery of agreed targets and strategy. Bonus paid is purely based on ones achievement of assigned targets and this was found to enhance strong performance culture. The respondents all agreed that the bonus scheme was reputed to be one of the best in the market and greatly contributed to successful strategy implementation.

CENTUM has had to look into how it is structured in order to successfully implement the strategy. The structure has been evolving and focuses each unit to specific deliverables whilst ensuring coordination. Respondents felt that CENTUMS very well defined business lines and clear reporting structures and the staff performance culture has greatly helped in making strategy implementation successful. New subsidiaries and departments have been established and staffed by employees with the right competencies to lead them to achieve expected goals. As an example, Nabo Capital Ltd has been established as a wholly owned subsidiary to specifically deal with management of traditional asset classes such as equities, money markets and fixed income portfolio and private instruments. Athena Properties Ltd, also a wholly owned subsidiary of CENTUM now provides real estate development and project management services to CENTUM and third parties with a specific focus on large scale mixed use developments. To implement strategy, the study
established that the company provided appropriate resources to ensure successful implementation. One of the objectives was to focus the business into the real estate sector and to this end, CENTUM has embarked to deliver a master piece shopping mall, the biggest in Eastern Africa, and as a result, a dedicated department named the Two Rivers Estate has been created with the appropriate staff compliment and budget allocation.

However, interviewees acknowledged that the dynamic nature of the market and at times lack of capacity to handle complex projects does pose a challenge on strategy implementation. Also some of the assumptions or predictions made during the formulation may change in the course of the implementation since it has a five year time frame. Deal making and structuring at times takes longer than expected impacting on the implementation pace and timelines.

4.3.3 Strategy Monitoring & Evaluation

The study sought to establish how CENTUM monitors the success of the implementation of the strategic plan. Respondents answered that there exists formal mechanism of monitoring performance through structured reviews. The objectives and targets set are to begin with set very clear and are measurable. Monthly Management accounts project management and delivery analysis are prepared and discussed at management level, to identify any gaps which then triggers any required response. Budgets are prepared for all projects, departments, business units and the group and performance is measured against them. Staff performance management system which appraises staff on how they are delivering on the set objectives and remedies required assist in strategy monitoring.
Respondents added that the board of directors meets quarterly to evaluate performance against set targets and milestones, and directs on needed interventions. The board evaluates the CEO and the senior management team on the basis of how well agreed upon deliverables or targets are being met on a quarterly basis. During evaluation sessions, all impediments to strategy implementation are discussed and their impact assessed. Additional capacity or resources may be injected if required. Support is provided for staff that needs it. Also, information on what is working well and any additional opportunities is highlighted.

Strategy monitoring and evaluation however does face some challenge. Some of the projects are spread across sectors and are long term in nature making evaluation and control a challenge. Some assumptions made on some of the long term projects may have been overtaken by events, causing adjustments or realignments.

4.4 Organizational Culture & Strategy Management Practices Alignment

This section covers the specific questions posed to respondents to determine the extent to which strategy is influenced and aligned to culture at CENTUM. Respondents were all of the view that the organization has a clear view and road map on how to achieve its goals which are actively pursued. Employees are well aware of the company vision and mission, feel empowered and are left to do their work. Employees appreciate that each one of them has an important part to play in order for the organization to achieve its objectives. The company has well established delegation culture where set goals and objectives are cascaded downwards from the board levels all the way down. Respondents
explained that though the business is very well structured along business lines, there is
good and harmonious working relationship between business units. Also departments
work very closely and are well coordinated. This leads to improved speed of execution
and some high level of contentment where decisions are made without necessarily having
to be referred to the immediate supervisor regularly. However, according to one
respondent, the increased specialization posed a risk of some functions becoming very
independent and isolated.

The study established that CENTUM employees own organizational strategic objectives.
CENTUM culture is to have staff with clearly defined roles which are derived from the
company’s overall objectives. They appreciate that success of the company translates to
their own success. The work environment is friendly and people work closely together. In
making important business decisions, Management team members consult and
 collaborate. It was established that there is existence of strong team spirit across the
entire business, staff pulling together to deliver agreed on common goals. Existence of
structured weekly departmental team forums, monthly executive committee meeting and
quarterly board meeting enhance openness, consultations and therefore enriches team
work. There is ease of communication in the company. The open space office set up
encourages face to face discussions with managers, peers and team members. The use
intranet and group emails in addition to face meeting enhance communication.
Respondents said that the company has an innovative culture and ideas are encouraged and natured. Employees are encouraged to be entrepreneurial and to come up with innovative business ideas and market them to the team members for consideration and adoption. As a way of ensuring speed in issue resolution and activity coordination, CENTUM management encourages weekly departmental meeting, monthly executive committee meetings and holds strategy workshops from time to time. This helps also helps in any conflict resolution.

One of the questions posed to the respondents was on what rewards and promotions are based on. The answer was that CENTUM has a performance driven culture and rewards and promotions are tied to it. The business has a well structure employee performance management system and deliverables are agreed in advance and keenly tracked. Strategy execution therefore forms the basis for annual bonus payments. Employees are clear that good performance is always handsomely rewarded. Respondents agreed that though no formal staff value survey has been conducted, the well embedded performance culture has led to high employee engagement, innovative ideas and increased productivity. The business celebrate good performances though recognition like the employee of the year and communicates internally and externally any promotions and new appointments made.

Respondents expounded that CENTUM has a unique culture and they have 14 golden rules which among other behaviors, empowers employees to make decisions, conclude tasks with speed, communicate easily, share learning, to be the best and to think big. Employees want to be benchmarked with the very best. CENTUM embraces open door
policy, employee self drive and a competitive environment for growth. Staff are willing to put more hours of good work than ordinarily required to help the organization become even more successful. They proudly talk freely with friends about the greatness of business and how they are happy to be part of it. This positive culture has helped to entrench strategic management practices as a tool to focus the business to deliver on the organizational goals.

4.5 Discussion

In this section, the findings of the data analyzed on CENTUM is compared with relevant existing theories and empirical studies done in the past regarding strategic management practices and how they are influenced by culture.

4.5.1 Comparison with Theory

The study established that CENTUM develops strategy in order to set long term direction define and clarify the organization, focus and provide consistency in response to the environment. The findings are in agreement with Chandler (1962) conclusion that strategy is the determination of the basic long term goals of an enterprise and the adoption of causes of action and the allocation of resources necessary for achieving these goals. Like any other business, CENTUM faces competitive forces and to be competitive and survive adopted strategies like cost and focus strategy as advocated by Porter (1985). The company has set itself to focus on specific sectors and set clear goals like keeping costs at 2% of net assets value.
CENTUM conducts situational analysis covering both external and internal environments. It undertakes SWOT analysis which helps in establishing both the opportunities and threats in the external environment as well identify the strengths and weaknesses in the firm’s capabilities and resources. This is also in agreement with Bryson (1988) who in his work established that SWOT analysis is a key element in strategy formulation. Understanding the firm’s capabilities and resources is in line with the resource based view advanced by Barney (1991) which suggests that internal resources that are valuable, difficult to imitate and none substitutable do best position a firm for sustainable competitive advantage. Proponents of Resource based view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking for them in the external environment.

According to Helfat (2007), dynamic capability is the firm’s capacity to purposely create, extend and modify its resource base to address and adapt to rapidly changing environment. CENTUM has looked at its internal competencies and agreed to enhance capacity in areas of need, while leveraging inherent strengths like experienced management team. The company has made very clear choices, setting to pursue only five objectives i.e. To build a track record of project development in targeted sectors, maintain costs below 2% of net assets value, develop, scale, grow investments capabilities in 8 sectors, generate 35% plus annualized return and scale growth of total assets from USD 1.5 b in 2014 to USD 8b by 2019. Setting of these objectives is in agreement with Johnson & Scholes (1999) who considers the process of Objective setting as an important step in strategy formulation.
CENTUM strategy implementation is an involving process. Johnson & Scholes (2008) argued that for strategy to be implemented, it needed to be operationalised and institutionalized. The research found this to be true of CENTUM since all the long term objectives are broken down into operational plans of short term nature which are then allocated to specific employees. This gives ownership and execution accountability to specific individuals. The short term plans form the basis for the performance management system and are tracked regularly with formal reviews at half year and end of the year.

The implementation of strategy lead to some structural changes including setting up of wholly owned subsidiaries like Nabo capital, and Athena properties ltd to focus on growth in new segments as part of aligning structure to strategy. Chandler (1962) argued that structure follows strategy and this was found to be the case in this study of CENTUM. The practice in centum is to look into structure, skills, systems, culture, staff and shared values to ensure they are in support of strategy as advocated by the Mackenzie 7-s model. However, implementation faces the pitfall of employees getting at times caught up in the day to day operations which are involving and do at times loose site of the long term goals.

Strategy has to be monitored and evaluated over time to establish its successful implementation given changes in the environment that may be impacting it. Evaluation is concerned with performance and performance measures to signal when strategy requires adjustment (Hill & Johnson.2005). CENTUMS process is in line with this theory and
does take regular monitoring and evaluation by management conducting monthly performance evaluation, the board of directors undertaking quarterly reviews and making corrective actions as necessary. The evaluation helps in ensuring that any impediments to strategy implementations or any changes in the environment posing an opportunity or threat are identified and addressed in a timely manner.

Culture plays an important role in how organizations conduct their business. According to Arnord (2005), culture develops over time and is the values, beliefs, altitudes that combine to give an organization its distinct character. CENTUM has been in existence for 48 years and over this time, the business has developed a unique performance and entrepreneurial culture that defines how the organization operates and conducts business. Schein (2004) argued that culture has powerful effect on how organizations behalf and think. At CENTUM, the business thinks innovatively and is driven by success and to be benchmarked with the best, as Africa’s foremost investment channel. The positive culture at CENTUM was largely found to be supportive of strategy.

4.5.2 Comparison with Other Studies

Ahmadi (2012) in his study of relationship between Organizational culture and Strategy implementation by an Iranian bank concluded that there was appositive link between the two. Supportive and flexible culture was important for strategy implementation. The finding of the study agrees to this since the performance driven culture at CENTUM was found to be very a big drive of the strategy implementation. Dauda (2010) study established that embedding strategic management practices in an organization influences
organization performance positively. Over the years, CENTUM has entrenched strategic management practices and its success over a long period of time is largely attributed to this. Omuga (2009) study on alignment of strategy and organizational culture in phone companies in Kenya concluded that there was culture and strategy alignment though formal strategy planning process that communicates and clarifies strategy to the whole organization. CENTUM formalized strategic management practices have helped the company remain competitive and culture plays a strong role in how the strategy is formulated, implemented and controlled. There exists a clear mechanism on how the strategy is communicated to staff. The exiting culture is supportive agreeing to the conclusion of Omuga (2009). The finding by Aosa (1992) that culture and other administrative procedures must be in line with strategy being implemented was also true of CENTUM. Staff recruitment and the reward schemes in place reinforce the need for a performance driven culture, which then supports strategy formulation and execution.

CENTUM undertakes strategic plan review every five years in order to set new objectives based on stakeholder expectations and changes in the dynamic environment. The current strategy covers the period 2014 to 2019 and before that the strategy covered the period 2009 to 2014. The approach used, including use of external experts depends on the circumstances at hand. This is in agreement to the findings by Mbwaya (2013) who on his study of strategic management practices by Barclays bank of Keya concluded that there is no one universal approach to strategic management and therefore strategic management practices keep evolving depending on changes in the environment.
4.6 Summary of the Chapter

The chapter analyzed the primary and secondary collected and discussed the findings based on the research objectives. Some of the general facts gathered on CENTUM included its Vision, mission, and objectives. The strategic management practices are broadly categorized into strategy formulation, implementation, and evaluation. In the findings, CENTUM has a very clear strategic planning process which is done every five years driven by the CEO and top management. A wide range of employees are involved in the formulation process.

Strategy formulation involves detailed environmental analysis. Clear objectives are set which are well communicated and cascaded to the employees in the organization who take responsibility for execution. A performance management system is used as a tool to focus staff to drive strategy implementation. Changes in structures are effected to help drive implementation. The strategy monitoring was found to be an important step in the process since it was critical to know how well the implementation was progressing. The chapter provides an analysis of the culture existing at CENTUM. The employees appreciate the importance of strategy and identify with the process of how strategy is formulated. Employees work as a team, are result oriented, and open in communication. They have drive to innovate and are enterprising. Rewards in the business are marched to performance. The business celebrates good performance through recognition. The positive culture has helped entrench strategic management practices enabling the business to be successful.
The chapter concludes by discussions comparing the findings with relevant theories and empirical studies. Chandler (1962) argued on the importance of strategy as to determine long term goals, Porter (1985) explained the importance of competitive strategies, Bryson (1988) advocated the use of SWOT analysis, Barney (1991) advanced the resource based view, Schein (2004) argued culture has a powerful effect to an organization, all of which are in agreement with what was found being practiced at CENTUM. The empirical studies discussed in the chapter includes Ahmadi (2012), Dauda (2010), Omega(2009), Aosa(1992) and Mbwaya (2013).
5.1 Introduction

From the research work conducted and based on the primary and secondary data reviewed, the chapter provides a summary of the findings, conclusion and recommendations. It also highlights on the implications and limitations of the study based on the objectives set of determining the strategic management practices adopted by CENTUM and how they have been influenced by organizational culture. The last section makes suggestions for future Study.

5.2 Summary of Findings

The study established that a formalized strategic planning process exists within CENTUM. The business has a vision and mission which guides and provides direction to the business and which is not necessarily revised every time strategy is getting reviewed every five years. The strategic management process is owned and driven by CEO and top management. Departments develop strategies which build into business unit strategies and then this gets consolidated to the group company strategy which gets approved at the board level.
CENTUM undertakes situational analysis by using tools like SWOT and PESTEL to understand the external and operating environment. It conducts review of past performance and together with the assessment of the environment, makes deliberate choices of the critical objectives and strategies to pursue. In formulating the strategy, the company used external firm of global consultants called Dalberg international ltd. There role was to help with the strategy formulation process, and enrich the local management market and sector understanding by bringing in global perspective and experience.

The study established that once the board approved the strategic plan, the CEO and management had the ultimate responsibility and accountability to implement. The strategy is broken down into shorter term annual, quarterly and monthly plans which are then cascaded downwards to every employee. The required resources to drive strategy are availed by management. The strategy is extensively communicated and highlights posted in the website and communicated during inductions for new employees. Employee performance management system derives its targets from the strategy, and the bonus reward scheme and promotions are based on achievement of the targets and objectives. This then encourages ownership and real desire by the employees to successfully implement strategy. In order to keep track, management undertakes regularly performance and evaluation reviews at least monthly. Through measurement of key performance indicators, it can be established if positive progress is being made in achieving set objectives. The board provides oversight by conducting quarterly reviews.
CENTUM has a performance and entrepreneurial driven culture. Employment of staff is tailored to ensure only those who fit into such profile are recruited and retained. The reward structure is tailored to performance, creating a competitive environment for employees to do their best and to excel. As a result, employees freely identify with the company goals and exemplify the right supportive culture for strategy delivery.

The study established that the organization faced challenges especially when the assumptions made pertaining to some strategic projects changed owing to their long term nature. In some cases, capacity for timely execution of some of the projects lacked and this impacted set project timelines leading to undesired delays. However, this was found to be more of an exception than the norm.

5.3 Conclusion

The main conclusion is that CENTUM uses strategic management approach in running its business. Strategic management practices are well embedded and formalized and this has helped the business to remain focused on delivering its objectives over time. The organization has very clear vision, mission and objectives which are very well communicated. Though strategic planning process is owned and guided by management, formulation is aided by external consultants and most of the employees are involved at all stages.
Employee’s individual values and organizational values are largely at congruence, creating an enabling environment and culture that supports and influences strategy. The workforce identifies with the organizational goals, are empowered to make decisions in their areas and since rewards and promotions are based on delivery of agreed objectives, employees most times offer their best creating an innovative and competitive work environment, influenced and supported by senior leadership. The strong performance and entrepreneurial culture has had positive influence to the strategic management practices at CENTUM.

5.4 Recommendations

Organizations need to ensure that there is a clearly defined road map on where they want to go in form of a strategy. Clear understanding of the environment by organizational leaders is a critical step in the strategy process. Making choices and to coming up with clear objectives and high impact strategic actions is inevitable for any organization in order to maintain focus and be competitive. Many good strategies fail during implementation phase due to lack of employee engagement. Involving as many staff as possible during formulation and ensuring they have the right competencies provides a good basis for success during implementation.

Culture has strong influence on strategy. Ensuring that as many employees believe and own the goals of the organization through involvement and communication as well as linking rewards to strategy helps to get buy in. From time to time, organizations should undertake structured employee values surveys and audits to establish how the employees
perceive and feel about the organization and strategic management practices. Such survey would for example reveal if the existing reward structures are reinforcing the expected behavior to make the business successful. Organization leaders should endeavor to ensure that the appropriate culture exists to support strategy and if gaps are identified, the necessary culture change program should be promptly initiated and carried on.

5.5 Limitations of the Study

The study was an in-depth look at CENTUM, which is only one of the investment companies in the country. It is likely that the approach used by CENTUM for managing their strategy may be different from what other players in the same industry are doing. An industry wide study of culture influence on strategic management practices involving other firms may have revealed different findings leading to varying conclusions. Hence, the single entity case study is limiting, since the findings cannot be extensively generalized across all investment companies and other organizations.

Not all expected management interviewees were available for the interview in the allocated time for the field work because of their busy office engagements. Severally, I had to postpone and reschedule agreed meeting times to accommodate diary changes leading to unexpected delays. The interviews had to be kept strictly within time, hence confining the discussion to the interview guide limiting time for further probing. Some of the directors required for the interviews could not at all avail themselves and had to be left out.
The data was collected using interview guide administered to a few members of the management team. Large numbers of interviewees could not be accessed due to limitation of time. The responses given by those interviewed may suffer personal bias depending on the employees feeling, emotions and altitude towards the employer and the interviewer at the time of interview. This may lead to the interviewees withholding critical information for the study or giving personal views on an issue which may not necessarily reflect the organization's true position, hence compromising the quality of data collected.

5.6 Implications of the Study on Policy, Theory and Practice

The study is useful to policy makers since it provides good bases for formulating policies on strategic management practices and organizational culture and how it impacts on employees. The study can also provide an understanding to policy makers on the role of performance reward systems in strategy implementation.

The study established that for strategy to be successfully implemented in an organization, it is important that several elements as advocated by Mackenzie 7's framework needs to be closely interconnected and reinforcing. In addition to structure, a change in strategy invariably necessitates a relook into the existing organizational structures and skills. This finding validated this theory.
The study revealed that in practice, organizations need strategy in order to succeed. To develop the strategy, it is important for the businesses to undertake environmental analysis and come with clear objectives in order to focus the activities of the business. However, no matter how good the strategy, it is important for the cultures of the organizations to be well understood and aligned to support the strategy. Organizations leaders need to ensure appropriate culture exists and if gaps are identified, appropriate culture change program should be initiated.

5.7 Suggestions for Future Study

This study was focused on one single organization as a case study in order to get an in-depth understanding. A further study can be conducted involving several Investment companies in the country as a survey to establish the strategic management practices in place and how they are influenced by organizational culture in order to make more broad based findings across the industry. The same can be compared with findings from other sectors already researched like in the Mobile phone Company.

Further research can be undertaken to study the impact of strategy and culture conflict and how it impacts on organization effectiveness. This would give a clear picture on what consequences to expect if culture is incompatible to strategy. A different study can also be undertaken to establish the impact of leadership on strategic management practices within the investments firms in Kenya.
REFERENCES


APPENDICES
Appendix 1: Letter of Introduction

Josephat. M. Ngile
University of Nairobi, School of Business
P.O. Box 30197
Nairobi.

CENTUM Investments Company Ltd
P.O. Box 10518-00100
Nairobi.

Dear Respondent,

RE: REQUEST FOR RESEARCH INFORMATION
I am a student at the University of Nairobi Pursuing a Masters of Business Administration (MBA) degree in strategic management. I am undertaking a research project on strategic management practices and organizational culture adopted by Investment Companies in Kenya with a specific emphasis on CENTUM. The study is part of the mandatory requirements for the award of the degree (see attached letter from the university).

To assist me gather the necessary information, I would be grateful if you could spare some time to allow me to interview you using the attached interview guide. The questions are to help establish the strategic management practices in place at CENTUM and how they are influenced by organizational culture. I give the assurance that the information provided will be treated with the utmost confidentiality and will solely be used for this project. Your positive response will be highly appreciated.

Yours sincerely.

Josephat M. Ngile.
Appendix 11: Approval Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

DATE: 03/09/2015

TO WHOM IT MAY CONCERN

The bearer of this letter, JOSERHAT NJOROGBA NGILE
Registration No. D61/723783/2014

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABATO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI
P.O. Box 30197
Nairobi, Kenya

P.O. Box 30187 - 00100, NAIROBI
Appendix 111: Interview Guide

The guide is designed to collect information on strategic management practices and organizational culture at CENTUM.

Section A: General Information

Name ...........................................................................................................
Position ...........................................................................................................
Department ....................................................................................................
Years in the company ....................................................................................
Date of interview ..........................................................................................

Section B: Strategy Formulation

1. Does CENTUM have a vision and mission statement?
2. When where they last reviewed? Who was involved?
3. Does the company have a strategy which is documented. What is the time frame for the strategy?
4. Does the CEO take full responsibility for driving strategic planning? If yes, how is it done. If no, who takes responsibility?
5. Explain the company’s strategy formulation process?
6. What is your role in strategic formulation process? Are any external experts used and who else is involved?
7. Does CENTUM allocate resources specifically for strategic planning?

8. Do you carry situational analysis during the formulation analysis and if yes, which tools are used?

9. What internal and external factors have impacted the most the strategic formulation process and how?

10. If any, what regulatory factors influence strategy formulation and how?

11. What recent strategies have CENTUM come up with in response to the environmental changes?

12. How is the strategy communicated to employees and other stakeholders?

13. What challenges has CENTUM faced in strategy formulation?

Section C: Strategy Implementation

1. What is the process of implementing strategies at CENTUM?

2. How is strategy communicated to employees and other stakeholders?

3. What is your role in strategy implementation? Who else is involved in the implementation process?

4. Have there been any organizational structural changes made to implement strategy? Which ones?

5. How has staff been empowered to handle implementation of the chosen strategies?

6. Has the implementation necessitated any staff changes? If yes, give some details?

7. Has it necessitated any process changes? If yes, give some details?

8. What challenges have been encountered with strategy implementation?
9. What else would say has helped CENTUM in Strategy implementation?

Section D: Strategy Monitoring and Evaluation

1. How does CENTUM Monitor the success of implementing the strategic plan?
2. How often is monitoring and evaluation done? What triggers it?
3. What tools are used for monitoring and evaluation?
4. What is your role in strategy evaluation and control? Who else is involved?
5. How are corrective actions taken? Give some examples.
6. What are the challenges facing strategy monitoring and evaluation?

Section E: Organizational Culture and Strategic Management practices alignment.

1. Would you say employees feel empowered and are left to do their work?
2. Do employees say the organization has a clear view and a road map of how to achieve its goals?
3. Would you say management and staff work closely on all important strategic activities?
4. Do employees identify with the strategic management process? How?
5. Are strategic objectives owned across the management levels?
6. Would you say managers prefer face to face communication with team members?
7. Do employees have clearly defined roles? Are they derived from the company strategy?
8. How are strategic innovate ideas identified and natured?
9. Are strategic issues resolved through integrated teams or how are they solved?
10. Are rewards and promotions based on productivity and strategy execution?
11. Are stories told about employees in the organizations who have helped achieve key strategic milestones?

12. How is successful strategy execution celebrated? How is failure dealt with?

13. How else have you seen the organizations culture at CENTUM influence strategy? Give some examples?

14. What would you say is unique about the company’s culture?

15. What has been the challenge of aligning the strategic management practices to the culture at CENTUM?

Thank you for supporting the study.