

**LEVERAGING ON CORPORATE CULTURE AS A STRATEGY IN DRIVING THE
COMPETITIVE ADVANTAGE OF SAFARICOM LIMITED**

KANYOI, MERCY WANJIKU

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

OCTOBER, 2012

DECLARATION

This project is my original work and has not been presented to any other examination body.

No part of this research should be reproduced without my consent or that of the University of Nairobi.

Sign.....

Date.....

Name: KANYOI, MERCY WANJIKU

D61/P/8311/03

This research project has been submitted for approval with my approval as the University of Nairobi.

SUPERVISOR

Sign.....

Date.....

Name: PROF. MARTIN OGUTU

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

I dedicate this study to my dear family members and particularly my husband Sam, for all the support they gave all the time as I prepared and worked on this project.

ACKNOWLEDGEMENT

It has been an exciting and instructive study period at the University of Nairobi and I feel privileged to have had the opportunity to carry out this study as a demonstration of knowledge gained during the period studying for my master's degree. With these acknowledgments, it would be impossible not to remember those who in one way or another, directly or indirectly, have played a role in the realization of this research project. Let me, therefore, thank them all equally.

First, I am indebted to the all-powerful GOD for all the blessings he showered on me and for being with me throughout the study. I am deeply obliged to my supervisor for his exemplary guidance and support without whose help; this project would not have been a success. Finally, I take this opportunity to express my deep gratitude to my loving family, especially my loving husband and sons, my parents and brothers as well as close friends who are a constant source of motivation and for their never ending support and encouragement during this project.

ABSTRACT

Motivating culture helps develop a working environment that will help ensure that individuals deliver results in accordance with the expectations of management. Organizations, everywhere, function within a specific culture, and it is becoming more widely recognized in contemporary discussions of organizational performance that managers and other organizational practitioners have to develop an understanding of their cultural settings if their organizations are to perform and compete effectively. This paper specifically sought to find the impact that organizational culture has as part of the prompting answers to the question: What is the influence of culture as a strategy in driving the competitive performance of a Mobile Telephony firm – Safaricom Limited. The researcher used primary data which was collected using self-administered drop and pick interview guides while secondary data was collected by use of desk search techniques from published reports and other documents. The respondents of the study were five (5) senior level managers at the company. These respondents were better placed in providing required data because they play a leading role in ensuring that they position the company favorably within the changing environment through instituting appropriate and timely strategic responses. Additionally, personal interviews with the respondents were conducted to allow for further probing. The secondary data was obtained from the company's documented strategies and any other relevant information about the company. The data was obtained through review of relevant documents, key among them Safaricom's strategic plan and other relevant documentations. The study established that the importance of the various factors in influencing corporate culture were communication, work environment, and the employees; and each influenced corporate culture in organizations. The respondent agreed that company policies, manager's style, company's values and company goals are of great importance in influencing corporate culture in organizations. The respondent also affirmed that office space & design, parent company, and dress code is of less importance in influencing corporate culture in organizations. The study concludes that culture as a strategy has a great influence in driving the competitive advantage of a company. The various elements of culture that affected Safaricom as an organization were attitudes, element of corporate culture and rules, norms, ethical codes and values. The study concludes that culture is aligned to the response strategies adopted by Safaricom Limited. Aligning organizational culture with strategy is a powerful means of gaining and sustaining competitive advantage in industry or sector leadership. Organizations that seek leadership and sustainability make the choice for culture by design, not default.

TABLE OF CONTENTS

DECLARATION	2
DEDICATION	3
ACKNOWLEDGEMENT	4
ABSTRACT	5
CHAPTER ONE: INTRODUCTION	8
1.1 Background of the study	8
1.1.1 Organizational Culture	9
1.1.2 Competitive advantage	11
1.1.3 Safaricom limited.....	12
1.2 Research Problem	13
1.3 Research Objectives.....	14
1.4 Value of the study.....	14
CHAPTER TWO: LITERATURE REVIEW	16
2.0 Introduction	16
2.1 Concept of organizational culture.....	16
2.2 Culture and Competitive advantage.....	17
2.4 Managing culture as an organizational strategy	20
CHAPTER THREE: RESEARCH METHODOLOGY	23
3.1 Introduction	23
3.2 Research Design	23
3.3 Data Collection Method	24
3.4 Data Analysis	24
CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION	26
4.0 Introduction	26
4.2 Corporate Culture and Strategy Implementation	26
4.3 Elements of Corporate Culture and Strategy Implementation.....	27
4.3.1 Artifacts.....	27

4.3.2 Symbols and Symbolic action.....	27
4.3.3 Stories, histories, myths, legends and jokes.....	28
4.3.4 Beliefs, assumptions and mental models	29
4.3.5 Rituals, rites, ceremonies and celebrations.....	30
4.3.6 Rules, norms, ethical codes and values	31
4.3.7 Heroes	31
4.3.8 Attitudes	32
4.4 Importance of corporate culture practices in management of strategic change.....	32
4.5 Elements of Culture Affect the Organization Strategy Implementation	32
4.6 Managing corporate culture at work place in relationship to management change.....	33
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	34
5.1 Introduction	34
5.2 Summary	34
5.3 Conclusions	35
5.4 Recommendations.....	36
5.5 Suggestions for further research	36
REFERENCES.....	37
APPENDICES	41
Appendix 1: Introduction Letter.....	41
Appendix 2: Interview Guide.....	42

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Recent global trends have typified mergers and acquisitions within the mobile telephony industry both within and across regional fronts. The industry itself is characterised by many players who are mainly attracted to the industry's sharp growth as it embraces new and ever changing technologies. The environment within which a firm operates is perhaps the largest determinant of the strategy it adopts. Porter (1980) observes that the essence of formulating a competitive strategy is to relate an organization to its environment. Organizations are environment dependent and hence must scan the environment in order to spot budding trends and conditions that could affect the industry and adapt to them, Thompson and Strickland (1993). Failure to do this could lead to serious strategic problems characterized by the maladjustment of the organization's output and demands of the external environment. Managers therefore have a major task of designing response strategies that will ensure that the organization remains successful by enhancing their competitive advantage.

There are two broad levels of strategic responses in organizations. These are strategic and operational responses. The strategic responses are at two levels where, we have Corporate and Business responses. According to Johnson and Scholes (2002), the Corporate level strategy deals with overall scope and purpose of the organization and ensures the stakeholder expectations are met. It enables the business decide which business-lines to concentrate on through diversification, integration, divestiture and portfolio management. The Business level strategy determines and defines how the organization competes in its market and how its long-range objectives was achieved. This can either be through existing or new products and markets as shown in the Figure 1 below. It involves fitting new strategies to changing business environment or stretching and exploiting the competences of an organization. It can

also be achieved through meeting the expectation created by the regulatory and governance framework, powerful stakeholders, ethical consideration and culture, Bowman (1998).

Mobile telephony companies operate in a service industry and thus it is inevitable that their image and response to clients is a crucial selling point. Since such companies need to not only attract and retain clients but also skilled staff, their organizational culture must be welcoming and complementary to the achievement of goals. It is not enough to attract and retain clients, mobile telephony companies have to operate efficiently in order to remain competitive. To operate efficiently their staff has to remain motivated and guided by an overall organizational drive inculcated through the organisational culture.

1.1.1 Organizational Culture

Mulins (2010) defines culture as the collection of traditions, values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in an organization. Culture is an important ingredient of effective organizational performance and research has shown that culture can affect strategy formulation and implementation as well as firm's ability to achieve high levels of excellence.

Culture is a wide and multidimensional concept that one cannot hope to deal with in its entirety in a single study. This is because culture is divided into two major aspects in Anthropological and Sociological studies. The two major aspects of culture are (i) material and (ii) non-material cultures. Material culture is overt and explicit, such as products of industry, technology, art, that is, every visible or concrete acquisition of man in society, artefacts, such as bridges, pots, cutlasses, hoes, houses, cooking utensils, handicrafts. These are directly observable as the cultural products of any society.

An organizations' culture encapsulates what the organization has been good at and what has worked for it in the past. These values can often be accepted without question by long-serving members of an organization. Culture often becomes the focus of attention during periods of organizational change - when companies merge and their cultures clash for example, or when growth and other strategic change mean that the existing culture becomes inappropriate, and hinders rather than supports progress. In more static environments, cultural issues may be responsible for example for low morale, absenteeism or high staff turnover, with all of the adverse effects those can have on productivity thus, corporate culture can have and has had a huge impact on an organization's work environment and output. This is why so much research has been done to pinpoint exactly what makes an effective corporate culture, and how to go about changing a culture that isn't working.

The non-material aspects of culture consist of the knowledge, philosophy, morals, languages, motivation, attitudes, values, and norms shared and transmitted in a society. The non-material includes work values, ethos, ideology and other behavioral traits exhibited at work. These are sometimes referred to as the covert or implicit aspects of culture and are acquired by members of a society. They are not visible or tangible but they are manifested through the psychological states and behaviour of a people. The focus in this study is on the non-material aspects of culture. Here, culture is treated as the independent variable and the concept that determines other behaviour traits exhibited at work. The economy, politics technology, organizational structure and context are taken as the intervening-variables. Performance is taken and treated as the dependent variable.

Culture is a powerful component of an organization's success, laying the tracks for strategy to roll out on; it is one of the medium through which corporate strategy is effected. It is a foundation for profit, productivity and progress. While it can accelerate getting to the next

level of performance, it can just as easily act as a drag. We see organizational culture as the critical foundation which shapes the way that the work of the organization gets done (established through goals, plans, measures, and rewards) and the infrastructure (systems, processes and structures) gets utilized. Aligning organizational culture with strategy is a powerful means for gaining competitive advantage and industry or sector leadership. Organizations that seek leadership and sustainability make the choice for culture by design, not default.

1.1.2 Competitive advantage

Competitive advantage increasingly rests upon a dynamic capability to compete successfully in an environment of frequent, challenging and, often, unpredictable change. How to get and stay ahead, what should organizations do to sustain their competitive advantage in the midst of rapid change and innovation in the marketplace, What are the key threats to sustainability, and how to maintain adaptability so as to protect the credibility of an organization, are among the key strategic concerns for many organizations. In addition, firms need to succeed in markets where a range of non-price advantages are expected by customers. Order-winning criteria include rate of innovation, fitness for purpose, volume flexibility, variety, extreme customization and, above all, rapid responsiveness. Increasing global and local competition mean that companies unable to adopt winning response strategies to these customer demands are unlikely to survive and or sustain their competitive advantage.

A strategy is a pattern of purposes, policies, programs, actions, decisions or resource allocations that define what an organization is, what it does, and why it does it. Strategies can vary by level function and by timeframe Bryson (1995). Other researchers have defined strategy simply as the direction and scope of an organization over the long term: which

achieves advantage for the organization through its configuration of resources within a challenging environment to meet the needs of markets and to fulfill stakeholder expectations Johnson and Scholes (Exploring Corporate Strategy).

1.1.3 Safaricom limited

Safaricom limited presents a good case study seeing as it is very young (at slightly over 10years of operation) yet it is very profitable, highly competitive and has maintained leadership in the mobile telephony industry. In addition, it has diverse cultural influences. This is further blended with the Kenyan culture within which it operates. Its employees are also multicultural though majority of them are sourced locally. It was interesting to establish through this research, whether these diverse cultures define the individual organization's work culture and if that has any bearing on the success or otherwise of it. Other key considerations and motivating factors that have rendered the company relevant for this study are;

All organisation need to deal with the discontinuous and surprising environment organizations should embrace strategic issue management systems to enhance their capacity to adopt and learn Duncan and Weiss (1979). Since a firm cannot be prepared for all uncertainty and unplanned developments it can invest in a working environment that is not only adaptive but also proactive. The role of organizational culture then becomes very important as a strategic move. This study seeks to show that organizational culture in the mobile telephony company - Safaricom and the development process for that culture is a strategic policy. Porter (1980) observes that the essence of formulating competitive strategy is to relate an organization to its environment; an appropriate organizational culture will definitely keep a firm in touch with its environment. This is a fact that underlies the

operations of companies in the telecommunications industry especially Safaricom. Chandler (1962) considered strategy as a means of establishing the purpose of a company by specifying its long term goals and objectives.

1.2 Research Problem

Motivating culture helps develop a working environment that will help ensure that individuals deliver results in accordance with the expectations of management. Organizations, everywhere, function within a specific culture, and it is becoming more widely recognized in contemporary discussions of organizational performance that managers and other organizational practitioners have to develop an understanding of their cultural settings if their organizations are to perform effectively, Blunt and Jones (1992), George and Jones (1996) and Zakaria (1997).

Several studies of strategic organizational culture can lead to reduced turnover, absenteeism, better quality work, and better financial performance (Davies, 2001; Tower Perrin, 2003). Overall, studies at the organization level suggest that such strategic activities are more likely to be associated with a culture of perceived organizational support and commitment than skilled oriented activities (Whitener, 2001). Therefore, a challenge for the management is clearly to design holistic systems that influence commitment and provide positive work experiences simultaneously. This is similar to the idea that it is necessary to implement adopt a good organizational culture, (Macduffie, 1995; Youndt, Snell, Dean and Lepak, 1996) to positively influence organizational performance (Huselid, 1995).

Blunt and Jones (1992), George and Jones (1996) and Zakaria (1997) argued that all Organizational practitioners continue to be bedeviled by a lot of management problems that have their roots in the culture of a society and those that impede progress toward achieving

high performance. Relating Kenyan organizations to their specific cultural settings provided the main motivation for this study.

Despite the importance of influence of culture as a strategy in driving the competitive advantage in organizations there is dearth empirical evidence on culture as a strategy in driving the competitive advantage in organizations. Thus the researcher was motivated to fill this research gap on the influence of culture as a strategy in driving the competitive advantage in organizations. This study shows the role organizational culture has played in the overall corporate strategy of Safaricom Limited in sustaining its competitive edge towards reaching its long term goals and objectives.

The study will envision answering the following research question; what is the influence of culture as a strategy in driving the competitive advantage of Safaricom Limited?

1.3 Research Objectives

The objectives of the study is;

- i. To establish the influence of culture as a strategy in driving the competitive advantage of Safaricom limited

1.4 Value of the study

First, this study benefited the management of Safaricom Company as it is expected to identify the common influence of culture as a strategy in driving the competitive performance in order to achieve and sustain competitive advantage while increasing the market share.

Secondly, the findings will have important practical implications for senior managers and others responsible for the development, implementation, or execution of strategies in these firms.

Lastly, owing to the importance of the telephony industry to the economy, the study will also be of interest to government agencies and policy makers in the development of policy frameworks and the lessons of success can be applied to other business areas.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter has covered the various elements of corporate culture, its manifestations, and it has reviewed literature on impact of culture on strategic responses adopted by organizations.

2.1 Concept of organizational culture

Strong cultures enhance organizational performance in two ways. First, they improve performance by energizing employees appealing to their higher ideals and values, and rallying them around a set of meaningful, unified goals. Such ideals excite employee commitment and effort because they are inherently engaging (Walton, 1980), and fill voids in identity and meaning that some believe; characterize contemporary Western society (Baumeister,1998). Second, strong cultures boost performance by shaping and coordinating employees' behavior. Stated values and norms focus employees' attention on organizational priorities that then guide their behavior and decision-making. They do so without impinging, as formal control systems do, on the autonomy necessary for excellent performance under changing conditions (Tushman & O'Reilly, 1997).

Culture is a system of shared values defining what is important, and norms, defining appropriate attitudes and behaviors, that guide members' attitudes and behaviors (O'Reilly &Chatman, 1996: 166). Culture is more specific than vision in that a good vision engages employees emotionally by setting up motivating overarching goals to which they can aspire. The major reasons for the widespread popularity of and interest in organizational culture stems from the argument (or assumption) that certain organizational cultures lead to superior organizational financial performance (Ogbonna and Harris, 2000). Many academics and practitioners argue that the performance of an organization is dependent on the degree to

which the values of the culture are widely shared, that is, are “strong” (Knapp, 1998; Kotter and Heskett, 1992; Denison, 1990; Schein, 1978).

The claim that organizational culture is linked to performance is founded on the perceived role that culture can play in generating competitive advantage (Scholz, 1987). Krefting and Frost (1985) suggest that the way in which organizational culture may create competitive advantage is by defining the boundaries of the organization in a manner which facilitates individual interaction and/or by limiting the scope of information processing to appropriate levels. Similarly, it is argued that widely shared and strongly held values enable management to predict employee reactions to certain strategic options thereby minimizing the scope for undesired consequences (Ogbonna, 1993; Ogbonna and Harris, 2000).

2.2 Culture and Competitive advantage

Theorists also argue that sustainable competitive advantage arises from the creation of organizational competencies which are both superior and imperfectly imitable by competitors (Reed and DeFillippi, 1990). To this end, it is argued that the “uniqueness quality” of organizational culture makes it a potentially powerful source of generating advantage over competitors. Indeed, many commentators have advised organizations and researchers to exploit the multiple advantages which could be offered by culture rather than focusing on the more tangible side of the organization (Johnson, 1992; Prahalad and Bettis, 1986).

People are the key component to knowledge activities; hence the type of culture existing in the enterprise is very crucial to knowledge activities. Davenport and Prusak (1998) highlight that as enterprises interact with their environments; they absorb information, turn it into knowledge and take action based on it in combination with their experiences, values and internal rules. Enterprises that are serious about knowledge foster an environment and culture

that support continuous learning. Culture is a basic building block to knowledge activities. It must be considered when introducing new knowledge activities, because it affects how the enterprise accepts and fosters that ones (Ndlela and Toit, 2001). If knowledge activities are to be an integrated aspect of how work gets done in an enterprise, it must become an integrated aspect of the culture. It should be addressed in the enterprise's mission, vision and goal statements as well as emphasized in enterprise-sponsored training and enterprise communication in order to ensure successful implementation of knowledge activities. Creating a knowledge friendly culture, one of the most crucial factors of success for a knowledge activities, is very difficult. It requires strong leadership and change of both attitudes and behaviors (Lin and Lee, 2004). When knowledge activities is introduced properly, with concurrent efforts to manage change in the enterprise great things are achieved. It has enabled enterprises to be more competitive, and to do more in a shorter period of time.

Porter's (1980) well-known work on strategic management and competitive analysis, which focused on tracking specific competitor behaviour and linking competitor analysis to competitive strategy, created the background for the development of CI as a business discipline (Peyrot et al., 2002, p. 748). It also led to the creation of the then-called Society for Competitor Intelligence Professionals 1986 – now called the Society of Competitive Intelligence Professionals – and the publication of the Competitive Intelligence Review's first issue in 1990.

Toit, (2001) widely recognized that cultural differences between the partners of a merger are one of the most common reasons for failure in mergers. This may happen during pre-merger negotiations or during post-merger integration. Despite all Due Diligence, the two partners of a merger fail to form a new successful unit that is able to exploit all synergies. Often, the term 'Organization culture' is used to describe issues like objectives, personal interests, behaviors etc. Many problems in cooperation and teamwork are blamed to culture. However, in a merger, 'culture' is more than making the people from both partners work together smoothly.

The development of a new, shared culture is a critical factor for merger success. It is possible to manage this process in a structured way. Organization culture therefore is embedded deeply in the organization and in the behavior of the people there. It is not necessarily equal to the image the company gives itself in brochures and on the website. Therefore, it is difficult to determine an organization's culture from the outside. Especially in pre-merger negotiations when time and confidentiality are critical factors while trust still needs to be established it can be a challenging task to find out if the cultures of the potential partners fit together.

Various perspectives of Culture

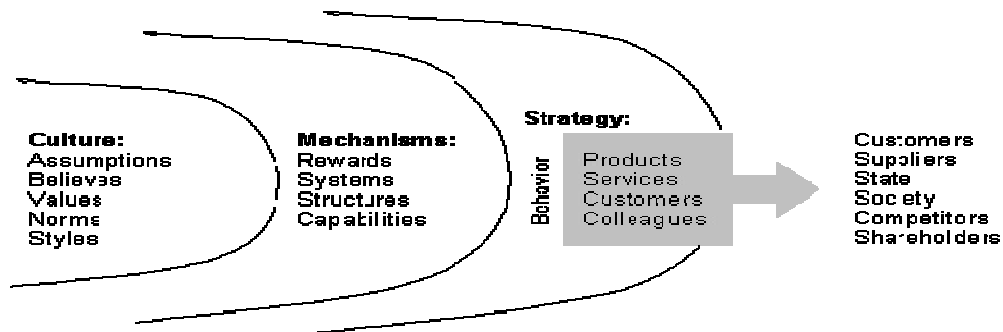


Fig. 1 The Cultural Onion Skin

Source: Recklies, O. (2001, June). Mergers and Corporate Culture. *The Manager*. Retrieved August 12, 2012 from http://www.themanager.org/strategy/merger_culture.htm

Organization culture is determined by a variety of different factors which include, artifacts, management styles, norms, values, beliefs and assumptions. The concept of culture is best described by the sentence “the way we do things here”. There is no one right culture for an organization. There are only cultures that fit more or less to the particular situation of the organization. In practice, several cultures can exist within one organization. This may more often happen in larger, diversified companies, when some divisions / departments start to develop their own ways to do things. Normally, problems of cultural fit will occur in areas around organizational values, management culture and leadership styles, organizational myths and stories, Organizational taboos, rituals and cultural symbols

2.4 Managing culture as an organizational strategy

Culture is to an organization what personality is to an individual (Cartwright and Cooper, 1993). They suggest that cultures serve as forces that draw organizational members together; creating a sense of cohesion, which when used well can drive growth and success.

Organizational or Organization culture refers to the patterns of beliefs, values and learned ways of coping with experience that have developed during the course of an organization's history and which tend to be manifested in its material acquisition and in the behaviours of its members. Organizational culture tends to be unique to a particular organization, composed of an objective and subjective dimension, concerned with tradition and the nature of shared beliefs and expectations about organizational life (Buono et al., 1985). They also show another dimension, which characterises culture from a perspective of artefacts in an organization such as office locations, physical setting and office décor.

Schein (1985) refers to culture as “shared learning”. Hofstede et al. (1990) also notes agreement among researchers that organizational culture is holistic, soft, is difficult to change, has a historical basis and is socially constructed. Building into the notion that an organization's culture is a product of successfully adapting to the environment; Gordon (1991) posits that it will resist change. He further asserts that a change in the environment might necessitate a change in the culture, and goes so far as suggesting that these changes, which include new learning, can also involve the need for new people.

Cultures can change and evolve. But those bedrock tenets that form the foundation of an organization are much tougher to budge. If merging organizations have similar core values, they may, with effort, be blended. But no amount of wheeling and dealing can bring them together if they are too far apart (Fraclicx and Bolster, 1997). Within the organization set up, organizational culture consists of shared beliefs, values and assumptions that exists within the organization and which in turn influence the patterns of behaviour that emerges as a result of these norms.

Management and leadership styles where processes of decision-making influence employees' level of empowerment and hence influence interaction towards a specific way of doing

things. Company policies guide management and all employees on how the company manages its employees, ranging from sourcing and selection policies to rewards, development and promotions. How the company adheres to such policies also determines the organizational culture. Boundaries of acceptable thought and behaviour set by the company through how guidelines on how people should relate, dress code and address.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. In this stage, most decisions about how research was executed and how respondents were approached, as well as when, where and how the research was completed was evaluated. Therefore in this section the research identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections were included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

This was a case study since the unit of analysis is one organization – Safaricom Limited. It is aimed at getting detailed information to establish the influence of culture as a strategy in driving the competitive performance in Safaricom. According to Yin (1994) a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari, (2004) noted that a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primary data collected from such a study is more reliable and up to date. The design is most appropriate when detailed, in-depth analysis for a single unit of study is desired. Case study research design provides very focused and valuable insights to phenomena that may otherwise be vaguely known or understood. The design enables the researcher not only to establish factors explaining phenomena but also unearth underlying issues.

3.3 Data Collection Method

The researcher used primary data which was collected using self-administered drop and pick interview guides while secondary data was collected by use of desk search techniques from published reports and other documents. The respondents of the study were five (5) senior level management of Safaricom limited. These respondents was better placed in providing required data because they play a leading role in ensuring that they position the company favorably within the changing environment through instituting appropriate and timely strategic responses. Further, personal interviews to allow for further probing were conducted. The secondary data was obtained from the company's documented strategies and any other relevant information about the company. The data was obtained through review of relevant documents, key among them the company's strategic plan and other relevant documentations.

The interview guides were used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the study which are factual. The interview guides designed in this study comprise of two sections. The first part includes the demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the respondents. The second part was devoted to the objectives.

3.4 Data Analysis

Both the primary and secondary data was qualitative in nature. Given this fact, content analysis was used to analyze the data. According to Nachmias and Nachmias (1996), content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. The data obtained was compared with existing literature in order to establish areas of agreement and disagreement.

The result for each question in the interview guide was presented in pros form and a general conclusion was derived. These enabled the researcher to draw a general conclusion on the influence of culture as a strategy in driving the competitive advantage of Safaricom limited.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION.

4.0 Introduction

This chapter provides a content analysis of data collected from the field. The researcher interviewed the respondents who are employees of Safaricom limited. The result for each question in the interview guide was presented in pros form and a general conclusion derived.

4.2 Corporate Culture and Strategy Implementation

This section analyses the extent to which corporate culture issues influence strategy implementation within the bank. The respondents were interviewed on how artifacts, stories, rites and rituals, heroes, symbols, beliefs and assumptions, attitudes, rules and norms affect Safaricom's strategy implementation.

The respondents pointed out that attitudes, rules, norms, ethical codes, values beliefs assumptions and mental models to affected strategy implementation, beliefs assumptions and mental models. Furthermore, stories, myths, legends and artifacts to also influence strategy implementation but to a less extent.

The respondents' information seems to indicate that attitudes have the most bearing influence on strategy implementation at Safaricom, while existing rules, norms, ethical codes, values and heroes equally influence strategy implementation among commercial banks. However, although stories, myths, legends and artifacts have been identified as influences on strategy implementation, they have been ranked the least. The findings of this study do not concur with Lewis (1981) who argues on harmony between the formal and informal symbolic orders. He argues that the major problem in an organizational strategy implementation is an overwhelming feeling by employees that they are not fully into the symbolic coding of the organization and as such even with the existence of rules, norms and values the full meaning

and purpose of their work is not realized. However, the findings of this study concur with Thompson *et al* (2001) who argue on challenging the 'status quo' equated to attitudes as a recipe of success on strategy implementation.

4.3 Elements of Corporate Culture and Strategy Implementation

Elements of corporate culture have a profound influence on implementation of an organizations strategy. These elements include: values; expectations for members behavior; customs and rituals; stories and myths; metaphors and symbols as well as the physical space occupied by the organization.

4.3.1 Artifacts

The respondents who responded to the question regarding appreciation of artifacts within their organizations agreed that their reception always had a fresh bunch of flowers, pointed out that their organization encouraged the display of flowers as an indication of exemplary performance. The respondents suggested that majority of Safaricom staff encourages and uses artifacts; however the kind of artifact and its utilization varies. Furthermore, majority of the respondents cited a reception with a bunch of fresh flowers, while other respondents appeared indifferent on the encouragement to display trophies won for exemplary performance.

The respondents agreed that Safaricom limited encourages display of trophies won for exemplary performance as well as inscribed tea mugs, writing pens among other objects and the reception always has a fresh bunch of flowers.

4.3.2 Symbols and Symbolic action

Symbols including, office décor, clothing and logos are visual presentations of the company and furthermore they lock in the users into prescribed behavior that gives them status. Respondents were asked to indicate their degree of agreement with specific statements on

symbols and symbolic actions in relation to strategy implementation. The respondents revealed that Safaricom limited gives emphasis on display of logo and pictures of products on walls and work places and it provides days for dress code as well as casual-dress. The respondents further agreed that Safaricom limited work from open cubicle offices of a standardized ambience and décor

The study revealed that the respondents who responded to the question regarding the role of symbols and symbolic actions in strategy implementation within their organization agreed that provision of dress code days, display of logo and pictures of products had an influence on strategy implementation. Furthermore, the common themes from the interviews in quotes were:

‘Yes we do, for cashiers there is the photo of the fastest cashier who did the most transactions in any particular day on the walls and shop. Not only cashiers, if any staff does an outstanding job then their photos pictured during the task are displayed conspicuously’.

‘Yes, like in 2007 I got something so we have medals some of them if you go to different offices depending on what they have done and their level we have certificates, there are lots of those’.

The finding of this research concurs with Senge (1990) argument that symbolic actions locks in users to a common behavior. However, O’Reilly (1999) while recognizing that status symbols signal to others to help them use the correct behavior, alone cannot appeal to higher ideals and values that can be rallied around a set of meaningful unified goals.

4.3.3 Stories, histories, myths, legends and jokes

Stories depict culture and they elicit keen attention of the recipient influencing a learning experience. Respondents were asked to indicate their degree of agreement with specific

statements regarding the influence of stories, histories, myths, and jokes on strategy implementation.

The respondents who responded to this question regarding the influence of specific statements of stories on strategy implementation, they agreed that talking favorably of the organization on interactions with customers influenced strategy implementation, they were in agreement that the organization histories are documented.

The respondents further indicated that at Safaricom limited employees are encouraged to talk about the organization in their interactions with customers and that the organization has a booklet documenting its origin and milestones on activities it has achieved

‘Previously people thought of us as an organization for the rich and that we are not in touch with the customers. But for the last 4 years we have gone out to people, with a dedicated sales force informing them how we have grown since our origin. Moreover, our website has a documented page of our origin’.

‘About us, people say that we are a sleeping giant because we have a lot of potential of the wider network. We have a loyal customer base, and in the recent past we have been trying to attract the youth by coming up with products to attract them.’

4.3.4 Beliefs, assumptions and mental models

Beliefs shape an organization’s culture and more importantly help smooth communications and agreement. Respondents were asked to indicate their degree of agreement on aspects of beliefs related to strategy implementation.

The study reveals that respondents agreed with belief aspects of importance of details of execution, continuing education and skills development, and commitment of employees to guiding principles as important influences on strategy implementation. The respondents

indicated that the management in Safaricom tends to give emphasis on training, continuing education and skills development, importance of the customer and importance of details execution as belief aspects facilitating strategy implementation. However a few of the respondents seem not to agree that emphasis of an organization on commitment of employees to guiding principles facilitates strategy implementation.

The study results revealed that there is a strong belief on the importance of customers within this organization. Safaricom limited gives emphasis on training, continuing education and skills development programs and it emphasizes a commitment of employees to its guiding principles and there is a strong belief in the importance of details of execution.

4.3.5 Rituals, rites, ceremonies and celebrations

Rituals are mainly associated with company events such as the release of a new product or service. Rites of passage such as when a staff member retires or is promoted have an important influence on strategy implementation as an element of corporate culture. Respondents were asked to identify specific statements of rituals, rites, ceremonies and celebrations elements of corporate culture and their influence on strategy implementation.

The respondents highlighted that contribution of employees upon retirement was identified strongly as an aspect of rituals, rites, ceremonies and celebrations that influenced strategy implementation were in agreement that their organization appreciated the efforts of their employees on special seasons such as Christmas. The respondents agreed that employees are given appreciation on special seasons such as Easter, Christmas and Safaricom limited recognizes the contribution of an employee on upon retirement through golden service reward and celebration. The interviewees commented:

“We have team meetings and inter-department meetings for bonding frequently”. Additionally, ‘ we have daily morning briefs via a enewlsetter before we start working, to discuss about what is going on and around, and then once in a while we have team buildings doing activities together to make the environment of work as enjoyable as possible’.

4.3.6 Rules, norms, ethical codes and values

Rules effectively give order and it is through rules by which members of an organization must abide to. Corporate culture constitute of norms of shared values which define appropriate attitudes and behaviors that drive to a unified goal.

The study results revealed that Safaricom have strict guidelines on hours and days of employees’ work and that they encourage information sharing through a variety of platforms. However, the encouragement of employees to spend on social engagements is limited; while some respondents thought that Safaricom have no rules concerning display of personal items. The respondents showed that there are strict guidelines on hours and day’s employees’ work. The respondents were divided on whether Safaricom encourages employees to spend some time outside office for social engagements and Safaricom limited encourages information sharing through writing, in person, electronically, by phone or during meetings.

This finding concurs with Koch (1995) who cites norms and rules as some ideals to excite employee commitment and effort to strategy implementation. However, Mintzberg and Quinn (1991), cautions on the rigidity and adherence to rules as an unbecoming of emergent strategies which result from the emergence of opportunities and threats in the environment.

4.3.7 Heroes

The respondents did agree that Safaricom limited recognizes her heroes and employees with exemplary performance and the founders of this organization are portrayed as very important

and perfect. In fact the organization has been known to name buildings of rooms after founders. An example of this is the Michael Joseph Centre.

4.3.8 Attitudes

According to the respondents there is a strong interaction among employees in this organization either for fun or business; and there exist external displays of underlying beliefs to signal to each other displeasure or dissatisfaction among employees.

4.4 Importance of corporate culture practices in management of strategic change

The respondents agreed that change management culture and leadership styles are important, on corporate culture practices a success in management of strategic. The respondent's agreed that it was of great importance norms and values on believes on corporate culture practices a success in management of strategic. The respondent's agreed that it was of of less importance organizational myths and stories and cultural symbols on corporate culture practices a success in management of strategic.

4.5 Elements of Culture Affect the Organization Strategy Implementation

The study results shows that the following element of culture affect the organization strategy implementation; attitudes, element of corporate culture and rules, norms, ethical codes, values, Beliefs, assumptions and mental models and Rituals, rites, ceremonies and celebrations. The respondents highlighted the following factors affect following elements of culture rarely affect the organization strategy implementation, they were; symbols and symbolic action, heroes, stories, histories, myths, legends and jokes and artifacts.

4.6 Managing corporate culture at work place in relationship to management change

The respondents highlighted that culture is shaped by both employees and management, a good corporate culture leads to better performance, and culture is key to business success.

The respondents were of the opinion that culture cannot be shaped by employees only and culture is not solely the responsibility of management.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter represents the summary, conclusions and recommendations, limitations and suggestions for further areas of research. The chapter summarizes the findings of the study in relation to the objective of the study. The objective was to determine the influence of corporate culture on strategy implementation at Safaricom limited.

5.2 Summary

The summary from the data analysis and conclusions are based on the research objectives. The study revealed that the elements of corporate culture to some extent influence strategy implementation in Safaricom. The elements that require considerations based on the rankings include: attitudes; rules, norms, ethical codes and values; heroes; symbols and symbolic action; beliefs, assumptions and mental models; rituals, rites, ceremonies and celebrations; stories, histories, myths, legends and jokes; artifacts.

Any proposed strategy, the study revealed should preserve, emphasize and enhance culture. Furthermore, the elements of culture are a strong influence to strategy implementation and should not be viewed in isolation. According to Colins and Porras (1994) corporate culture is central to the functioning of the organization and is therefore critical that this culture is aligned with the organization's strategy.

According to Thompson *et al* (2005), when an organization is born the founders articulates a set of business principles, company values and ways of dealing with customers and other stakeholders. Over time they become completely deep rooted within the organization and becomes professed value, rituals, stories, beliefs, norms and values. This study confirms this

argument that the cultural aspects of the founders have a profound effect on strategy implementation.

This study found out that a significant part of a company's corporate culture is captured in the stories that get told over and over again, to illustrate to new comers the importance of certain values and depth of commitment various staff have displayed. For instance, in one of the departments within Safaricom, a scrap book is kept commemorating the heroic acts of its employees and uses this as a regular reminder of the above-and-beyond-the call of duty that employees are encouraged to display. The study found this institutionalized approach to story-telling as important in developing an organization culture, which strongly identifies with organizations members who come to share the beliefs and values that support any strategy implementation.

5.3 Conclusions

Corporate cultures are a powerful force that clarifies what's important and coordinates members' efforts without the costs and inefficiencies of close supervision. A good job of culture building on management's part promotes, can do attitudes and acceptance of change, and instills strong employee behaviors conducive to good strategy execution. The elements of corporate culture need to be compatible with the strategy implemented. When culture influences actions of employees to support current strategy, implementation is strengthened and its competitive edge enhanced.

This study concludes that successful strategy execution requires that the elements of culture are supportive if not compatible with the strategy to be implemented. The competitive advantage of Safaricom and its service delivery is influenced by the elements of corporate culture manifested. Although, the tighter- strategy culture fit pushes the people to display the

behaviors and observe operating practices that are conducive to good strategy execution, this study concludes that a strategy- supportive culture funnels organizational energy towards getting the right things done and delivering positive organizational results, thus remaining competitive.

The results of this study tends to support prescriptive literature(Thompson *et al*, 2005; Colins and Porras ,1994 ; Koch ,1995 ; Senge ,1990) who have argued to the effect of symbols, stories., values, rituals , ceremonies, attitudes, rules and norms as strong influences to successful strategy implementation. Although, strategy- culture can lead to problems created by a series of psychological processes; this study recommends that cultural values are very powerful because they inspire employees by appealing to their ideals and clarify expectations and thus overtime results to good strategy implementation.

5.4 Recommendations

The study recommends that Safaricom and other organization should invest and emphasize on good corporate culture. This is due to the fact that culture influences strategy implementation thus driving the competitive performance and sustainability of competitive advantage. The study further recommends that organizations should align their corporate culture to their strategies as this is certain to enhance their performance.

5.5 Suggestions for further research

This study suggests a similar study on a different sector to investigate the validity of the findings. Further research can also examine the influence of the elements of corporate culture on strategy formulation. Furthermore, future research can also examine the extent of influence of a singular element of corporate culture on strategy implementation.

REFERENCES

- Ackoff R. L. (1981, April 27). *Creating the Corporate Future: Plan or be Planned for*. New York: Wiley.
- Atkinson, A. A., Waterhouse, J. H., and Wells, R. B. (1997). *A Stakeholder Approach to Strategic Performance measurement*. Sloan Management Review. 38 (3), 25-37.
- Barney, J. B. (1991). *Firm Resources and Sustained Competitive Advantage*. Journal of Management. 17 (1), 99-120.
- Brandenburger, A. M. and Nalebuff, B. J. (1995): *The right game: Use game theory to shape strategy*. Harvard Business Review v73, n4
- Caeldries F. and Dierdonck V. R. (1988). *Long Range Planning Journal*. 21(2), 41 – 51.
- Cavinato, J. L. (1992). *A Total Cost/Value Model for Supply Chain Competitiveness*. Journal of Business Logistics. 13(2), 285-301.
- Chakravarthy, B. S. (1986). *Measuring Strategic Performance*. Strategic Management Journal. 7 (5). 437-458.
- Cooper, D.R and Schindler, P.S (2000). *Business Research Methods*. New York: Mc
- David F. R. (1997). *Strategic Management*. Francis Marion University Book, pp.239.
- Davis, K. T. (1998). *Cash forwarding expands business for University Medical Products*. Business Credit, 100 (2), 10-12.
- Eccles, R. G., and Pyburn, P. J. (1992). *Creating a Comprehensive System to Measure Performance*. Management Accounting, 74(4) 41 – 50.

- Fawcett, S.E., & Clinton, S.R. (1996). *Enhancing Logistics Performance to improve the competitiveness of manufacturing organizations.* Production and Inventory Management Journal. 37 (1), 40-46.
- Fine, C. H. (1999). *Clockspeed. Winning Industry Control in the Age of Temporary Advantage.* Perseus Books, Reading, MA.
- Fortuin, L. (1988). *Performance indicators-Why, Where, and How?* European Journal of Operational Research, 34 (1), 1-9.
- Foster, T. (1998). *You can't manage what you don't measure.* Distribution Journal, 37 (5), 63-68.
- Hamel, G., and Prahalad, CK. (1994). *Competing for the future.* Boston: Harvard Business School Press.-123.
- Harding, F. E. (1998). *Logistics Service Provider Quality: Private Measurement, Evaluation, and Improvement.* Journal of Business Logistics. 19 (1), 103-120.
- Kaplan, R. S., and Cooper, R. (1997). *Cost and Effect: Using Integrated Cost Systems to drive Profitability and Performance.* Boston: Harvard Business School Press.
- Kaplan, R.S., & Norton, D. P. (1992). *The Balanced Scorecard-Measures that drive Performance.* Harvard Business Review, 70 (January/February), 71-79.

Kothari C.R. (2004), *Research Methodology: Methods and Techniques*.2nd Ed.New Age International (P) Limited, New Delhi

Mugenda, O. M and Mugenda, A. G (1999). *Research Methods: Quantitative and Qualitative approaches*. Nairobi, Acts Press.

Ngechu M., (2004). *Understanding the Research Process and Methods: An Introduction to Research Methods*

Orodho, J.A(2004). *Techniques of writing research proposals and reports in educational and social sciences*. Maseno, Kanezya HP Publishers

Passemard and Calantone (2000). *Emerging Economic Technological Futures: Implications for Design and Management of Logistics Systems in the 1990s*. Journal of Business Logistics. 12(2), 1 – 16.

Porter, M, (1996): *What is strategy?* Harvard Business Review v74, n6.

Porter, M, (1990). *The Competitive Advantage of Nations*. The Free Press, NY,.

Porter, M.E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York. Free Press.

Porter, M.E. (1985). *Competitive advantage: Creating and Sustaining Superior Performance*. New York: Free Press.

Prahalad C. K. & Hamel G. (1990). *The Core Competence of Corporation*. Harvard Business Review, 68 (May/June), 79 – 91

Rich, Nick and Peter H. (1997). *Supply Chain Management and Time-based Competition: The Role of the Supplier Association*. International Journal of Physical Distribution and Logistics Management. 27(3/4), 210 – 225.

Treacy, M., and Wiersema, F. (1995). *The Discipline of Market Leaders*. Addison-Wesley.

APPENDICES

Appendix 1: Introduction Letter

University of Nairobi,
School of Business,
P. O. Box. 30197,
Nairobi, Kenya.

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH DATA

I am a postgraduate student undertaking Master of Business Administration (MBA) degree at the University of Nairobi. I am currently carrying out research on **leveraging on culture as a strategy in driving the competitive performance of safaricom**. I kindly request you to fill the attached questionnaire to the best of your knowledge. Your response and or contribution was treated with utmost confidentiality, and the information provided was used purely for academic purposes, and specifically for this study.

Your assistance and cooperation is highly appreciated.

Yours faithfully,

MBA student, UON

Supervisor

Mobile:

School

Appendix 2: Interview Guide

- 1) Discuss interlink between corporate culture and strategy implementation at Safaricom Limited?
- 2) What are the corporate culture factors which affect strategy implementation at Safaricom Ltd?
- 3) On your own opinion how do the following elements of corporate culture affects strategy implementation at Safaricom Ltd?
 - i. Artifacts
 - ii. Symbols and Symbolic action
 - iii. Stories, histories, myths, legends and jokes
 - iv. Beliefs, assumptions and mental models
 - v. Rituals, rites, ceremonies and celebrations
 - vi. Rules, norms, ethical codes and values
 - vii. Heroes
 - viii. Attitudes
- 4) Who is responsible for shaping culture at your organization?
- 5) What is the role of management in shaping the organization's culture?
- 6) What is the importance of corporate culture practices in management of strategic change at Safaricom ltd?

THANK YOU FOR YOUR TIME.