INSTITUTIONALIZATION OF STRATEGY AND PERFORMANCE OF CEMENT MANUFACTURERS IN KENYA

WINNIE WANGULU

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

2019

DECLARATION

This management research project is my original work and has not been submitted for a degree qualification in any other university.

Signed: ……………..……..   Date: ....

WINNIE WANGULU

D61/75655/2014

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

Signed: …………………...   Date: ……………………

Prof. Maalu K. Jackson

School of Business, University of Nairobi

DEDICATION

This research project is dedicated to my son, Kyle Hannington Wangulu. You have been my source of inspiration and strength throughout my postgraduate studies.

ACKNOWLEDGEMENTS

I give honor and thanks to the Almighty God for giving me good health, strength, perseverance and the enthusiasm during the period of study. I also take this opportunity to sincerely thank my supervisor, Prof. Maalu K. Jackson, for his guidance, wisdom and patience throughout the course of this project. Without his guidance I would not have delivered on this project

I most sincerely thank my siblings and parents, Mr. and Mrs. G. S. Wangulu for the encouragement and support they accorded me. I am also truly indebted to my friends for their moral and unwavering support during the course of this study. May the Lord God bless you abundantly!

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ACRONYMS AND ABBREVIATIONS

ARM	Athi River Mining Limited
BCL	Bamburi Cement Limited
CEO	Chief Executive Officer
EAPCC	East African Portland Cement Company Ltd
IT	Information Technology
KPLC	Kenya Power and Lighting Company
MIS	Management Information Science
PM	Performance Management
RBV	Resource Based View
SBU	Strategic Business Units
SPSS	Statistical Package for the Social Sciences
GDP	Gross Domestic Product
DRC	Democratic Republic of Congo

ABSTRACT

The research was commissioned to examine the link between institutionalization of strategy and the performance of the Kenya's cement processing establishments. The dependent variable was the organizational performance while the independent variable included the constructs of the strategy institutionalization such as culture, policies, leadership and organizational structure. Data was gathered using structured questionnaire. The response rate was 84.72%, a total of 61 respondents out of the estimated 72 respondents participated in the survey. Data was collected from top management teams in charge of commercial divisions, business development, finance and administration. The research was pegged on three theories; theory of Resource Based , Institutional Theory and McKinsey 7-S Framework. To accomplish the research objectives, the research utilized descriptive analysis, Pearson correlation and regression analysis. Preliminary diagnostics shows that the data set is within a normal distribution. The Durbin Watson test of serial correlation also shows the absence of a serial correlation in the data set. The model summary through the R square statistic shows that 31.1% of the changes in the independent variable is illustrated by the selected dependent variables; organizational culture, policies, structures and leadership. The ANOVA statistic concluded that model as set out is statistically significant in explaining the changes in the organizational performance at 95% confidence level. The ordinary least square regression methodology indicates presence of a positive link between organizational performance and Leadership and culture. Organizational policies were found not to have any relationship with the performance. The organizational structure was established to possess a negative link with performance. These relationships were tested for statistical significance at 95% confidence level. Therefore, the research concluded that institutionalization of strategy has a positive influence on organizational performance. These findings confirm the assertions of the theory of resource based and the framework of McKinsey 7-S. Hence the study recommends that chief executive officers should support strategy institutionalization by investing in the structure, leadership, culture and policies which promote institutionalization. Top management are also advised to promote strategic cultural practices since they are linked to positive performance. The study suggest that similar studies be conducted in SMEs to ascertain the presence statistically significant disparity in the way SMEs execute their strategies as compared to corporates.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today, companies' existence and prosperity are challenged in an environment of unparalleled upheaval. Consequently, the environmental turbulence has necessitated and influenced the organizations reaction to the changes witnessed in order to sustain competitive advantage within the environment in which they operate. Institutionalization of strategy entails upgrading the array among an organizations' setting, game plan and organizations' design. A properly composed and executable strategy management system - incorporating planning, implementation, and transformational leadership – makes it possible for establishments to react to change with enhanced strategic attention, harmonized measures, workforce commitment, budgets and projetcs hierarchization, and quantifiable outcomes. Strategic management is a holistic approach that extends to nearly all the firm's operational areas (Fred, 2003). It is a management conceit that comprehend all operational sections as human resource, procurement, finance and account, marketing, production & operation, and human resource into a top-tier administrative discipline.

The institutional theory as proposed by Coase (1937) avers that strategy institutionalization is affected by industry pressure. That is if it is deemed that it will offer competitive advantage. Usually this happens because a competitor has already implemented the strategy the other hand strategy implementation can also be increased through regulation where the company has to do it for compliance purposes. On the other hand the theory of resource-based theory as put forward by Penrose (1959) postulate that organizational performance is directly proportional to the knowledge it controls.

Organizations gain control of knowledge by hiring human resources who poses the knowledge. Ordinarily, company resources utilizable in executing strategies that create value are split into three assets types as follows; human resource, physical capital, and organizational resources. Whenever these resources are worthwhile, scarce, matchless and non-comparable, they turn into an establishment's strategic resource that results to the attainment of a lasting competitive advantage.

As a result, strategic management exhibit significance a firm's prosperity and downfall compared with any operational sectors. Strategic management is distinct to the customary and operation management. It relates upper-level concern while functional level management relates with the definite business sectors. Strategic management has a long-range focus as compared with functional management. Strategic management is concerned with set up of vision, company mission, strategies and goals that may be a roadmap to develop operational policies in other functional sectors. Strategic management is very important as it steers all the functional areas of the establishment and assist companies foresee forthcoming difficulties and possibilities. The gap between preferred and workable is referred to as performance gap. Under such circumstance, strategic management procedure not just determines the performance gap but endeavors to lower the gap as well.

Cement manufacturers in Kenya have been facing challenges that include high costs of electricity, fuel and coal, inconveniences caused by numerous blackouts and power surges that affect manufacturing systems. Other challenges include unavailability of clinker – the key raw material, which mostly has to be imported and subjected to taxes, lack of support from the Kenyan government on policy issues that would help increase the demand of cement. Despite these challenges, they have to compete and perform in the changing business environment hence the need to embrace strategy and change.

1.1.1 Institutionalization of Strategy

Institutionalization is the process through which an establishment secures value and constancy as its ultimate goal (Huntington, 1968). According to Selznick (1957) , institutionalization is infusion with value, which is over and above the technical needs of the task. As an establishment attains constancy and value, it turns to be an institution. Stability signifies that the company ceases to be a mechanistic entity, readily modified or eradicated. Alternatively, as a company institutionalizes, it endures diverse internal and situational challenges and accomplishes self-maintenance. It prevails in the future as it has prevailed in the past. Selznick (1957) views value as the prizing for the company's interest. As an establishment institutionalizes, it obtains a unique character, a way of operating, and activities upon which it operates, which are all assumed to be critically independent. For cement factories, value is also a subject of power, manifested whenever individuals in the factories have influential authority over policy outputs.

The stage during which the reform is implemented is a trial process (Toombs and Tierney, 1991). While institutionalization is the stage where operational reforms become part of the new normal. According to Scott (1995) Institutionalization is the procedure under which a substantial contemporary framework or practice is embedded into a regime of available framework and practices.

Strategic change is variety of methods utilized to guarantee that substantial adjustments are executed in a monitored and organized fashion. Strategic adjustments in any organization will be based on the extent of the problem encountered in attempting to execute strategic adjustments. It is not practical to presume driving adjustments effectively in one circumstance is much like in another and assumptions made that attempts to seek modifications are easily replicable between circumstances (Johnson, Whittington and Scholes, 2011).

Cement factories today have embodied strategic change to ensure maximization of resources and optimal returns achievable each with their specific motivations therein. More so the not for profit sector has been dogged by the economic effect of the donor countries necessitating change in every aspect of their operations.

Organizations in the various sectors need to implement effective strategic change programmes to their business processes, products, and/or to the organization itself. Burnes (2009) concurs with other researchers that organizations are changing at a faster pace and in a more fundamental way than ever before. Motivations of the various stakeholders should also be taken into consideration to provide a convincing set up for the structuring and managing the change in an organization as well as the performance therein to ensure optimal results and benefits. Strategic change practitioners have identified the types of change an organization can decide to choose: emergent or planned in this case at the total disposal of the organizations' strategists.

Although predictions that restructure, re-strategizing, amalgamation, retrenchment, quality attempts and cultural restoration projects would soon vanish; (Kotter,1996) disagrees with this notion and instead argues that influential macroeconomic efforts were at task and they would become more robust over the next few decades. Subsequently, more establishments would be forced to lower costs, enhance product and service quality, identify locate new possibilities for growth and increased productivity.

McCarthy & Eastman (2010) argue that the underlying goal of change is to advance the rate at which individuals move satisfactorily across the change proceedings so that expected rewards are rapidly attained. In addition, various change models have been provided by various scholars to encourage the change process.

The models are used to evaluate modifications at a macro level that many institutional heads view. They indicate why adjustments happen, how adjustments will occur and what will happen (Kezar, 2001).

1.1.2 Organizational Performance

Organizational performance consist the factual outcome or findings of an establishment as assessed against its planned outcome. The Oxford advanced learners dictionaries describe performance as how well or bad something works. The principal gauge of performance in the private fraction is profit (Nyororo, 2006). Public sector however do not possess such universal and broadly adopted performance benchmark of success. It is measured mostly by their set programs aims and whether the anticipated outcome and findings have been accomplished. Success is commonly considered as from the definite viewpoint of varied stakeholders suchlike regulators, government bodies, legislatures, vendors, supplies, customers and the public (Serving the American, Public report, 1997).

Performance management includes setting goals, appraising of accomplishment and reward regimes that adjust member work attitude with business game plan, worker engagement, and technology in place of work (Cummings & Worley, 2009). Company performance consists of the factual outcome of an establishment as assessed against its planned outputs. Performance measurement is split into two definite classes namely; the financial basis majorly declared at the conclusion of every financial year with regards to profitability and the non-financial basis mainly gauged by the; the firm's staff welfare, the establishment's participation in social responsibilities, consumer satisfaction, production efficiency and company's ability to timely fulfil its statutory obligations (Marangu, 2012). Performance Management is meant to ensure that an organization achieves its long goals and objectives in an efficient and effective way.

Performance measurement was predominantly designed for the business regime but as the gap between the for profit entities and nonprofit entities has contracted significantly in the past decade, the concern of performance measurement has risen among researchers. The concern is as a result of the progressive pressure on displaying effectiveness undergone by not for profit managers (Larsson & Kinnunen, 2008).

1.1.3 The Cement Manufacturing Industry in Kenya

The Kenyan Cement sector has mainly been controlled by Bamburi Cement Limited (BCL), which is a subsidiary of Lafarge Company based in France. The indigenous cement companies in Kenya are East African Portland Cement Company Limited, Savannah Cement, Athi River Mining, Mombasa Cement and National Cement. BCL has long controlled over 50 percent of the market with 41 percent shareholding in East African Portland Cement. It also controlled 14 percent shareholding in Athi River Mining until October 2009 when it disposed its shares to a consortium of foreign investors. The company derives tremendous advantages from being part of the Lafarge group, including access to innovative technologies for cement manufacture, management and technical support (KNBS,2018)

Athi River Mining Limited (ARM) has been the second largest with a market share currently plunged at 10 percent after the clinker plant it built in Tanzania failed to generate income. It is split into two separate divisions; ARM Minerals and Chemicals which specializes in the processing and sale minerals and distinctiveness in building and associated products and ARM Cement Ltd that focuses on cement, lime and associated products. East African Portland Cement Company Ltd (EAPCC) is the third largest cement manufacturer. It is state-controlled through a direct state finance and non-directly through National Social Security Fund (Ndung'u,2017).

Previously, the need for cement has outpaced supply, resulting to a shortage in the East African region. The demand for cement in Kenya is estimated to about 3.5 million tons per year (Ndetto, 2015). Historically, demand for cement has been viewed to rise at roughly two times of GDP growth. At present, the three major cement manufacturers are currently functioning at nearly 90% capacity utilization rates prior to capacity extension planned over the next few years. These companies also export their products to other neighboring countries including Somalia, DRC, South Sudan, Mozambique, Rwanda and Burundi (Mumero, 2011).

Several challenges confront the cement industry, which include high cost of electricity due to high tariffs as well as inadequate power supply, costly imported coal, small capacities for clinker and cement production and inadequate support from the government on policy issues. The industry is also confronted by poor quality of power due to interruptions/outages leading to inefficiencies in production systems and breakdowns and high cost of transport caused by dilapidated roads. The Kenyan cement industry has seen the entry of two new foreign investors who have established cement plants in the country in the recent past. One of this is Mombasa Cement which is a subsidiary of Tororo Cement Company in Uganda and is producing with the help of Taiheiyo Cement Corporation, the largest cement producer in Japan. This foreign based company is equipped with advanced technology which enables it to produce more efficiently hence offering lower prices. The other company is Cemtech Sanghi cement plant in Pokot which is a subsidiary of Sanghi Cement Group of India.

1.2 Research Problem

Strategic management is deemed to be positively related with performance. Strategic management is vital as it directs all the business operational sections and assists companies forecast future challenges and possibilities. The gap between required and feasible is referred to as performance gap. From this perspective, strategic management proceedings as well endeavors to shorten the gap and not just identification of the performance gap. Institutionalization of strategy is a sure way of attaining results by involving the internal human capital. Most of the empirical studies aver that human capital is a significant strategy implementation element and consequently this leads to improved performance (Kombo & Njagi, 2014).

Several empirical studies have concentrated on strategy fulfilment and performance of organizations in foreign jurisdictions. Denver and Shingirai (2012) undertook a study to establish the contribution of strategic leadership in the institutionalization of state-owned enterprises in Zimbabwe. Neilson, Martin and Powers (2008) looked at the secrets of prosperous strategy accomplishment in England. Mbako and Charles (2012) concentrated on the impact of strategy execution on the performance of publicly owned corporates in South Africa. Moreover, most studies done in Kenya has concentrated on the financial sector and state-owned organizations.

Kombo and Njagi (2014) inquired the effect of strategy institutionalization on commercial banks' performance. Christopher, Severino, Cheruiyot (2016) researched on the link between strategy institutionalization and performance of publicly-owned establishments in Kenya's electricity sub-sector. This Contextual gap therefore demonstrates the necessity to study strategy institutionalization and organizational performance in the cement Industry.

Moreover, previous empirical research in the last decade has focused on the implementation and operationalization of strategy. Neilson, Martin & Powers (2008) focused on strategy execution. None of these studies has looked at the process of strategy institutionalization and performance.

The empirical findings on the relationship between the components of institutionalization also present conflicting results. Higgins (2005) posit that staff skills does not affect the process of institutionalization while Azara, Syad and Muhammad (2013) concluded that it is easier to institutionalize strategy with skilled staff as compared to non-skilled staff. Abdulla and Markandya (2012) studied the strategy implementation at the ministry of energy; their research concluded that poor leadership had a negative relationship with strategy implementation. On the other hand, Neilson, Martin and Powers (2008) concluded that leadership style had no relationship with strategy implementation.

Moreover DiMaggio, Powell and Okumus (1991) in their classical study on institutional similitude and mutual rationality in organizational sectors concluded that external pressure performs a key function in the strategy execution. Peer pressure from the professionals and customer expectations on quality impact implementation majorly. This study attributes strategy implementation to external pressure as opposed to internal factors such as the internal employees or the organizational culture. These findings conflict with the assertions of Abdulla and Markandya (2012) who concluded that internal factors such as poor leadership affect strategy implementation negatively.

The research gap is therefore premised on the contextual and conceptual justifications. The empirical studies indicate that the cement sector has been neglected. There are few studies conducted on the sector concerning strategy institutionalization.

Conceptually the gap is anchored on the conflicting results displayed by the empirical studies. Some studies indicate that staff skill affect institutionalization positively, yet others indicate that there is a negative relationship. The current study therefore seeks to make inquiry into the link between institutionalization off strategy and organizational performance of Kenya's cement manufacturing companies.

1.3 Objectives

This research had two objectives:

i. To determine strategy institutionalization practices adopted by cement manufacturers in Kenya.
ii. To define the link between institutionalization of strategy and performance of Kenya's cement manufacturers.

1.4 Value of the Study

The research will assist management teams of cement manufacturers to assess the effectiveness of their strategies on change management, performance and adopt correct change strategies that will achieve the required performance. It will be a source of information for the upcoming cement manufacturers particularly focusing on management practices of strategy and change and performance.

The outcomes from this research will also be used by the government through the relevant ministry in formulating appropriate policies that will be used to regulate the cement industry. These policies will also assist in enhancing the performance of the organizations and the manufacturing industry at large.

This research will furnish to the present literature in strategy and change on how the cement manufacturers can maximize on the same to benefit in the focus of core competencies, efficiency, maximizing on economies of scale and scope among others and the overall return on investment. The study will provide the academicians with a useful basis upon which further studies on performance of change management programmes in organizations could be conducted and basis for further research and source of literature review for other scholars. Finally, the research's outcome can be utilized as a basis upon which the donors can have an understanding of the cement industry sector in terms of its strategies and change practices and performance and be a guide in formulating the policy on their partnerships with the said firms.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter examines the literature associated with institutionalization and performance and the theories used. It particularly focuses on structure, culture, policies, leadership, and their effect on the achievements of cement manufacturing establishments in Kenya. It ends with a summary of the literature review.

2.2 Theoretical foundation of the Study

Three models are used as the base of this study to explain institutionalization. Tearliest considered theory is the institutional based theory by Selznick (1957). Other models are resource-based theory of the firm by Penrose (1959) and McKinsey7-S framework by Peters & Waterman (1982).

2.2.1 Institutional Theory

The institutional theory as proposed by Coase (1937) is based on the concepts of bonded rationality. The theory explains the framework of how organizations adopt to the changing environment. Jennings (1994) avers that the decision to implement a change within the organizational structure is affected by two factors. First, when new regulations are introduced by an enforcement agency like a regulator or a ministerial decree. For example when the capital markets authority issues a new rule, the speed of response will be commensurate to the level of pressure asserted by the regulator. Secondly, the mimetic pressure can influence the speed of adopting changes in the organization.

Firms tend to copy successful counterparts because they believe that their success is premised on how they do things. Therefore, the industry leaders' act as change catalyst, sooner or later the new standards become legitimized.

In their classical study, Meyer and Rowan (1977) distinguished between genuinely accepted and entrenched institutional practice or standard, from one view point, and institutional myths, from the other point of view. They aver that institutional myths are those practices that are accepted so that the organization can be accepted by the regulators and clients. They do not have any rational backing, but are necessary for doing business in a certain environment. Their study concluded that organizations adopt certain vocabularies; job titles, structures and gender diversity not because they want but because these are industry practices.

Ingram and Simons (1995) avers that failure to conform to these standards may lead to serious legitimacy concerns in the industry and thus lead to loss in market share and profitability. However, Maurice, Arndt and Warner (1980) concluded that cultural diversity and variations could also affect the implementation of new ideas. They aver that an organizations response to change is dependent on societal values and beliefs held by the individual senior managers. They therefore concluded that change would not just happen because of the environment forces. The race for legitimacy is therefore controlled by specific demographic characteristics of the top management. Likewise, Gladwell (2008) confirmed that cultural values and attitude might influence the rate of adopting new ideas. They aver that manager may not openly criticize the new idea but they may never support the implementation of the idea. They do this by allocating sub optimal resources to the initiatives.

Kirui (2016) in his study on strategy institutionalization and performance of government-owned corporations in Kenya's electricity sub-sector focused on the four dimensions of strategy institutionalization. He concluded that strategy institutionalization dimensions notably: organizational composition, workers-skills, systems and management style pose a positive impact on corporation performance. All the four amplitude of strategy institutionalization were positively associated to performance with regression analysis pointed out that a rise in each of them would lead to a rise in organizational performance. Thus, it is wise for these establishments to incorporate strategy institutionalization stance within their strategic functioning for performance enhancement. The Institutional Theory is therefore pertinent to the research as it informs all the research variables. In this research, performance is dependent on identical factors as suggested in the theory for instance structure, culture, policies and support system.

2.2.2 Resource Based Theory

The theory of resource-based was suggested by Penrose (1959) to explain the factors affecting the growth of an enterprise. The theory assumes that organizational performance is directly proportional to the knowledge it controls. The theory further avers that organizations gain control of knowledge by hiring human resources who poses the knowledge. The RBV of the firm suggests that a company holds a durable competitive advantage upon execution of a value generation strategy not concurrently being executed by any present or probable competitors.

Generally, company's resources that can be utilized to carry out value-generation strategies are split into three asset categories; physical capital, human resource and organizational resources.

Whenever such assets are valuable, scarce, incomparable and unsubstitutable, they turn out to be strategic assets of an establishment that results to the attainment of a durable competitive advantage.

According to Barney (1991), RBV is the cause of an establishment's competitive edge to lie in the firms the resources and capabilities, this could be inform of physical resource, human resources, organizational resources, financial, legal, informational and relational. Success and the desire to attain a sustained competitive advantage can be ensured if a firm has resources that are valuable, exceptional, unique and not interchangeable. This aspect is due to the fact that some competences can be created based on some historical advantages which may no longer be available, some may require learning processes that are long-term while others maybe entrenched intricacies of social factors like culture, reputation and loyalty, and finally there are capabilities which causally unclear and hence cause difficulties in their creation. Considering these factors, firms find it difficult to create these competencies or capabilities on their own (Barney, 1991).

Given that, the assumptions of the theory aver that human resources are essential for the organizational growth. It is therefore expected that human resources as a component of the strategy institutionalization will pose a positive link with organizational performance. Moreover, Philemon and Kessy (2016) aver that cognitive ability and demographic diversity in the workforce is positively correlated with organizational performance. Their study concluded that diversity brings more options in process of strategy formulation and institutionalization and hence creates a positive impact. This theory therefore helps in explaining the nexus between leadership style and institutionalization of strategy.

2.2.3 McKinsey 7-S Framework

The framework of McKinsey 7-S was first proposed by Peters and Waterman (1982) and later adopted by McKinsey consulting group as a strategy kit. It is a qualitative framework, which was developed to scrutinize seven various elements of an organizations strategic plan. The framework provides a logical stepwise process of strategy formulation and implementation.

Peters and Waterman (1982) defined the model as based on the postulation that an establishment not only a structure but rather composed of seven essential organizational elements that consist of structure, strategy, systems, skills , style(management), shared values and staff(individuals). Consequently, strategy is the basic unifying factor guiding the achievement of company’s objectives. The gist of strategy is selection of a variety of major business efforts for customer value creation and optimally undertaking those business operations.

Kinney (2007) avers that the McKinsey 7S's model is being adopted by many establishments in the process of assessment and executing business strategies. Therefore, it can be utilized by cement manufacturers to align the organizational objectives to achieve the desired results. The model is exceptionally valuable if fruitful take off policies and programs in organizations is foreseen. Thus, McKinsey 7S's Framework provides a framework for examination of the strategic initiatives taken by a company, alignment of objectives to performance matrices and assessment of the ability of the workforce to implement the strategy.

Kaplan (2005) avers that this is a useful framework for preparation and execution of strategy. This model orchestrates the components of strategy institutionalization. It provides a link between performance and organization policies, structure.

Culture and leadership style of the top management. This theory therefore anchors the objectives of the study because it brings all the components of institutionalization together as one composite variable and links it to organizational performance.

2.3 Indicators of Institutionalization

Some of the factors influencing strategy institutionalization include organization culture, leadership, organization structure and policies (DiMaggio & Powell, 1983).

2.3.1 Organization Culture

A case study by Zatz (1994) culture change at Chrysler concluded that Chrysler experienced awful customer support and media liason, with an innovation record but a current old-fashioned item. Its proportion of market share was dwindling, and its overheads and losses had risen. The president, Bob Lutz, wished the Chrysler to evolve into a car and truck leader in technology and quality, an unambiguous globally relevant vision.

A cultural adjustment program, Customer One, was developed around it. Outcomes were remarkable: within a four-year period, overhead was slashed by $4.2 billion, the stock price had increased by fourfold, and the establishment reversed its fall into bankruptcy and turned profitable. An entirely modern and competitive range of cars or trucks has emerged every year following. This was undertaken with the same individuals but functioning in distinct ways. Turnbull (2002) investigated the manner in which people reacted to an establishment's efforts to purposely adjust its culture to that of trust, transparency, loyalty and innovation, in workplaces filled with emotional appeals. Her findings established that managers, the subordinates of her research, encountered both cognitive and affective responses, but usually in unforeseen ways, under mistrust, fury and discomfort usually emerging from unpleasant circumstances.

They stated the desire to conceal their feelings and, in many instances, feigned compliance with the adjustments. A case study by Grugulis and Wilkinson (2002).

2.3.2 Leadership

In a research to examine the connection between workers values and nonprofit results, Macy (2006) established value orientations like as employee worth, to be linked to flourishing organizational results. Whilst workers and agency directors were evaluated distinctly, the impact of values on establishment findings did not distinguish between workers values and management values. Therefore, Macy's outcomes imply feasible assistance for the discussion that not for profits mirror values of their leaders. Peterson and Van Fleet (2008) examined 222 not for profit workers about the leadership practices vital in both stable and critical point. Findings of their inquiry revealed that not for profit workers conformed with for-profit inquiry results on 11 of the 15 leadership attributes. Two of the attributes (structuring rewards and autonomy/delegation) were viewed by for-profit workers as essential in an unfluctuating environment but were no longer viewed as vital by nonprofit workers. Additional two attributes (role explanation and convincing direction) were viewed by for profit workers as primarily essential in a crisis, whilst not for profit workers viewed them as essential in times of both catastrophe and constancy.

Taliento and Silverman (2005) presently put forward their sentiments on the distinction between the task of corporate CEO and not for profit CEO. Even though not much information was provided on their approaches to ascertain the rigor of their research, their findings were founded on discussions with "crossover leaders" who were once in charge of both profit and not for profit establishments. They determined five sections in which not for profit strategic managers must conform the activities of for-profit strategic managers.

Such sections include; a smaller scope of authority, a wider extent of shareholders expecting consensus, the necessity for innovative metrics to track performance, the demand that not for profit CEOs to focus on communications, and the dispute of developing an effective establishment with restrained resources and training.

2.3.3 Organization Structure

Mwangi (2003) who studied strategy and structure relationship in locally owned pharmaceutical manufacturing and multinational pharmaceutical companies operating in Kenya noted that some regulations are usually directly from hospitals and institutions who are the end users of the major clients of these companies. The hospitals and other related institutions sometimes issued notices restricting the time and place that marketing representatives can access the hospitals, the type of promotional materials that can be used within the hospital and institution and changes in their procurement procedures. These activities affected the strategy of the pharmaceutical companies by directly affecting the intervals of purchase and quantities of products bought. Gupta (1987) examined the link between Strategic Business Units (SBU)'s strategies, elements of the corporate-SBU association, and enforcement and establish that designs that are more devolved create higher levels of SBU effectiveness, irrespective of the strategic context.

DiMaggio and Powell (1983) in their study explained how the establishment adopted comparable formal compositions notwithstanding separate operating technologies. Consequently, the three interdependent forces according to them are: normative, coercive and mimetic that constrain closer to isomorphism. Professionalization, that is customary in many types of normative effect is a notable agency of institutionalization. Economic, structural and legitimation-based types of persistent isomorphism subjects the establishment to embrace new bureaucratic methods.

2.3.4 Organization Policies

David et al. (2005) conducted study on organizational policies and its impact on organizational commitment which he argued that commitment to organizational policies, as specific major action line that incorporates a range of values against which workers can gauge congruence with their individual values, and which are conventional to any number of establishment, provides a goal that allows people to focus and preserve their allegiances while rising above organizational boundaries. Outcomes regarding the link between attitude and policy commitment indicate that, for professionals considering the advancement and/or execution of significant company policies, it is essential to consider that workers' negative reaction to present or foreseen policies may probably not merely be an indicator of refuse, but could probably be a natural outcome of awful previous experiences with identical policies in his research on impact of firm's policies and firm's management on organizational allegiance.

Diamond (1992) indicates that prospects of success of public policies are reliant on knowledge of individuals' motivations, or the positive and negative psychological vehemence that impact their behavior proportionate the policies. Likewise, management's prospects of which organizational-wide policies will thrive is likely to be reliant on knowledge of positive and negative psychological vehemence acting on their workers in relation to the policies.

2.4 Empirical Review

This section will look at the previous studies done on the subject matter. Past Studies, which have investigated the link between institutionalization and performance, will be reviewed.

The section will review both local and international studies, which have looked at the link between the independent and dependent variable. Additionally, the section will summarize the research findings indicating the identified gaps.

A study by James (2014) indicated that several establishments without sufficient procedures have been unsuccessfully upholding their competitive advantages despite being in possession of a stable and tolerant strategy development process. The research examined the strategy execution activities which are broadly adopted by majority of firms that supply electricity in Sultanate of Oman. The outcomes showed that majority of managers contemplate harmonization of activities a big obstacle in strategy execution.

Evidently, coordination needs process layout, planning, and management of individual affected by change specific procedures and tasks. In such case, the strategy-related activities along with non-relevant strategies are blended and balanced simultaneously (James,2014).

A strategy's positive outcome, right from development phase to execution phase, relies on the strategic manager within an establishment in how they eliminate hesitation or inadequacy that are signs of strategic failure (Freedman & Tregoe, 2003). Furthermore, a robust and constructive strategic leadership allows companies to systematically execute a strategy (Hitt, 2007). Transformational approach to leadership is notably essential in company performance as it exceeds transactional approach in company achievement (Jonathan, 2012). Christopher, Denver, Severino, Shingirai and Tonderai (2012) suggest that leadership should have vision, robust communication mechanisms, and serve as example for behaviour adjustment compatible with recent strategies.

Additionally, Anees (2013) established a significant link between leadership conduct and overall company performance. While inquiring about the impact of company structure on stategy execution, Mehdi and Bayrami (2009), uncovered some prime concern. Amongst the strategies comprise creation of an enabling environment for workers to exhibit their capabilities, properly defined company rules and suitable framework, healthy working relation with clients, independent unit for strategic management design, expert groups that manage themselves, communication paths, and independent command chains. Felipe(2012) designed and tried a model that reveals that company structure was deduced as a decision-making framework. For this reason, it has demonstrated to influence the number of prosperous organizational actions. The research's outcome disclosed the existence of predictable impact of company framework on a wide organizational scope. Moreover, they also proposed that company structure even raises the consensus limit needed by a committee that chooses projects.

DiMaggio, Powell and Oukumus (1991) conducted a research on institutional isomorphism and collective rationality in organizational fields. Their study focused on the factors which make organizations similar. Their study identified four external pressures which accelerate the process of strategy institutionalization. These pressures include isomorphic processes-coercive, which emanates from cultural expectations. Customers expect companies to behave in a certain way. This expectation put pressure on the organizations to conform to set standards. The second pressure is mimetic, this dimension comes from the need to copy industry leaders and finally the normative pressure which is engineered professionals who behave in a certain way.

2.5 Summary of the Literature Review and Knowledge Gap

The literature review done has strongly shown that there is a link between the independent variable: organization structure, organization culture, organization policies, organization leadership and processes as the dependent variable. However, the findings are case dependent and may not be termed to expressly predict what the situation is among cement manufacturing firms in Kenya. The three theories reviewed posit that institutionalization of strategy is likely to pose a positive link with performance.

However, the empirical findings on the link between the components of institutionalization also present conflicting results. Higgins (2005) posit that staff skills does not affect the process of institutionalization while Azara, Syad and Muhammad (2013) concluded that it is easier to institutionalize strategy with skilled staff as compared to non-skilled staff. Abdulla and Markandya (2012) studied the strategy implementation at the ministry of energy; their research concluded that poor leadership had a negative relationship with strategy implementation. On the other hand, Neilson, Martin and Powers (2008) concluded that leadership style had no relationship with strategy implementation.

The findings on the reviewed studies done on institutionalization of strategy are as diverse as the contexts of the past studies and the studies reveal that several environmental issues that may influence firm performance as part of institutionalization of strategy. Majority of existing literature comprise of research conducted on large establishments in extremely systematic sectors. This research seeks to explore the relationships in less structured cement manufacturing industry in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter is designed to discuss the research methodology that will guide the research. Precisely, the chapter discussed the study philosophy, research design, the study's population, the process of data collection, data validity and instrument reliability and analysis of data. The chapter also discussed how interviews were conducted.

3.2 Research Design

Mugenda and Mugenda (2003) described research design as the logical plan followed by a research to fulfill the research's objectives. This plan involves the detailed account of the steps to be followed in a research process. Cooper and Schindler (2008) also supported the findings of Mugenda and Mugenda (2003). They aver research design as the scientific step-by-step procedure that the researcher follows. The design outlines how hypothesis are built and tested, how data is collected and analyzed. The design also set how the confidence levels were tested and how the results were generalized to other circumstances.

This study proposed to use the cross-sectional survey to collect and analyze the data using descriptive statistics and regression analysis. This choice was informed by the study's objective; to investigate the influence of strategy institutionalization and establishment performance in the cement sector. Bryk and Raudenbus (1992) argued that in cross sectional surveys research methodology is appropriate in both census studies and sample studies.

Similar studies in design and subject matter Kirui (2016) investigated the impact of institutionalizing strategy and performance of publicly-owned establishment in

Kenya's electricity sub – sector. This research adopted the cross-sectional survey as a research design.

3.3 Population of the Study

The target population for this research was the whole 9 Cement manufacturing establishments in Kenya as at 30 June 2019 (see appendix III). Three of these companies are publicly listed at NSE, the remaining eight companies are private owned enterprises.

In terms of regional distribution, the companies are located in western region, Nairobi county, Mombasa county and Nakuru county. Bamburi cement limited, ARM cement limited, EAPCC and national cement have operational plants in Nairobi County. Mombasa cement is located in Mombasa County. Ndovu cement limited is located in Machakos County. Rai Cement is located in Muhoroni Kisumu County.

A census of the entire population was used to examine the influence of strategy institutionalization on the performance of Kenya's cement manufacturing companies. Sixty seven percent of the companies have their operational plants located in Machakos County. 22% of the companies are located in Mombasa County and 11 % of the companies are located in Kisumu County. It is important to study the entire population because the numbers of companies are few. This eliminates the need to choose a sample.

3.4 Data Collection

The research collected data from all the 9 cement manufacturing establishment in Kenya. The research employed both primary and secondary data relating to the variables under research. Schindler (2006) avers that primary and secondary data sources play are complementary in nature. None of them is more important than the other; they are all utilized in the research process. In this study information relating to the independent variables, strategy institutionalization will be collected from the primary data sources through a questionnaire. Information relating to performance was found in the financial statements of the companies. We envisioned that there was a high response rate because performance was measured as a ratio and not an absolute figure.

The study used both hard questionnaires and online questionnaires using survey monkey to collect the data. This is because the modern managers prefer the digital data collection methodology as compared to the old pen and paper methodology. The respondents targeted in this study were senior operational managers who have a clear vision on the company strategy. Secondary data was obtained from company websites, CMA handbooks, NSE handbook and the statements of financial reports. Financial report was reviewed for a period of five years 2014 to 2018. Published financial statements helped in the collection of performance data.

3.5 Data Analysis

This research employed both descriptive and inferential statistics to scrutinize data. Descriptive statistics provided information about central tendency computation and dispersion such as standard deviation, mean, coefficient of variation and percentages. These provide the fundamental feature of the data gathered on the variables studied and provide the impulsion for undertaking additional data analysis (Mugenda, 2003).

On the other hand, inferential statistics is utilized in examination of several hypothesized relationships so as to enhance generalization of the results to a greater population. Statistical techniques such as simple and multiple regression analysis will be employed in data analysis.

Aiken and West, 1991 avers that regression analysis is applied to explore the link between variables particularly the extent to which independent variable affects dependent variable. The R2 coefficient of determination was applied to ascertain the goodness of fit of various models. This study consisted of a combination of independent and dependent variable; it was apparent that different kinds of regression analysis be performed. The regression model in its general form is given below.

$Y= \beta_0+ \beta_1X_1+\beta_2X_2 + \beta_3X_3+ \beta 4X_4+\beta_5X_5+ e$

Where Y=Firm performance

β_0 is a constant, β_1-β_3 are coefficients of the criteria, X_1= leadership

X_2= Organizational structure. X_3 = Organization Culture, X_4=policies and e =error term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

This chapter presents the scrutinized data, the results and the interpretation thereof. Specifically, this chapter presented descriptive statistics tables detailing, the mean, and the maximum and maximum values of the variables under consideration. The chapter also looked at the general descriptive around the data set. Correlation analysis was also discussed in this chapter. Finally, the chapter presented the results of the ordinary least regression equations. Other statistical models such as the ANOVA statistics, model summary and diagnostic tests around the data set were also discussed.

4.2 Response Rate

The research strove to collect data from 72 senior personnel in the 9 Kenya's cement manufacturing companies. The research intended to interview two senior employees from each the main functional areas of the company; that is finance, sales and marketing, production and administration. The study therefore expected a total of 72 responses. However the study only managed to obtain 61 responses, which is 84.72% of the expected response. The respondents were motivated by the fact they would benefit from the consolidated study's results.

4.3 Data Validity

The data for analysis was collected using the designed questionnaire the selected respondents were owner managers, senior managers and the owners of the company. These respondents were responsible the daily running of the operations of the establishment. Moreover, some of the data provided was verified from the financial statements of the companies and management reports.

4.4 Profile of the Respondent Firms

The minimum value of the average responses for performance is 3.4, the mean of the average is 4 and the maximum value is 4.53. This shows that most of the variables measuring performance were found to be positive.

Table 4.1: Descriptive Statistics

	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Descriptive Statistics	**Statistic**	**Statistic**	**Statistic**	**Statistic**	**Statistic**
Performance	61	3.40	4.53	4.00	0.23
Organizational Structure	61	1.00	5.00	2.95	1.78
Policies	61	3.00	5.00	4.09	0.39
Leadership	61	3.50	4.60	4.10	0.27
Culture	61	2.20	4.60	4.02	0.40
Valid N (listwise)	61				

Source: Research Findings (2019)

The minimum statistic for the organizational culture was, the maximum average was 5 and the mean was 2.95. This means that on most of the respondents are not very confident that the current structures do support strategy formulation and implementation. The minimum statistic for the policies was 3 while the maximum value was 4.6 and a minimum of 4.1. This means that a larger fraction of those interviewed consider the current organizational policies support strategy institutionalization.

The minimum statistic for leadership is 3.5, the maximum value of the average responses is 4.6, the mean value of the responses is 4.1. This means that a substantial number of respondents consider leadership as an important component of strategy institutionalization. They believe that strategy implementation will be significantly impaired with poor leadership and direction. The lowest value for culture is 2.2, the highest average values of culture is 4.02. This implies that, approximately, those interviewed agree that the current culture does support strategy implementation.

Table 4.2: Number of Employees

Company Name	Number of employee	Sector Percentage
Bamburi	851	23%
ARM	280	7%
East Africa Portland	450	12%
National cement	370	10%
Mombasa cement	530	14%
Savannah cement	264	7%
Ndovu cement	300	8%
RAI cement	480	13%
Rhino	222	6%
Total	**3747**	**100%**

Source: Research Findings (2019)

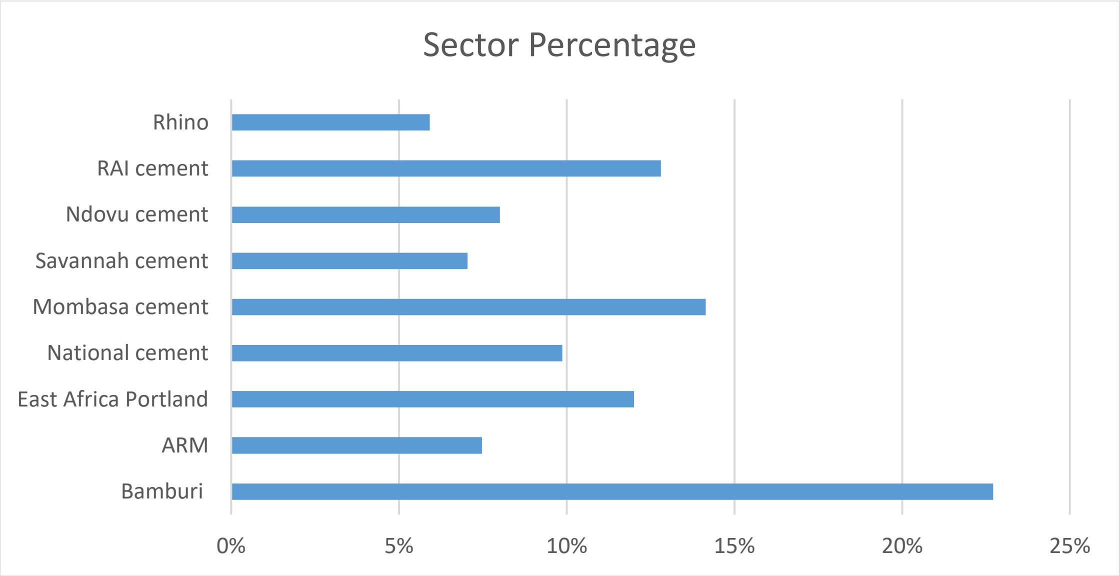

Figure 4.1: Sector Percentage

Source: Research Findings (2019)

The table above shows that Bamburi has a total of 851 employees, this is the largest company number of employee. Mombasa cement is the second largest with 530 employees, this forms about 14% of the total employees employed in the cement sector. Rai cement is the third largest employer in the sector, they have a total of 480 which forms 13% of the total sector.

East African Portland is the fourth with a total of 450 employees, they employ 12% of employees in the total sector. National cement ARM, Savanna cement and Rhino cement employs 10% and 7%, 7% and 6% respectively.

Table 4.3: Age of the Firm

#	Company	Year of incorporation	Age of the firm (years)
1	Bamburi	1951	68
2	ARM	1974	45
3	East Africa Portland	1933	86
4	National cement	2008	11
5	Mombasa cement	2007	12
6	Savannah cement	2012	7
7	RAI cement	2016	3

Source: Research Findings (2019)

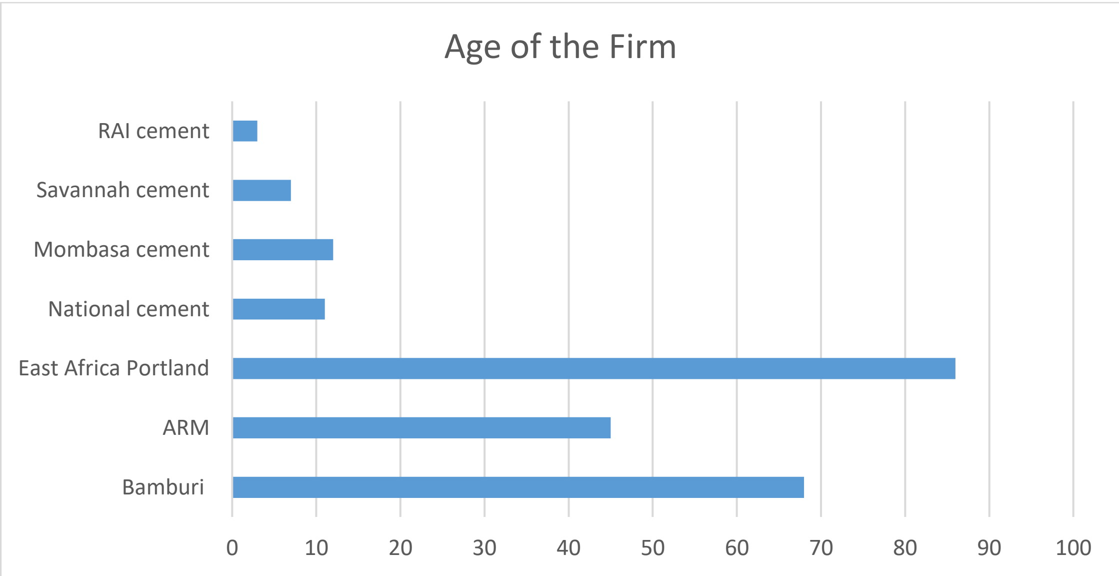

Figure 4.2: Age of the Firm

Source: Research Findings (2019)

The above table illustrates the age of the cement producing company in Kenya. There are nine cement establishments in Kenya, the oldest company East Africa Portland cement was founded in 1933 and is now 86 years old. Bamburi cement is the second oldest company was commissioned in 1951, it is 68 years old.

Athi river cement is the third oldest company with 45 years in existence. Mombasa cement was established 12 years ago while National cement is 11 years old. Savanna cement is 7 years old while Rai cement is the youngest at 3 years old.

Table 4.4: Policies Frequency of response

Policies	Agree	Neutral	Strongly Agree	Disagree	Strongly Disagree
Right Framework	27	9	25	0	0
Process Execution	23	10	28	0	0
Data control	28	16	17	0	0
Flow of information	21	17	22	1	0
Process Measurements	24	14	23	0	0
Task are in sync with strategy	30	16	14	0	0
Clear accountability	27	17	15	2	0

Policies	Agree	Neutral	Strongly Agree	Disagree	Strongly Disagree
Right Framework	44%	15%	41%	0%	0%
Process Execution	38%	16%	46%	0%	0%
Data control	46%	26%	28%	0%	0%
Flow of information	34%	28%	36%	2%	0%
Process Measurements	39%	23%	38%	0%	0%
Task are in sync with strategy	49%	26%	23%	0%	0%
Clear accountability	44%	28%	25%	3%	0%

Source: Research Findings (2019)

The above table indicates an overview of responses which have been collected during the research.85 % of the respondents agreed that their companies had the right framework.15% are neutral on whether their companies had the right framework. The research shows that 84% of the respondents agree that their organizations have set up clear process for executing strategy.

However, 16% of those interviewed are neutral in their responses. The table also indicates that 46 % of the respondents agree that there were enough data control, 28% strongly agree that there are enough data controls to support the strategy formulation. However 26% of the respondents are neutral.

The table shows that 70% agree that there is effective flow of information about strategy implementation. 28% are neutral and 2% disagree on the existence of effective communication. The table illustrates that 77% of those interviewed are in agreement that there is a well-established process measurement to support strategy implementation. 23% are neutral. The results on the sync of task shows that 72% of the companies have aligned the tasks of employees with the overall organization strategy.26% are neutral. Finally, the research shows that 69% of the respondents agree that their companies have set out clear responsibility on strategy execution and implementation. However, 31% of the respondents are neutral.

Table 4.5: Leadership

Leadership	Agree	Strongly Agree	Total Agreement	Neutral	Disagree
Strategy Articulation	21	25	46	15	0
Visionary Leadership	26	20	46	14	1
Measurable objectives	27	16	43	18	0
Change Implementation	24	17	41	20	0
Inspiration for Change	32	17	49	9	3

Leadership	Agree	Strongly Agree	Total Agreement	Neutral	Disagree
Strategy Articulation	34%	41%	75%	25%	0%
Visionary Leadership	43%	33%	75%	23%	2%
Measurable objectives	44%	26%	70%	30%	0%
Change Implementation	39%	28%	67%	33%	0%
Inspiration for Change	52%	28%	80%	15%	5%

Source: Research Findings (2019)

The above table depicts the results detailing the leadership role in the strategy institutionalization and implementation.75% of the respondents are in agreement that there is a clear strategy articulation program in place. However, 25% of the respondents are not sure if the organization has a clear roadmap for strategy implementation. Additionally, 75% of the respondents agree that there is a visionary leadership in terms of strategy implementation.

The responses also show that 70% of the companies have put in place a performance measurement to manage the institutionalization of strategy in their organizations. In terms of change management 67% of the respondents agree that change management is reworded in their organizations. However, 33% of the respondents feel that their management do not reward change management. Finally, the research shows that 80% of the managers inspire and motivate employee to embrace change and institutionalize change within the organization.

Table 4.6: Organizational Structure

Organizational Structure	Agree	Strongly Agree	Total Agreement	Neutral	Disagree
Formal Standards and Procedures	15	30	45	14	2
Rules and Procedures	33	18	51	10	0
Open Communication	25	20	45	15	1
Strategic management Teams	15	28	43	17	1
Clear Communication	23	18	41	15	5
Clear Responsibility	22	24	46	14	1
Time conscious Approvals	24	21	45	14	2
Straight Forward Execution	23	22	45	15	1
New strategy Implementation	24	26	50	9	2

Organizational Structure	Agree	Strongly Agree	Total Agreement	Neutral	Disagree
Formal Standards and Procedures	25%	49%	74%	23%	3%
Rules and Procedures	54%	30%	84%	16%	0%
Open Communication	41%	33%	74%	25%	2%
Strategic management Teams	25%	46%	70%	28%	2%
Strategic Communication	38%	30%	67%	25%	8%
Clear Responsibility	36%	39%	75%	23%	2%
Time conscious Approvals	39%	34%	74%	23%	3%
Straight Forward Execution	38%	36%	74%	25%	2%
New strategy Implementation	39%	43%	82%	15%	3%

Source: Research Findings (2019)

The above table illustrates the dynamics of the organizational structure, the structure generally affects strategy implementation.74% of the respondents agree that there are formal standards and procedures put in place to support institutionalization of strategy. However 23% were neutral in their responses. Consequently, 84% of those interviewed conquered that there are rules and procedure set up to assist in strategy execution. In terms of communication 74% of the respondents agreed that strategy issues are discussed openly by managers. However 25% of the respondents are indifferent. In terms of role distribution, 70% of the companies have set up strategic management teams to steer the strategy agenda.

On the other hand 28% have strategic management teams but the agenda is not very clear. Moreover 67% of the respondents agree that strategic initiatives are communicated clearly. Additionally 75% of the respondents agree that the roles of strategy implementation are well defined. With 74% of the respondents in agreement that approvals for strategic change processes happen in a timely manner. However 23% of the respondents though that the approvals take unnecessarily long.

In terms of strategy execution 74% of the respondents agree that the process is straight forward and clear.82% of the respondents are in agreement of the existence of set up structure that assist strategy implementation.

Table 4.7: Culture

Culture	Agree	Strongly Agree	Total Agreement	Neutral	Disagree
Formal Procedures of Governance	25	26	51	8	2
Shared Beliefs and Values	29	16	45	15	1
Training and Facilitation	19	21	40	19	2
Employee Stability	19	17	36	24	1
Loyalty, Mutual Trust and Commitment	18	26	44	14	3
Formal Rules and Procedures	29	21	50	8	3
Competitive Actions and Achievement	28	18	46	15	0
Success is Measured Through Efficiency	22	20	42	16	3
Competitive Selection of TMT	16	22	38	18	5
No Delays in Projects Execution	18	21	39	18	4

Culture	Agree	Strongly Agree	Total Agreement	Neutral	Disagree
Formal Procedures of Governance	41%	43%	84%	13%	3%
Shared Beliefs and Values	48%	26%	74%	25%	2%
Training and Facilitation	31%	34%	66%	31%	3%
Employee Stability	31%	28%	59%	39%	2%
Loyalty, Mutual Trust and Commitment	30%	43%	72%	23%	5%
Formal Rules and Procedures	48%	34%	82%	13%	5%
Competitive Actions and Achievement	46%	30%	75%	25%	0%
Success is Measured Through Efficiency	36%	33%	69%	26%	5%
Competitive Selection of TMT	26%	36%	62%	30%	8%
No Delays in Projects Execution	30%	34%	64%	30%	7%

Source: Research Findings (2019)

The above table indicates the organizational culture, the results shows that 84% of the companies have formal strategy governance procedures in place. The results also shows that 66% of the companies have invested in training and facilitation.

3% of the companies have however not invested in strategic training. While 31% of the respondents are indifferent.72% of the respondents feel that the top management have loyalty and commitment to execute the strategic initiatives. Additionally 69% of the companies select their TMT on competitive basis, while 64% of the respondents confirmed that there are no delays in the project execution.

4.5 Pearson Correlation

The Pearson Correlation is a preliminary analysis which shows the direction of association between the variables.

Table 4.8: Pearson Correlation

Correlations		**Performance**	**Organizational Structure**	**Policies**	**Leadership**	**Culture**
Performance	Pearson Correlation	1	-.499**	-0.011	0.014	.420**
	Sig. (2-tailed)		0	0.934	0.912	0.001
	N	61	61	61	61	61
Organizational Structure	Pearson Correlation	-.499**	1	-.304*	-0.25	-.486**
	Sig. (2-tailed)	0		0.017	0.052	0
	N	61	61	61	61	61
Policies	Pearson Correlation	-0.011	-.304*	1	0.135	0.207
	Sig. (2-tailed)	0.934	0.017		0.301	0.109
	N	61	61	61	61	61
Leadership	Pearson Correlation	0.014	-0.25	0.135	1	.472**
	Sig. (2-tailed)	0.912	0.052	0.301		0
	N	61	61	61	61	61
Culture	Pearson Correlation	.420**	-.486**	0.207	.472**	1
	Sig. (2-tailed)	0.001	0	0.109	0	
	N	61	61	61	61	61

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

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

Source: Research Findings (2019)

A positive link implies that a rise in one variable results to a rise in another variable. A negative relation implies that as one variable increase the other variable decreases. The study used a two tailed non directional hypothesis to investigate whether the correlation between the study variables is significant statistically. The null hypothesis tested by the Pearson correlation assumes the non-existent of a link between the study variables. The statistics value provides the probability that the null hypothesis is true.

The outcomes imply existence of a negative link between organizational structure and performance. The findings also implied existence of a negative link between organizational policies and performance. On the other hand leadership and organizational culture were found to have a positive association. These correlations were tested for statistical significance at 95% confidence intervals. The probability for the correlations not being statistically significant is 0%, 93.4%, 91.2% and 0.1% for organizational structure, policies, leadership and culture respectively. The research therefore concludes that organizational culture and structure have a statistically significant correlation while policies and leadership have no statistically significant correlation.

4.6 Regression Analysis Hypothesis Testing for the Variables

The study employed the ordinary least square regression method to analyze the impact of the various constructs of strategy institutionalization on the performance of cement manufacturing establishments. The selected dimensions of strategy institutionalization included organizational policies, culture, structure and leadership. This section begins by conducting the diagnostic test on the data. Diagnostic tests are done to ensure that the selected data takes a linear format. The section will also deal with the presentation and analysis of the model summary and the ANOVA. The model summary details the proportion of the dependent variable that is clarified by the independent variables.

The ANOVA statistic indicates whether the selected independent variables describe the changes in the dependent variable. Finally the section will also look at the regression model and the equation therefrom.

4.6.1 Test of Normality

The normality of the data distribution was tested by the skewness and kurtosis statistic.

Table 4.9: Test of Normality

	N	Skewness		Kurtosis	
Descriptive Statistics	**Statistic**	**Statistic**	**Std. Error**	**Statistic**	**Std. Error**
Performance	61	-0.65	0.31	0.77	0.60
Organizational Structure	61	1.17	0.31	0.65	0.60
Policies	61	-0.24	0.31	0.58	0.60
Leadership	61	-0.40	0.31	-0.51	0.60
Culture	61	-1.68	0.31	5.90	0.60
Valid N (listwise)	61				

Source: Research Findings (2019)

The test of normality helps in identifying outliers in the data set which may make the results inaccurate. Data from normal distributions have kurtosis values which range from +/-1.96, anything beyond these values are assumed to non-normal. The table above therefore shows that all the variables under consideration are from normal distributions because their Kurtosis values are within the range of +/-1.96.

4.6.2 Durbin Watson Test of Auto Correlation

The Durbin Watson test is utilized to investigate whether there is serial correlation in the data set. Serial correlation is the presence of a relationship between the independent variables. Independent variables are not supposed to be correlated with one another because this may make the model to be less predictive.

Table 4.10: Test of Auto correlation

Summary b	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.607a	0.369	0.311	0.288122089	1.785

a Predictors: (Constant), Culture , Policies , Leadership , Organizational Structure
b Dependent Variable: Performance

Source: Research Findings (2019)

The statistic has values which range from 0 to 4. The values closer to 2 +or – (0.5) indicates non-existent autocorrelation. Values towards 0 means a positive autocorrelation while figures towards 4 indicate negative autocorrelation. The Durbin Watson value of 1.785 is 0.215 from the desired 2, this means that there is no serial correlation.

4.6.3 Model Summary

The model summary estimates the proportion of the dependent variable that is described by the selected independent variables. This statistic recognizes that there are other variables which influence the dependent variable but excluded in the current model.

Table 4.11: Model Summary

Summaryb	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.607a	0.369	0.311	0.288122089	1.785

a Predictors: (Constant), Culture , Policies , Leadership , Organizational Structure
b Dependent Variable: Performance

Source: Research Findings (2019)

The adjusted R square statistic shows that 31.1% of organizational performance is explained by the organizational culture, policies, structures and leadership. These shows that the dimensions of strategy institutionalization explain 31.1% of the changes in the organizational performance.

4.6.4 Analysis of Variance of Performance on the Variables

The ANOVA statistic examines whether the analytical model as set out by the researcher explains the changes in the dependent variable. The test provides the assurance of the independent variables under consideration are statistically linked with the dependent variable.

Table 4.12: Analysis of Variance of Performance on the Variables

ANOVAa		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	0.976	4	0.244	5.822	.001b
	Residual	2.348	56	0.042		
	Total	3.324	60			

a Dependent Variable: Performance

b Predictors: (Constant), Culture , Policies , Leadership , Organizational Structure

Source: Research Findings (2019)

The null hypothesis avers that these predictors do not influence the changes in the performance. The significance value provides the probability that the null hypothesis is true. The Null is allowed if the significance figure is above 0.05. The significance figure shows that there is a 0.00% chance that the null hypothesis is true. The Null hypothesis is therefore dismissed, and the alternate hypothesis accepted; Culture, Policies, Leadership, Organizational Structure have a statistical relationship with performance.

4.6.5 Regression Model of Performance on Strategy Institutionalization

The regression model tests the statistical relationship which subsists between the independent variables and the dependent variable. This study used the ordinary least square regression method. The null hypothesis which is tested in this case assumes that the coefficients of the predictors are equal to zero. This means that the null hypothesis postulates that the individual predictors do not affect the dependent variable (organizational performance). These null hypotheses is tested for statistical significance at 95% confidence level.

The significance statistic in the regression table provides the probability that the null hypothesis is true. The null hypothesis is therefore accepted in the event that the probability is more than 5%.

Table 4.13: Regression Model of Performance on Strategy Institutionalization

Coefficients A	**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	4.519	0.535		8.439	0.00
Organizational Structure	-0.054	0.017	-0.408	-3.088	0.003
Policies	-0.076	0.072	-0.125	-1.057	0.295
Leadership	0.387	0.07	0.605	5.566	0.00
Culture	0.177	0.083	0.3	2.121	0.038
a Dependent Variable: Performance					

Source: Research Findings (2019)

$Y= \beta_0+ \beta_1X_1+\beta_2X_2 + \beta_3X_3+ \beta_4X_4$ e

$Y= 4.519 - 0.054 X_1 – 0.076X_2 + 0.387 X_3 + 0.177 X_4$

The regression output indicates presence of a positive statistically significant performance which is not related to any variable under the study. This means that on average the cement manufacturing companies are profitable. The regression outputs also shows presence of a positive link between organizational performance and culture as well as leadership. Policies have been found not to have any relationship with organizational performance. While organizational structure and performance were found to have a negative relationship.

These relationships have been tested for statistical significance at confidence levels of 95% .The null hypothesis was set as follows; absence of statistically significant link between performance and organizational structures, policies, leadership and culture.

The null hypothesis is accepted in case the P values are more than 0.05. The P value in the regression equation is the chance of the null hypothesis being true.

Table 4.11 shows that the probability of the null hypothesis for autonomous performance, organizational structure, leadership and culture being true is 0%, 0.3%, 0% and 3.8% respectively. We therefore reject the null hypothesis and conclude that the coefficients of the variables are different from zero, we accept the alternate hypothesis which avers that the variables are statistically significant. On the other hand the probability of the null hypothesis for policies being true is 29.5%, in this case the null hypothesis is accepted since the confidents if the variables are not different from zero. Therefore the new equation will be as follows.

$Y= 4.519 - 0.054 X_1 + 0.387X_3 + 0.177X_4$

4.7 Discussion of Research Findings

The findings reveal existence of a statistically significant level of performance which is not affected by any variable under the study. The results also indicate existence of a positive link between organizational culture and performance. These findings were tested for significance at 95% confidence level and were found to be statistically significant. These findings confirm the conclusions of Abbas (2014) who found that culture posed a positive link with business performance of the Iraqi manufacturing firms. However these findings contradict the conclusions of Kirui (2013) who studied institutionalizing strategy and performance of publicly-owned electricity corporations in Kenya. The study finding revealed non-existent statistical significant link between organizational culture and performance

The results also found that policies and leadership have a positive statistical relationship with performance. These findings are consistent with the conclusions of Macy (2006).

Macy (2006) concluded that leadership has a positive impact on the performance. These findings contradict the conclusions of DiMaggio, Powell and Oukumus (1991). Their study conducted an empirical research on institutional isomorphism; factors which make organizations similar. They discovered that organizations will adopt change and institutionalize strategy not because of internal factors such as policies and leadership but because of the external pressures coming from customers, completion and regulators.

DiMaggio, Powell and Oukumus (1991) avers that customers expect organizations to behave in a particular way, failure to conform to their standards lead to a decrease in order numbers. The second pressure comes from competition where market leaders set pace for customer engagement. The rest of the industry players must catch up or be overtaken by completion. The study therefore concludes that organizational performance is influenced to a greater extent by external factors. In the cement industry this could be in form of cement quality, speed of service and sourcing of raw materials.

The result also shows that the organizational structure is negatively related with performance. This means that most of the respondents believe that the current structures do not effectively support the implementation of strategy. A unit conversion in the current organizational structure results to decrease in performance. These findings contradict the arguments of Felipe (2012) who avers strategy implementation requires supportive organizational structures. Their study concluded that good organizational structures lead to improved customer and employee satisfaction and consequently improved performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The research sought to inquire the effects of institutionalization of strategy on the performance of Kenya's cement manufacturing corporation. Data was collected and analyzed from 9 Kenya's cement corporations. This chapter therefore deals with the research findings summary, the conclusions made from the results thereof, policy recommendations and suggestion for further studies.

5.2 Summary

The research was commissioned to establish the link between institutionalization of strategy and the performance of the cement manufacturing corporations in Kenya. The dependent variable included organizational performance while the independent variable included the constructs of the strategy institutionalization such as culture, policies, leadership and organizational structure. Data was gathered using structured questionnaire from a total of 61 respondents out of the expected 72 respondents. The respondents were carefully selected from the top management teams in charge of commercial divisions, business development, finance and administration.

The descriptive statistics around the data showed that there was most of the respondents believed that the factors under consideration were important in explaining the consequences of the strategy institutionalization on the performance of the organization. All the means for the average responses were above 4.0 except the mean for organizational structure which stood at 2.95.The Pearson correlation revealed a negative link between organization structures, policies and performance. Additionally leadership and culture were found to have a positive correlation.

The ordinary least square regression methodology was used to analyze the data. Preliminary diagnostics reveal the data set is within a normal distribution. A Durbin Watson test of serial correlation also shows non-existent serial correlation in the data set. The model summary through the R square statistic shows that 31.1% of the changes in the independent variable is illustrated by the selected dependent variables; organizational culture, policies, structures and leadership. The ANOVA statistic which examines whether the analytical model as set out by the researcher explains the changes in the dependent variable concluded statistical significance of the model at confidence level of 95%.

The regression model which shows whether the selected variables as set out in the research have a statistical relationship with the dependent variable concluded as follows. That there was a positive link between organizational performance, Leadership and culture. Organizational policies were found not to have any relationship with the performance. The organizational structure was established to pose a negative link with performance. These relationships were tested for statistical significance at 95% confidence level. The null hypothesis assumes that the independent variables (organizational culture, policies, structures and leadership) do not have a statistical relationship with the dependent variable (performance).The results concluded that four variables, constant performance, organizational structure, leadership and culture were statistically significant. Policies were found not to have a statistically significant relationship.

5.3 Conclusion

In conclusions the results shows that there is a constant level of performance which is not affected by other variables under the study. These results are consistent with overall economic expectations.

A business which has been set up based on economic fundamentals must have some level of performance which is not influenced by other variables. The study also concluded that culture pose a statistically significant positive link with performance. These results confirm the outcomes of other empirical studies such as Abbas (2014) and Kirui (2013) who found that culture was a positive predictor of performance. The research also concluded non-existent statistical link between organizational policies and performance.

The results shows that there is a statistically significant level of performance which is not affected by any variable under the study. The results also indicate the presence of positive link between organizational culture and performance. These findings were tested for significance at 95% confidence level and were found to be statistically significant. These findings confirm the conclusions of Abbas (2014) who found that culture posed a positive link with business performance of the Iraqi manufacturing firms. However these findings contradict the conclusions of Kirui (2013) who studied institutionalizing strategy and performance of publicly owned electricity corporations in Kenya.

The study concluded that leadership has a positive relationship with performance. The study also concluded that there is no statistically significant link between organizational polices, and performance. Additionally the results confirm the assertions of DiMaggio, Powell and Oukumus (1991) who concluded that strategy execution is affected by external factors which are beyond the control of the organizations. Their study avers that strategy implementation is influenced by the customer expectations, competition and regulators. These three forces drive strategy execution in the organization.

The findings also concluded that organizational structure has a negative statistically significant relationship with performance. These findings contradict the findings of Felipe (2012) and Kirui (2016) who investigate the impact of organizational structures and concluded that there is a positive relationship. These results also confirm the assertions of the institutional theory of bonded rationality as proposed by Coase (1937). The theory explains that the decision to institutionalize strategy implementation is majorly affected by external factors. These factors include regulatory pressures and competition pressures.

5.4 Policy Recommendation

The overall results indicate presence of a statistically significant link between strategy institutionalization and the performance of Kenya's cement processing companies. Hence it is recommended that the chief executive officers should support strategy institutionalization by investing in the structure, leadership, culture and policies which promote institutionalization. Culture revealed a positive statistical impact on performance. The top managements are therefore advised to promote strategic cultural practices since they are linked to positive performance.

The study conclude that the strategic policies which were put in place do not necessarily influence firm's performance. The research therefore suggests that the top management of the cement processing corporations should put in place strategic initiatives to support strategy institutionalization. The study also concluded that the current leadership style as a construct of strategy institutionalization does not affect establishment performance. The research therefore recommends to the boards to appoint top management with the vision of and the will power to institutionalize strategy.

5.5 Limitation of the Study

The research sought to find out the effects of selected constructs of strategy institutionalization on the performance of Kenya's cement manufacturing establishments. Data was gathered using the structured questionnaire with Likert scale questions. This methodology of data collection is prone to collect emotional biases of the respondents. The respondents are likely to respond according to how they feel which is not necessarily what happens in the company. This problem was resolved by educating the respondents on the need to remain objective.

Additionally the top management was reluctant to disclose company information without proper approvals from the chief executive officer. Their fear emanated from the fact that data about strategy is sensitive as it could be leaked to business rivals. The researcher dealt with this problem by providing management with assurance that their data will not be shared, moreover the main purpose for the data collection was for academic pursuits. In many cases the researcher approached the CEOs of the various companies to seek their approvals. The CEOs were particularly interested in the consolidated report which will be issued to them once the full analysis is done.

5.6 Suggestion for Further Studies

The research sought to investigate the impact of institutionalization on the performance of Kenya's cement processing companies. The results obtained therefrom are conflicting. Organizational culture and structure have been found to have statistical relationship with performance. These results confirm the assumptions of the resource based theory. On the other hand leadership and policies were found not to have any statistical relationship with performance these findings confirm the assertions of the institutional theory of bonded rationality.

A study should therefore be done to find out the dominant theory in Kenya. The study would be seeking to investigate the dominant theory between the two in the Kenyan setting.

Several research on institutionalization of strategy have focused on well-established industries like cement sector, listed companies and state owned corporations. Very little efforts have been put to study strategy institutionalization and performance of the SMEs. Thus the research proposes that an inquiry be carried out to examine the impact of strategy institutionalization on performance of Kenya's SMEs. Another inquiry may also investigate the presence of a statistically significant variance in the way SMEs execute their strategies as compared to corporates.

Finally, a study should be done to determine the presence of a statistically significant variance in the level of strategy implementation in the cement manufacturing companies in east Africa. Using the difference analysis the study will investigate whether there is a statistical difference cultural setting which could be linked to country biases. The study will also investigate whether there is a statistically significant variance in the leadership styles of different managers in east Africa. Finally the study will investigate whether there is a difference in the organizational structures and consequently find out whether the difference affects performance differently.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

Dear respondent,

This is a structured questionnaire requesting your participation in the exercise **to determine the relationship between institutionalization of strategy and the performance of cement manufacturers in Kenya.** Please note that your contribution is highly important in informing our decisions on the said matter, and the same might thus be considered for publication purposes; try to answer as honestly as possible. You may, or you may not reveal names during the process even though the researcher is not considering using the same in the proceeding works. For guidance purposes you will use the instructions below.

Thank you for your active participation.

Yours Sincerely;

WINNIE WANGULU

APPENDIX II: QUESTIONNAIRE

INSTRUCTIONS:

The information provided here will be used solely for academic purposes and will be treated with maximum confidentiality.

Instructions

Please answer these questions to the best of your knowledge. Write your response in the space provided. Please put a tick (√) where appropriate

PART I: Demographic Information

1. How many employees does your firm have?

2. How long has your firm been in operation?

a) Less than one year [ ]

b) 1 to 3 years [ ]

c) 4 to 7 years [ ]

d) 8 to 11 years[ ]

e) More than 11 years [ ]

3. How long have you worked for your firm?

a) Less than one year [ ]

b) 1 to 3 years [ ]

c) 4 to 7 years [ ]

d) 8 to 11 years [ ]

e) More than 11 years[ ]

PART II: STRATEGY INSTITUTIONALISATION (Tick where appropriate)

(i) Policies

Use a tick to indicate in the space provided the extent to which you agree with the following statements.

Q/N	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
4.	Organization has the right frameworks to help in executing initiatives					
5.	The organization has set up explicit process execution performance objectives					
6.	Online control of data or information has been established					
7.	Information flow is non-stop and proficient					
8.	Process measurements are defined.					
9.	Tasks performed are is in connection to strategy					
10.	Accountability is clearly defined					

(ii) Leadership

Use a tick to indicate in the space provided the extent to which you agree with the following statements.

Q/N	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
11.	I/My leader clearly articulate(s) the strategy					
12.	I/My leader provide(s) a compelling vision					
13.	I/my leader provide(s)measurable objectives for executing the vision					
14.	I/My leader recognise(s) and rewards progress in implementing change					
15.	I/My leader personally inspire(s) and motivates me for the change.					

16. Which attribute below is true of **you or your leader**? (Please tick in appropriate box to indicate your choice)

a	*Supportive*	
b	*Participative*	
c	*Task oriented*	
d	*Achievement oriented*	
e	*All the above*	
f	*None of the above*	

17. What activities are taken by you or your administration in guaranteeing effective strategy execution ………………………………………………………………

(iii) Organizational Structure

Use a tick to indicate in the space provided the extent to which you agree with the following statements.

	Statement	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
18.	Decisions and working relationships are governed by formal standards and procedures					
19.	Rules and procedures provide means for defining appropriate mode of conduct					
20.	Communication concerning strategy execution is both horizontal and vertical					
21.	Temporary teams are used for strategic assessment, process and new product development					
22.	Lines of communication are clear					
23.	Lines of responsibility are clear					
24.	Route to top management for approvals is time conscious.					
25.	Once a decision is made execution tends to be straight forward					
26.	Specialists and experts in respective areas are given substantial autonomy					
27.	Structural changes are made to address new strategies, technological, economic and demographic changes.					

28. How do you guarantee that the executed strategies are aligned to the organization structure?

………………………………………………………………………………………

(iv) Culture

Please indicate in the space provided the extent to which you agree with the following statements in relation to the organization's culture.

	Statement	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
29.	The organization has formal procedures of governance					
30.	The organization is a very personal place; beliefs and values are widely shared between employees.					
31.	The leadership in the organization is generally considered to promote caring training and facilitating					
32.	The administration style in the organization advances employer stability, similarity, consistency and dependability					
33.	Loyalty, mutual trust and commitment to the organization runs high.					
34.	Formal rules and policies is the glue that holds the organization members together.					
35.	The organization emphasizes competitive actions and achievement					
36.	The organization defines success on the basis of efficiency.					
37.	Top management is selected on competitive basis					
38.	No delays experienced in execution of strategies and projects attributed to political consultations					

PART III: PERFORMANCE

The following is a set of non-financial performance measures/indicators. Please evaluate how well or poorly you believe the company has performed on these non - financial outcomes by ticking the appropriate box.

	Statement	Significantly increased	Increased	Same as Before	Decreased	Significantly Decreased
39.	Customer satisfaction					
40.	Enhancement in technology					
41.	Adapting to changing environmental conditions					
42.	Alignment of procedures and routines					
43.	Effective resource utilization					
44.	Customer acquisition					
45.	Accessibility of services					
46.	Accuracy of information provided to customers					
47.	Employee access to information					
48.	Continuous process improvement					
49.	Employee involvement in decision making					
50.	Attainment of strategic objectives					

51. Overall, on a scale of 1 to 5; where 5 is the score of best positive non-financial outcome, how would you rate your organization? -------------------------------------

Thanks for your contribution to this study

APPENDIX III: CEMENT MANUFACTURERS IN KENYA

#	**Company Name**	**County**
1	Bamburi cement limited	MACHAKOS
2	Athi River Mining Limited	MACHAKOS
3	East African Portland Cement Company	MACHAKOS
4	National Cement	MACHAKOS
5	Mombasa cement	MOMBASA
6	Savannah Cement	MACHAKOS
7	Ndovu cement	MOMBASA
8	Rai Cement	KISUMU
9	Rhino Cement	MACHAKOS