

**STRATEGIC MANAGEMENT PRACTICES, ORGANIZATIONAL CULTURE AND
ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF PZ CUSSONS EAST
AFRICA**

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DECLARATION

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

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DEDICATION

This project is dedicated to my loving companion Joram Kihumba, my two daughters Renee Wairimu and Alison Wanjiku for the support they have given me and encouragement to pursue the master's degree till the end .

Lastly to my loving parents and entire family, for always encouraging me to pursue further studies, giving me the required support and the words of wisdom to keep me going. Always believing that I can do it even when I seem to be losing hope.

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ABSTRACT

In the corporate world, the business environment is rapidly changing necessitating organisations to adopt strategic management practices that give them a competitive edge and lead to improved organisational performance. Several areas have been identified as bringing in the much needed edge in performance of any firm in any industry. One key area that results in improvement of performance is Strategic Management Practices. The organizational culture should be aligned with the strategies that are being implemented by the company. The focus of this study was directed on how the top management of PZCEA is selectively using strategic management practices to influence organizational performance in an environment which is conducive to all. The purpose of this study was to determine the association between strategic management practices, organizational culture and organizational performance in private companies in Kenya, a case of PZ Cussons East Africa Limited. The research focused on this because performance of all organizations within an economic system is critical for economic growth and development. The researcher employed a qualitative design to capture the data. A case study was used in order to get an in-depth understanding of the organization. Primarily data was obtained through face to face interviews conducted on employees at different management levels. An interview guide was circulated in advance to prepare the respondents and help them get required facts in goodtime. Secondary data was also collected from the existing documentation in the company website as well as similar studies done on the topic. The study established that the institution's performance was closely associated to the strategy and the culture of the organisation. The study identified the strategic management practices adopted by PZC EA and the positive correlation with performance of the organisation in the right environment. The organisation has a strategic plan that guides them which is operationalized and institutionalised making implementation flawless. The cultures of the organisation and the values that guide the organisation have also led to a better performance of the firm. For successful implementation of the strategy, culture must be enabling. From the analysis of the findings it was noted that strategy implementation was not always a smooth process but a process that was faced with different challenges. Strategy was implemented by all employees in the organization. It was broken down, simplified for all employees to understand and cascaded to the different employees.

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ABBREVIATIONS AND ACRONYMS

CPG:	Consumer Packaged Goods
ERP:	Enterprise resource planning
FMCG:	Fast Moving Consumer Goods
HOD:	Head of department
KSHS:	Kenya Shillings
LTD:	Limited
MBA:	Master of Business Administration
MD:	Managing Director
OU:	Operating Unit
PZC EA:	PZ Cussons East Africa
R&D:	Research and Development
SAP:	Systems Applications and Products

CHAPTER ONE

1.1 Background of the Study

In the corporate world, the business atmosphere is rapidly changing necessitating the organisations to adopt strategic management practices that give them a competitive edge and lead to improved organisational performance. Several areas have been identified as bringing in the much needed edge in performance. A key ingredient of this is Strategic Management Practices that a firm employs which is a top level management discipline. Strategy has been defined “As the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations” (Johnson, Scholes, & Whittington, 2008) According to (Arnoldo & Nicolas, 1986) “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.” The current business environment is evolving at a rapid rate and the strategies being adopted and practised by organisations need to be flexible enough to take into account the dynamic environment.

A strong strategic management capability is essential to the success of an organization, because it ensures a combination of a short term and a long-term sense of direction comparative to its internal and external situations both of which are dynamic. There is no organisation that exists in a vacuum, the link between internal and external environment is strategy. Changes in communal needs, political inclinations, inter-governmental associations, financial conditions, and citizen anticipations are likely to change of the combination of program responsibilities and resource desires. Expecting changes and adjusting to them appropriately necessitates a strong strategic management capability (Peters & Waterman, 1982)

The theories underpinning this study are three: Mckinsey 7s model which has the hard components as strategy, structure and systems and the soft components as skills, style, staff and shared values. Dynamic capability theory which entails the corporate agility, capacity to sense and shape opportunities and threats. The business world is rapidly evolving and organisations must be able to adapt and adjust accordingly. Finally Resource based theory is relevant to this study because for strategy to be implemented successfully adequate resources must be provided.

“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. Strategy must be aligned to culture to ensure high performance of the organization. The culture of an organisation gives it a unique identity which is different from any other in the organisation. “It is the character of the company’s work climate shaped by its core values, beliefs, traditions, business principles and style of operating.” (Lundy & Cowling, 1996) Culture is essential because it significantly influences organizational activities and methodologies to conducting business which ultimately influences performance. (Schein, Organizational Culture, 1990) Has argued that culture has powerful effect on how organizations behave 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.

Organizational performance encompasses the comparison of two outputs. The first being the output that has been gained by the organization or its results was being compared against what was projected to be the output in form of goals and objectives. Organization performance is also supported by various models which have been established to quantify and improve the performance of organizations. These models include; balance score card, the business excellence model, the key performance indicators and the capacity maturity model. The balanced score card is used to evaluate whether a business is moving towards its strategic goals, (Kaplan & Norton, 1992) the business excellence model describes a cause and effect relationship between enablers and results of business processes within an organization. “The key performance indicators are a measure of performance that focuses on critical aspects of outputs” (Chan & Chan, 2004). The capacity maturity model helps an organization to identify PZ Cussons East Africa is a multinational firm in the Fast moving consumer goods sector. The Industry has had rapid changes mainly driven by changing consumer needs and preferences, changing business external and internal environment which has impacted on the firm’s performance

1.1.1 Strategic Management Practices

Strategic Management defines “The purpose of the organization and the plans and actions to achieve that purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals. Strategic management provides overall direction to the enterprise.” (UK Essays, 2015) . “Organizations that follow sustainable strategic management base the formulation, implementation, and evaluation of their strategies on an analysis of the ecological issues they face, the values they hold that support sustainability, and the ecological interests of their stakeholders.” (Stead, Jean, & Mark, 2003) “These business strategies have been associated with performance, differentiating between strategies associated with high and low performance.” (M & Toshimitsu, 1989).

Strategic management greatly enhances the chance of success and hence meeting stakeholder’s expectations by organizations. “Strategies that result in high performance are identified with actions that normally lead to success in the industry; that is key success factors. These actions are associated with initiatives in an industry. Researchers have recognized such initiatives to include stress on product quality, product and service improvements, development of new operating technologies, and discovery of new markets. Activities associated with high performing strategies also include emphasis on customer service and support, extensive advertising, and use of external finance” (M & Toshimitsu, 1989). “Strategic management is an on-going process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment. ” (Ravisi & Schultz, 2006)

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. (Thompson & 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.”

1.1.2 Organizational Culture

Organizational culture has been defined as “The patterns of shared values and beliefs over time which produces behavioural norms that are adopted in solving problems” (Schein, Organizational Culture, 1990). “The organization’s internal environment is represented by its culture and is construed by the assumptions and beliefs of the managers and employees .Organizational Culture manifested in beliefs and assumptions, values, attitudes and behaviours of its members is a valuable source of firm’s competitive advantage (Hall, 1993; Peteraf, 1993) since it shapes organizational procedures, unifies organizational capabilities into a cohesive whole, provides solutions to the problems faced by the organization, and, thereby, hindering or facilitating the organization’s achievement of its goals” (Yilmaz & Ergun, 2008).

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, highlights that “An important trend in managerial thinking in recent decades has been one of encouraging managers to try to create strong organizational cultures.” (Schein, 2004) theorized that “Culture and leadership are conceptually intertwined.” This is in concurrence with O’Farrell. In the year 2006 he did a study of the Public Service in Australia where he stated that “ Culture is a statement of values, codes of conduct, principles of public service management and so on set out in rules and regulation are simply rhetoric - or what we now call inspirational statements. Without leadership that is what they will ever be rhetoric. It is our job as administrators, managers and leaders to turn them into reality’ (O’ Farrell, 2006).This study reviews evidence that shows why managing organizational culture is important to effectively enhancing both organization performance. (Orla, 2008)” Based on the research from various articles mostly from scholarly journals reviewed, secondary literature reviewed and interviews conducted, we are able to see how managing culture has affected an organisation and ensure ease of management in relation to more effectively managing culture. Culture as a set of fundamental assumptions outlines for us what to concentrate on, how to interpret things and how to respond expressively to what is going on, and what actions to take in different kinds of situations . Therefore the culture of an organization influences how people will react to various situations that the company

encounters. “The power of culture comes about through the fact that the assumptions are shared and therefore mutually re-enforced” (Schein, 1990)

1.1.3 Organizational Performance

Performance can be defined as “Being about doing the work, as well as being about the results achieved. It can also be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contribution.” (Aosa, 1992) Refers to organizational performance as effectiveness and efficiency in achieving various outcomes and results with respect to some criteria. The measurement of performance can be expressed in terms of parameters or indicators that are complimentary and sometimes contradictory (Kaplan & Norton, 1992). Its importance has made the idea of managing organization performance to be broadly recognized and accepted across the world. The success of a business is measured by its ability to achieve its set goals effectively using minimum resources (efficiency).

“Organization performance has been the most essential matter for every organization be it profit or non-profit one. It has been very vital for managers to know which aspects influence an organization’s performance in order for them to take suitable steps to start them. However, defining, conceptualizing, and measuring performance has not been an easy task. Researchers among themselves have diverse views and meanings of performance, which remains to be a contentious issue among organizational researchers” (Barney , 2002). “The central issue concerns with the appropriateness of various approaches to the concept utilization and measurement of organizational performance” (Venkatraman & Ramanujam, 1986). In this setting, profit into one of the many indicators of organization performance.

Large organizations use both monetary and non-monetary performance indicators to assess and quantify performance. Profitability is often viewed as the definitive performance indicator, but it is not the actual performance. “Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization’s operations and strategies.” (Venkatraman & Ramanujam, 1986). “Organizational performance comprises of monetary performance (profits, return on assets, return on investment, etc.); market performance (sales, market share); and shareholder return (total shareholder return, economic value added).” (Moruri, 2015) . (Armstrong & Baron, 1998) stated that “Performance management is a strategic and integrated approach to

delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.” It supports the rationale that people and not capital provide organizations with a competitive advantage” (Reynolds & Ablett, 1998).” The purpose of performance management is to transform the raw potential of human resource into performance by removing intermediate barriers as well as motivating and rejuvenating the human resource” (Kandula, 2006).

1.1.4 Strategic Management practices, Organizational culture and Organizational Performance

The organizational culture needs to be well-matched with the strategy being implemented. Culture being the set of beliefs that drive employee behaviours, 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, analyse existing beliefs and behaviours to identify gaps, if any and put up timely mechanisms to address them. (Johnson & Scholes, 1999)explains that it is important to understand cultural actions taken for granted within an organization and how they influence strategy.

A company’s culture can either be an impediment or can aid in the implementation of a strategy. They point out that a business’s current principles and work climate may or may not be aligned with what is preferred for satisfactory application and execution of the selected plan when an organization’s current work climate endorses approaches and actions that are well matched to first rate plan implementation. According (Thompson, Strickland, & Gamble, 2009). “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.” Without strategy, the organization will lack direction and move aimlessly, Strategy is aims to look into the long term view 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” (Kithitu, Cheluget, Keraro, & Mokamba, 2012). It is a response to external opportunities and threats in order to achieve sustainable competitive advantage. Culture is acquired, shared knowledge impacting individual and group values, beliefs, attitudes, and behaviour patterns. It impacts both present circumstances as well as expectations for the future. Generally, culture is the shared learning that influences people’s decisions, communications receptivity and behaviours. (Schein, 2004) stated that “Culture is a dynamic phenomenon that surrounds us all the time and is

enacted and created by interactions with others and shaped by leadership behaviour, structures, routines and rules that guide and constrain behaviour”.

(Kandula, 2006) stated that “The key to good performance is a strong culture blended with strong formulation and implementation of the strategy.” .Kandula goes on further stating that “Due to difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the same location. A good strategy and a strong culture can make an average individual perform and achieve brilliantly whereas a poor strategy and weak culture may demotivate an outstanding employee to underperform and end up with no achievement. Therefore organizational culture has an active and direct role in performance management.” (Murphy & Cleveland, 1995) noted that “Research on culture will contribute to the understanding of performance management.” (Magee, 2002) argues that “Without considering the impact of organizational culture, organizational practices such as performance management could be counterproductive because the two are interdependent and change in one will impact the other”.

1.1.5 Fast moving Consumer Goods Industry

“The fast-moving consumer goods (FMCG) sector is one of the largest industries worldwide. It is also known as the consumer packaged goods (CPG) sector, it is mainly characterised by companies that supply low-cost products that are in constant high demand. Products that are classified under the FMCG banner include food, beverages, personal hygiene and household cleaning products.” (KPMG, 2016) This industry is associated with low margin high volume products and hence companies must employ the right strategies to make profits. Products are often very similar within categories, these intensifies competition between companies (KPMG, 2016)

Competition in this sector is very high from both local and imported players. Most of the products sold are generally replaced after a short span of time. They range from the perishable food products to the high turnover products for instance the cleaning products. They are priced at affordable prices and frequently purchased; they hence require extensive distribution networks.

1.1.6 PZ Cussons East Africa Limited

PZ Cussons East Africa Limited is an operating unit under the umbrella of PZ Cussons International incorporated in UK. “George Paterson and George Zochonis set up a trading post in Sierra Leone in 1884, trading goods between West Africa and the UK across challenging geographies in a period of slow and difficult travel.” (Cussons, 2016) The company rapidly expanded establishing bases across Africa, Europe and Asia. They purchased the first soap factory in Kenya in the year 1980 and have been in existence since then. PZ Cussons East Africa has products in two main categories: Personal care and homecare .The product portfolio under personal care includes house hold brands such as Imperial Leather soap, Cussons Baby products and Venus beauty products whereas those under home care include Ushindi and Morning fresh. The company’s top line sales have been growing at about 5% year on year for the last 10 years amidst intense competition and a rapidly changing environment.

PZ Cussons East Africa is in the fast moving consumer goods sector with the main competitors being Unilever, Proctor and Gamble, Johnson and Johnson, Reckitt Benkiser and Haco Tiger brands among many others. Competition is tight and companies have to keep renovating and redefining their strategies in-order to maintain their share of market share and keep winning in the market place. The competitive landscape for PZCEA has changed as most local refining companies such as Bidco Oil Refineries and Pwani oil refineries are using their oil by products to make cheap bathing and laundry soaps. This influx of cheap products is putting pressure on already established brands to either reduce their prices in order to maintain their strong leadership position in the personal care and homecare sectors or change their strategies to survive. PZC EA has been affected and has had to re-strategize in-order to defend their market share. Private label products from local key supermarket chains are also a key threat to the performance of PZCEA brands, this is mainly because of allocation of share of shelf to the brands and visibility of products on shelf being impacted when the supermarket chains allocate their products lots of space as a way to promote them .Influx of imported products also leads to cluttered categories, with all companies aiming for the same share of wallet.

“Consumer buying behaviour is affected by many socio-cultural factors like social class, demographics, personality, and beliefs etc. However besides these, the product itself also makes their decision for them because of the message it transmits, the visual impact it makes, the significant colours and logo of the brand, the brand image and awareness, and the price.

Price is a particularly important attribute association because consumers often have strong beliefs about the price and value of the brand and may organize their product category knowledge in terms of the price tiers of different brands.” (Hawkins, Best, & Coney, 1995).The consumer purchase trends have been changing over time; brands have to keep refreshing and launching new innovating products to cater for the changing consumer trends. FMCGs have to keep abreast with the changing trends to remain relevant amongst their customers and consumers. Distribution of the products to ensure availability everywhere is one of the key priority tasks for the organisation. With a robust distribution system, product reaches all the consumers and increases the chance of business success. PZCEA has had a problem with its route to market. They have adopted new strategies to increase their foot fall, availability and coverage in the country.

1.2 Research Problem

Strategy and culture of a company is the road map towards the achievement of its long term goals. Strategic management practices and organizational culture ensure that the organization looks into the future for survival in its chosen industry. Employing strategic management is critical to firm’s performance (Johnson, Scholes, & Whittington, 2008) . Strategic management demands efficient systems to counter unpredictable events that can sustain their operations and minimize the risks involved (Pearce & Robinson, 2007).It significantly provides the rationale on how management proactively responds to a changing market environment and critically evaluates use of its resources. Linking of strategy formulation, implementation and evaluation helps to considerably address the question why some organizations fail or succeed. Organizational performance is increasingly being viewed as a key organizational activity O’ Regan, et al (2008) has defined performance as “The ability of an object to produce results in a dimension determined a priori, in relation to targets.”

PZ Cussons East Africa, a fast moving consumer goods company has been growing its brands over the years in this market. The growth has been supported by strong brands that are known by consumers who are loyal. The company has faced stiff competition from locally produced products and also influx of cheap imports from Asia. Changing consumer needs and preferences has also been a big concern for the firm and also ability to distribute their products and increase their product reach. 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.

Strategic management practices are common in many organisations. (Manguru, 2011) Researched on “The influence of strategic management practices on performance of Naivas Limited” and she found a positive correlation between the two. (Ahmadi, Salamzadeh, Daraei, & Akbari, 2012) noted that “The relationship between organizational culture and strategy implementation by an Iranian bank.” (Ngile, 2015) Researched on the strategic management practices and organizational culture adopted by Centum Investment company. (Omuga, 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. What are the strategic management practices and organizational culture adopted by PZ Cussons East Africa and their influence on the firm’s performance?

1.3 Research Objective

This study was guided by a general objective:

- i) To determine the influence of strategic management practices and organisational culture on the performance of PZ Cussons East Africa.

1.4 Value of the Study

This study is useful to policy makers and regulatory authorities looking at fast moving consumer goods industry 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 FMCG 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 study will be a basis of reference material for future researchers on the topic and other similar topics; it will also help other academicians and researchers who want to further this research or who will undertake a similar research in different sectors of the economy. The study is also

expected to highlight other important areas in the study that require further research. The study will add value in terms of guiding managerial practice in fast moving consumer goods industry and in particular the management of PZ Cussons East Africa as it will help them understand how strategic management practices and organizational culture affect performance of the organisation. The top management will be aligning their resources and efforts towards achieving their overall objective in the long term.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to the objectives of the current study. Relevant concepts and practices of strategic management are discussed. The various stages involved in the strategic management process, which include, strategic planning (strategy formulation), implementation, evaluation and control, are discussed.

2.2 Theoretical Foundation

There are several theories that have seen the evolution of strategic management. The theories include McKinsey 7s model, Dynamic capability theory and resource dependent theory. A business does not exist in Isolation, it interrelates with both the internal and external environment and it's the association between these two environments that defines its continued existence. Strategic management encompasses constant skim through of the environment and making the appropriate alterations to certify continued existence and sustainable growth by an organization

2.2.1 McKinsey 7S Model

McKinsey's 7S Model was created by the consulting company McKinsey and Company in the early 1980s. Since then it has been widely used by practitioners and academics alike in analysing hundreds of organizations. "The McKinsey 7S Structure was fashioned as an identifiable and easily recalled model in business. The seven variables, which the writer's term "levers", all start with the letter "S", These seven variables include structure, strategy, systems, skills, style, staff and shared values. Structure is defined as the back bone of the business or the organizational chart. The writers define strategy as the idea or course of action in assigning resources to achieve recognized goals over time. The arrangements are the routine practices and techniques followed within the business. Employees are described in terms of personnel categories within the business (e.g. engineers), whereas the skills variable refers to the abilities of the employees within the business as a whole. The way in which key administrators act in accomplishing the business goals is considered to be the style variable; this variable is thought to entail the cultural style of the business. "The shared values variable, originally termed super ordinate goals, refers to the significant meanings or guiding concepts that organizational members share" (Peters & Waterman, 1982) .The seven components described above are normally categorized as soft and hard components. The hard components are the strategy, structure and systems which are normally feasible and easy to

identify in an organization as they are normally well documented and seen in the form of tangible objects or reports such as strategy statements, corporate plans, organizational charts and other documents. The remaining four Ss, however, are more difficult to comprehend. The capabilities, values and elements of corporate culture, for example, are continuously developing and are altered by the people at work in the organization. It is therefore only possible to understand these aspects by studying the organization very closely, normally through observations and/or through conducting interviews. Some linkages, however, can be made between the hard and soft components. For example, it is seen that a rigid, hierarchical organizational structure normally leads to a bureaucratic organizational culture where the power is centralized at the higher management level. It is also noted that the softer components of the model are difficult to change and are the most challenging elements of any change-management strategy. Changing the culture and overcoming the staff resistance to changes, especially the one that alters the power structure in the organization and the inherent values of the organization, is generally difficult to manage. However, if these factors are altered, they can have a great impact on the structure, strategies and the systems of the organization.” (Document.mx, 2016)

2.2.2 Dynamic Capability Theory

“Dynamic capability is the organization’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.” (Teece, Pisano, & Shuen, 1997) .According to (Helfat, et al., 2007) “Dynamic capabilities are the capacity of an organization to purposely create, extend and modify its resources base.” Dynamic capabilities are about change 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 ability to renew proficiencies so as to adapt to the changing business environment.” (Teece, Pisano, & Shuen, Dynamic Capabilities and Strategic Management, 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 Resource Based View Theory

Competitive advantage of an organization is largely influenced by the distinctiveness of its capabilities. The theory of Resource Based View was developed by (Wernerfelt, 1977) and suggests that “The resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm.” In the resource-based theory, strategic planning uses organizational resources to generate a viable strategy. This means that in order to develop a strategy an organization should check on the resources available for the implementation of a specific strategy like Change strategy. The theory provides theoretical underpinnings for understanding how resources can be managed strategically and efficiently. According to (Wernerfelt, 1977)“Firms possessing valuable, rare resources and capabilities would attain competitive advantage, which would in turn improve their performance. In the theoretical outstanding works of RBV theory.” Grant, et al., (1988) attempted to conceptualize a comprehensive framework of relationships among resources, organizational capabilities and competitive advantage. He suggested that “The basic and primary inputs into organizational processes are the individual resources of the firm such as tangible resources (financial capital, physical equipment), intangible resources (intellectual property, reputation, firm culture and organizational structure), and human resource.”

Resource based theory sees the firm as a collection of assets, or capabilities. In the modern economy, most of these assets and capabilities are intangible. The success of corporations is based on those of their capabilities that are distinctive. Companies with distinctive capabilities have attributes which others cannot replicate, even after they realize the benefit they offer to the company which originally possesses them.

The theory is relevant to this study in that it seeks to establish the strategic management practices like efficient implementation of the strategy which requires adequate resources to aid in the survival of Fast Moving Consumer Goods Industry in Kenya, which is highly competitive and extremely dynamic.

2.4 Strategic Management Practices

Cameron defines strategic management practices as strategies put in practice by organizations in the process of formulating and implementation of plans designed to achieve set objectives (Cameron, 2014). They entail the organization's adopted methods of formulating the mission, vision, situational analysis, assessing the political, economic, social and technological environments, selecting the best alternative cause of action, implementing the chosen option, monitoring results and review. Besanko et al. (2012) state that "For firms that have adopted strategic management practices strategic management is an continuing practice that appraises and controls the business and the industries. "They direct an Organization in evaluating its rivals and sets goals and strategies to meet all existing and potential competitors; and reassessing each strategy periodically to control how it has been executed and whether it has prospered or needs replacement by a new strategy to meet changed environments, new technology, new competitors, a new economic environment, or a new social, financial, or political environment." (Moorhouse, 2013)

"Strategic management as a practice involves behaviors and actions that are determined by both individual human agency and structural/institutional forces. Individuals and groups who are embedded in social structures that are reproduced and shaped by individual and group actions make strategic choices" (Jarzabkowski, 2007). Strategic management is a process carried out at the top of the organization, which provides guidance, direction and boundaries for all aspects of operational management.

2.4.1 Strategy Formulation

"Strategic formulation (strategic planning) is the process of diagnosing an organization's external and internal environments, deciding on a vision and mission, developing overall goals, creating and selecting general strategies to be pursued, and allocating resources to achieve the organization's goals." (Hellriegel, Jackson and 14 Slocum, 2005). Strategy formulation is a means to position an organization, through prioritizing its use of resources according to identified goals, in an effort to guide its direction and development over a period of time (Bryson, 1995).

Strategy planning is the mandate of the organization's top management. Strategy formulation must be preceded by an evaluation of both the internal and external environments. Ensuring that the right strategy is formulated is an important aspect as these guides all the other

elements of strategy implementation, monitoring and evaluation. The success of an organisation is as good as the strategy they set and the way they implement that strategy.

2.4.2 Strategy Implementation

Strategy implementation is the means by which strategies are realized. Strategy implementation translates the strategy into action so as to achieve the organization's goals and objectives. Strategic planning is an action-oriented type of planning that is useful only if it is carefully linked to implementation – and this is often where the process breaks down (Poister and Streib, 2005). Strategy implementation is the most challenging of the strategic management process. When the strategic and operational levels of an organization are integrated in a common approach, a holistic strategic planning model is created (Plant, 2009).

2.4.3 Strategy Evaluation and Control

Strategy evaluation is the final stage of strategic management process and is important for evaluating the success of the selected plan. Evaluation is concerned with performance and achievement of set targets and it also signals when the plan needs to be fine-tuned in a rapidly changing environment (Hill & Jones 2005). Strategic management is aimed at improving performance. Once strategies have been implemented, they have to be continuously monitored to ensure their effectiveness.

Poister and Streib (1999) stated that strategic management requires continual monitoring of the “fit between the organization and its environment, and tracking external trends and forces that are likely to affect the organization. Different companies have put in place different mechanisms to monitor how effective their strategies are.

2.5 Organizational Culture

Corporate culture can be described in terms of values, norms and artifacts. Values are beliefs in what is best or good for the organization and what should or ought to happen. The 'Value Set' of an organization may only be recognized at top level, or it may be shared throughout the business, in which case it could be described as value driven. The stronger the value the more they will influence behavior. This does not depend upon their having been articulated. Implicit values that are deeply embedded in the culture of an organization and are reinforced by the behavior of management can be highly influential, while espoused values that are idealistic and are not reflected in managerial behavior may have little or no effect.

Some of the most typical areas in which values can be expressed, implicitly or explicitly, are: performance, competence, competitiveness, innovation, quality, customer service, teamwork,

care and consideration for people among others. Values are translated into reality through norms and artifacts. They may also be expressed through the media of language, organizational jargon, rituals, stories and myths. Norms are the unwritten rules of behavior, the 'rules of the game' that provide informal guidelines on how to behave. Norms tell people what they are supposed to be doing, saying, believing, and even wearing. They are never expressed in writing- if they were, they would be policies and procedures. They are passed on by word of mouth or behavior and can be enforced by the reactions of people if they are violated. Norms refer to such aspects of behavior as: how managers treat members of their teams, management style, the prevailing work ethics, how much importance is attached to status symbols, ambitions, performance, power, politics, loyalty, flexibility, managers expected to be approachable and visible, formality and rigidity among others.

A company's culture can be a major strength when it is consistent with the strategy and thus can be a powerful driving force in implementation. However, a culture can also prevent a company from meeting competitive threats or adapting to changing economic and social environments that a new strategy is designed to overcome. According to (Johnson & Scholes, 1999) social processes can also create rigidities if an organization needs to change their strategy. Managing the strategy-culture relationship therefore requires sensitivity to the interaction between changes necessary to implement strategy and compatibility or fit between those change and the organizational culture, (Pearce & Robinson, 2007) argue that, while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organizational structure, individuals, groups and units are the mechanisms of organizational action, and the effectiveness of their actions is a major determinant of successful implementation

2.6 The Organizational Performance

Organizational performance“ is used in three time- senses - the past, present, and the future. In other words, performance can refer to something completed, or something happening now, or activities that prepares for new needs. Profitability, for example, is often regarded as the ultimate performance indicator, but it is not the actual performance. Firm's performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the

organization's operations and strategies (Venkatraman & Ramanujam, 1986). Performance measurement systems provide the foundation to develop strategic plans, assess an organization's completion of objectives and goals (Alderfer, 2003). According to Barney, 2002, "The concept of organizational performance has been based upon the idea that an organization is a voluntary association of productive assets, including human, physical, technological and capital resources, in order to achieve a common purpose." (Barney, 2002). According to Richard et al. (2008) organizational performance encompasses six specific areas of firm outcomes: (i) financial performance (in which you would consider the profits, return on assets, return on investment, etc.); (ii) market performance (sales, market share, etc.); and (iii) shareholder return (total shareholder return, economic value added, etc.).

2.7 Summary of Empirical studies and Research gap

Different studies have been done on the areas of strategic management and organisational culture. (Ahmadi, Salamzadeh, Daraei, & Akbari, 2012) Looked into 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 of culture dependency

Nganga (2014) studied strategic management practices and performance of Dyer & Blair Investment Bank in Kenya. (Mugo, 2014) Studied strategic management practices and performance of Kenya Revenue Authority. Both studies identified a positive relationship between strategic management practices such as visible leadership, effective customer service, customer awareness to good performance. Strategic planning was found to lead to effective company performance. 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.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology that was used for collecting vital information required to establish the strategic management practice, organizational culture and organizational performance of PZ Cussons East Africa. The sub-sections included the research design, data collection and data analysis.

3.2 Research Design

This study adopted a case study research design because of its unique nature. Using “Case studies place a lot of emphasis on a full contextual investigation of fewer events or conditions and their interrelations” (Cooper & Schindler, 2005). (Mugenda & Mugenda, *Research Methods: Quantitative and Qualitative Approaches*, 1999) emphasized that “Human behaviour is best explained by using qualitative research.” Case studies are a useful method of research because they provide in depth description (Kidder, 1982), they can be used to test a theory (Pinfield, 1986) or can be used to generate a theory (Gersick, 1988).

3.3 Data Collection Method

The researcher collected primary data, which increases chances of reliability. The procedure of data collection was done through an interview and the responses recorded for analysis. This method was chosen because it is very economical and accurate. A semi-structured interview facilitates the gathering of collection of comprehensive and exhaustive data from the respondents. The benefit of a researcher administered semi structured interview is that, the interview questions can be explained to the respondents all through the interview. This guarantees that the respondents comprehend the questions, in so doing supporting the researcher to acquire the right kind of information required to meet the study objective. A researcher administered interview is also a more efficient method of data collection in terms of researcher time. The strategic management process necessitates knowledgeable persons to guarantee its achievement. This study was conducted at PZ Cussons East Africa Head office at Ruaraka. Data was collected from the following departments (Marketing, Finance, Supply Chain, and Sales. Other middle level managers who were interviewed were the Business processes manager, Purchasing manager, Technical manager and Inbound logistics manager because the design and implementation of strategic management is the domain of top level

managers in any institution who have wide experience, ideas, and understand all the elements of strategy

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 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 method for creating references by analytically and objectively identifying specified characteristics of messages and using the same to relate to trends.

Prior to analysing, the data collected from the respondents was coded and categorized to fit into the various concepts and practices relating to strategic management, the data was then analysed using content analysis. “Content analysis is the systematic qualitative and detailed description of the objects of the study” (Mugenda & Mugenda, 2003). According to (Bryman and Bel, 2007) “Content analysis makes inferences by objectively and systematically classifying specific characteristics of messages and using them to relate trends“. The presence, meaning and relationships of words in the text of the data collected were analysed and quantified.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter the findings of the study are discussed in depth based on the primary and secondary data collected. The primary data was collected through face to face interviews with middle level and top level managers who are directly involved and influence the strategy of the company. Secondary data used included the information on the company website and financial reports. The data is grouped into three parts as per the variables in the project objectives: To determine the influence of strategic management practices and organizational culture on the performance of PZ Cussons East Africa.

4.1.1 The Total Number of Respondents

A total of ten respondents took part in the interview. The profile of the respondents that were interviewed for this study was that the researcher targeted the various top level and middle level managers in the organization and therefore only that target population was interviewed. The researcher tried to get varied information from the different departments as shown in the table below.

Table 4.1: A table showing the response rate

Department	Interviewees	Percentage
Marketing and Administration	4	40%
Manufacturing	1	10%
Finance	3	30%
Supply Chain	2	20%
Total	10	

Source: PZC Research

A majority of the respondents were from the Marketing and Finance department owing to the fact that they have the most numbers of top level Managers in the organization.

4.2 Strategic Management Practices at PZ Cussons East Africa

The study sought to understand the strategic management practices adopted by PZ Cussons East Africa. The Semi structured interview had 3 sections: strategy formulation, strategy implementation and strategy evaluation and control

4.2.1 Strategy Formulation

It was evident from the interviews undertaken that PZ Cussons was guided by a vision and mission statement. All the respondents who took part in the interview knew the vision and mission of the company and the values that guide the organization. The mission is improving the lives of buyers through sustainable, superior and innovative brands. The respondents affirmed that they do follow their vision and mission statement as mentioned by the marketing manager that the company has invested heavily in innovation and believes in growth through innovation. The vision of the company is “To be a leading consumer brand of choice in our operating markets, delivering innovative, sustainable products created by exceptional people in a unique CAN DO culture that embraces integrity, diversity and drives the passion to succeed.” (Cussons, 2016) It was noted that the strategy of the company was anchored on the mission and vision statements as the company emphasized on its model which was to be a brands led company, consumer needs and preferences were identified as the most important elements.

The researcher also found out that the “Customer is the king” is a slogan commonly said and practiced by the PZ Cussons employees. The mission and vision was developed at the global level by top level managers as most of the managers articulated. This was embedded into the values that the organization had been anchored on for over a century that it had been operating in East Africa markets. It was then cascaded down to the different operating units PZ Cussons East Africa being one of the OUs in Africa region. The study identified that the mission and vision statements were communicated to the employees via quarterly review meetings, desktop screen savers, print media and also during the objective setting process where all objectives were aligned to the vision, mission and values of the company. The PZ Cussons Casita which was the house that indicated the ambition and the enablers to achieve the objectives for the different categories that the company played in. The missions and vision were also part of the induction programme for the new employees joining the organization. The study found out that all employees set their own objectives annually guided by their immedi-

ate line managers. The company used the balanced score card to set SMART objectives. The main areas that the companies focused on were two: performance objective and development objectives .Under performance objectives four areas were mandatory for everyone: Financial measure aligned to the overall company growth strategy, internal processes which mainly ensured that efficiency was maintained across, Customer satisfaction and learning and growth.

The process commenced during the last quarter of the company's financial year when the leadership team engaged in preparation of the budget for the New Year. They looked at the opportunities unique to each market and based on the key performance indicators which included: operating profit and contribution to the group, revenue turnover, net working capital among many others .SWOT analysis was conducted to understand the internal and external factors affecting the business and appropriate overall business objectives were set. The head of different departments then broke down the objectives and shared them with their team members who then set their own objectives. The researcher established that the top management took full responsibility of ensuring that a sound strategy was in place to guide the business, this was also in line with the accountability value that guided the company. The strategic plans for the entire organization were cascaded down from the group and the top leadership team of PZ Cussons East Africa would coin their plans from this .One aligned strategy was adopted and governed the business for the period. Five year strategic plans were prepared and implemented. The strategic plans that had been prepared for the period of financial year 2011 to 2016 had guided the team through that time, the reviews were however done annually to keep track of the implementation process and also incorporate any new plan that would aid the business to survive in a dynamic environment. The strategic plan for the year 2016 to 2021 was done in Ghana by the top managers and had just been concluded at the time of the research.

Table 4.1: PZ CEA Swot analysis

<p><u>STRENGTHS</u></p> <ul style="list-style-type: none"> • Strong quality trusted Brands • Great working environment governed by CANDO values • Great innovation team with the right skills 	<p><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • weak distribution system and route to market especially in traditional trade
<p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • Entry into new segments with higher margins • Digital marketing 	<p><u>THREATS</u></p> <ul style="list-style-type: none"> • High competition from local and imported players

Source: PZC Research

As part of the formulation process, PZ Cussons conducted a situational analysis to evaluate their environment. From the detailed analysis a SWOT was developed that established the opportunities and threats which were matched to the internal capabilities of the organisation. The main opportunities that had been identified were new segments that were growing and the company needed to invest and venture in these segments that were very profitable. To garner disproportionate growth from the new segments and develop the route to market for different brands. The main threats were competition from local and imported products. The company has strong brand image, with trusted products which are developed by a team of experts with the right competencies to do so. The main weakness identified was the slow distribution system and the weak route to market especially in traditional trade .Other factors that were identified were change of government legislations affecting the industry both in a positive and negative manner. The Kenya Bureau of Standards introduced new regulations that were meant to reduce counterfeits and also ensure that imported products are of high quality. All products were to be coded at source the best before date and a diamond mark included on the label or the company applies for international standardization mark. All locally produced products were also to have a KEBS number in addition to the mark. The regulations helped to curb counterfeits in the market. The excise duty was also introduced for beauty products in the year 2016 which impacted on the margins for that category. Inflation rates and fluctuating oil prices were other factors identified by the respondents.It was also noted that

from the study the business evaluated the past success stories and failures which were taken as a learning helping in formulation of future strategic plans, from the interviews conducted it was evident that strategy formulation faced challenges as it was formulated by top managers with little involvement of the other employees however its implementation needed to be done by all employees. It was a top down affair with minimal inputs from other organization employees. It was noted that getting the right strategy is not easy and the exercise is of utmost importance as this is what guides the company in a journey of success.

4.3 Strategy Implementation

From the study it was noted that strategy was implemented by all employees in the organization. It was broken down, simplified for all employees to understand and cascaded to the different employees through quarterly review meetings, print media, during staff induction, training and desktop screens. From the broad vision, each brand had an ambition which fed into objectives which were then broken down into broad tactics that informed the brand activities / Battle plans. Since the strategy implementation was broken down into actionable enablers and must win battles that brought the strategy to life owned by the various departments and individuals

The five year strategic plans were broken down to annual plans which were then embedded in each individual's objectives. Brain storming sessions are also held for middle levels managers to be able to fully breakdown the main strategy into different roles effectively. The study also identified that business planning meetings which was a monthly cyclic meeting was also one of the tools used to implement strategy .The meetings were attended by a cross functional team and different issues from the departments affecting the business strategy were discussed. The analysis indicated that the company invested in training its employees so that they would understand the strategic direction .At the time of the research the company was going through a big strategic change, a big business transformation project which would standardize the operations of the entire organization in terms of its operations was being implemented and the leadership team had invested heavily in training to ensure that all employees are equipped with the necessary knowledge. Occasionally the human resource department organizes for trainings to enhance the capabilities of individuals making it easier for the employees to deliver their specific objectives which would then feed into the main business objectives.

From the analysis of the findings it was noted that strategy implementation was not always a smooth process but a process that was faced by different challenges. One of the challenges highlighted was inadequate resources. The lean team of PZ Cussons often was an impediment to a flawless strategy execution. Another challenge that was noted was the cascading the strategy by top managers. When asked about the challenges they encountered during the implementation of strategies at PZC most of the respondents pointed to people being resistant to change and lack of proper communication. They also highlighted lack of resources for effective and inefficiencies in different departments and also strategies that didn't work. Strategy implementation had not been easy as some of the employees didn't want to change and move out of their comfort zones. People element in implementation of strategy was the biggest element in determining how good the strategy was. Resistance to change was a big obstacle to implementation of strategy by PZ Cussons East Africa as per the findings of the study.

4.4 Strategy Evaluation

The researcher found out that the respondents considered the success of the strategic plan within the output. The success of the strategic plans put in place was mainly done through the key performance indicators which include but not limited to: sales performance, operating profit, net working capital and achievement of budget numbers annually. The organization has to grow the sales each year by a minimum of 15%. Other measures that were highlighted were customer satisfaction and customer service levels and reviews of the individual objectives set biannually. The process of strategy reviews was identified to be a continuous one where the five year plans were reviewed annually the yearly business strategy was reviewed periodically during the monthly business planning cycles. The study also identified that the milestones were measured through various governance meetings as well as through the stage and gate process for innovation and renovation of products.

The study sought to establish whether PZ Cussons had a feedback process that would ensure that the right strategy was in place. All respondents agreed that there was a feedback process and it would be channelled through any part of the monthly business planning cycle. The process also entailed evaluation of past performance and the future to ensure that the right road map was being implemented. The study established that the top level managers were the ones who were involved in the process of strategy monitoring, evaluation and control.

Strategy evaluation was faced by challenges of communication cascade to all employees and facing resistance from the employees who had served long in the organization. Another key item is that the respondent pointed out that the organisation was running too many projects at a particular time which interfered with focus and effective execution.

4.5 Organizational culture

The researcher sought to find out how organizational culture impacted strategy and performance of the entire organization. It was noted that all respondents were in agreement that creating a conducive environment with happy employees was the key to successful companies. At PZ Cussons the employees were governed by CANDO values. These were the values that the co-founders of the organization believed in which represent: Courage, Accountability, Networking, Drive, Oneness. As per the analysis it was noted that the reward process in PZ Cussons was based on performance and this had been the practice for many years. This had helped build confidence, self-drive, motivation and accountability from each individual employee. Top achievers who lived and demonstrated the CANDO values were nominated in a free and fair election and awarded the value that they demonstrated; this was done every quarter to ensure that all employees embedded the values in all they did.

The company led by the Human resource team did a few things to ensure that their employees were happy and motivated. All employees were awarded a bonus annually based on the achievement of overall business objective. The sales team were also incentivised on a monthly basis on achievement of set targets. Salary increments were also done in a just and fair manner as per an individual's performance. Promotion and on the job trainings were also some of the other things done to keep the work force motivated. Work life balance and flexible working hours was also a key motivator to the team. The company also invested in a gym for their employees to ensure that they exercise and are in a healthy stature.

The relationship between line managers and their direct reportees was a professional one with mutual respect. The top managers took time to train all managers who had direct reports on people management and leadership skills. All managers are taught how to be effective leaders not bosses. All lines of communication are kept open to ensure that an open door policy is maintained and also to create an enabling environment. This cordial relationship has aided in the growth trajectory of the company year after year as per the findings. The impact of positive manager employee relationship was evidenced by the performance of the

organisation. The environment created a conducive work environment with the right work tools to enable a high performance culture.

4.6 Organizational performance

The researcher sought to understand the organizational performance of PZ Cussons so as to link the performance with the strategic management practices and organizational culture of PZ Cussons. The quality of goods and services offered by the company were confirmed to be of high quality. The company had loyal consumers who would only buy PZ Cussons high quality brands. The numbers of complaints received by the organization were minimal despite the fact that the company had many brands playing in homecare and personal care categories. The firm has invested in a state of the art research facility in Manchester where all products are formulated according to the consumers' needs and preferences. Investment in research and development is one of the pillars that the company believes that it brings sustainable growth. The company also has an in-house fragrance facility that has highly experienced employees who provide the best fragrances in the world resonating with consumer needs. PZ Cussons is the home to high quality trusted brands worldwide. Customer complaints received from consumers are handled by the customer care and quality control department. The study found out that the complaints were handled with a personal touch, on time and in full. The route course of the problem would be identified by the quality control department and solutions to the problem offered and all stakeholders who need feedback so as to take corrective actions would be briefed. The customer is also well taken care of and also compensated.

The researcher established that the company grew its portfolio by introducing new products that were innovative and in line with the current trends and consumer centric. New product created opportunities into new segments that the company had not played in before. The products also maintained the brands fresh in consumers mind and kept them alive. This association led to increased sales. It was however noted that some products didn't perform up to the expectations and others cannibalise on existing segments. This however was not seen as a unique outcome considering the economic situation of East African markets and also the commercial success rate factored in the launch of new products. It was noted that the company invested in the new product development process .PZ Cussons adopted the stage gate process that fastened introduction of new products into the market contributing significantly to the growth of different brands. It was noted that the company was growing however there was room to do more as it invested in different segments.

4.7 Comparison of findings with Theory

The study identified that PZ CEA had a formalized way of developing strategy anchored on their mission and vision. This is in agreement with (Chandler,1962) , “Strategy is the determination of an organizations long term goals and objectives, then adopting courses of action and allocating resources necessary to adopt these goals.” The findings also indicated as much as the formulation of the strategy was done by a few, only the senior managers, implementation involved all .Environmental scanning and swot analysis was done regularly.

Culture must be compatible with the strategy being implemented; PZCEA is governed by a set of CANDO values anchored onto their mission and vision statements. The findings are in Agreement with (Mintzerberg,1990) who defined organizational culture as “Beliefs ,assumptions and values that a member of a group share about rules of conduct, leadership styles, administrative procedures, rituals and customs. It entails the way managers interact with the employees and the way they spend their time”. (Johnson & Scholes, 1999) explains that it is important to understand cultural actions taken for granted within an organization and how they influence strategy. Thompson et al (2007), indicates that “A company’s culture can be an ally or obstacle to strategy execution”. They point out that “A company’s present culture and work climate may or may not be compatible with what is needed for effective implementation and execution of the chosen strategy”.

At PZCEA the good performance is tied to implementation of the right strategy and with the right employees attitude and values, this is in agreement with (Kandula, 2006) who stated that “The key to good performance is a strong culture blended with strong formulation and implementation of strategy .He further maintains that due to the differences in organizational culture, same strategies do not yield the same results for two organizations in the same industry and location.” PZCEA has adopted the Kaplan and Norton model of performance objective setting and evaluation.

According to Helfat et al (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. The term dynamic denotes the ability to renew competencies so as to adapt to the shifting business environment”. According to (Teece, Pisano& Shuen,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 .PZ CEA has looked at internal competences and leveraged on the great experienced management team that they have and engage in trainings to develop areas of need.

PZCEA believes in growth through harnessing and investing in unique capabilities. The research and development department is heavily supported as the company believes that producing and selling highly innovative products is the game changer in the current dynamic environment .The findings are in agreement with (Wernerfelt,1977) who stated that “firms possessing valuable ,rare resources and capabilities would attain competitive advantage, which would in turn improve their performance.”

According to Mckinsey’s7S model, the seven variables which are structure, strategy, systems, skill style, staff and shared values should not be altered for strategy to be effective. PZCEA has recently undertaken a big project which entails business transformation to change the current ERP model to SAP. With this change of system, standardization of data across would be achieved and reduction of time used in data mining and analysis. The management team undergoes through a leadership training programme annually which is meant to develop their skill set and people management. All the seven variables are taken into consideration at PZCEA .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). PZCEA process is in line with this theory as they regularly monitor their performance through the business planning monthly meetings and quarterly reviews .The evaluation helps to ensure that the company remains on track in terms of implementation of the laid down five years strategic plans.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary, conclusion and recommendations from the study findings. The chapter also makes suggestions for further studies and gives the implications of the study findings on policy, theory and practice.

5.2 Summary of the Study Findings

The study established that the institution's performance was closely linked to the strategy and the culture of the organisation. Strategic planning can help to improve the performance of the organization by committing to the strategic planning procedures and implementation to reduce risk. Engage commitment from those people who will be affected by the plan: ensure that there is support for planning and the implementation of the strategy. The people involved in strategy formulation include primarily the Managing Director and the top level managers. The study revealed that senior management at PZ Cussons East Africa strive to make the culture and strategic management process as inclusive as possible from the lower level employees to senior management. The study revealed that the MD takes formal responsibility for the organizations strategic management and culture planning. In addition, the study revealed that members of staff are briefed and taken through the strategic management plan before implementation. The strategic plans guide the company. PZ CEA had a mission and a vision that guided the leadership team when they were developing their strategic plans.

The study found out that the company had an enabling environment .It was guided by the CANDO values which were the same values that the co-founders believed in. The human resource department had invested in their employees and they ensured that they were motivated to be at their best when performing their duties. High performance was encouraged through annual bonus schemes and also salary increments tagged to individual performance. Employees who lived and demonstrated the values were rewarded on a quarterly basis. The performance of the organisation and effective implementation of the strategy were influenced by the culture of the organisation.

PZC EA has been growing despite the challenging East Africa market. The growth in sales has been attributed to the high quality products manufactured and sold by the company .The company is a brand led company which is consumer centric. PZ CEA has invested heavily in

their innovation pipeline as they have experienced growth through introduction of new innovative segments.

5.3 Conclusion of the Study

The main conclusion is that PZC EA 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 study further stated that internal factors such as internal processes, top managers' ability to develop effective strategies, firm's resources, organizations behaviour and characteristics also influenced their organization's adoption of new strategies as organizations seek to remain competitive in the market. The main external factors that affected strategy implementation were competition, legal policies and government regulations.

Strategy is the road map to attainment of organisations future goals. The study identified the strategic management practices adopted by PZC EA and the positive correlation with performance of the organisation in the right environment. The organisation has a strategic plan that guides them which is operationalized and institutionalised making implementation flawless. The cultures of the organisation and the values that guide the organisation have also led to a better performance of the firm. For successful implementation of the strategy ,culture must be enabling .The CANDO attitude of the employees of PZCEA has enabled successful implementation of the laid down strategic plans which are broken down to annual business targets which are put down in the budget for each year. Performance of the organisation is heavily dependent on the right strategy and culture. The study identified a positive correlation between strategic management practices and organisational culture.

5.4 Recommendations of the Study

The study made recommendations based on the study findings. The organization should adjust its approach in reaction to shifting market situations, advancing technology, the fresh moves of competitors, shifting buyer needs and preferences, emerging market opportunities and new ideas for improving the strategy. Strategy should represent the firm's internal context that will allow it to achieve a competitive advantage in the environment in which it has chosen to compete. The organization is quickly realizing that to thrive in today's competitive environment, they should rapidly deploy new technologies to support key business objectives. The study further recommends that financial resources be allocated for

adequate implementation of any desired strategic plan. A good strategic plan but which cannot be executed is useless. The leadership team should ensure that the business objectives are well understood and owned by all the employees. The culture and the environment the employees are in should be a key concern of the top level managers as it influence the strategy and performance of the organisation.

5.5 Limitations of the Study

The main limitation of the study is that the research was conducted on only one organization. An in-depth analysis was conducted on PZC EA. It is difficult to generalise the study to other firms in the same industry as they may have adopted different strategies to enhance their competitive nature in the market. The study should have covered a number of FMCG organizations to come up with a conclusion which would have given more credence to these findings. It was also difficult to find all the top level managers as they are normally very busy people and the ones who were available didn't want to extend the interview time allocated which limited the researcher to get more information via probing. Since the research was conducted through open-ended interviews, a large amount of time was needed to collect information from the respondents. Time limitation made it impractical to include more respondents in the study. This study was also limited by other factors in that some respondents may have been biased in their answers. However, the researcher did consider conflicts in the information given and no inconsistency was found.

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 influences on entire organizations performance. The study established that having a good strategic plan with poor implementation is useless and also that strategy follows culture. The study can also provide an understanding to policy makers on the role of human resource motivation of employees in strategy implementation. As explained by the dynamic capability theory, Strategy has to be flexible for organisations to adopt in dynamic environments. 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 study revealed that in practice, organization need strategy in-order to survive and remain competitive in the markets they have chosen to play in .Strategy is the road map to the success of an organization. However the culture of the organization needs to be right so that the company can effectively implement their strategy. Organizations performance is influenced by both the strategy put in place and the culture of the organization.

5.7 Suggestions for further Research

The researcher recommends that a replicate study be done on other companies in other industries and institutions for the purposes of benchmarking. Further research can be undertaken to study the impact of strategic change management on organization performance. This would give a clear picture on what consequences to expect if the change being implemented is incompatible to the culture of the organisation. A further study can be conducted involving several FMCG companies in the country as a survey to establish the strategic management practices in place, organizational culture and how they influence performance in order to make more broad based findings across the industry.

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APPENDICES

Appendix I: Letter of Introduction

Monicah W.Ngwiri
University of Nairobi
Po.box26281-00100
Nairobi

PZ Cussons East Africa Limited
P.O.Box 48544
Nairobi

Dear Respondent,

RE: REQUEST FOR RESEARCH INFORMATION

I am a student at the University of Nairobi pursuing masters of business administration, with a major in strategic management. I am undertaking a research on the strategic management practices, organisational culture and performance, a case study of PZ Cusson East Africa.

I would be grateful if you allow me time to interview you as per attached interview guide to establish the strategic management practices, organizational culture and performance at PZC EA. The information obtained will be treated with the highest discretion and will be used solely for academic reasons as indicated in attached letter from the university. Your positive response and consideration will be highly appreciated.

Yours sincerely,
Monicah Ngwiri

Appendix II: Approval Letter



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE... 21/09/2016

TO WHOM IT MAY CONCERN

The bearer of this letter ... MONICAH LANGARI NGWIRI

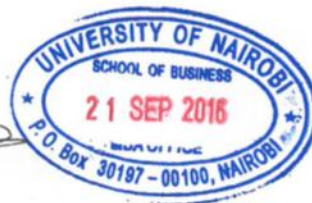
Registration No. DG1/72605/2014

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 NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

Appendix III: Supervision Allocation Form



UNIVERSITY OF NAIROBI DEPARTMENT OF BUSINESS ADMINISTRATION MBA PROJECT SUPERVISION ALLOCATION FORM

SECTION A: (To be completed by the student) all details are mandatory.

Name of student..... Monicah Wangari Ngwiri..... Mobile phone No. 0724-112263
 Reg. No. D6172605/2014..... Email address..... monicangwiri@gmail.com
 Proposed Title of the Study.....
THE EFFECTS OF A STRUCTURED PROJECT MANAGEMENT
CIRCLE IN NEW PRODUCT SALES IN THE FMCG SECTOR
A CASE STUDY OF PRUSSONS

Specialization (Tick as appropriate)

Marketing []
 Human Resource Management []
 Strategic Management []
 International Business []
 Insurance / Risk Management []
 Other (specify)

Preferred Supervisors (in order of preference):

1. PROF. MARTIN OGUTU 2. DR. JOHN TABS 3. MR. JEREMIAH KAS
 Signature of student..... [Signature]..... Date..... 24/5/2016

SECTION B: (To be completed by Allocation Committee)

Name of Supervisor Allocated..... Dr. Musyoka Dr Kagwe..... Mobile No. 0722960224
 Name of Co-Supervisor, if any..... Mobile No.....
 Total number of students allocated to the supervisor within the year to date.....
 Name of person who will Moderate the Proposal..... Mr. Mududa

Committee Secretary:

Name..... Signature..... Date.....

Thematic Coordinator:

Name..... Oguturu..... Signature..... [Signature]..... Date..... 30/5/16

Chairman of Committee:

Name..... Signature..... Date.....

Chairman of Department..... [Signature]..... Signature..... [Signature]..... Date..... 2/6/16

Note:

1. This form is available in the department. Students get their copies later from the department after allocation is done.
2. The approved copy of this must be attached to the proposal when submitting for moderation and presentation.

Original to be filled in the Department
 Copy 1 (photocopy) to be filed by Thematic Coordinator
 Copy 2 (photocopy) to be filed by the Supervisor
 Copy 3(photocopy) to be filed by the student

Appendix V: Interview Guide

1: Background

Name

Position

Department

Years in the company

Date of the Interview.....

Part 2: Strategic Management Practices

I: Strategy Formulation

1. Does PZ CUSSONS EAST AFRICA have vision and mission statements?

.....

2. Describe the process of developing the vision and mission statements?

.....

3. Describe how vision and mission is communicated to employees?

.....

4. Are there objectives set for your organization?

.....

5. Describe the process of setting objectives in your organization?

.....

6. Does your organization prepare and document strategic plans?

.....

7. What factors in the internal and external environment have had an impact on strategy formulation?

.....

II: Strategy Implementation

1. How is strategy implementation done at PZ Cussons East Africa?

.....

2. Is there a training process that the employees undertake to understand their role in strategy implementation?

.....

3. Describe the strategy implementation process at PZ Cussons?

.....

4. What challenges have been encountered in implementation of strategies at PZC and how have they been resolved?

.....

5. Is strategy implementation done by all employees?

.....

III: Strategy Evaluation

1. How do you measure success of the strategic plans put in place?

.....

2. Is there a continuous strategy review process? How often is this done?

.....

3. Is there a feedback process to ensure the right strategy is in place?

.....

4. Who is involved in the strategy evaluation process and how do they deal with the challenges?

.....

Part 3: Organizational culture

1. What values govern employee work environment at PZ Cussons?

.....

2. Is reward performance based at PZ Cussons?

.....
3. What are some of the measures taken to motivate employees in the company?

.....
4 .Is employees turn over high in the organisation? If yes why?

.....
5. Describe manager employee's relationship at PZ Cussons?

.....
6. How has the firm's environment influenced employee performance in the organisation?

.....
Part 4: Organizational performance

1. Are you satisfied with PZ Cussons Ltd present sales?

.....
2. Do you think the current business strategy for PZ Cussons Ltd is reasonable? Is there anything that needs to be improved?

.....
3. Are the customers satisfied with PZ Cussons Ltd quality of goods and services?

.....
4. How do you deal with customer complaints?

.....
5. How have introduction of new products impacted on the sales of the organisation?

.....
Thank you very much for your time and kind consideration in responding to my questions