INFLUENCE OF NATIONAL AND ORGANIZATIONAL CULTURE ON MANAGEMENT OF OIL COMPANIES IN KENYA

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

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This research project has been submitted for examination with my approval as University Supervisor

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DEDICATION

I would like to dedicate this research paper to my family for the encouragement and support they have all accorded me in my pursuit of knowledge.

ABSTRACT

National cultural differences can be a source of confusion, hostility and distrust for the foreign firms (Krug & Nigh, 2001). Organizational culture is an important resource for enhancing organizational competitiveness. In recent years, there has been attention paid to the impact of organizational culture on organizations effectiveness. Managers should pay attention to the impact organization culture has on organizational effectiveness in order to lead each employees value and behavioral orientation unanimous with the whole value of the organization and improve staff's commitment to the organization. This study seeks to determine the influence of national and organizational culture on management of oil companies in Kenya. The researcher used descriptive survey type of research design. This is because the study sought to establish the influence of national and organizational culture on management of oil companies in Kenya. The target population for this study was petroleum firms in the country. Most of these units are owned or under the control of the 5 main petroleum firms operating in Kenya, within the five oil firms, the study targeted five senior managers from each company thus making a total of 25 senior employees working in these firms. The researcher used survey research data for this study. Data collected, was tabulated and analyzed for purpose of clarity, using SPSS version 20 software. Data was presented using tables, and pie charts to make them reader friendly. The study found that culture in the foreign/home country influences, recruitment of employees, organization learning, training and development of staff, creation of internal social networks, the financial acquisitions decisions, advertisement and finally public relations The study also found that oil national and organizational culture encourages interaction between different levels of authority in oil companies to a great extent to a great extent. The study revealed that culture in an organization influences management and performance of the organization. It also revealed that failure in Oil companies in Kenya is viewed as an opportunity for learning and improvement. The study recommends that oil companies in Kenya should enhance employee involvement in management and incorporate customer feedback to positively influence organization culture.

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INTRODUCTION

1.1 Background of the Study

Culture, as it currently exists, must pose a critical contingency upon both the planning and implementation of future strategies (Jemison and Sitkin, 2004). The impact of an appropriate culture on the well-being of the business organization in the international markets has been explicitly recognized by many organizational researchers (Hofstede, 2000). McSweeney (2009) shows that national culture impacts the implementation of market-oriented practices such as generation, dissemination, and utilization of market intelligence and the internalization of market-oriented values and norms which include innovativeness, flexibility, and openness of internal communication, speed, quality emphasis, competence emphasis, inter-functional cooperation, and responsibility.

Earlier cross-cultural theories have highlighted the differences and conflicts, and how they can be avoided (Kemppainen, 2009). Several authors (Hofstede, 1994; Trompenaars, 1993) refer to cultures being different from each other, for example, by their communication and leadership style. Although the culture as a difference approach pays attention to cultural strengths, it is assimilative in nature.

Tunstall (1986) proposes that a company's culture is the amalgam of shared values, behavior patterns, mores, symbols, attitudes, and normative ways of conducting business that, more than its products or services differentiate it from all other companies. Existing cultural orientations may be quite supportive of the mission and success of a firm at a particular point, but not at all appropriate when significant strategic change becomes necessary. In international settings, such conflicts tend to be fueled by cultural stereotypes, increasing nationalism or even xenophobia (Vaara, 2001, 2003). Managing style is affected by the level of technology, they claim, but it is tempered by cultural characteristics (Nikolaidis, 1992). Newman and Nollen, (1996) claim that management practices compatible with the national culture of the target or affiliated banks can be used to produce better performance outcomes.

1.1.1 Cultural Imperative Of Organizational Management

Culture is a trend to watch in business today. It infiltrates all aspects of management from hiring, planning, marketing, leading even sourcing for financing. Companies that have established strong unique cultures are using them as key differentiators in the hiring process and are winning the war in talent. Companies are not just looking for competent individuals but also people who are compatible with the culture of the company as they are likely to be best fit to drive the company to success.

Mintzberg (1997) convincingly argues that strategy evolves in an incremental fashion, in which case planning and implementation are so interwoven through time that they are virtually inseparable. Most modern-day managers would quickly agree that the shared values, attitudes, commitments, beliefs, and overall patterns of thinking socially constructed among members of an organization have a tremendous influence on its long-term effectiveness and performance. Maintaining and strategically shifting corporate culture is proving to be of the essence in defining the industry players as they compete for the elite.

Further, culture may influence what organizational strategies are selected and whether they are successful (Tsui and Nifadkar, 2007). Existing cultural orientations may be quite supportive of the mission and success of a firm at a particular point, but not at all appropriate when significant strategic change becomes necessary. This paper addresses the need for cultural evaluation, feedback, and possible change facilitation as needed to successfully align with necessarily imposed strategic change (Javetski, Fdmonson and Echikson, 2000).Kwok and Tadesse (2006) find that culture explains cross-country variations in financial systems, with higher uncertainty-avoidance countries dominated by bank-based financial systems, rather than by stock-market.

Lee and Peterson (2000) show that only countries with specific cultural tendencies that is countries which emphasize individualism tend to engender a strong entrepreneurial orientation, hence experiencing more entrepreneurship and global competitiveness. Pryor (2005) argues that cultural variables do not seem related to the level of economic development and are not useful in understanding economic growth or differences in levels of economic performance across countries. Additionally, Herger et al. (2008) also argue that cultural beliefs do not seem to support or impede financial development. This mixed evidence points to the idea that national culture might only indirectly influence economic and market development through its effects on the legal and institutional contexts. Differences in national culture influence not only the entry mode (Shane, 1994) but also the perceived difficulty surrounding the integration of foreign personnel into the organization (Ralston, *et al*, 1997). Fundamentally different values, goals and beliefs concerning what constitute appropriate banking practices influence performance of the banks in the foreign country (Stahl and Voigt, 2008).

1.1.2 National and Organizational culture

Globalization has increased the expansion of multinational corporations to countries on all continents leading to growth. Companies like Wal-Mart, Southwest, and Apple survived and prospered when other similar companies failed. What made them so successful might be a combination of many things, but the most important was their organizational culture. From the global perspective, the organizational culture of a subsidiary is influenced by the home and host-country's national culture. This is reflected in all its operations and influences the leadership style, decision-making process, team interaction, and the communication style. The inability to master cultural factors may have a negative influence on the subsidiary's effectiveness (Banto, 2012).

Societal culture has an impact on the corporate culture and its influence on the organizational effectiveness for several reasons. First, the founders and top management of organizations that draw up its mission and gives it, values to uphold came from the society and have sufficiently imbibed its culture as individuals. Thus, they can give to the organization only what they have taken from the society as they were growing up. Since the organizations' success and effectiveness to a large extent depends on its ability to set goals and achieve it, the societal culture plays a role. They will however, find it difficult to do what is strange to their societal culture. This is among the several reasons given why Africans attitude to work is relatively poor. Other reasons include the manner in which wage employment was originally introduced and the nature of African communities. Societal culture is common to founders and top managers as well as employees. It is therefore possible for it to influence them as they strive to achieve effectiveness at the workplace (Amah, 2012).

According to (Muchai, 2003), a majority of the Kenyan managers recognize and prefer, a more flexible, democratic, learning, empowering, and people oriented organization, that is managed by democratic and team oriented management styles. One key factor however, is the difficulty in agreeing between the manager's preference of management values, and the current organizational structures and management styles. The current organizational cultures in Kenya were found to be controlling, hierarchical, bureaucratic, and as such they impact negatively to entrepreneur development. The study concluded that Kenyan managers exhibited some entrepreneur characteristics and were oriented toward entrepreneur development, but the organizational culture and management styles remained major obstacles to creating conducive environments that promoted innovation and creativity. The management practices which were Western based were not culturally sensitive and therefore did not promote entrepreneur development. He recommended that Kenyan managers and their organizations identify and adapt culturally appropriate management styles and organizations culture that enhance employees innovation and creativity and positively contributing to entrepreneurial development.

1.1.3 The Oil Industry In Kenya

Prior to liberalization in October 1994, an important attribute of Kenya’s oil industry was a comparatively high level of government’s direct involvement, and a equally low level of private sector participation. Seven marketing and distribution companies were responsible for procuring and importing their own oil. In 1988 National Oil Corporation of Kenya Limited, which was incorporated in 1981 under the Companies Act (Cap 486) with main purpose of coordinating oil exploration actions in Kenya was mandated on behalf of the government to supply up to 30% of the country's crude oil requirements that would in turn be sold to oil marketing companies for refining and onward sale to consumers. The Kenya Pipeline Company Limited established by the government in 1978, Kenya Railways Corporation, and private transporters were concerned in transportation of petroleum products from Mombasa to other parts of the country and adjacent countries. (Mecheo and Omiti 2003).

The general petroleum strategy in Kenya is to guarantee safe, reliable and least cost supply of petroleum products to the domestic economy. Consistent with this policy and in tandem with reforms in other sectors of the economy, the government liberalized the distribution and pricing of petroleum products, and at the same time partially deregulated petroleum supply (Report on Petroleum Sub-Sector in Kenya, 1994).

1.2 Research Problem

National cultural differences can be a source of confusion, hostility and distrust for the foreign firms (Krug & Nigh, 2001).In a survey of more than 200 chief executives of European companies conducted by Booz, Allen and Hamilton, respondents ranked the ability to integrate culturally as more important to the success of acquisitions than financial and strategic factors (Sagiv and Schwartz, 2007).

Despite anecdotal claims that cultural differences create major influence on banking performance, the empirical research evidence is mixed. Teerikangas and Very, (2003) indicated that cultural differences has a positive influence on foreign bank performance in the foreign country, others found cultural differences to hamper success of banks in foreign country. These findings suggest that the relationship between cultural differences and bank performance in foreign countries is more complex and critical to management of the foreign banks. More conceptual and empirical work is needed to examine how cultural differences affect the commercial banks performance in the foreign country.

Organizational culture is an important resource for enhancing organizational competitiveness. In recent years, there has been attention paid to the impact of organizational culture on organizations effectiveness. Managers should pay attention to the impact organization culture has on organizational effectiveness in order to lead each employees value and behavioral orientation unanimous with the whole value of the organization and improve staff's commitment to the organization. In so doing, the organization will better enhance their competitive advantage amidst competition.

Much of the early culture-strategy implementation research has focused on a trait approach a search for some traits or values, which are supposed to result in superior strategy implementation for a company. Locally studies have focused on the various aspects of cultural diversity at the workplace. For instance Mutuku (2003) did a survey of manager's attitudes and response to work force cultural diversity in the telecommunications sector in Nairobi while Oluoch Prisca (2006) conducted a study on cultural diversity management practices of commercial banks in Kenya. None of these studies has focused on establishing the influence of national and organizational culture on management of oil companies in Kenya. It is in this light that the study seeks to fill the existing knowledge gap by investigating the influence of national and organizational culture on management of oil companies in Kenya and by answering the following research question: what is the influence of national and organizational culture on the management of oil companies in Kenya?

1.3 Research Objective

To determine the influence of national and organizational culture on management of oil companies in Kenya

1.4 Value of the Study

This study would assist managers in the oil industry in ensuring that the organization has a culture that thrives on change and help managers cope in a world of temporariness and stimulate innovation. With the constantly changing business, political and social environments that oil companies in Kenya face, it is important for the oil marketers to be aware of the influence of culture in gaining a competitive edge and consider cultural planning strategies that will place them ahead of the pack. This study will help strengthen the oil industry by providing information on the influence of national and organizational culture on management of oil companies in Kenya.

The study will be invaluable to the oil companies' management in that it will provide an insight into the various approaches towards national and organizational culture and its influence on management of oil companies in Kenya. It intends to uncover the steps that oil companies have taken to tap the benefits that accrue from developing strong and productive cultures and how they can exploit possibilities presented by evolving corporate cultures.

This study will help improve on literature on the oil sector in Kenya, which may be used by other scholars in the future.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of past studies on influence of national and organizational culture on management of oil companies in Kenya. The chapter addresses influence of national culture and organizational culture on management of oil companies in Kenya.

2.2 Cultural imperative of Organizational Management

Culture in international business literature is defined as the acquired knowledge people use to interpret experiences and to guide their behaviour. It is widely accepted that culture can be "organization-specific referred to as the shared meanings or assumptions, beliefs, and understandings held by a particular group or mini-societies. There are two different approaches in considering the impact of organizational culture on the values and attitudes of members in the society Culture affects how people think and behave (Morosini, Shane and Singh, 1998).

Schein (1984) defines culture as a pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Hofstede, 1991).

Kluckhohn and Strodtbeck proposed a theory of culture based on value orientations and further suggested that values in any given society are distributed in a way that creates a dominant value system (Kluckhohn & Strodtbeck, 1961,, p. 450). Hofstede defines culture as *"the interactive aggregate of common characteristics that influence a group's response to its environment"* (Hofstede., 1980). He also comes up with five dimensions to distinguish various national cultures. Edward T. Hall (Beyond Culture, 1981) (Understanding Cultural Differences: Germans, French, and Americans, 1990) has proposed a model of culture based on his ethnographic research in several societies, notably Germany, France, the US, and Japan. His research focuses primarily on how cultures vary in interpersonal communication, but also includes work on personal space and time. Trompenaars and Hampden-Turner point out seven dimensions of national cultural factors, in order to understand culture diversity and promote the business strategies (Trompenaars& Hampden-Turner, 1998).

Shalom Schwartz (1992) identified ten universal human values that reflect needs, social motives, and social institutional demands (Kagitçibasi, 1997). They are: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security. He thinks that cultural-level aspects reflect the solutions that societies find to regulate human actions. Three dimensions, i.e. that conservatism vs. autonomy, hierarchy vs. egalitarianism, and mastery vs. harmony, were also identified at the cultural level of analysis (Nardon & Steers).

2.3 National and Organizational Culture

Oil Companies just like any other corporation favour expansion to areas that have cultural similarities with the home countries (Focarelli & Pozzolo 2005). Sharing a common language betters communication and interaction of the people, hence could influence decision-making processes within the organisation. Most of the efficiency studies of foreign banks operating in different countries calculate banks' inefficiency levels without taking into account the environmental factors in which they are operating in. As a result the estimated inefficiencies are subject to a combination of true managerial inefficiencies and the impact of environmental factors which most of the time are not appropriately controlled in the analysis.

Corporate culture has been defined in many ways by various authors and researchers. However, many would agree that corporate culture can be referred to as a set of values, beliefs, and behavior patterns that form the core identity of organisations, and help in shaping the employees' behavior (Van der Post, 1998; Deshpande and Farley, 1999). Corporate culture also acts as a cognitive map that influences the way in which the context is defined, for it provides the selection mechanisms or norms and values which people enact events (Jones, 1983). It is also a pattern of beliefs, symbols, rituals, myths, and practices that have evolved over time in an organisation (Pheysey, 1993). Corporate culture is also the dominant values espoused by an organisation or a set of values and assumptions that underlie the statement: "this is how we do things around here" (Deal and Kennedy, 1982;).

Denison (1984) sought further evidence, using more sophisticated sampling procedures for both organizations and subjects within the organizations. Denison studied a convenient sample of 34 firms representing 25 different industries. He found that two indices, "organization of work" and "decision making", were found to be significantly correlated with financial strategy implementation. In addition, he found that the strength of the culture was predictive of short-term strategy implementation, when strategy implementation was defined with broad indicators like return on assets, return on investment and return on sales, etc. The corporate culture was based on the work of Deshpande and Farley (1999). There are four types of corporate cultures: competitive; entrepreneurial; bureaucratic; and consensual culture.

The literature on corporate culture is diverse and, as might be expected, contains a plethora of perspectives. Some writers challenge the notion that corporate culture exists separately from the ideology and climate within the company. They also argue that culture is about the company norms of behaviour and the way that the company operates (Alvesson, 1995). Alvesson (ibid) also challenges the term “corporate culture” itself. Whilst he recognizes some of the attributes of “corporate culture” as being present, he suggests that other attributes of organizational behaviour might be more satisfactory in providing effective definitions and explanations. He offers “organizational climate”, “corporate ideology”, “informal behaviour patterns”, “norm systems” or “shared meanings and symbols” as alternatives.

According to Scholz (1987), corporate culture has to be kept strictly apart from similar looking concepts like the corporate identity, organisational climate or the national culture. Corporate culture is the implicit, invisible, intrinsic, and informal consciousness of the organisation which guides the behavior of the individuals and which shapes itself out of the behavior. In studying the organisational culture of Petronas, the national oil corporation in Malaysia, Kamal (1988) believes that corporate cultures are real; mostly taken for granted; extremely controlling and directing of our behavior; and evolutionary in that they exhibit slow change under normal circumstances.

2.4 Influence of National and organization Cultures on management practice

Cultural distance determines success of foreign organizations in host countries. Whether cultures are individualistic or not, differs from one country to another (Nardon & Steers

2009). Such cultural differences between nations are argued to affect organisational aspects such as management practices for example whether to staff top positions in foreign subsidiaries with home country or host country nationals (Bird & Fang 2009). Although globalization tools such as the Internet have weakened traditional nation-based cultural differences, political cultures remain entrenched within boundaries, making cultural distance a relevant consideration for foreign-market-entry decisions (Chevrier 2009).

2.4.1 Power Distance across Functions and Activities

This review of the implications of Hofstede's power distance begins at the company's external boundary (marketing) and progressively moves to more internally oriented functions (organization and human resources). The endpoints of this review, marketing and organization, are areas where human culture is of particular importance in the sense that marketing requires a deep understanding of customers and organization requires a deep understanding of employees; hence more extended treatments are provided in these areas. Begin with humor as an introduction to the impact of national culture and *power distance* in marketing. Humor is widely employed in marketing communications and particularly apt to fall flat if not well tailored to national culture.

High *power distance* also correlates with consumers making purchase decisions based on emotion rather than information, which has clear implications for advertising as well as other aspects of marketing communications. Shifting to public relations, research indicates that in countries with high *power distance* and *collectivism*, public relations focuses more on building and maintaining relationships whereas in low *power distance* and *individualistic* cultures, it entails more explicit dissemination of information. And looking at online marketing, “high *power distance* explains less consumer-marketer interactivity because of a larger gap between marketers and consumers.” There also tend to be higher service expectations in high *power distance* cultures, and even the organization of products in retail stores has been shown to vary based on this dimension of culture. *Power distance* may also impact adoption patterns of some products, as in the case of a negative impact found in the adoption of Enterprise Resource Planning (ERP) software

2.4.2 National Cultural Distance

According to Hofstede (1991), the four cultural dimensions affect both individuals and organisations and the integration between them. The dimensions of power distance and uncertainty avoidance influence the structure and function of organisations and lead to different implicit models in people’s minds of what an organisation should be the remaining two dimensions affect how people think about themselves in organisations rather than the organisations themselves.

Corporate culture, as an artefact comprising routines and repertoires, ways of organizing and managing business activity, is shaped by the national culture of the firm’s founders and the national circumstances of their foundation (Morosini *et al.*, 1998). However, although national culture is a factor of prime importance in the construction of any typology of corporate culture, implicit models of organisations, obviously, do not depend only on nationality alone. Corporate culture, for example, is also affected by the purpose of the organisation, its technology and its size. As Hofstede (1991) claims, the cultural element in organisational structure and functioning does not reduce all differences among organisations to culture. It is only a warning that the structure and functioning of organisations are not determined by a “universal rationality”. In fact, firms that operate in a multinational scale may need to possess a diverse set of routines and repertoires in order to be competitive in a diverse world (Morosini *et al.*, 1998).

24.3 Uncertainty Avoidance

In terms of Hofstede’s (1980) dimensions, individuals in the United States are lower in the uncertainty avoidance dimension and higher in the individualism dimension than individuals in Germany. The dimension scores for the remaining three dimensions (power distance, masculinity, and long-term versus short-term orientation) are relatively close in the United States and Germany.

Lower uncertainty avoidance societies are more at ease with the unknown, and less concerned about formal rules. They are also more tolerant of new ideas and risk, whereas higher uncertainty avoidance is associated with risk aversion. Higher uncertainty avoidance societies seek stability and predictability, avoiding risk and change. They attempt to reduce their discomfort with the unknowns of the future through various control mechanism (Nakata and Sivakumar 2001, p. 259).

In general, the following sub-propositions are based on the premise that individuals with lower uncertainty avoidance levels (the United States) have less concern about the risk involved in the non-tangible vendor selection factors of quality, firm characteristics, vendor reputation and vendor attitude. These purchasers, therefore, put a greater emphasis on the more tangible vendor selection factor of price. However, individuals with higher uncertainty avoidance levels (Germany) put less emphasis on price and greater emphasis on the less tangible vendor criteria of quality, firm characteristics, vendor reputation and vendor attitude. In today's competitive global market, quality is important for all organizations. Quality was identified as the import decision variable of most perceived importance in each of the six international importer studies, as discussed in

However, quality was not identified as the most important import decision variable in previous studies of U. S. importers (Ghymn and Jacobs 1983, Deng and Wotzel 1995) or in a study of Canadian industrial buyers, another country with relatively low uncertainty avoidance level country (Thaver and Wilcock 2006) . Quality was also not mentioned as a primary reason for global sourcing in two U. S. studies (Scully and Fawcett 1994, Alguire, Frear and Metcalf 1994). Since each of these countries are higher on the uncertainty avoidance than the United States (Hofstede 2001) there appears to be a link between uncertainty avoidance levels and the perceived importance placed on quality. In addition, Kale and Barnes (1992) suggested that buyers with higher uncertainty avoidance levels would typically prefer uncertainty reducing attributes such as superior warranties (warranty is one of the vendor selection criteria comprising the quality vendor selection factor).

2.4.4 Individualism Versus Collectivism Cultures

According to Hofstede (1980), the individualism-collectivism dimension captures how people think about themselves and the organizations to which they belong. This concept has been used as a key determinant to explain how culture influence might affect workplace dynamics and individual task performance (Hofstede, 1980; Earley, 1989). On one hand, high individualistic societies encourage innovation and initiative, and emphasize the importance of financial as well as social rewards for achievement (Hofstede, 1980). Companies from high individualistic societies have shaped their corporate culture based on the pursuit of “modernity” at entrepreneurial level. This positive attitude towards “modernity”, in most of the cases, shapes the willingness of the firms to invest in new technologies either in production or/and in organisation, or to invest in size. Either investment aims at productivity increase, which in turn leads to increased profitability. On the other hand, in more collectivistic societies there is a more emotional dependence of members on their organisations. Earley (1993) argues that collectivists anticipate receiving higher rewards, feel more efficacious and perform better while working in an in-group context than while working in an out-group or working alone.

A foreign firm that originates from a highly individualistic society will incorporate in its corporate culture the aspects of the national culture as discussed above. Thus, when entering a foreign market like Greece, both the national culture of the country of origin as well as the firm’s corporate culture will prove critical for the success of the project. Since individualism encourages innovation and initiative (Shane, 1992), a company from a high individualistic society, when investing in a more collectivistic one, imports varied corporate strategies and management, which could prove more advantageous to the local ones. A corporate culture marked by high individualism, for example, affects a firm’s decision to pursue a higher market share in the host country by applying an aggressive marketing strategy.

Foreign business management executives can also become an asset for the foreign organisation since, more attuned with the national culture, the more effective to cope with the personnel’s financial and career uncertainty that arises when business decisions are announced. On the other hand, having their management practices considerably tempered by their experiences abroad, Foreign firm management executives have significantly adapted their national management style, conditioned by their national culture, to the international corporate culture studied abroad (Makridakis *et al.*, 1997).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a description of the methodology that the researcher used to investigate the influence of national and organizational culture on management of oil companies in Kenya. By the end of the study, the researcher was able to outline the impact of culture on management of companies in the Kenyan oil industry.

3.2 Research Design

According to Cooper and Schindler (2008), the research design constitutes of the blue print for fulfilling objectives and answering questions. It aided the researcher in the allocation of limited resources by posing crucial choices in the methodology. It's a plan and structure of investigation used to obtain answers to research questions. The researcher used descriptive survey type of research design. This is because the study sought to establish the influence of national and organizational culture on management of oil companies in Kenya

3.3 Target Population

The target population for this study was petroleum firms in the country. Most of these units are owned or under the control of the 5 main petroleum firms operating in Kenya, namely: Total Kenya Limited, KenolKobil, Vivo Energy, NOCK and Oil Libya these are the main 5 firms that have a market share of 75 %. The study carried out a census survey where the population of the study was 5 major Oil companies in Kenya which are Total Kenya Limited, KenolKobil, Vivo Energy, NOCK and Oil Libya. Within the five oil firms, the study targeted five senior managers from each company thus making a total of 25 senior employees working in these firms. The study purposively selected the employee relations and human resource manager, marketing and network sales manager, operations manager, finance managers and IT manager.

3.4 Data Collection

The researcher used survey research data for this study. Both primary and secondary data was collected for this study. The primary data was collected using the survey methods of interviews. Secondary data was collected through desk review, in publications and websites. Bryman (2001), states that the research review is a prominent data- collection strategy in both quantitative and qualitative research because the social survey is probably the chief context within which social researchers employ the structured interview. The questionnaires consisted of close-ended questions and Likert questions, the questionnaire was self-administered and drop and pick method was used. Bryman (2001) explains that survey researchers typically prefer the structured questionnaire because it promoted standardization of both the asking of questions and the recording of answers. Primary data obtained from questionnaire is easier to analyze since they are in the immediate usable form, (Orotho and Kombo, 2002). Qualitative data was obtained from secondary sources.

3.6 Data Analysis

The quantitative data was processed through coding then descriptive analysis of the codes was done. This involved uni-variate and muilt-variate analysis. Data obtained from the field in raw form is difficult to interpret, such data must be cleaned, coded, key punched into a computer and analyzed, (Mugenda & Mugenda, 2003). Data collected, was tabulated and analyzed for purpose of clarity, using SPSS version 20 software. It is a computer program used for statistical analysis and has the ability to handle statistical presentation with array of formulas for ease of interpretation. Data was presented using tables, and pie charts to make them reader friendly.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents and findings of the analysis based on the objectives of the study. Descriptive statistics was used to discuss the findings of the study. The study targeted a sample size of 25 respondents from which 22 filled in and returned the questionnaires making a response rate of 88%. This response rate was satisfactory to make conclusions for the study. The response rate was representative. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered to excellent.

4.2 General Information

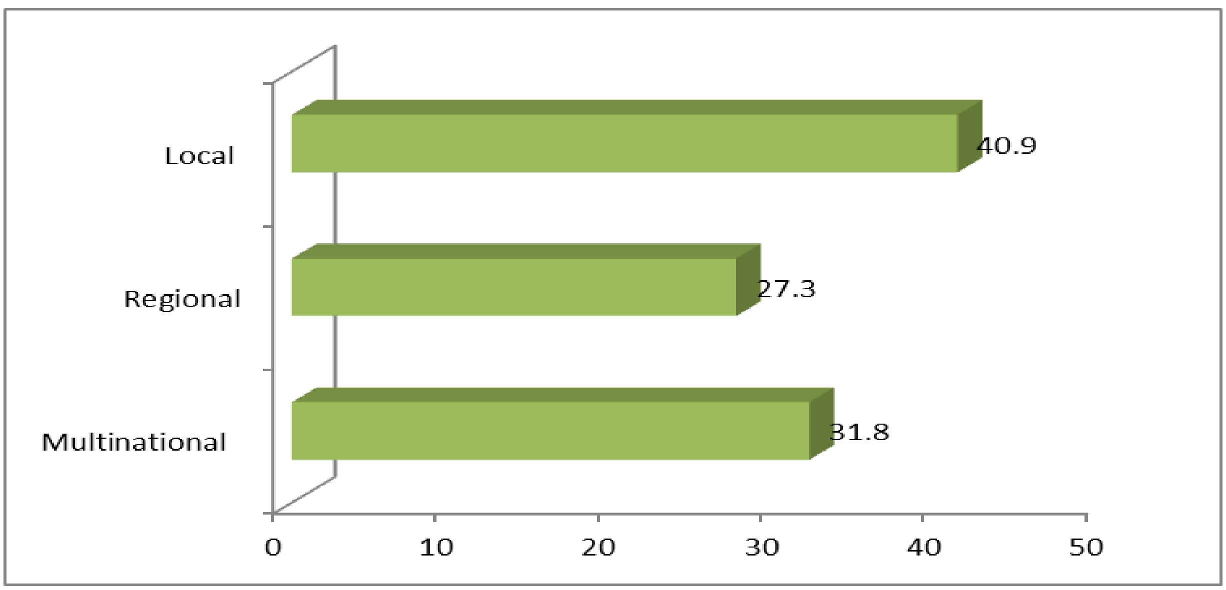

Figure 4.1: Type of the Organization

The study requested the respondents to specify the type of the organization they worked in , from the findings 40.9% of the respondents indicated that their organization was local, 31.8% of the respondents indicated multinational, whereas 27.3% of the respondents indicated regional, this indicates that the all types of organizations were engaged in this study. The study sought to determine the respondent department , from the findings the study found that respondent were from various department , finance , operation , marketing , administration , human resource and ICT department . This is an indication that all departments in the company were represented.

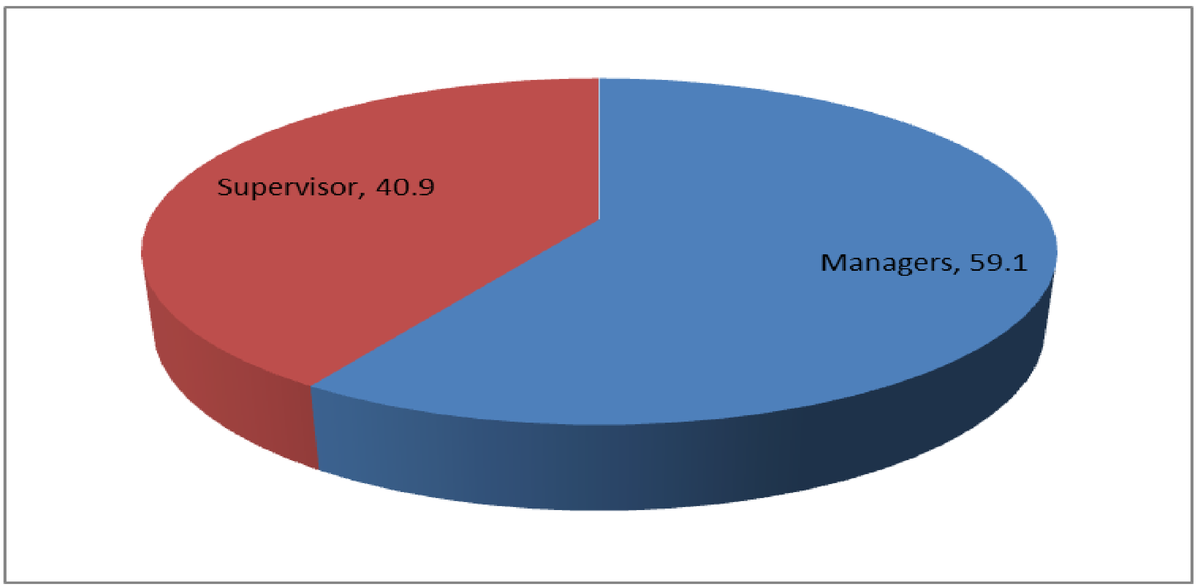

Figure 4.2: Position held in the organization

From the findings on the position held in the organization, the study revealed that majority of the respondent as shown by 40.9% indicated that they were supervisor, whereas 59.1% of the respondent indicated that they were managers, this is an indication that respondents were well represented in terms of their position and thus could give credible information on the influence of national and organizational culture on management of oil companies in Kenya

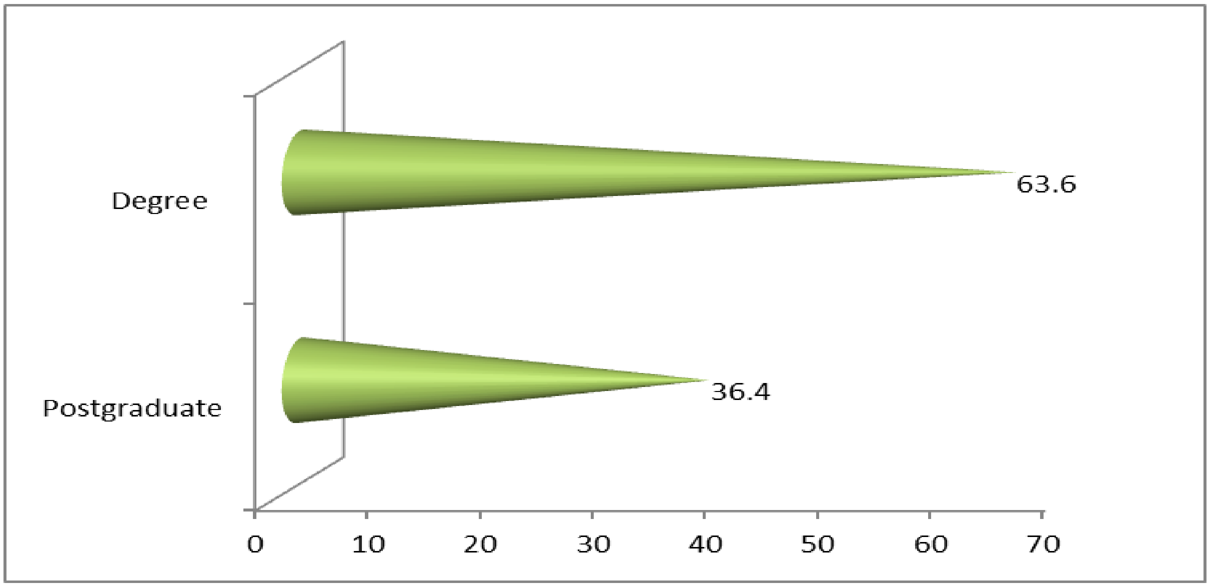

Figure 4.3: Level of Education

The study requested the respondent to indicate their highest level of education. From the findings it was established that 63.6% of the respondent indicated their highest level as degree and 36.4% of the respondents indicated their highest level as postgraduate. This is an indication that most of the respondents focused in this study had university degrees as their highest level of education. This implies that respondents were in a position to understand the question and answer questions on the influence of national and organizational culture on management of oil companies in Kenya

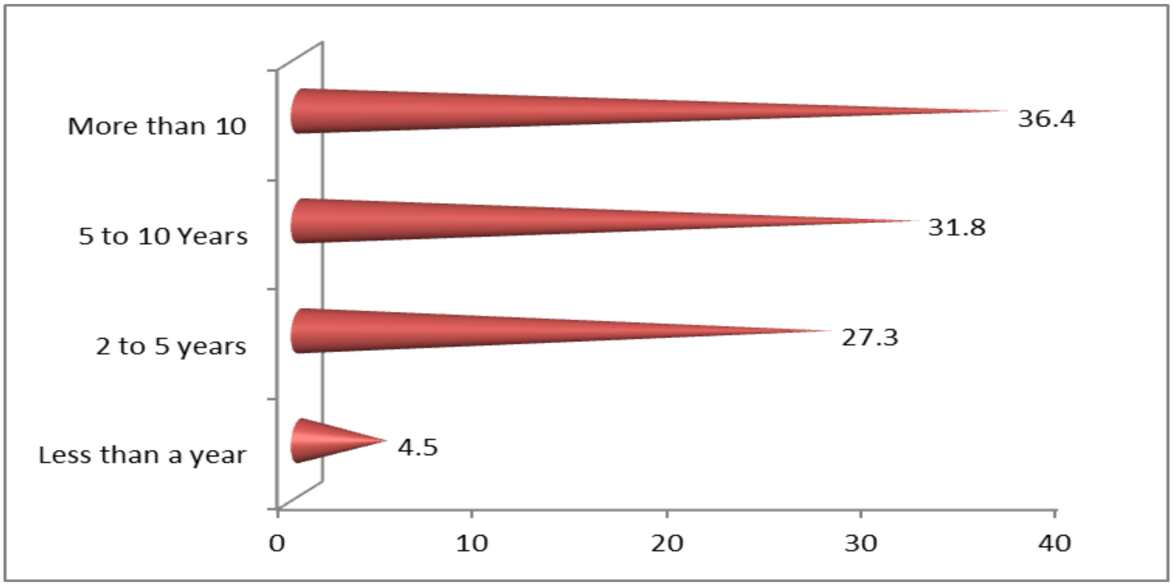

Figure 4.4: Period of Service in the Organization

The study requested respondents to indicate the number of years they had served for. From the findings the study established that 36.4 % of the respondents had worked for a more that 10 years 31.8.4% of the respondent indicated that they had worked for a period raging between 5 to 10 years 27.3% of the respondents had served for a period raging between 2 to 5 years, whereas 4.5% of the respondents indicated to had worked for a period of less than a year, this implies that majority of the respondents had served for a considerable period which indicates that most of the respondents had vast knowledge which could be relied upon by this study on the influence of national and organizational culture on management of oil companies in Kenya.

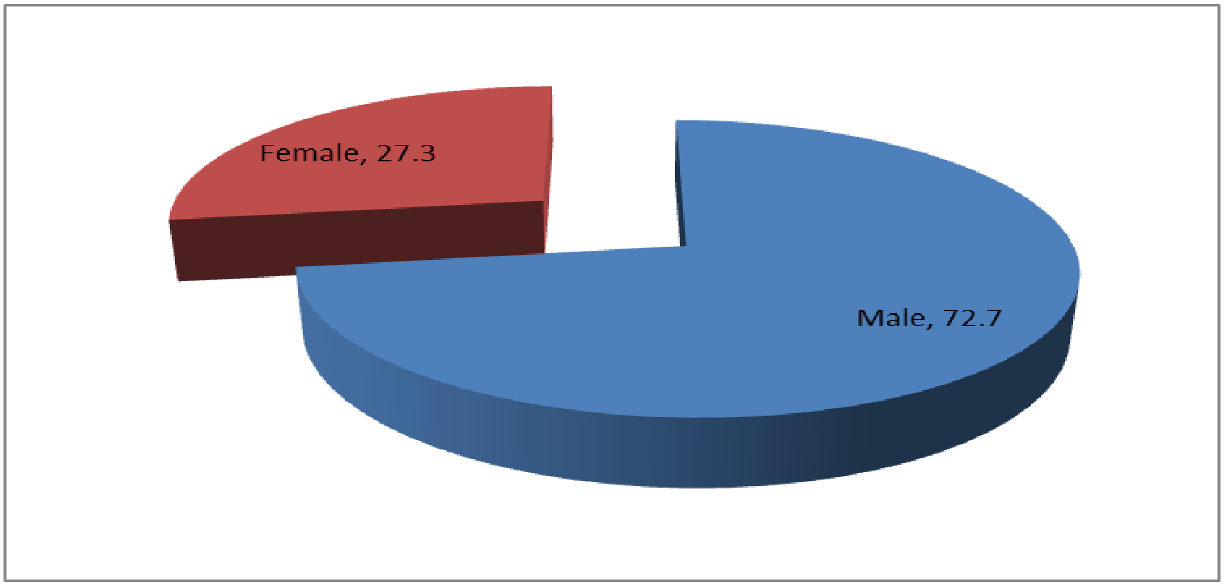

Figure 4.5: Gender of the respondent

The study sought to determine the gender of the respondents and therefore requested the respondent to indicate their gender. The study found that majority of the respondent as shown by 72.7% were males whereas 27.3% of the respondent were females, this is an indication that both genders were involved in this study and thus the finding of the study did not suffer from gender bias, thus credible information from both gender on the influence of national and organizational culture on management of oil companies in Kenya.

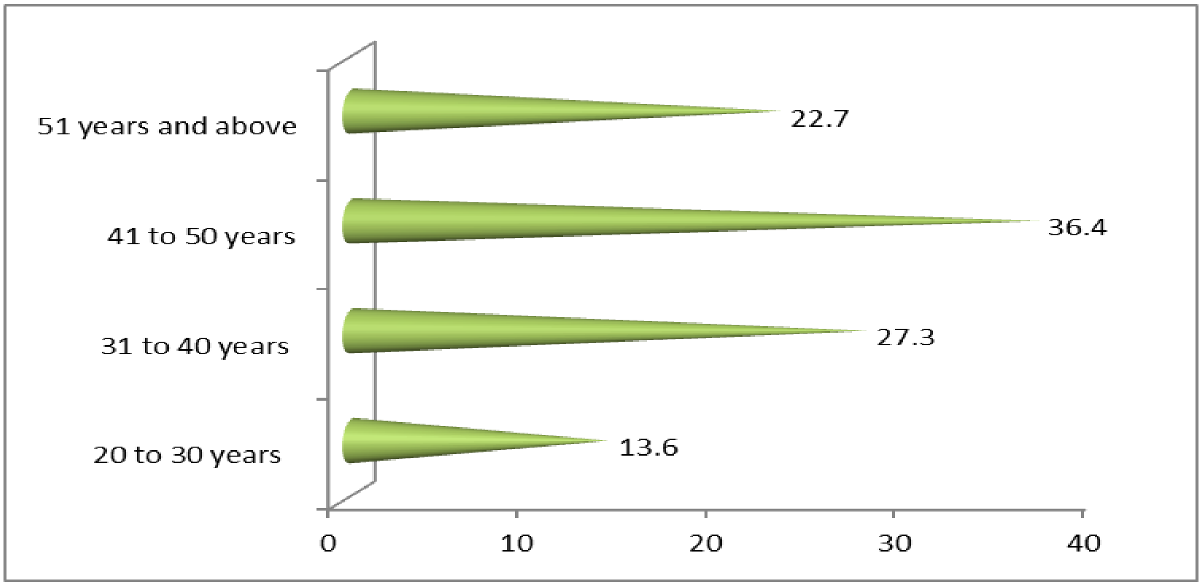

Figure 4.6: Age distribution

The study requested the respondents to indicate their age category, from the findings, 36.4% of the respondents were aged between 31 to 40 years, 27.3% of the of the respondents indicated they were aged between 31 to 40 years, 22.7 % of the respondents indicated they were above 50 years, whereas 13.6 % of the respondents indicated that they were aged between 20 to 30 years. This is an indication that respondents were well distributed in terms of their age.

4.3 Influence of National and Organizational Culture on Management

Table 4.1: Influence of national and organizational culture on the management style

	Frequency	Percentage
Yes	16	72.7
No	6	27.3
Total	22	100

The study sought to reveal whether national and organizational culture influences the management style in the company, from the findings 72.7% of the respondents agreed to with the statement whereas 27.3% of the respondents were of contrary opinion. This implies that, organizational culture influence the management style of oil companies, thus o national and organizational culture influence the management of oil companies in Kenya

Table 4.2: Extent to which various activities influence culture in the foreign/home country

Statement	Not at all	Low extent	Moderate extent	Great extent	Very great extent	Mean	Std deviation
Recruitment of employees	0	0	3	14	5	4.09	0.26
Training and development of staff		0	3	13	6	4.14	0.25
Organization learning	0	0	1	17	4	4.14	0.33
Advertisement	0	0	1	15	6	4.23	0.29
The financial acquisitions decisions	0	0	1	16	5	4.18	0.31
Creation of internal social networks	0	0	3	12	7	4.18	0.23
Public relations	0	0	0	13	9	4.41	0.28

The study sought to determine the extent to which the above activities influence is due to culture in the foreign/home country, from the findings the following activities were indicate to a great extent, Recruitment of employees as shown by a mean of 4.09, Organization learning, Training and development of staff as shown by a mean of 4.14 in each case, Creation of internal social networks, The financial acquisitions decisions as shown by a mean of 4.18 in each case, advertisement as shown by a mean of 4.23 and finally public relations as shown by a mean of 4.14 . This clearly shows that various activities influence the culture in the foreign/home country in oil companies .

Table 4.3: Extent to Which Organization Encourages Interaction between Different Levels of Authority

	Frequency	**Percentage**
Very great extent	7	31.8
Great extent	14	63.6
Moderate extent	1	4.5
Total	**17**	**100**

The study sought to establish the extent to organization encourages interaction between different levels of authority. From the findings 63.6 % indicated to a great extent, 31.8% of the respondents indicated to a very great extent whereas 4.5% of the respondents indicated to a moderate extent. This implies that most of the oil companies encourage interaction between different levels of authority to a great extent.

Table 4.4: Opinion on whether it has been influenced by culture in the foreign or home country culture

	Frequency	Percentage
Yes	14	63.6
No	8	36.4
Total	**17**	**100**

The study sought to establish whether interaction between different levels of authority has been influenced by culture in the foreign or home country from the findings 63.6% of the respondents agreed to the statement whereas 36.4% of the respondents were of contrary opinion, this is an indication that interaction between different levels of authority that was influenced by home or foreign country culture.

Table 4.5: Extent to which culture in foreign country influenced risk management

	Frequency	Percentage
Very great extent	4	18.2
Great extent	15	68.2
Moderate extent	3	13.6
Total	**17**	**100**

The study sought to establish the extent to which culture in foreign country influenced risk management in respondents' organization. From the findings 68.2% indicated o a great extent, 18.2% of the respondents indicated to a very great extent whereas 13.6% of the respondents indicated to a moderate extent. This implies that culture in foreign country influenced risk management to a great extent.

Table 4.6: Effect of national culture distance affects performance in the organization

Statement	Strongly agree	agree	Neutral	Disagree	Strongly disagree	Mean	Std deviation
Oil Companies operations influence organization performance in the home country	5	14	3	0	0	1.91	0.26
National culture influences organization size hence profitability of the organization	6	13	3	0	0	1.86	0.25
National culture in the organization affects adoption of technology.	4	17	1	0	0	1.86	0.33
The culture in the organization influences management and performance of the organization	6	15	1	0	0	1.77	0.29

The study sought to establish the level at which respondent agreed with the above statement relating to the effect of national culture distance affects performance in your organization, from the findings the study established that majority of the respondents agreed that The culture in the organization influences management and performance of the organization as shown by a mean of 1.77, National culture in the organization affects adoption of technology, National culture influences organization size hence profitability of the organization as shown by a mean of 1.86, and finally that Oil Companies operations influence organization performance in the home country as shown by a mean of 1.91. this shows that respondent agreed on the various aspect of national culture distance that affects performance in the organization.

Table 4.7: Level of risk avoidance

	Frequency	**Percentage**
Very great extent	3	13.6
Great extent	17	77.3
Moderate extent	2	9.1
Total	**17**	**100**

The study requested the respondents rank level of risk avoidance in their organization, From the findings 77.3% indicated to a great extent, 13.6% of the respondents indicated to a very great extent whereas 9.1% of the respondents indicated to a moderate extent. This implies that Risk avoidance in oil companies was to a great extent.

Table 4.8: Extent to which the following factors affect management in your organization

Level	Not at all	Small Extent	Moderate Extent	Large Extent	Very Large Extent	Mean	Std deviation
Services offered in the organization	0	0	3	13	6	4.14	0.25
Pricing of organization product	0	0	3	12	7	4.18	0.24
Quality of product	0	0	1	17	4	4.14	0.33
On time product and service delivery	0	0	1	14	7	4.27	0.28

The study sought to determine the extent to which the above factors affect management in oil companies, from the findings the study established, the following factors were indicated to a large extent, Quality of product, Services offered in the organization as shown b y a mean of 1.14 in each case, Pricing of organization product as shown by a mean of 4.18 and On time product and service delivery as shown by mean of 4.27.

Table 4.9: Extent to which culture in Kenya affects management in the organization

	Frequency	Percentage
Very great extent	9	40.9
Great extent	10	45.5
Moderate extent	3	13.6
Total	**17**	**100**

The study sought to establish the extent to which culture in Kenya affects management in the organization. From the findings 45.5% indicated of a great extent, 40.9% of the respondents indicated to a very great extent whereas 13.6% of the respondents indicated to a moderate extent. This implies that culture affects management in the organization to a great extent.

Table 4.10: Statements concerning individualism in culture influences management

Statement	Not at all	Small Extent	Moderate Extent	Large Extent	Very agree Extent	Mean	Standard deviation
Enhanced financial reward	0	0	2	14	6	4.18	0.27
Design Corporate culture	0	0	3	15	4	4.05	0.28
Increased investment	0	0	4	10	8	4.18	0.21
Risk management	0	0	4	12	6	4.09	0.23
purchasing customized software internationally	0	0	3	15	4	4.05	0.28
Applying an aggressive marketing strategy	0	0	2	17	3	4.05	0.33
Affecting workplace dynamics	0	0	2	16	4	4.09	0.30
Willingness of the firms to invest in new technologies	0	0	3	17	2	3.95	0.33

The study sought to determine the extent to which the above level at which the above statements concerning individualism in culture influences management in an organization. From the findings the study, the following statements were indicated to a large extent, Willingness of the firms to invest in new technologies a shown by a mean of 3.95, Applying an aggressive marketing strategy, purchasing customized software internationally, Design Corporate culture as shown by a mean of 4.05 in each case, Affecting workplace dynamics, Risk management, as shown by a mean of 4.09, increased investment and Enhanced financial reward as shown by a mean of 4.18 in each case. This is an indication that respondent agreed that various aspect of individualism influences management of Oil Companies in Kenya.

Table 4.11: Statements relating to effects of consistency on organization managements

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std deviation
The leaders and managers follow the guidelines that they set for the rest of the organization	6	14	2	0	0	1.82	0.27
There is a clear and consistent set of values in this organization that governs the way we do business	4	15	3	0	0	1.95	0.28
It is easy to reach consensus even on difficult issues.	8	10	4	0	0	1.82	0.21
People from different organizational units still share a common perspective.	6	12	4	0	0	1.91	0.23
It is easy to coordinate projects across functional units in	4	15	3	0	0	1.95	0.28

this organization							
There is good alignment of goals across levels of this organization	3	17	2	0	0	1.95	0.33

The study sought to determine the level at which respondents agreed or disagreed with the above statements relating to effects of consistency on organization managements, from the findings, the study established that majority of the respondents agreed that; The leaders and managers follow the guidelines that they set for the rest of the organization, It is easy to reach consensus even on difficult issues. As shown by a mean of 1.82, People from different organizational units still share a common perspective as shown by a mean of 1.91. There is good alignment of goals across levels of this organization, It is easy to coordinate projects across functional units in this organization There is a clear and consistent set of values in this organization that governs the way we do business as shown by a mean of 1.95 in each case.

Table 4.12: Statements relating to effects of adaptability on organization management

Statement	**Strongly agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	**Mean**	**Std deviation**
This organization is very responsive and changes easily	7	12	3	0	0	1.82	0.23
This organization continually adopts	5	13	4	0	0	1.95	0.24

new and improved ways to do work.							
Customer comments and recommendations often lead to changes in this organization	8	11	3	0	0	1.77	0.22
Failure is viewed as an opportunity for learning and improvement	6	10	4	0	0	1.73	0.19
This organization encourages and rewards those who take risk	7	12	3	0	0	1.82	0.23
Actions and efforts between different units in the organization are coordinated	5	13	4	0	0	1.95	0.24

The study sought to establish the level at which respondents agreed to the above statements relating to effects of adaptability on organization management. From the findings majority of the respondents agreed that Failure is viewed as an opportunity for learning and improvement as shown by a mean of 1.73, Customer comments and recommendations often lead to changes in this organization as shown by a mean of 1.77, This organization encourages and rewards those who take risk, This organization is very responsive and changes easily as shown by a ,mean of 1.82 in each case, This organization continually adopts new and improved ways to do work, Actions and efforts between different units in the organization are coordinated as shown by a mean of 1.95 in each case. This shows that various aspects of adaptability influence organization management among Oil Companies in Kenya.

CHAPTER FIVE

SUMMARY , CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. This study therefore seeks to determine the influence of national and organizational culture on management of oil companies in Kenya.

5.2 Summary of the findings

The study revealed that national and organizational culture influences management style. The study established that the following activities influence culture in the foreign/home country, recruitment of employees, organization learning, training and development of staff, creation of internal social networks, the financial acquisitions decisions, advertisement and finally public relations

The study further established that most oil companies encourage interaction between different levels of authority to a great extent. The study revealed that culture in the organization influences management and performance of the organization, National culture in the organization affects adoption of technology, and influences organization size hence profitability of the organization, and finally that Oil Companies operations influence organization performance in the home country.

Regarding risk avoidance, the study established that Risk avoidance in oil companies was evident to a great extent. The study revealed that the following factors influence was to a large extent. Quality of product, Services offered in the organization, Pricing of organization product and on time product and service delivery. The study established that following individualism characters influence management in an organization to a large extent, Willingness of the firms to invest in new technologies, applying an aggressive marketing strategy, purchasing customized software internationally, design corporate culture, affecting workplace dynamics, risk management, increased investment and enhanced financial reward.

The study determined that; leaders and managers follow the guidelines that they set for the rest of the organization, it is easy to reach consensus even on difficult issues, and People from different organizational units still share a common perspective. There is good alignment of goals across levels of this organization,

The study established that failure is viewed as an opportunity for learning and improvement, Customer comments and recommendations often lead to changes in this organization, most of the organization encourages and rewards those who take risk, most of the organization were very responsive and changes easily, organizations continually adopted new and improved ways to do work, actions and efforts between different units in the organization are coordinated.

5.3 Conclusions

The study concludes that culture in the foreign/home country influences, recruitment of employees, organization learning, training and development of staff, creation of internal social networks, the financial acquisitions decisions, advertisement and finally public relations

The study also concludes that oil national and organizational culture encourages interaction between different levels of authority in oil companies to a great extent to a great extent. The revealed that that the culture in the organization influences management and performance of the organization. The study revealed that failure in Oil companies in Kenya is viewed as an opportunity for learning and improvement.

5.4 Recommendations

There is need for the management of Oil Companies in Kenya to enhance their employee involvement through incorporating employee views and opinion in the management of the company as this will positively affects organizational management and organization culture.

The study recommends that there is need for management of Oil Companies in Kenya to incorporate their customer feedback in order to enhance consistency within the organization as this will positively influence National and organization culture.

5.5 Areas for further Research

This study has investigated the influence of national and organizational culture on management of oil companies in Kenya. To this end therefore a further study should be carried out to assess the challenges faced during the implementation of workplace diversity management among oil Companies in Kenya.

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APPENDICES

Appendix I: Questionnaire

PART A: general Information

1. Your name (optional)

……………………………………………………………

2. Name of your organization (optional)

....

3. What type of an organization is it?

    Multinational [ ]

    Regional [ ]

    Local [ ]

4. Department in the organization

……………………………………………………..

5. Position held in the organization

    Manager [ ]

    Supervisor [ ]

    Staff [ ]

6. Respondent highest Level of education

    Diploma [ ]

    Undergraduate [ ]

    Postgraduate [ ]

Any other (Kindly specify) [ ]

……………………………………………..

7. Please state the number of years you have worked with this organization

   Less than 1year [ ]

   2 to 5 years [ ]

   5 to 10 years [ ]

   More than 10 years [ ]

8. What is your gender?

   Male [ ]

   Female [ ]

9. What is your age bracket?

   Below 20 years [ ]

   21 to 30 years [ ]

   31 to 40 years [ ]

   41 to 50 years [ ]

   Above 50 years [ ]

Part B: Influence of National and Organizational Culture on Management

10. Does your national and organizational culture influence the management style in your company?

    Yes [ ] No [ ]

11. Indicate the extent to which the following activities influence is due to culture in the foreign/home country?

Statement	Not at all	Low extent	Moderate extent	Great extent	Very great extent
Recruitment of employees					
Training and development of staff					
Organization learning					
Advertisement					
The financial acquisitions decisions					
Creation of internal social networks					
Public relations					

12. To what extent would you say you organization encourages interaction between different levels of authority?

    Very great extent [ ]

    Great Extent [ ]

    Moderate extent [ ]

    Low extent [ ]

    Not at all [ ]

13. Would you say this has been influenced by culture in the foreign or home country culture?

    Yes [ ]

    No [ ]

14. How has culture in foreign country influenced risk management in your organization?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Low extent [ ]

Not at all [ ]

15. What is your level of agreement with the following statements that relate to the effect of national culture distance affects performance in your organization? Use a scale of 1-5 where 1= strongly agree and 5= strongly disagree.

Statement	**1**	**2**	**3**	**4**	**5**
Oil Companies operations influence organization performance in the home country					
National culture influences organization size hence profitability of the organization					
National culture in the organization affects adoption of technology.					
The culture in the organization influences management and performance of your organization					

16. How would rank level of risk avoidance in your organization?

Very High [ ]

High [ ]

Moderate [ ]

Low [ ]

Very low [ ]

17. To what extent do the following factors affect management in your organization?

Level	Not at all	Small Extent	Moderate Extent	Large Extent	Very Large Extent
Services offered in the organization					
Pricing of organization product					
Quality of product					
On time product and service delivery					

18. To what extent do culture in Kenya affects management in the organization?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Low extent [ ]

Not at all [ ]

19. Indicate the extent to which the following statement concerning individualism in culture influences management in your organiztaion.

Statement	Not at all	Small Extent	Moderate Extent	Large Extent	Very Large Extent
Enhanced financial reward					
Design Corporate culture					
Increased investment					
Risk management					

purchasing customized software internationally					
Applying an aggressive marketing strategy					
Affecting workplace dynamics					
Willingness of the firms to invest in new technologies					

20. What is your level of agreement on the following statements relating to effects of consistency on organization managements?

	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
The leaders and managers follow the guidelines that they set for the rest of the organization					
There is a clear and consistent set of values in this organization that governs the way we do business					
It is easy to reach consensus even on difficult issues.					
People from different organizational units still share a common perspective.					
It is easy to coordinate projects across functional units in this organization					
There is good alignment of goals across levels of this organization					

21. What is your level of agreement on the following statements relating to effects of adaptability on organization management?

	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
This organization is very responsive and changes easily					
This organization continually adopts new and improved ways to do work.					
Customer comments and recommendations often lead to changes in this organization					
Failure is viewed as an opportunity for learning and improvement					
This organization encourages and rewards those who take risk					
Actions and efforts between different units in the organization are coordinated					

Thank you

Appendix II : Oil Companies in Kenya

Company	Percent
1. Total Kenya	27.4
2. KenolKobil	17.9
3. Kenya Shell	17.1
4. Libya Oil	12.7
5. Gapco	6.2
6. National Oil	4.4
7. Hass Petroleum	2
8. Galana Oil	1.8
9. Oilcom	1.6
10. Gulf Energy	1.2
11. Hashi Energy	1.2
12. Engen Kenya	1.1
13. Rivapet	0.9
14. Fossil	0.7
15. Trojan International	0.7
16. MGS International	0.4
17. Bakri International	0.3
18. Dalbit Petroleum	0.3
19. Kamkis	0.3

20. Petro Oil	0.3
21. Muloil	0.3
22. Addax Kenya	0.2
23. Global Petroleum	0.2
24. Others	0.9
TOTAL -100.0	100

Source:- Petroleum Insight 2012