EFFECT OF ORGANIZATIONAL CULTURE ON STRATEGY IMPLEMENTATION AT AUTOXPRESS LIMITED, KENYA

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

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DECLARATION

This research project is my original work and has not been presented for the award of a degree in any other university or any other higher learning institution for examination purpose.

Sign: …………………………. Date: …………………………..

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This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This MBA research work is dedicated to my parents, Eunice and Francis Omondi, and brother, Eugene, for their encouragement and unfailing support. The research project is also dedicated to my wife for her love and constant support during the MBA journey. It is through your prayers and efforts that made my studies possible.

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ABSTRACT

Organizations today exist in a dynamic and more complex environment which forces them to quickly and continuously adjust and respond to the environmental demands for long term sustainability. The automotive sector in Kenya is one of the promising and fast growing today. Competition in the sector grows at a high rate therefore enabling changes and improvement in processes and activities in the industry. AutoXpress Limited is amongst the key players in the Kenyan auto parts retail and vehicle servicing market. With a projected increase in the number of automobiles on Kenyan road at five million by 2030, the future of auto parts retailers and vehicle servicing remains bright. In response to this, these companies have to come up with strategies that would enable them prevail the harsh and unpredictable business environment. A successful strategy implementation process is linked to a firm's organizational culture in that effective strategy needs to be aligned with organizational culture. Organizational culture is a company's unique own set of beliefs, values and management styles which reflect in the company's structure and system. This study aimed at addressing the gap by identifying the effect of organizational culture on strategy implementation at AutoXpress Limited. The study employs a case study research design and is grounded on the Resource-Based View (RBV) and Higgins Eight S's Model frames. Data sources include through interviews with senior management at AutoXpress Limited. Data was analysed using content analysis technique. The findings established that AutoXpress' culture enabled it to swiftly plan and adapt to changes in the market. Employee involvement and ownership of the organization enabled a successful strategy implementation process. Recommendations are presented.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Today culture has been realized as vital element in the existence of organizations. Employee productivity and performance is often impacted by the organization's values and culture. None the less, culture entails the learning and transmission of knowledge, beliefs and behavioral trends over a period of time. With culture, rules and core values are instilled in people hence determining the level of behavior in the organization (Jones, 2004). When implementing strategy, culture of the organization will influence how management will behave pre, during and post strategy implementation process thereby leading to growth of the business towards the desired direction. A cultural fit is amongst the forms of fit that influence an organization's adaptation processes (Oliver, 1992). It is in light of this that I am motivated to study the effect of organizational culture on strategy implementation at a firm that has exhibited steady growth.

This study is anchored on the resource based view (RBV) which holds that at its core, an organization is a collection of resources and capabilities which impacts its day to day operations and overall performance.The resource based view is based on heterogeneity of resources and capacities held by each firm (Barney, 1991). Organizations develop strategies to enable them to thrive in the often harsh and unpredictable business environment. However, while an attractive and well-articulated strategy does not necessarily guarantee achievement of a strategic goal, a successful strategy implementation process influenced by organizational culture is what does.

This research also utilizes the Higgins (2005) Eight S's model, which is a revised and updated version of McKinsey' (1980) Seven S's model. Higgins model aims at attaining greater effectiveness and efficiency by management in handling strategy execution. It highlights organization structure, leadership style, human and other resources, system and processes, as well as shared values, as key cross functional factors that need to be aligned with a strategy for its implementation to be successful. Automotive industry has exhibited steady growth as a result of rapid industrialization and a growing middle class across East Africa (E.A) countries, specifically in vehicle servicing and retail of auto parts like tyres, wheels, lubricants, batteries and accessories. The demand for automobiles has tremendously increasedsubsequent to a relatively strong economic growth in the region. This has led to an opening up a greater market for retail of auto parts in Kenya today.

A recent report by Kenya Tyre Market Forecast and Opportunities (2015) noted that passenger motor vehicles, two wheelers (including motor cycles) and three wheelers (such as Tuktuk), were major contributors to about 70 percent of total tyre sales in Kenya. This is expected to continue in the coming years with Kenya's three largest cities - Nairobi, Mombasa and Kisumu - being the top markets. Also, growing sales of motor vehicles, together with favourable regulations are expected to enhance tyre and other auto parts market in the country over the coming years. AutoXpress Limited a fast-growing organization with business operations across the country is the focus of this study. From my experience with AutoXpress Limited, there is a need to formulate strategies that would see them realign its internal practices and process to match these external environment demands in order to attain competitive advantage in this vibrant market.

1.1.1 Organizational Culture

Reddy (2017) writes that as an area of research, organizational culture can be traced back to the eighteenth and nineteenth centuries. Fowler (2002) points out that organizational culture is a crucial and prospective factor as far as organization success or failure is concerned. Pearce and Robinson (2007) identify organizational culture as a set of significant assumptions beliefs or shared values that employees and management embrace. Schein (2009) regards organizational culture as a collective behaviour of individuals, the values, visions, norms, working language, and systems in an organization. Pearce (2003) pointed out that organizational culture is double-edged inherently possessing both strengths and potential weaknesses. That is, while organizational culture can support strategy execution process through effective communication and decision making, it can also impede innovation in case of a mismatch between beliefs and values of the people in the organization.

Hofstede (1980) identifies national and regional cultural factors that influence behaviour of societies and organizations. He proposed a cultural dimensions model that describes impact of a society's culture on the values of its members and the relationship between those values and behaviours. Hofstede in his model aids in understanding of cultures, what to expect from them and appreciation of cultural differences with an aim of uniting people to achieve a common goal of an organization. The six dimensions in Hofstede's model include: power distance; -individualism versus collectivism-; uncertainty avoidance-; masculinity versus femininity-; long-term orientation versus short term orientation; and indulgence versus restraint.

Hofstede (1980) posits that in power distance dimension the less powerful individuals in an organization tend to expect and agree to unequal power distribution. Low power distance cultures are characterized with social equality and consultation. Individualism versus collectivism cultures look at the level individuals are incorporated into groups, whereby in individualism focus is on individual rights and achievement. In collectivism activities are handles as a group with team spirit. Uncertainty avoidance reflects the level in which people handle unknown events and anxiety. Masculine versus feminine cultures relate to distribution of emotional roles between genders. In highly masculine cultures, dominant values relate to assertiveness and material acquisition and their strengths lie in efficiency, whereas feminine cultures value relationships and quality of life. Long term oriented cultures emphasize on the future, while in short term cultures focus is on the past and present. Lastly, indulgence culture promotes freedom to human desires whilst restrain culture operates on strict norms and regulations to control desires of the society.

1.1.2 Strategy Implementation

Strategy implementation, according to Salamzadeh, Daraei and Akbari (2012), is an activity aimed at implementing planned change in an organization by putting strategic written formula into action and realizing strategic plans. The process involves communication, interpretation, adoption and enactment of strategy. Pearce and Robinson (2007) write that effective strategy needs to be supported by decisions regarding appropriate organization structure, leadership, culture and the systems for rewarding performance as well as monitoring and controlling organizational action. For a smooth and effective implementation process, actual execution must be integrated with the organization's goals, strategies, policies and the general culture.

Miller (2002) writes that on average, just about one in ten of formulated strategies get implemented successfully while nine out of ten well formulated strategies fail at implementation stage. According to Alexander (1985) the main hindrances to successful strategy implementation are lack of practical and sound models to guide managers and strategy implementers in the process of strategy enactment.

Without adequate models the implementation strategy becomes more challenging as the managers do not have full understanding of multiple factors that pose as challenges and must be addressed continuously and promptly to make implementation process a success. He further highlighted underestimating the time needed for implementation, unanticipated challenges, inadequate employee involvement, weak information systems and uncontrollable external environmental factors as some of the major problems faced by strategy implementers.

1.1.3 AutoXpress Kenya Limited

In its report, 'Navigating the African Automotive Sector: Ethiopia, Kenya and Nigeria,' Deloitte (2016) posits that, Kenya, with the largest economy in East Africa, has a sizeable middle class, progressive business environment, regional market access and a history of automotive assembly that positions it as an automotive hub. Currently, Kenya has a population of over 46 million people. It is one of the largest, diverse and more progressive economies in the region. It also hosts a number of international organizations including the United Nations headquarters in Africa and was named a top destination for Fortune 500 companies establishing international headquarters (TechTrends, 2017). Further, public investment in infrastructure development over the past decade, together with increasing access to credit, has led to a rapid growth in the country's automotive retail and parts distribution.

Deloitte (2016) analysis of trends in Kenya's automotive market concluded that the automotive market has not been fully exploited, and that there remains room for growth. Currently, the country is estimated to have more than 1.3million vehicles on its roads, or approximately, 29 vehicles for every 1000 people. It is estimated that most of the vehicles were previously owned (as opposed to being purchased as brand new). This implies at least two key points. One, vehicles are becoming more affordable, and two, there is a demand being created for automotive servicing and repair.

The latter promises a positive outlook and opportunities for growth in the automobile servicing, parts and accessories sector. A number of companies are currently operating in the automotive sector who deals in motor vehicle selling and servicing. These include Toyota, DT Dobie, General Motors, Cooper Motor Corporation and Simba Colt. Other than AutoXpress Limited, companies in the retail business for auto parts include Kingsway, Yana Tires, Oriel Limited, Impala Limited, Robs Magic and several smaller dealers.

AutoXpress Limited was incorporated in 1958 as Nyanza Petroleum Dealers Limited in Kisumu County and later rebranded and renamed AutoXpress Kenya Limited in 2008. It deals in vehicle servicing and retailing of auto parts such as wheels, batteries, shock absorbers, cars accessories and tyres as its core business. AutoXpress has distributorship of internationally popular tyre brands such as Bridgestone, Goodyear, Pirelli, Dunlop, BKT and BF Goodrich. Over the years, the company has formed strategic partnerships with other players in the industry globally.

Some of these partners are Actis (London), Bosch, General Motors East Africa, Simba Corporation and Champion Lubricants (Belgium). The company has exhibited steady growth on revenue from 2010 to 2016. Branch outlets have also recorded consistent growth since 1998, currently having 40branches; with the head office located in Nairobi. As well, AutoXpress Limited has experienced steady growth of its employees in the recent years. It currently has 600 staff members.

1.2 Research Problem

Organizations today exhibit personalities just like individuals. How members of an organization behave is governed by its organizational culture as it is the one that guides employee relations, power dynamics, how goals are achieved and how to relate to stakeholders outside the organization (Raza, Mehmood & Sajjid, 2013). Schein (2009) noted that organizational culture encompasses key characteristics that should be considered during strategy implementation. Therefore this study on the effect of organizational culture on strategy implementation at AutoXpress Limited is supported by the following reasons.

First, the company has grown over the years and rebranded. Secondly, the company has a diverse cultural background, from the ownership to employees. Lastly, the presence of a foreign investor who takes part in defining how business is conducted. Previous studies have examined factors that influence strategy implementation in an organization and its relationship to other factors (Fey & Denison, 2003; Kopar, 2015).An exploratory study by Racelis, (2005) on organizational culture amongst Philippine firmssurveyed136 managers. It found that a strong relationship was exhibited on five of the organizational culture dimensions and information sharing.

These dimensions include group collectivism, humane orientation, future orientation, achievement orientation and power distance. Rajasekar's (2014) study of factors that affect strategy implementation identified organizational culture as a key element of strategy implementation process. The findings of a survey of five electrical companies in Oman concluded that strategy implementation cannot be studied in seclusion from the country, industry, organizational culture and environment.

Reddy (2017) studied the effects of organizational culture on strategy execution. The results of the descriptive survey of 600 employees of a FMCG company in South Africa illustrated that dimensions of organizational culture have a disparity of strong, medium and weak association to the dimensions of strategy implementation. Goromonzi (2016) examined the relationship between organizational culture, strategy implementation and performance of commercial bank in Zimbabwe. The study found that organizational culture affects the performance of banks in terms of perception and experiences of the customers and the services provided by bank employees.

There have been a number of studies done locally in Kenya on organizational culture and strategy implementation. Isaboke (2015), for example, in his empirical study explained that an organization culture had an influence on strategy implementation in the country's institutions of higher learning. A survey of 103 of Pwani University and Technical University of Mombasa employees found that dominant characteristics and norms of employee behaviour have a significant impact on strategy implementation. Mutai (2015) studied organizational culture and strategy implementation in Kenya's telecommunications industry with a focus on Airtel Kenya.

The case study concluded that coordination of activities in strategy implementation was a key success factor within strategy implementation at Airtel Kenya. A common thread among the studies cited above is that organization culture is a primary factor that affects strategy implementation in business organization. The effect of organizational culture on strategy implementation particularly in the automotive sector was hardly examined. Also most of the research relied on survey and conducted in various sectors except automotive hence a conceptual, methodological and contextual gap identified. Therefore my study, guided by the research question: - what is the effect of organizational culture on strategy implementation at AutoXpress Limited? Aims to help fill this gap.

1.3 Research Objective

The objective of the study was to determine the effect of organizational culture on strategy implementation at AutoXpress Limited.

1.4 Value of the Study

This study was to help inform policy formulation at AutoXpress Limited and the automotive service sector in general, as well as outcomes based practices that would enhance governing strategy implementation and organizational culture. It also formed a rich database of information that other government institutions may utilize. An understanding of the organizational culture and the business environment would help the government and other stakeholders design favourable policies and programs that will aggressively stimulate the growth and sustainability of educational institutions.

The findings of the study would not only be beneficial to strategy managers of AutoXpress but also other organizations who might want to improve efficiency and effectiveness of their strategy implementation. Also it would enable them appreciate culture and understand the roles it plays when it comes to strategy implementation in their organizations. This would further enable them leverage on their strong organizational culture when formulating a strategy to attain competitive advantage.

To academicians and particularly students of strategic management, this study presented the value of organizational culture especially is strategy formulation and its effect to strategy implementation. The study has added value to the body of knowledge on strategic management issues. This study helped fill the gap in the literature on strategic management especially on case studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter examines significant literature on effect of organizational culture on strategy implementation. It reviews the relevant theories that explain organizational culture and strategy implementation. Also, the conceptual empirical link between organisational culture and strategy implementation is discussed.

2.2 Theoretical Foundation

This section contains review of resource based view and Higgins (2005) eight S's model. These two theories form the lens through which this research is grounded. Together, they present a perspective to help bring to light the important role that organizational culture plays in relation to strategy implementation in an organization, in this case, AutoXpress Limited.

2.2.1   Resource Based View

Daft (1983) defines resource as traits, assets, capabilities, organizational processes and attributes, as well as information and knowledge that is controlled by a firm. The resource base view argues that, for a resource to enable a sustainable competitive advantage, it must be in short supply, have an economic value and be hard to imitate or substitutable (Dierickx & Cool, 1989; Barney, 1991). Resource based view asserts that an organization is essentially collection of resources and capabilities which determine its performance; and, that if all firms in the market have similar pool of resources and capabilities, the value created will be same and thus no competitive advantage is available in the industry (Barney, 1991).

The resource based view holds that a firm's success is dependent on its distinctive and unique capabilities which determination future competitiveness and performance (Hunt & Morgan, 1995). The resource based view framework has two broad assumptions. One, resources are distributed in a heterogeneous way across firms; and two resources that are essential for production cannot be transferred from one organization to another without bearing a cost (Barney, 1991). Barney argues that resources that are valuable and rare can enhance an organization's competitive edge.

Cool (1989) posits that sustainable competitive advantage may be achieved when an organizations resources are non-substitutable and imitable. The resource-based view theory emphasizes that a firms internal resources are the drivers of a firm's profitability and strategic advantage. A collection of unique resources and capabilities that are characterised as valuable, increase efficiency and effectiveness, rare, imperfectly imitable and non-substitutable builds an organization's competitive advantage and superior performance. It disrupts common traditional economic assumptions that maintain that resources are homogeneous and perfectly mobile. Rather, it posits that resources are not only heterogeneously distributed across organizations but they are also imperfectly transferred between organizations.

Organizations today exist in a dynamic and more complex environment which forces them to quickly and continuously adjust and respond to the environmental demands in order to survive and remain relevant (Jain, Trehan & Trehan, 2009), but also thrive. Thus, they have to come up with strategies that would enable them prevail the harsh and unpredictable business environment. An attractive and well-articulated strategy does not guarantee achievement of a strategic goal, a successful strategy implementation process influenced by organizational culture is what does.

Mintzberg (1994) explains that less than 50 percent of drafted strategies usually get implemented. According to Mutahi (2015) the existing organizational culture can be either a merit or a demerit in a strategy implementation process and therefore a strategy-cultural fit is crucial in any organization. Unlike other traditional strategy models which tend to focus on the external business environment, the RBV proposes a need for a fit between the external market and a firm's internal capabilities (Porter, 2008).

2.2.2 The Higgins Eight S's Model

Higgins Eight S's Model was developed in 2005 as a, revised and expanded version of McKinsey's (1980) 7 S's model. The Eight S's model is intended to assist organizations in effective and efficient management and alignment of the cross functional organizational factors, including: -structure, system and processes, headship, employee and other resources with the desired strategy so that its implementation can be a success (Higgins, 2005). These organizational factors are vital for successful strategy execution and to achieve strategic goals they must be aligned. A slight change in one area would lead to change in the other elements for a firm to function effectively. Odhiambo (2014) affirmed that the model is a systemic approach to growth of organizations and that there is no starting point or implied hierarchy. It displays the diverse and interdependence of essential elements within an organization that are key to organizational change. This model places organizational culture at a central point in reshaping strategy and the organizations a result to frequent changes in the business environment.
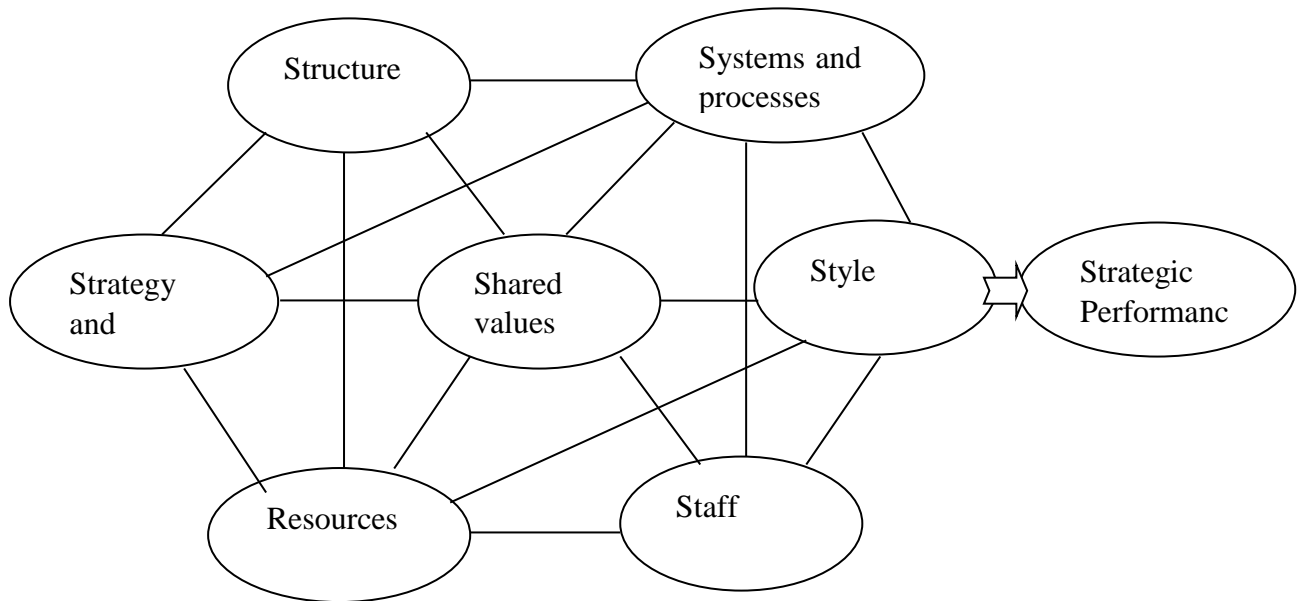
Figure 2.1: The Higgins Eight S's Model

Source: Higgins, (2005)

Strategy and Purpose: according to Higgins (2005) organizations purposely formulate strategies. Strategic purpose includes the firm's vision, focus, mission, goals and strategic objectives. An organizations strategy would change as a result of change in strategic purpose. Higgins identifies four types of strategies that differ in the organizational level of application namely corporate, business, functional and process strategies.

Structure: execution of a business strategy heavily relies on the organizational structure as it helps in decision making when it comes to jobs to be done, departmentalization and the management's role. Higgins affirms that organizational structure comprises of five parts, namely: - jobs, the authority to carry on with those jobs, jobs grouping in a logical fashion, the mangers span of control and mechanism of coordination.

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Systems and Processes: systems and processes assist an organization to execute its activities. According to Higgins (2005) this element is concerned with two sides, these are the organization's formal and informal procedures it uses to manage information systems, budgets and resource allocation systems, quality control systems and remuneration systems.

Style: Style refers to the manner in which the management of a firm conducts itself when it comes to relating with employees. It is how they treat other junior employees within the work environment hence bringing out the competencies and capabilities of the leaders, while at the same time influencing employees morale and productivity.

Staff: upon formulation of a company's strategic purpose, the management must look into the people required to do the work and the necessary skills that would help attain desired strategic goals. This can be through regular staff training, career development and management, appraisals and promotion, as well as succession (Higgins, 2005).

Re-Sources: organizations require resources to be able to actualize their desired strategies. Higgins points out that for a smooth strategy implementation process the management needs to have adequate resources. He highlights people, financial capital, technology and information systems as major resources an organization must own.

Shared Values: these are values shared by employees of an organization making it unique from any other organizations. Shared values entirely relates to organizational culture. Shared values enable employees to buy-into the firm's mission, value and strategic objectives, and allows them to work together effectively and efficiently in realizing its goals.

Strategic performance: Higgins (2005) states that strategic performance is as a result of the other seven 'S's. Strategic performance is possessed by an organization as a total. Performance can be tested at any level in an organization. Financial performance measurements are vital indicators of strategic performance. However a balanced scorecard approach is better.

The discussed factors portray the Eight S's as a core of business operations. This model may be applied not only during the formulation of strategies but also at the execution stage. Higgins reminds us that the model serves as a guide for implementation at the execution stage, and may also help uncovering the causes of failure during implementation.

2.3 Organizational Culture of the firm

Organizational culture is a firm's own set of unique beliefs, standards and management styles which are evident in the company's structure and operations. Today, culture has been realized as a new business era in organizations with organizations perceived to have personality traits similar to humans. Organizations have diverse cultures that guide the behaviour of its members collectively so that they can work effectively. It is the organization culture that guides staff relations, communication style, allocation of power, how goals are achieved and how to relate to stakeholders outside the organization (Raza, Mehmood & Sajjid, 2013).

An organizational culture can be a liability when its shared values do not support in achieving organizational efficiency (Wanjiru, 2015). Member's opinions and actions within the organization are guided by their beliefs. More so, culture entails learning and sharing knowledge, values and behavioral patterns in the workplace over time.

With culture rules and core values are instilled in people hence determining the level of behavior in the organization. A culture that encourages good behavior and practices that are in line with the strategic goal greatly contributes to an effective and efficient strategy implementation process. Organizational culture forms the basis of strategy formulation and implementation.

Organizations may have innovative or conservative, inflexible or flexible, unfavourable or accommodative cultures (Robbins, Judge, & Campbell, 2010). In innovative cultures, organizations are less risk averse, experimental, and think outside the box to come up with adaptive strategies whereas, in conservative the old ways of operating are maintained with minimal changes. Most times inelastic cultures prevent creativity at execution process by putting more emphasis on laid down rules and guidelines.

On the other side, unsupportive cultures are usually characterised by unfavourable and political internal environment to members, including employees, who bring on board new ideas (Hiriyappa, 2009). Desson and Clouthier (2010) posits that an organization's culture can work in favour of or against a strategy implementation process and its desired outcomes. Schwartz and Davis (1981) describe an effective organizational culture as one that is in line with organizational needs which are aimed at meeting its external challenges and remaining competitive in the market. Effective organizational cultures are always in support of the business strategy.

2.4 Empirical Studies and Research Gaps

Over the years, several studies have been carried out to establish the links between organizational culture and strategy implementation. Ansoff (1999), for example, views strategy in relation to market and product choices, while Porter (1996) defines strategy as a formation of exclusive and susceptible position of trade-offs in competition, entailing a set of activities that smoothly operate in union, that are consistent, support each other for optimization of effort. Ansoff and McDonnell (1990) noted that strategy implementation process is such a key activity but it is not easy to execute. Most excellent organizational strategies fail when implementation process is not well coordinated.

Odhiambo (2014) views strategy as logical and market oriented plan of action which directs the organization to attain desired results within a specified period of time; - while culture as an art which is historical, emotional, and people driven. Organizations can leverage on culture as an exclusive competitive edge as long as it is well crafted to achieve that (Stinnett, 2001). Harison (2004) noted that organizations will always fail to successfully implement their strategies unless they fully understand and embrace their cultural diversities.

As a company asset, organizational culture may be a source of strength, cooperation and togetherness in working towards achievement of a common goal. However, if neglected, organizational culture may work to the disadvantage of the organization to an extent of hindering the strategy implementation process (Mutai, 2015). According to Oliver (1992), success of an organization's adaptation process is largely dependent on its cultural strategy fit. Organizational culture provides support to a strategy therefore need of a tight culture strategy fit for a successful implementation to occur (Schein, 2009).

Thompson (2005) outlined values, good practices and behavioural norms as essential elements in a culture that if matched with the company strategy would aid in unifying employees thus adding significant chances of attaining its goals. Racelis (2005) did an empirical study on organizational culture in Philippine firms. Using convenience sampling and Organizational Culture Scale of Deshpandé, Farley and Webster, results obtained from this study of 136 Philippine managers across Philippine companies showed that specific industries share common cultural characters along the organic mechanistic and integration-differentiation scales. The commonalities may be associated by similarity of competitive environment, customer requirements, and stakeholder expectations amongst the firms.

Rajasekar (2014) while studying Factors affecting Effective Strategy Implementation in a Service Industry identified organizational culture as a vital element of strategy implementation process. The survey of five electrical companies in Oman and a response rate of 83 percent study addressed in depth roles of both internal and external corporate communication, management, structure of the firm, and controls. The findings showed that there exists a strong relationship between all traits of organizational culture and strategy implementation. He concluded that the study of strategy implementation has to take into consideration the country, operating industry, or organizational culture and business environment. Goromonzi (2016) study on organizational culture, strategy Implementation and performance of commercial banks of Zimbabwe found that organizational culture and strategy implementation are intangible resources that matter on performance of Zimbabwe banks, predominantly for great and moderate performing banks. Results of the survey of 75 employees from the 15 commercial banks studied show that organizational culture affects the performance in terms of what the public perceive and later performance.

Also, organizational culture through differentiation and continuous innovation enables working towards desired performance and attainment of competitive advantage. Implementation of strategy was found to be a vital component of an interrelated value chain of strategy process in firms. Strategies of well performing organizations usually differ from organizations that are facing challenges. Effective communication of strategic plan to employees makes them own the strategy and willingly take part in the implementation process thus success of the organization.

Reddy (2017) studied the effects of organizational culture on strategy execution. The results from the descriptive survey of 600 employees of a FMCG company in South Africa, a response rate of 48 percent showed that out of the nine organizational culture dimensions, seven dimensions had a significant correlation with strategy execution aspect of information sharing. A strong relationship was exhibited on five of the organizational culture dimensions and information sharing, case point in group collectivism, power distance, as well as humane, future and achievement orientations . Effective and efficient sharing of information strengthens organizational culture and facilitates successful strategy implementation process (Reddy, 2017).

In Kenya a couple of empirical studies have been done in attempts to understand the role of organization culture during the strategy implementation process. Isaboke (2015) did an empirical study on influence of organization culture on strategy implementation in selected Kenyan universities. Results of the survey of 103 employees of both Pwani University and Technical University of Mombasa show that different components of organizational culture influence strategy implementation process at different levels.

Formal culture norms of the organization facilitate teamwork amongst employees in working towards achieving the common goals and objectives of the firm whereas, the informal norms dictates how the employees behave. Myths and historic events of the organization form the foundation of the values upheld by an organization however they do not influence decision making in the organization.

Mutai (2015) found out that coordination of activities in strategy implementation was a key success factor within strategy implementation at Airtel Kenya. Conflicting priorities, weak co-ordination and unclear strategic intentions across functions impact negatively to strategy execution. Findings also provide support to the relations between culture dimensions and implementation of strategy thus managers advised to account for all aspects of culture smartly so that to apply its useful functions. Communication was found to be the most important factor in shaping the success or downfall of a strategy initiative. A clear culture facilitates flow of information and ways of working which enhances work and improves the strategy implementation process.

Organizational cultures that are adaptive and adjust to the environmental demands at the same time balancing the interests of all stakeholders are most likely in a position to influence a company's long term success (Kotter & Heskett, 1992). Organizational culture acts as a bridge between organizational behaviour and strategic management (Smircich, 1983). Strategy relies on people for implementation, thus a supportive and consistent culture strengthens a company's strategy which in return would aid its implementation process (Johnson & Scholes, 1999).

From the above studies, several attempts have been made to understand role of organizational culture and its relationship to other strategic management factors. The findings of most studies conducted in various sectors of the economy except for automotive showed that organizational culture and strategy need to be aligned for the success of an organization. Most of the studies reviewed enlisted organization culture as one of the factors affecting strategy implementation and were based on survey research. Therefore, there was a need to fill this gap through a case study that investigated the effect of organizational culture on implementation of strategy at AutoXpress Limited.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was utilized to investigate the effect of organizational culture has on implementation of strategy at AutoXpress Limited. Elements of discussion in this section are the tools used in data collection and techniques, also the techniques that are used to analyse the data collected.

3.2 Research Design

A research design is a detailed framework of how an investigation takes place. It includes how data is to be collected, which tools used in analysis and the means of analysis. Creswell (2014) defines research designs as inquiry types within qualitative, quantitative and mixed approaches that aid in laying out the precise guide for procedures in conducting a research. Research designs have evolved over the years due to advancement in computer technology hence simplifying the data analysis process and interpretation on complex models.

The research design for this study is a descriptive case study. Since a case study is an inquiry design utilized by researchers to develop an in depth analysis of a case, for instance, an institution, event, a program, process or a group of individuals it may serve to find out causation with aim to identify fundamentals principles. This design is fundamental to the research in trying to establish the effect organizational culture has to strategy implementation in the automotive sector.

3.4 Data Collection

The study relied on both primary data and secondary data. Primary data was collected through an interview with senior managers of different departments, for instance the Director's office, Human Resources, Finance, Marketing, IT and managers at branch level. Secondary data was acquired from company documents like strategic plan and performance evaluations.

Secondary data obtained from AutoXpress strategic plan, strategy implementation analysis reports and company newsletters. The data collected from the secondary sources was used to support the primary source. This assisted in ensuring collection of accurate and relevant information to the topic of study. The interviews between the researcher and respondents were guided by questions in an interview guide. This aimed at obtaining specific, detailed and adequate information for qualitative and quantitative analysis. Targeted respondents were mainly managers or individuals charged with the responsibility of strategy formulation or even overseeing the strategy implementation process.

3.5 Data Analysis

Data analysis entails classifying, ordering, manipulating and summarizing of collected data to obtain answers to research questions (Karlirger, 2000). Data collected was analyzed by both qualitative and quantitative methods. Qualitative analysis involved enlightenment of data gained from the empirical literature. Whereas, quantitative analysis involved application of numerical measures to the scores of various responses on the effect of organizational culture on strategy implementation.

Content analysis technique was used to analyze the data collected as it provides the researcher with a qualitative picture of the respondent's concerns, views and feelings. According to Creswell (2003) this technique assists in drawing conclusions by accurately ascertaining specific details and linking the same to trends. This method was instrumental in analysis, logically grouping and compilation of the rest of the study. Hence the data used to present the research findings of which are in line with the research topic.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter entails analysis, interpretation and presentation of collected data for the study. A breakdown of the data collected was done in simplicity in quest to find out influence of organizational culture to strategy implementation at AutoXpress Limited. Interviews were conducted with senior level managers and head of departments; the findings presented are a reflection of the feedback obtained from the interviews.

4.2 Respondents Profile

Invitation to take part in the study was sent to senior management AutoXpress Limited. In total, six respondents participated in the study. The six were senior managers who had worked with the company for between two and ten years. Work experience of the interviewees together with their designation ensured they had good command and capable of highlighting the effect of organizational culture on strategy implementation at AutoXpress.

4.3 Strategy Implementation

The study sought to establish how strategy was implemented at AutoXpress. All the respondents agreed to the researcher's question of whether AutoXpress had implemented any strategies. The respondents stated the organization had implemented many strategies and that they had been involved not only in the implementation of these strategies but also their formulation. The respondents further explained that their involvement in the strategy implementation process was crucial as heads of departments and senior managers.

The interviewees unanimously rated commitment levels of the top level management in the strategy implementation process as exceptional. They said they were highly motivated, focused and involved in daily operations of the firm. Then respondents also stated that staff involvement in strategy implementation was across the board and through routine engagements at the different levels in the organization. The respondents explained that upon receiving the strategy within their departments they were obliged to cascade that information to their teams for smooth implementation process.

4.3.1 Strategy Implementation Process

The study sought to find out the strategy implementation process at AutoXpress. The interviewees stated that strategy implementation was done at different departments and there was need for the business strategy to be in tandem with the organization's core values. They mentioned that this was mainly achieved through intense employee involvement due to their ability to enhance the processes, and with increased employee engagement, sustainability programs have always provided increased resilience in the face of uncertainty.

The respondents stated that the top level management was highly committed in strategy implementation and developed a formal policy statement that addressed environmental practices and social issues surrounding the organization. They added that the management strived to provide the resources required to meet environmental and social goals and objectives.

Interviewees stated that AutoXpress management and the board of directors expressed the company's position through annual reports, letters to shareholders, and corporate mission statements.

The researcher asked the respondents if whether AutoXpress employees had the right information to enable them implement the organization strategies. The respondents stated that correct and clear information was shared across the organization through different forums such as monthly branch managers meetings, weekly departmental heads meetings and the annual strategy seminar that takes place every beginning of the year. At the seminar the completed year is reviewed and forecasts made for the new period in an interactive session led by the directors. The respondents also added that it is through the same forums that feedback is collected.

The study further pursued to establish the factors that influenced the speed of implementation of strategic plans. The interviewees mentioned frequent communication, aadequate resource allocation, rewards and incentives programs, business environment and a good organisation design, structure and authority as the factors that influenced speed of strategy implementation process. The interviewees also stated that effective strategy execution was attributed to employees owning the strategies and high levels of commitment throughout the process.

4.3.2 Challenges of Strategy Implementation at AutoXpress Kenya

The researcher sought to find out the challenges faced and the possible causes during strategy implementation process. It was found that the challenges included employee resistance to change especially for long serving employees who were hesitant to adopt new systems and processes; insufficient leadership attention at various levels of strategy implementation, slow growth during the early stages of the implementation process, market dynamism and government regulations that hinder the normal business operations.

The respondents stated that some of the causes for the challenges faced were inadequate employee training, working environment uncertainties, and lack of government engagement with industry stakeholders. The respondents were requested to explain how the organization was able to mitigate on the challenges faced. They stated that the company was able to reduce the challenges through incorporating staff trainings, measurement, follow ups and accountability, bold decision making by management, the organization agility whereby it is able to adopt itself to the environmental changes quickly and in the correct direction.

4.4 Organizational Culture

The researcher sought to find out the organizational culture in AutoXpress. Respondents were asked to confirm if AutoXpress has a vision and mission. All the respondents were in agreement that the company had a vision and mission statements. They said the vision is "To become the market leader in the East African region in the: sales of auto parts and accessories and servicing of vehicles". The mission is "to deliver to our customers fast, efficient and truly superior service with an identifiable difference, to provide the appropriate product range for our customers, to employ, train and retain the very best human resource available and to utilize accurate processes and systems". The interviewees explained that the vision and mission statements define the path the organization takes with a long term objective of achieving business success. They argued that it is through a strategy that the vision and mission would be realized.

Most interviewees stated that AutoXpress culture consisted of the beliefs, values, attitudes, and employee behaviours that are displayed regularly at their respective workstations. They explained that it is the culture of the organization that determines how employees relates to their work, how they appreciate the business, and how they view themselves as members of the organization. The respondents largely termed AutoXpress culture as a family set-up, in the sense that employees relate to each other as a family.

4.4.1 Nature of Organizational Culture at AutoXpress Kenya Limited

The respondents were requested to describe AutoXpress organizational culture. They described AutoXpress as a family unit, diverse ethnic background, self-motivated, innovative, results oriented, responsive to environmental and social demands. The organization is well structured and departmentalized, employees are mindful of one another from senior management to the junior level; they relate well, mentor one another, operate as a team and towards a shared vision, objectives and set guidelines.

The researcher asked the interviewees if whether the culture of AutoXpress emphasized on strategy implementation. All the respondents agreed that AutoXpress' culture puts emphasis on strategy implementation in the sense that it directs all the stakeholders towards a common goal, which is the vision of the organization. With clear and outlined roles employees are able to perform their duties effectively within their departments to attain the strategic plan. The interviewees valued representation in every aspect of the organization and during the entire implementation period whereby they would engage with their respective supervisors and managers. They said this made them feel part of the strategy and the implementation period. The researcher asked the respondents to describe the flexibility of AutoXpress culture.

The respondents affirmed that the organizational culture at AutoXpress is very flexible and would easily be adjusted to fit strategies and the implementation process. They explained that an adaptive culture facilitated fast execution of tasks by smoothly adopting to the environmental changes. This enabled facilitated coping up with strategy implementation challenges, improved innovativeness and team work in strategy implementation process.

4.5 Effect of Organizational Culture on Implementation of Strategy

The study sought to establish the effect organizational culture has on strategy implementation. Ninety percent of the respondents highlighted that strategies were normally formed around existing culture however adjustments would be done in order to accommodate new strategies. Interviewees further explained that organizational culture was the basis of recruiting qualified and holistic employees; training, evaluating and appraising them within their respective departments. Respondent's responses depicted that having well defined employee roles has facilitated proficiency in strategy implementation process across the organization. The study also confirmed that AutoXpress has clear and effective hierarchy which facilitates delivery of processes, communication and problem solving across all departments thereby improving the implementation process.

The respondents stated that flexibility of organizational culture aided coping up with strategy implementation challenges such as people resistance to change and changes in market trends. AutoXpress operating in a volatile environment has to be responsive to the market trends for a smooth implementation process to take place. All respondents mentioned that having an adaptive culture has facilitated innovativeness, swift and timely execution of tasks within departments.

They said with a flexible culture the organization was able to review itself and re-strategize to meet the ever changing environmental demands. Majority of the interviewees argued that there are a number of tools that they considered effective and operational in implementing the organization strategies. Most respondents cited organizational culture as the most vital factor that impacts strategy implementation process. They explained both formal and informal organization policies influence strategy implementation; however they don't fully confine AutoXpress employees to think in one direction but rather allows for more creativity and innovation for smooth strategy implementation.

4.6 Discussions of the findings

This section presents the discussion of the findings in comparison to previous literature. A comparison is drawn from previous literature on the effect organizational culture has on strategy implementation. The study focused on effect of organizational culture on strategy implementation at AutoXpress Limited. The findings underlined the significance of organizational culture during strategy implementation process. This is in agreement with previous studies which had examined factors that influence strategy implementation (Racelis, 2005; Fey and Denison, 2003;Goromonzi, 2016; Rajasekar, 2014; Reddy, 2017; Mutai, 2015; Isaboke, 2015; Muthoni, 2013; Kopar, 2015).

The study pointed the importance of organization's culture on its strategies. It showed that culture will determine the strategy of the organization at the formation stage while evolution of strategy will ultimately lead to a change in the culture (North, 1990).

With a steady growth of the organization in terms of revenues, employees and branches the organization's cultures have had to evolve to be in tandem with the variations that are occurring in the firm. These changes would further lead to changes in strategies hence helped maintain the strategy-culture balance within the organization. Rajasekar (2014) in his study identified organizational culture as a key element of strategy implementation process. Harison (2004) noted that organizations will always fail to successfully implement their strategies unless they fully understand and embrace their cultural diversities. Success of an organization's adaptation process is largely dependent on its cultural strategy fit (Oliver, 1992). Hrebiniak (2005) contends that an organization with a culture of strategy execution stand a higher chance in succeeding with their strategies.

The study found that through intense employee involvement, top management commitment and coordination of the strategy implementation process, the organization was able to enhance its processes to increase sustainability and resilience in the face of uncertainty. Mutai (2015) conducted a study on organizational culture and strategy implementation in telecommunication industry, a case of Airtel Kenya. He found that coordination of activities in strategy implementation was a key success factor in the organization. According to Alexander (1985) poor synchronisation of implementation processes was one of the key causes of failure. Decisions made by the top level management would factor in the market changes in order to be able to deliver the desired results through a successful implementation process.

The study found that success or failure of a strategy largely depended on communication. Departments utilized different channels to share information relevant to the strategy implementation process. Sharing of such information ensured every department is working towards a common goal and at similar speed. Communication was mostly through meetings, emails, memos, phone calls and whatsApp groups. Reddy (2017) while studying effects of organizational culture on strategy execution revealed that effective and efficient information sharing strengthens organizational culture and facilitates successful strategy implementation process.

Jain, Trehan and Trehan (2009) argued that organizations today exist in a dynamic and more complex environment which forces them to come up with strategies that would enable them prevail the harsh and unpredictable business environment. The changes in strategies require a change in organizational culture hence an organization should have a highly flexible culture. This is in tandem with the study results which showed that AutoXpress' culture of flexibility and creativity helped the organization prevail the harsh dynamic market trends and achieve good performance.These results are also supported by Goromonzi's (2016) study on performance, organizational culture and strategy implementation in Zimbabwe commercial banks. Results of the study show that organizational culture affects the performance of banks in terms of public perception and performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Chapter five provides a summary, conclusion and recommendations to the study. The conclusion and recommendations were drawn with an aim of establishing the effect of organizational culture in strategy implementation at AutoXpress Kenya Limited. More so it looks at highlighting limitations of the study and make suggestions for further research.

5.2 Summary of Findings

From the study and data analysed it was found that the senior management was highly involved in the strategy implementation process. It was found that the senior management provided the necessary resources required to meet environmental and social goals and objectives. The management spearheaded the changes in the working cultures over time so as to meet the requirements of strategies formulation and implementation.

The study revealed the various challenges both micro and macro that the organization faced during strategy implementation process. These included employee resistance to change, insufficient leadership attention at various levels of strategy implementation, slow growth during the early stages of the implementation process, market dynamism and government regulations. The challenges were attributed to factors like inadequate employee training, working environment uncertainties, and lack of government engagement with industry stakeholders. In spite of those challenges the management was able to gather adequate resources to control and mitigate on such challenges whenever they emerged. Frequent employee training and mentorship, stakeholder engagements and putting up support structures were some of the measures taken to ensure these challenges did not adversely affect the strategy implementation process.

For long term business sustainability, study found out that the organization was always involved in building strong stakeholder relationships in order to help prevail the vibrant and unpredictable market. Through continuous engagements and partnerships the organization was able to positively promote the corporate culture and encouraging individuals to present solutions to common problems. In this manner the organization was able to stay up to date with the market trends, with such information they were able to come up with strategies that fit the market demand. The research also picked that feedback from stakeholders was crucial as it allowed the organization to know their current state, what they were good at and what needed improvements.

The study found out that the steady growth of the organization was attributed to its flexible organization's culture. Coming from a family run organization to a more corporatized organization was splendid. The respondents agreed that it was through continuous improvements and good leadership from the directors that organization was able to positively grow. Direct involvement by the senior management in the strategy implementation process was a crucial aspect in realizing most of the organization's strategies. The employees explained that it felt so great working as a team with the top level management and being involved in every step of the implementation process within their various departments. The study found that communication is a critical factor in determining the organization's success or failure on achievement of a strategic goal. Interviewees mentioned that the organization utilized annual strategy seminar, monthly branch managers meetings and weekly departmental meetings as the main platforms for sharing the current actual results, reviewing the set targets and planning for the future.

Also day to day communication was maintained through emails, memos, phone calls and whatsApp groups for information sharing and creating awareness on emergent issues. The respondents notified that despite the current communication strategy impacting the business success positively, there is still room for improvement to streamline some areas that may pose threats in the future.

5.3 Conclusion

Because AutoXpress Limited is operating in a highly competitive environment it had to come up with a strategic plan that would see it succeed. In its long term strategy AutoXpress aims at attaining market leadership in the East African region in servicing of vehicles, sales of auto parts and accessories. This would be achieved through delivery of fast and efficient services with an identifiable difference, provision wide range of products through well trained human capital and appropriate systems. According to the study the success or failure of this strategy would largely depend on AutoXpress organizational culture as it is the guide not only in the formulation of the strategy but also in implementation process. A strong but flexible organizational culture would help AutoXpress adapt it strategies to the ever changing external environment.

Results obtained from the study indicate a relationship between all elements of organizational culture and strategy implementation. These organizational factors are vital for successful strategy execution and they must be aligned to achieve the desired strategic performance. The findings notifies that managers are responsible of aligning the cross functional organizational factors with the organization strategies. This is because in the event a change occurs in one area this would mean a change in the other elements for a firm to function successfully and within the set guidelines.

5.4 Recommendations of the Study

This section gives recommendations on the contribution of the study to policy, practice and theory. A number of recommendations were made from the findings and analysis of this study. The study recommends that when coming up with policies the organization should factor in the diverse nature of the organization, shared values and elements that support strategy execution. Formulation of strategic policies would see the organization through an effective and efficient strategy implementation process. These policies should entail a strong strategy culture fit that is able to survive the dynamic environment and lead to strategic plan success.

The study recommends that the organization should enact policies and procedures that promote strong employee engagement, understanding and commitment to the vision, mission and objectives of the company. This is because the employees are the major players in the implementation process of a strategy. Therefore, with a clear picture of the firm vision the employees are able to work towards a common goal in pursuit to achieve the set targets and business strategy success.

The findings of the study make a good contribution to the strategic management literature by analyzing the culture strategy relationship in an organization. The study highlighted the effect of organizational culture on the strategy implementation process and brought out the importance of factoring in organizational culture in the implementation process. It was found that regardless of the industry, a tight culture strategy fit is what an organization requires to facilitate execution of strategy.

5.5 Limitations of the study

The main limitation of the study was the reluctance by some respondents to give information. Some had to double check an approval had been issued by the management for the research to take place. Initially the interviewees did not know to what extent they were to share the information regarding the organization in the fear of not wanting to issue conflicting or biased information that may negatively affect the image of the company. The researcher made sure that the approval letter was shared to all the respondents before scheduling of the interviews. Also a brief on the context of the research was done at least for the respondents to familiarize with research objectives and assure them that the research was purely for academic reasons.

Another limitation was time to conduct the interviews with the respondents. Being senior managers and head of departments the respondents were mostly in meetings during the day. Some interviews would not take place during the scheduled times during the day and had to be done in the evenings. This somehow delayed the data collection process but the researcher was focused on completing the task within a reasonable time frame. Through rescheduling interview timings to mutually agreed time with the respondents the researcher was able to mitigate on this challenge.

This being a case study, data collection tool being an interview guide and the respondents stationed at the head office in Nairobi was also a challenge. Resources involved in conducting the interviews, for example, mobile airtime and internet data needed to be adequate in order for the interviews to take place efficiently. The researcher ensured prior planning and budgeting in order to mitigate on the challenge.

5.6 Suggestions for Further Research

The study investigated the effect of organizational culture on strategy implementation at AutoXpress Kenya Limited. The findings of this research are not adequate to offer a clear picture and full representation of the automotive industry. Therefore the researcher suggests further research to be conducted on other players in the automotive sector.

Further in depth research would help identify the organizational cultures in different organization. This would help in promoting a strong culture strategic relationship. Also the study having dwelled on the automotive sector gives room for more research in other sectors of the economy.

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24th September, 2018

TO WHOM IT MAY CONCERN

RE: INTRODUCTION LETTER

This is to certify that **IAN FELIX OMONDI (REG. NO. D61/79804/2015)** is a bona fide student of the University of Nairobi, pursuing a degree in Masters of Business Administration (MBA).

As part of the fulfillment of the requirement of the course, he is undertaking a study titled **"EFFECTS OF ORGANIZATIONAL CULTURE ON STRATEGY IMPLEMENTATION AT AUTOXPRESS LIMITED, KENY."**

You have been selected as one of the respondents in the study. The purpose of this letter therefore, is to kindly request you to assist and facilitate in carrying out the study in your organization by answering the questions in the attached questionnaire.

Data and information obtained through this exercise is purely for academic purpose and will be treated with utmost confidentiality. In case of any questions or clarifications, he can be reached on 0700393924 or ian-omondi@gmail.com.

Your assistance and cooperation will be highly appreciated. Thank you very much in advance.

Yours Faithfully,

CO-ORDINATOR
24 SEP 2018

Dr. Stephen Oduck,
Coordinator, School of Business, Mombasa Campus

APPENDIX II: Letter of Approval to Collect Data

Ian Felix Omondi
University of Nairobi
P.O Box 83732-80100
MOMBASA.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out academic research on "**Effects of organizational culture on strategy implementation at Autoxpress Limited Kenya**," I am pleased to inform you that you have been authorised to undertake research at Autoxpress for a period ending 31ᵗ October, 2018.

Yours Sincerely,
FOR: AUTOXPRESS LTD

DICKSON S. NYAMBORI
HEAD OF HUMAN CAPITAL

APPENDIX III: Interview Guide

PART A: General Information

1. Which department are you in?

2. What is your designation in the organization?

3. How many years have you worked in the organization?

4. Does AutoXpress Limited have Vision and Mission? Kindly specify.

PART B: Strategy Implementation

5. Has AutoXpress implemented any strategy?

6. Have you been involved in strategy implementation in the organization?

7. To what extent are employees involved in strategy implementation?

8. How would you rate the level of commitment of the top level management in strategy implementation process?

9. Do AutoXpress employees have the right information to enable them implement the organization strategy?

10. What factors have influenced the speed of implementation of the strategic plan?

11. What are some of the challenges you experienced during strategy implementation?

12. In your opinion, what were the causes for the challenges faced?

13. How did you overcome these challenges?

PART C: Organizational Culture and Strategy Implementation

14. How would you describe AutoXpress Organizational Culture?

15. Does the culture of the organization put emphasis on strategy implementation?

16. Do employees have well defined roles that facilitate efficiency in strategy implementation?

17. Which channels does the organization use to communicate the strategic plan to staff? How is the feedback collected?

18. How would you describe flexibility of the organizational culture during the strategy implementation process?

In your opinion, what changes would you suggest to be made to your organizational culture to facilitate successful strategy implementation?